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M. Marin
mmarin@zacks.com
Ph (312) 265-9211

scr.zacks.com

101 N. Wacker Drive, Chicago, IL 60606

The9 Limited

(NCTY-NASDAQ)

NCTY: Building an AI-Powered Ecosystem Around AI-Game Creation & Digital Asset Incentives – Initiating Coverage

Technology company NCTY has operated in the traditional online gaming space for 20+ years & is now leveraging that expertise to develop an AI-powered digital asset ecosystem built around AI game creation that incentivizes participation from players and creators through reward points convertible into NCTY's proprietary \$9BIT digital tokens. Participants need \$9BIT to generate and publish AI-created games, unlock advanced features and join revenue-sharing pools for AI-generated games on its platform.

OUTLOOK

At this early stage of the platform's launch, registered users & user-generated games exceed 8M+ and 180k, respectively, and continue to climb, according to NCTY. User-generated content (UGC) is expected to further expand the games library, particularly as AI lowers costs and technical barriers to creating games on the the9bit platform. NCTY's initial focus markets are in Southeast Asia, where NCTY is developing a network of brand partnerships under a strategy to integrate digital entertainment and bricks & mortar (BM) retail via an online-to-offline (O2O) business model. Marketing revenue from brand partners complements gaming platform revenue & NCTY is encouraged by early indicators that the O2O model can generate value for both brand partners and extend the company's engagement with users beyond the the9bit ecosystem.

Current Price (9/30/26) \$3.32
Valuation* \$5.00

SUMMARY DATA

52-Week High \$11.60
52-Week Low \$3.12
One-Year Return (%) -68
Beta 2.09
Average Daily Volume (sh) 226,355

ADSs Outstanding (mil) 15
Market Capitalization (\$mil) \$51
Short Interest Ratio (days) N/A
Institutional Ownership (%) N/A
Insider Ownership (%) 17

Annual Cash Dividend \$0.00
Dividend Yield (%) 0.00

5-Yr. Historical Growth Rates

Sales (%) N/A
Earnings Per Share (%) N/A
Dividend (%) N/A

P/E using TTM EPS N/A
P/E using 2026 Estimate N/A
P/E using 2027 Estimate N/A

Risk Level High,
Type of Stock Tech

ZACKS ESTIMATES

Revenue

(in Mns of US\$)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2023					25 A
2024					15 A
2025					15 A
2026	2 A	1 A			4 E

Earnings / ADS (US\$)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2023					\$0.82 A
2024					-\$2.32 A
2025					-\$7.59 A
2026	\$2.18 A	\$3.09 A			\$5.41 E

Qs might not add to annual reflecting rounding, share counts
Converted at 1 RMB = ~0.15 US\$
Disclosures on page 16

*Does not include NCTY stake in NYB or \$9BIT

KEY POINTS

- Digital asset ecosystem built around AI game creation The9 Limited is a technology company that has operated in the traditional online gaming space for more than two decades and is now leveraging that expertise to develop an AI-powered digital asset ecosystem built around AI game creation. The company incentivizes participation from players and creators through reward points convertible into digital coins.
- Participants earn points they can convert into \$9BIT tokens By engaging within the ecosystem, players and creators earn points that can be converted into NCTY's proprietary \$9BIT tokens. Participants need \$9BIT to generate and publish AI-created games, unlock advanced features and join revenue-sharing pools for AI-generated games. The fixed supply of \$9BIT coins, stated at a maximum of 10B, is aimed at retaining the coin's value.
- Growing userbase and user-generated games library Since launching its new the9bit ecosystem in August 2025, the platform has attracted 8M+ registered users and added 180,000+ user-generated games. The company has indicated that these metrics have subsequently climbed higher. User-generated content (UGC) is expected to further expand the games library, particularly as AI lowers costs and technical barriers to creating games on the the9bit platform.
- Growing network of brand partners in Southeast Asia Reflecting a young, digitally adept population that generally is familiar with play-to-earn gaming models, NCTY's initial focus markets are in Southeast Asia, where NCTY is developing a network of brand partnerships under a strategy to integrate digital entertainment and bricks & mortar (BM) retail via an online-to-offline (O2O) business model.
- Marketing revenue from brand partners complements gaming platform revenue To date, the9bit has signed agreements with 41 brands across the region, with an additional 127 in the pipeline. These are paid engagements that represent a marketing-services revenue stream that is complementary to revenue generated from the consumer gaming platform and which the9bit expects will continue to grow.
- O2O model can generate value for both partners NCTY is encouraged by early indicators that the O2O model can generate value for both brand partners and extend the company's engagement with users beyond the the9bit ecosystem. During periods activating brand partners, the platform averaged ~120k daily active users across the region.
- Market interest in emerging 9BIT ecosystem appears to be growing Since NCTY started partnership marketing activities in late May 2026, the \$9BIT token has appreciated from about US\$0.037 to US\$0.069, which the company attributes to growing market interest in its emerging ecosystem. (BTC has appreciated over the same period.)
- Projected 23.9% CAGR for global UGC platform market The9Bit cites third-party estimates projecting the global UGC platform market will grow from \$12.3 billion in 2026 to \$55 billion by 2033, a CAGR of 23.9%, implying that the target addressable market (TAM) opportunity is substantial.
- Opportunistic investments in AI-driven companies The9 also holds a stake in NYB, which uses AI to facilitate the discovery of novel natural compound drug candidates, as part of a strategy to invest in AI-driven vehicles opportunistically. With a Nasdaq-listing pending, NCTY expects to retain a roughly 15% to 16% stake of NYB.

