

INITIATION OF COVERAGE REPORT

NIP Group Inc.

Pioneering Innovation and Growth in Global Esports and Digital Pan-Entertainment

SUMMARY

Leading Force in Digital Pan-Entertainment. NIP Group (NIPG) is a digital entertainment company serving the global gaming and esports community. Formed in 2023 through the merger of Sweden's Ninjas in Pyjamas (NIP) and China's ESV5, the company leverages decades of competitive gaming excellence alongside ventures in talent management, event production, game publishing, and hospitality. With operations in Sweden, China, Abu Dhabi, and Brazil, NIP Group competes in major tournaments across multiple game titles and has cultivated a global fan base of over 100 million, including fans of its athletes and entertainers by the end of 2024.

Organic Operation + Expansions Driving Growth. Short-term growth is driven by organic operations and the acquisition of Young Will, enhancing gross margins in talent management, while long-term strategies include game publishing, esports-themed hotels, and expansion in the Middle East, with Abu Dhabi serving as a hub for event production. The successful hosting of the 2024 Esports World Cup and the upcoming 2025 Olympic Esports Games in Saudi Arabia have heightened global attention on esports, presenting growth opportunities for NIPG. We estimate revenue for CY2024 and CY2025 of \$92 million and \$108 million, respectively, translating to 4.1x and 3.5x P/S ratios, compared to a peer group trading at 4.8x and 4.3x, indicating a 19% discount to the group on 2025E P/S. Peer analysis highlights potential valuation growth driven by strategic initiatives, including game publishing and esports-themed hotels.

Geographic Expansion: Middle East. In 2024, the company entered a strategic collaboration with Abu Dhabi's Department of Culture and Tourism to promote the local gaming industry, create jobs, and enhance the Emirates' reputation in the global gaming landscape. In December 2024, NIP Group finalized a non-binding term sheet with the Abu Dhabi Investment Office (ADIO) to expand its esports and gaming offerings in the region. Plans include establishing regional headquarters in Abu Dhabi as a Middle East operations hub and assembling a team with industry and regional expertise. The partnership provides substantial financial support and resources, accelerating the company's global growth and strengthening its international presence.

E-Sports+ Expansion: First MOBA Game Launched Marking a Major Step Toward Fully Integration. In September 2024, the company expanded into the gaming publishing market with the launch of its first MOBA game, Re: Aetatis, on December 24, 2024—a significant milestone in its journey to becoming a fully integrated digital entertainment company. Backed by an investment of over RMB 100 million from the game developer, the title has been recognized as an S-level product within the industry. Following two successful testing phases, the game achieved retention rates and monetization metrics that aligned with projections and earned an A+ rating from multiple third-party channels, highlighting its exceptional quality and market appeal. This strategic initiative strengthens the company's presence in the gaming industry, broadens its audience reach, and positions NIP Group as a leading player in the market, paving the way for future collaborations and innovative gaming projects. This move leverages the company's esports resources to create synergies, aligning seamlessly with its long-term strategic goals.

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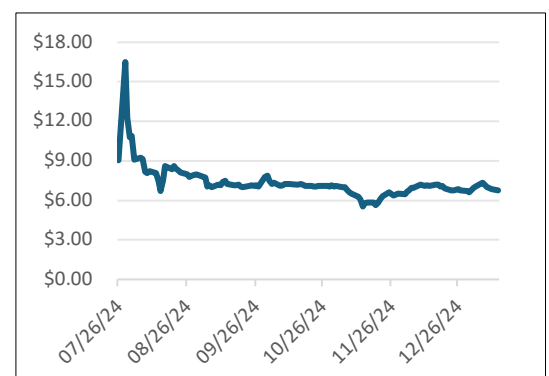
KEY DATA

Exchange: NASDAQ
Ticker: NIPG
Current Price: \$6.65
52-Week Range: \$5.40-\$17.76
Average Volume (3M): 0.07M
Shares Outstanding (MM): 56.2
Market Capitalization (\$MM): \$374
Fiscal Year-End: December

FINANCIALS

In US\$M	FY22A	FY23A	FY24E	FY25E
Revenue	73	84	92	108
Gross Profit	7	7	11	14
EBIT	-8	-15	-7	-6
Net Income	-31	-57	-42	-5

PRICE PERFORMANCE



E-Sports+ Expansion: Launching its First Esports-Themed Hotel, Combining Hospitality with Immersive Gaming Experiences. In August 2024, NIP Group introduced its first esports-themed hotel through a joint venture with Homeinns Hotels Group, marking a significant step in integrating hospitality with immersive gaming experiences. During its 1H24 earnings call, the company confirmed the completion of interior design, space planning, and a partnership with an esports hardware provider. The final decision on the hotel's inaugural location is expected shortly. This initiative aims to provide guests with a unique, gaming-centric experience by seamlessly blending traditional hospitality with cutting-edge esports and gaming elements.

Continuous Investment in Innovation. The events production segment achieved impressive growth, with a 377% y/y increase in 1H24. This success highlights the team's expertise in delivering engaging, high-quality events that captivate global audiences. NIP Group is investing in advanced technology and talent to further enhance production capabilities, elevating the experience for participants and viewers while deepening relationships with sponsors and partners.

Improvement on Profitability with Short-term Impetus and Long-term Plan. Short-term growth is primarily driven by the company's organic operations, with the acquisition of Young Will expected to enhance gross margins within the talent management segment. In the long term, new ventures such as the game publishing businesses and esports hotel will drive growth. Additionally, expansion into the Middle East market is expected to significantly boost event production revenue in the near term, with plans to establish a regional headquarter in Abu Dhabi as a hub for Middle East operations. NIP's stock is currently trading at US\$6.65 per ADS, US\$374 Million in market cap. We estimate revenue for CY2024 and CY2025 of \$92 million and \$108 million, respectively, translating to 4.1x and 3.5x P/S ratios, compared to a peer group trading at 4.8x and 4.3x, indicating a 19% discount to the group on 2025E P/S. Peer analysis highlights potential valuation growth driven by strategic initiatives, including game publishing and esports-themed hotels. See our Valuation section for more details.

COMPANY OVERVIEW

NIP Group was established in 2023 following the merger of the Swedish e-sports organization Ninjas in Pyjamas and the Chinese gaming company ESV5. With over 20 years of experience in e-sports, the company focuses on advancing digital entertainment by developing innovative arena experiences, supporting content creators, and integrating gaming into everyday life.

With a team of more than 250 employees across offices in Sweden, China, Abu Dhabi, and Brazil, NIP Group has a global presence. Its diverse range of services in the entertainment sector positions the company to deliver distinctive gaming experiences.

