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Q1 FY2027 Performance Review

Quarter ended June 30, 2026 · Prepared by the CFO office · August 7, 2026

Gross income	Net revenue	EBITDA	Cash at 6/30
\$3.03M (–1.5% YoY)	\$1.49M (+8.7% YoY)	–\$85K (vs +\$320K)	\$305K (vs \$1.10M at 3/31)

Executive summary

Q1 FY2027 was a deliberate reset quarter. It absorbed two planned structural actions — the May reduction in force (severance booked in full this quarter) and the termination and disposal of underperforming titles at the start of the fiscal year. Reported results carry those one-time costs; underneath them, the revenue-mix transformation that defined FY2026 accelerated: game advertising grew 81% and net revenue grew 8.7% on essentially flat gross income, as revenue continues to shift away from 30%-take storefronts.

Revenue — mix shift is working

Gross income of \$3.03M was down 1.5% year over year, entirely from retail catalog decay between launch windows (–13.3%). Every other revenue line grew:

- Game advertising (wiki.gg monetization): \$407K vs \$225K (+80.8%) — now 13.4% of gross income vs 7.3% a year ago; already 25.3% of the full-year ad plan.
- Wholesale & bundle: \$242K vs \$87K (+176.9%) on strong bundle partnership timing.
- Business development revenue overall: \$336K vs \$186K (+81.1%).
- Subscription sublicensing: \$94K (–4.1%) — steady state under the deliberate windowing selectivity; the FY26 base decline is fully lapped.
- Net revenue retention improved to 49.0% from 44.4% — the best quarterly mix economics in recent history; net revenue grew +8.7% to \$1.49M despite the flat top line.

Structural headwind to monitor on the ad line: AI search summaries are compressing web referral traffic across the publishing category — Google AI Overviews now appear on ~48% of searches (up from ~31% in early 2025), publisher search referrals are down roughly a third year over year, and 58% of searches end without a click. Gaming wikis are more resilient than most web properties because players browse guides in-session, but the category trend bears directly on the long-term slope of wiki.gg ad growth.

Revenue detail — monthly year over year

The monthly view makes the mix shift concrete. Gross revenue was within a few points of prior year in each month — April –2.2%, May +4.1%, June –6.3% — as retail catalog decay was substantially offset by wiki.gg advertising, which nearly doubled month for month (\$112K/\$148K/\$148K vs \$75K/\$75K/\$100K). Net revenue rose in all three months (+1.0%,

+13.3%, +14.6%), with the gap widening through the quarter as revenue carrying no storefront take became a larger share of the total. June is the clearest illustration: gross down 6.3%, net up 14.6%. Monthly figures tie to the quarter totals on the Is tab.

\$ thousands	Apr FY26	Apr FY27	May FY26	May FY27	Jun FY26	Jun FY27
Gross revenue	1,310	1,281	902	939	865	811
YoY		-2.2%		+4.1%		-6.3%
iiio net (after splits)	554	560	413	468	400	459
YoY		+1.0%		+13.3%		+14.6%

Revenue concentration — top titles

The quarter's top five titles are all Purple class, and all catalogue — none launched this quarter. Together they produced \$1.58M, or 59% of game revenue, with HumanitZ alone at 37%. This concentration is the clearest illustration of why hit rate, rather than title count, governs the five-year outlook: the long tail of White titles contributes volume, but a few Purple titles carry the revenue.

Title	Class	Gross	% of game gross	iiio net
HumanitZ	Purple	\$994,298	37.4%	\$366,690
Dark Deity 2	Purple	\$226,687	8.5%	\$88,659
Coromon	Purple	\$152,048	5.7%	\$56,073
Echoes of the Plum Grove	Purple	\$125,530	4.7%	\$45,156
Symphony of War	Purple	\$77,674	2.9%	\$29,593
Top five combined		\$1,576,237	59.2%	\$586,171
All other titles (185)		\$1,084,598	40.8%	\$585,069

HumanitZ gross was up 47% year over year (\$994K vs \$674K), but is decaying from a February spike of \$1.74M — \$509K in April, \$269K in May, \$216K in June — so the quarter reflects the tail of that event rather than a new run-rate. Ranked by net rather than gross, G.I. Joe: Wrath of Cobra would place second at \$127K on only \$54K of gross, because Riliet booked negative revenue shares of \$(73)K in May and June; that is a developer share true-up, not operating performance, and is excluded from this ranking.

