

Anime will have a record year in 2026

Demon Slayer hit an all-time new high for global box office sales, and why the industry now earns more outside Japan than within it

CTW (CTW US) · GAME DEVELOPERS

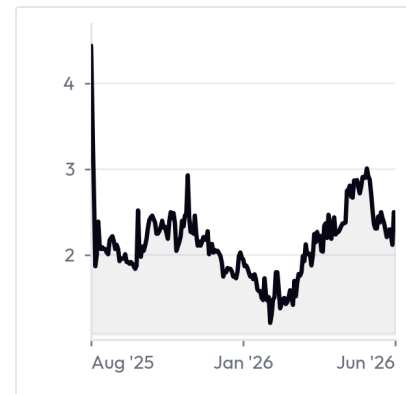


Theatrical poster, *Demon Slayer: Kimetsu no Yaiba — Infinity Castle* (2025).
© Aniplex / ufotable / Shueisha; shown for editorial commentary.

TICKER	CTW US
MARKET CAP	US\$152m
CURRENT PRICE	US\$2.43
TARGET PRICE	US\$5.70
RATING	Structural Long™

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SHARE PRICE — CTW US



Since listing, Aug 2025 – Jun 2026 (US\$).

In a year of hand-wringing about streaming saturation and franchise fatigue, the biggest film story came from an unexpected place. Anime is no longer a niche import; it has become one of the most globally consumed forms of culture, and one of the more interesting places to follow the money.

¥3.84tn

GLOBAL ANIME MARKET, 2024 (+15% YOY)

US\$803m

INFINITY CASTLE: #1 ANIME FILM EVER

56%

OF ANIME REVENUE EARNED OVERSEAS

54%

OF GEN Z GLOBALLY ARE ANIME FANS

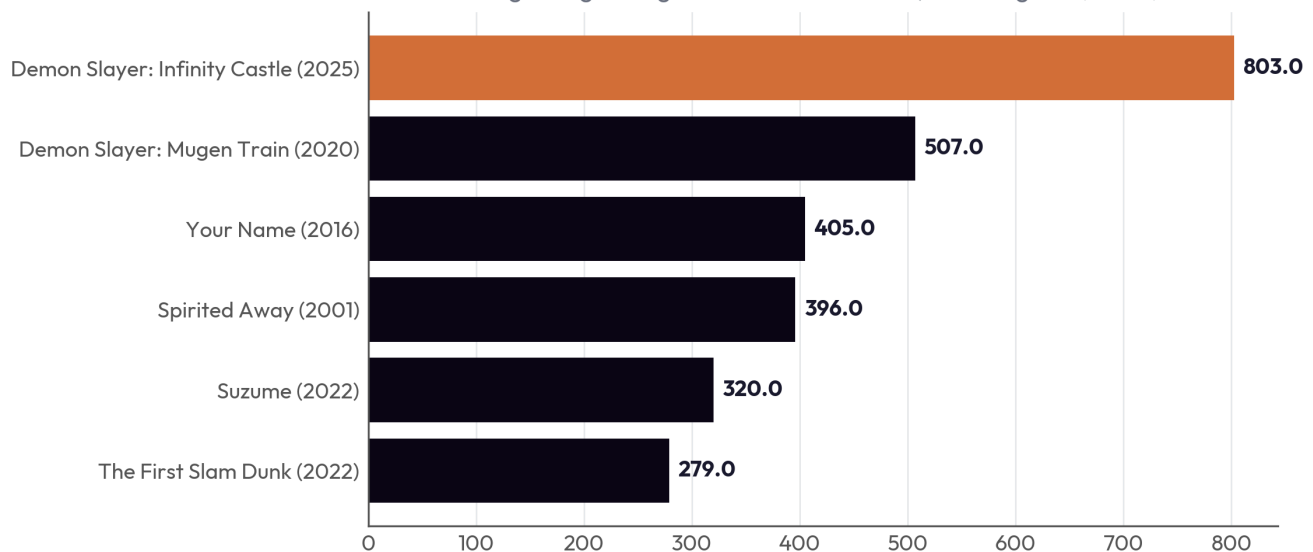
Demon Slayer: Infinity Castle set new box office sales records

The final tally landed this spring, and it was a record. When *Demon Slayer: Infinity Castle* closed its theatrical run in April 2026, box-office trackers and Japanese trade press confirmed it had become the highest-grossing anime film ever made, at roughly US\$803m worldwide across some 98.5m admissions. Weeks later, on 23 May, fans around the world voted it Best Film at the Crunchyroll Anime Awards. A hand-drawn Japanese film about a boy who hunts demons now sits atop the all-time anime box office.

