UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended April 30, 2026 or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ______ to ______
Commission File Number 001-38334

Immersion Corporation
(Exact name of registrant as specified in its charter)

Delaware	**94-3180138**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

2999 N.E. 191st Street, Suite 610, Aventura, FL, 33180
(Address of principal executive offices, zip code)

(408) 467-1900
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, $0.001 par value	IMMR	Nasdaq Global Market
Series C Junior Participating Preferred Stock Purchase Rights		

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging Growth Company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously-issued financial statements. ☒

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the registrant's common stock held by non-affiliates of the registrant on October 31, 2025, the last business day of the registrant's most recently completed second fiscal quarter, was $166,012,564 (based on the closing sales price of the registrant's common stock on that date). On July 15, 2026, there were 33,191,901 shares of the Company's common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Items 10 (as to directors and executive officers, and Delinquent Section 16(a) Reports (if any)), 11, 12 (as to Beneficial Ownership), 13 and 14 of Part III of this Annual Report on Form 10-K incorporate by reference portions of the Registrant's definitive Proxy Statement for the Fiscal Year 2026 Annual Meeting of Stockholders.

IMMERSION CORPORATION
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FORWARD-LOOKING STATEMENTS

In addition to historical information, this Annual Report on Form 10-K includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended ("the Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The forward-looking statements involve risks and uncertainties. Forward-looking statements often include words such as "believe," "expect," "anticipate," "intend," "plan," "estimate," "target," "project," "forecast," "seek," "may," "should," "could," "would," or other similar expressions. However, these words are not the only way we identify forward-looking statements. Examples of forward-looking statements include among other things, any expectations, projections, or other characterizations of future events, or circumstances, and include, but are not limited to, statements regarding: (i) our strategy and our ability to execute our business plan; (ii) our competition and the market in which we operate; (iii) our customers and suppliers; (iv) our revenue and trends related thereto, and the recognition and components thereof; (v) our costs and expenses, including our investment of surplus funds and sales of marketable debt securities; (vi) seasonality and demand; (vii) our investment in research and technology development; (viii) changes to general and administrative expenses; (ix) our foreign operations and the reinvestment of our earnings related thereto; (x) our investment in and protection of our intellectual property ("IP"); (xi) our employees; (xii) the sufficiency of our capital resources; (xiii) unrecognized tax benefit and tax liabilities; (xiv) the impact of changes in interest rates and foreign exchange rates, as well as our plans with respect to foreign currency hedging in general; (xv) changes in laws and regulations, including with respect to taxes; (xvi) our plans and estimates related to and the impact of current and future litigation and arbitration; (xvii) our leases and subleases including the timing and income related thereto; (xviii) our ability to establish and maintain proper and effective internal controls; (xix) our ability to maintain compliance with SEC reporting requirements and Nasdaq continued listing rules; and (xx) our dividend, stock-repurchase, and equity-distribution programs.

Forward-looking statements are subject to risks, uncertainties, and changes in circumstances that are difficult to predict and many of which are outside of our control. Actual results could differ materially from those projected in the forward-looking statements, therefore we caution you not to place undue reliance on these forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, but are not limited to, the risk factors contained in Part I, "Item 1A. *Risk Factors*."

Any forward-looking statements made by us in this report speak only as of the date of this report, and we do not intend to update these forward-looking statements after the filing of this report, unless required to do so by applicable law or regulation. You are urged to review carefully and consider our various disclosures in this report and in our other reports publicly disclosed or filed with the SEC that attempt to advise you of the risks and factors that may affect our business.

RISK FACTOR SUMMARY

Our business is subject to numerous risks and uncertainties that could affect our ability to successfully implement our business strategy and affect our financial results. Before deciding whether to invest in our company, you should carefully consider all the information in this report and the following principal risks and the additional risks described in Part I, "Item 1A. *Risk Factors*" of this Annual Report on Form 10-K and in Barnes & Noble Education, Inc.'s Annual Report on Form 10-K filed with the SEC and available at www.sec.gov.

