UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2025

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number: 001-42515

TEN Holdings, Inc.
(Exact name of registrant as specified in its charter)

Nevada	**99-1291725**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

1170 Wheeler Way
Langhorne, PA 19047
(Address of principal executive offices) (Zip Code)

1.800.909.9598
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each Class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	XHLD	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of August 14, 2025, there were 35,178,787 shares of common stock, par value $0.0001 per share, outstanding.

TEN Holdings, Inc.

Form 10-Q

For the Quarterly Period Ended June 30, 2025

Contents

TEN Holdings, Inc.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

TEN HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 739	$ 48
Accounts receivable, net	233	515
Advance - related party	2,102	-
Prepaid expenses and other current assets	260	1,224
Total Current Assets	3,334	1,787
Non-current Assets:		
Advance - non-current - related party	2,893	-
Property and equipment, net	194	219
Operating lease right-of-use assets, net	493	530
Intangible assets, net	4,146	3,888
Total Non-current Assets	7,726	4,637
Total Assets	$ 11,060	$ 6,424
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 425	$ 634
Accrued expenses	986	1,053
Deferred revenue	97	147
Current portion of operating lease liabilities	76	71
Short-term loans - related party	3,670	5,617
Total Current Liabilities	5,254	7,522
Non-current Liabilities:		
Non-current operating lease liabilities	463	502
Total Non-current Liabilities	463	502
Total Liabilities	5,717	8,024
Stockholders' Equity:		
Preferred stock; $0.0001 par value – 1,000,000 shares authorized as of June 30, 2025 and December 31, 2024 ; No shares issued or outstanding as of June 30, 2025 and December 31, 2024	6	5
Common stock, $0.0001 par value – 250,000,000 shares authorized as of June 30, 2025 and December 31, 2024; 35,117,037 and 25,689,130 shares issued and outstanding as of June 30, 2025 and December 31, 2024		
Additional paid-in capital	14,879	317
Accumulated deficit	(9,542)	(1,922)
Total Stockholders' Equity (Deficit)	5,343	(1,600)
Total Liabilities & Stockholders' Equity	$ 11,060	$ 6,424

The accompanying notes are an integral part of the consolidated financial statements.

TEN HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share and per share data)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	**2024**	**2025**	**2024**
Revenue	$ 1,116	$ 1,023	$ 1,855	$ 2,151
Cost of revenue	175	141	361	425
Gross profit	941	882	1,494	1,726
Operating expenses:				
Selling, General and Administrative Expenses	2,153	1,243	7,319	2,448
Depreciation expenses	148	13	296	27
Total operating expenses	2,301	1,256	7,615	2,475
Loss from operations	(1,360)	(374)	(6,121)	(749)
Other income (expenses), net	(1,344)	2	(1,350)	(3)
Interest expenses, net	(80)	(48)	(149)	(74)
Loss before income taxes	(2,784)	(420)	(7,620)	(826)
Provision for income taxes	-	-	-	-
Net Loss	$ (2,784)	$ (420)	$ (7,620)	$ (826)
Net loss per share attributable to common stockholders, basic and diluted	$ (0.13)	$ (0.02)	$ (0.26)	$ (0.03)
Weighted-average number of common stocks outstanding used to compute net loss per share, basic and diluted	21,425,980	25,000,000	28,906,617	25,000,000

The accompanying notes are an integral part of the consolidated financial statements.

TEN HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIENCY)
(in thousands, except share data)
(Unaudited)

	Stock Class								
	Common Stocks			Additional Paid-In		Accumulated		Total Stockholders' Equity	
	Shares	Amount		Capital		Deficit		(Deficit)	
Balance, March 31, 2025	28,693,442	$	5	$	11,671	$	(6,758)	$	4,918
Stock-based compensation	-		-		3		-		3
Issuance of shares in settlement of claims, pursuant to Section 3(a)(10)	6,423,595		1		3,205		-		3,206
Net loss	-		-		-		(2,784)		(2,784)
Balance, June 30, 2025	35,117,037	$	6	$	14,879	$	(9,542)	$	5,343
Balance, December 31, 2024	25,689,130	$	5	$	317	$	(1,922)	$	(1,600)
Issuance of shares upon initial public offering, net off offering costs	1,667,000		-		7,842		-		7,842
Stock-based compensation	-		-		3,515		-		3,515
Issuance of shares in connection with consulting agreement	1,337,312		-		-		-		-
Issuance of shares in settlement of claims, pursuant to Section 3(a)(10)	6,423,595		1		3,205		-		3,206
Net loss	-		-		-		(7,620)		(7,620)
Balance, June 30, 2025	35,117,037	$	6	$	14,879	$	(9,542)	$	5,343
Balance, March 31, 2024	25,000,000	$	5	$	-	$	642	$	647
Net loss	-		-		-		(420)		(420)
Balance, June 30, 2024	25,000,000	$	5	$	-	$	222	$	227
Balance, December 31, 2023	25,000,000	$	5	$	-	$	1,048	$	1,053
Net loss	-		-		-		(826)		(826)
Balance, June 30, 2024	25,000,000	$	5	$	-	$	222	$	227

The accompanying notes are an integral part of the consolidated financial statements.

TEN HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(Unaudited)

	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024
Cash flows from operating activities:		
Net loss	$ (7,620)	$ (826)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	297	27
Noncash lease expenses	37	35
Noncash interest expenses	149	-
Stock-based compensation	3,515	-
Loss on extinguishment of debt	1,345	-
Changes in operating assets and liabilities:		
Accounts receivable, net	282	(28)
Advance - related party	(4,996)	-
Prepaid expenses and other assets	(63)	(130)
Income tax receivable	-	86
Accounts payable	(217)	(77)
Accrued expenses	(221)	39
Deferred revenue	(50)	(102)
Operating lease liabilities	(35)	(31)
Net cash used in operating activities	(7,577)	(1,007)
Cash flows from investing activities:		
Purchase of property and equipment	-	(30)
Purchase of capitalized internal-use software	(530)	(511)
Net cash used in investing activities	(530)	(541)
Cash flows from financing activity		
Proceeds from short-term loans - related party	1,925	1,327
Repayments of short-term loans - related party	(2,000)	-
Proceed from issuance of shares	8,900	-
Payment for deferred offering costs	(27)	-
Net cash provided by financing activity	8,798	1,327
Net change in cash and cash equivalents	691	(221)
Cash and cash equivalents at beginning of period	48	357
Cash and cash equivalents at end of period	$ 739	$ 136

The accompanying notes are an integral part of the consolidated financial statements.

1. Organization, Nature of Business

TEN Holdings, Inc. (the "Company") was incorporated on February 12, 2024 in Pennsylvania to act as the holding company of Ten Events, Inc. ("Ten Events"), which was incorporated in Pennsylvania on December 5, 2011 and is an operating entity. Ten Events was formed for the purpose of planning, producing, and broadcasting virtual and hybrid events using its event platform, the Xyvid Pro Platform, and delivering physical events. Ten Events' platform provides a dynamic, interactive, and engaging virtual event experience to its clients and enables clients to engage and interact with their target audience anywhere in the world through event webcasting.

At incorporation, the Company issued 100 shares of common stock with no stated par value. On July 2, 2024, as part of its reorganization, the Company entered into a share exchange agreement with V-Cube, Inc., the Company's principal stockholder. The Company acquired 1,000 shares of Ten Events from V-Cube, Inc. in exchange for100 shares of common stock of the Company's. After the share exchange, Ten Events became a wholly owned subsidiary of the Company.

On July 24, 2024, the Company changed its domicile of incorporation from the Commonwealth of Pennsylvania to the state of Nevada. Thereupon, each share of common stock, no par value per share, of the Company that was issued and outstanding and held by V-Cube, Inc. was automatically converted into 500,000 shares of common stock, par value $0.0001 of the Company. After domestication, the total common stock issued and outstanding is 50,000,000 shares.

On October 9, 2024, the Company's sole director and majority stockholder approved a reverse stock split of the Company's issued common stock at a ratio of 2:1, which became effective on October 9, 2024. As a result of the reverse stock split, 25,000,000 shares of common stock were issued and outstanding as of October 9, 2024.

The reorganization involves entities under common control. Under the guidance in ASC 805-50, for transactions between entities under common control, the assets, liabilities, and results of operations are recognized at their carrying amounts on the date of the restructuring, which required retrospective combination of the Company and Ten Events. The Company's consolidated financial statements have been prepared as if the existing corporate structure had been in existence throughout all periods presented rather than from the incorporation. This includes a retrospective presentation for all equity related disclosures, which were under common control throughout the relevant periods as a single economic enterprise although legal parent-subsidiary relationship were not established.

Going concern

The Company has evaluated whether there are certain conditions and events, considered in aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued.

The Company's consolidated financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and the liquidation of liabilities in the normal course of business. The Company's ability to continue as a going concern is dependent upon the Company's ability to attract and retain revenue generating customers, acquire new customer contracts, and additional financing.

The Company has incurred and continues to incur losses from operations as well as negative cash flow from operations. For the six months ended June 30, 2025, the Company had a net loss of $7,620, net cash used in operations of $7,577 and an accumulated deficit of $9,542. These factors raise substantial doubt regarding the Company's ability to continue as a going concern.

The Company may consider obtaining additional financing in the future through the issuance of the Company's common stock, through other equity or debt financing, or other means. The Company, however, is dependent upon its ability to obtain new revenue generating customer contracts and its ability to secure equity and/or debt financing and there are no assurances that the Company will be successful. The financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts, or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and pursuant to the rules and regulations of the U.S. Securities and Exchange Commission ("SEC") regarding interim financial reporting. Accordingly, they do not include all of the financial information and footnotes required by U.S. GAAP for complete financial statements.

The unaudited consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany balances and transactions have been eliminated in consolidation. The unaudited consolidated financial statements reflect all normal recurring adjustments necessary to present fairly the Company's financial position, results of operations, stockholders' equity, and cash flows for the interim periods, but are not necessarily indicative of the results of operations to be expected for the full year ending December 31, 2025 or any other future interim periods.

As an emerging growth company, the Jumpstart Our Business Startups Act allows the Company to delay adoption of new or revised accounting pronouncements applicable to public companies until such pronouncements are made applicable to private companies. The Company has elected to delay adoption of certain new or revised accounting standards. As a result, the Company's consolidated financial statements may not be comparable to the financial statements of issuers who are required to comply with the effective date for new or revised accounting standards that are applicable to public companies.

Basis of Consolidation

The Company consolidates entities in which it has a controlling financial interest: Ten Events and V-Cube USA Acquisition Company, LLC. Intercompany balances and transactions have been eliminated in such consolidation.

Use of Estimates

The preparation of the consolidated financial statements in conformity with the U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the reporting date, and the reported amounts of revenue and expense during the reporting period. These estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future and include, but are not limited to, allowance for credit losses, useful lives of property and equipment and capitalized software, the carrying value of operating lease right-of-use assets and impairment of long-lived assets. Actual results could differ from those estimates.

Revenue Recognition

The Company applies ASC Topic 606, *Revenue from Contracts with Customers* ("ASC 606") for all periods presented in the consolidated financial statements. To determine the appropriate amount of revenue to be recognized in accordance with ASC 606, the Company follows a five-step model as follows:

1 – Identification of the contract with a customer

2 – Identification of the performance obligation in the contract

3 – Determination of the transaction price

4 – Allocation of the transaction price to the performance obligation in the contract

5 – Recognition of revenue when, or as, a performance obligation is satisfied

Hybrid, virtual and physical event revenue

Revenue from hybrid, virtual and physical events is generated from producing and delivering hybrid or virtual events using the Company's platform, the Xyvid Pro Platform, or delivering physical events. Virtual events are online events and conferences where participants interact in an online environment, and physical events are events where participants meet in a physical location.

The transaction price is determined based on the consideration to which the Company expects to be entitled in exchange for transferring services to the customer. The transaction price is generally fixed at contract inception and is based on the agreed upon rates stated in the contract which indicates the amount of consideration the Company expects to be entitled to in exchange for satisfaction of performance obligation (i.e., delivering events). The amount on the final invoice depends on the actual work performed and might differ from the amount stated in the initial contract. When there is variable consideration included in the transaction price if, in the management's judgment, it is probable that a significant future reversal of cumulative revenue recognized under the contract will not occur, the Company and the customer agree on the price on the final invoice, and revenue is recognized based on the amount on the final invoice. None of our contracts contain a significant financing component. Revenue is recognized net of any taxes collected from customers, which are subsequently remitted to government entities.

Revenue is recognized at the time the related performance obligation is satisfied by transferring the promised services to the customer, which is upon completion of the event. Revenue is recognized in an amount that reflects the consideration that the Company expects to receive in exchange for those services.

The Company sometimes enters into the contract with a bundle of events. Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation based on each performance obligation's relative standalone selling price. The Company's contracts with multiple performance obligations are generally sold over the same contract terms as that of the contract with single performance obligation and have the same pattern of transferring services to the customer, and therefore, they are accounted for as one combined performance obligation in the context of the contract.

From time to time, the Company engages subcontractors for delivering events. The Company assesses and records revenue on a gross basis as a principal versus on a net basis as an agent in the presentation of revenues and expenses. For events delivered with subcontractors, the Company has concluded that gross reporting is appropriate because the Company (i) has the risk of identifying and hiring qualified vendors, (ii) has the discretion to select the vendors and establish their price and duties, and (iii) bears the risk for services that are not fully paid for by its customers.

Segment Information

The Company currently operates its business as one operating segment which includes two revenue types: Hybrid and Virtual Events and Physical Events. The Company's chief operating decision maker ("CODM") is its Chief Executive Officer ("CEO"), who reviews financial information for purposes of making operating decisions, assessing financial performance, and allocating resources. The Company's CODM evaluates financial information as a whole for the purpose of assessing financial performance and making operating decisions.

Concentration of Customers and Vendors

The consolidated balance sheet items that potentially subject the Company to concentrations of credit risk are primarily cash and accounts receivable. The Company continuously evaluates the credit worthiness of its customers' financial condition and generally does not require collateral. The Company maintains cash balances in bank accounts that may, at times, exceed Federal Deposit Insurance Corporation ("FDIC") limits of $250,000 per institution. The Company incurred no losses from such accounts and management considers the risk of loss to be minimal.

For the six months ended June 30, 2025 and 2024, there was one customer who accounted for more than 10% of the Company's total revenue in both periods. As of June 30, 2025 and December 31, 2024, there were three and two customers who accounted for more than 10% of the Company's total accounts receivable in the respective periods.

For the six months ended June 30, 2025 and 2024, there was one supplier and two suppliers, respectively, who accounted for more than 10% of the Company's total purchase in the respective periods. As of June 30, 2025 and December 31, 2024, there were three and five suppliers, respectively, who accounted for more than 10% of the Company's total accounts payable in the respective periods.

Cash and Cash Equivalents

The Company considers all highly liquid short-term investments purchased with an initial maturity date of three months or less to be cash equivalents.

Accounts Receivable, Net

Accounts receivable primarily consist of the amounts billed and currently due from customers, net of an allowance for credit losses, if recorded. When the Company has an unconditional right to payment, subject only to the passage of time, the right is treated as receivable. The Company's accounts receivable balances are unsecured, bearing no interest. Fees billed in advance of the related contractual term represent contract liabilities and are presented as deferred revenue. Typical payment terms provide for customer payment within 30 to 90 days of the invoice date.

Accounts receivable are subject to collection risk. The Company performs evaluations of its customers' financial positions and generally extends credit on account, without collateral.

At each balance sheet date, the Company recognizes an expected allowance for credit losses. In addition, also at each reporting date, this estimate is updated to reflect any changes in credit risk since the receivable was initially recorded. This estimate is calculated on a pooled basis where similar risk characteristics exist.

The allowance estimate is derived from a review of the Company's historical losses on the aging of receivables. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Company. The Company believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses as the Company's customers' composition have remained constant. The Company did not record an allowance for credit loss as of June 30, 2025 and December 31, 2024.