The milestones stack up. On the figures its distributor reported as the run wound down, *Infinity Castle* was the first Japanese film to clear ¥100bn at the global box office and only the second to pass ¥40bn at home; the previous record holder was its own predecessor, 2020's *Mugen Train*, at about US\$507m. What makes the number remarkable is not the total but where it came from: a wide release in China, record anime takings in Korea and Taiwan, a meaningful theatrical run in India, and a substantial North American run. A property rooted in a Japanese manga drew paying audiences on every major continent in the same window.

A new all-time record for anime at the box office

Highest-grossing anime films worldwide, lifetime gross (US\$m)



Source: Box-office data (trade press, Wikipedia), Zero One Investment Research

Demon Slayer: Infinity Castle finished ahead of every prior anime film, including the franchise's own 2020 record-holder.

“I've been saying for three or four years now that anime fandom is no longer niche — it's mainstream and gigantic.”

RAHUL PURINI, PRESIDENT, CRUNCHYROLL *The Hollywood Reporter*, 2025

A single blockbuster is, by itself, a one-time event; box-office records are made to be broken, and one film does not make a trend. The more useful question is whether the record is a signal of something structural underneath it. On the evidence of the past few years, it is.

Anime now earns more abroad than it does at home

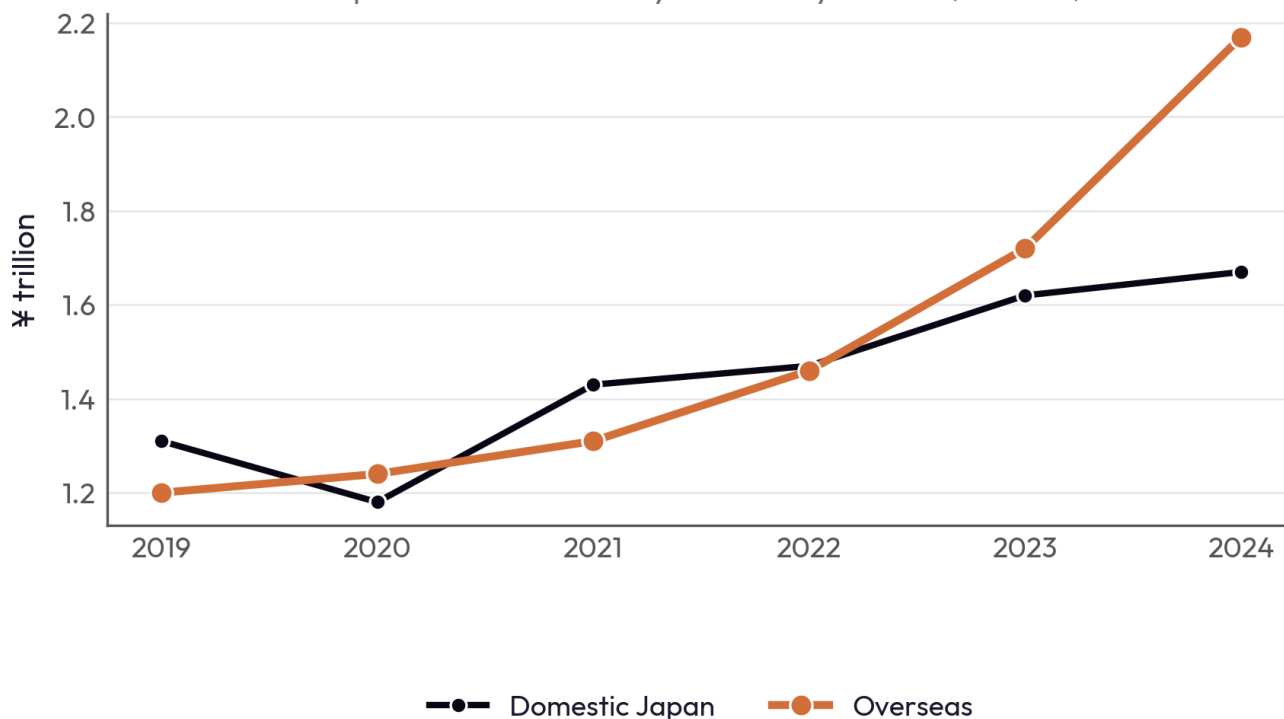
In 2024, the latest year for which full industry data exists, the global anime market reached a record ¥3.84tn (about US\$25bn), up 15% in a single year, according to the Association of Japanese Animations, the industry body that has tracked the sector for two decades. The growth was not evenly split: revenue earned *overseas* rose 26% to ¥2.17tn while domestic Japanese revenue grew just 2.8%, so for the first time decisively more than half of all anime money, 56%, was earned outside Japan.

