1H25 EARNINGS UPDATE

NIP Group Inc.

NIP Group 1H25: Dual-Engine Transformation Accelerates as Profitability Outlook Strengthens

SUMMARY

1H25 represented a pivotal transition period for NIP Group, combining operational recalibration with meaningful strategic expansion. The company reported revenue of US$61.2m (+55.5% YoY), driven primarily by strong growth in talent management and event production, while esports revenue softened due to delayed league confirmation that will instead be recognized in 2H25. The headline net loss of US$136m was almost entirely the result of non-cash goodwill and intangible impairments linked to historical esports valuations—items that do not affect the company's cash position, liquidity, or strategic execution. Adjusted EBITDA came in at –US$7.1m, broadly consistent with transitional investment needs, and management reiterated confidence in achieving positive adjusted EBITDA in the second half of 2025 as revenue mix normalizes and mining contributions begin to flow.

Entertainment fundamentals demonstrated clear improvement across esports, talent management, and live events, underscoring the resilience of NIP's core ecosystem. In Western esports, the structural rebuild is now largely complete, enabling stronger competitive performance and the reinstatement of digital-item and league-sharing monetization. Management expects the segment to approach breakeven or deliver slight adjusted EBITDA profit in 2H25. In China, a market-wide reset in player salaries has lowered cost intensity and improved roster-level unit economics. Meanwhile, the talent management division executed a purposeful shift toward higher-margin brand integrations and advertising services, driving both revenue quality and scale. Live events remained a standout performer—the Wonderland Festival drew more than 70,000 attendees, validating the scalability of NIP's music-led formats, which now carry stronger per-event margins and deeper sponsor engagement opportunities. Multiple additional festivals are planned across key cities, and NIP's collaboration with the Sanya government adds longer-term optionality in broader cultural entertainment development.

The Mining & Digital Assets division has rapidly emerged as the company's most material growth engine, contributing to revenue and profit growth immediately and significantly enhancing long-term revenue visibility and profitability. Tranche 1 added 3.11 EH/s of installed hash rate in September, generating 102 BTC in two months and bringing BTC treasury holdings above 150 coins as of November. Tranche 2—which is progressing toward an expected December close—will raise total installed capacity to 11.3 EH/s, placing NIP among the top listed miners globally and the largest in the Middle East. At full deployment, combined capacity is expected to yield approximately 150 BTC per month. Importantly, NIP benefits from financing structures that do not require forced monthly coin sales and from the AD Gaming 30% payroll subsidy plus up to US$40m of ADIO incentives. Together, these programs structurally strengthen margins, improve liquidity flexibility, and position the company to eventually scale beyond Bitcoin mining toward AI compute and broader digital infrastructure.

NIP's current valuation appears notably discounted relative to both entertainment peers and public Bitcoin miners, offering asymmetric re-rating potential as execution milestones convert into financial results. Traditional digital entertainment and esports operators typically trade at 25E/26E 5.1x/4.4x P/S, while scaled Bitcoin miners command 25E/26E 5.6x/4.4x P/S depending on installed hash rate, cost structure, and treasury strategy. Currently, NIPG shares trade at US$1.30 per ADS, reflecting a market capitalization of US$153 million. We forecast CY2025 and CY2026 revenues of US$116 million and US$299 million, respectively, implying price-to-sales (P/S) multiples of 1.3x and 0.5x—significantly below the peer average of 5.2x and 4.4x. With entertainment margins improving, league revenue recognition set to normalize in 2H25, and the mining division poised to generate recurring output from 11.3 EH/s of capacity, NIP's blended valuation screens attractively. As adjusted EBITDA turns positive and the company demonstrates consistent BTC production, investor focus should shift from impairment-driven noise to the clearer multi-year earnings trajectory offered by NIP's dual-engine growth model.

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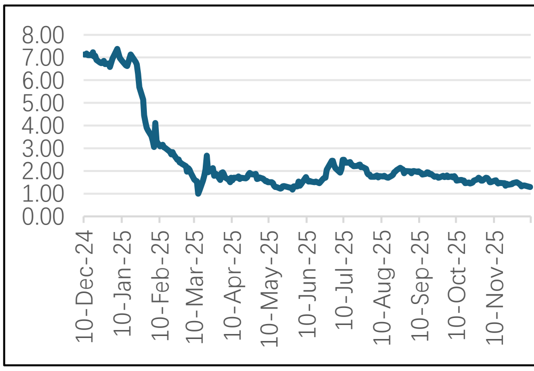
KEY DATA

Exchange: NASDAQ
Ticker: NIPG
Current Price: $1.30
52-Week Range: $0.99-$7.60
Average Volume (3M): 0.07M
Shares Outstanding (MM): 118
Market Capitalization ($MM): $153
Fiscal Year-End: December

FINANCIALS

In US$M	FY23A	FY24	FY25E	FY26E
Revenue	84	85	116	299
Gross Profit	7	3	2	54
EBIT	-15	-17	-149	-3
Net Income	-57	-49	-143	3

PRICE PERFORMANCE



FINANCIALS AND VALUATION UPDATES

Figure 1: NIPG's Financials 2023 – 2026E.