The Company writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery. The Company did not have any write-offs of receivables during the six months ended June 30, 2025 and 2024.

The amount of accounts receivable included at the beginning of each period presented was $515 and $359, respectively.

Deferred Offering Costs

Deferred offering costs include specific incremental costs directly attributable to the Company's initial public offering of securities. Deferred offering costs exclude management salaries or other general and administrative expenses. These costs are being deferred and will be charged against the gross proceeds of the offering. Deferred offering costs are included in prepaid expenses and other current assets in the Consolidated Balance Sheets.

Upon the completion of the initial public offering, the deferred offering costs were fully charged to additional paid-in capital, and there was no balance as of June 30, 2025.

Property and Equipment, Net

Property and equipment are recorded at the cost less accumulated depreciation. Depreciation is computed using the straight-line method. The estimated useful lives of assets are as follows:

Property and Equipment	**Estimated Useful Life**
Computer and equipment	7 years
Furniture and fixture	10 years
Leasehold improvement	Shorter of 10 years or lease term

Repair and maintenance costs are expensed as incurred.

Intangible Assets

Intangible assets consist of capitalized software. The Company accounts for its software development costs in accordance with the guidance in ASC 350-40, *Internal-use software*. The costs incurred prior to the application development stage and post implementation are expensed as incurred. Direct and incremental internal and external costs incurred during the application development stage are capitalized until the application is substantially complete and ready for its intended use, at which point amortization begins. Training, data conversion and maintenance costs are expensed as incurred. Costs of capitalized software are amortized on a straight-line basis over the estimated period of benefit, which is approximately five to seven years, and are recorded in cost of revenue in the Consolidated Statements of Operations.

Impairment or Disposal of Long-Lived Assets

Long-lived assets used in operations are reviewed for impairment whenever events or changes in circumstances indicate that carrying amounts may not be recoverable. For long-lived assets to be held and used, the Company recognizes an impairment loss only if the carrying amount is not recoverable when compared to the Company's undiscounted cash flows, and the impairment loss is measured based on the difference between the carrying amount and fair value. Long-lived assets held for sales are reported at the lower of cost or fair value less costs to sell.

Leases

Leases are comprised of operating leases for office space. In accordance with FASB ASC Topic 842, *Leases*, the Company determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, current portion of operating lease liabilities, and non-current operating lease liabilities in the Consolidated Balance Sheets. Operating lease ROU assets and operating lease liabilities are recognized based on the present value of future minimum lease payments over the lease term at commencement date.

For leases with terms greater than 12 months, the Company records a ROU asset and a lease liability representing the present value of future lease payments. The discount rate used to measure the lease asset and liability is determined at the beginning of the lease term using the rate implicit in the lease, or the Company's collateralized incremental borrowing rate. The implicit rate within the Company's leases is generally not determinable and, therefore, the incremental borrowing rate at lease commencement is utilized to determine the present value of lease payments. The Company estimates its incremental borrowing rate based on third-party lender quotes to obtain secured debt in a like currency for a similar asset over a timeframe similar to the term of the lease. For those contracts that include fixed rental payments for both the use of the asset ("lease costs") as well as for other occupancy or service costs relating to the asset ("non-lease costs"), the Company generally includes both the lease costs and non-lease costs in the measurement of the lease asset and liability.

The Company accounts for each lease and any non-lease components associated with that lease as a single lease component for all asset classes. Lease expenses for the Company's operating leases are recognized on a straight-line basis over the lease term except for variable lease costs, which are expensed as incurred. The Company does not recognize ROU assets and operating lease liabilities that arise from leases with an initial lease term of 12 months or less.

Fair Value Measurements

The Company reports financial assets and liabilities and nonfinancial assets and liabilities that are recognized or disclosed at fair value in the consolidated financial statements on a recurring basis in accordance with ASC Topic 820 *Fair Value Measurement* (“ASC 820”). ASC 820 defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities, which are required to be recorded at fair value, the Company considers the principal or most advantageous market in which the Company would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as inherent risk, transfer restrictions and credit risk.

ASC 820 also establishes a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value into three levels. The U.S. GAAP established a hierarchy framework to classify the fair value based on the observability of significant inputs to the measurement.

The levels of the fair value hierarchy are as follows:

Level 1: Quoted price in an active market for identical assets or liabilities.

Level 2: Quoted prices for similar assets and liabilities in active markets or inputs that are observable.

Level 3: Inputs that are unobservable (for example, cash flow modeling inputs based on assumptions)

The carrying amounts of the Company’s financial instruments, such as cash, accounts receivable, accounts payable, and short-term loans approximate fair values due to the short-term nature of these instruments.

Deferred Revenue

Contract liabilities consist of deferred revenue. Revenue is deferred when the Company has the right to invoice in advance of performance under a customer contract. The current portion of deferred revenue balances is recognized over the next 12 months. The amount of revenue recognized during the six months ended June 30, 2025 and 2024 that was included in deferred revenue at the beginning of each period was $147 and $275, respectively.

Cost of Revenue

Cost of revenue primarily consists of costs paid to its employees for delivering events and costs of renting equipment and studio.

Advertising and Marketing Costs

Advertising and marketing costs are expensed as incurred and are included in selling, general and administrative expenses in the Consolidated Statement of Operations. For the six months ended June 30, 2025 and 2024, these costs were $423 and $71, respectively.

Employee Benefit Plan

Substantially all employees are eligible to participate in the 401(k) defined contribution plan which is sponsored by the Company. Participants may contribute a portion of their compensation to the plan up to the maximum amount permitted under Section 401(k) of the Internal Revenue Code. At the Company's discretion, the Company can match a portion of the participants' contributions. During the six months ended June 30, 2025 and 2024, the Company recognized $36 and $23, respectively, of expenses for the defined contribution plans.

Income Taxes

The Company accounts for income taxes under the asset and liability method in accordance with ASC Topic 740, *Income Taxes*, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements. Under this method, deferred tax assets and liabilities are determined on the differences between the financial statement and tax basis of assets, liabilities and net operating loss by using enacted tax rate in effect for the fiscal year in which the differences are expected to reverse. The effect of a change in tax rate on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

The Company recognizes deferred tax assets to the extent that these assets are believed to be more likely than not to be realized. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts that are more likely than not expected to be realized. In making such a determination, all available positive and negative evidence is considered, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations.

The Company files tax returns in the tax jurisdictions of the United States. Tax benefits for uncertain tax positions are based upon management's evaluation of the information available at the reporting date. To be recognized in the financial statements, a tax benefit must be at least more likely than not of being sustained based on technical merits. The benefit for positions meeting the recognition threshold is measured as the largest benefit more likely than not of being realized upon settlement with a taxing authority that has full knowledge of all relevant information.

Net Loss per Share

Basic net loss per common stock is calculated by dividing the net loss by the weighted-average number of common stocks outstanding during the period, without consideration for potentially dilutive securities. Diluted net loss per common stock is computed by dividing the net loss by the weighted-average number of common stocks and potentially dilutive securities outstanding for the period determined using the treasury stock method.

Recently Issued Accounting Pronouncements

The following Accounting Standards Updates ("ASUs") were issued by the Financial Accounting Standards Board ("FASB") which relate to or could relate to the Company as concerns the Company's normal ongoing operations or the industry in which the Company operates.

In November 2024, the FASB issued ASU No. 2024-03 Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): *Disaggregation of Income Statement Expenses*. This ASU requires public business entities to disclose, for interim and annual reporting periods, additional information about certain income statement expense categories. The requirements are effective for fiscal years beginning after December 15, 2026, and for interim periods beginning after December 15, 2027. Entities are permitted to apply either the prospective or retrospective transition methods. The Company is currently evaluating the impact that the adoption of this ASU will have on its consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09 Income Taxes (Topic 740): *Improvements to Income Tax Disclosures*. The standard requires entities to disclose specific categories in the rate reconciliation and to provide additional information for reconciling items that meet a quantitative threshold. It also requires entities to disclose certain information about income taxes paid and other disclosures related to income and income tax expense from continuing operations. The standard is effective for fiscal years beginning after December 15, 2024 for public business entities and for fiscal years beginning after December 15, 2025 for all other entities. The Company is currently evaluating the impact that the adoption of this standard will have on its consolidated financial statements.

In October 2023, the FASB issued ASU 2023-06, "Disclosure Improvements: Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative" ("ASU 2023-06"). This ASU incorporates certain SEC disclosure requirements into the FASB Accounting Standards Codification ("ASC"). The amendments in the ASU are expected to clarify or improve disclosure and presentation requirements of a variety of ASC Topics, allow users to more easily compare entities subject to the SEC's existing disclosures with those entities that were not previously subject to the requirements, and align the requirements in the ASC with the SEC's regulations. The ASU has an unusual effective date and transition requirements since it is contingent on future SEC rule setting. If the SEC fails to enact required changes by June 30, 2027, this ASU is not effective for any entities. Early adoption is not permitted. The Company is currently evaluating the impact that the adoption of this standard will have on its consolidated financial statement

3. Property and Equipment, Net

As of June 30, 2025 and December 31, 2024, property and equipment consisted of the following:

	June 30, 2025	December 31, 2024
Computer and equipment	$ 419	$ 419
Furniture and fixture	17	17
Leasehold improvement	20	20
Total property and equipment	456	456
Less: Accumulated depreciation	(262)	(237)
Total property and equipment, net	$ 194	$ 219

The Company recognized depreciation expenses on property and equipment of $25 and $27 during the six months ended June 30, 2025 and 2024, respectively.

4. Intangible Assets, Net

The Company's intangible assets consist of internally developed capitalized software. As of June 30, 2025 and December 31, 2024, the balance of the capitalized software was $3,806 and $3,806, respectively, of which $748 and $218 was under the application development stage as of the respective period end. The Company has performed impairment assessment and identified no triggering events or circumstances indicating that the carrying amount of the intangibles may be impaired and determined no impairment was necessary.

As of June 30, 2025 and December 31, 2024, intangible assets consisted of the following:

	June 30, 2025	December 31, 2024
Capitalized software	$ 3,806	$ 3,806
Under the application development stage	748	218
Total intangible assets	4,554	4,024
Less: Accumulated amortization	(408)	(136)
Intangible assets, net	$ 4,146	$ 3,888

The Company recognized amortization expenses on intangible assets of $272 and $136 during the six months ended June 30, 2025 and 2024, respectively.

5. Leases

The Company has an operating lease for its office space in Pennsylvania. As of June 30, 2025 and December 31, 2024, the following amounts were recorded in the Consolidated Balance Sheets relating to the Company's operating lease.

	June 30, 2025	December 31, 2024
Right-of-Use Assets		
Operating lease assets, net	$ 493	$ 530
Lease Liabilities		
Operating lease liabilities - Current	$ 76	$ 71
Operating lease liabilities - Non-current	$ 463	$ 502

The following table summarizes the contractual maturities of operating lease liabilities as of June 30, 2025:

2025 (remaining)	$ 52
2026	108
2027	112
2028	117
2029	121
Thereafter	126
Total lease payments	636
Less amounts representing interest	(97)
Present value of lease payments	539
Less: current portion	(76)
Non-current lease liabilities	$ 463

The following table illustrates information for the Company's operating lease during the six months ended June 30, 2025 and 2024:

	June 30, 2025	December 31, 2024
Total operating lease cost	$ 35	$ 63
Cash paid for amounts included in the measurement of the operating lease liability	$ 52	$ 100
Weighted average remaining lease term (years)	5.5	6.0
Weighted average discount rate	6.00%	6.00%

6. Commitments and Contingencies

Guarantees and Commitments

There were no commitments under certain purchase or guarantee arrangements as of June 30, 2025 and December 31, 2024.

Legal Matters

From time to time, in the normal course of business, the Company may be subject to various legal matters such as threatened or pending claims or proceedings. There were no such material matters as of June 30, 2025 and December 31, 2024.

Indemnification

In the ordinary course of business, the Company often includes standard indemnification provisions in its arrangements with third parties. To date, the Company has not paid any material claims or been required to defend any material actions related to its indemnification obligations. However, the Company may record charges in the future as a result of these indemnification obligations.

7. Accrued Expenses

As of June 30, 2025 and December 31, 2024, accrued expenses include the following components:

	June 30, 2025	December 31, 2024
Accrued operating expenses	$ 279	$ 393
Accrued payroll expenses	168	256
Other accrued expenses	539	404
Total accrued expenses	$ 986	$ 1,053

8. Short-term Loans – Related Party

Short-term loans as of June 30, 2025 and December 31, 2024 consisted of the followings:

	Interest Rate	Maturity	June 30, 2025	December 31, 2024
V-cube Inc.	6.00%	June 30, 2025	$ 1,555	$ 4,062
Wizlearn Technologies Pte. Ltd.	6.00%	June 30, 2025	1,665	1,555
Naoaki Mashita	6.00%	December 31, 2025	450	-
Total short-term loans			$ 3,670	$ 5,617

As of the reporting date, the Company is engaged in discussions with V-cube Inc. and Wizlearn Technologies Pte. Ltd. to extend the maturity date of the term loans to December 31, 2025. The Company expects to complete the amendment in the third quarter of 2025.

9. Net Loss per Share

The following table sets forth the computation of basic and diluted net loss per share:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Basic and Diluted Net Loss Per Common Share:				
Net loss attributable	$ (2,784)	$ (420)	$ (7,620)	$ (826)
Weighted average common shares outstanding – basic and diluted	21,425,980	25,000,000	28,906,617	25,000,000
Net loss per common share – basic and diluted	$ (0.13)	$ (0.02)	$ (0.26)	$ (0.03)

The following potentially dilutive securities were excluded from the computation of diluted net loss per share calculations for the periods presented because the impact of including them would have been anti-dilutive:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Common stock options	1,122,925	-	1,122,925	-

10. Stockholders' Equity

Preferred Stock

As of June 30, 2025, the Company has authorized 1,000,000 shares of preferred stock with rights and preferences, including voting rights, to be designated from time to time by the board of directors. There were no shares of preferred stock issued or outstanding as of June 30, 2025.

Common Stock

As of June 30, 2025, the Company has authorized 250,000,000 shares of common stock. Each holder of common stock shall be entitled to one vote for each share held as of the record date and shall be entitled to receive dividends, when, as and if declared by the stockholders' meeting or the Board of Directors. The total common stock issued and outstanding as of June 30, 2025 was 35,117,037 shares.

On October 9, 2024, the Company's sole director and majority stockholder approved a reverse stock split of the Company's issued common stock at a ratio of 2:1, which became effective on October 9, 2024. As a result of the reverse stock split, 25,000,000 shares of common stock were issued and outstanding. The Company believes it is appropriate to reflect the above transactions on a retroactive basis in accordance with ASC 260. All references made to share or per share amounts herein have been retroactively adjusted to reflect the 2:1 reverse split.

On December 23, 2024, the convertible promissory note dated September 5, 2024, held by Naoaki Mashita, the Chief Executive Officer of V-Cube, Inc., the principal stockholder of the Company, having the outstanding principal balance of $317 was partially converted into 689,130 fully paid and non-assessable unregistered shares of common stock of the Company at a conversation price of $0.46 per share, relative to the principal amount outstanding, in accordance with the terms thereof.

On February 18, 2025, the Company completed its initial public offering ("IPO") of 1,667,000 shares of common stock at a public offering price of $6.00 per share. The net proceeds to the Company from the IPO, after deducting underwriting discounts and offering expenses of approximately $1,102 payable by the Company, were approximately $8,900.

On February 19, 2025, Spirit Advisors, LLC ("Spirit Advisors") elected to exercise certain warrants in full that were issued to it by the Company in partial consideration for consulting services rendered in connection with the IPO. The net shares issued pursuant to such exercise were 1,337,312 shares of the Company's common stock.