Profitability — the EBITDA swing is the cost of the reset

EBITDA of -\$85K compares to +\$320K in Q1 FY26, a \$405K swing that is almost entirely cost-side and concentrated in two lines: wages & benefits (+\$303K, carrying the full RIF severance charge) and G&A (+\$151K). Excluding severance, the underlying quarter was near breakeven. The post-RIF wage base is materially lower from Q2 onward, so the reported 73.9%-of-net-revenue wage ratio overstates the go-forward cost structure. Gross profit rose 27.7%; adjusted gross profit (ex-amortization) returned to growth at +3.5%.

The restructuring also tracks the industry's direction: 2026 is on pace for 14,000+ game-industry layoffs (2025's full-year total was exceeded by July), Xbox cut roughly 20% of its staff in

July, and Square Enix announced cuts the same day it said it is expanding generative-AI use in development. indie.io moved early and small rather than late and large.

EBITDA bridge, \$K: Q1 FY26 EBITDA 319.6 → adjusted gross profit +45.0 → wages & benefits (incl. severance) -302.8 → G&A -151.1 → interest & other +4.3 → Q1 FY27 EBITDA -85.0.

Cash & balance sheet — the FY26 buffer funded the cleanup, as intended

Cash ended the quarter at \$305K, down from \$1.10M at 3/31. The \$792K decline is dominated by items that do not repeat: a deliberate \$565K paydown of extended vendor payables carried at year-end, and the severance-laden Q1 loss. Working against the outflow, the disposal of the terminated titles returned \$273K of net investing cash and removed non-performing IP (and its future amortization drag) from the balance sheet. The company remains debt-free with an undrawn credit line; the current ratio of 1.13x sits below the 1.2x comfort threshold until the \$1.19M receivables balance — built on strong late-quarter ad and bundle billings — collects in Q2.

Cash walk, \$K: 1,096.6 at 4/1/2026 → operating -1,096.6 → investing (disposals net) +273.3 → financing +31.5 → 304.9 at 6/30/2026.

Plan tracking — a back-half-weighted year

One quarter in, revenue is pacing consistent with the plan's shape: advertising is ahead of even pacing (25.3% of the full-year ad plan); net revenue is at 22.1%, gross income 20.1%, and retail 19.5% — the latter reflecting the back-half launch slate. Reaching the full-year plan of \$1.75M EBITDA and positive net income requires roughly \$1.84M of EBITDA across Q2–Q4. The reduced post-RIF cost base compounds in favor of that path, but it depends on the launch slate shipping on schedule.

Outlook — five-year re-run: three revenue channels, and a margin step-change

The outlook has been rebuilt around how the business will actually source titles. Three channels now run in parallel, and their economics differ sharply — which is the point.

- Owned IP, AI-generated: indie.io carries a 100% split with no developer share, so it retains everything left after the storefront's 30% — roughly 70% of gross versus ~38% on a traditional publishing deal. Because generation, localization and marketing are AI-driven, production capacity is not a volume constraint; title count is a planning decision, not a hiring one.
- Platform-sourced: titles arriving through indie.io's own platform tools at roughly a 30% split (~21% of gross). Thin margin, but no advance and no production cost — incremental volume that consumes no capital.
- Legacy third-party catalogue: ~38% of gross, decaying 17% a year, retained in full with no further terminations.

The mix shift is the story. By FY2031 owned IP supplies about 54% of net revenue from roughly 44% of gross, while blended net revenue retention rises from 49% today to about 59%. The

outlook starts from the workbook's FY2027 plan — gross \$15.05M, net \$6.71M, EBITDA \$1.75M — and grows from there. On the moderate case gross revenue reaches \$22.7M and EBITDA \$7.5M by FY2031, with cumulative five-year EBITDA of \$24.6M and cash rebuilding to \$21.4M. Even under severe saturation the business stays firmly profitable (\$5.4M EBITDA, \$17.5M cash) — materially more robust than the external-IP model it replaces, because margin no longer depends on winning the negotiation with a developer.

Two assumptions carry this outlook, and both deserve scrutiny rather than confidence. The first is hit rate: the model assumes AI-generated titles reproduce the current portfolio's colour mix (3.9% Purple, 7.4% Blue), because a Purple title averages \$1.65M in its first year and roughly four in ten dollars of owned-IP revenue depends on that tail. Strip Purple out and blended per-title revenue falls from \$107K to \$44K. Nothing in the evidence yet demonstrates AI-generated output achieves Purple-class outcomes; the one read we have is Q1 FY2027 — ten titles, all White, \$106K of launch-quarter revenue, averaging \$10.6K per title against a \$13.2K average for the White titles launched in 2024-25, about 20% below.

The second is saturation, which the strategy itself accelerates: if indie.io can generate titles at near-zero marginal cost, so can every competitor — that is precisely how per-title revenue erodes and discovery degrades. Contained, -12%/yr and -25%/yr per-title degradation produce cumulative EBITDA of \$28.9M, \$24.6M and \$20.7M respectively. Volume hedges saturation only while the hit rate holds.