NIP Group successfully completed its Nasdaq IPO on July 26, 2024. The company offered 2,250,000 American Depositary Shares (ADS) at a price of \$9.00 per share, raising approximately US\$20 million.

NIPG distinguishes itself in the digital entertainment and esports industry through several key differentiators:

- **One of the Few Listed Esports Companies:** Its public listing offers transparency and access to capital markets, setting it apart in a competitive industry.
- **Leading Esports Organization:** NIPG operates across talent management, event production, game publishing, and hospitality, creating a diverse and integrated ecosystem. It boasts the largest portfolio of game titles and maintains a strong and loyal fan base, positioning it uniquely in the competitive digital entertainment landscape.
- **Global Reach and Diverse Ventures:** With operations spanning Sweden, China, Abu Dhabi, and Brazil, NIPG combines a global footprint with localized expertise across multiple game titles and markets.
- **Valuation Upside from New Ventures:** Peer analysis highlights potential valuation growth driven by strategic initiatives, including game publishing and esports-themed hotels.

The chart below illustrates major milestones achieved by NIPG, reflecting consistent execution of its strategic goals.

Figure 1: NIP Group's Development History.

Time	Milestones	Value Added
2000	Ninjas in Pyjamas (NIP) Founded	When everything started
2014	eStar Founded	When everything started
2018	Victory Five (V5) Founded	When everything started
2019	V5 Raised ¥120M and eStar Merged with Hongli Culture	Funded and started event production
2020	V5 Merged with eStar as ESV5	Became the first and only e-sports organization in China with home courts in two cities, Shenzhen and Wuhan
2022	ESV5 Raised \$10M+	Financial strength to explore esports+ model
2023	ESV5 Merged with NIP, NIP Group (NIPG) Founded	Global presence
Jul. 2024	NIPG Nasdaq IPO	Provides capital market access for market expansion and strategic acquisitions
Oct. 2024	Acquisition of Young Will	Strengthen its talent management business and expansion into B2B
Dec. 2024	First MOBA Game Launched	Marks its bold entry into game publishing market and a major milestone toward fully integration

Path Toward A Leading Force in Digital Pan-Entertainment.

Source: GLH Research; Company filings.

The company manages two e-sports brands: Ninjas in Pyjamas and eStar Gaming.

- Ninjas in Pyjamas, a PC/console e-sports brand, was established in 2000 in Sweden and has been a prominent player in the e-sports industry for over two decades. The organization has contributed significantly to the growth of the e-sports scene, competing at the highest levels and achieving 57 championship victories in tier-one competitions in 2023. Notable

achievements include winning CS:GO ESL One: Cologne in 2014, the Rainbow Six Invitational in 2021, and the FIFA EA Sports Cup in 2023.

- eStar Gaming, the mobile e-sports brand, is a leading team in the Honor of Kings King Pro League (KPL). Recognized as one of the most successful teams in KPL history, eStar Gaming won the Honor of Kings International Championship in both 2019 and 2022 and secured first place in the 2022 KPL Spring. According to the Frost & Sullivan Report, eStar Gaming is widely regarded as the world’s most successful mobile e-sports team.

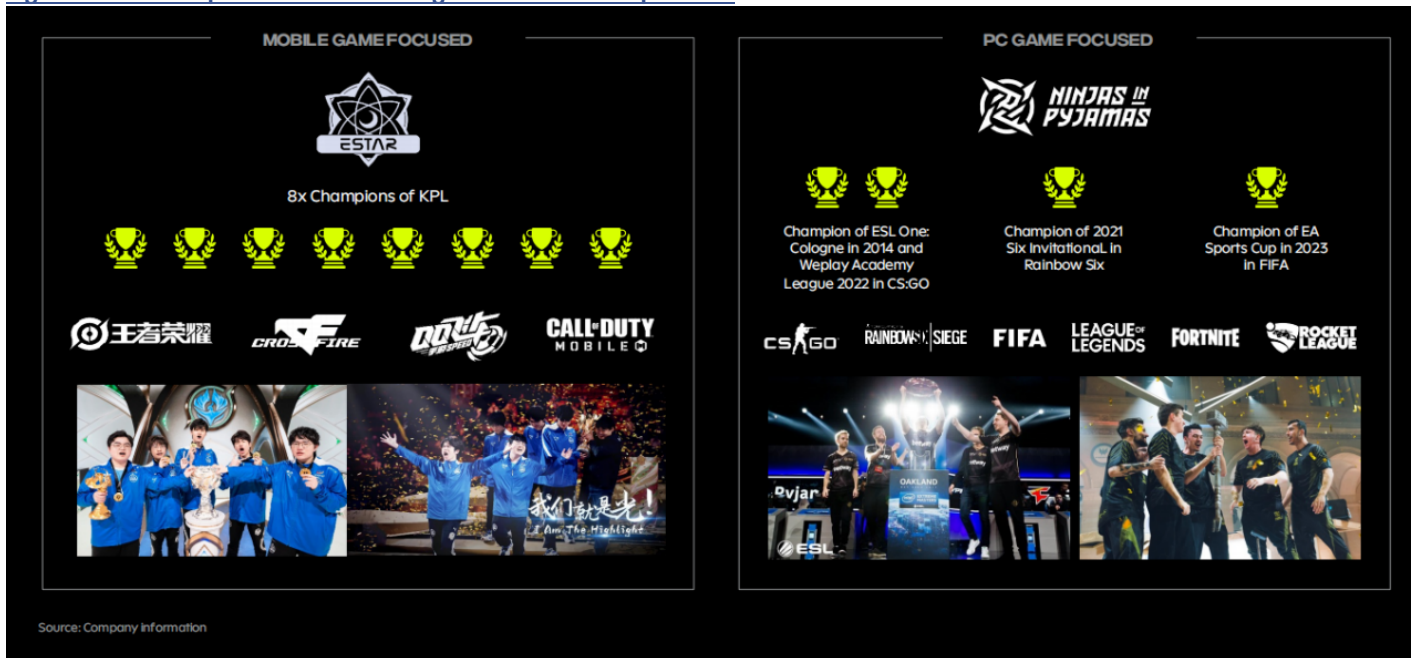
Additionally, the company is the only e-sports organization in China with home courts in two cities: the Ninjas in Pyjamas League of Legends team is based in Shenzhen, while the eStar Gaming Honor of Kings team operates out of Wuhan.

Figure 2: NIP Group in numbers.



Source: GLH Research; Company filings.

Figure 3: NIP Group’s Game Titles at Highest Level of Competition.



Source: GLH Research; Company filings.