LEVERAGING EXPERTISE TO BUILD AI-POWERED DIGITAL ASSET ECOSYSTEM

Flagship platform, the9bit AI-powered digital asset ecosystem, is built around AI game creation & \$9BIT token economy

Founded in 1999, The9 Limited (Nasdaq: NCTY) is a global, diversified technology company that has operated in the traditional online gaming space for more than two decades. It is leveraging the expertise it developed over that period to build an AI-powered digital asset ecosystem built around AI game creation. Proprietary AI-assisted creation tools facilitate participants' ability to create new game titles and the \$9BIT token economy incentivizes participation from both players and creators. To grow its creator community, NCTY is leveraging AI-Generated Gaming Design (AIGD), which is a new category that combines the benefits of AI with the speed of on-chain incentives. Incentives include reward points that can be used within the platform and vouchers for products and services offered by brand partners (see below). The platform enables gamers and creators to earn points that they can redeem to unlock rewards and advanced capabilities.

The company prioritizes User Generated Content (UGC) to expand its games library. UGC broadens the creator base and games library, particularly as AI makes it easier for the NCTY community to design and develop games for the platform. AI thereby lowers creation barriers.

As NCTY develops a broad ecosystem for interactive entertainment with robust tools for AI-enabled game contribution, participant interest in the platform appears to be growing. Since the platform's launch in August 2025, the9bit has reached a base of 8+ million registered users and the user-generated games library has reached more than 180,000 titles. The company has indicated that these metrics have subsequently climbed higher.

UGC Expands Titles in the Games Library



Source: Company reports

The company believes it has a competitive advantage as it strategically shifts its focus to the emerging The9Bit ecosystem because it can leverage core capabilities developed over two decades of experience in the traditional online gaming space.

Management points to its ability to understand player engagement, and retention and how to monetize its userbase. In addition, the company also has practical experience in the crypto ecosystem from a legacy Bitcoin mining and digital asset treasury (DAT) management operation that is no longer active. (The company's total cryptocurrency holdings includes 347 BTC, as of late August 2026.)

NCTY believes using generative AI, which lowers the cost and technical barriers to game creation, presents the opportunity to use its experience to attain early mover benefits of entering the new AIGD space. According to the [NIH](#) (National Institutes of Health), "Generative AI tools are increasingly being integrated into game design and development workflows, offering new possibilities for creativity, efficiency, and innovation...[and] has rapidly transformed the field of game design and development, influencing a wide range of creative and technical processes."

Moreover, the company believes it is developing a turnkey games production system that enables games designers to deploy new titles commercially and optimize their monetization. NCTY's technology enables creators to modify game parameters, gameplay and visual appearance even after a game has been generated and published. Creators retain the ability to control and modify games in a fairly simple workflow environment. At the same time, the company continues to expand the AI capabilities the platform offers. As it continues to innovate and strengthen its production operating system and as/if usage continues to rise, NCTY expects the platform to become more intelligent, more efficient and more difficult to duplicate.

In addition, the company expects that offering players and creators reward points that can be used to unlock in-platform premium content and services will contribute to creating a new "creator-to-player" reward cycle. Specifically, as players and creators earn points by engaging with the company's growing content library, points are eligible for conversion into 9BIT tokens.

\$9BIT is the native token of the ecosystem with a stated max supply of 10B coins

\$9BIT is the native token of the ecosystem with a stated max supply of 10 billion and Solana SPL format, according to NCTY. The fixed supply of coins outstanding and authorized is intended to retain the coin's value. The company believes the 9Bit token aligns the interests of creators, players, and other contributors.



Source: Company via X

Players and creators need \$9BIT to generate, deploy, and publish AI-created games, unlock advanced AIGD features, and participate in revenue-sharing pools for AI-generated games. This positions \$9BIT as "AI usage credits" for premium AI assistant features and tools. Moreover, transaction fees, marketplace activity, and premium features are also denominated in \$9BIT, as it is the principal currency for platform purchases, NFT transactions, and reward distribution.

NCTY believes the on-platform utility connects demand for tokens directly to game creation and user engagement and creates a recurring cycle of earning and spending. Users essentially earn tokens by participating on the platform, including creating or playing games and reaching milestones. They spend tokens to pay transaction fees and purchase premium features. For example, creators use tokens to generate games via AIGD, access premium tools such as AI Pro, and purchase promotional features. In turn, this allows tokens to circulate within the community through platform usage.

More than 38,000 users had earned nearly 33 million 9BIT tokens, as of February 2026, based on their contributions to the 9bit gaming platform. 9BIT tokens can also be purchased or sold on the global crypto exchanges where they are listed, which includes KuCoin, MEXC and BingX. The market price of one 9BIT token is US\$0.069, according to CoinMarketCap.com, which represents a significant increase since its initial listing at ~\$0.003. BTC has appreciated over the same period, albeit not at the same rate, which does not surprise us given that BTC is a significantly more established digital asset and its per unit valuation is much higher. The daily trading volume of 9BIT tokens is roughly US\$7 million, according to CoinMarketCap crypto exchange.

NCTY can also sell portions of its crypto holdings if at some point it chooses to monetize these digital assets. As noted, however, although it has value as an asset that can be held for trading, the \$9BIT token is designed to function as a usable asset within the ecosystem, circulating through creator and participation rewards. NCTY's total cryptocurrency holdings, including 347 BTC and 1.9 billion \$9BIT tokens, were valued at roughly US\$120 million, as of late August 2026, based on market prices quoted at the time, and roughly \$168 million based on yesterday's closing prices.

It would not surprise us if the price of NCTY's digital assets fluctuated from time to time. The global crypto market has experienced substantial volatility in recent weeks. Nevertheless, the total cryptocurrency market capitalization was less than \$1 trillion in mid-2022, according to industry sources. By early-March 2026, it had grown to \$2.42 trillion.

