ZERO ONE

# CTW FY26 Results:

## A Record Paying Base Points to FY27 Recovery

| US$91.5m | 102,391 | 33.4% | US$5.10 |
|---|---|---|---|
| FY27E REVENUE, +11% | PAYING USERS, 2H26 RECORD | FY26 SEGMENT MARGIN, FROM 29.3% | TARGET PRICE, FROM US$5.70 |

### KEY TAKEAWAYS

1. **FY27E revenue up 11% to US$91.5m on a growing paying base**
We forecast FY27E revenue of US$91.5m, up 11%, and adjusted EBITDA of US$5.7m, up from US$3.5m. Three things drive it: 1) paying users growing from their record in the second half of FY26, 2) spend per paying user recovering from US$78 in that half, and 3) an assumed 11 new titles. In-game purchases return to about the FY25 level of US$107m. We expect the net loss to narrow each year, from US$4.1m in FY26 to US$0.1m in FY29E. Potential new US partnerships are not in these numbers.

2. **A strong base: record paying users, higher segment profit**
Paying monthly active users reached a record 102,391 in the second half of FY26, and FY26 segment profit, CTW's measure of game earnings after advertising, servers and revenue shares, rose 3% to US$32.3m, lifting segment margin to 33.4% of in-game purchases from 29.3%. CTW ended FY26 with US$14.4m of cash and no debt. We believe the base is strong. Launches through the second half of FY27 will set the pace of the recovery.

3. **FY26 revenue fell 8.7% against FY25's hit launches; games already live grew**
Reported FY26 revenue fell 8.7% to US$82.5m. The fifteen titles launched in FY26 made US$22.0m, against US$32.3m from seven launches in FY25, while games already live grew 4.1%. We believe hit launches can have an outsized effect on CTW's revenue, so a year that follows a strong set of hits can show a slowdown from one period to the next. FY26 adjusted EBITDA fell to US$3.5m as payroll, outsourcing and the costs of the listing and the New York office rose.

| | |
|---|---|
| TICKER | CTW US |
| MARKET CAP | US$94m |
| CURRENT PRICE | US$1.51 |
| TARGET PRICE | US$5.10 |
| RATING | Structural Long™ |

**Vincent Fernando, CFA**
Executive Director
vincent@01.co

SHARE PRICE - CTW




*Nov 2025 to Nov 2026 (US$).*

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**4 Revenue outside Japan grew 8%; US partners could help North America grow again**

In FY26, revenue from users outside Japan grew 8% to US$29.7m, 36% of the total, led by South Korea and Taiwan, Hong Kong and Macau. North America fell 18% to US$6.2m in FY26, while Crunchyroll, Sony's anime streaming service, passed 21m paid subscribers worldwide. A partner that already has US anime fans can lower CTW's cost of finding players. We see five types: 1) anime streamers, 2) US manga and anime publishers, 3) device and browser makers, 4) creators and fan events, and 5) Western game studios.

**5 Discount to peers can reduce over time; our target implies over 200% upside for long-term holders**

Our target of US$5.10 is 238% above the US$1.51 share price. At that price CTW trades at 0.8x our calendar 2027 revenue, against a weighted peer benchmark of 4.0x. The target is lower than our previous US$5.70, with lower revenue forecasts and lower peer multiples accounting for the cut in roughly equal parts. We believe CTW continues to offer compelling value and will rise substantially for long-term holders.

## Company snapshot

CTW (Nasdaq: CTW) operates G123, a browser-based game platform built on licensed Japanese anime intellectual property. The games are free to play, run in a browser with no download, and earn revenue from in-game purchases, which CTW shares with the outside developers that build each title and with the rights holders. G123 carried 42 active titles at 31 July 2026 with 16 in backlog or pre-registration, drawing on 38 IP-holder partnerships and 48 licenses. The company is headquartered in Tokyo, employs 324 people across Tokyo, Taiwan, China and New York, listed on Nasdaq in August 2025 at US$5 a share, and reports semi-annually on a July fiscal year.

## Results snapshot

**EXHIBIT 1: CTW FY26 RESULTS SNAPSHOT**

| METRIC | FY26 | FY25 | YOY |
|---|---|---|---|
| Revenue | US$82.5m | US$90.4m | -8.7% |
| Gross in-game purchases | US$96.8m | US$107.0m | -9.5% |
| Revenue from users outside Japan | US$29.7m (36.0%) | US$27.5m (30.4%) | +8.1% |
| Revenue from users in North America | US$6.2m (7.5%) | US$7.5m (8.3%) | -17.9% |
| Advertising expense | US$41.0m | US$52.4m | -21.7% |
| Segment profit | US$32.3m | US$31.3m | +3.0% |
| Segment margin (% of in-game purchases) | 33.4% | 29.3% | +4.1pp |
| Return on advertising spend (ROAS) | 105.8% | 116.4% | -10.6pp |

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| METRIC | FY26 | FY25 | YOY |
|---|---|---|---|
| Operating (loss) income | (US$7.3m) | (US$1.1m) | n.m. |
| Adjusted EBITDA | US$3.5m | US$8.0m | -56.4% |
| Net (loss) income | (US$4.1m) | US$3.8m | n.m. |
| Monthly active users (MAU) | 2,257,341 | 3,378,835 | -33.2% |
| Paying monthly active users (PMAU) | 89,053 | 88,503 | +0.6% |
| Spend per paying user (ARPPMAU) | US$90.60 | US$100.74 | -10.1% |
| New titles launched | 15 | 7 | +8 |
| Cash and equivalents, year end | US$14.4m | US$12.2m | +18.3% |

*Source: Company disclosures, Zero One Investment Research*

## FY26 revenue fell 8.7% against FY25's hit launches, while games already live grew 4.1% and paying users reached a record

**EXHIBIT 2:** CTW INCOME STATEMENT HIGHLIGHTS (US$M)

| | FY26 | FY25 | YOY | 2H26 | 1H26 | HOH |
|---|---|---|---|---|---|---|
| Revenue | 82.51 | 90.37 | -8.7% | 41.58 | 40.93 | +1.6% |
| Cost of revenue | 28.47 | 22.04 | +29.2% | 14.60 | 13.88 | +5.2% |
| Sales and marketing | 45.86 | 55.39 | -17.2% | 23.84 | 22.03 | +8.2% |
| General and administrative | 11.69 | 8.48 | +37.9% | 6.57 | 5.12 | +28.4% |
| Research and development | 3.81 | 5.53 | -31.2% | 2.15 | 1.66 | +29.5% |
| Operating (loss) income | (7.32) | (1.07) | n.m. | (5.57) | (1.75) | n.m. |
| Adjusted EBITDA | 3.47 | 7.96 | -56.4% | (0.83) | 4.30 | n.m. |
| Net (loss) income | (4.13) | 3.83 | n.m. | (2.97) | (1.16) | n.m. |

CTW reports semi-annually; 2H26 is the fiscal year less the first half, as presented in the company's supplemental deck.

