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Q2 FY2027 Performance Review

Quarter ended September 30, 2026 · Prepared by the CFO office · November 6, 2026

Gross income	Net revenue	EBITDA	Cash at 9/30
$4.31M (+32.8% YoY)	$1.99M (+31.7% YoY)	$764K (vs $218K)	$763K (vs $305K at 6/30)

Executive summary

Esports Manager 2026 launched on July 6 and produced $1.75M of gross revenue in the quarter ($1.46M in its first month, a Purple-class launch), lifting gross income 32.8% to $4.31M and net revenue 31.7% to $1.99M. With the post-RIF cost base in place (wages & benefits −16.5% year over year), EBITDA was $764K against $218K a year ago and −$4K in Q1, bringing H1 EBITDA to $760K. Net income was $449K, including a $292K gain on the Symphony of War rights buyback and a $117K intangible impairment from the September semi-annual test ($274K excluding both). Cash rose $458K to $763K at 9/30. September was the first post-launch month and the softest of the quarter, so Q3 starts from a lower monthly run rate.

Revenue — a Purple launch on a steady base

Gross income of $4.31M was up 32.8% year over year, driven by retail (+40.3%, $3.47M) on the Esports Manager 2026 launch. By line:

- Game advertising (wiki.gg monetization): $421K vs $487K (−13.6%). By month: $126K/$148K/$147K vs $151K/$189K/$147K a year ago. Last year's July and August were lifted by a one-off game patch that made the prior-year quarter artificially high; September matched last year. This year is on track: H1 ads are 51.5% of the full-year plan.
- Wholesale & bundle: $188K vs $229K (−18.1%).
- Business development revenue overall: $413K vs $279K (+47.9%).
- Subscription sublicensing: $225K vs $50K (+349.5%).
- Net revenue retention was 46.1% vs 46.4% a year ago, essentially flat: retail, which carries the storefront and developer splits, was 80.6% of gross income vs 76.3%.

Structural headwinds to monitor from AI. On the ad line, AI search summaries are compressing web referral traffic across the publishing category (Google AI Overviews on roughly half of searches; publisher search referrals down about a third year over year). 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. On retail, AI tools are lowering the cost of making a game and flooding the storefront: 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%.

More titles competing for the same players means lower sales per title and a higher cost to get a launch seen, which is the supply pressure the five-year outlook models below.

Revenue detail — monthly year over year

The monthly view shows a launch quarter rather than a new run rate. July gross revenue doubled year over year (+101.6%) on the Esports Manager 2026 launch month; August was in line with prior year (+1.2%) and September was below it (−23.6%) as the launch decayed ($192K in August, $99K in September) and the rest of the business also ran below last September. Net revenue followed the same pattern (+104.8%, −0.3%, −18.8%). Monthly figures tie to the quarter totals on the Is tab.

$ thousands	Jul FY26	Jul FY27	Aug FY26	Aug FY27	Sep FY26	Sep FY27
Gross revenue	1,250	2,520	1,070	1,083	928	708
YoY		+101.6%		+1.2%		−23.6%
iio net (after splits)	537	1,101	527	526	443	360
YoY		+104.8%		−0.3%		−18.8%

Revenue concentration — top titles

The quarter's top five titles are all Purple class. Together they produced $2.80M, or 72.0% of game revenue, and Esports Manager 2026 alone was 45.1%.

Title	Class	Gross	% of game gross	iio net
Esports Manager 2026	Purple	$1,751,279	45.1%	$749,242
HumanitZ	Purple	$647,785	16.7%	$171,390
Dark Deity 2	Purple	$191,573	4.9%	$54,651
Coromon	Purple	$118,448	3.0%	$45,072
Echoes of Plum Grove	Purple	$86,533	2.2%	$31,144
Top five combined		**$2,795,619**	**72.0%**	**$1,051,500**
All other titles (181)		**$1,088,577**	**28.0%**	**$530,277**

HumanitZ remained the largest catalogue title at $648K (+35.5% year over year), still decaying month by month ($295K / $214K / $138K). Game revenue excludes $427K of advertising and business development revenue that is not tied to a title.

Profitability — the post-RIF cost base shows through

EBITDA of $764K compares to $218K in Q2 FY26, a $546K improvement, and is 38.5% of net revenue. Adjusted gross profit (ex-amortization) grew $471K (+32.2%) on the launch. On costs, wages & benefits fell $138K (−16.5%) with the post-RIF headcount and sales & marketing fell $76K. Below EBITDA, amortization was $461K; the $292K Symphony of War buyback gain and the $117K September impairment are both non-cash or one-off, so the underlying net income was about $274K against the reported $449K.