Full-year 2025 figures are not yet published; the association reports on roughly a ten-month lag, so its 2024 numbers only landed in December 2025. But with overseas streaming, box office and licensing all having grown through 2025 and into 2026, the international share has in all likelihood risen further still. Industry researchers tracking the sector expect the gap between overseas and domestic revenue to keep widening.

International revenue is now the main driver of anime. That crossover is the shift the box office was hinting at. As recently as 2019, anime earned more at home than abroad; the two lines converged through the early 2020s and have now separated in the other direction, with overseas pulling clear. Anime has quietly become an export business that happens to be made in Japan, rather than a domestic business with an export sideline.

Anime now earns more abroad than at home

Japanese anime industry revenue by market (¥ trillion)



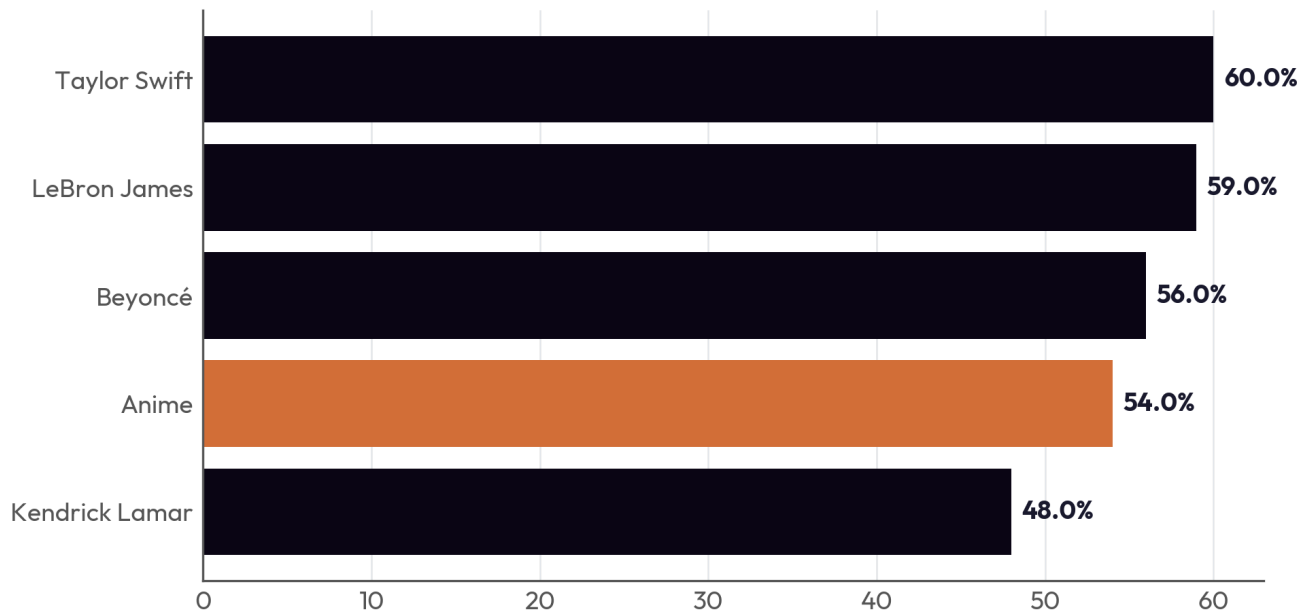
Source: Association of Japanese Animations, Anime Industry Report, Zero One Investment Research

Overseas anime revenue first overtook domestic in 2020, briefly fell back, then pulled decisively ahead in 2023-2024.

The demand behind that shift is generational. Crunchyroll's 2025 fan research found that more than half of Gen Z globally, 54%, identify as anime fans, a level of self-identified fandom that sits alongside the biggest individual names in music and sport. For a medium once treated as a subculture, that is a striking degree of mainstream reach among the audience that will spend the most over the next two decades.

Anime fandom now rivals the biggest names in culture

Share of Gen Z globally who identify as fans (%)



Source: Crunchyroll Gen Z research (2025), Zero One Investment Research

Among Gen Z worldwide, self-identified anime fandom sits in the same band as the era's biggest cultural figures.

“I literally begin my day watching anime, and I end my day watching anime.”