BUSINESS SUMMARY

1. E-sports Team Operation: the revenues NIPG generated from esports teams primarily consist of: (1) tournament participation reward and league revenue shares, (2) athlete transfer and rental fees, (3) sponsorship and advertising fees, (4) IP licensing for the sales of game props, skins and athlete cards, (5) sales of branded merchandise, (6) talent management service of esports and (7) revenues from reality show service fees. Operating multiple brands provides NIP Group with enhanced monetization opportunities. The company manages two e-sports brands: Ninjas in Pyjamas, focusing on PC and console gaming, and eStar Gaming, specializing in mobile gaming. This multi-brand strategy enables the organization to engage with a wider range of game genres, increase its share of event revenues, and reduce reliance on the performance of any single team during a season, contributing to long-term operational stability. Looking ahead, NIP Group aims to sustain its position as a leading e-sports organization through organic growth and

acquisitions of additional e-sports teams. The company also seeks to expand its commercial opportunities, including merchandise sales and IP licensing.

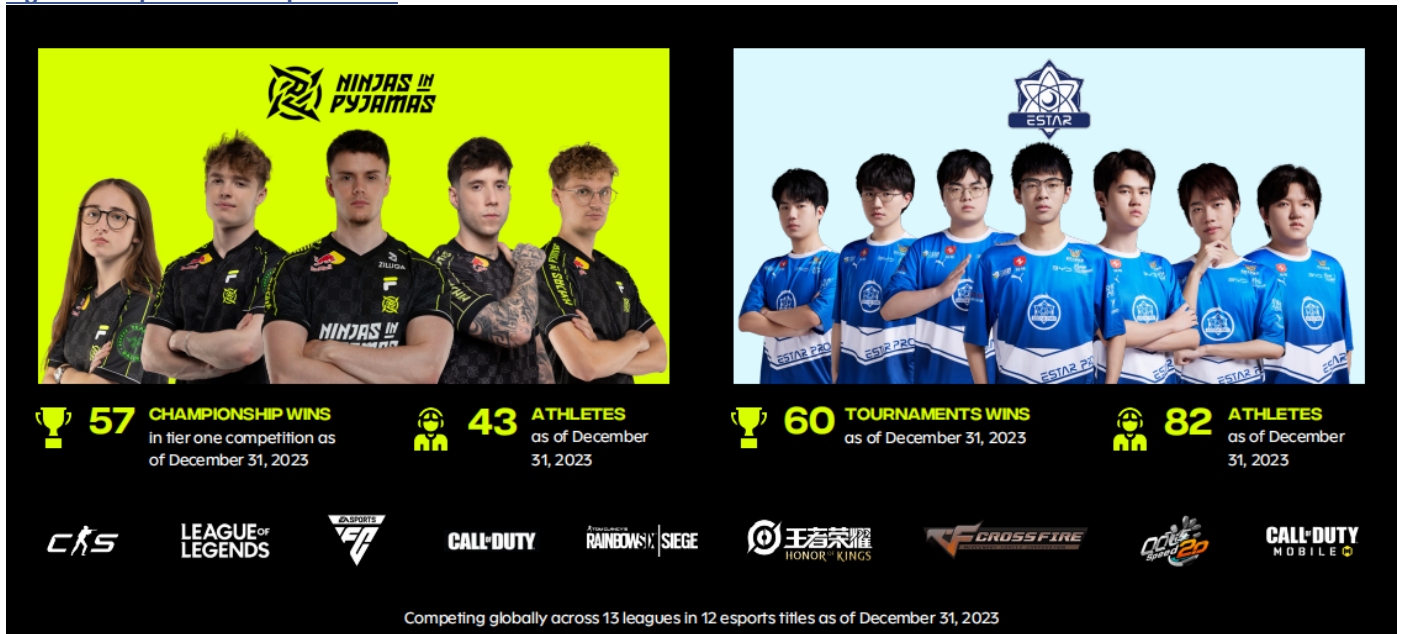
Performance in gaming tournaments is a key factor for generating revenue in e-sports. NIP Group’s teams are competitive across various leagues, particularly in mobile gaming titles. For example, Wuhan eStarPro, part of the group, achieved three consecutive championships in the Honor of Kings King Pro League (KPL): the 2021 Fall Season, the 2021 Honor of Kings Challenger Cup, and the 2022 Spring Season, solidifying its dominance in domestic competitions in China.

Past E-sports Achievements for NIP Group:

1. **Honor of Kings International Championship:** Champions in 2019 and 2022.
2. **KPL Seasons:** First place in Spring 2019, Fall 2021, and Spring 2022.
3. **Honor of Kings Challenger Cup:** Winners in 2021 and 2022.
4. **Honor of Kings World Champion Cup:** First place in 2019.
5. **Honor of Kings International Championship (Summer):** First place in 2016.
6. **Call of Duty Mobile:** Top four in China during the 2021 Season 2.
7. **QQ Speed:** Champions of the 2018 WeChat Game Championship Cyber Games (WGC), Prop Group category.
8. **CrossFire (PC):** Second place in China’s 2022 CrossFire Pro League (CFPL) Season 19.
9. **CrossFire (Mobile):** Second place in China’s 2022 CrossFire Mobile League (CFML) Season 12 Fall.

These achievements reflect NIPG’s active participation in and competitiveness across various gaming titles and platforms.

Figure 4: E-sports Team Operations.



Source: GLH Research; Company filings.