Growing network of brand partnerships across various Southeast Asian markets under strategy to integrate digital entertainment and B&M retail via an O2O – online-to-offline – business model

To optimize user engagement and activity, NCTY is growing a network of brand partnerships across various markets in Southeast Asia under a strategy to integrate digital entertainment and brick-and-mortar (B&M) retail via an online-to-offline (O2O) business model. O2O is a marketing strategy that involves directing users and potential customers from online platforms to B&M stores for purchases. In O2O commerce, the selling channels complement each other, enabling vendors and platforms to highlight the strength of their channels. The benefits of the O2O business model generally includes increased sales and customer reach and sometimes obtaining insights into users behavior.

We would expect Gen Z-ers to be a key target market for NCTY and its brand partners. Gen Z refers to people born from roughly 1995 to 2006. Generally, it is a core demographic for brands, both for the opportunity to initiate successful interactions now and also to grow their marketing interactions as Gen Z-ers age and their tastes, needs and purchasing power presumably shift. In fact, NCTY's growing base of signed brand partners includes several that operate near universities, likely to have a high concentration of Gen-Z'ers. Specifically, brand partners Yamie Panda and Koet Coffee both operate in the university hub of Yogyakarta in Indonesia.

Moreover, Deloitte Insights research suggests that "Gen Z consumers have gone all in on gaming, and not just for the entertainment value. Many Gen Z gamers also see this activity as a way to make connections and express themselves." Moreover, reflecting their aggregate spending power and anticipated consumption as more Gen Z'ers enter the workforce and also form households, Gen Z is an important target demographic for marketers. In fact, the Gen Z demographic is a critical one for brands to reach, according to Deloitte.

In addition, Gen Z'ers generally are digital natives who have lived through the pandemic and a period of geopolitical turbulence – many brands are seeking new avenues to optimize their marketing and outreach to Gen Z'ers. NCTY's O2O model is designed to enable brands to connect to Gen Z and other younger audiences through online and offline activity designed to drive engagement for both partners.

To date, the9bit has signed agreements with 41 brands across Indonesia, Malaysia, and Vietnam, with 127 additional brands in the pipeline across the region. These paid engagements reflect a growing marketing-services revenue stream for the9bit, in addition to the core revenue generated from the consumer platform.

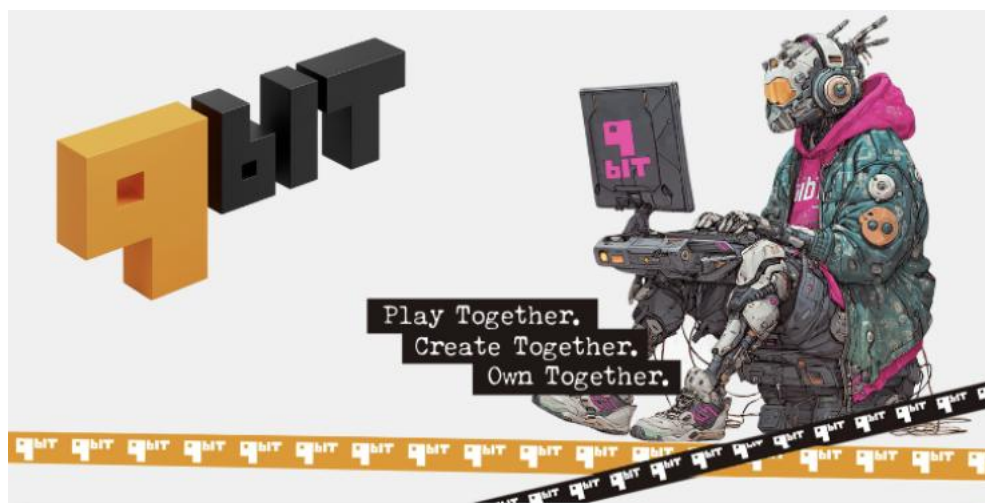
Brand partners include:

- An Viet
- Flaky
- TwoTone live music venue in Kuala Lumpur
- Highlands Coffee café chain (850+ outlets nationwide in Vietnam)
- Yamie Panda in Indonesia
- Koet Coffee in Indonesia

NCTY's brand partners include An Viet, Flaky, and TwoTone in Malaysia. Flaky is a 2nd generation family-run business that has engaged the9bit's AI marketing platform for marketing campaigns to help grow its brand, according to the company. TwoTone is a popular live music venue in Kuala Lumpur. Paid marketing for an event with the9bit lifted ticket sales, according to NCTY, and generated revenue for the9bit. The company has signed Highlands Coffee in Vietnam, a leading café chain operating more than 850 outlets nationwide. Activations are focused on the Hanoi market. In Indonesia, partners include Yamie Panda and Koet Coffee noted above.

Early indicators reflect the potential of the9bit's O2O model to generate value for brand partners while deepening user engagement for NCTY beyond its digital ecosystem

During these activation periods, the9bit's platform averaged approximately 120,000 daily active users across the region, which the company believes reflects the scale of engagement available to brand partners through the O2O model. The company is optimistic that these early indicators reflect the potential of the9bit's O2O model to generate value for brand partners while deepening user engagement for NCTY beyond its digital ecosystem.



Source: Company reports

The company views the expanding partnership pipeline as a key enabler of the9bit's regional growth strategy. By embedding digital entertainment touchpoints within high-traffic B&M venues, the9bit aims to create a differentiated experience that connects its platform with everyday consumer environments across Southeast Asia.

Paid engagements with brand partnerships represent a marketing-services revenue stream for the9bit that complements core revenue from its consumer platform

Brand partnerships represent paid engagements that generate a recurring marketing-services revenue stream that is complementary to revenue generated from the consumer gaming platform and which the9bit expects will continue to grow.