On March 17, 2025, the Company's Board of Directors approved a share repurchase program under which the Company may repurchase up to $1,000 of its outstanding shares of common stock. On March 18, 2025, the Company entered into a letter agreement with Bancroft Capital, LLC to assist the Company with its share repurchase program.

On April 23, 2025, the Company entered into a Settlement Agreement and Stipulation (the "Settlement Agreement") with Sunpeak Holdings Corporation ("SHC"), which became effective on April 30, 2025, to settle outstanding claims owed to SHC. Pursuant to the Settlement Agreement, SHC has agreed to purchase certain outstanding payables between the Company and designated vendors of the Company totaling approximately $4.9 million (the "Claims") and will exchange such Claims for a settlement amount payable in shares of common stock of the Company (the "Settlement Shares"). The Settlement Shares shall be priced at the closing price of the Company's common stock, subject to adjustment pursuant to the terms of the Settlement Agreement. The Company shall also issue to SHC, on the issuance date(s), 175,000 freely trading shares pursuant to the agreement. As of June 30, 2025, the total 6,442,145 shares were issued in settlement of claims.

In accordance with ASC 470-50, *Debt - Modifications and Extinguishments*, the transaction was accounted for as a debt extinguishment because the original debt instruments (i.e., payables) were legally discharged, and the terms of the new consideration (i.e., equity) were substantially different from the debt instruments. The equity instruments issued were measured at their fair value on the respective issuance settlement dates. The difference between the fair value of the common stock and its par value was recognized as additional paid-in capital, and the expenses related to the debt restructuring was recognized as a loss on debt restructuring and included in other income (expenses), net in the Consolidated Statements of Operations.

11. Equity incentive plan

On September 27, 2024, the Company's Board of Directors approved the Company's 2024 Equity Incentive Plan (the "Equity Incentive Plan"). On October 10, 2024, the Company granted stock options to certain individuals who were the Company's directors and employees to purchase an aggregate of 2,640,250 shares of common stock at an exercise price of $0.46 per share. The options have a contractual term of ten years and vest upon the satisfaction of service conditions for Company employees and performance conditions for Company directors. Of the 2,640,250 stock options granted, 1,122,925 stock options vested on February 18, 2025 upon the completion of the Company's IPO.

The fair value of the stock options was estimated using the Black-Scholes option-pricing model. The following table summarizes the significant assumptions used to estimate the fair value of the stock option.

Expected term	5 years
Expected volatility	49.04%
Expected dividend rate	0.00%
Risk-free rate	3.75%

The Company recognized stock-based compensation expenses of $3,515 and nil during the six months ended June 30, 2025 and 2024, respectively. Stock-based compensation expenses are included in selling, general and administrative expenses in the Consolidated Statements of Operations.

The following is a summary of stock option activity under the Company's Equity Incentive Plan during the six months ended June 30, 2025:

	Number of shares	Weighted-Average Grant-Date Fair Value	Weighted-average remaining contractual term (in years)
Unvested balance as of December 31, 2024	2,640,250	$ 3.13	
Granted	5,000	0.96	
Vested	(1,122,925)	3.13	
Unvested balance as of June 30, 2025	1,522,325	$ 3.12	9.28

As of June 30, 2025, the Company's unrecognized stock based compensation expense for unvested options was $4,750.

12. Revenue

Disaggregation of Revenue

The tables below reflect revenue by major source and timing of transfer of goods and services for the three months ended June 30, 2025 and 2024 and for the six months ended June 30, 2025 and 2024. The Company had no revenue derived from geographical regions outside of the U.S. during the six months ended June 30, 2025 and 2024. All revenue during the six months ended June 30, 2025 and 2024 was recognized when the performance obligation was satisfied at point in time.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Delivered events - Virtual and Hybrid	$ 855	$ 891	$ 1,587	$ 1,972
Delivered events - Physical	261	132	268	179
Total	$ 1,116	$ 1,023	$ 1,855	$ 2,151

The following table summarizes the activity in deferred revenue during the six months ended June 30, 2025 and the year ended December 31, 2024:

	Six Months ended June 30, 2025	Year Ended December 31, 2024
Balance, beginning of year	$ 147	$ 275
Revenue earned	(544)	(1,245)
Deferral of revenue	494	1,117
Balance, end of year	$ 97	$ 147

13. Cost of Revenue

Disaggregation of Cost of revenue

The table below reflects cost of revenue by major source for the three months ended June 30, 2025 and 2024 and for the six months ended June 30, 2025 and 2024.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Delivered events - Virtual and Hybrid	$ 135	$ 106	$ 307	$ 372
Delivered events - Physical	40	35	54	53
Total	$ 175	$ 141	$ 361	$ 425

14. Consulting and Advisory Agreement

On July 18, 2025, the Company entered into a market awareness agreement, dated as of June 27, 2025 (the "MCA Agreement"), with MicroCap Advisory, LLC (the "MC Advisor"), pursuant to which the MC Advisor will provide investor communications and market awareness services to the Company for a six-month term. The MC Advisor will develop and implement a multi-step investor outreach strategy, including positioning, media planning, and campaign execution. As compensation, the MC Advisor will receive a $15,000 setup fee and $100,000 per month, beginning one week after execution of the MCA Agreement. Additionally, the Company will issue 500,000 fully earned warrants to the MC Advisor, exercisable at $0.40 per share for two years, with anti-dilution adjustments in the event of a reverse stock split and cashless exercise rights if unregistered. Either party may terminate the MCA Agreement after 60 days upon 30 days' written notice. As of the date of this quarterly report, the Company has not issued any warrants to the MC Advisor. The Company expects to issue the foregoing warrants to the MC Advisor by the end of 2025.

On February 5, 2024, the V-Cube, Inc., the principal shareholder of the Company, entered into a consulting and services agreement with Spirit Advisors, which agreement was assigned to and assumed by the Company on September 5, 2024. Pursuant to the agreement, the Company agreed to compensate Spirit Advisors with warrants, which became exercisable upon completion of the Company's IPO for the period of 10 years to purchase 4.9% of the fully diluted share capital of the Company as of February 12, 2024 for an exercise price per share of US$0.02, subject to adjustments as set forth in the warrants, as partial compensation for professional services provided by Spirit Advisors in connection with the IPO.

The warrants became exercisable upon the completion of the IPO. On February 19, 2025, Spirit Advisors elected to exercise its warrants in full. The net shares issued under this exercise were 1,337,312 shares of common stock.

15. Related Party

The related parties that had material balances as of June 30, 2025 and December 31, 2024 and transactions for the six months ended June 30, 2025 and 2024 consist of the following:

Name of Related Party	Nature of Relationship as of June 30, 2025
V-Cube, Inc.	The principal shareholder of the Company
Wizlearn Technologies Pte. Ltd.	An affiliate of the Company
Naoaki Mashita	Chief Executive Officer of V-Cube, Inc., the principal stockholder of the Company

Name of Related Party	Nature of Relationship at December 31, 2024
Dyventive, Inc	A company controlled by Dave Kovalcik, the director of V-cube Inc., the principal shareholder of the Company
GHDLCK, LLC	A company controlled by an immediate family member of Dave Kovalcik, the director of V-cube Inc., the principal shareholder of the Company
PharMethod, Inc	A company controlled by Dave Kovalcik, the director of V-cube Inc., the principal shareholder of the Company
V-Cube, Inc.	The principal shareholder of the Company
Wizlearn Technologies Pte. Ltd.	An affiliate of the Company

The Company had the following related party balances as of June 30, 2025 and December 31, 2024:

	Nature of transactions	June 30, 2025	December 31, 2024
Receivable due from related parties:			
Dyventive, Inc	Accounts receivable related to sales from delivered events	$ -	$ -
PharMethod, Inc	Accounts receivable related to sales from delivered events	-	-
Advance to related party:			
V-Cube, Inc.	Advance payment made for IT outsourcing and market advisory services	1,792	-
V-Cube, Inc.	Advance payment made for marketing and business development	642	-
V-Cube, Inc.	Advance payment made for consultancy services	1,537	-
V-Cube, Inc.	Advance payment made for advisory services	1,024	-
Payable due to related party:			
GHDLCK, LLC	Accounts payable related to rental expenses	-	83
PharMethod, Inc	Accounts payable related to operating expenses	-	73
Short-term loans due to related parties:			
V-cube Inc.	Loan payable for working capital	1,555	4,062
Wizlearn Technologies Pte. Ltd.	Loan payable for working capital	1,665	1,555
Naoaki Mashita	Loan payable for working capital	450	-

Advance - related party, including $2,102 classified as current and $2,893 classified as long-term, represent payments the Company made on behalf of its principal stockholder, V-Cube, Inc., for services that will be provided to V-Cube, Inc. These amounts will be reimbursed to the Company by V-Cube, Inc. Advance – related party balances are unsecured and bearing no interest.

The Company had the following related party transactions for the six months ended June 30, 2025 and 2024:

		Six Months Ended June 30,	
	Nature of transactions	2025	2024
Revenue from related parties:			
Dyventive, Inc	Sales from delivered events	$ -	$ 20
PharMethod, Inc	Sales from delivered events	-	28
Selling, General and Administrative Expenses with related party:			
GHDLCK, LLC	Rental expense for the Company's office	-	54

16. Subsequent Events

The Company has evaluated subsequent events after the consolidated balance sheet date through August 13, 2025, the date the consolidated financial statements were available for issuance. Management has determined that no significant events or transactions have occurred subsequent to the consolidated balance sheet date that require both recognition and disclosure in the consolidated financial statements, except those disclosed below.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with the consolidated financial statements and the related notes included elsewhere in this quarterly report on Form 10-Q.

Forward-Looking Statements

This quarterly report on Form 10-Q contains "forward-looking statements." All statements other than statements of historical fact are "forward-looking statements" for purposes of federal and state securities laws, including, but not limited to: any projections of earnings, revenue, or other financial items; any statements regarding the adequacy, availability, and sources of capital, any statements of the plans, strategies, and objectives of management for future operations; any statements concerning proposed new products, services, or developments; any statements regarding future economic conditions or performance; any statements of belief; and any statements of assumptions underlying any of the foregoing. Forward-looking statements may include the words "may," "will," "estimate," "intend," "continue," "believe," "expect," "plan," "project," or "anticipate," and other similar words. In addition to any assumptions and other factors and matters referred to specifically in connection with such forward-looking statements, factors that could cause actual results or outcomes to differ materially from those contained in the forward-looking statements include those factors set forth in the "Risk Factors" section included in our registration statement on Form S-1 (File No. 333-282621), as amended, which was initially filed with the SEC on October 11, 2024 and declared effective by the SEC on February 7, 2025, and in our registration statement on Form S-1 (File No. 333-288741), as amended, which was initially filed with the SEC on July 17, 2025 and declared effective by the SEC on August 12, 2025.

Although we believe that the expectations reflected in our forward-looking statements are reasonable, actual results could differ materially from those projected or assumed. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to change and to inherent risks and uncertainties, such as those disclosed in this quarterly report. We do not intend, and undertake no obligation, to update any forward-looking statement, except as required by law.

The information included in this Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with our unaudited condensed consolidated financial statements and the notes included in this quarterly report on Form 10-Q, and the audited consolidated financial statements and notes and Management's Discussion and Analysis of Financial Condition and Results of Operations contained in our annual report on Form 10-K for the year ended December 31, 2024, filed with the SEC on March 28, 2025 (the "Annual Report").

Business Overview

We are a provider of event planning, production, and broadcasting services headquartered in Pennsylvania. We mainly produce virtual and hybrid events and physical events. Virtual and hybrid events involve virtual and hybrid event planning, production and broadcasting services, and continuing education services, all of which are supported by our proprietary Xyvid Pro Platform. Physical events were added to our revenue streams, due to our corporate restructuring completed in fiscal year 2023, and mainly involve live streaming and video recording of physical events.

As of the date of this quarterly report, we primarily generate revenue from virtual and hybrid events delivered to corporate customers. We experienced an increase in our total revenue in the second quarter of fiscal year 2025, mainly due to an increase in revenue from our physical events, which were provided to a new customer. For the six months ended June 30, 2025 and 2024, we had total revenue of approximately $1,855,000 and $2,151,000, respectively, and net loss of approximately $7,620,000 and $826,000, respectively. For the six months ended June 30, 2025 and 2024, the revenue generated from virtual and hybrid events was approximately $1,587,000 and $1,972,000, respectively, accounting for approximately 85.6% and 91.7% of our total revenue, respectively; and the revenue generated from physical events was approximately $268,000 and $179,000, respectively, accounting for approximately 14.4% and 8.3% of our total revenue, respectively.

Our mission is to deliver top-tier planning, production, and broadcasting services for virtual, hybrid and physical events. Our goal is to become a global leader in innovative virtual events that enhance engagement and connectivity, making impactful and memorable experiences accessible to all.

Settlement Agreement and Stipulation with Sunpeak Holdings Corporation ("SHC")

On April 23, 2025, we entered into a Settlement Agreement and Stipulation (the "Settlement Agreement") with SHC, which became effective on April 30, 2025, to settle certain outstanding obligations owed by us. Pursuant to the Settlement Agreement, SHC agreed to purchase certain outstanding payables owed by us to our designated creditors totaling approximately $4.91 million (the "Claims") and agreed to exchange the Claims for a settlement amount payable in shares of our common stock (the "Settlement Shares"). The Settlement Shares were priced at the closing price of our common stock on April 23, 2025, subject to adjustment pursuant to the terms of the Settlement Agreement.

Among other things, in the event that our common stock's market price decreases to or below $0.25 per share or if at any time the thirty-day average volume of the trading of our common stock drops to at or below 100,000 shares per day, then we will be deemed to be in default under the Settlement Agreement. SHC has agreed that it will not become the beneficial owner of more than 4.99% of common stock of us at any point in time. The Settlement Agreement and the issuance of the Settlement Shares were approved by the Circuit Court of the Twelfth Judicial Circuit in and for Manatee County, Florida, Civil Division (the "Court"), on April 30, 2025 (Case No. 2025 CA 000858). The Court entered an order confirming the fairness of the terms and conditions of the Settlement Agreement and the issuance of the Settlement Shares.

In accordance with the terms of the Settlement Agreement, the Company issued the following amounts of freely tradable shares of common stock to SHC: (i) 175,000 shares on May 9, 2025 (the "Settlement Fee Shares"), (ii) 1,372,000 shares on May 14, 2025, (iii) 1,458,000 shares on May 15, 2025, (iv) 690,000 shares on June 4, 2025, (v) 707,000 shares on June 11, 2025, and (vi) 1,158,000 shares on June 25, 2025 (such shares in clauses (ii) through (vi) being, collectively, the "Issued Settlement Shares, " and together with the Settlement Fee Shares, the "SHC Shares").

The issuance of the SHC Shares were made in reliance upon the exemption from registration provided by Section 3(a)(10) of the Securities Act of 1933, as amended, which exempts from registration any securities issued in exchange for one or more outstanding securities, claims, or property interests where the terms and conditions of such issuance and exchange are approved by a court of competent jurisdiction after a hearing upon the fairness of such terms and conditions at which all persons to whom it is proposed to issue securities in such exchange have the right to appear.

The foregoing description of the Settlement Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the Agreement, which was filed as Exhibit 10.1 to our Current Report on Form 8-K dated May 2, 2025 and is incorporated by reference herein.

Common Stock Purchase Agreement ("Purchase Agreement") and Registration Right Agreement with Lincoln Park Capital Fund, LLC ("Lincoln Park")

On June 23, 2025, we entered into a purchase agreement (the "Purchase Agreement") with Lincoln Park, pursuant to which Lincoln Park committed to purchase from us, from time to time and subject to certain limitations and conditions, up to an aggregate of $20,000,000 of shares of our common stock over the term of the Purchase Agreement. On the same date, we issued 882,145 shares of our common stock to Lincoln Park. In connection with the Purchase Agreement, we also entered into a registration rights agreement, dated June 23, 2025 (the "Registration Rights Agreement"), with Lincoln Park, pursuant to which we agreed to file a registration statement on Form S-1 with the SEC to register under the Securities Act of 1933 the resale of the shares of our common stock that have been and may be issued to Lincoln Park under the Purchase Agreement.