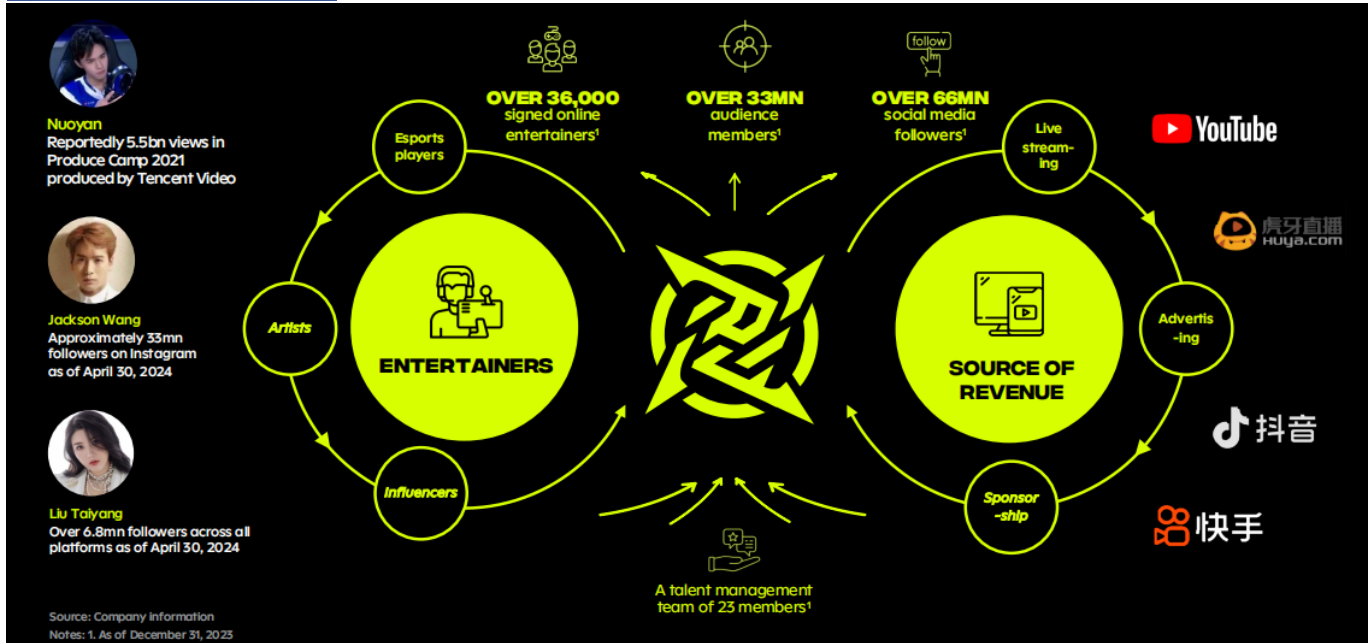
2. Talent Management Service: The revenue comes from live streaming revenue, advertising revenue, and sponsorship deals. NIPG has focused on growing its brand influence and fan base. In 2021, it launched a talent management service under the eStar Entertainment brand. This division engages in live streaming brokerage and professional content production, operating on major platforms such as Douyin (China’s version of TikTok), and Huya. To date, the company has signed agreements with over 36,000 key opinion leaders (KOLs).

On October 15, 2024, NIPG announced a definitive agreement to acquire Wuhan Young Will Ltd. (Young Will), a talent management company specializing in short-form video content creation and influencer development. As of August 31, 2024, Young Will had amassed a combined following of over 115 million fans across major Chinese social media platforms, with some individual influencers on Douyin having over 10 million followers. NIP Group plans to leverage synergies between its e-sports celebrities and Young Will’s influencer network for collaborative content creation and streaming activities. The focus is on content production and follower

growth, with plans to enhance the branding and account management of existing e-sports talent. The acquisition of Young Will represents a significant step in NIP Group’s strategy to expand its digital entertainment ecosystem, diversify revenue streams, and strengthen its position in talent management.

The integration is expected to extend NIP Group’s capabilities into the B2B talent management sector while providing a platform to support marketing efforts for its game publishing business. These developments aim to create operational synergies and drive sustainable growth over the long term.

Figure 5: Talent Management.



Source: GLH Research; Company filings.

3. Event Production: The revenue comes from home court games, Tencent-related events, digital ice & snow games series, partnership with brands (such as BYD automobiles). These activities contribute to enhancing industry engagement and increasing brand awareness. Since 2020, the company has organized over 500 events across more than 70 cities, offering event production services to game developers, publishers, streaming platforms, and other organizations. By providing tailored solutions and prioritizing viewer experience, the company has strengthened its brand recognition and elevated its position within the industry. The events production segment demonstrated significant growth, achieving a 377% year-on-year increase in the first half of 2024. This growth reflects the team’s capability to deliver high-quality, engaging events that appeal to audiences worldwide.

Figure 6: Event Production.

<p>腾讯 Tencent</p> <p>Trusted partner</p>	<p></p> <p>Two home venues Arena production</p>	<p></p> <p>Non-esports event production</p>	<p></p> <p>Self-owned IP</p>
<ul style="list-style-type: none"> Worked extensively and closely with Tencent to promote their games to bring the best esports experience to their audience Recognized by Tencent as one of its best regional event service providers in 2020 and 2021 	<ul style="list-style-type: none"> Hosting LPL and KPL matches in the Shenzhen NIP home court and Wuhan eStarPro home courts 	<ul style="list-style-type: none"> Helping partners outside of the esports ecosystem in China to produce online and offline events Producing exhibitions, local tourism projects and traditional sports events 	<ul style="list-style-type: none"> Mainly engaged in IP event planning & operation, and esports education-related content
<p></p> <p>3rd KPL national Grand finals, produced by MAG</p>	<p></p> <p>Wuhan arena home game</p>	<p></p> <p>2022 Digital Ice & Snow Games</p>	<p></p>

Source: GLH Research; Company filings.

Figure 7: NIP Group’s Specialized Creative Solutions.



Source: GLH Research; Company filings.

GROWTH OPPORTUNITIES

E-Sports+ Expansion

For the E-Sports+ segment, two key drivers for future growth are the newly launched game publishing initiatives and an e-sports-themed hotel joint venture with Homeinns Hotels Group.

1. Game Publishing Business – Upstream Integration: First MOBA Game Launched & Strategic Partnership with The9 (NCTY)

In September 2024, the company expanded into the gaming publishing market with the launch of its first MOBA game, Re: Aetatis, on December 24, 2024—a significant milestone in its journey to becoming a fully integrated digital entertainment company. Backed by an investment of over RMB 100 million from the game developer, the title has been recognized as an S-level product within the industry. Following two successful testing phases, the game achieved retention rates and monetization metrics that aligned with projections and earned an A+ rating from multiple third-party channels, highlighting its exceptional quality and market appeal. This strategic initiative strengthens the company’s presence in the gaming industry, broadens its audience reach, and positions NIP Group as a leading player in the market, paving the way for future collaborations and innovative gaming projects. This move leverages the company’s esports resources to create synergies, aligning seamlessly with its long-term strategic goals.

As disclosed in recent SEC filings, NIP Group has formed a strategic partnership with China Crown Technology Limited, a wholly owned subsidiary of The9 Limited (NCTY), one of China’s earliest online game developers. The9, listed on Nasdaq in 2004, is known for introducing globally recognized titles like World of Warcraft and MU Online to China. The partnership focuses on developing “MIR M” into a competitive e-sports title, optimizing the game for e-sports while incorporating its core elements. China Crown secured the exclusive publishing rights for “MIR M” in Mainland China from Wemade Co., Ltd., a leading Korean game developer, in May 2024. The game is the latest iteration of the classic MIR series, which includes both mobile and PC versions. Since the introduction of “The Legend of MIR2” in 2001, the MIR franchise has generated over US\$50 billion in grossing in China, highlighting its large user base and long-term market influence. NIP Group is poised to innovate new e-sports gameplay and scenarios for this iconic IP.

Figure 8: First MOBA game launched in December 2024.