*Source: Company disclosures, Zero One Investment Research*

**CTW reported FY26 revenue of US$82.5m, down 8.7% YoY, with revenue in the second half of FY26 of US$41.6m up 1.6% HoH and 15% below 2H25.** Gross in-game purchases fell 9.5% to US$96.8m. The fifteen titles launched in FY26 made US$22.0m, against US$32.3m from the seven launched in FY25, while games already live grew 4.1%. High School of the Dead Day 0, launched on 28 April 2026, made about US$6.0m in three months and became the top-grossing game on G123 over that period. Crayon Shinchan, launched in November 2025, made about US$7.1m; the other thirteen launches made US$8.9m between them.

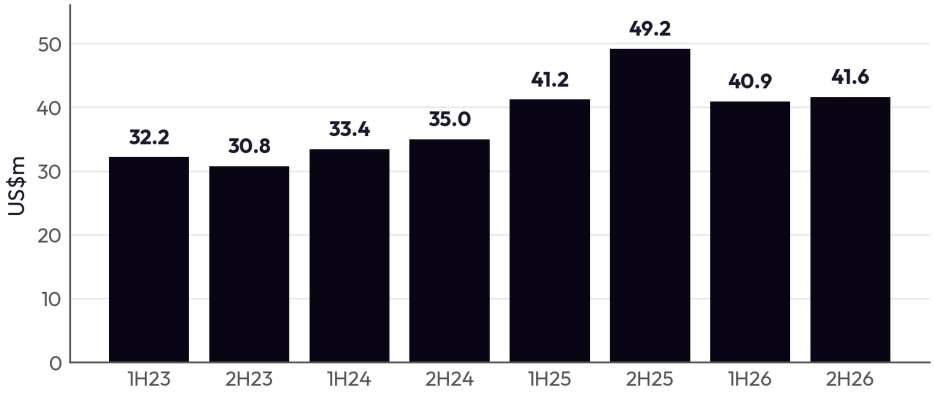
**We believe the slowdown reflects how much a single launch can move CTW's revenue.** FY25's seven launches made US$32.3m and helped lift revenue 32% that year, while FY26's fifteen made US$22.0m, so results swing with the slate. When a year follows a strong set of hits, revenue can fall from one half or year to the next even while the games already live keep growing, as they did in FY26. The near-term growth outlook depends on how launches perform through the second half of FY27.

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**Paying users hits all-time high while total users fell.** Monthly active users fell 33% to 2.26m as advertising was cut, but paying monthly active users rose 0.6% to 89,053 and reached a record 102,391 in the second half of FY26. Spend per paying user fell 10% to US$90.60 for FY26, and to US$78 in the second half of FY26 from US$107 in the first half.

Japan fell 16% to US$52.8m. CTW launches and markets every title in Japan first, so the weaker slate and the advertising cut fell mostly there. Revenue from users outside Japan rose 8% to US$29.7m, 36% of the total against 30% a year earlier, led by South Korea, up 12% to US$10.5m, and Taiwan, Hong Kong and Macau, up 71% to US$8.0m. The net loss was US$4.1m, or US$0.07 a share, against net income of US$3.8m in FY25, which included a one-off US$4.7m recovery from the bankruptcy of Mt. Gox, a defunct bitcoin exchange.

**EXHIBIT 3:** CTW REVENUE BY HALF-YEAR (US$M)

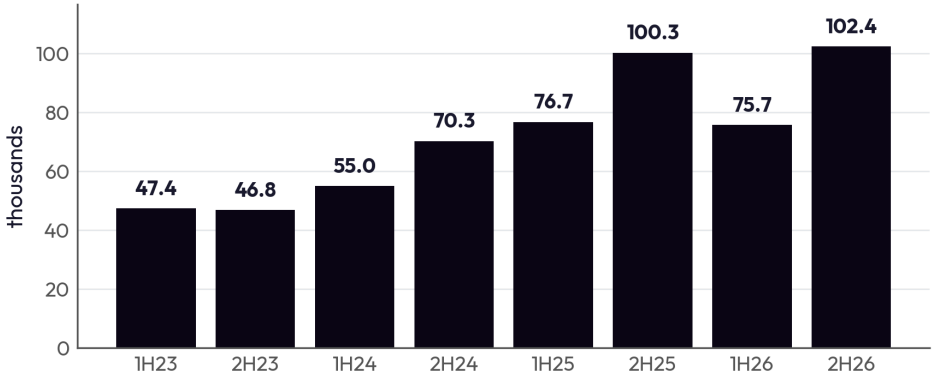



Source: Company disclosures, Zero One Investment Research

Second-half revenue of US$41.6m rose 1.6% from 1H26 and was 15% below 2H25.

