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# Q1 FY2027 Performance Review — Amended (Post-Audit)

*Quarter ended June 30, 2026 · Prepared by the CFO office · Amended October 19, 2026; supersedes the August 7, 2026 edition*

| Gross income | Net revenue | EBITDA | Cash at 6/30 |
|---|---|---|---|
| **$3.03M (−1.5% YoY)** | $1.49M (+8.7% YoY) | −$4K (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 of $169K booked in full this quarter) and the termination and disposal of underperforming titles at the start of the fiscal year. Underneath those one-time costs, the revenue-mix shift that defined FY2026 continued: game advertising grew 62.7% and net revenue grew 8.7% on essentially flat gross income, as revenue moves away from 30%-take storefronts. On the post-audit ledger the quarter was breakeven at EBITDA (−$4K); the net loss of $851K comes from non-cash amortization and disposal losses below EBITDA.

## Basis of amendment

This edition restates the quarter for the adjusting entries booked after the FY2026 audit. Revenue and cash are unchanged. EBITDA is −$4K (August edition −$85K) and the net loss is $851K (was $659K): amortization was restated up $170K on the amended schedule, $270K of disposal losses on the terminated titles are recognized below EBITDA, and event and PR marketing moved from cost of sales to a new Sales & Marketing line. At 6/30, intangible assets are $2.71M (was $3.96M) and equity $3.28M (was $4.29M). The cash-flow classification is also corrected: operating cash flow was −$434K, not −$1.10M as first reported, and the disposals produced no cash. Q1 FY2026 comparatives are restated to the current account grouping, and FY2026 comparatives come from the audited FY2026 statements. The August edition's FY2026 gross income, net revenue and EBITDA ($15.4M / $8.2M / $3.2M) double-counted subtotal rows in the Summary Statements workbook; the correct figures are $13.1M / $5.9M / $1.0M.

## 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 except subscription sublicensing grew:

- Game advertising (wiki.gg monetization): $407K vs $250K (+62.7%), now 13.4% of gross income vs 8.1% 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 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, up 48–97% month for month ($112K/$148K/$148K vs $75K/$75K/$100K). Net revenue rose in all three months (+1.0%, +13.2%, +14.5%), with the gap widening through the quarter as revenue carrying no storefront take became a larger share of the total. Revenue was not changed by the audit; 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% |
| **iio net (after splits)** | 554 | 560 | 413 | 468 | 400 | 458 |
| **YoY** | | +1.0% | | +13.2% | | +14.5% |

## 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 | iio 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 Rillet 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 — breakeven at EBITDA after the cost of the reset

EBITDA of −$4K compares to $320K in Q1 FY26, a $324K swing that is cost-side and concentrated in two lines: wages & benefits ($224K increase, carrying $169K of RIF severance) and G&A ($191K increase, led by $74K of accounting fees, nil a year ago, and software usage of $94K vs $59K). Excluding severance, Q1 EBITDA would have been about $165K. The post-RIF wage base is lower from Q2 onward, so the reported 68.7%-of-net-revenue wage ratio (57.3% excluding severance) overstates the go-forward cost structure. Adjusted gross profit (ex-amortization) grew +8.6% and gross profit +13.8%. Below EBITDA, amortization of $538K (flat year over year) and $270K of non-cash disposal losses on the terminated titles take the quarter to a net loss of $851K.

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 +113.5 → wages & benefits (incl. severance) −224.4 → G&A −190.5 → sales & marketing −31.6 → other operating expense +5.0 → interest income +4.3 → Q1 FY27 EBITDA −4.0.*

## 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 audit moved no cash. The $792K decline is dominated by items that do not repeat: a deliberate $571K paydown of the extended vendor payables carried at year-end and the severance-laden Q1 result, partly offset by $244K of new deferred revenue. Operating activities used $434K. Investing used $358K: $302K of capitalized title investment and $56K of equipment. The August edition reported a $273K investing inflow from the title disposals; the audit treats those disposals as non-cash write-offs, so they removed non-performing IP and its future amortization but returned no cash. The company remains debt-free with an undrawn credit line, and the current ratio is 1.31x (above the 1.2x comfort threshold on the amended basis; 1.47x at 3/31). Collection of the $1.19M receivables balance in Q2 is the nearest-term inflow.

*Cash walk, $K: 1,096.6 at 4/1/2026 → operating −433.8 → capitalized titles −302.0 → equipment −56.0 → financing 0.0 → 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 $27K of net income requires roughly $1.76M of EBITDA and $878K of net income across Q2–Q4. The reduced post-RIF cost base works in favor of that path, but it depends on the launch slate shipping on schedule.