The company also believes its engagement model optimizes the way players experience games online through its digital platform and opportunity to earn rewards through interacting in-person with BM brand partners.

Early O2O activations in Indonesia have yielded encouraging results. Over the two consecutive days following campaign events, partners reported a gradual increase in dine-in foot traffic at their venues and a measurable increase in brand recognition within university communities, including among Gen-Z'ers. As noted, we believe Gen-Z and to some degree Gen-Alpha are key demographics for the9bit's long-term strategy. Moreover, since the company started these partnership marketing activities in late May, the \$9BIT token has appreciated from about US\$0.037 to US\$0.6, which the company attributes to growing market awareness of and interest in its ecosystem.

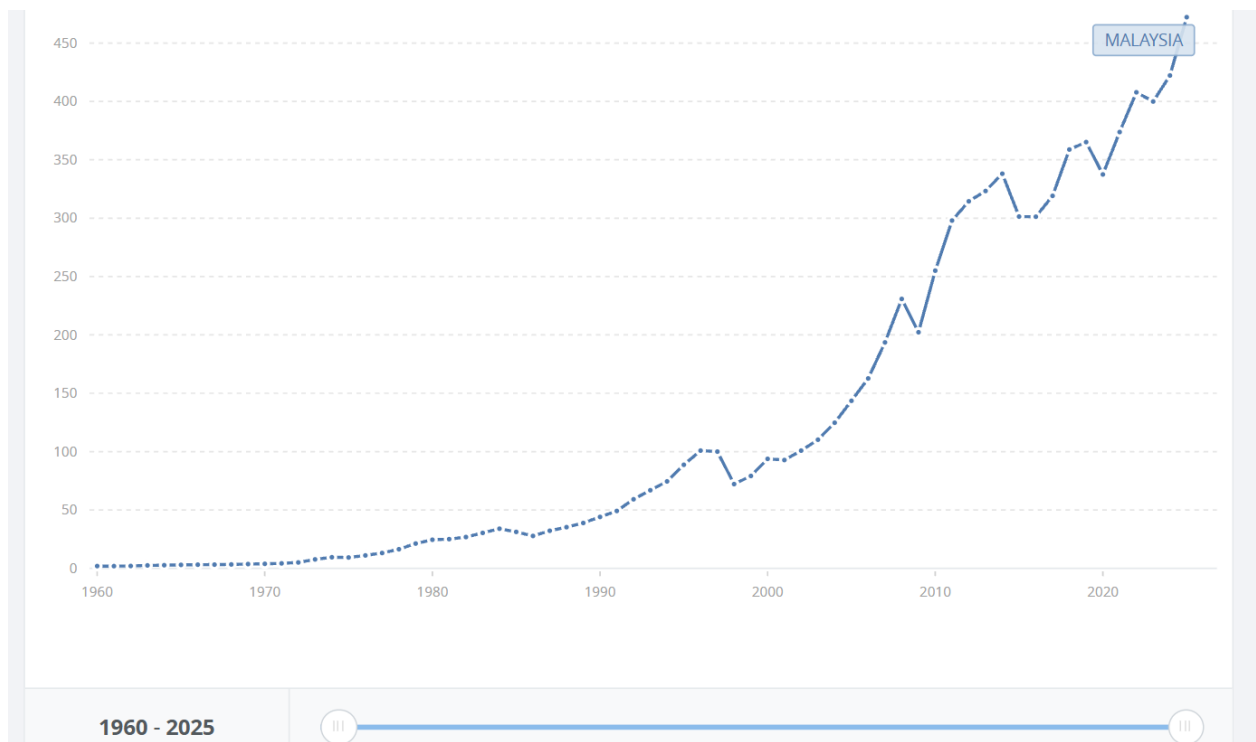
GEOGRAPHIC MARKETS; INITIAL FOCUS ON SOUTHEAST ASIA

Given its focus on digitally astute younger populations, the company targets Southeast Asia as its initial focus due to its young, mobile-first population that generally is familiar with digital assets and play-to-earn models. As The9 continues to add brand partnerships, it has secured agreements across Indonesia, Vietnam, and Malaysia, as noted.

Malaysia, for example, represents a growing market, as the country's economy is expected to enjoy strong growth over the next several years, fueled by population growth and urbanization and industrialization, among other factors.

Malaysia's population was roughly 32 million in 2020, up from about 23 million in 2000, according to the World Bank. As the population has expanded, so too has the country's relative urban population. Some roughly 75% of the Malaysian population live in cities, according to Bloomberg citing the Department of Statistics data. As this urbanization trend occurs, the service economy and e-commerce also continue to expand, as well. Malaysia's e-commerce income grew 6% year-over-year in 2022 to \$R1.1 trillion (\$240 billion).

GDP growth averaged more than 4.3% in Malaysia from 2016 to 2019, according to the IMF. Reflecting the economic constraint of the pandemic, the economy contracted in 2020 to US\$337 billion but is projected to reach US\$680 billion by 2030, according to [S&P](#) Global Market Intelligence. The World Bank chart below illustrates the country's strong GDP growth over the past years since 1960.



Source: The World Bank, World Development Indicators, [GDP](#) (current US\$).

The rising rates of mobile technology penetration could also create a positive tailwind for the company's growth objectives. As the country's economic development and urbanization have progressed, mobile penetration, internet usage and e-commerce have also grown. For example, Malaysia's overall digital economy grew 13% year-over-year in 2022 to \$21 billion, according to a recent [report](#) sponsored by Google and others, and growth is estimated to have remained strong in 2025, according to [MDEC](#) (Malaysia Digital Economy Corporation).