MEGAN THEE STALLION, RECORDING ARTIST *GQ*, 2020

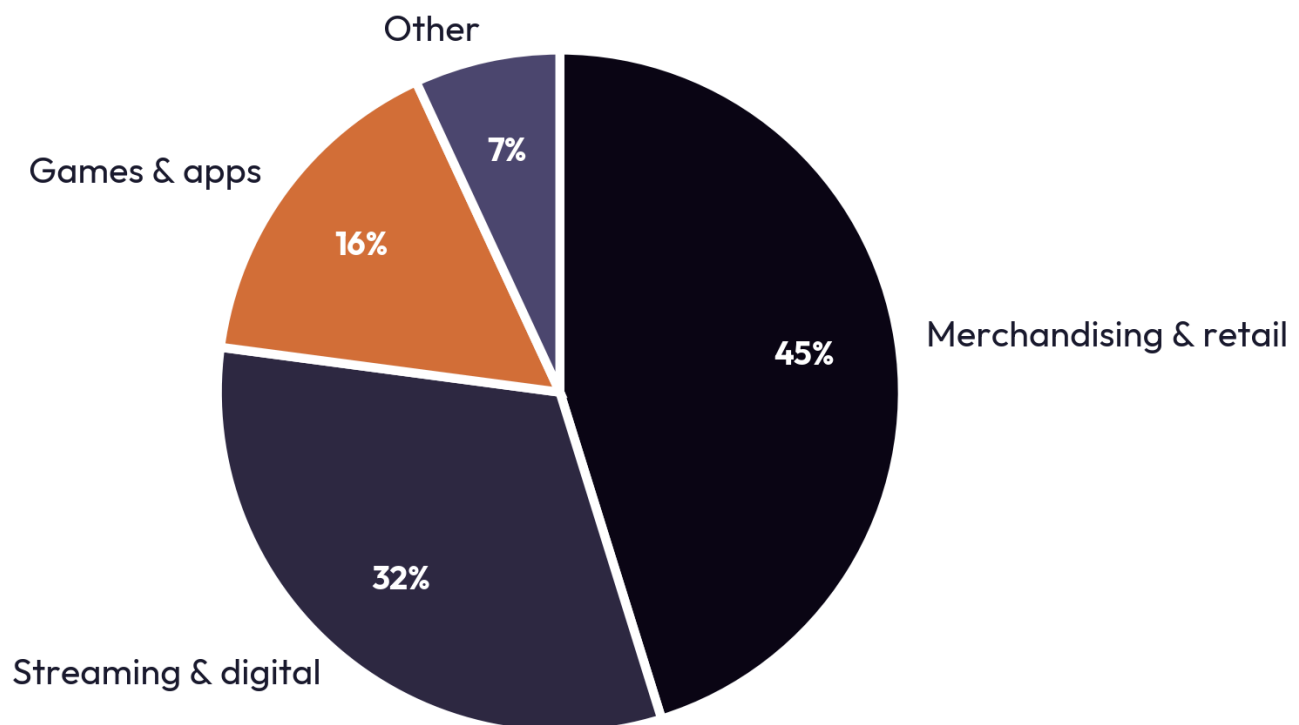
The distribution layer has scaled to match. Sony's Crunchyroll grew from roughly 17m paying subscribers in early 2025 to about 21m by mid-2026, and, tellingly, raised its base subscription price over the same stretch without derailing that growth, a sign of pricing power. Netflix logged billions of hours of anime viewing and keeps commissioning more. Discovery increasingly runs through short-form clips on TikTok and YouTube, and the platforms themselves now name India, Southeast Asia and Latin America as their fastest-growing anime markets: large, young, mobile-first populations only beginning to be monetized.

From a hit to a habit: turning a fandom into spending

A global fanbase does not just watch; it spends, and not only at the cinema. The anime economy is widest at the merchandise and licensing layer, which is the largest single share of industry revenue, followed by streaming and digital distribution. The third pool, and the most interesting for anyone watching where engagement converts to recurring revenue, is games and apps: a smaller share of the total today, but the one where a committed fan can spend continuously rather than once. At roughly a sixth of the anime economy, on the order of US\$4bn, games are the third pool by size yet the fastest-compounding slice and the highest yield per engaged fan.

Where the anime dollar gets spent

Estimated share of the anime economy by monetization layer (2025)



Source: Industry estimates, Zero One Investment Research

Merchandise and streaming are the largest pools today; games and apps are the layer where fan engagement converts into recurring spend.