Source: GLH Research; Company filings.

Figure 9: JV partnership with Homeinns Hotels Group.



Source: GLH Research; Company filings.

2. E-sports-Themed Hotel Business

In August, NIP Group entered a joint venture partnership with Homeinns Hotels Group to launch its first e-sports-themed hotel. The company has already completed the interior design and collaborated with an e-sports hardware provider for the project. The location for the first hotel is expected to be finalized soon. This venture aims to offer guests unique gaming-centric experiences by integrating immersive e-sports and gaming elements with traditional hospitality.

Overseas Expansion

The Middle East offers significant opportunities for overseas expansion, particularly in the gaming sector. According to data from SocialPeta, games developed in China accounted for approximately 40% of gaming revenue in the region during the first half of 2024, highlighting the market's receptiveness to international gaming products.

As stated in NIP Group's IPO prospectus, the company has entered into a five-year gaming subsidy agreement with the Department of Culture and Tourism of Abu Dhabi. This agreement includes hiring local staff, supporting the development of the local gaming industry, and contributing to the Emirates' reputation in the global gaming market.

In December 2024, NIP Group completed discussions on a non-binding term sheet with the Abu Dhabi Investment Office (ADIO). This collaboration aims to expand e-sports and gaming offerings in the region. Planned initiatives include the establishment of regional headquarters in Abu Dhabi, which will serve as a central hub for the company's Middle East operations. The company also intends to recruit a team with specialized knowledge in the gaming industry and the region. According to Hicham Chahine from its 1H24 earnings call, the term sheet that is currently being signed provides the company with a US dollar amount of eight figures per year over a period of four years, and the financial contribution of that begins in 2025.

This partnership provides financial and strategic resources to support NIP Group's global growth objectives. By leveraging Abu Dhabi as a regional hub, the company seeks to strengthen its presence in the Middle East and advance its broader goals of international market expansion. From a financial perspective, this development positions NIPG to achieve adjusted EBITDA profitability ahead of schedule, with the potential for sustained profitability in the future.

EXECUTION TEAM & SHAREHOLDER BASE

Yau Kwan Ho (Mario), Chairman and Co-Chief Executive Officer. Mario Ho, the co-founder, chairman and co-chief executive officer of NIP Group, is the CEO of the group's Eastern business. Through the company's IPO in 2024, Mario became the youngest ever Asian founder of a US listed company. Mario founded Victory Five (V5) and the Macau Esports Federation in 2018, serving as Chairman for both entities. As partner of iDreamsky (1119.HK), Mario led the game publishing company to a successful listing on the Hong Kong Stock Exchange, becoming the youngest ever executive to ring the bell in Hong Kong. In 2021, Mario led the merger between V5 and eStar Esports, creating then the largest Chinese esports company. In 2023, he led the merger between ESV5 and Ninjas in Pyjamas, which is till this date, the largest international merger in the esports industry. Mario received his bachelor's degree in management science from the Massachusetts Institute of Technology in 2016.

Hicham Chahine, Director and Co-Chief Executive Officer. Hicham Chahine, the co-founder, co-chief executive officer and director of NIP Group, currently serves as the CEO of the group's Western business. Hicham acquired Ninjas in Pyjamas in 2016 and has served as its chief executive officer since then. Prior to joining Ninjas in Pyjamas, his experience ranges from the global financial industry to entrepreneurship. From May 2008 to June 2016, he was the director of hedge funds at Formuesforvaltning, an independent wealth management firm in the Nordics. In February 2010, Hicham founded and served as chairman of Diglife AS, a private equity firm with investment portfolios in lifestyle, gaming and other technology-related companies. Hicham graduated from BI Norwegian Business School with a bachelor's degree in business and economics in 2013.

Liwei Sun (xiaOt), Director and President. Mr. Liwei "xiaOt" Sun is NIP Group's president. He has served as the company's director since February 2021. xiaOt was one of China's most famous esports athletes with renown and success in titles such as Warcraft III, Starcraft II and Heroes of the Storm. xiaOt co-founded and served as the chief executive officer of Invictus Gaming esports club in 2012. He founded eStar Gaming in 2014 and led the team to win numerous world and national championships across multiple titles.

xiaOt was the co-founder of Wuhan Xingjing Interactive Entertainment Co., Ltd., which later became a subsidiary of Wuhan ESVF. He has also served as the vice-president of the Hubei Esports Association since 2022.

Figure 10: Supported by SOEs from Shenzhen & Wuhan, prominent publicly listed companies, and well-known international investment funds.



Source: GLH Research; Company filings.

INDUSTRY OVERVIEW

Overview of Esports and Market Trends

Esports is a competitive activity where individuals or teams engage in skill-based and intellectual challenges using high-tech hardware and equipment. According to the 2023 Newzoo Global Games Market Report, the global esports audience reached 3.3 billion. In China, the esports user base grew to 488 million, with total industry revenue reaching RMB 263.5 billion, as reported by the 2023 China Esports Industry Annual Report.

Key Milestones in Esports Development:

1. In 2003, the General Administration of Sport officially recognized esports as the 99th official sport in China.
2. In 2020, the Olympic Council of Asia announced esports as an official event for the 19th Asian Games in Hangzhou.
3. In 2024, the International Olympic Committee (IOC) decided to create Olympic Esports Games – first Games in 2025 in Saudi Arabia.

Figure 11: Mainstream Adoption Driven by International Events.



Asian Games Inclusion Since Hangzhou 2023

2024 Esports World Cup Backed by PIF

IOC Decided to Create Olympic Esports Games in 2024

Source: GLH Research; Company filings.

Esports Market Dynamics:

The global esports market has experienced rapid growth, driven by increasing tournament viewership and sustained government support. According to the Frost & Sullivan Report, the global esports club market grew at a compound annual growth rate (CAGR) of 27%, from US\$0.5 billion in 2017 to US\$1.4 billion in 2021. It is expected to maintain a strong trajectory with a projected CAGR of 19% from 2022 to 2027, reaching US\$3.9 billion by 2027.

Streaming Platforms and Content Growth:

The expansion of streaming platforms has significantly increased demand for video content, further fueling investment in esports. As the industry garners global attention, esports-related content has become increasingly influential within the media landscape. The

Frost & Sullivan Report highlights that the global talent management market grew at a CAGR of 63%, increasing from US\$0.3 billion in 2017 to US\$2.3 billion in 2021, with continued growth projected at a CAGR of 23% from 2022 to 2027, reaching US\$8.2 billion by 2027.