Moreover, according to the Organisation for Economic Co-operation and Development (OECD), "Asia has emerged as a major global hub for crypto-asset activity, although with diverging adoption levels across jurisdictions. The region saw a 69% year-on-year growth rate in blockchain-based crypto-asset transactions between June 2024 and June 2025, the highest among all regions..."

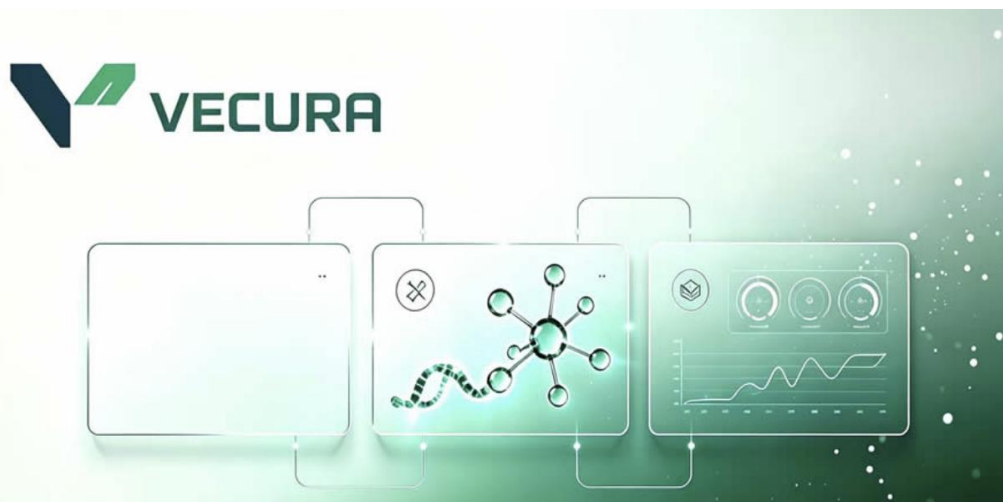
NCTY expects the Southeast Asia region to offer proof of concept for its development activities, including the O2O brand partnership model. Longer-term, NCTY expects to operate in the U.S. and Europe, as well. NCTY views these as markets that hold substantial potential, although customer acquisition costs (CACs) generally are higher. Moreover, the company believes that the market – particularly in Southeast Asia – is still in early stages but in the U.S. and Europe, is more competitive.

For example, California-based Roblox, which provides content generation tools and an in-platform virtual currency called Robux, operates in its domestic market and generates about 61% of annual revenue in the U.S. NCTY expects to maintain a focused expansion strategy if/when it enters U.S. or European markets down the road. As noted, reflecting the company's positive outlook on the O2O partnership model, which it believes can connect offline consumer activity with its online creator and player community to boost participation across the broad ecosystem, NCTY has indicated that it plans to explore potential partnership opportunities in other geographic regions, including the Americas and Europe, depending on regional market conditions, user preferences and regulatory requirements.

STRATEGIC INVESTMENTS

NCTY also continues to seek emerging opportunities across other AI-empowered sectors and the broader digital ecosystem. For example, the company holds an equity stake in an AI-driven drug discovery company that aims to list on the Nasdaq.

Nanyang Biologics Pte. Ltd. (NYB) is a Singapore-based, AI-driven drug discovery company. NYB uses AI to facilitate the discovery of novel drug natural compound candidates. Its Vecura™ AI platform is constructed on a proprietary library of more than one million natural compounds, and is designed to identify promising bioactive candidates and mechanisms that conventional, synthetic-first approaches frequently miss.



Source: Company reports

NYB's goal is to become a Nasdaq-listed company under the reserved ticker symbol NYB through a proposed business combination with publicly traded RF Acquisition Corp II (RFAI). At a shareholder meeting held on August 19, 2026, RFAI shareholders voted to approve the business combination.

If the business combination and listing close, subject to customary closing conditions, per the filings, NYB shareholders would hold 150 million shares of the combined company. *If the shares retained the market value currently accorded to RFAI*, that would translate to a market value of ~\$5.7 billion based on yesterday's closing price of RFAI shares (\$37.96). The9 expects to retain a roughly 15% to 16% of the combined company, which would equate to ~\$855 million, all else equal. Potentially unleashing the value of NCTY's stake in NYB could also contribute to investment income for NCTY.

STRATEGIC FOCUS ON ORGANIC GROWTH

UGC strategy expected to help scale games library organically & cost-effectively

The UGC strategy is expected to enable the company to scale The9Bit's user base and games library organically, rather than through acquisitions and/or licensing deals. Licensing deals formed in the past have contributed to expanding the games library. For example, earlier this year NCTY formed a cooperation agreement with Chengdu Lumosi Network Technology Co. to launch an AI-powered short drama and AI-assisted interactive movie game inspired by *The Greed of Man*.

The Greed of Man intellectual property (IP), licensed from Television Broadcasts Limited (TVB), is often regarded as one of the most popular Chinese-language television dramas and one with a fanbase that has lasted for more than three decades, according to the company, as the show originally was released in 1992. The original television series was produced and is owned by TVB, as noted.

The company has noted that advances in generative AI video technologies and other creation tools in its offerings portfolio have made it easier and more economical to generate new content based on of scripted drama and narrative-driven interactive entertainment such as *Greed of Man*.

This month NCTY announced that following its official launch on September 24, 2026, its mobile simulation game *The Greed of Man* reached No. 1 in the Simulation Games category on both the Hong Kong Apple App Store and Google Play. The company believes this offers proof of concept of how the platform's AI-native editing environment can be used for the full development and commercial launch of a game. The company has also indicated that daily active user (DAU) activity immediately following the launch of *The Greed of Man* exceeded the increases it registered after initiating O2O engagement campaigns. The9 plans to introduce the game in mainland China to leverage its popularity there.