Full localization into all languages is now assumed across the slate, and its effect is real but bounded. Localization-dependent markets already supply 46% of catalogue revenue — Germany 7.1%, China 5.8%, Japan 3.3%, Brazil 3.0% — so the company is not starting from an English-only base. From IndieBi country-level sales, about half the catalogue sits below the median non-English revenue share, and lifting those titles to the catalogue median implies roughly a 12% revenue uplift, which the outlook now carries. Wider claims do not survive the data: titles with the highest non-English share earn a lower median gross than English-heavy ones (\$14K vs \$25K), so localization broadens reach rather than multiplying revenue. Because AI handles translation, that uplift arrives at negligible marginal cost.

Because the outlook is anchored to the FY2027 plan, plan attainment this year is now the largest single swing factor — larger than saturation. Q1 delivered 20% of the full-year gross plan (retail 20%, business development 19%, advertising 25% against 25% even pacing), so the plan requires the back half to lift retail to roughly \$3.1M a quarter against Q1's \$2.3M, a 37% step-up that depends on the launch slate shipping. If the year instead lands at Q1's run-rate — \$12.1M gross, \$0.6M EBITDA — the same channel build produces \$20.9M of cumulative five-year EBITDA rather than \$24.6M. The five-year destination is fairly robust to a FY27 miss; the near-term cash position is not.

\$ millions	FY26A	FY27	FY28	FY29	FY30	FY31
SATURATION CONTAINED (per-title flat)						
Gross revenue	15.4	15.0	16.9	20.2	23.7	26.7
Net revenue	8.2	6.7	8.4	10.9	13.4	15.5
EBITDA	3.2	1.8	3.3	5.7	8.1	10.0

Cash (EOY)	1.1	2.1	5.0	9.8	16.8	25.7
MODERATE SATURATION (-12%/yr)						
Gross revenue	15.4	15.0	16.9	19.5	21.6	22.7
Net revenue	8.2	6.7	8.4	10.5	12.1	13.1
EBITDA	3.2	1.8	3.3	5.3	6.7	7.5
Cash (EOY)	1.1	2.1	5.0	9.4	15.1	21.4
SEVERE SATURATION (-25%/yr)						
Gross revenue	15.4	15.0	16.9	18.7	19.4	19.1
Net revenue	8.2	6.7	8.4	10.0	10.8	10.9
EBITDA	3.2	1.8	3.3	4.8	5.4	5.4
Cash (EOY)	1.1	2.1	5.0	8.9	13.3	17.5

Method: FY2027 is taken from the Summary Statements workbook's FY2027 (P) column verbatim — gross \$15,046K, net \$6,711K, EBITDA \$1,753K — and FY2028-31 grow from that base by channel. Business development revenue (wholesale, bundle & physical plus subscription sublicensing, \$1,736K in the FY27 plan, ~50% net retention) is modelled as its own channel growing 5%/yr. Source of truth for all launch dates, cohorts and colour classes is the Game Info Database (GIDB). Retail catalogue decay 17%/yr, calibrated against Q1 FY2027 with the quarter's ten cohort titles (\$106K combined) backed out, isolating pure catalogue performance at \$2.55M; catalogue retained in full, no further terminations or disposals assumed. Channel economics from SOT splits: owned IP 100% iio split (zero developer share) = 70% of gross after the 30% storefront take; platform-sourced ~30% split = ~21% of gross; legacy third-party 38% of gross (FY26 actual). Owned-IP year-one gross \$120K — the \$107K blended expectation at the current portfolio colour mix plus a 12% full-localization uplift derived from IndieBi country-level sales — (White 88.6% / Blue 7.4% / Purple 3.9%) applied to SOT-corrected per-class actuals (White \$27.9K n=64, Blue \$231K n=6, Purple \$1.65M n=2); platform-sourced \$40K, White-skewed. Title revenue tail 35%/20%/15%/15% of year one. Volumes are planning inputs, not capacity limits, since generation, localization and marketing are AI-driven: owned IP ramping 40 to 100/yr and platform-sourced 20 to 60/yr from FY2028 (FY2027's own launches sit inside the plan figure), against 66 non-PLP launches actually shipped in FY2026. Owned-IP production cost ~\$12K/title capitalised; post-RIF cost base +3%/yr with headcount roughly flat. wiki.gg ad growth already reduced for the AI-search headwind. No external capital assumed.

Industry position

Benchmarks are the sub-\$50M indie-publisher bands used in the FY26 close materials (PitchBook leverage data; Newzoo/IDC market growth; digital-storefront norms). Margin and cash-conversion metrics sit above band with zero debt; the two below-band items are the deliberate, temporary marks of the reset quarter.