Tokyo has noticed the export opportunity and put a number on it. Under its revised “Cool Japan” strategy, the Japanese government set a target in 2026 to roughly triple overseas anime revenue to ¥6tn by 2033, within a broader ¥20tn goal for content exports, backed by anti-piracy measures and production-sector

support. National industrial policy now treats anime as something close to a strategic export, which tends to mean more capital and more titles flowing toward overseas audiences over the coming decade.

The frontier in how that spending is captured is increasingly the browser. A growing share of anime game revenue comes from free-to-play titles that run inside a web browser (no download, no app store), which is precisely how fans in lower-app-store-penetration markets across emerging Asia and Latin America tend to play. It is worth being clear-eyed about the model's limits: games built on a single franchise are hit-driven and tend to fade after launch, as even the largest global gacha titles have shown. The durable version of the business is therefore a *portfolio* of titles on a shared platform rather than a bet on any one game.

CTW's position: a platform built for the global casual fans

CTW's G123 browser-based games platform licenses anime intellectual property, including franchises such as *Kakegurui*, *Crayon Shinchan*, *So I'm a Spider, So What?* and *Queen's Blade*, and turns it into free-to-play games that run instantly in a web browser, with no app-store download and no 30% app-store commission. Keeping the roughly 30% cut Apple and Google would otherwise take is capital CTW can route back into licensing the next title and acquiring users in markets the app stores barely reach.

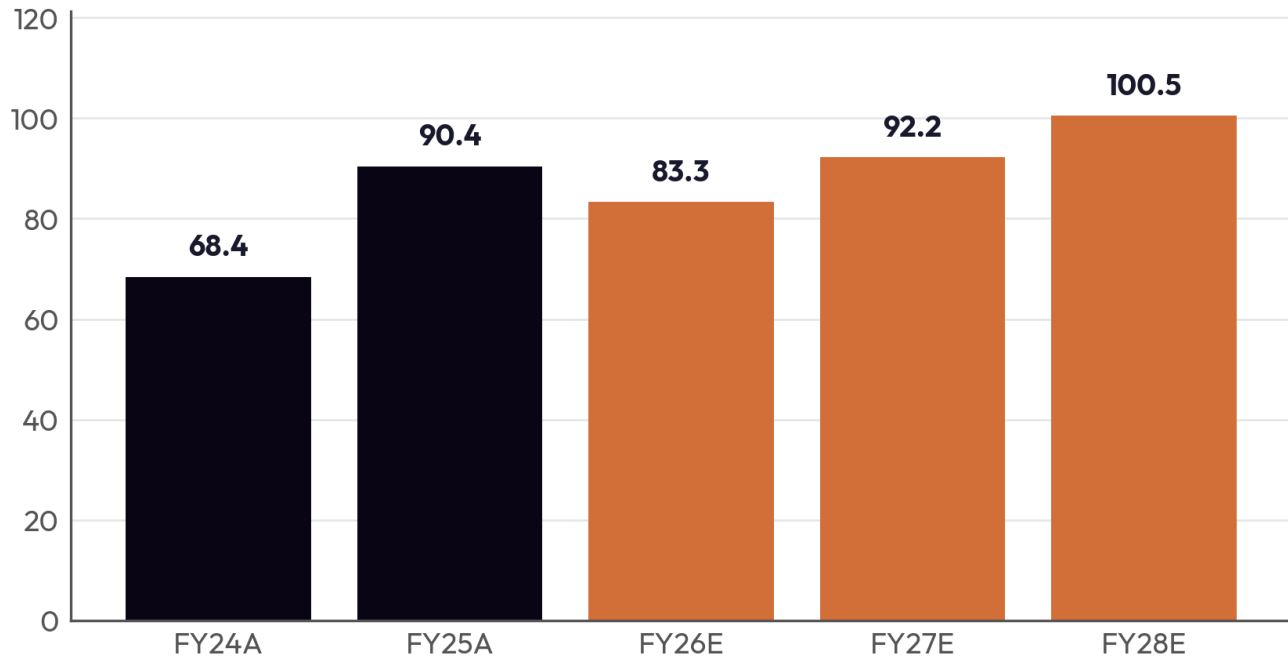
191 COUNTRIES REACHED	~261m CUMULATIVE USERS	35 LIVE GAME TITLES	32% REVENUE NOW FROM OUTSIDE JAPAN
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The shift is already visible in the numbers. Revenue grew 32% in FY25 (and 41% in the second half); the share earned outside Japan rose from 19% in FY24 to 32% by the first half of FY26; and the royalty CTW pays IP owners fell from 16.1% to 12.2% of in-game spend, operating leverage building as the platform scales. Its

reach is already global, with a cumulative user base in the hundreds of millions across 191 countries. We believe these trends leave CTW well placed.