*Source: Company disclosures, Zero One Investment Research*

**EXHIBIT 4:** CTW PAYING MONTHLY ACTIVE USERS BY HALF-YEAR (THOUSANDS)



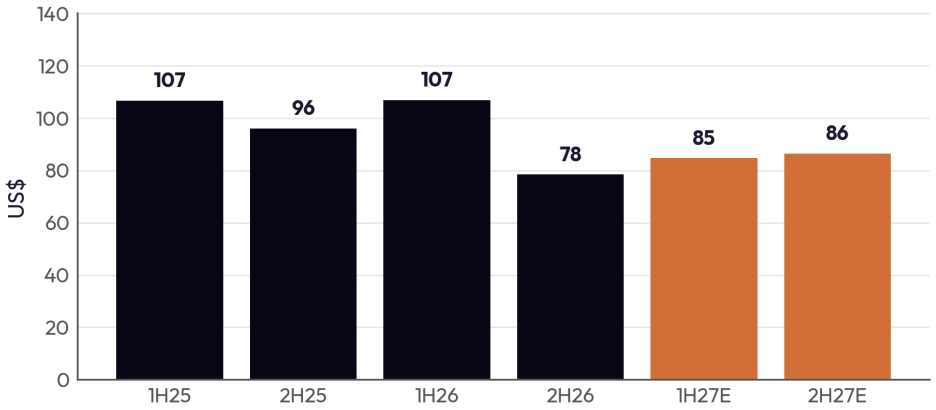

Source: Company disclosures, Zero One Investment Research

Paying users reached a record 102,391 in the second half of FY26, more than double the 47,421 of 1H23.

*Source: Company disclosures, Zero One Investment Research*

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**EXHIBIT 5:** CTW MONTHLY SPEND PER PAYING USER BY HALF-YEAR (US$)




Source: Company disclosures, Zero One Investment Research forecasts

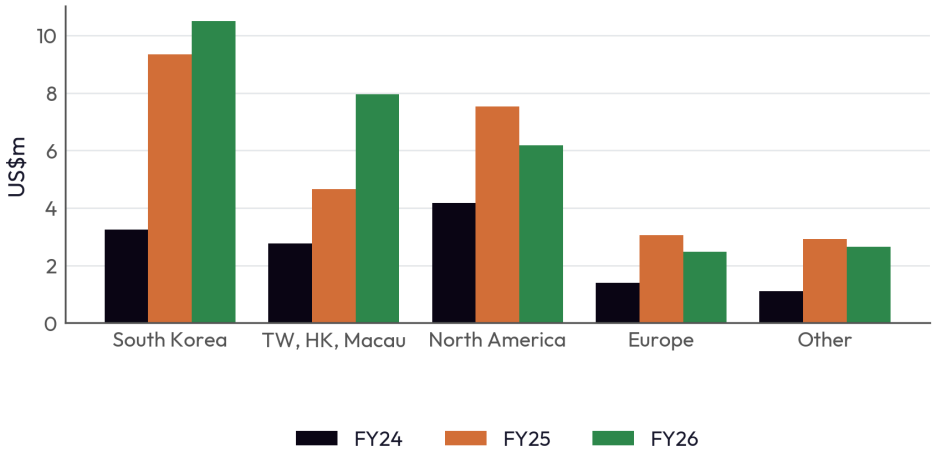
Monthly spend per paying user fell to US$78 in the second half of FY26; we forecast US$85 in 1H27E and US$86 in 2H27E.

*Source: Company disclosures, Zero One Investment Research forecasts*

## North America fell 18% to US$6.2m; five kinds of US partner could help it grow again

North America was the only one of CTW's three largest overseas markets that shrank in FY26. Revenue from North American users fell 18% to US$6.2m after rising 80% in FY25, and the United States fell to 6.8% of in-game purchases from 7.4%. Europe fell 19% to US$2.5m. CTW opened its New York office in February 2026 and in August attended Anime NYC, which it said drew more than 170,000 attendees. Management attributed the decline to lower advertising on titles that missed CTW's return thresholds and expects growth to return as new titles launch.

**EXHIBIT 6:** CTW REVENUE BY END-USER REGION OUTSIDE JAPAN (US$M)




Source: Company disclosures (20-F), Zero One Investment Research

North America fell to US$6.2m in FY26 from US$7.5m, while South Korea and Taiwan, Hong Kong and Macau kept growing.

*Source: Company disclosures, Zero One Investment Research*

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CTW needs three things to grow in the US: 1) players already familiar with the Japanese titles it licenses or interested in anime culture, 2) a cheaper way to reach them than paid advertising, and 3) the rights to put those titles in front of US players. Today it reaches new players mainly through advertising, and the paying users who drive revenue come from that wider pool. We believe a partner that already has US anime fans can lower the cost of finding each one in the future for CTW. We've identified companies as examples of potential synergistic partners. Other than CTW's attendance at Anime NYC, we know of no discussions between CTW and any of them.

**EXHIBIT 7: FIVE KINDS OF US PARTNER FOR CTW**

| PARTNER TYPE | EXAMPLES | WHAT IT BRINGS CTW | WHAT CTW OFFERS | WHERE IT SHOWS IN CTW'S NUMBERS | THE CATCH |
|---|---|---|---|---|---|
| **Anime streamers** | Crunchyroll, Netflix, HIDIVE | Millions of paying anime fans; promotion inside the app | Browser games on the streamer's own series, with no download | US users; lower advertising per user | Crunchyroll bundles games into a subscription; CTW earns from in-game purchases |
| **US manga and anime publishers** | VIZ Media, Kodansha USA, Yen Press | English-language readers and help with US rights | A game that keeps a series in front of fans between seasons | More English launches from CTW's 48 licenses | US rights often sit with a different holder than the Japanese rights |
| **Device and browser makers** | Samsung and LG smart TVs; PC makers | A built-in shortcut to G123, with no app-store fee | Games that run on any screen with a browser | Users at a lower cost than advertising | Untested for CTW in the US |
| **Creators and fan events** | Anime NYC, Anime Expo; YouTube and Twitch creators | Low-cost reach to committed fans | Paid campaigns and in-game tie-ins | ROAS above the FY26 average of 105.8% | Hard to scale; results vary by title |
| **Western game studios** | Independent US developers moving beyond app stores | US marketing experience and art suited to US players | Japanese licenses and the G123 platform | More titles; higher US spend per player | Slower; new developers need advances before launch |

Companies named are examples of each type. Other than CTW's attendance at Anime NYC, we know of no discussions between CTW and any of them.