The foregoing description of the Purchase Agreement and Registration Rights Agreement (collectively, the LPC Transaction Documents") does not purport to be complete and is qualified in its entirety by reference to the full text of the Purchase Agreement and Registration Rights Agreement, which was filed as Exhibit 10.2 and Exhibit 10.3 to our Current Report on Form 8-K dated June 24, 2025, and is incorporated by reference herein.

Share Issuance to Bancroft Capital, LLC ("Bancroft")

In connection with our initial public offering in February 2025, we entered into an underwriting agreement with Bancroft, under which Bancroft was granted a right of first refusal to act as the sole placement agent for any private equity offerings we undertake. As compensation for the services Bancroft provided in connection with our entry into the LPC Transaction Documents, Bancroft invoiced us for a fee of 61,750 shares of our common stock. Accordingly, on July 31, 2025, we issued 61,750 shares of our common stock to Bancroft as payment for its services with respect to such transaction.

Share Issuance to MicroCap Advisory, LLC

On July 18, 2025, the Company entered into a market awareness agreement, dated as of June 27, 2025 (the "MCA Agreement"), with MicroCap Advisory, LLC (the "MC Advisor"), pursuant to which the MC Advisor will provide investor communications and market awareness services to the Company for a six-month term. The MC Advisor will develop and implement a multi-step investor outreach strategy, including positioning, media planning, and campaign execution. As compensation, the MC Advisor will receive a $15,000 setup fee and $100,000 per month, beginning one week after execution of the MCA Agreement. Additionally, the Company will issue 500,000 fully earned warrants to the MC Advisor, exercisable at $0.40 per share for two years, with anti-dilution adjustments in the event of a reverse stock split and cashless exercise rights if unregistered. Either party may terminate the MCA Agreement after 60 days upon 30 days' written notice. As of the date of this quarterly report, the Company has not issued any warrants to the MC Advisor. The Company expects to issue the foregoing warrants to the MC Advisor by the end of 2025.

Key Financial Performance Indicators

Revenue

Our revenue is derived from the provision of virtual and hybrid events and physical events on our Xyvid Pro Platform.

Cost of revenue

Our cost of revenue is primarily driven by the costs paid to our employees for producing events and the costs of renting equipment and our studio.

Selling, general and administrative expenses

Selling, general and administrative expenses are primarily composed of personnel costs for sales and marketing staff and general corporate functions, computer and software costs, and advertising and marketing expenses.

Operating profit and operating profit margin

Operating profit is the difference between our revenue and cost of revenue and selling, general and administrative expenses. Operating profit margin is the profit margin as a percentage of revenue.

Other income (expenses)

From time to time, we have non-recurring, non-operating gains and losses which are reflected through other income (expense).

Interest expenses

Interest expenses consist of interest expenses arising from borrowings.

Results of Operations

Comparison of Results of Operations for the three months ended June 30, 2025 and 2024

The following table sets forth our statements of operations for the three months ended June 30, 2025 and 2024:

(in thousands, except change % data)

	Three Months Ended June 30,		**Change (2025 vs. 2024)**	
	2025($)	**2024($)**	**$**	**YoY %**
Revenues				
Delivered events - Virtual and Hybrid	855	891	(16)	(1.8)%
Delivered events - Physical	261	132	109	82.6%
Total Revenues	1,116	1,023	93	9.1%
Cost of revenues	175	141	34	24.1%
Gross Profit	**941**	**882**	**59**	**6.7%**
Operating expenses:				

Selling, General and Administrative Expenses	2,153	1,243	910	73.2%
Depreciation expenses	148	13	135	1,038.5%
Total operating expenses	2,301	1,256	1,045	83.2%
Loss from operations	**(1,360)**	**(374)**	**(986)**	**263.6%**
Other income (expenses), net	(1,344)	2	(1,346)	67,300.0%
Interest expenses	(80)	(48)	(32)	66.7%
Loss before income taxes	**(2,784)**	**(420)**	(2,364)	562.9%
Provision for income taxes	-	-	-	0.0%
Net Loss	**(2,784)**	**(420)**	**(2,364)**	**562.9%**

Revenue

Revenue for the three months ended June 30, 2025 was $1,116,000 compared to $1,023,000 for the three months ended June 30, 2024. Revenue increased by $93,000, or 9.1%, compared to the three months ended June 30, 2024. The increase was primarily driven by the following factors:

- Revenue from delivered events – virtual and hybrid events for the three months ended June 30, 2025 decreased by $36,000, or 4.0%, compared to the three months ended June 30, 2024, mainly due to opportunities shifting to the third quarter of 2025, as clients shifted event dates outside of the quarter.

- Revenue from delivered events – physical events for the three months ended June 30, 2025 increased by $129,000, or 97.7%, compared to the three months ended June 30, 2024, mainly due to approximately $100,000 in revenue from additional events delivered to a new customer.

Cost of Revenue

Cost of revenue for the three months ended June 30, 2025 was $175,000 compared to $141,000 for the three months ended June 30, 2024. Cost of revenue increased by $34,000, or 24.1%, compared to the three months ended Jun 30, 2024. The increase was primarily due to an increase in physical events for such period causing the cost of revenue to increase by a proportionate amount.

Selling, General and Administrative Expenses ("SG&A expenses")

SG&A expenses for the three months ended June 30, 2025 was $2,153,000 compared to $1,243,000 for the three months ended June 30, 2024. SG&A expenses increased by $910,000, or 73.2%, compared to the three months ended Jun 30, 2024. The increase was primarily due to the Company now being a publicly traded organization, for additional legal, auditor, and SEC fees.

Other Income (Expense), net and Interest Expenses

Other expense for the three months ended June 30, 2025 was $1,344,000 and was primarily comprised of expenses in connection with entry into the Settlement Agreement during the three months ended June 30, 2025 .

Interest Expenses

Interest expenses for the three months ended June 30, 2025 was $80,000 compared to $48,000 for the three months ended June 30, 2024. Interest expenses increased by $32,000, or by 66.7%, primarily due to the increase in borrowing.

Net Loss

As a result of the foregoing, the net loss was $2,784,000 during the three months ended June 30, 2025 compared to the net loss of $420,000 during the three months ended June 30, 2024.

Non-GAAP Financial Measures

Non-GAAP Net Loss and Non-GAAP Net Loss per Share

We define non-GAAP net loss as GAAP net loss excluding the impact of stock-based compensation expense. Non-GAAP net loss per share is calculated by dividing non-GAAP net loss by the diluted weighted average shares of common stock outstanding. We believe the presentation of these adjusted operating results provides useful supplemental information to investors and facilitates the analysis and comparison of our operating results across reporting periods.

	Three Months Ended June 30,	
	2025	**2024**
	(in thousands)	
Net Loss	$ (2,784)	$ (420)
Stock-based compensation expense	3	-
Non-GAAP net loss	$ (2,781)	$ (420)
Weighted-average number of shares of common stock outstanding used to compute net loss per share, basic and diluted	21,425,980	25,000,000

Net loss per share - basic and diluted	$ (0.13)	$ (0.02)
Non-GAAP net loss per share - basic and diluted	$ (0.13)	$ (0.02)

Adjusted EBITDA

Adjusted EBITDA is a key measure used by our management to help us analyze our financial results, establish budgets and operating goals for managing our business, evaluate our performance and make strategic decision.

We define Adjusted EBITDA as our net loss excluding: (i) depreciation and amortization, (ii) other expense (income), and (iii) stock-based compensation expense.

The following table provides a reconciliation of net loss to Adjusted EBITDA:

	Three Months Ended June 30,	
	2025	**2024**
	(in thousands)	
Net loss	$ (2,784)	$ (420)
Depreciation and amortization	148	13
Other income (expenses), net	(1,344)	2
Stock-based compensation expenses	3	-
Adjusted EBITDA	$ (1,289)	$ (409)

Comparison of Results of Operations for the six months ended June 30, 2025 and 2024

The following table sets forth our statements of operations for the six months ended June 30, 2025 and 2024:

(in thousands, except change % data)

	Six Months Ended June 30,		Change (2025 vs. 2024)	
	2025($)	**2024($)**	**$**	**YoY %**
Revenues				
Delivered events - Virtual and Hybrid	1,587	1,972	(385)	(19.5)%
Delivered events - Physical	268	179	89	49.7%
Total Revenues	1,855	2,151	(296)	(13.8)%
Cost of revenues	361	425	(64)	(15.1)%
Gross Profit	**1,494**	**1,726**	**(232)**	**(13.4)%**
Operating expenses:				
Selling, General and Administrative Expenses	7,319	2,448	4,871	(199.0)%
Depreciation expenses	296	27	269	996.3%
Total operating expenses	7,615	2,475	5,140	207.7%
Loss from operations	**(6,121)**	**(749)**	**(5,372)**	**717.2%**
Other income (expenses), net	(1,350)	(3)	(1,347)	44,900.0%
Interest expenses	(149)	(74)	(75)	101.4%
Loss before income taxes	**(7,620)**	**(826)**	(6,794)	822.5%
Provision for income taxes	-	-	-	0.0%
Net Loss	**(7,620)**	**(826)**	**(6,794)**	**822.5%**

Revenue

Revenue for the six months ended June 30, 2025 was $1,855,000 compared to $2,151,000 for the six months ended June 30, 2024. Revenue decreased by $296,000, or 13.8%, compared to the six months ended June 30, 2024. The decrease was primarily driven by the following factors:

- Revenue from delivered events – virtual and hybrid events for the six months ended June 30, 2025 decreased by $385,000, or 19.5%, compared to the six months ended June 30, 2024, mainly due to one of our major customers that usually hosts a bi-annual event which took place in 2024 and did not occur again as of the date of this quarterly report.

- Revenue from delivered events – physical events for the six months ended June 30, 2025 increased by $89,000, or 49.7%, compared to the six months ended June 30, 2024, mainly due to approximately $100,000 in revenue from additional events delivered to a new customer.

Cost of Revenue

Cost of revenue for the six months ended June 30, 2025 was $361,000 compared to $425,000 for the six months ended June 30, 2024. Cost of revenue decreased by $64,000, or 15.1%, compared to the six months ended Jun 30, 2024. The decrease was primarily due to a reduction in the amount of equipment rentals needed for physical events and utilizing contractors, rather than fulltime staff.

Selling, General and Administrative Expenses ("SG&A expenses")

SG&A expenses for the six months ended June 30, 2025 was $7,319,000 compared to $2,448,000 for the six months ended June 30, 2024. SG&A expenses increased by $4,871,000, or 199.0%, compared to the six months ended Jun 30, 2024. The increase was primarily due to accounting for $3.5m of stock compensation expenses along with additional expenses of being a public company.

Other Income (Expense), net and Interest Expenses

Other expense for the six months ended June 30, 2025 was $1,350,000 and was primarily comprised of expenses in connection with entry into the Settlement Agreement during the six months ended June 30, 2024.

Interest Expenses

Interest expenses for the six months ended June 30, 2025 was $149,000 compared to $74,000 for the six months ended June 30, 2024. Interest expenses increased by $75,000, or by 101.4%, primarily due to the increase in borrowing.

Net Loss

As a result of the foregoing, the net loss was $7,620,000 during the six months ended June 30, 2025 compared to the net loss of $826,000 during the six months ended June 30, 2024.

Non-GAAP Financial Measures

Non-GAAP Net Loss and Non-GAAP Net Loss per Share

We define non-GAAP net loss as GAAP net loss excluding the impact of stock-based compensation expense. Non-GAAP net loss per share is calculated by dividing non-GAAP net loss by the diluted weighted average shares of common stock outstanding. We believe the presentation of these adjusted operating results provides useful supplemental information to investors and facilitates the analysis and comparison of our operating results across reporting periods.

	Six Months Ended June 30,	
	2025	2024
	(in thousands)	
Net Loss	$ (7,620)	$ (826)
Stock-based compensation expense	3,515	-
Non-GAAP net loss	$ (4,105)	$ (826)
Weighted-average number of shares of common stock outstanding used to compute net loss per share, basic and diluted	28,906,617	25,000,000

Net loss per share - basic and diluted	$ (0.26)	$ (0.03)
Non-GAAP net loss per share - basic and diluted	$ (0.14)	$ (0.03)

Adjusted EBITDA

Adjusted EBITDA is a key measure used by our management to help us analyze our financial results, establish budgets and operating goals for managing our business, evaluate our performance and make strategic decision.

We define Adjusted EBITDA as our net loss excluding: (i) depreciation and amortization, (ii) other expense (income), and (iii) stock-based compensation expense.

The following table provides a reconciliation of net loss to Adjusted EBITDA:

	Six Months Ended June 30,	
	2025	**2024**
	(in thousands)	
Net loss	$ (7,620)	$ (826)
Depreciation and amortization	296	27
Other income (expenses), net	(1,350)	(3)
Stock-based compensation expenses	3,515	-
Adjusted EBITDA	$ (2,459)	$ (796)

Cash Flows/Liquidity

Cash flows as of June 30, 2025 and December 31, 2024

As of June 30, 2025 and December 31, 2024, we had cash of $739,000 and $48,000, respectively. Liquidity is a measure of our ability to meet potential cash requirements. We generally fund our operations with cash flow from operations, and, when needed, borrowed funds from financial institutions and capital injections from our principal shareholders. Our principal use of liquidity has been to fund our daily operations and working capital. We expect that our cash and cash equivalents will be sufficient to fund our operating expenses and cash obligations for the next 12 months, although our ability to continue as a going concern depends upon our ability to attract and retain revenue generating customers, acquire new customer contracts, and secure additional financing.

(in thousands)

	Six Months Ended June 30,	
	2025	**2024**
Cash flows from operating activities:		
Net loss	$ (7,620)	$ (826)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	297	27
Noncash lease expenses	37	35
Noncash interest expenses	149	-
Stock-based compensation	3,515	-
Loss on extinguishment of debt	1,345	-
Changes in operating assets and liabilities:		
Accounts receivable	282	(28)
Advance - related party	(4,996)	-
Prepaid expenses and other assets	(63)	(130)
Income tax receivable	-	86
Accounts payable	(217)	(77)
Accrued expenses	(221)	39
Deferred revenue	(50)	(102)
Operating lease liabilities	(35)	(31)
Net cash used in operating activities	(7,577)	(1,007)
Cash flows from investing activities:		
Purchase of property and equipment	-	(30)
Purchase of capitalized internal-use software	(530)	(511)
Net cash used in investing activities	(530)	(541)
Cash flows from financing activity		
Proceeds from short-term loans - related party	1,925	1,327

Repayments of short-term loans - related party	(2,000)	-
Proceed from issuance of shares	8,900	-
Payment for deferred offering costs	(27)	-
Net cash provided by financing activity	8,798	1,327
Net change in cash and cash equivalents	691	(221)
Cash and cash equivalents at beginning of period	48	357
Cash and cash equivalents at end of period	$ 739	$ 136

Operating Activities

Cash provided by operating activities mainly consists of our net loss adjusted for certain non-cash items, including stock-based compensation expense and depreciation and amortization, as well as the effect of changes in operating assets and liabilities during each period.

For the six months ended June 30, 2025, net cash used in operating activities was $7,577,000, primarily resulting from our net loss during the period and increase in advances to a related party, partially offset by non-cash adjustments related to stock-based compensation and loss on extinguishment of debt.

For the six months ended June 30, 2024, net cash used in operating activities was $1,007,000, primarily resulting from our net loss.

Investing Activities

Net cash used in investing activities decreased from $541,000 for the six months ended June 30, 2024 to $530,000 for the six months ended June 30, 2025. The decrease in cash outflow was mainly due to a decrease in the purchase of property and equipment.

