

TEN Holdings, Inc.

NASDAQ - XHLD

July 16, 2025

Key Initiatives On Track; SaaS Launch Nearing – Reiterate Buy Rating

Analyst: Barry M. Sine, CFA, CMT

- We spoke with Ten Holdings management yesterday and came away encouraged: key growth initiatives remain on track, and the business is gaining momentum. We reiterate our Buy rating and \$4.9M full-year revenue estimate.
- **Core business gaining traction.** The company has already added 12 new customers so far this year, quadrupling last year's pace, validating demand for Xyvid Pro and live event services. While Q1 revenue was impacted by the off-cycle of a biennial event, no further such distortions are expected, so upcoming results should better reflect organic growth.
- **Ten Pro SaaS launch ahead of schedule.** The new SaaS platform, Ten Pro, remains on schedule with development wisely kept in-house to ensure quality and speed. We now expect it to recognize initial (albeit modest) revenue as early as Q3, well ahead of our prior expectation of first revenue next year. Greater investor visibility around Ten Pro is expected post-Labor Day.
- **Financial flexibility.** The recently announced equity line of credit (eLOC) is still pending SEC approval, with an S-3 filing forthcoming. Management does not plan to draw at current share levels and retains support from majority owner V-Cube (83% stake, Tokyo: 3681), if needed.
- **M&A prospects intact.** Management continues to pursue M&A opportunities, and we still expect a transaction by year-end, with a potential larger combination with V-Cubes' event business possible in 2026.
- **Bottom line:** Execution remains strong, the SaaS opportunity is ahead of schedule, and the core business is accelerating.

| | | | | | |
|------------------------|----------|---------------------------|-----------------|-----------------|-----------------|
| Rating | Buy | Earnings Per Share | | | |
| Target Price | \$8.00 | FYE - December | 2023 | 2024 | 2025E |
| Ticker Symbol | XHLD | | | | 2026E |
| Market | NASDAQ | 1Q- March | | (\$0.02) | (\$0.05) A |
| Stock Price | \$0.36 | 2Q - June | | \$0.09 | |
| 52 wk High | \$8.54 | 3Q - September | | (\$0.03) | |
| 52 wk Low | \$0.33 | 4Q - December | | (\$0.14) | |
| Shares Outstanding: | 28.7 M | Year | (\$0.06) | (\$0.11) | (\$0.14) |
| Public Market Float: | 4.9 M | | | | \$0.11 |
| Avg. Daily Volume | 1.8 M | Revenue (\$mm) | \$3.7 | \$3.5 | \$4.9 |
| Market Capitalization: | \$10.3 M | EV/Rev | 2.8X | 3.0X | 2.1X |
| Enterprise Value | \$5.9 M | EBITDA (\$mm) | (\$1.6) | (\$2.5) | (\$3.7) |
| | | EV/EBITDA | | -2.8X | 3.2X |

Risks/Valuation

- The key risk factors we see are execution, the rollout of the new SaaS product, and merger integration. We also see a near-term risk to the stock if the financial advisor that received warrants for 5% of shares outstanding liquidates their position too quickly after the IPO.
- We value the company both on a discounted cash flow approach and a multiple of 2025 EBITDA, pro forma for expected acquisitions.

Company description: TEN Holdings is an event management company running virtual and physical meetings for corporate customers. Its Xyvid Pro software is a high-end, broadcast-quality product that its customers utilize for their most visible events, such as with their customers. It is working on a less-expensive SaaS version targeted for initial release in 2025 that should greatly expand its market. Post the IPO, TEN is a 83% owned subsidiary of Japanese company V-Cube (3681-Tokyo).



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TEN Holdings Income Forecast

| Revenue | 2022 | 2023 | 2024 | 2025E | 2026E | 2027E | 2028E | 2029E |
|----------------------|--------------------|--------------------|--------------------|--------------------|------------------|-------------------|-------------------|-------------------|
| Virtual | 4,807,147 | 3,525,139 | 3,219,000 | 4,500,000 | 7,000,000 | 8,000,000 | 10,000,000 | 12,000,000 |
| YoY growth | | -27% | -9% | 40% | 56% | 14% | 25% | 20% |
| Physical | - | 193,839 | 285,000 | 400,000 | 600,000 | 700,000 | 800,000 | 900,000 |
| YoY growth | | | 47% | 40% | 50% | 17% | 14% | 13% |
| SaaS | - | - | - | - | 500,000 | 2,500,000 | 5,000,000 | 7,500,000 |
| YoY growth | | | | | | 400% | 100% | 50% |
| Total Revenue | 4,807,147 | 3,718,978 | 3,504,000 | 4,900,000 | 8,100,000 | 11,200,000 | 15,800,000 | 20,400,000 |
| YoY growth | | -22.6% | -5.8% | 39.8% | 65.3% | 38.3% | 41.1% | 29.1% |
| Cost of revenue | 736,000 | 555,000 | 652,000 | 1,225,000 | 810,000 | 1,120,000 | 1,580,000 | 2,040,000 |
| Gross margin | 4,071,147 | 3,163,978 | 2,852,000 | 3,675,000 | 7,290,000 | 10,080,000 | 14,220,000 | 18,360,000 |
| % of revenue | 85% | 85% | 81% | 75% | 90% | 90% | 90% | 90% |
| SG&A | 4,129,000 | 4,742,000 | 5,390,000 | 7,350,000 | 4,050,000 | 5,600,000 | 7,900,000 | 10,200,000 |
| % of revenue | 86% | 128% | 154% | 150% | 50% | 50% | 50% | 50% |
| EBITDA | (57,853) | (1,578,022) | (2,538,000) | (3,675,000) | 3,240,000 | 4,480,000 | 6,320,000 | 8,160,000 |
| % of revenue | -1% | -42% | -72% | -75% | 40% | 40% | 40% | 40% |
| Depreciation | 45,000 | 51,000 | 190,000 | 200,000 | 60,000 | 65,000 | 70,000 | 75,000 |
| Operating income | (102,853) | (1,629,022) | (2,728,000) | (3,875,000) | 3,180,000 | 4,415,000 | 6,250,000 | 8,085,000 |
| % of revenue | -2% | -44% | -78% | -79% | 39% | 39% | 40% | 40% |
| Other | 10,000 | (28,000) | 30,000 | 5,000 | 3,000 | 3,000 | 3,000 | 3,000 |
| Interest | - | 52,000 | 210,000 | 69,000 | - | - | - | - |
| Pretax income | (112,853) | (1,653,022) | (2,968,000) | (3,949,000) | 3,177,000 | 4,412,000 | 6,247,000 | 8,082,000 |
| % of revenue | -2% | -44% | -85% | -81% | 39% | 39% | 40% | 40% |
| Taxes | 7,550,000 | 35,000 | - | - | - | - | - | - |
| Net income | (7,662,853) | (1,688,022) | (2,968,000) | (3,949,000) | 3,177,000 | 4,412,000 | 6,247,000 | 8,082,000 |
| % of revenue | -159% | -45% | -85% | -81% | 39% | 39% | 40% | 40% |
| EPS | (\$0.27) | (\$0.06) | (\$0.11) | (\$0.14) | \$0.11 | \$0.16 | \$0.22 | \$0.28 |
| Pro forma shares | 28,700,000 | 28,700,000 | 28,015,104 | 28,115,104 | 28,215,104 | 28,315,104 | 28,415,104 | 28,515,104 |

Source: Company reports and Litchfield Hills Research



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