*Source: Company disclosures, Sony Group, Crunchyroll, Zero One Investment Research*

**Anime streamers have the largest pool of paying anime fans.** Crunchyroll, owned by Sony, has more than 21m paid subscribers worldwide and already bundles games into its top subscription tiers. Netflix licenses and commissions anime and runs its own games service, and HIDIVE is a smaller specialist service. A streamer could place CTW's games next to the series they are based on, and G123 games run in a browser with no download, which suits a streaming app or a TV. A key issue to manage would be the business model: Crunchyroll's games come free with a subscription, while CTW earns from in-game purchases, so a deal would need a revenue share that works for both.

**US manga and anime publishers hold English-language rights and readers.** VIZ Media, Kodansha USA and Yen Press publish English editions of Japanese manga, the same kind of property CTW licenses for its games. CTW has 38 partnerships with IP holders and 48 licenses. A publisher partner could promote a game to its readers and help clear US rights, so

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more of those licenses could launch in English. US rights often sit with a different company than the Japanese rights, and clearing them is a step that takes time.

**Device and browser makers can put a shortcut to G123 in front of new players without an app-store fee.** Samsung and LG sell smart TVs with built-in browsers, and PC makers can preinstall shortcuts. Management said on the recent results call that CTW's marketing team is evaluating OEM distribution partnerships, meaning deals with device makers.

**Creators and fan events reach committed fans at low cost.** Anime NYC was CTW's first large convention in the region, and management said CTW is exploring collaborations with content creators and influencers alongside its paid advertising. Campaigns like these are cheap to test and fit CTW's rule that marketing must earn back more than it costs, measured as return on advertising spend (ROAS), which averaged 105.8% in FY26.

**Western game studios bring US marketing experience and art suited to US players.** CTW publishes games built by outside developers, and management said developers and publishers have shown rising interest in channels outside the app stores, a trend they said Japan's new smartphone rules and the US app-store payment rulings support. A US studio could build on a Japanese license CTW holds and use G123 to reach players without an app store.

## Crunchyroll passed 21m paid subscribers and now bundles browser-playable games, the format G123 runs on

Crunchyroll, Sony's anime streaming service, passed 21m paid subscribers worldwide, reported with Sony's results in May 2026, up from 17m a year earlier. Sony did not update the figure with its latest quarterly results. On that call Sony's CFO, Lin Tao, said the group had launched Crunchyroll Storyworks to expand its content, and plans a dedicated Crunchyroll hub on the PS5 home screen next spring to reach fans who both play games and watch anime.

**Crunchyroll is adding games alongside its video, which opens an opportunity for CTW.** Its Game Vault, launched in late 2023, reached 101 titles by September 2026. The games come free with the Mega Fan and Ultimate Fan subscription tiers and can be played on mobile devices and on PC through a web browser. Crunchyroll is also developing original games under its own Crunchyroll Games label, with details expected in late 2026.

The paying audience Crunchyroll serves grew by about 4m subscribers in a year. Crunchyroll's games come free with a subscription; we see the opportunity for potential synergies should Crunchyroll and CTW collaborate in the future.

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## FY26 segment profit rose 3% as advertising fell 22%; payroll, listing and New York costs widened the operating loss

**EXHIBIT 8:** CTW SEGMENT PROFIT AND THE COSTS BELOW IT (US$M)

| | FY26 | FY25 | CHANGE |
|---|---|---|---|
| Gross in-game purchases | 96.81 | 106.99 | -9.5% |
| Revenue share with developers and IP holders | (15.09) | (15.90) | -5.1% |
| Transaction fees | (4.53) | (5.27) | -14.0% |
| Advertising expense | (41.01) | (52.40) | -21.7% |
| Server cost directly related to hosting | (3.89) | (2.09) | +86.2% |
| Segment profit | 32.29 | 31.35 | +3.0% |
| Segment margin (% of in-game purchases) | 33.4% | 29.3% | +4.1pp |
| Payroll and related | (17.33) | (13.62) | +27.2% |
| Other cost of sales | (4.49) | (2.09) | +115.2% |
| Other general and administrative | (4.37) | (2.41) | +81.2% |
| Other costs below segment profit | (13.43) | (14.29) | -6.0% |
| Costs below segment profit | (39.61) | (32.41) | +22.2% |
| Operating (loss) income | (7.32) | (1.07) | n.m. |

*Source: Company disclosures, Zero One Investment Research*

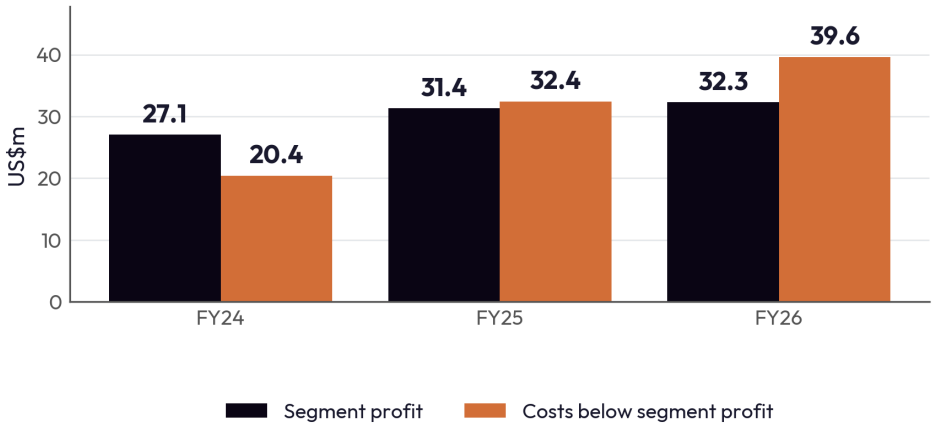
**FY26 segment profit performance shows CTW's ability to control ad spend when market response is less than expected.** FY26 advertising fell US$11.4m, or 22%, to US$41.0m, more than twice the rate of the revenue decline. Segment profit rose 3% to US$32.3m, 33.4% of in-game purchases against 29.3%. ROAS of 105.8% means the players acquired in FY26 spent more than it cost to acquire them, though the margin over cost narrowed from 116.4%.