Separately, in September 19 2025, NCTY entered into a definitive agreement with Shanghai ZhongShun HengXin Network Technology Co. to acquire 51% equity of ZhongShun's wholly-owned subsidiary, which gave NCTY exclusive rights to two proprietary mobile games, *Glory All Stars* and *Ultraman: Hero Beyond Time*.

The Greed of Man and potentially other licensed properties point to the potential upside of well-known popular content. However, NCTY has indicated that going forward, it will prioritize the UGC model. This strategy is expected to lower costs, boost ROI and facilitate and potentially shorten the development cycle.

SIZABLE TOTAL ADDRESSABLE MARKET (TAM) OPPORTUNITY

The9Bit cites third-party estimates projecting that the global user-generated content platform market, underlying NCTY's market and Total Addressable Market (TAM) opportunity, will grow from \$12.3 billion in 2026 to \$55 billion by 2033, which would represent a CAGR of 23.9% from 2026 to 2033. Specifically, according to Grand View Research, the worldwide UGC content platform market reached US\$9.6 billion in 2025 and is projected to expand to US\$55.0 billion by 2033, from an estimated US\$12.3 billion in 2026.

The market increasingly is fueled by the ability to attract, retain, and monetize creator communities, according to Grand View Research, which cites factors for long-term success as depending on "building strong user engagement and creating effective pathways for creators to earn income. Platforms that can maintain active communities and encourage continuous content creation are likely to strengthen their market position over time. As the market matures, competitive advantage will increasingly come from network effects, creator loyalty, and audience reach rather than platform features alone."

MANAGEMENT

The company believes that, reflecting the experience of its leadership team, it can draw on management's strong expertise to manage its strategic transformation to become an important player in the UGC space.

CEO

NCTY appointed George Lai as Chief Executive Officer effective July 27, 2026, to succeed founder and Chairman Jun Zhu, who continues to serve as Executive Chairman of the Board. Prior to this appointment, Mr. Lai served as Chief Financial Officer since 2008. Before joining NCTY, he worked for Deloitte Touche Tohmatsu since 2000, including in Deloitte offices in Hong Kong, New York and Beijing. During his eight years at Deloitte, he developed experience in the audit function and in several IPO projects in the U.S. and China.

Chairman of the Board of Directors

Co-founder Jun Zhu served as chairman of the board of directors since NCTY's inception. Prior to founding the company, he co-founded Flagholder New Technology Co. Ltd., an information technology company based in China, in 1997, and served as its director from to 1999. From 1993 to 1997, he worked at QJ (U.S.A.) Investment, Ltd., which is a U.S.-based trading company.

RECENT RESULTS

The9 reported 2Q26 net income of US\$32 million, an increase of more than 39% from the previous quarter when NCTY generated net income of US\$23 million. these results contributed to net income for 1H 2026 of US\$55 million, primarily reflecting the fair-value recognition of 9BIT tokens received during the period. Specifically, NCTY received 475 million 9BIT tokens during 2Q26. With this allocation, NCTY's cumulative allocation reached 1.9 billion 9BIT tokens for 1H 2026.

As a result, NCTY's total cryptocurrency holdings as of August included 347 BTC and 1.9 billion 9BIT tokens, as noted. That equated to an aggregate valuation of roughly US\$120 million, as of late August 2026, based on market prices quoted at the time, and roughly \$168 million based on yesterday's closing prices.

As noted, as of August 2026, the company's ecosystem had more than 180,000 games created using its proprietary AI-assisted tools and NCTY has indicated that this metric has climbed higher subsequently.

NCTY's Board of Directors approved a long-term incentive plan to make senior management eligible to receive equity awards of up to 12% of NCTY shares outstanding, contingent on the company hitting higher quarterly net income in each of the remaining quarters of 2026 compared with 1Q26. The company indicated that the requirement was met in 2Q26 and that the equity awards are subject to multi-year vesting conditions and a three-year lock-up period.

VALUATION

NCTY is optimistic about its growth plans and strategy. The shares have been under pressure reflecting, we believe, general market and economic concerns and the prospects of building out a new platform in an uncertain economic environment. We believe uncertainty could continue to overhang the shares in the near-term and it would not surprise us to see investors wait in the near-term for upcoming milestones. Nevertheless, if the company can deliver on its growth initiatives, in success we would anticipate share price appreciation over time.

If/when NCTY hits certain milestones, we would expect this to lead to greater awareness and investor interest in the company. We would therefore anticipate multiple expansion on NCTY shares over time in successful execution of its strategy. We value NCTY shares on a price -to-sales (P/S) basis, as we believe other traditional valuation metrics such as P/E or EV/EBITDA are not appropriate at this stage of the company's strategy. While it is difficult to compare NCTY shares to those of other companies, Take-Two Interactive and Roblox, while not directly comparable, offer some relative benchmark measures, in our view. Their shares trade at a wide range of multiples of forward revenue, averaging from about 2x to nearly 8x forward revenue, according to Yahoo Finance data.

Given the size of the gaming and UGC spaces, we believe it would not be unreasonable to expect that the company could reach an annual revenue range of roughly \$27-\$30 million by the 2028-2030 timeframe. Discounting back at about 8% per annum and applying a confidence factor of about 85% regarding timing and other risks and adding the per ADS value of NCTY's Bitcoin holdings leads to a current valuation of about \$5.00 per ADS. We note that this does not include the value of \$9BIT holdings or NCTY's NYB stake, which could provide upside.

Any delay or failure in successful execution of the strategy could represent a potential risk to our valuation and cause the share price to decline. We believe the risk / reward ratio could be attractive for investors who have a higher than average risk tolerance and longer time horizon.