- Our evolving business model increases the complexity of our business. Our business strategy includes acquisitions, that entail numerous risks, including the risk of management diversion and increased costs and expenses.
- Although we have been profitable from operations since 2020, there is no assurance that we will continue to generate net income in the future and we may not be able to maintain or increase profitability.
- Our business, results of operations, financial condition, cash flows, and stock price can be adversely affected by catastrophic events, uncertain economic and political environment in geographies in which we operate or changes in trade policies.
- Our business could be materially and adversely affected if we are unable to enter new licensing arrangements (or renew licenses) on favorable terms or if our customers discontinue product lines that incorporate our technology. In addition, a limited number of customers account for a significant portion of our revenue, and the loss of major customers could harm our operating results.
- Our failure to develop or acquire successful patents and obtain patents on those patents could significantly harm our business. Shortages of electronic components may cause a decrease in production and sales of our customers' products which could result in lower royalties payable to us.
- We are or may become involved in litigation to enforce our IP rights (or defend against assertions that we violate a third party's IP), or to resolve conflicts over license terms in our license agreements, and the costs thereof could adversely affect our business.
- The terms in our agreements may be construed by our licensees in a manner that is inconsistent with the rights that we have granted to other licensees or in a manner that may require us to incur substantial costs to resolve conflicts over license terms or may prevent us from enforcing our patents based on legal doctrines.
- If we fail to protect and enforce our patent rights and other IP rights (or if there are adverse changes in patent and litigation legislation or enforcement), our ability to license our technologies and generate revenues could be impaired.
- If we are not able to attract, recruit and retain qualified personnel, we may not be able to effectively deploy our technologies and may create operational and administrative inefficiencies that hinder our growth strategy.
- We may incur greater tax liability than anticipated which could adversely affect our financial condition and operating results.
- Our international revenues subject us to additional risks and costs. Further, our failure to comply with complex laws and regulations could have a material adverse effect on our operations.
- We may not be able to continue to derive significant revenues from third party gaming peripheral makers for video gaming platforms. Automobiles incorporating our technologies are subject to lengthy development periods, making it difficult to predict when and whether we will receive royalties for these product types.
- If our licensees' efforts fail to generate consumer demand, our revenue may be adversely affected.
- Our business may suffer if third parties assert that we violate their IP rights.
- Our business and operations could suffer in the event of any actual or perceived security breaches.
- If we are unable to maintain open-source compliant products (or our products contain undetected errors), our ability to license our technologies and generate revenues may be impaired.
- Our business depends in part on access to third-party platforms and technologies. If such access is withdrawn, denied, or is not available on terms acceptable to us, or if the platforms or technologies change, our business and operating results could be adversely affected.
- Our technologies may contain undetected errors and we may fail to adequately protect personal information, which could harm our reputation and future sales.

- If we fail to establish and maintain proper and effective internal controls, our ability to produce accurate financial statements on a timely basis could be impaired, which would adversely affect our business and our stock price. We have not been in compliance with SEC reporting requirements and Nasdaq continued listing rules. If we are unable to remain in compliance, there may be a material adverse effect on the Company and our stockholders.
- Our consolidated variable interest entity, Barnes & Noble Education, is a public company which may expose us to additional costs, and our management may be required to devote substantial time to compliance initiatives. Changes in Barnes & Noble Education's relationships with significant clients and suppliers could have a material adverse impact on its business. Tariffs, trade wars and other restrictions may have a material adverse impact on our financial condition and results of operations.
- If Barnes & Noble Education fails to maintain proper and effective internal controls, our business and financial condition could be materially adversely impacted.
- If Barnes & Noble Education is unable to remain in compliance, there may be a material adverse effect on Barnes & Noble Education and the Company. Barnes & Noble Education's failure to prepare and timely file its periodic reports with the SEC limits its access to the public markets to raise debt or equity capital, may impact its ability to obtain alternative financing, and could have negative consequences under the terms of its existing credit agreements.
- Our quarterly revenues and operating results are volatile, and if our future results are below expectations, the price of our common stock is likely to decline. Our stock price may fluctuate regardless of our performance.
- Future sales of our equity could result in significant dilution to our existing stockholders and depress the market price of our common stock.
- We may elect to purchase marketable securities, or digital or alternative currencies, as part of our capital allocation or investment strategy; if purchased, our financial results and the market price of our common stock may be affected by the price of these alternative investments, which may be highly volatile.
- Any stock repurchase program could affect our stock price and add volatility. Any decision to reduce or discontinue the payment of cash dividends to our stockholders could cause the market price of our common stock to decline significantly.
- Changes in financial accounting standards or policies may affect our reported financial condition or results of operations.
- Our business is subject to changing regulations regarding corporate governance and other compliance areas that will increase both our costs and the risk of noncompliance. Further, provisions in our charter documents and Delaware law could prevent or delay a change in control, which could reduce the market price of our common stock.