Overhead below the segment line, meaning payroll, outsourcing, offices and public-company costs, rose US$7.2m to US$39.6m. Payroll and related costs rose US$3.7m to US$17.3m as part of team build out post IPO. Other cost of sales rose US$2.4m, almost all of it external creative studios engaged for new game art, and other G&A rose US$2.0m on professional fees and the New York office. The US$4.1m of development payroll capitalized under a newly adopted accounting standard does not sit in these lines, so on the FY25 basis the increase would have been larger. The operating loss widened to US$7.3m from US$1.1m, and adjusted EBITDA fell 56% to US$3.5m, with a US$0.8m loss in the second half of FY26.

**Management expects G&A to rise only modestly in absolute terms and personnel costs to rise selectively**. Our forecasts take personnel costs up about 5% a year, G&A up 3% in FY27 and server and software costs flat in FY27, in line with that commentary.

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**EXHIBIT 9:** SEGMENT PROFIT AGAINST THE COSTS BELOW IT (US$M)

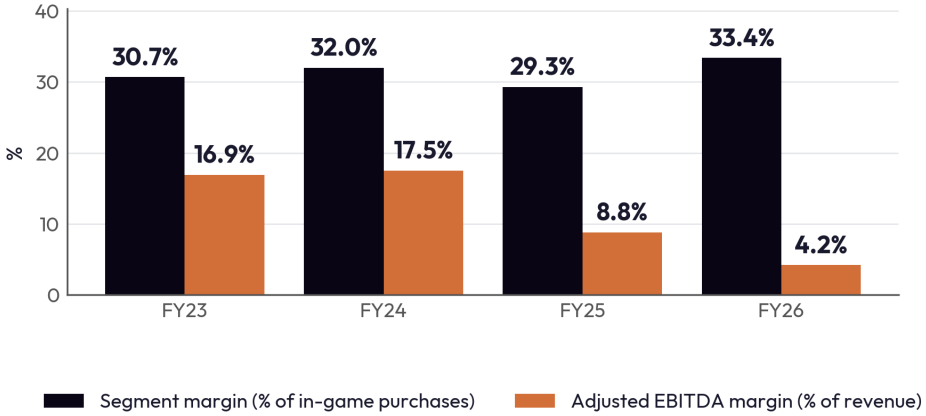



Source: Company disclosures, Zero One Investment Research

Costs below segment profit overtook segment profit in FY25 and the gap widened to US$7.3m in FY26.

*Source: Company disclosures, Zero One Investment Research*

**EXHIBIT 10:** SEGMENT MARGIN AND ADJUSTED EBITDA MARGIN (%)




Source: Company disclosures, Zero One Investment Research

Segment margin rose to 33.4% of in-game purchases while adjusted EBITDA margin fell to 4.2% of revenue.

*Source: Company disclosures, Zero One Investment Research*

## How management views IP selection for game launches in the current environment

On IP selection in the current market, management said the age of a property does not determine its commercial potential, citing High School of the Dead, a manga first published in 2006 and adapted as an anime in 2010, whose game Day 0 became the top-grossing game on G123 in its first three months. CTW intends to keep a mix of current anime, catalog properties and original games rather than pay for the most recognizable names; the aim is content that earns back the licensing cost, the prepaid royalties and the developer advance.

**The first few weeks after a new release are the decision window:** user acquisition and character creation, first-day retention, paying-user conversion and expected ROAS, title by title, with advertising raised where returns justify it and cut where they do not. They also

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separated the user measures: non-paying users respond to advertising, while many paying users engage and stay regardless of it. That is why CTW was able to maintain a strong base of paying users despite paring back ad spend in the recent period.

## We forecast FY27E revenue up 11% to US$91.5m and adjusted EBITDA up to US$5.7m; US partnerships are not in our base case

**EXHIBIT 11:** ZERO ONE FORECAST CHANGES (US$M)

| | FY27E NOW | FY27E BEFORE | FY28E NOW | FY28E BEFORE | FY29E NOW |
|---|---|---|---|---|---|
| Gross in-game purchases | 107.3 | n.a. | 116.1 | n.a. | 125.7 |
| Revenue | 91.5 | 95.4 | 99.0 | 108.8 | 107.1 |
| Adjusted EBITDA | 5.7 | 14.5 | 8.0 | 20.9 | 10.7 |
| Operating (loss) income | (4.4) | 2.2 | (2.6) | 6.8 | (0.3) |
| Net (loss) income | (3.1) | 1.9 | (1.8) | 5.1 | (0.1) |
| Cash and equivalents, year end | 9.7 | 17.9 | 7.2 | 18.6 | 7.3 |

Before: our model of 20 August 2026, the basis of our last published note. Now: our model of 4 November 2026 with FY26 actuals.

*Source: Zero One Investment Research Financial Model*

**We lower our FY27E revenue forecast to US$91.5m (from US$95.4m) and adjusted EBITDA to US$5.7m (from US$14.5m)**. FY28E revenue goes to US$99.0m (from US$108.8m) and adjusted EBITDA to US$8.0m (from US$20.9m). We now expect a net loss of US$3.1m in FY27E and US$1.8m in FY28E, narrowing to US$0.1m in FY29E on revenue of US$107.1m.

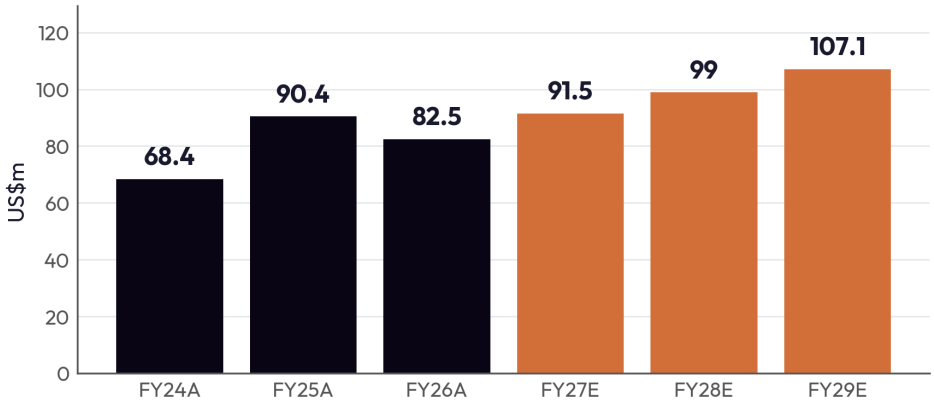
**Revenue is built from a conservative expected uptick in paying users and what each spends.** FY27E in-game purchases return to about the FY25 level, US$107.3m against US$107.0m, on paying users growing 1% in the first half of FY27 and 2% in the second from the 2H26 base of 102,391, and spend per paying user recovering 8% in the first half of FY27 from the 2H26 low of US$78.47, then 2%. FY28E and FY29E take both measures up about 2% a half. Revenue stays at about 85% of in-game purchases, as in FY26.