Financing Activities

Net cash provided by financing activity increased from $1,327,000 for the six months ended June 30, 2024 to $8,798,000 for the six months ended June 30, 2025. The increase was primarily due to the proceeds received from issuance of shares and short-term loans, partially offset by the payments made related to the outstanding loans.

Contractual Obligations and Commitments

As of June 30, 2025, the Company had total of $4,306,000 contractual obligations for future payments.

	As of June 30, 2025				
(in thousands)	**Payments due by period:**				
	Total	**Less than 1 year**	**1 – 3 years**	**4 – 5 years**	**More than 5 years**
Short-term debt	$ 3,670	$ 3,670	$ -	$ -	$ -
Operating lease payments	636	52	220	238	126
Total	$ 4,306	$ 3,722	$ 220	$ 238	$ 126

Capital Expenditures

Our capital expenditure primarily consists of acquisition of computer hardware equipment and capitalized software.

During the six months ended June 30, 2025 and 2024, we spent $529,000 and $511,000, respectively, on acquisitions of computer hardware/equipment and capitalized software.

Off-Balance Sheet Arrangements

As of June 30, 2025, the Company did not have any off-balance sheet arrangements, as defined in the rules and regulations of the SEC.

Critical Accounting Policies and Estimates

The preparation of the consolidated financial statements and accompanying notes included elsewhere in this annual report requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. We have identified certain accounting policies that are significant to the preparation of our consolidated financial statements. These accounting policies are important for an understanding of our financial condition and results of operation. Critical accounting policies are those that are most important to the portrayal of our financial conditions and results of operations and require management's difficult, subjective, or complex judgment, often as a result of the need to make estimates about the effect of matters that are inherently uncertain and may change in subsequent periods. Certain accounting estimates are particularly sensitive because of their significance to financial statements and because of the possibility that future events affecting the estimate may differ significantly from management's current judgments. While our significant accounting policies are more fully described in Note 2 to the consolidated financial statements included elsewhere in this quarterly report, we believe the following critical accounting policies involve the most significant estimates and judgments used in the preparation of our consolidated financial statements.

Use of Estimates

The preparation of the consolidated financial statements in conformity with the U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the reporting date, and the reported amounts of revenue and expense during the reporting period. These estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future and include, but are not limited to, allowance for credit losses, useful lives of property and equipment and capitalized software, the carrying value of operating lease right-of-use assets, impairment of long-lived assets, and valuation allowance against net deferred tax assets. Actual results could differ from those estimates.

The following critical accounting policies rely upon assumptions and estimates and were used in the preparation of our financial statements:

Revenue Recognition

The Company applies ASC 606 for all periods presented in the consolidated financial statements. To determine the appropriate amount of revenue to be recognized in accordance with ASC 606, the Company follows a five-step model as follows:

1 – Identification of the contract with a customer

2 – Identification of the performance obligation in the contract

3 – Determination of the transaction price

4 – Allocation of the transaction price to the performance obligation in the contract

5 – Recognition of revenue when, or as, a performance obligation is satisfied

Hybrid, virtual and physical event revenue

Revenue from hybrid, virtual and physical events is generated from producing and delivering hybrid or virtual events using the Company's platform, the Xyvid Pro Platform, or delivering physical events. Virtual events are online events and conferences where participants interact in an online environment, and physical events are events where participants meet in a physical location.

The transaction price is determined based on the consideration to which the Company expects to be entitled in exchange for transferring services to the customer. The transaction price is generally fixed at contract inception and is based on the agreed upon rates stated in the contract which indicates the amount of consideration the Company expects to be entitled to in exchange for satisfaction of performance obligation (i.e., delivering events). The amount on the final invoice depends on the actual work performed and might differ from the amount stated in the initial contract. When there is variable consideration included in the transaction price if, in the management's judgment, it is probable that a significant future reversal of cumulative revenue recognized under the contract will not occur, the Company and the customer agree on the price on the final invoice, and revenue is recognized based on the amount on the final invoice. None of our contracts contain a significant financing component. Revenue is recognized net of any taxes collected from customers, which are subsequently remitted to government entities.

Revenue is recognized at the time the related performance obligation is satisfied by transferring the promised services to the customer, which is upon completion of the event. Revenue is recognized in an amount that reflects the consideration that the Company expects to receive in exchange for those services.

The Company sometimes enters into the contract with a bundle of events. Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation based on each performance obligation's relative standalone selling price. The Company's contracts with multiple performance obligations are generally sold over the same contract terms as that of the contract with single performance obligation and have the same pattern of transferring services to the customer, and therefore, they are accounted for as one combined performance obligation in the context of the contract.

From time to time, the Company engages subcontractors for delivering events. The Company assesses and records revenue on a gross basis as a principal versus on a net basis as an agent in the presentation of revenue and expenses. For events delivered with subcontractors, the Company has concluded that gross reporting is appropriate because the Company (i) has the risk of identifying and hiring qualified vendors, (ii) has the discretion to select the vendors and establish their price and duties, and (iii) bears the risk for services that are not fully paid for by its customers.

Property and Equipment, Net

Property and equipment are recorded at the cost less accumulated depreciation. Depreciation is computed using the straight-line method. The estimated useful lives of assets are as follows:

Property and Equipment	Estimated Useful Life
Computer and equipment	7 years
Furniture and fixture	10 years
Leasehold improvement	Shorter of 10 years or lease term

Repair and maintenance costs are expensed as incurred.

Intangible Assets

Intangible assets consist of capitalized software. The Company accounts for its software development costs in accordance with the guidance in ASC 350-40, Internal-use software. The costs incurred prior to the application development stage and post implementation are expensed as incurred. Direct and incremental internal and external costs incurred during the application development stage are capitalized until the application is substantially complete and ready for its intended use, at which point amortization begins. Training, data conversion and maintenance costs are expensed as incurred. Costs of capitalized software are amortized on a straight-line basis over the estimated period of benefit, which is approximately five to seven years, and are recorded in cost of revenue in the Consolidated Statements of Operations.

Impairment or Disposal of Long-Lived Assets

Long-lived assets used in operations are reviewed for impairment whenever events or changes in circumstances indicate that carrying amounts may not be recoverable. For long-lived assets to be held and used, the Company recognizes an impairment loss only if the carrying amount is not recoverable when compared to the Company's undiscounted cash flows, and the impairment loss is measured based on the difference between the carrying amount and fair value. Long-lived assets held for sales are reported at the lower of cost or fair value less costs to sell.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

As a smaller reporting company, we are not required to provide this information.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) that are designed to provide reasonable assurance that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, we recognize that no controls and procedures, no matter how well designed and operated, can provide absolute assurance of achieving the desired control objectives.

In accordance with Rules 13a-15(b) and 15d-15(b) of the Exchange Act, management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, carried out an evaluation of the effectiveness of our disclosure controls and procedures as of December 31, 2024 and determined that the disclosure controls and procedures were effective at a reasonable assurance level as of that date.

Internal Control Over Financial Reporting

Management's annual report on internal control over financial reporting. This quarterly report does not include a report of management's assessment regarding internal control over financial reporting, due to a transition period established by rules of the SEC for newly public companies.

Attestation report of the registered public accounting firm. This quarterly report does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting. Our management's report was not subject to attestation by our independent registered public accounting firm pursuant to the rules of the SEC that permit us to provide only management's report in this annual report.

Changes in internal control over financial reporting. There were no changes in our internal control over financial reporting (as the term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fourth fiscal quarter of the fiscal year ended December 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

We are not currently involved in any material legal proceedings. From time-to-time we are, and we anticipate that we will be, involved in legal proceedings, claims, and litigation arising in the ordinary course of our business and otherwise. The ultimate costs to resolve any such matters could have a material adverse effect on our financial statements. We could be forced to incur material expenses with respect to these legal proceedings, and in the event that there is an outcome in any that is adverse to us, our financial position and prospects could be harmed.

Item 1A. Risk Factors

Risks Relating to our Business and Industry

We have incurred significant operating and net losses since our inception and anticipate that we will continue to incur significant losses for the foreseeable future.

As reflected in our financial statements included elsewhere in this quarterly report, we have a history of losses since our inception, including net losses of $7,620,000 and $2,968,000 for the six months ended June 30, 2025 and fiscal year ended December 31, 2024, respectively, and cash used in operating activities of $7,577,000 and $2,485,000 for the six months ended June 30, 2025 and fiscal year ended December 31, 2024, respectively. As of December 31, 2024, we had an accumulated deficit of $1,922,000 and a working capital deficit of $5,735,000.

Given the preceding conditions, our auditor has raised substantial doubt about our ability to continue as a going concern. Our ability to continue as a going concern depends upon our ability to generate positive operating cash flows. To support our working capital needs, we will rely on our revenue generating customer contracts and equity and/or debt financing. There is no assurance that we will be successful in generating positive operating cash flows and raising additional capital significant enough to result in operating profitability in the future.

If we are unable to generate and raise sufficient positive operating cash flows and additional capital to result in operating profitability in the future, there may remain substantial doubt about our ability to continue as a going concern, and investors or other financing sources may be unwilling to provide funding to us on commercially reasonable terms or at all, and we may have to discontinue operations and liquidate our assets and may be compelled to receive less than the value at which those assets are carried on our audited financial statements, which would cause our stockholders to lose a part or all of their investment.

Our business depends on our ability to attract new customers and retain and provide services to existing customers. Any decline in customer acquisition or retention would harm our business.

Our business depends upon our ability to attract new customers, and maintain and expand our relationships with our existing customers, including providing additional services to our existing customers. Our customers engage us to provide support for their events or other corporate activities. We cannot provide any assurance that customers will extend or renew their engagement with us after the events or corporate activities for which we have been engaged are completed. Extensions or renewals of customer engagement may decline or fluctuate because of several factors, such as dissatisfaction with our platform and support, a customer no longer having a need for our platform, or a belief that a competitor’s service offering is better, more secure, or less expensive than our platform. For example, during the COVID-19 pandemic, we saw a significant increase in usage of our platform and services. Following the pandemic, some of our customers reduced their use of our platform, and additional customers may do so in the future. Extensions or renewals of customer engagement are also impacted by reductions in customers’ information technology spending budgets or decisions by customers to consolidate their spending budgets on one of our competitor’s platforms, both of which are more likely to occur during periods of high inflation, recessionary or uncertain economic environments. Finally, any decrease in customer satisfaction with our platform or support would harm our brand, word-of-mouth referrals, and ability to grow. We need to continually add new customers to grow our business and to replace customers who choose not to continue to use our platform. If customers terminate or do not renew their business relationships with us, or renew their service contracts on less favorable terms or for fewer services, and we do not acquire replacement customers or otherwise grow our customer base, our business and results of operations may be materially and adversely affected.

Any decline in demand for our services or platform could harm our business.

We derive, and expect to continue to derive, a significant portion of our revenue and cash flows from producing virtual and hybrid events. Widespread adoption and use of live engagement technologies, webinars and event software in general, and our platform in particular, are critical to our future growth and success. If this market fails to grow or grows more slowly than we currently anticipate, demand for our platform could be negatively affected.

Demand for our platform is affected by a number of factors, many of which are beyond our control. Some of these potential factors include:

- availability of products and services that compete, directly or indirectly, with ours;
- awareness and adoption of live engagement technologies, generally, as a substitute for in-person events;
- ease of adoption and use of the relevant technologies;
- features and platform experience;
- reliability of our platform, including frequency of outages;
- performance and user support;
- our brand and reputation;
- security and privacy;
- our pricing and our competitors' pricing; and
- new modes of live engagement that may be developed in the future.

If we fail to successfully predict and address these factors, meet customer demands or achieve more widespread market adoption of our platform, our business would be harmed.

The experience of our customers depends upon the interoperability of our platform across technologies that we do not control, and if we are not able to maintain and expand our relationships with third parties in order to integrate our platform with their products, our business may be harmed.

Our platform, Xyvid Pro Platform, has broad interoperability and is able to integrate and deliver event content to various devices, including Windows, Mac, iOS, and Android. We depend on the accessibility of our platform across these devices that we do not control. Some of our competitors may have inherent advantages by being able to develop products and services internally that more closely integrate with their own software platforms or those of their business partners.

We may not be able to modify our platform and services to maintain their continued compatibility with that of third parties' products and services that are constantly evolving. In addition, some of our competitors may be able to disrupt the ability of our platform to operate with their products or services, or they could exert strong business influence on our ability to, and the terms on which we, operate and provide access to our platform and services. Should any of these third parties modify their products or services in a manner that degrades the functionality of our platform or services, or that gives preferential treatment to their own or competitive products or services, whether to enhance their competitive position or for any other reason, the interoperability of our platform and services with these third-party products and services could decrease and our business could be harmed.

We may not be able to respond to rapid technological changes, extend our platform or develop new features.

The markets in which we compete are characterized by rapid technological changes and the frequent introduction of new products and services. Our ability to attract new customers and retain and expand the usage of existing customers depends on our ability to enhance and improve our platform, and to introduce new features and services. Our customers may require features and capabilities that our current platform does not have. We are focused on improving the quality and range of our service offerings and are committed to investing in research and development. Our enhancements to our platform, features or capabilities may not be compelling to our existing or potential customers and may not gain market acceptance. If our research and development investments do not accurately anticipate customer demand, or if we fail to develop our platform in a manner that satisfies customer preferences in a timely and cost-effective manner, we may fail to retain our existing customers or increase demand for our platform.

The introduction of competing services or the development of entirely new technologies to replace existing offerings could make our platform obsolete or adversely affect our business, results of operations and financial condition. We may experience difficulties with software development, design or marketing that could delay or prevent our development, introduction, or implementation of new services, features, or capabilities. New services, features or capabilities may not be released according to schedule. Any delays could result in adverse publicity, loss of revenue or market acceptance, or claims by customers brought against us, all of which could harm our business. If customers do not widely adopt our new services, features and capabilities, we may not be able to realize a return on our investment. If we are unable to develop, license or acquire new features and capabilities to our platform on a timely and cost-effective basis, or if such enhancements do not achieve market acceptance, our business would be harmed.

We plan to incorporate AI technologies into some of our products and services, which may present operational and reputational risks.

As of the date of this quarterly report, we utilize artificial intelligence, or AI, to empower the multi-language captioning and transcription features of our TEN Pro Platform, and we plan to implement additional features driven by artificial intelligence in the future. The initial AI-driven enhancements are expected to be available in the second half of 2025. As with many innovations, there are associated risks involved in utilizing AI technology. There can be no assurance that our use of AI will eventually produce the intended results. Even if it could produce the intended results, we cannot guarantee that such AI will not produce errors going forward. AI, particularly generative AI, has been known to produce false or “hallucinatory” inferences or outputs. AI can also present ethical issues and may subject us to new or heightened legal, regulatory, ethical, or other challenges. Inappropriate or controversial data practices by developers and end-users, or other factors adversely affecting public opinion concerning AI, could impair the acceptance of AI solutions, including those incorporated in our services. If the AI tools that we use are deficient, inaccurate, or controversial, we could incur operational inefficiencies, competitive harm, legal liability, brand or reputational harm, or other adverse impacts on our business and financial results.