EBITDA bridge, $K: Q2 FY26 EBITDA 218.0 → adjusted gross profit +470.8 → wages & benefits +138.3 → G&A −131.8 → sales & marketing +75.9 → other operating expense −10.1 → interest income +2.8 → Q2 FY27 EBITDA 764.0.

Cash & balance sheet — rebuilding from the Q1 low

Cash ended the quarter at $763K, up $458K from $305K at 6/30. Operating activities generated $473K, after a further $232K reduction in vendor payables and $113K of deferred revenue earned out. Investing used $15K net: $340K of capitalized title investment, offset by the $325K received on August 12 for the Symphony of War contract-rights buyback. Free cash flow was $458K, or $133K excluding the buyback. The company remains debt-free; the current ratio improved to 2.15x from 1.31x at 6/30, and receivables of $1.17M are about 25 days of quarterly gross revenue. Equity is $3.76M (6/30: $3.28M).

Cash walk, $K: 304.9 at 7/1/2026 → operating +473.0 → capitalized titles −340.1 → rights buyback +325.0 → financing 0.0 → 762.9 at 9/30/2026.

Plan tracking — half way through a back-half-weighted year

At the half year, gross income is 48.8% of the full-year plan, net revenue 51.7%, advertising 51.5% and EBITDA 43.4%. The H2 reforecast, with April–September now actual, projects FY2027 gross income of $13.62M, net revenue $6.29M and EBITDA $1.39M against the plan's $15.05M / $6.71M / $1.75M; that requires $0.63M of EBITDA in H2. The projected net loss of $0.79M (plan: $27K net income) is driven by amortization ($1.92M for the year) and the H1 non-operating items, not by operations. Projected year-end cash is $1.28M.

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

The five-year outlook was re-run for this report on FY2027 actuals for the six closed months plus the H2 reforecast (gross $13.62M, net $6.29M, EBITDA $1.39M); the AI-market assumptions are unchanged from October. 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: $8.60M in FY2027, decaying 17% a year in the base case and retained in full; the FY2027 launches ($1.93M through September, 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 $14.5M and EBITDA $3.0M by FY2031, with cumulative FY2027–31 EBITDA of $11.8M and cash of $7.9M; owned IP supplies about 45% of net revenue. If the market absorbs AI supply, cumulative EBITDA is $20.3M; if a backlash compounds the flood it is $4.7M, with EBITDA falling every year from FY2028 to $0.2M in FY2031. Against the October run, base-case cumulative EBITDA is $0.8M lower despite the higher FY2027: the October–March reforecast carries a higher operating-cost run rate ($4.09M a year vs $3.98M), and the ad base is lower.

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 six months closed, a 10% shortfall in the reforecast catalogue base moves cumulative EBITDA by only −$0.9M. The AI drivers dominate, and the metric to track is in-quarter revenue per launch by cohort, split by AI disclosure. Q2 showed the other side of the hit-rate assumption: one Purple third-party launch, Esports Manager 2026, produced more gross revenue in its first month than the entire Q1 launch cohort combined.

$ millions	FY26A	FY27F	FY28	FY29	FY30	FY31
AI ABSORBED (erosion 5%/yr, disclosure discount 15%)						
Gross revenue	13.1	13.6	14.4	16.4	18.5	20.2
Net revenue	5.9	6.3	7.2	8.7	10.2	11.4

EBITDA	**1.0**	**1.4**	**2.7**	**4.1**	**5.5**	**6.5**
Cash (EOY)	1.1	1.3	3.5	6.7	11.1	16.4
AI FLOOD — BASE (erosion 12%/yr, discount 35%)						
Gross revenue	13.1	13.6	13.3	13.7	14.2	14.5
Net revenue	5.9	6.3	6.5	7.1	7.6	7.8
EBITDA	**1.0**	**1.4**	**2.1**	**2.5**	**2.9**	**3.0**
Cash (EOY)	1.1	1.3	2.8	4.4	6.2	7.9
AI FLOOD + BACKLASH (erosion 20%/yr, discount 55%)						
Gross revenue	13.1	13.6	12.2	11.2	10.5	9.9
Net revenue	5.9	6.3	5.9	5.6	5.4	5.1
EBITDA	**1.0**	**1.4**	**1.5**	**1.0**	**0.6**	**0.2**
Cash (EOY)	1.1	1.3	2.2	2.3	1.8	0.8

Method: FY2027 = Rillet actuals Apr–Sep 2026 plus the H2 reforecast (FY2027 statements view, 2026-11-06); 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 39.5% (calibrated to FY2027), owned 70%, platform 21%, BD 50%, ads 85%. Operating cost from the post-RIF H2 run rate ($4.09M) +3% a year; owned-IP production ~$12K per title capitalised; no tax, working-capital swing or external capital. Re-run 2026-11-06; 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; quarter-end cash is still below the peer runway band but rebuilding, and advertising is now the line to watch.