Most of the cut to adjusted EBITDA comes from starting the cost base at FY26's higher level. Payment fees and IP royalties move with revenue. Personnel grows about 5% a year, servers and software stay flat in FY27, outsourcing follows an assumed 11 launches, and G&A rises 3%. Sales and marketing, run to ROAS targets, holds at about 55% of revenue and eases a point a year. Sales, marketing and G&A together come to 68% of revenue in FY27E, against 62% in our August model.

FY27E revenue is 10% above the second-half FY26 run-rate of US$83.2m, which we believe should be achievable with a conservative level of paying user growth and slightly rising spend per user. We have not included any revenue drivers from potential new strategic partnerships, which we believe there is significant potential for in the coming twelve months.

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**EXHIBIT 12:** CTW REVENUE, ACTUAL AND ZERO ONE FORECASTS (US$M)




Source: Company disclosures, Zero One Investment Research forecasts

We forecast revenue returning to about the FY25 level in FY27E and reaching US$107.1m in FY29E.

*Source: Company disclosures, Zero One Investment Research forecasts*

## Cash of US$14.4m offers capacity for deals

**EXHIBIT 13:** CTW CASH FLOW, ACTUAL AND FORECAST (US$M)

| | FY26A | FY27E | FY28E | FY29E |
|---|---|---|---|---|
| Operating cash flow | (3.2) | 3.8 | 5.4 | 8.1 |
| Investing cash flow | (4.7) | (8.5) | (8.0) | (8.0) |
| Financing cash flow | 10.5 | 0.0 | 0.0 | 0.0 |
| Cash and equivalents, year end | 14.4 | 9.7 | 7.2 | 7.3 |

FY26 financing cash flow is the IPO, net of costs. FY26 cash also reflects foreign exchange and restricted-cash movements.

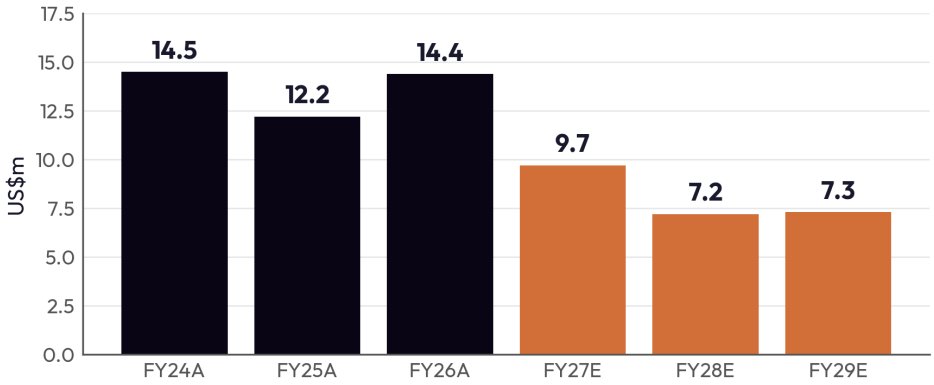
*Source: Company disclosures, Zero One Investment Research forecasts*

Cash ended FY26 at US$14.4m with no debt, US$5.1m below its January level, after US$6.0m of new developer advances and US$4.1m of capitalized software. We expect operating cash flow of US$3.8m in FY27E against investing of US$8.5m: US$4.1m of capitalized development, US$4.0m of net new advances and US$0.4m of other capital spending. That takes cash to US$9.7m in July 2027 and US$7.2m in July 2028, where it holds as operating cash flow covers investment in FY29E.

Accrued advertising of US$4.8m at year end, up from US$0.5m, is a payment due in FY27. We believe CTW can maintain a net cash position to fund additional growth initiatives including funding for potential partnership deals.

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**EXHIBIT 14:** CTW CASH AND EQUIVALENTS AT YEAR END (US$M)




Source: Company disclosures, Zero One Investment Research forecasts

Cash falls to US$9.7m in FY27E and holds near US$7m in FY28E and FY29E.

*Source: Company disclosures, Zero One Investment Research forecasts*

## Valuation: Discount to peers can reduce over time, still see over 200% upside

At US$1.51 CTW has a market value of US$94m and, after US$14.4m of cash, an enterprise value of US$80m: 0.9x our calendar 2026E revenue and 0.8x calendar 2027E. Earnings multiples do not apply while CTW reports a net loss, so we value it on EV/Sales.

Our target of US$5.10 (from US$5.70) uses a 50/50 blend of calendar 2026E and 2027E EV/Sales. The benchmark is a weighted average of the median multiple in three peer groups (US 40%, Japan 40%, international 20%): 4.4x calendar 2026E and 4.0x calendar 2027E, down from 4.6x and 4.3x in August. Less a 20% discount for size and trading liquidity, that is 3.5x and 3.2x, applied to our calendar revenue of US$86.2m and US$94.6m. Adding net cash of US$14.4m and dividing by 62.5m shares gives US$5.12, which we round to US$5.10. On August peer multiples our new forecasts alone would give US$5.36. AppLovin sits in the US group; because we use medians, dropping it would lower the US median from 5.0x to 4.8x calendar 2026E.

Our CTW target price implies over 200% upside for long-term investors.

CTW's discount to peers can reduce over time if daily trading volume rises enough for more institutional investors to participate, and if the company becomes better recognized by the US investor community.