CTW revenue: a soft FY26, then renewed growth

Revenue by fiscal year (US\$m); FY26E onward Zero One estimates



Source: Company disclosures, Zero One Investment Research forecasts

CTW revenue dipped in FY26 as new titles underperformed and marketing was cut, with Zero One forecasting a return to growth thereafter.

In the short term, the mix of anime IP launched in a given period can cause some volatility. For example, CTW's first-half FY26 revenue was roughly flat and monthly active users fell 39% year on year, as several new titles underperformed and management pulled back marketing. Even so, adjusted EBITDA still rose and segment profit grew, the monetization engine improving while the user funnel reset. Quarter-to-quarter results could stay volatile: user activity, launch timing and marketing cadence all move the near-term numbers. But the multi-year backdrop the company sells into is widening, not narrowing: a larger global fanbase, more spending shifting toward games, and distribution that rewards a browser-first model.

CTW Peers Comparison

On EV/sales, relevant for a fast-growing platform whose earnings are still near breakeven, CTW is trading at a deep discount vs. peers. The table below sets CTW against a global set of listed game and interactive-entertainment companies.

COMPANY	COUNTRY	MKT CAP (US\$m)	EV/SALES CY24	EV/SALES CY25E	EV/EBITDA CY25E
US-LISTED					

COMPANY	COUNTRY	MKT CAP (US\$M)	EV/SALES CY24	EV/SALES CY25E	EV/EBITDA CY25E
AppLovin	US	166,885	29.2x	28.4x	35.9x
Take-Two Interactive	US	39,315	6.4x	7.4x	47.5x
Roblox	US	31,125	11.6x	11.6x	35.7x
Skillz	US	135	n.m.	n.m.	n.m.
PlayStudios	US	76	0.3x	n.m.	n.m.
Median			9.0x	11.6x	35.9x
JAPAN-LISTED					
Nintendo	Japan	57,635	12.4x	5.0x	29.4x
Konami Group	Japan	16,971	4.4x	5.9x	19.7x
Nexon	Japan	10,807	2.6x	4.8x	14.7x
Capcom	Japan	9,271	12.7x	10.0x	25.6x
Mixi	Japan	1,141	1.0x	n.m.	n.m.
Gree Holdings	Japan	441	0.1x	n.m.	n.m.
Median			3.5x	5.5x	22.6x
INTERNATIONAL					
NetEase	China	80,289	3.4x	3.4x	9.8x
Krafton	South Korea	7,208	4.8x	3.1x	7.5x
CD Projekt	Poland	6,020	27.3x	23.6x	43.8x
37 Interactive Ent.	China	5,842	1.8x	2.5x	11.6x
Ourpalm	China	1,641	13.1x	n.m.	n.m.
IGG	Singapore	492	0.5x	n.m.	n.m.
Wemade	South Korea	403	1.9x	n.m.	n.m.
Median			3.4x	3.3x	10.7x
Median (all peers)			4.4x	5.9x	25.6x
CTW (Nasdaq: CTW)	Japan	152	1.6x	1.7x	n.m.