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)	46.1% Q2 · 44.8% FY26	45–65% typical	Just above the low end; launch-quarter mix

EBITDA margin (% of net revenue)	38.5% Q2 · 16.5% FY26A	8–15% peer median	Above band
Operating cash flow margin	23.8% Q2 · 29.9% FY26	10–15% peer median	Above band
Receivables DSO	~25 days	30–45 days norm	Better than norm
Leverage (debt / equity)	Zero debt	0.2–0.5x peer average	Structural advantage
Intangibles intensity (% of assets)	51%	55–75% IP-rich norm	Just below band (amortization and the September impairment)
Game advertising growth (wiki.gg monetization)	−13.6% YoY Q2	High-single-digit display ad market growth	Below market this quarter
Quarter-end cash runway	$763K at 9/30	3–6 months peer median	Below — rebuilding (6/30: $305K)

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)

	Q2 FY27	Q2 FY26 / prior	Change
Gross income	4,311	3,247	+32.8%
Revenue shares (platform splits)	(2,325)	(1,739)	+33.7%
Net revenue	1,986	1,508	+31.7%
Gross profit	1,471	992	+48.3%
Adjusted gross profit (ex-amortization)	1,932	1,461	+32.2%
Wages & benefits	(701)	(840)	−16.5%
G&A	(349)	(217)	+60.7%
Sales & marketing	(117)	(193)	−39.4%
EBITDA	764	218	+$546K
Net income (loss)	449	(257)	+$706K
Cash	763	305 *	+150.2%
Accounts receivable	1,175	1,187 *	−1.0%
Total equity	3,756	3,284 *	+14.4%
Debt	0	0 *	—
Current ratio	2.15x	1.31x *	
Operating cash flow	473	(434) †	
Free cash flow	458	(792) †	

** Balance-sheet comparatives are as of 6/30/2026 (Q1 FY27 close). † Cash-flow comparatives are Q1 FY27. Q2 FY26 is restated to the current account grouping; free cash flow = operating plus investing cash flow, and Q2 includes the $325K rights-buyback receipt.*

Watch items

- Launch decay: Esports Manager 2026 went from $1,460K in July to $99K in September. Q3 revenue rests on the catalogue and the back-half launch slate, not on a repeat of July.
- Cash of $763K is rebuilding but still below the peer runway band, and $325K of the quarter's increase was the one-off rights buyback; free cash flow excluding it was $133K.

- G&A at $702K for H1 is 73.5% of the full-year plan ($955K; set before the September 2026 account regrouping) and is up 60.7% year over year in Q2.
- Advertising is down 13.6% year over year for the quarter against a prior year lifted by a one-off game patch, and is on track to plan; the AI-search referral trend is the structural risk to this line.
- The September semi-annual impairment test wrote down $117K of title intangibles; the next test is at March 31, 2027.
- Reaching the H2 reforecast requires $0.63M of EBITDA in Q3–Q4, on a September run rate of –$15K.
- AI-content disclosure on owned IP and AI-driven supply growth remain the principal long-run unknowns: cumulative FY2027–31 EBITDA ranges from $4.7M to $20.3M across the three AI scenarios. Per-title revenue by launch cohort, split by AI disclosure, is the metric to track.

Source: Rillet general ledger, report pull of 2026-11-05 15:20 (all three Q2 months closed; after the September impairment correction), income statement by Class for title figures, and the Q2 FY2027 Summary Statements workbook (Is / Bs / SoCF tabs). Q2 FY26 comparatives are from the post-audit ledger on the current account grouping. Cash flows are derived from the 6/30–9/30 balance-sheet movement and tie to the cash change to the cent. FY2027 projection and the five-year outlook: Rillet actuals April–September plus the H2 reforecast (FY2027 statements view, 2026-11-06). All computations performed in Python from ledger values. Fiscal year ends March 31; FY2027 = April 2026 – March 2027.