## Outlook — five-year re-run: AI is now the scenario axis

The outlook was re-based in October on FY2027 actuals for the five closed months plus the H2 reforecast (gross $13.14M, net $6.16M, EBITDA $1.42M), replacing the plan anchor used in August. Three channels still run in parallel, and their economics differ sharply:

- 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 ~40% on the legacy catalogue. Production capacity is not a volume constraint, but every title will carry Steam's AI-content disclosure.
- 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: $8.2M in FY2027, decaying 17% a year in the base case and retained in full; the FY2027 launches ($1.8M to date, mostly Esports Manager 2026) follow the title revenue curve.

The scenarios are now defined by what generative AI is doing to the market. Steam releases have roughly doubled since 2020, AI-disclosed titles went from 11% of launches in 2024 to 31% in 2026, and new releases' share of Steam revenue fell from 27% to 21% in a year while demand grows about 5%. Disclosed AI games also reach meaningful sales at about half the rate of other launches. On the base case (AI flood: per-title erosion 12% a year, a 35% disclosure discount on owned IP, wiki.gg ads −3% a year) gross revenue reaches $14.4M and EBITDA $3.2M by FY2031, with cumulative FY2027–31 EBITDA of $12.6M and cash of $8.6M; owned IP supplies about 45% of net revenue. If the market absorbs AI supply, cumulative EBITDA is $21.1M; if a backlash compounds the flood it is $5.5M, with EBITDA falling every year from FY2028 to $0.4M in FY2031. The August outlook's moderate case was $24.6M.

Two assumptions carry this outlook. 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. Strip Purple out and year-one revenue falls from $107K to about $44K before any AI effects, worth −$5.7M of cumulative EBITDA on the base case. Nothing yet shows AI-generated output reaching Purple; Q1 FY2027's ten launches were all White and averaged $10.6K in-quarter, about 20% below the 2024-25 White cohort.

The second is the AI market itself, which the strategy is exposed to twice. Cheap generation is available to every competitor, so per-title revenue erodes as supply floods in, costing the base case $6.0M. And the disclosure label marks indie.io's own titles, costing $5.2M. On the base case an FY2031 owned title earns about $42K of lifetime net revenue against ~$12K of production cost; in the backlash case about $18K, which leaves little room for marketing.

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.

FY2027 is no longer the swing factor it was in August: with five months closed, a 10% shortfall in the reforecast catalogue base moves cumulative EBITDA by only −$0.8M. The AI drivers dominate, and the metric to track is in-quarter revenue per launch by cohort, split by AI disclosure.

| $ millions | FY26A | FY27F | FY28 | FY29 | FY30 | FY31 |
|---|---|---|---|---|---|---|
| **AI ABSORBED (erosion 5%/yr, disclosure discount 15%)** | | | | | | |
| **Gross revenue** | 13.1 | 13.1 | 14.1 | 16.1 | 18.3 | 20.1 |
| **Net revenue** | 5.9 | 6.2 | 7.1 | 8.7 | 10.2 | 11.4 |
| **EBITDA** | **1.0** | **1.4** | **2.9** | **4.3** | **5.7** | **6.8** |
| **Cash (EOY)** | 1.1 | 1.2 | 3.5 | 7.0 | 11.6 | 17.1 |
| **AI FLOOD — BASE (erosion 12%/yr, discount 35%)** | | | | | | |
| **Gross revenue** | 13.1 | 13.1 | 13.0 | 13.5 | 14.1 | 14.4 |
| **Net revenue** | 5.9 | 6.2 | 6.5 | 7.1 | 7.6 | 7.9 |
| **EBITDA** | **1.0** | **1.4** | **2.2** | **2.7** | **3.1** | **3.2** |
| **Cash (EOY)** | 1.1 | 1.2 | 2.9 | 4.7 | 6.7 | 8.6 |
| **AI FLOOD + BACKLASH (erosion 20%/yr, discount 55%)** | | | | | | |
| **Gross revenue** | 13.1 | 13.1 | 11.9 | 11.0 | 10.4 | 9.8 |
| **Net revenue** | 5.9 | 6.2 | 5.9 | 5.6 | 5.4 | 5.1 |
| **EBITDA** | **1.0** | **1.4** | **1.6** | **1.2** | **0.8** | **0.4** |
| **Cash (EOY)** | 1.1 | 1.2 | 2.3 | 2.6 | 2.3 | 1.5 |