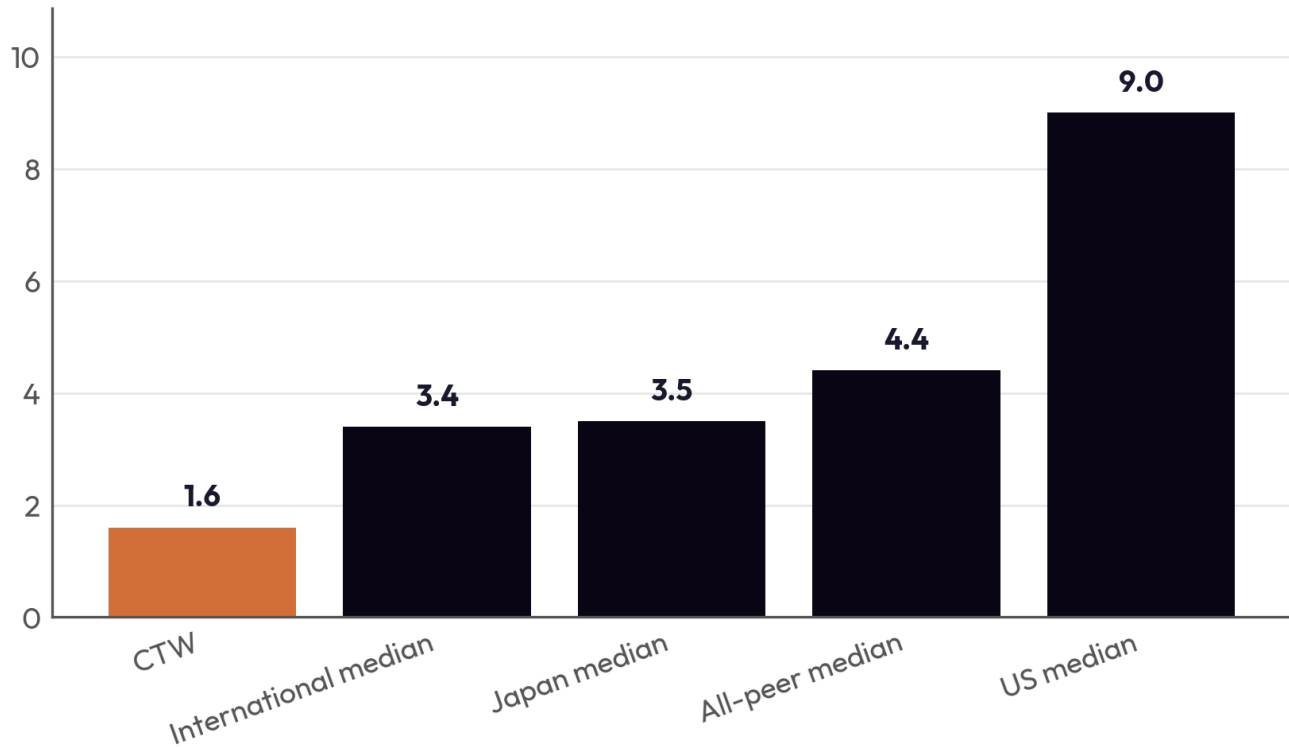
Source: Zero One model (CompsTbl), Bloomberg; market data as of 14 Jun 2026. Subject EV/Sales computed on full-year revenue; EV/EBITDA not meaningful at near-breakeven EBITDA.

As shown above, CTW trades at roughly 1.6x trailing and about 1.7x forward FY26E EV/Sales, against a peer-group median near 4.4x on the latest actual year and 5.9x on forward estimates, a discount of roughly 63%. Even measured against the Japan-listed cohort, CTW's home region, the median sits around 3.5x.

CTW's valuation discount vs. peers could narrow if user growth re-accelerates and the international mix keeps climbing.

CTW trades at a discount to its peers

EV/Sales, CTW versus listed-peer medians (x)



Source: Zero One model (CompsTbl), Bloomberg, as of 14 Jun 2026, Zero One Investment Research

CTW's EV/Sales sits well below every regional peer median: the discount the table quantifies, at a glance.

CTW financial statements

Income Statement

(US\$M UNLESS NOTED)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	68.42	90.37	83.28	92.23	100.54
Revenue Growth	n.m.	32.1%	-7.8%	10.7%	9.0%
COGS	-16.21	-22.04	-27.85	-29.51	-31.17
Gross Profit	52.21	68.33	55.43	62.71	69.38
Gross Margin	76.3%	75.6%	66.6%	68.0%	69.0%

(US\$M UNLESS NOTED)	FY24A	FY25A	FY26E	FY27E	FY28E
SG&A Expenses	-44.60	-63.87	-54.25	-54.40	-55.79
R&D Expenses	-0.95	-5.53	-3.35	-3.69	-4.02
Other Operating Gains (Losses)	0.00	0.00	0.00	0.00	0.00
Adjusted EBITDA	n.m.	12.00	-0.98	5.25	10.32
EBITDA	8.72	1.61	-0.98	5.25	10.32
EBIT	6.66	-1.07	-2.17	4.62	9.56
EBIT Margin	9.7%	-1.2%	-2.6%	5.0%	9.5%
Interest Expense	0.00	0.00	0.00	0.00	0.00
Interest Income	0.30	0.49	0.00	0.00	0.00
Other Investment Gain (Loss)	0.00	0.00	0.00	0.00	0.00
Currency Exchange Gain (Loss)	0.78	-0.29	0.00	0.00	0.00
Income (Loss) from Affiliates	0.00	0.00	0.00	0.00	0.00
Other Non-Operating Gain (Loss)	0.45	5.26	0.00	0.00	0.00
PBT Before Extraord Items	8.20	4.41	-2.17	4.62	9.56
Income Tax Expense	-2.22	-0.58	-0.47	-1.20	-2.39
Tax Rate %	27.1%	13.1%	-21.7%	26.0%	25.0%
PAT Before Extraord Items	5.98	3.83	-2.64	3.42	7.17
Extraordinary Gain (Loss)	0.00	0.00	0.00	0.00	0.00
NPAT	5.98	3.83	-2.64	3.42	7.17
Net Profit Margin	8.7%	4.2%	-3.2%	3.7%	7.1%
Minority Interest	0.00	0.00	0.00	0.00	0.00