Unit：Million USD	2023	1H24	2H24	2024	1H25	2H25E	2025E	2026E
Total net revenue	84	39	46	85	61	55	116	299
Total cost of revenue	-76	-37	-45	-82	-62	-52	-115	-245
Gross profit	7	2	1	3	-1	3	2	54
Operating expenses:								
Selling and marketing expenses	-6.6	-2.8	-5.3	-8.1	-3.1	-5.2	-8.3	-25.1
General and administrative expenses	-15	-5	-7	-12	-9	-7	-16	-32
Impairment of goodwill	0	0	0	0	-106	0	-106	0
Impairment of intangible assets	0	0	0	0	-20	0	-20	0
Total operating expenses	-22	-7	-12	-20	-138	-12	-150	-57
Operating income (loss)	-15	-5	-12	-17	-139	-9	-149	-3
Other income (expense):								
Other income, net	0.7	-0.1	2.5	2.4	0.6	1.5	2.1	8.4
Interest expense, net	-0.5	-0.3	-0.2	-0.5	-0.7	-0.3	-1.0	-1.8
Total other income, net	0.2	-0.5	2.3	1.8	-0.1	1.2	1.1	6.6
Loss before income tax expenses	-14	-6	-9	-15	-139	-8	-148	3
Income tax benefits	1.2	0.9	1.4	2.4	3.0	1.2	4.2	-0.5
Net income (loss)	-13	-5	-8	-13	-136	-7	-143	3
Net income (loss) attributable to non-controlling interest	0.0002	-0.02	0.02	0.004	-0.32	0.03	-0.30	0.02
Net income (loss) attributable to NIP Group Inc	-13	-5	-8	-13	-136	-7	-143	3
Preferred shares redemption value accretion	-44	-36	0	-36	0	0	0	0
Net income (loss) attributable to NIP Group Inc.'s shareholders	-57	-41	-8	-49	-136	-7	-143	3

Source: GLH Research; Company filings.

Figure 2: Peer Valuation Analysis.

			Revenue			P/S			
Company	Ticker	Market Cap	2024A	2025E	2026E	2024A	2025E	2026E	Category
Tencent Holdings Limited	HK:700	693,913.00	90,457	106,480	116,895	7.7	6.5	5.9	Gaming Companies
Electronic Arts Inc.	NasdaqGS:EA	50,833.60	7,562	7,463	8,039	6.7	6.8	6.3	Gaming Companies
Take-Two Interactive Software, Inc.	NasdaqGS:TTWO	45,960.00	5,350	5,634	6,491	8.6	8.2	7.1	Gaming Companies
Roblox Corporation	NYSE:RBLX	69,490.60	3,602	6,637	8,132	19.3	10.5	8.5	Gaming Companies
Sphere Entertainment Co.	NYSE: SPHR	3,075.90	1,072	1,194	1,308	2.9	2.6	2.4	US Event producer
Accel Entertainment, Inc	NYSE: ACEL	880.30	1,231	1,325	1,381	0.7	0.7	0.6	US Gaming operator
Golden Entertainment, Inc.	NASDAQ: GDEN	727.10	667	647	660	1.1	1.1	1.1	Diversified entertainment platform
East Buy Holding Limited	HK:1797	2,573.40	901	610	725	2.9	4.2	3.5	MCN Company
MARA Holdings, Inc.	NASDAQ:MARA	4,632.80	656	963	1,158	9.5	6.8	5.7	BTC Mining Companies
CleanSpark, Inc.	NASDAQ:CLSK	3,795.40	379	766	878	9.1	4.5	3.1	BTC Mining Companies
					Median	7.2x	5.5x	4.6x	
					Mean	6.8x	5.2x	4.4x	
NIP Group Inc.	Nasdaq:NIPG	153	85	116	299	1.8x	1.3x	0.5x	

Notes:
1. Data as of 12/10/2025.
2. Market Cap and Revenues are in US$ Million.
3. Market Cap and Revenues are in calendar year and estimates are provided by analyst consensus on Capital IQ.

Source: GLH Research; Company filings; Capital IQ.

ABOUT THE ANALYSTS

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Chujie (Jack) Sun is a Senior Research Analyst at Gelonghui Research. Since 2017, Jack has served as the Investment Analyst in China Alpha Fund Management (Hong Kong) Limited, TMT Analyst in First Shanghai Group, and TMT Analyst at Gelonghui Research. Focusing on TMT sector, Chinese companies listed in the US, Hong Kong, and etc., and he specializes in both buy-side and sell-side equity research. Jack holds a B.A. in Economics from Ohio State University (Columbus) and an M.S. in Finance from City University of Hong Kong.

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