In addition, regulation of AI is rapidly evolving worldwide, as legislators and regulators are increasingly focused on these powerful emerging technologies. The technologies underlying AI and its uses are subject to a variety of laws and regulations, including intellectual property, data privacy and security, customer protection, competition, and equal opportunity laws, and are expected to be subject to increased regulation and new laws or new applications of existing laws and regulations. For example, In the United States, President Biden issued the Executive Order on Safe, Secure and Trustworthy Artificial Intelligence in October 2023, with the goal of promoting the “safe, secure, and trustworthy development and use of artificial intelligence in the United States.” The Executive Order has established certain new standards for the training, testing and cybersecurity of sophisticated AI models. It has also instructed other federal agencies to promulgate additional regulations within certain timeframes from the date of the Executive Order. Federal artificial intelligence legislation has also been introduced in the U.S. Senate. Since these regulatory frameworks rapidly evolve, we may become subject to new laws and regulations, which may affect the legality, profitability, or sustainability of our business, and we may be unable to predict all the legal, operational, or technological risks that may arise relating to the use of AI. The failure to comply with the relevant regulatory frameworks may also negatively affect our reputation. Because AI technology itself is highly complex and rapidly developing, it is not possible to predict all the legal, operational, or technological risks that may arise relating to the use of AI. Failure to appropriately respond to this evolving landscape may result in legal liability, regulatory action, or brand and reputational harm. As of the date of this quarterly report, the Company does not intend to utilize open-source AI.

Interruptions in our services caused by undetected errors, failures, or bugs in our platform or services could harm our reputation and result in significant costs to us.

Our platform and services may have errors or defects that customers identify after they begin using them that could result in unanticipated interruptions of service. Internet-based services frequently contain undetected errors and bugs when first introduced or when new versions or enhancements are released. The use of our services in complicated, large-scale network environments may increase our exposure to undetected errors, failures, or bugs in our services. We use monitoring software to detect errors or bugs in our platform and we subject new codes to stringent testing before their release. As of the date of this quarterly report, we have not experienced significant interruptions in our services as a result of such errors or defects, but we may experience future interruptions of service if we fail to detect and correct these errors and defects. As our business expands, the costs incurred in correcting defects, bugs or errors may be substantial and could harm our results of operations.

In addition, we rely on hardware and software of third parties to offer our services. Any defects in, or unavailability of, our or third-party software or hardware that cause interruptions of our services could, among other things:

- cause a reduction in revenues or a delay in market acceptance of our services;
- require us to pay penalties or issue refunds to our customers or partners, or expose us to claims for damages;
- cause us to lose existing customers and make it more difficult to attract new customers;
- divert our development resources or require us to make extensive changes to our software, which would increase our expenses and slow innovation;
- increase our technical support costs; and
- harm our reputation and brand.

Competition in our markets is intense, and if we do not compete effectively, our operating results could be harmed.

The webcasting market is competitive and rapidly changing, and existing and new market entrants, particularly established companies with greater resources than we have, that provide technologies to improve communication and engagement technologies or platforms, such as artificial intelligence and machine learning, could also increase the level of competition in the market. We face competition from many large and small companies, which include, but are not limited to, Zoom, ON24, GlobalMeet, Cvent, Bizzabo, and Meeting Tomorrow.

Our competitors vary in size and in the breadth and scope of the products and services they offer. Many of our actual and potential competitors benefit from competitive advantages over us, such as greater name recognition; longer operating histories; more varied products and services; larger marketing budgets; more established marketing relationships; more third-party integration; greater accessibility across devices or applications; greater access to larger user bases; and greater financial, technical, and other resources. Some of our competitors may make acquisitions or strategic investments or enter into strategic relationships to offer a broader range of products and services than we do, which may prevent us from using such third parties' technology or offering such products or services. These combinations may make it more difficult for us to compete effectively. We expect these trends to continue as competitors attempt to strengthen or maintain their market positions. As we introduce new services, and with the introduction of new technologies and market entrants, we expect competition to intensify in the future.

Demand for our platform is price sensitive. Many factors, including our pricing and marketing strategies, customer acquisition, and technology costs, as well as the pricing and marketing strategies of our competitors, can significantly affect our pricing strategies. Certain competitors offer, or may in the future offer, lower-priced or free products or services that compete with our platform or certain aspects of our platform, and they may offer a broader range of products and services than we do. Even if such competing products do not include all of the features and functionality that we provide, we could face pricing pressure to the extent that customers find such alternative products to be sufficient to meet their needs. Similarly, certain competitors or potential competitors may use marketing strategies that enable them to acquire customers at a lower cost than we can. Moreover, our major customers may demand substantial price concessions. As a result, we may be required to provide our major customers with pricing below our targets in the future. As a result, we could lose market share to our competitors or be forced to engage in price-cutting initiatives or other discounts to attract and retain customers, each of which could harm our business, results of operations and financial condition.

The failure to effectively develop and expand our marketing and sales capabilities could harm our ability to increase our customer base and achieve broader market acceptance of our platform.

Our ability to increase our customer base and achieve broader market acceptance of our services will depend to a significant extent on our ability to expand our marketing and sales operations. We plan to continue expanding our sales and marketing capabilities, including through additional investment in digital marketing and sales team expansion. If we are unable to expand our sales and marketing operations, our future revenue growth and business could be adversely impacted.

Identifying and recruiting qualified sales representatives and training them is time consuming and resource intensive, and they may not be fully trained and productive for a significant amount of time. We also plan to dedicate resources to sales and marketing programs, including internet and other online advertising. All of these efforts will require us to invest significant financial and other resources, as the cost to acquire customers through these efforts is high. Our business will be harmed if our efforts do not generate a correspondingly significant increase in revenue.

Our largest customer generates a significant portion of our revenue, and interruption in operations of such significant customer may have an adverse effect on our business, financial condition, and results of operations.

For the six months ended June 30, 2025, there was one customer that independently accounted for more than 10% of our total revenue. For the six months ended June 30, 2024, there was one customer that independently accounted for more than 10% of our total revenue.

We believe that, in the foreseeable future, we may continue to derive a significant portion of our revenue from such significant customer. If such customer fails to make payments, or experiences a downturn in business, our revenue and results of operations may be materially and adversely affected. We may lose our significant customer due to a variety of factors, including our capacity to deliver reliable services, service efficiency, as well as our competitiveness in pricing strategies. We cannot guarantee that we will continue to maintain the business relationship with our significant customer at the same level, or at all. If our significant customer terminates its relationship with us, we cannot assure you that we will be able to secure an alternative arrangement with a comparable customer in a timely manner, or at all. Losing our significant customer could adversely affect our revenue and profitability. In the short term, losing our significant customer may lead to a substantial loss of revenue and potentially disrupt cash flow. In the long term, it could impact market perception and our ability to attract new customers.

We may be dependent on a limited number of suppliers and any disruption to the relationships with the major suppliers may have material adverse effects on our business.

For the six months ended June 30, 2025, there was one supplier that independently accounted for more than 10% of our total purchases, accounting for approximately 14%, of our total purchases. For the six months ended June 30, 2024, there was one supplier that independently accounted for more than 10% of our total purchases, accounting for approximately 20%, of our total purchases. Such third-party suppliers are subject to their own unique operational and financial risks, which are beyond our control. If such significant suppliers breach or terminate their contracts with us, or experience significant disruptions to their operations, we will be required to find and enter into arrangements with one or more replacement suppliers. Finding alternative suppliers could involve significant delays and other costs and these suppliers may not be available to us on reasonable terms, or at all. As a result, this could harm our business and financial results and result in lost or deferred revenue.

We depend on our controlling stockholder, V-Cube, Inc., for financing and other resources.

V-Cube, Inc. owns the majority of our equity interest as of the date of this quarterly report. We do not expect any material changes to our relationship with V-Cube, Inc. in the foreseeable future. We have relied on and expect to continue to rely on V-Cube, Inc. for financing and other resources. V-Cube, Inc. has made verbal pledges to provide financial support and other resources to our Company. However, such pledges have not been formalized by any contractual arrangements and there is no assurance that such financial support will be available as and when needed or in sufficient amounts. If there are any changes to our relationship with V-Cube, Inc., and/or if V-Cube, Inc. suspends or terminates its provision of financing and other resources to us, for a variety of reasons beyond our control, such as any changes to the Japan-United States relations, any business interruptions or financial distress of V-Cube, Inc., or any legal changes that affect international money transfers, it could have material adverse effects on our business and financial results.

Our results of operations are subject to seasonal fluctuations.

We experience seasonality in our business. We usually generate more revenue in the last month of each calendar quarter. We may experience capacity and resource shortages in our platform and services during the period of such seasonal surge in our business. As a result of seasonality, our financial condition and results of operations may continue to fluctuate, and the trading price of our common stock may fluctuate from time to time.

Our business and results of operations may be harmed by the misconduct of authorized employees that have access to important assets of our Company such as bank accounts and confidential information.

During the course of our business operations, some of our employees have access to certain valuable assets of our Company, such as bank accounts and confidential information. In the event of misconduct by such authorized employees, our Company could suffer significant losses. Employee misconduct may include misappropriating bank accounts, falsifying bank records, improper use or disclosure of confidential information to the public or our competitors, and failure to comply with our internal policies or with federal or state laws or regulations regarding the use and safeguarding of classified or other protected information, and any other applicable laws or regulations. Although we have implemented policies, procedures, and controls to regulate employee conduct, these precautions may not prevent all intentional or negligent misconduct, and as a result, we could face unknown risks or losses. Furthermore, such unethical, unprofessional, or even criminal behavior by employees could damage our reputation, result in fines, penalties, restitution, or other damages, and lead to the loss of current and future customers, all of which would adversely affect our business, financial condition, and results.

We may be the subject of detrimental conduct by third parties, which could have a negative impact on our reputation.

We may be the target of anti-competitive, harassing, or other detrimental conduct by third parties including our competitors. Such conduct may include complaints, anonymous or otherwise, to regulatory agencies regarding our operations, accounting, business relationships, business prospects, and business ethics. Additionally, anyone may post false allegations online against us on an anonymous basis. We may be subject to government or regulatory investigation as a result of such third-party conduct and may be required to expend significant time and incur substantial costs to address such third-party conduct, and there can be no assurance that each of the allegations will be refuted conclusively within a reasonable period of time, or at all. Our business may also be materially negatively affected as a result of such public dissemination of anonymous allegations or malicious statements.

Interruptions, delays or outages in service from the data centers we use for our technology or infrastructure could impair the delivery and the functionality of our services, which may harm our business.

Our ability to attract and retain customers depends on our ability to provide our customers and their users with a highly reliable platform. We currently use data centers in the United States. Our platform may not be fully available to customers in the event of catastrophic failure at one of those data centers. We also do not control the operation of the data centers we use, and they are vulnerable to damage or interruption from human error, intentional bad acts, natural disasters, war, terrorist attacks, cyber-attacks and other cybersecurity incidents, power losses, hardware failures, systems failures, telecommunications failures and similar events, any of which could disrupt our services. In the event of significant physical damage to one of these data centers, it may take a significant period of time to achieve full resumption of our platform, and our disaster recovery planning may not account for all eventualities. We have previously experienced service disruptions, outages and other performance problems, due to the introduction of new functionality, human error, and capacity constraints, and we may in the future experience further service disruptions, outages and other performance problems due to a variety of other factors, including infrastructure changes, software errors, zero-day vulnerabilities, and denial-of-service attacks, ransomware attacks and other cybersecurity incidents by malicious actors. In some instances, we may not be able to rectify these performance issues within an acceptable time-frame. We have not experienced any such service disruptions, outages, or other performance issues during the period covered by this quarterly report.

In addition, we depend on the expertise and efforts of members of our operations and technology teams for the continued performance of our platform. Our ability to retain, attract, hire and train staff in these groups may prove to be a challenge for a variety of factors and could have an adverse impact on the platform.

If our platform is unavailable or if our customers and their users are unable to access our platform within a reasonable amount of time, or at all, our business, results of operations and financial condition would be adversely affected. Additionally, if the data centers we use are unable to keep up with our increasing need for capacity, our customers may experience delays as we seek to obtain additional capacity, which could harm our business.

Cybersecurity incidents could disrupt our business operations, result in the loss of critical and confidential information, adversely impact our reputation, and harm our business.

Cybersecurity threats and incidents directed at us could range from uncoordinated individual attempts to gain unauthorized access to information technology systems to sophisticated and targeted measures aimed at disrupting business or gathering data of customers. We rely on our platform to deliver virtual and hybrid events to our customers and we use the Azure SQL Database to process, organize and store our business data. The secure processing, maintenance, and transmission of information in these systems are critical to our operations.

Nonetheless, our technology operations are vulnerable to security breaches and attacks against our system and network. While we employ measures designed to prevent, detect, address, and mitigate these threats (including using third-party cybersecurity technology), and we have not experienced any material cybersecurity incidents as of the date of this quarterly report, cybersecurity incidents, depending on their nature and scope, could potentially result in the misappropriation, destruction, corruption, or unavailability of critical data and confidential or proprietary information (our own or that of third parties, including potentially sensitive information of our customers) and the disruption of business operations. Any such compromises to our security could cause harm to our reputation, which could cause customers to lose trust and confidence in us or could cause agents to stop working for us. In addition, we may incur significant costs for remediation that may include liability for stolen assets or information, repair of system damage, and compensation to customers and business partners. We may also be subject to legal claims, government investigation, and additional state and federal statutory requirements. Although we have purchased cybersecurity insurance, there is no assurance that such insurance will be sufficient to cover any damages resulting from cybersecurity claims.

The potential consequences of a material cybersecurity incident include regulatory violations of applicable U.S. privacy and other laws, reputational damage, loss of market value, litigation with third parties (which could result in our exposure to material civil or criminal liability), diminution in the value of the services we provide to our customers, and increased cybersecurity protection and remediation costs (that may include liability for stolen assets or information), which in turn could have a material adverse effect on our competitiveness and results of operations.

If we fail to manage our growth or execute our strategies and future plans effectively, we may not be able to take advantage of market opportunities or meet the demand of our customers.

We expect our business to grow in terms of scale and diversity of operations. In addition, we plan to improve the features of our platform and incorporate more emerging technologies to enhance our platform. This will enable us to diversify and expand our service offerings. Such expansions will increase the complexity of our operations and may cause strain on our managerial, operational, and financial resources. We must continue to hire, train, and effectively manage new employees. The expansion of our services will also require us to maintain consistency in the quality of our services so that our market reputation is not damaged by any deviations in quality, whether actual or perceived.

Our future results of operations also depend largely on our ability to execute our future plans successfully. In particular, our continued growth may subject us to the following additional challenges and constraints:

- we face challenges in responding to evolving industry standards and government regulation that impact our business and the webcasting industry in general;
- the technological or operational challenges may arise from the new services;
- the execution of our future plans will be subject to the availability of funds to support the relevant capital investment and expenditures; and
- the successful execution of our strategies is subject to factors beyond our control, such as general market conditions, and economic and political developments in the United States and globally.

All of these endeavors involve risks and will require significant management, financial, and human resources. We cannot assure you that we will be able to effectively manage our growth or to implement our strategies successfully. There is no assurance that the investment to be made by our Company as contemplated under our future plans will be successful and generate the expected return. If we are not able to manage our growth or execute our strategies effectively, or at all, our business, results of operations, and prospects may be materially and adversely affected.

If we fail to attract, recruit, or retain our key personnel, including our executive officers, senior management, and key employees, our ongoing operations and growth could be affected.

Our success depends, to a large extent, on the efforts of our key personnel, including our executive officers, senior management, and other key employees who have valuable experience, knowledge, and connections in the webcasting industry. There is no assurance that these key personnel will not voluntarily terminate their employment with us. We do not carry any key person insurance on any of our senior management team. The loss of any of our key personnel could be detrimental to our ongoing operations. Our success will also depend on our ability to attract and retain qualified personnel to manage our existing operations as well as our future growth. We may not be able to successfully attract, recruit, or retain key personnel, and this could adversely impact our financial condition, operating results, and business prospects.

We may not maintain adequate insurance, which could expose us to significant costs and business disruption.

We maintain certain insurance policies to safeguard against risks and unexpected events. However, there can be no assurance that such insurance coverage will always be available or will always be sufficient to cover any damages resulting from any kind of claims. In addition, there are certain types of risks that may not be covered by our insurance policies, such as war, force majeure events, or certain business interruptions. Claims that are not covered by the policies or the failure to renew the insurance policies may materially adversely affect our business, financial condition, and results of operations.