*Method: FY2027 = Rillet actuals Apr–Aug 2026 plus the H2 Reforecast of 2026-10-08 (FY2027 statements view); FY2026A = post-audit ledger. FY2028–31 are built by channel: legacy catalogue decay 14/17/22% a year by scenario; FY2027 launch cohort on the title curve (60/35/20/15/15% of year one); owned IP 40/70/90/100 titles a year at $119.8K year one before AI effects ($107K colour-mix blend × 1.12 IndieBi localization uplift), less per-title erosion of 5/12/20% a year from the FY2026 calibration year and a 15/35/55% disclosure discount; platform-sourced 20/35/50/60 titles at $44.8K, eroded the same way; business development +5% a year; wiki.gg ads at the H2 run rate in FY2028, then +4/–3/–15% a year. Net retention: legacy 39.8% (calibrated to FY2027), owned 70%, platform 21%, BD 50%, ads 85%. Operating cost from the post-RIF H2 run rate ($3.98M) +3% a year; owned-IP production ~$12K per title capitalised; no tax, working-capital swing or external capital. AI market evidence and sources are in the October 2026 outlook workbook and PDF.*

## 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 one below-band item, quarter-end cash, is a deliberate and temporary mark 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 · 44.8% FY26 | 45–65% typical | In range in Q1 (FY26 just below), improving |
| **EBITDA margin (% of net revenue)** | 16.5% FY26A · 26.1% FY27 plan | 8–15% peer median | Above band |
| **Operating cash flow margin** | 29.9% 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)** | 57% | 55–75% IP-rich norm | In range |
| **Game advertising growth (wiki.gg monetization)** | +63% 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** | 901 | 792 | +13.8% |
| **Adjusted gross profit (ex-amortization)** | 1,439 | 1,325 | +8.6% |
| **Wages & benefits (incl. RIF severance)** | (1,021) | (796) | +28.2% |
| **G&A** | (353) | (163) | +117.0% |
| **Sales & marketing** | (67) | (35) | +89.7% |
| **EBITDA** | (4) | 320 | −$324K |
| **Net income (loss)** | (851) | (257) | −$594K |
| **Cash** | 305 | 1,097 * | −72.2% |
| **Accounts receivable** | 1,187 | 1,042 * | +13.9% |
| **Total equity** | 3,284 | 3,710 * | −11.5% |
| **Debt** | 0 | 0 * | — |
| **Current ratio** | 1.31x | 1.47x * | |
| **Operating cash flow** | (434) | 1,757 † | |
| **Free cash flow** | (792) | 831 † | |

** Balance-sheet comparatives are as of 3/31/2026 per the audited FY2026 statements. † Cash-flow comparatives are audited FY2026 full year. Q1 FY26 is restated to the current account grouping; free cash flow = operating plus investing cash flow.*

## 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 $353K is already 37.0% of the full-year plan after one quarter (plan set before the September 2026 account regrouping), being monitored against the $955K budget.
- Current ratio 1.31x on the amended basis, above the 1.2x threshold but down from 1.47x at 3/31; A/R collection and the severance accrual rolloff support it. (The August edition's 1.13x reflected pre-audit accruals.)
- Severance distortion clears in Q2 — next quarter is the first clean read on the post-RIF cost structure.
- AI-content disclosure on owned IP: every owned title will carry Steam's label, and disclosed games convert at about half the rate of other launches. Worth $5.2M of cumulative EBITDA in the base case; the mitigation is product quality, not volume.
- AI-driven supply growth is the principal long-run unknown: release volume is growing far faster than demand, and cumulative five-year EBITDA ranges from $5.5M to $21.1M across the three AI scenarios. Per-title revenue by launch cohort, split by AI disclosure, 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.
- Owned-IP volume adds value only while a title's lifetime net exceeds its cost: about $42K against ~$12K for an FY2031 launch on the base case, but about $18K in the backlash case. Halving the planned volume costs −$4.9M on the base case. FY2028 is the first real test.
- AI search is compressing web referral traffic: users click a traditional result about half as often when an AI summary appears (8% vs 15%), and wikis depend on Google for most of their traffic. wiki.gg ad revenue has been flat at ~$150K a month since May; the base case assumes −3% a year.
- Rillet's own Q1 cash-flow report does not reconcile to the balance-sheet cash movement: its sections sum to $(1,185,404) against the $792K actual decline, because it treats the non-

cash $394K 4/1/2026 retained-earnings correction as cash. The cash flows in this report are derived from the balance sheet; the report break is open with the accountants.

*Source: Rillet general ledger after the post-audit adjusting entries (report pulls of 2026-10-08 and 2026-10-19; Q1 unchanged since 2026-09-11) and the audited FY2026 financial statements (draft dated 9/9/2026), via the amended Summary Statements workbook (Is / Bs / SoCF tabs). All computations performed in Python from ledger values. Fiscal year ends March 31; FY2027 = April 2026 – March 2027.*