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**EXHIBIT 15:** CTW AGAINST LISTED GAMING PEERS (EV/SALES AND EV/EBITDA, CALENDAR YEARS)

| COMPANY | MKT CAP (US$M) | EV/SALES CY25 | EV/SALES CY26E | EV/SALES CY27E | EV/EBITDA CY25 | EV/EBITDA CY26E |
|---|---|---|---|---|---|---|
| **US-LISTED** | | | | | | |
| AppLovin | 119,104 | 21.9x | 14.7x | 11.7x | 27.6x | 17.7x |
| Roblox | 33,097 | 6.5x | 4.5x | 4.0x | n.m. | n.m. |
| Take-Two Interactive | 40,176 | 6.4x | 5.0x | 4.5x | 40.0x | 18.1x |
| PlayStudios | 49 | n.m. | n.m. | n.m. | n.m. | n.m. |
| ***Median (US-Listed)*** | | **6.5x** | **5.0x** | **4.5x** | **33.8x** | **17.9x** |
| **JAPAN-LISTED** | | | | | | |
| Nintendo | 59,510 | 3.6x | 3.1x | 2.9x | 20.2x | 13.9x |
| Konami Group | 23,402 | 7.2x | 5.9x | 5.3x | 20.6x | 14.8x |
| Nexon | 14,037 | 3.7x | 3.5x | 3.4x | 13.5x | 9.8x |
| Capcom | 10,943 | 8.4x | 7.4x | 6.6x | 20.4x | 17.9x |
| Gree Holdings | 472 | n.m. | n.m. | n.m. | n.m. | n.m. |
| ***Median (Japan-Listed)*** | | **5.5x** | **4.7x** | **4.4x** | **20.3x** | **14.3x** |
| **INTERNATIONAL** | | | | | | |
| Krafton | 7,057 | 2.1x | 1.4x | 1.4x | 5.7x | 5.3x |
| NetEase | 82,449 | 3.5x | 3.2x | 3.0x | 10.2x | 7.7x |
| 37 Interactive Entertainment | 5,412 | 2.1x | 2.1x | 1.9x | 10.1x | 10.2x |
| Ourpalm* | 1,641 | n.m. | n.m. | n.m. | n.m. | n.m. |
| CD Projekt | 6,761 | 30.1x | 29.2x | 17.5x | 49.2x | 52.1x |
| ***Median (International)*** | | **2.8x** | **2.6x** | **2.4x** | **10.2x** | **9.0x** |
| ***Peer median benchmark (weighted average of group medians: US 40%, Japan 40%, Intl 20%)*** | | **5.3x** | **4.4x** | **4.0x** | **23.7x** | **14.7x** |
| **CTW (Nasdaq: CTW)** | **94** | **0.9x** | **0.9x** | **0.8x** | **n.m.** | **n.m.** |

*Source: Financial Modeling Prep, company disclosures; Zero One Investment Research. Peer market data as of 7 November 2026; CTW at US$1.51, the close on 10 November 2026. Peer years calendarized to December. CTW's calendar revenue uses our forecasts. Negative multiples shown as n.m. *Ourpalm is not covered by our data vendor; its figures are as of 21 August 2026.*

## Risks: Launch results, spend per paying user, the cost base, developer concentration and currency

**Launch quality.** FY26 showed the range: fifteen launches made US$22.0m, one of them about US$6.0m. A second year at that total would leave FY27 revenue near FY26's US$82.5m, against our US$91.5m. The ROAS rule limits the cash lost on a weak title within weeks, so the risk falls on revenue more than on the advertising line.

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**Spend per paying user.** Our FY27E assumes spend per paying user recovers 8% in the first half of FY27 from the 2H26 level of US$78.47. If it stays at that level through FY27, revenue would be about US$7.6m below our forecast.

**Cost base.** Costs below segment profit rose 22% to US$39.6m while revenue fell. Our forecasts follow management's commentary that G&A rises only modestly; if payroll, outsourcing and servers keep rising at FY26's pace, the recovery in adjusted EBITDA we forecast would not happen.

**Developer concentration and advances.** The developer behind Vivid Army, a 2019 title, accounted for 20.2% of revenue and a second developer for 17.5%. Advances to developers stand at US$17.9m net, against impairments of US$2.6m in FY26 and US$3.1m in FY25. A weak slate impairs both the advances and the revenue they were meant to produce.

**Currency.** Substantial revenue is earned in yen and reported in US dollars, so a weaker yen can lower reported revenue.

## CTW - Zero One Forecast Model

EXHIBIT 16: CTW CONSOLIDATED INCOME STATEMENT (US$M)

### Income Statement

| (US$M UNLESS NOTED) | FY24A | FY25A | FY26A | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|---|
| Revenue | 68.42 | 90.37 | 82.51 | 91.45 | 98.99 | 107.15 |
| Revenue Growth | 8.7% | 32.1% | -8.7% | 10.8% | 8.2% | 8.2% |
| COGS | -16.21 | -22.04 | -28.47 | -29.35 | -31.11 | -32.80 |
| Gross Profit | 52.21 | 68.33 | 54.04 | 62.10 | 67.88 | 74.35 |
| Gross Margin | 76.3% | 75.6% | 65.5% | 67.9% | 68.6% | 69.4% |
| SG&A Expenses | -44.60 | -63.87 | -57.56 | -62.35 | -65.99 | -69.82 |
| R&D Expenses | -0.95 | -5.53 | -3.81 | -4.12 | -4.45 | -4.82 |
| Other Operating Gains (Losses) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Adjusted EBITDA | 12.00 | 7.96 | 3.47 | 5.65 | 7.95 | 10.75 |
| EBITDA | 8.72 | 1.61 | -4.76 | -1.71 | 0.31 | 2.81 |
| EBIT | 6.66 | -1.07 | -7.32 | -4.36 | -2.56 | -0.30 |
| EBIT Margin | 9.7% | -1.2% | -8.9% | -4.8% | -2.6% | -0.3% |
| Interest Expense | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Interest Income | 0.30 | 0.49 | 0.54 | 0.20 | 0.13 | 0.11 |
| Other Investment Gain (Loss) | 0.00 | 0.00 | 0.24 | 0.00 | 0.00 | 0.00 |
| Currency Exchange Gain (Loss) | 0.78 | -0.29 | 0.29 | 0.00 | 0.00 | 0.00 |
| Income (Loss) from Affiliates | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