Esports Event Production Market:

The growing popularity of esports has also driven demand for large-scale events. According to the report, the global esports event production market expanded at a CAGR of 23%, increasing from US\$0.3 billion in 2017 to US\$0.6 billion in 2021, with an expected CAGR of 27% from 2022 to 2027, reaching US\$2.7 billion by 2027. However, the market experienced a temporary decline, contracting from US\$0.8 billion in 2019 to US\$0.5 billion in 2020, largely due to the impact of the COVID-19 pandemic. Event cancellations, postponements, and government restrictions on public gatherings and travel contributed to this downturn.

COMPETITION LANDSCAPE FOR E-SPORTS

NIP Group Inc. has achieved 19 championship titles across the world’s top 10 e-sports games, as ranked by prize pool in global tournaments. These victories include titles in Counter-Strike: Global Offensive (CS:GO), Honor of Kings, Rainbow Six, and FIFA. According to the Frost & Sullivan Report, as of January 2023, NIP Group’s success spans a broader range of unique game titles with top-tier wins than any other e-sports organization.

Figure 12: Comparison of E-sports and Traditional Sports Tournaments.

	ESPORTS TOURNAMENT			TRADITIONAL SPORTS TOURNAMENT		
	LOL WORLDS	KPL	TI	NBA	NFL	EPL
ANNUAL REVENUE	Approximately USD 0.2 billion	Approximately USD 0.1 billion	Approximately USD 0.5 billion	Approximately USD 10.0 billion	Approximately USD 15.2 billion	Approximately USD 6.9 billion
AVERAGE AGE OF FANS	24	23	25	32	40	38
TOURNAMENT FINALS VIEWERS	350.0 Million (League of Legends Worlds 2021)	92.4 Million (2021 KPL Spring Finals)	Over 200.0 Million (The International 11)	16.5 Million (NBA Finals)	120.0 Million (Super Bowl)	11.4 Million (Liverpool vs Manchester United)

Source: Frost & Sullivan Report

Source: GLH Research; Company filings.

Figure 13: Comparison of Leading Players.

	NIP GROUP	COMPANY A	COMPANY B	COMPANY C	COMPANY D	COMPANY E	COMPANY F
SPECIALIZED FIELD	ARENA-VALOR, CS:GO, FORTNITE BRZR, HONOR OF KINGS, RAINBOW SIX, CALL DUTY BLACK OPS II, RAINBOW SIX	CS:GO, PUBG, VALORANT, HONOR OF KINGS	CS:GO, RAINBOW SIX	LEAGUE OF LEGENDS, VALORANT, FORTNITE BRZR	CS:GO, LEAGUE OF LEGENDS	FORTNITE BRZR, LEAGUE OF LEGENDS, PUBG, CALL DUTY BLACK OPS II, VALORANT	FORTNITE BRZR, LEAGUE OF LEGENDS, VALORANT, CALL DUTY BLACK OPS II
NO. OF CHAMPIONSHIPS IN GLOBAL TOP LEAGUE	19	11	1	3	7	7	0
GAME TITLE OF CHAMPIONSHIPS IN GLOBAL TOP LEAGUE	4	2	1	1	3	2	0

Source: Frost & Sullivan Report
Notes: 1. As of January 31, 2023

Source: GLH Research; Company filings.

Entry Barriers to the E-sports Industry:

- 1. Talent Development and Management Systems.** The e-sports industry faces a talent shortage, making it challenging for smaller teams to attract top-tier athletes and online entertainers. Limited track records and lower popularity often hinder their ability to compete with established organizations. Additionally, smaller teams typically lack mature and systematic talent training and management frameworks or the resources to develop influencers, making it difficult to nurture and retain skilled athletes.
- 2. E-sports Equipment and Technology.** Ensuring top performance requires significant investment in high-quality gaming peripherals and equipment. Advanced technologies, such as artificial intelligence (AI), data analytics, virtual reality (VR), and augmented reality (AR), play a crucial role in optimizing daily training and stabilizing athletes' performance. These requirements can pose a substantial barrier for smaller or less-resourced organizations.
- 3. Commercialization.** The commercial success of an e-sports team is closely linked to its ability to attract brands, sponsors, and advertisers. The global e-sports market is dominated by a relatively small number of top-tier teams, making it difficult for newcomers to secure sponsorships or advertising deals. This concentration further challenges the entry and growth of emerging teams in the industry.

FINANCIALS and VALUATION

1H24 Results

In the first half of 2024, total net revenues reached US\$39.3 million, reflecting a 2% year-on-year increase. The company reported a net loss of US\$4.7 million and an adjusted EBITDA of negative US\$2.6 million for the same period.

E-sports Team Operations: Net revenues from e-sports team operations were US\$8.8 million, representing an 11% year-on-year decline. This decrease was attributed to the company's ongoing shift from IP licensing revenue, primarily associated with PC and console games, to league revenue sharing from mobile games.

Talent Management Services: Net revenues from talent management services totaled US\$22 million, a 19% year-on-year decrease. This decline was due to the company's strategic transition from lower-performing to higher-performing online entertainment platforms.

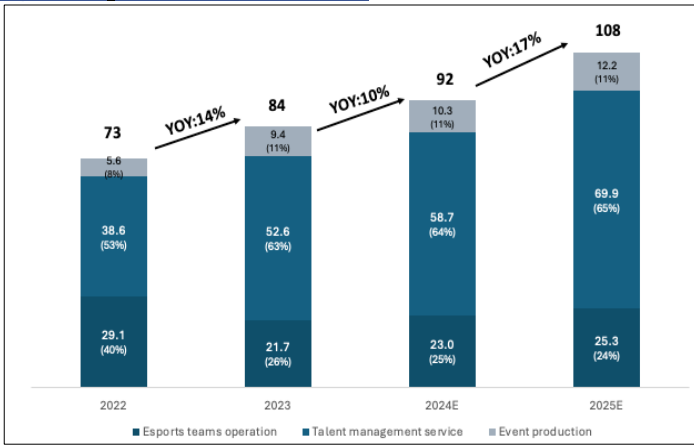
Event Production: Net revenues from event production rose significantly, increasing by 377% year on year to US\$8.7 million. The growth was driven by a higher number of hosted events in 2024, supported by improved coordination of internal and external resources during the period.

Estimates

Looking ahead, e-sports team operations are expected to experience single-digit growth, while talent management services and event production are anticipated to become the primary drivers of revenue growth, reflecting the company's strategic focus on these segments. Short-term growth is primarily driven by the company's organic operations, with the acquisition of Young Will expected to enhance gross margins within the talent management segment. In the long term, new ventures such as the game publishing businesses and esports hotel will drive growth. Additionally, expansion into the Middle East market is expected to significantly boost event production revenue in the near term, with plans to establish a regional headquarter in Abu Dhabi as a hub for Middle East operations. The subsidy provided by the Department of Culture and Tourism of Abu Dhabi and the term sheet that is being finalized with Abu Dhabi Investment Office position NIPG to achieve adjusted EBITDA profitability ahead of schedule, with the potential for sustained profitability in the future. Our revenue projections for CY2024 and CY2025 are estimated at \$92 million and \$108 million, respectively.