We may expand through acquisitions of, investments in, or strategic partnerships or other strategic transactions with, other companies, each of which may divert our management's attention, result in additional dilution to our stockholders, increase expenses, disrupt our operations, and harm our results of operations.

Our business strategy may, from time to time, include acquiring or investing in new or complementary services, technologies or businesses, strategic investments and partnerships, or other strategic transactions. We plan to identify, invest in, partner with, and acquire appropriate businesses that offer complementary advantages to our business, thereby improving overall competitiveness and sustaining growth. We cannot assure you that we will successfully identify suitable acquisition candidates or transaction counterparties, securely or effectively integrate or manage disparate technologies, lines of business, personnel and corporate cultures, realize our business strategy or the expected return on our investment, or manage a geographically dispersed company. Any such acquisition, investment, strategic partnership, or other strategic transaction could materially and adversely affect our results of operations. The process of negotiating, effecting, and realizing the benefits from acquisitions, investments, strategic partnerships, and strategic transactions is complex, expensive and time-consuming, and may cause an interruption of, or loss of momentum in, development and sales activities and operations of both companies, and we may incur substantial cost and expense, as well as divert the attention of management. We may issue equity securities which could dilute current stockholders' ownership, incur debt, assume contingent or other liabilities and expend cash in acquisitions, investments, strategic partnerships, and other strategic transactions which could negatively impact our financial position, stockholder equity, and stock price.

Acquisitions, investments, strategic partnerships, and other strategic transactions involve significant risks and uncertainties, including:

- the potential failure to achieve the expected benefits of the acquisition, investment, strategic partnership, or other strategic transaction, including recoupment or write-down of our investments in the partnership;
- unanticipated costs and liabilities;
- the potential of disputes with our partners, including arbitration or litigation resulting from a breach or alleged breach of either party's contractual obligation, which may result in cost, distraction and potential liabilities and reputational damage;
- difficulties in integrating new services and subscriptions, software, businesses, operations, and technology infrastructure in an efficient and effective manner;
- difficulties in maintaining customer relations;
- the potential loss of key employees of any acquired businesses;
- the diversion of the attention of our senior management from the operation of our daily business;
- the potential adverse effect on our cash position to the extent that we use cash for the transaction consideration;
- the potential significant increase of our interest expense, leverage, and debt service requirements if we incur additional debt to pay for an acquisition, investment, strategic partnership, or other strategic transaction;
- the potential issuance of securities that would dilute our stockholders' percentage ownership;
- the potential to incur large and immediate write-offs and restructuring and other related expenses;
- the inability to maintain uniform standards, controls, policies, and procedures; and
- the inability to set up the necessary processes and systems to efficiently operate the partnerships.

Any acquisition, investment, strategic partnership, or other strategic transaction could expose us to unknown liabilities. Moreover, we cannot assure you that we will realize the anticipated benefits of any acquisition, investment, strategic partnership, or other strategic transaction. In addition, our inability to successfully operate and integrate newly acquired businesses or newly formed strategic partnerships appropriately, effectively, and in a timely manner could impair our ability to take advantage of future growth opportunities and other advances in technology, as well as our revenues and gross margins.

Our previous performance may not be sustainable or indicative of our future financial outcomes, and there is no assurance that we will be able to achieve the same level of financial performance in the future.

For the six months ended June 30, 2025 and 2024, we had total revenue of approximately $1,855,000 and $2,151,000, respectively, and net loss of approximately $7,620,000 and $826,000, respectively. Our financial results in the past may not be indicative of future results, and we cannot assure you that we will achieve or maintain profitability on a consistent basis. Our revenue growth may slow, or our revenue may decline for a number of reasons, including reduced demand for our products and services, increased competition, industry trend, or our failure to capitalize on growth opportunities. Meanwhile, we expect our overall operating expenses to continue to increase in the foreseeable future, as we will incur additional expenses in connection with the expansion of our business operations and as a newly public company. These efforts and additional expenses may be more costly than we currently expect, and there is no assurance that we will be able to maintain sufficient operating revenue to offset our operating expenses. Any failure to increase revenue or to manage our costs as we continue to grow and invest in our business would prevent us from achieving or maintaining profitability or maintaining positive operating cash flow at all, or on a consistent basis, which would cause our business, financial condition, and results of operations to suffer.

Adverse or weakened general economic and market conditions may cause a reduction in customer demand, which could harm our revenue, results of operations, and cash flows.

Our revenue, results of operations, and cash flows depend on the overall demand for and use of our platform and services, which depends in part on the amount of spending allocated by our customers or potential customers on the relevant services. This spending depends on worldwide economic and geopolitical conditions. The United States and other key international economies have experienced cyclical downturns from time to time in which economic activity was impacted by falling demand for a variety of goods and services, inflation (including wage inflation), labor market constraints, restricted credit, poor liquidity, reduced corporate profitability, volatility in credit, equity, and foreign exchange markets, bankruptcies, and overall economic uncertainty. These economic conditions can arise suddenly, including the recent rise in inflation and overall macroeconomic environment, which may negatively impact our customers' budgets. In addition, geopolitical developments, such as potential trade wars, and actions or inactions of the United States or other major national governments, can increase levels of political and economic unpredictability globally and increase the volatility of global financial markets.

Market volatility, decreased consumer confidence, and diminished growth expectations in the United States economy and abroad as a result of the foregoing events could adversely affect our customers' ability or willingness to purchase our services, delay prospective customers' purchasing decisions, reduce the value or duration of their contracts, or affect attrition rates, all of which could adversely affect our future sales and operating results. Some of our customers may view the usage of our platform as a discretionary purchase, and our customers may reduce their discretionary spending on our platform during an economic downturn. In addition, weak economic conditions, including during times of high inflation and tightening budgets, can result in customers seeking to utilize lower-cost solutions that are available from alternative sources. Prolonged economic slowdowns may result in requests to renegotiate existing contracts on less advantageous terms to us than those currently in place, payment defaults on existing contracts, or non-renewal at the end of a contract term.

Our business could be disrupted by catastrophic events.

Occurrence of any catastrophic event, including pandemics such as COVID-19, earthquakes, fires, floods, tsunamis or other weather event, power loss, telecommunications failure, software or hardware malfunctions, cyberattacks, war or terrorist attacks, could result in lengthy interruptions in our services. In particular, our corporate headquarters are located in Pennsylvania, a region known for flooding, and our insurance coverage may not sufficiently compensate us for losses that may occur in the event of a severe flooding event or other significant natural disaster. In addition, acts of terrorism could cause disruptions to the internet, the electric grid or the economy as a whole. If our systems were to fail or be negatively impacted as a result of a natural disaster or other catastrophic event, our ability to deliver our products and services to our customers would be impaired or we could lose critical data. If we are unable to develop adequate plans to ensure that our business functions continue to operate during and after a disaster and to execute successfully on those plans in the event of a disaster or emergency, our business could be harmed.

Risks Relating to Laws and Regulations

The actual or perceived failure by us, our customers, partners or vendors to comply with stringent and evolving laws and regulations, industry standards, policies, and contractual obligations relating to privacy, data protection, information security, and other matters could harm our reputation and business and subject us to significant fines and liability.

In the ordinary course of business, we collect, receive, store, process, generate, use, transfer, disclose, make accessible, protect, secure, dispose of, transmit, and share confidential, proprietary, and sensitive information, including customer and user content, business data, trade secrets, intellectual property, third-party data, business plans, transactions, financial information. Our data processing activities subject us to numerous privacy, data protection, and information security obligations, such as various laws, regulations, guidance, industry standards, external and internal privacy and security policies, and contractual requirements.

In the United States, federal, state, and local governments have enacted numerous privacy, data protection, and information security laws, including data breach notification laws, consumer protection laws, and other similar laws. While as of the date of this quarterly report, we have not been subject to any legal or administrative penalties or received any notifications from regulatory authorities for privacy, data protection, or information security concerns, the developments or changes to the applicable laws and regulations may complicate compliance efforts and increase legal risk and compliance costs for us and the third parties upon whom we rely. If we fail to comply with stringent and evolving laws and regulations, industry standards, policies, and contractual obligations relating to privacy, data protection, information security, and other matters, it could harm our reputation and business and subject us to significant fines and liability.

We are subject to a variety of U.S. and international laws and regulations, compliance with which could impair our ability to compete and non-compliance with which may result in claims, fines, penalties, and other consequences, all of which could adversely impact our operations, business, or performance.

As a service provider, we do not regularly monitor our platform to evaluate the legality of content shared on it by our customers. While as of the date of this quarterly report, we have not been subject to legal or administrative actions as a result of the content shared on our platform, the laws in this area are evolving and vary widely between jurisdictions. Accordingly, it may be possible that in the future we and our business partners may be subject to legal actions involving our customers' content or use of our platform.

Our platform depends on the ability of our customers and their users to access the internet. If we fail to anticipate developments in the law, or we fail for any reason to comply with relevant law, our platform could be blocked or restricted, and we could be exposed to significant liability that could harm our business.

We are subject to a variety of U.S. laws and regulations, such as the Americans with Disabilities Act (ADA) which requires virtual events to be accessible to individuals with disabilities, and various laws and regulations of states where we conduct business activities or where digital content is distributed, livestreamed, or made available through our platform or services. We are also subject to various international regulations on information security, copyrights and intellectual properties. To the extent we expand our market presence, our exposure for violating these laws and regulations will likely increase. If we fail to comply with the legal standards and requirements, we may face substantial civil and criminal fines, penalties, profit disgorgement, reputational harm, loss of access to certain markets, disbarment from government business, the loss of export privileges, tax reassessments, breach of contract, fraud and other litigation, reputational harm, and other foreseeable or unforeseen collateral consequences that could harm our business.

Non-compliance with laws and regulations on the part of any third parties with which we conduct business could expose us to legal expenses, compensation to third parties, penalties, and disruptions of our business, which may adversely affect our results of operations and financial performance.

Third-party customers with which we conduct business, including healthcare organizations, as well as marketing and advertising agencies, may be subject to regulatory penalties or punishments because of their regulatory compliance failures or infringement upon other parties' legal rights, which may, directly or indirectly, disrupt our business. We cannot be certain whether such third parties have violated any regulatory requirements or infringed or will infringe any other parties' legal rights, which could expose us to legal expenses or compensation to third parties, or both.

We, therefore, cannot rule out the possibility of incurring liabilities or suffering losses due to any non-compliance by third parties. There is no assurance that we will be able to identify irregularities or non-compliance in the business practices of third parties with which we conduct business, or that such irregularities or non-compliance will be corrected in a prompt and proper manner. Any legal liabilities and regulatory actions affecting third parties involved in our business may affect our business activities and reputation, and may in turn affect our business, results of operations, and financial performance.

Moreover, regulatory penalties or punishments against our business stakeholders such as third-party service providers, whether or not resulting in any legal or regulatory implications upon us, may nonetheless cause business interruptions or even suspension of these business stakeholders, which could in turn disrupt our usual course of business and result in material negative impact on our business operations, results of operation and financial condition.

Failure to protect intellectual property rights could adversely affect our business.

We regard our domain names and other intellectual property we may develop or acquire as critical to our success. We have taken measures to protect our intellectual property, but these measures might not be sufficient or effective. We may bring lawsuits to protect against the potential infringement of our intellectual property rights. Policing unauthorized use of our proprietary technology and other intellectual property is difficult and expensive, and litigation may be necessary in the future to enforce their intellectual property rights. Future litigation could result in substantial costs and diversion of our resources and could disrupt our business, as well as materially adversely affect our financial condition and results of operations. Further, despite the potentially substantial costs, we cannot assure you that we will prevail in such litigation. In addition, our trade secrets may be leaked or otherwise become available to, or be independently discovered by, our competitors. Any failure in protecting or enforcing our intellectual property rights could have a material adverse effect on our business, financial condition, and results of operations.

Third parties may claim that we infringe their proprietary intellectual property rights, which could cause us to incur significant legal expenses and prevent us from promoting our services.

We cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate trademarks, copyrights, patents, or other intellectual property rights held by third parties. We may from time to time in the future be subject to legal proceedings and claims relating to the intellectual property rights of others. For instance, we may face claims of trademark or copyright infringement for the use of images, pictures, or materials used on our website, in promotional materials, such as brochures or videos, or in the distribution and storage of digital content. There could also be existing intellectual property of which we are not aware that our services may inadvertently infringe. If any third-party infringement claims are brought against us, we may be forced to divert management's time and other resources from our business and operations to defend against these claims, regardless of their merits. Additionally, the application and interpretation of intellectual property right laws and the procedures and standards for granting trademarks, copyrights, or other intellectual property rights are evolving and may be uncertain, and we cannot assure you that courts or regulatory authorities would agree with our analysis. Such claims, even if they do not result in liability, may harm our reputation. If we were found to have violated the intellectual property rights of others, we may be subject to liability for our infringement activities or may be prohibited from using such intellectual property, and we may incur licensing fees or be forced to develop alternatives of our own. As a result, our business and financial performance may be materially and adversely affected.

We may from time to time be subject to claims, controversies, lawsuits, and legal proceedings, which could adversely affect our business, prospects, results of operations, and financial condition.

From time to time, we may be involved in various claims, controversies, lawsuits, legal proceedings, or regulatory inquiries that arise in the ordinary course of business involving labor and employment, wage and hour, intellectual property, data breach and other matters. We expect that the number and significance of these potential disputes or claims may increase as our business expands and our company grows larger. Contractual provisions and insurance coverage may not cover potential claims and may not be adequate to indemnify us for all liabilities we may face. Any claims against us, whether meritorious or not, could be time consuming, result in costly litigation, require significant amounts of management time, and result in the diversion of significant operational resources. Litigation is inherently unpredictable, and the results of any claims may have a material adverse effect on our business, financial condition, results of operations, and prospects. In addition, negative publicity regarding claims or judgments made against our Company may damage our reputation and may result in a material adverse impact on us.

We are subject to various U.S. anti-corruption laws, and any failure to comply with such laws, and any laws to which we may become subject, whether in existence now or hereafter, could harm our business, financial condition, and results of operations.

We are subject to various U.S. anti-corruption laws, such as the U.S. Foreign Corrupt Practices Act of 1977, as amended (the “FCPA”), as well as other similar anti-bribery and anti-kickback laws and regulations. These laws and regulations generally prohibit companies and their employees and intermediaries, from directly or indirectly authorizing, offering, or providing improper payments or benefits to government officials and other recipients for improper purposes. The FCPA also requires public companies to make and keep books and records that accurately and fairly reflect the transactions of the corporation and to devise and maintain an adequate system of internal accounting controls. We anticipate that our exposure for violating these laws will increase as we continue to expand our presence, and any failure to comply with such laws could harm our business, financial condition, and results of operations.

Risks Relating to Our Capital Stock and Trading

The price of our common stock could be subject to rapid and substantial volatility.

There have been instances of extreme stock price run-ups followed by rapid price declines and strong stock price volatility with recent initial public offerings, especially among those with relatively smaller public floats. As a relatively small-capitalization company with a relatively small public float, we may experience greater stock price volatility, extreme price run-ups, lower trading volume, and less liquidity than large-capitalization companies. In particular, our common stock may be subject to rapid and substantial price volatility, low volumes of trades, and large spreads in bid and ask prices. Such volatility, including any stock run-ups, may be unrelated to our actual or expected operating performance and financial condition or prospects, making it difficult for prospective investors to assess the rapidly changing value of our common stock.

In addition, if the trading volumes of our common stock are low, persons buying or selling in relatively small quantities may easily influence the price of our common stock. This low volume of trades could also cause the price of our common stock to fluctuate greatly, with large percentage changes in price occurring in any trading day session. Holders of our common stock may also not be able to readily liquidate their investment or may be forced to sell at depressed prices due to low volume trading. Broad market fluctuations and general economic and political conditions may also adversely affect the market price of our common stock. As a result of this volatility, investors may experience losses on their investment in our common stock. A decline in the market price of our common stock also could adversely affect our ability to issue additional shares of common stock or other of our securities and our ability to obtain additional financing in the future. No assurance can be given that an active market in our common stock will develop or be sustained. If an active market does not develop, holders of our common stock may be unable to readily sell the shares of common stock they hold or may not be able to sell at all.