RECENT NEWS

- On September 28 2026, The9's mobile game *The Greed of Man* reached No. 1 on Hong Kong App Store and Google Play Simulation Games charts.
- On August 21, 2026, NCTY investee Nanyang Biologics (NYB) advanced its planned Nasdaq listing forward after RFAI vote at an extraordinary Shareholders General Meeting.
- On August 6 2026, The9 expanded its brand partnership network across Southeast Asia.
- On July 27, 2026, the company pre-announced 1Q26 net income of US\$23 million, which represented a record since its 2004 IPO.
- NCTY announced the appointment of George Lai as CEO on July 27, 2026.
- On February 24, 2026, NCTY announced it had received 950m 9BIT tokens in relation to its gaming platform the9bit.
- On February 11, 2026, NCTY announced that its wholly-owned subsidiary Shanghai The9 Information Technology Co. had entered into a definitive cooperation agreement with Chengdu Lumosi Network Technology to launch an AI-powered short drama and AI-assisted interactive movie game.

RISKS

We believe risks to The9 Limited achieving its goals, and to our valuation, include the following, among others.

- NCTY might not gain market share with its new business model as quickly as the company expects, which could lead to slower than anticipated revenue ramp.
- The company could incur unanticipated costs associated with its initiatives.
- Competition could increase.
- NCTY might need to raise capital to support its strategy that might be dilutive to current shareholders.
- Government initiatives aimed at changing crypto regulations and/or other potential regulatory changes could impact the company's growth prospects.
- The company faces technology risk.
- The 9bit platform is vulnerable to impersonation risks, fraudulent accounts and token listings claiming affiliation with the platform.
- The company faces political risk regarding PRC government policies.
- NCTY's senior management incentive plan could reward management for factors that are unrelated to core operating activities but which enhance quarterly net income.
- The company has indicated that metrics such as DAU have climbed following brand partner marketing activations and recent game launch but this improvement might not be sustainable.
- The company has two share classes. Super voting B shares are held by insiders who could have influence on a vote in situations where insider interests differ from those of public shareholders.
- Potential investor concerns regarding lack of transparency of the company and/or management could overhang the shares.

FINANCIAL MODEL

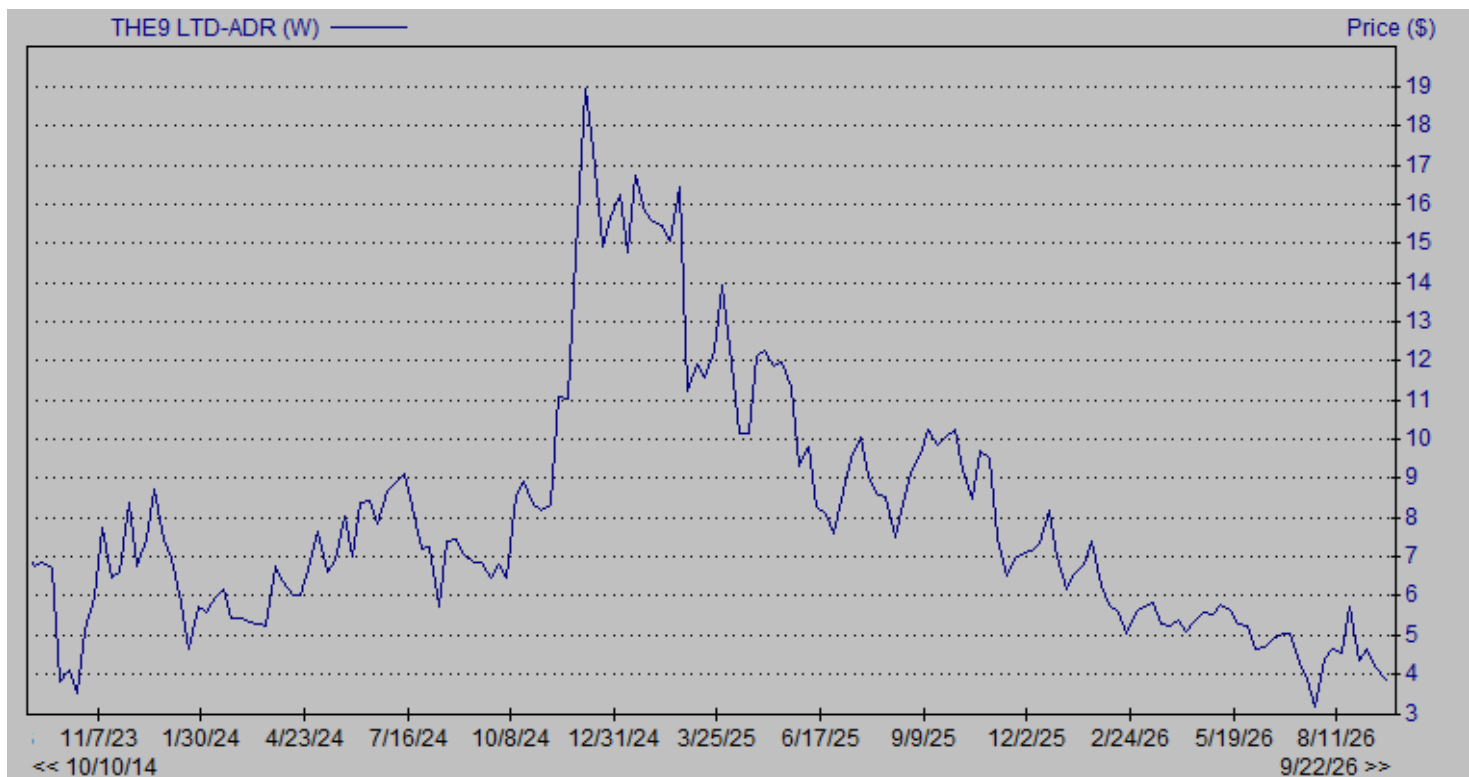
NCTY

The9 Limited Income Statement and projections Renminbi (RMB & U.S.Dollars 000s)