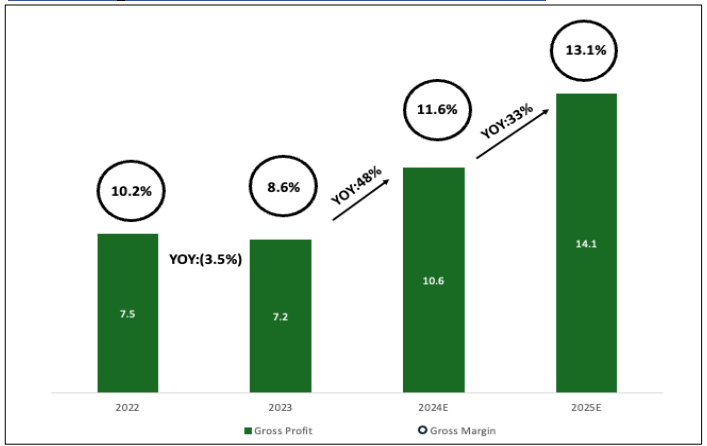
Below graphs show NIPG's historical revenues, gross profits, operating expenses, and our projections for 2024 and 2025. Units are in US\$ Million.

Figure 14: Revenue (US\$ Million).



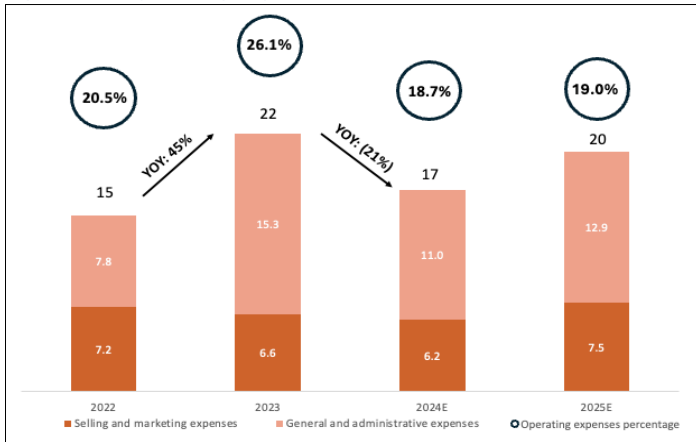
Source: GLH Research; Company filings.

Figure 15: Gross Profit (US\$ Million) and Margin.



Source: GLH Research; Company filings.

Figure 16: Operating Expenses (US\$ Million).



Source: GLH Research; Company filings.

Figure 17: NIP Group's Financials 2022 – 2025E.

Unit: Million USD	2022	2023	2024E	2025E
Total net revenue	73	84	92	108
Total cost of revenue	-66	-76	-81	-93
Gross profit	7	7	11	14
Operating expenses:				
Selling and marketing expenses	-7.2	-6.6	-6.2	-7.5
General and administrative expenses	-7.8	-15	-11	-13
Total operating expenses	-15	-22	-17	-20
Operating income (loss)	-8	-15	-7	-6
Other income (expense):				
Other income, net	2	0.7	-0.4	-0.4
Interest expense, net	-0.5	-0.5	0.2	0.9
Total other income, net	2	0.2	-0.2	0.4
Loss before income tax expenses	-6	-14	-7	-6
Income tax benefits	-0.01	1.2	0.5	0.5
Net income (loss)	-6	-13	-6	-5
Net income (loss) attributable to non-controlling interest	-0.1	0.0	-0.1	-0.1
Net income (loss) attributable to NIP Group Inc	-6	-13	-6	-5
Preferred shares redemption value accretion	-25	-44	-36	0
Net income (loss) attributable to NIP Group Inc.'s shareholders	-31	-57	-42	-5

Source: GLH Research; Company filings.

Figure 18: NIP Group's Balance Sheet.

Unit: Million USD	1H23	1H24
ASSET		
Current assets		
Cash and cash equivalents	8	7
Accounts receivable,net	19	21
Amounts due from related parties	0.3	0.2
Prepaid expenses and other current assets,net	2	6
Total current assets	29	33
Non-current assets:		
Property and equipment,net	3	3
Intangible assets,net	134	126
Right-of-use assets	2	2
Goodwill	141	135
Deferred tax assets	1	1
Other non-current assets	4	5
Total non-current assets	284	272
Total assets	314	305
LIABILITIES		
Current liabilities		
Short-term borrowings	5	11
Long-term borrowing,current portion	0.3	0.3
Accounts payable	13	13
Payable related to league tournaments rights,current	2	2
Accrued expenses and other liabilities	6	10
Deferred revenue	0.5	0.3
Operating lease liabilities,current	0.6	0.7
Amount due to related parties, current	1	1
Total current liabilities	29	38
Non-current liabilities:		
Long-term borrowing,non-current	4	4
Amount due to related party,non-current	0.1	0.1
Payable related to league tournaments rights,non-current	2	2
Operating lease liabilities,non-current	1	1
Deferred tax liabilities	25	23
Total non-current liabilities	32	30
Total liabilities	61	68
Commitments and contingencies		
MEZZANINE EQUITY		
Class A redeemable preferred shares	115	124
Class B redeemable preferred shares	17	17
Class B-1 redeemable preferred shares	191	215
Total mezzanine equity	323	356
DEFICIT		
Ordinary shares	0.004	0.004
Subscription receivable	(0.004)	(0.004)
Additional paid-in capital	-	-
Statutory reserve	0.07	0.07
Accumulated deficit	(80)	(121)
Accumulated other comprehensive income(loss)	5	(3)
Total deficit attributable to the shareholders of NIP Group Inc.	(75)	(124)
Non-controlling interests	5	5
Total deficit	(70)	(119)
Total liabilities,mezzanine equity and deficit	314	305

Source: GLH Research; Company filings.

As of 1H24 (pre-IPO), NIP Group held US\$7 million in cash, alongside US\$15 million in interest-bearing debt, an increase from US\$9 million in 1H23. Of the total debt, US\$11 million was classified as short-term and US\$4 million as long-term. In July 2024, the company successfully completed its Nasdaq IPO, raising approximately US\$20 million, which significantly strengthened its balance sheet and provided enhanced operational support. With its current growth trajectory, status as a listed company, and subsidies from Abu Dhabi, NIP Group is well-positioned to secure financing for ongoing operations and strategic acquisitions.