Balance Sheet

(US\$M UNLESS NOTED)	FY24A	FY25A	FY26E	FY27E	FY28E
Total Assets	43.94	46.50	53.17	57.13	64.64
Current Assets	18.16	18.08	14.74	18.32	25.60
Cash & Equivalents	14.46	12.21	11.99	15.30	22.28
ST Investments	0.00	0.00	0.00	0.00	0.00
Account Receivables	1.38	1.41	0.66	0.73	0.80
Inventory	0.00	0.00	0.00	0.00	0.00
Other Current Assets	2.32	4.46	2.09	2.30	2.52
Non-Current Assets	25.78	28.43	38.43	38.81	39.05
PP&E	5.32	7.88	1.46	1.83	2.07

(US\$M UNLESS NOTED)	FY24A	FY25A	FY26E	FY27E	FY28E
LT Investments	0.00	0.00	0.00	0.00	0.00
Investments in Affiliates	0.80	0.58	0.00	0.00	0.00
Other Non-Current Assets	19.66	19.97	36.97	36.97	36.97
Total Liabilities	20.10	18.85	15.30	15.67	16.01
Current Liabilities	12.01	8.42	5.34	5.70	6.05
Account Payables	3.32	2.38	1.51	1.61	1.71
ST Debt	0.00	0.00	0.00	0.00	0.00
Other Current Liabilities	8.69	6.05	3.83	4.09	4.34
Non-Current Liabilities	8.09	10.43	9.96	9.96	9.96
LT Debt	0.00	0.00	0.00	0.00	0.00
Other Non-Current Liabilities	8.09	10.43	9.96	9.96	9.96
Total Equity	23.84	27.65	37.29	40.89	48.06
Common Equity	23.84	27.65	37.29	40.89	48.06
Share Capital	0.86	0.88	12.71	12.71	12.71
Retained Earnings	22.31	26.09	30.60	34.20	41.37
Others	0.67	0.68	-6.02	-6.02	-6.02
Minority Interest	0.00	0.00	0.00	0.00	0.00

Cash Flow Statement

(US\$M UNLESS NOTED)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash Flow from Operations	-0.03	-6.35	-0.03	4.31	6.18
Attr NPAT	5.98	3.83	-1.26	3.60	5.44
Add Back: Depreciation & Amortization	2.07	2.67	1.19	0.63	0.70
Change in NWC & Others	6.77	4.27	0.03	0.08	0.04
CFO, Other Adjustments	-14.85	-17.12	0.00	0.00	0.00
Cash Flow from Investing	-0.94	-1.07	-1.00	-1.00	-1.00
CAPEX	-0.71	-0.58	-1.00	-1.00	-1.00
Others	0.34	0.12	0.00	0.00	0.00
(Increase) Decrease in LT Investments	0.00	0.00	0.00	0.00	0.00
(Increase) Decrease in Investment into Affiliates	0.00	0.00	0.00	0.00	0.00
Change in Other Non-Current Assets	-0.57	-0.61	0.00	0.00	0.00
Cash Flow from Financing	0.00	-1.11	0.00	0.00	0.00
ST Debt Issued (Repaid)	0.00	0.00	0.00	0.00	0.00

(US\$M UNLESS NOTED)	FY24A	FY25A	FY26E	FY27E	FY28E
LT Debt Issued (Repaid)	0.00	0.00	0.00	0.00	0.00
Common Equity Issued (Repaid)	0.00	0.00	0.00	0.00	0.00
Dividends Paid	0.00	0.00	0.00	0.00	0.00
Other Financing Activities	0.00	-1.11	0.00	0.00	0.00
Opening Cash Balance (From BS)	14.85	14.46	12.21	11.99	15.30
Net Cash Increase (Decrease)	-0.97	-8.53	-0.64	3.31	6.99
FX/ Other Adjustments	-0.81	-0.04	0.00	0.00	0.00
Calc. Closing Cash Balance	13.07	5.89	11.99	15.30	22.28

Source: Zero One Investment Research Financial Model, Bloomberg

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