	RMB 2023	RMB 2024	RMB 1Q25	RMB 2Q25	RMB 2025	US\$ 2025	RMB 1Q26	US\$ 1Q26	RMB 2Q26A	US\$ 2Q26	RMB 3Q26E	RMB 4Q26E	RMB 2026E
Net revenues:													
Cryptocurrency mining revenue	168,324	110,739	21,447	18,873	56,352	8,058	4,622	670					4,622
Online game services and other revenues f	5,721	975	15,509	6,236	43,692	6,248	3,932	570	3,243	478	3,340	3,440	13,956
Online game services and other revenues f	-	-	-	-	7,854	1,123	4,287	621	1,589	234	1,637	1,686	9,198
Total net revenues	174,045	111,714	36,956	25,109	107,898	15,429	12,841	1,861	4,832	712	4,977	5,126	27,776
Cost of cryptocurrency mining	(191,928)	(106,464)	(25,894)	(22,419)	(67,960)	(9,718)	(6,483)	(940)					(6,483)
Cost of online game services and other rev	(21,251)	(6,854)	(9,152)	(5,896)	(31,208)	(4,462)	(1,996)	(289)	(2,306)	(340)	(2,341)	(2,376)	(9,018)
Cost of online game services and other rev	-	-	-	-	(6,921)	(990)	(1,842)	(267)	(359)	(53)	(364)	(370)	(2,935)
Total cost of revenues	(213,179)	(113,318)	(35,046)	(28,315)	(106,089)	(15,170)	(10,321)	(1,496)	(2,665)	(393)	(2,705)	(2,746)	(18,437)
Gross profit (loss)	(39,134)	(1,604)	1,910	(3,206)	1,809	259	2,520	365	2,167	319	2,272	2,381	9,340
Operating income (expenses):													
Product development	(1,970)	(856)	(147)	(145)	(9,798)	(1,401)	(3,567)	(517)	(3,003)	(443)	(3,048)	(3,094)	(12,712)
Sales and marketing	(1,729)	(246)	(165)	(53)	(33,951)	(4,855)	(4,816)	(698)	(1,175)	(173)	(1,193)	(1,211)	(8,394)
General and administrative	(196,790)	(157,832)	(33,194)	(34,174)	(205,816)	(29,431)	(32,417)	(4,699)	(35,769)	(5,272)	(36,306)	(36,850)	(141,342)
Impairment on advance and other assets	-	(794)	-	-	(7,807)	(1,116)	-	-	-	(2,886)	-	-	-
Impairment on equipment	(161,002)	(6,505)	-	-	-	-	-	-	-	(1,746)	-	-	-
Realized gain on exchg cryptocurrencies	42,836	60,783	12,106	(1,479)	10,627	1,520	7,584	1,099	-	-	-	-	7,584
Fair value change on cryptocurrencies	40,036	48,290	(39,675)	63,110	(36,178)	(5,173)	(68,647)	(9,952)	(21,787)	(3,211)	87,336	26,201	23,102
Total operating expenses	(278,619)	(57,160)	(61,075)	27,259	(282,923)	(40,456)	(101,863)	(14,767)	(61,734)	(13,731)	46,790	(14,954)	(131,761)
Gain/(Loss) from operations	(317,753)	(58,764)	(59,165)	24,053	(281,114)	(40,197)	(99,343)	(14,402)	(59,567)	(13,412)	49,062	(12,573)	(122,421)
Total other income/(expense)	173,476	(13,756)	(5,581)	(26,572)	(127,121)	(18,179)	254,960	36,964	311,109	45,851	13,082	13,279	592,430
Pretax income/(loss)	(144,277)	(72,520)	(64,746)	(2,519)	(408,235)	(58,376)	155,617	22,562	251,542	32,439	62,144	706	470,008
Income tax expense	-	-	-	(134)	(110)	(16)	-	-	-	-	-	-	-
Share of loss in equity method investments	-	(1,122)	301	-872	-571	-82	-	-	-	-	-	-	-
Loss from continuing operations	(144,277)	(73,642)	(64,445)	(3,525)	(408,916)	(58,474)	155,617	22,562	251,542	32,439	62,144	706	470,008
Net income (loss)	12,576	(73,642)	(64,445)	(3,525)	(408,916)	(58,474)	155,617	22,562	251,542	32,439	62,144	706	470,008
Equity pickup	(7,427)	(218)	1,793	(865)	(6,470)	(925)	(1,150)	(167)	(802)	(118)	(199)	(2)	(2,153)
Net income(loss) attributable to NCTY	20,003	(73,424)	(66,238)	(2,660)	(402,446)	(57,549)	156,767	22,729	252,344	32,557	62,343	708	472,162
Earnings/(loss) per ADS	5.94	(15.70)	(11.92)	(0.46)	(53.10)	(7.59)	15.03	2.18	23.92	3.09	4.09	0.05	36.68
Avg shares out	1,010,895	1,403,166	1,667,504	1,719,077	2,273,782	2,273,782	3,129,745	3,129,745	3,165,455	3,165,455	4,567,660	4,585,931	3,862,198
Avg ADS out	3,370	4,677	5,558	5,730	7,579	7,579	10,432	10,432	10,552	10,552	15,226	15,286	12,874

Source: Company reports, Zacks estimates

HISTORICAL STOCK PRICE



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