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| (US$M UNLESS NOTED) | FY24A | FY25A | FY26A | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|---|
| Other Non-Operating Gain (Loss) | 0.45 | 5.26 | 0.42 | 0.00 | 0.00 | 0.00 |
| PBT Before Extraord Items | 8.20 | 4.41 | -5.83 | -4.17 | -2.42 | -0.19 |
| Income Tax Expense | -2.22 | -0.58 | 1.69 | 1.04 | 0.61 | 0.05 |
| Tax Rate % | 27.1% | 13.1% | 29.1% | 25.0% | 25.0% | 25.0% |
| PAT Before Extraord Items | 5.98 | 3.83 | -4.13 | -3.12 | -1.82 | -0.14 |
| Extraordinary Gain (Loss) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| NPAT | 5.98 | 3.83 | -4.13 | -3.12 | -1.82 | -0.14 |
| Net Profit Margin | 8.7% | 4.2% | -5.0% | -3.4% | -1.8% | -0.1% |
| Minority Interest | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

**EXHIBIT 17:** CTW CONSOLIDATED BALANCE SHEET (US$M)

## Balance Sheet

| (US$M UNLESS NOTED) | FY24A | FY25A | FY26A | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|---|
| Total Assets | 43.94 | 46.50 | 54.84 | 53.37 | 54.39 | 57.85 |
| Current Assets | 18.16 | 18.08 | 20.55 | 15.23 | 13.12 | 13.68 |
| Cash & Equivalents | 14.46 | 12.21 | 14.44 | 9.74 | 7.19 | 7.26 |
| ST Investments | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Account Receivables | 1.38 | 1.41 | 1.69 | 1.92 | 2.07 | 2.25 |
| Inventory | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Other Current Assets | 2.32 | 4.46 | 4.42 | 3.57 | 3.86 | 4.18 |
| Non-Current Assets | 25.78 | 28.43 | 34.29 | 38.14 | 41.27 | 44.16 |
| PP&E | 0.94 | 1.10 | 1.08 | 4.74 | 7.08 | 8.58 |
| LT Investments | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Investments in Affiliates | 0.80 | 0.58 | 0.23 | 0.23 | 0.23 | 0.23 |
| Other Non-Current Assets | 24.05 | 26.75 | 32.99 | 33.18 | 33.96 | 35.35 |
| Total Liabilities | 20.10 | 18.85 | 20.73 | 20.19 | 20.66 | 21.68 |
| Current Liabilities | 12.01 | 8.42 | 13.05 | 13.55 | 14.63 | 15.76 |
| Account Payables | 3.32 | 2.38 | 2.29 | 2.58 | 2.75 | 2.90 |
| ST Debt | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Other Current Liabilities | 8.69 | 6.05 | 10.76 | 10.97 | 11.88 | 12.86 |
| Non-Current Liabilities | 8.09 | 10.43 | 7.68 | 6.64 | 6.04 | 5.93 |
| LT Debt | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Other Non-Current Liabilities | 8.09 | 10.43 | 7.68 | 6.64 | 6.04 | 5.93 |
| Total Equity | 23.84 | 27.65 | 34.10 | 33.18 | 33.73 | 36.16 |

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| (US$M UNLESS NOTED) | FY24A | FY25A | FY26A | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|---|
| Common Equity | 23.84 | 27.65 | 34.10 | 33.18 | 33.73 | 36.16 |
| Share Capital | 0.86 | 0.88 | 12.27 | 14.47 | 16.84 | 19.41 |
| Retained Earnings | 28.04 | 31.86 | 27.72 | 24.59 | 22.77 | 22.63 |
| Others | -5.05 | -5.09 | -5.88 | -5.88 | -5.88 | -5.88 |
| Minority Interest | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

**EXHIBIT 18:** CTW CONSOLIDATED CASH FLOW STATEMENT (US$M)

## Cash Flow Statement

| (US$M UNLESS NOTED) | FY24A | FY25A | FY26A | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|---|
| Cash Flow from Operations | 1.59 | 0.11 | -3.16 | 3.81 | 5.44 | 8.07 |
| Attr NPAT | 5.98 | 3.83 | -4.13 | -3.12 | -1.82 | -0.14 |
| Add Back: Depreciation & Amortization | 2.07 | 2.67 | 2.56 | 2.65 | 2.87 | 3.11 |
| Change in NWC & Others | 0.68 | 3.59 | -1.59 | 1.12 | 0.62 | 0.64 |
| CFO, Other Adjustments | -7.14 | -9.98 | 0.00 | 3.15 | 3.77 | 4.47 |
| Cash Flow from Investing | -1.17 | -1.18 | -4.66 | -8.50 | -8.00 | -8.00 |
| CAPEX | -0.71 | -0.58 | -4.54 | -4.50 | -4.50 | -4.50 |
| Others | 0.11 | 0.02 | 0.00 | 0.00 | 0.00 | 0.00 |
| (Increase) Decrease in LT Investments | 0.00 | 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 | 0.00 |
| Change in Other Non-Current Assets | -0.57 | -0.61 | -0.12 | -4.00 | -3.50 | -3.50 |
| Cash Flow from Financing | 0.00 | -1.11 | 10.54 | 0.00 | 0.00 | 0.00 |
| ST Debt Issued (Repaid) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| LT Debt Issued (Repaid) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Common Equity Issued (Repaid) | 0.00 | 0.00 | 10.65 | 0.00 | 0.00 | 0.00 |
| Dividends Paid | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Other Financing Activities | 0.00 | -1.11 | -0.11 | 0.00 | 0.00 | 0.00 |
| Opening Cash Balance (From BS) | 14.85 | 14.46 | 12.21 | 14.44 | 9.74 | 7.19 |
| Net Cash Increase (Decrease) | 0.41 | -2.18 | 2.72 | -4.69 | -2.56 | 0.07 |
| FX/ Other Adjustments | -0.80 | -0.07 | -0.49 | 0.00 | 0.00 | 0.00 |
| Calc. Closing Cash Balance | 14.46 | 12.21 | 14.44 | 9.74 | 7.19 | 7.26 |

*Source: Zero One Investment Research Financial Model*

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