By issuing preferred stock, we may be able to delay, defer or prevent a change of control.

Our certificate of incorporation permits us to issue, without approval from our stockholders, a total of 1,000,000 shares of preferred stock, none of which are outstanding. Our board of directors can determine the designations, powers, preferences and voting and other rights, and the qualifications, limitations and restrictions granted to, or imposed upon, the shares of preferred stock and to fix the number of shares constituting any series and the designation of such series. It is possible that our board of directors, in determining the rights, preferences and privileges to be granted when the preferred stock is issued, may include provisions that have the effect of delaying, deferring or preventing a change in control, discouraging bids for our common stock at a premium over the market price, or that adversely affect the market price of and the voting and other rights of the holders of our common stock.

Anti-takeover provisions in our articles of incorporation and bylaws and under Nevada law could prevent or delay an acquisition of us, which may be beneficial to our stockholders, and may prevent attempts by our stockholders to replace or remove our current management.

Provisions of the Nevada Revised Statutes, our articles of incorporation, as amended, and our bylaws, as amended, could make it more difficult to acquire us by means of a tender offer, a proxy contest or otherwise, or to remove incumbent officers and directors. These provisions, which are summarized below, may have the effect of discouraging takeover bids.

- require super-majority voting to amend some provisions in our articles of incorporation and bylaws;
- authorize the issuance of “blank check” preferred stock that our board of directors could use to implement a stockholder rights plan;
- eliminate the ability of our stockholders to call special meetings of stockholders;
- prohibit cumulative voting; and
- establish advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted upon by stockholders at stockholder meetings.

In addition, Nevada Revised Statutes imposes certain restrictions on business combinations and certain changes or potential changes in control of a Nevada corporation. Anti-takeover provisions in our articles of incorporation and bylaws and under Nevada law could prevent or delay an acquisition of us, which may be beneficial to our stockholders, and may prevent attempts by our stockholders to replace or remove our current management.

Our articles of incorporation designate the Supreme Court of the State of Nevada as the exclusive forum for certain types of actions and proceedings, which could limit a stockholder’s ability to choose the judicial forum for disputes with the Company or its directors, officers or employees.

Our articles of incorporation provide that, to the fullest extent permitted by law, the Supreme Court of the State of Nevada will be the exclusive forum for any derivative action or proceeding brought on our behalf; any action asserting a breach of fiduciary duty; any action asserting a claim arising pursuant to the Nevada Revised Statutes, our articles of incorporation or our bylaws; or any action asserting a claim governed by the internal affairs doctrine.

There is uncertainty as to whether a court will enforce these forum selection clauses. The choice of forum provision may limit a stockholder’s ability to bring a claim in a judicial forum that it finds favorable for disputes, which may discourage such lawsuits. We interpret the forum selection clauses in our articles of incorporation to be limited to the specified actions and not to apply to actions arising under the Exchange Act or the Securities Act. Section 27 of the Exchange Act provides that United States federal courts shall have jurisdiction over all suits and any action brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder and Section 22 of the Securities Act provides that United States federal and state courts shall have concurrent jurisdiction over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder.

If a court were to find the choice of forum provision contained in our articles of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could have a material adverse effect on our business, financial condition, and results of operations.

If we fail to implement and maintain an effective system of internal controls, we may fail to meet our reporting obligations or be unable to accurately report our results of operations or prevent fraud, and investor confidence and the market price of our common stock may be materially and adversely affected.

Our failure to implement and maintain an effective system of internal controls could result in inaccuracies in our financial statements and could also impair our ability to comply with applicable financial reporting requirements and related regulatory filings on a timely basis. As a result, our business, financial condition, results of operations, and prospects, as well as the trading price of our common stock, may be materially and adversely affected. Moreover, ineffective internal control over financial reporting significantly hinders our ability to prevent fraud.

We are a public company in the United States subject to the Sarbanes-Oxley Act of 2002. Section 404 of the Sarbanes-Oxley Act of 2002 will require that we include a report of management on our internal control over financial reporting in our annual report on 10-K beginning with our annual report for the fiscal year ending December 31, 2025. In addition, once we cease to be an "emerging growth company," as such term is defined in the JOBS Act, our independent registered public accounting firm must attest to and report on the effectiveness of our internal control over financial reporting. Our management may conclude that our internal control over financial reporting is not effective. Moreover, even if our management concludes that our internal control over financial reporting is effective, our independent registered public accounting firm, after conducting its own independent testing, may issue a report that is qualified, if it is not satisfied with our internal controls or the level at which our controls are documented, designed, operated, or reviewed, or if it interprets the relevant requirements differently from us. In addition, after we become a public company, our reporting obligations may place a significant strain on our management, operational, and financial resources and systems for the foreseeable future. We may be unable to complete our evaluation testing and any required remediation in a timely manner.

We bear substantial increased costs as a result of being a public company.

We completed our initial offering in 2025 and have started bearing significant legal, accounting, and other expenses as a public company that we did not incur as a private company since then. These additional costs could negatively affect our financial results. The Sarbanes-Oxley Act of 2002, as well as rules subsequently implemented by the SEC and Nasdaq, impose various requirements on the corporate governance practices of public companies.

Compliance with these laws, rules, and regulations increases our legal and financial compliance costs and makes some corporate activities more time-consuming and costlier. These laws, regulations, and standards are subject to varying interpretations and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. We intend to invest resources to comply with evolving laws, regulations, and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. In addition, we will incur additional costs associated with our public company reporting requirements. It may also be more difficult for us to find qualified persons to serve on our board of directors or as executive officers.

We are an "emerging growth company," as defined in the JOBS Act and will remain an emerging growth company until the earlier of (1) the last day of the fiscal year (a) following the fifth anniversary of the completion of our initial public offering, (b) in which we have total annual gross revenue of at least $1.235 billion, or (c) in which we are a large accelerated filer, which means the market value of our common stock that is held by non-affiliates exceeds $700 million as of the prior December 31, and (2) the date on which we have issued more than $1.0 billion in non-convertible debt during the prior three-year period. An emerging growth company may take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies. These provisions include exemption from the auditor attestation requirement under Section 404 in the assessment of the emerging growth company's internal control over financial reporting and permission to delay adopting new or revised accounting standards until such time as those standards apply to private companies.

After we are no longer an "emerging growth company," or until five years following the completion of our initial public offering, whichever is earlier, we expect to incur significant additional expenses and devote substantial management effort toward ensuring compliance with the requirements of Section 404 and the other rules and regulations of the SEC. For example, as a public company, we have been required to increase the number of independent directors and adopt policies regarding internal controls and disclosure controls and procedures.

We are currently evaluating and monitoring developments with respect to these rules and regulations, and we cannot predict or estimate with any degree of certainty the amount of additional costs we may incur or the timing of such costs.

We may not be able to maintain the listing of our common stock on Nasdaq.

There can be no assurance that we will be able to maintain the listing standards of Nasdaq, the exchange on which our common stock is traded, which includes requirements that we maintain our stockholders' equity, total value of shares of common stock held by unaffiliated stockholders, minimum bid price, and market capitalization above certain specified levels.

If we fail to conform to the Nasdaq listing requirements on an ongoing basis, our common stock might cease to trade on Nasdaq, and may move to the OTCQB or OTC Pink Markets operated by OTC Markets Group, Inc. These quotation services are generally considered to be markets that are less efficient and that provide less liquidity in the shares of common stock than Nasdaq.

Future equity offerings or other equity issuances of us could further dilute common stock.

We may in the future issue additional shares of our common stock or other securities convertible into or exchangeable for shares of our common stock. These issuances may occur at times or on terms that could be disadvantageous to our existing stockholders. Our stockholders' percentage ownership and voting power may be diluted, and they may experience a reduction in the value of their investment. Additionally, such issuances, if substantial, could negatively affect the market price of our common stock.

If securities or industry analysts do not publish research or reports about our business, or if they publish a negative report regarding our common stock, the price of our common stock and trading volume could decline.

Any trading market for our common stock may depend in part on the research and reports that industry or securities analysts publish about us or our business. We do not have any control over these analysts. If one or more of the analysts who cover us downgrade us, the price of our common stock would likely decline. If one or more of these analysts cease coverage of our Company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which could cause the price of our common stock and the trading volume to decline.

We are a "controlled company" within the meaning of the Nasdaq listing rules, and follow certain exemptions from certain corporate governance requirements that could adversely affect our public stockholders.

As of the date of this quarterly report, our largest stockholder, V-Cube, Inc., directly and indirectly owns more than a majority of the voting power of our outstanding common stock and is able to determine all matters requiring approval by our stockholders. V-Cube, Inc. is a Japanese company listed on the Tokyo Stock Exchange and its chief executive officer, Naoaki Mashita, has served as our Director since February 2024 and is our minority stockholder. Under the Nasdaq listing rules, a company of which more than 50% of the voting power is held by an individual, group, or another company is a "controlled company" and is permitted to phase in its compliance with the independent committee requirements. We rely on the "controlled company" exemptions under the Nasdaq listing rules. Specifically, we have not formed the nominating and corporate governance and compensation committees, and a majority of our board of directors does not consist of independent directors, as permitted by the "controlled company" exemptions under the Nasdaq listing rules. While we have an audit committee, it presently consists of only one non-independent director, due to the recent resignations of two independent directors. We have undertaken a search for independent directors to fill the vacancies on our audit committee and plan to have an audit committee comprised solely of independent directors within one year of the completion of our initial public offering, in accordance with Nasdaq Listing Rules.

During the period we remain a controlled company and during any transition period following a time when we are no longer a controlled company, you will not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of Nasdaq. If, however, we lose our status as a controlled company in the future, we intend to establish nominating and corporate governance and compensation committees to comply with the Nasdaq Listing Rules.

We are an "emerging growth company" and a "smaller reporting company" under the JOBS Act, and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies and smaller reporting companies will make our common stock less attractive to investors.

We are an "emerging growth company" and a "smaller reporting company" as defined in the JOBS Act, and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not "emerging growth companies" and "smaller reporting companies" including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

In addition, Section 107 of the JOBS Act also provides that an "emerging growth company" can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. In other words, an "emerging growth company" can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to take advantage of the extended transition period for complying with new or revised accounting standards.

We will remain an "emerging growth company" until the last day of the fiscal year following the fifth anniversary of the date of the first sale of our common stock pursuant to an effective registration statement under the Securities Act, although we will lose that status sooner if our revenue exceeds $1.235 billion, if we issue more than $1 billion in non-convertible debt in a three-year period, or if the market value of our common stock that is held by non-affiliates exceeds $700 million as of the last day of our most recently completed second fiscal quarter.

We may continue to be a smaller reporting company even after we are no longer an emerging growth company. We may take advantage of certain of the scaled disclosures available to smaller reporting companies and will be able to take advantage of these scaled disclosures for so long as (i) the market value of our common stock held by non-affiliates is equal to or less than $250 million as of the last business day of the most recently completed second fiscal quarter, or (ii) our annual revenue is equal to or less than $100 million during the most recently completed fiscal year and the market value of our common stock held by non-affiliates is equal to or less than $700 million as of the last business day of the most recently completed second fiscal quarter.

We cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile. In addition, taking advantage of reduced disclosure obligations may make comparison of our financial statements with other public companies difficult or impossible. If investors are unable to compare our business with other companies in our industry, we may not be able to raise additional capital as and when we need it, which may materially and adversely affect our financial condition and results of operations.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following "Use of Proceeds" information relates to the registration statement on Form S-1, as amended (File Number 333-282621), for our initial public offering (the "IPO"), which registration statement was declared effective by the SEC on February 7, 2025. On February 18, 2025, we completed our IPO, in which we registered, issued and sold an aggregate of 1,667,000 shares of common stock, at a public offering price of $6.00 per share for $10,002,000. Bancroft Capital, LLC was the representative of the underwriters of our IPO.

We incurred approximately $1,102,000 in expenses in connection with our IPO, which included approximately $550,000 in underwriting discounts, approximately $100,000 in expenses paid to or for underwriters, approximately $440,000 in legal and financial service fees, and approximately $12,000 in other expenses. None of the transaction expenses included payments to directors or officers of our Company or their associates, persons owning more than 10% or more of our equity securities or our affiliates. None of the net proceeds we received from the IPO were paid, directly or indirectly, to any of our directors or officers or their associates, persons owning 10% or more of our equity securities or our affiliates.

The net proceeds raised from the IPO were approximately $8,900,000, after deducting underwriting discounts and the offering expenses payable by us. As of the date of this quarterly report, we have used approximately $2,500,000, $2,000,000, $2,000,000, $1,800,000, and $300,000 from the net proceeds for (i) advisory services for future financing related to acquisitions, business development and growth initiatives, (ii) repayment of short-term loans, (iii) marketing efforts to boost brand awareness, (iv) working capital and general corporate purposes to support day-to-day operations, and (v) research and development for platform enhancement, respectively. We intend to use the remaining proceeds from our IPO largely in the manner disclosed in our registration statement on Form S-1, as amended (File Number 333-282621).

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

The exhibits listed below are filed as part of this quarterly report on Form 10-Q.

Index to Exhibits

Exhibit Number	Exhibit Title	Incorporated by Reference (Unless Otherwise Indicated)			
		Form	File	Exhibit	Filing Date
3.1	Certificate of Incorporation	S-1	333-282621	3.1	October 11, 2024
3.2	Bylaws	S-1	333-282621	3.2	October 11, 2024
4.1	Specimen Stock Certificate	S-1	333-282621	4.1	October 11, 2024
10.1	Settlement Agreement dated April 23, 2025 by and between TEN Holdings, Inc. and Sunpeak Holdings Corporation	8-K	001-42515	99.1	May 2, 2025
10.2	Purchase Agreement, dated as of June 23, 2025, between TEN Holdings, Inc. and Lincoln Park Capital Fund, LLC.	8-K	001-42515	10.1	June 24, 2025
10.3	Registration Rights Agreement, dated as of June 23, 2025, between TEN Holdings, Inc. and Lincoln Park Capital Fund, LLC.	8-K	001-42515	10.2	June 24, 2025
10.4	Employment Agreement by and between the Company and Virgilio D. Torres	8-K	001-42515	10.1	July 1, 2025
10.5	Indemnification Agreement by and between the Company and Virgilio D. Torres	8-K	001-42515	10.2	July 1, 2025
10.6	Market Awareness Agreement, dated as of June 27, 2025, between TEN Holdings, Inc. and MicroCap Advisory, LLC	8-K	001-42515	10.1	August 8, 2025
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	-	-	-	Filed herewith
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	-	-	-	Filed herewith
32.1*	Certification of Principal Executive Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	-	-	-	Furnished herewith
32.2*	Certification of Principal Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	-	-	-	Furnished herewith
101.INS	Inline XBRL Instance Document	-	-	-	Filed herewith

101.SCH	Inline XBRL Taxonomy Extension Schema Document	-	-	-	Filed herewith
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	-	-	-	Filed herewith
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	-	-	-	Filed herewith
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	-	-	-	Filed herewith
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	-	-	-	Filed herewith
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)	-	-	-	Filed herewith

* In accordance with Item 601(b)(32)(ii) of Regulation S-K and SEC Release No. 34-47986, the certifications furnished in Exhibits 32.1 and 32.2 herewith are deemed to accompany this Form 10-Q and will not be deemed filed for purposes of Section 18 of the Exchange Act. Such certifications will not be deemed to be incorporated by reference into any filings under the Securities Act or the Exchange Act.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: August 14, 2025

TEN Holdings, Inc.

By: */s/ Randolph Wilson Jones III*

Randolph Wilson Jones III

CEO and Director