Figure 19: Peer Valuation Analysis.

Company	Ticker	Market Cap	Revenue			P/S			Category
			2023A	2024E	2025E	2023A	2024E	2025E	
Tencent Holdings Limited	HK:700	448,600	85,887	90,052	97,429	5.2	5.0	4.6	China Gaming Companies
Shenzhen Zqgame Co., Ltd	SZSE:300052	577	37	40	43	15.8	14.4	13.6	China Gaming Companies
Giant Network Group Co., Ltd.	SZSE:002558	3,002	412	440	486	7.3	6.8	6.2	China Gaming Companies
Electronic Arts Inc.	NasdaqGS:EA	37,232	7,562	7,662	8,129	4.9	4.9	4.6	US Gaming Companies
Take-Two Interactive Software, Inc.	NasdaqGS:TTWO	31,395	5,350	5,631	8,182	5.9	5.6	3.8	US Gaming Companies
Roblox Corporation	NYSE:RBLX	40,273	2,799	4,370	5,198	14.4	9.2	7.7	US Gaming Companies
Sphere Entertainment Co.	NYSE:SPHR	1,490	1,027	1,092	1,207	1.5	1.4	1.2	US Event producer
Accel Entertainment, Inc	NYSE:ACEL	853	1,170	1,218	1,251	0.7	0.7	0.7	US Gaming operator
Golden Entertainment, Inc.	NASDAQ:GDEN	862	1,053	671	685	0.8	1.3	1.3	Diversified entertainment platform
Endeavor Group Holdings, Inc.	NYSE:EDR	9,359	5,960	7,159	7,124	1.6	1.3	1.3	Diversified entertainment platform
East Buy Holding Limited	HK:1797	2,126	901	809	910	2.4	2.6	2.3	MCN Company
						Median	5.9x	5.6x	3.8x
						Mean	5.5x	4.8x	4.3x
NIP Group Inc.	Nasdaq:NIPG	374	84	92	108	4.5x	4.1x	3.5x	

Notes:

1. Data as of 01/13/2025.
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.

NIPG's stock is currently trading at US\$6.65 per ADS, with a market capitalization of US\$374 million. Our revenue projections for CY2024 and CY2025 are estimated at US\$92 million and US\$108 million, respectively, translating to 4.1x and 3.5x P/S ratios, compared to peer group averages of 4.8x and 4.3x. While these peers operate within the broader entertainment industry, each has distinct business models and market focuses.

NIPG trades at a 19% discount relative to peers on 2025E P/S, as the market currently assigns lower multiples to event production and talent management firms compared to gaming companies. However, with NIPG's recent entry into the game publishing market, the market has yet to fully recognize its value. Unlike standalone firms, NIPG uniquely integrates esports, event production, talent management, and game publishing, creating synergies that set it apart within the digital entertainment landscape. Strategic initiatives such as game publishing and esports-themed hotels offer significant potential for valuation growth, further underscoring its differentiated business model and long-term opportunities.

Conflict of Long-Term Interests and Short-Term Investor Expectations: NIP Group faces potential conflicts between its long-term business strategies and the short-term financial expectations of its investors. The company's primary revenue streams—advertising fees, sponsorship fees, and live-streaming service fees—are deeply tied to its talent management operations. These include nurturing e-sports athletes into successful online entertainers and recruiting high-potential candidates from competitive gaming ecosystems and entertainment platforms. The inherent challenge lies in balancing substantial upfront investments required for developing talent and building a sustainable roster with investors' demand for timely returns. Talent cultivation and brand development are lengthy processes that may delay revenue realization, potentially leading to investor dissatisfaction and market volatility if short-term results fall short.

Profitability Challenges: The company has reported significant losses in recent years, with an operational loss of \$8.1 million in 2022 and \$14.7 million in 2023. Correspondingly, net losses stood at \$6.3 million in 2022 and \$13.3 million in 2023. These figures underscore the heavy investments made in scaling the business, particularly in talent acquisition, content creation, and regional expansion. While these losses may reflect strategic growth efforts, they raise concerns about the company's ability to achieve sustainable profitability. Without clear and consistent profitability metrics or a defined timeline for breaking even, the company risks eroding investor confidence.

Limited Operating History in Asia: NIP Group's operating history presents another notable risk. Although the company's Western brand was established in 2000, its foray into the Asian market only began in 2016. This relatively short operational period in Asia provides a limited basis for evaluating its performance and adaptability in a competitive and culturally diverse market. Additionally, the region presents unique challenges, such as fluctuating consumer preferences, highly dynamic competitive landscapes, and diverse regulatory environments. The historical revenues and growth rates achieved since 2016 may not necessarily indicate the company's future performance or ability to sustain growth in Asia.

Competition: The talent management and e-sports sectors are highly competitive, with numerous players vying for market share. Established competitors and new entrants, particularly those with substantial resources, could undermine NIP Group's growth by poaching talent, offering better sponsorship packages, or leveraging superior technological platforms. Additionally, platforms with vertical integration, such as streaming services that own e-sports teams or exclusive contracts with entertainers, present significant challenges.

Regulatory Risks: Operating in multiple regions, particularly Asia, exposes NIP Group to complex and evolving regulatory frameworks. These may include restrictions on live-streaming content, advertising standards, gaming licenses, and data privacy regulations. Governments in certain Asian markets have increasingly imposed restrictions on e-sports, gaming, and online content consumption, which could directly impact NIP Group's operations and revenue generation.

Revenue Concentration: The company's reliance on a few key revenue streams—advertising fees, sponsorships, and live-streaming fees—exposes it to revenue concentration risk. Any significant disruption in one of these areas, whether due to macroeconomic factors, platform algorithm changes, or regulatory intervention, could have an outsized impact on overall revenues. Diversification into new revenue streams, such as merchandise sales, partnerships, or licensing, may help mitigate this risk.

Talent Dependency: The company's success is deeply tied to the performance and marketability of its roster of e-sports athletes and online entertainers. Talent churn, contractual disputes, or reputational risks associated with public figures could negatively impact revenue and brand equity. Additionally, there is significant risk in relying on a small pool of high-profile entertainers whose success may fluctuate.

Economic Uncertainty: Macroeconomic factors, including inflation, reduced consumer spending, and geopolitical tensions, may affect the company's advertising and sponsorship revenues. Brands may tighten marketing budgets during economic downturns, directly impacting the company's top line.

Technology and Platform Dependency: As live-streaming and content distribution rely heavily on third-party platforms, any algorithmic changes, partnership disputes, or competitive conflicts with these platforms could negatively affect reach and revenue. Additionally, technological disruptions or cybersecurity threats pose operational risks.

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