The AI-lean operating model is now the industry's stated direction: GDC 2026's State of the Industry reports roughly half of studios using AI in development (a Google Cloud survey puts developer integration at 90%), concentrated in productivity workflows — where indie.io's tooling sits. Practitioner and player sentiment toward AI has meanwhile turned sharply negative, which argues for framing the advantage operationally (cost structure, throughput) rather than promotionally.

Metric	indie.io	Peer benchmark	Position
Net revenue retention (net ÷ gross)	49.0% Q1 · 53.2% FY26	45–65% typical	In range, improving
EBITDA margin (% of net revenue)	38.4% FY26A · 26.1% FY27 plan	8–15% peer median	Above band

Operating cash flow margin	19.0% FY26	10–15% peer median	Above band
Receivables DSO	~36 days	30–45 days norm	In range
Leverage (debt / equity)	Zero debt, undrawn line	0.2–0.5x peer average	Structural advantage
Intangibles intensity (% of assets)	67%	55–75% IP-rich norm	In range
Game advertising growth (wiki.gg monetization)	+81% YoY Q1	High-single-digit display ad market growth	Many multiples of market
Quarter-end cash runway	\$305K at 6/30	3–6 months peer median	Below — rebuilds in H2

Platform policy note: Steam's January 2026 AI-disclosure rewrite exempts developer-efficiency tools — where indie.io's workflow and ad tooling sits — but requires disclosure of AI-generated content shipped in games. Roughly 31% of 2026 Steam releases carry AI disclosures, trending toward a majority by 2027–28; portfolio titles using AI-generated assets are the compliance surface to track at signing and launch.

Summary financials (\$ thousands)

	Q1 FY27	Q1 FY26 / prior	Change
Gross income	3,032	3,078	–1.5%
Revenue shares (platform splits)	(1,545)	(1,710)	–9.6%
Net revenue	1,486	1,368	+8.7%
Gross profit	968	758	+27.7%
Adjusted gross profit (ex-amortization)	1,336	1,291	+3.5%
Wages & benefits (incl. RIF severance)	(1,099)	(796)	+38.0%
G&A	(321)	(169)	+89.2%
EBITDA	(85)	320	–\$405K
Net income (loss)	(659)	(257)	–\$402K
Cash	305	1,097 *	–72.2%
Accounts receivable	1,187	1,042 *	+13.9%
Total equity	4,295	4,922 *	–12.7%
Debt	0	0 *	—
Current ratio	1.13x	1.32x *	
Operating cash flow	(1,097)	1,562 †	
Free cash flow	(823)	676 †	

* Balance-sheet comparatives are as of 3/31/2026 (FY26 close). † Cash-flow comparatives are FY2026 full year.

Watch items

- Cash of \$305K is the thinnest quarter-end position in three years; Q2 collections on \$1.19M of receivables are the nearest-term inflow, with the undrawn credit line as backstop.
- G&A at \$321K is already 33.6% of the full-year plan after one quarter — being monitored against the \$955K budget.
- Current ratio 1.13x, below the 1.2x threshold for the first time since FY24; severance accrual rolloff and A/R collection restore it.
- Severance distortion clears in Q2 — next quarter is the first clean read on the post-RIF cost structure.

- FY2027 plan attainment is the nearest-term swing factor: Q1 delivered 20% of the full-year gross plan, so the back half must lift retail ~37% per quarter over Q1. A miss to Q1's run-rate costs ~\$3.7M of cumulative five-year EBITDA and, more immediately, the cash rebuild.
- Market saturation from industry-wide AI production is the principal long-run unknown in the five-year outlook — it swings cumulative EBITDA from \$11.0M to \$4.6M and determines whether the pivot self-funds. Per-title revenue by launch cohort is the metric to track; Q1's ten cohort titles (all White) averaged \$10.6K in-quarter against a \$13.2K White-cohort average for 2024-25 — about 20% below, on one quarter of evidence.
- In-house production ramp must reach ~23 titles/year to cover the fixed cost base and ~50 for \$2M EBITDA; FY2028 volume is the first real test of whether AI leverage delivers the throughput the model assumes.
- AI search is compressing web referral traffic category-wide (AI Overviews on ~48% of searches; publisher referrals down ~1/3 YoY) — a structural watch item for wiki.gg ad growth, which both the plan and the cadence-adjusted outlook lean on.

Source: Rillet actuals via the Summary Statements workbook (Is / Bs / SoCF tabs), quarter ended 6/30/2026. All computations performed in Python from workbook values. Fiscal year ends March 31; FY2027 = April 2026 – March 2027.