PART I

Item 1. *Business*

Overview

Immersion Corporation (the “Company”, “Immersion”, “we”, or “us”) was incorporated in 1993 in California and reincorporated in Delaware in 1999.

In June 2024, Immersion acquired a controlling interest in Barnes & Noble Education, Inc., a Delaware corporation (“Barnes & Noble Education”). The financial results of Barnes & Noble Education have been included in our consolidated financial statements since the acquisition date of June 10, 2024.

Following the closing of the Transactions (as defined below) with Barnes & Noble Education, we operate our business in two operating segments: Immersion and Barnes & Noble Education.

Immersion is a premier licensing company focused on the acceleration, and scaling, through licensing, of innovative haptic technologies that allow people to use their sense of touch to engage with products and experience the digital world around them. We are one of the leading experts in haptics, and our haptics licensing allows us to deliver world-class IP and technology that enables the creation of products that delight end users. Our technologies are designed to facilitate the creation of high-quality haptic experiences, enable their widespread distribution, and ensure that their playback is optimized. Our primary business is currently in the mobility, gaming, and automotive markets, and see opportunities in evolving new markets, including virtual and augmented reality and wearables.

We have adopted a business model under which we offer licenses that allow our customers to integrate Immersion’s patented technology into their products. Our licenses enable our customers to deploy haptically enabled devices, content, and other offerings, which they typically sell under their own brand names. We and our wholly-owned subsidiaries hold just under 300 issued or pending patents worldwide as of April 30, 2026. Our patents cover a wide range of digital technologies and ways in which touch-related technology can be incorporated into and between hardware products and components, systems software, application software, and digital content. We believe that our IP is relevant to many of the most important and cutting-edge ways in which haptic technology is and can be deployed, including in connection with mobile interfaces and user interactions, in association with pressure and other sensing technologies, as part of video and interactive content offerings, as related to virtual and augmented reality experiences, and in connection with advanced actuation technologies and techniques.

Barnes & Noble Education is one of the largest contract operators of physical and virtual bookstores for college and university campuses and K-12 institutions across the United States. Barnes & Noble Education is also one of the largest textbook wholesalers and inventory management hardware and software providers. Barnes & Noble Education operates 1,116 physical and virtual bookstores, delivering essential educational content and general merchandise within a dynamic omnichannel retail environment.

Business Combination

On June 10, 2024 (“Closing Date”), the Transactions (defined below) were consummated pursuant to the terms of the Purchase Agreement among Barnes & Noble Education and the Purchasers (as defined in the Purchase Agreement), following Barnes & Noble Education’s receipt of the requisite approval of its stockholders at a special meeting of its stockholders held on June 5, 2024. The following is presented on a post-reverse stock split basis, which is defined as a reverse stock split of Barnes & Noble Education’s outstanding shares of common stock at a ratio of 1-for-100, effective as of June 11, 2024.

Pursuant to the terms of the Purchase Agreement, Barnes & Noble Education conducted a rights offering (the “Rights Offering”), whereby Barnes & Noble Education distributed at no charge to the holders of its common stock (“BNED Common Stock”) non-transferable subscription rights (“Rights”) to purchase up to an aggregate of 9,000,000 new shares of BNED Common Stock (the “Offered Shares”) at a subscription price of $5.00 per share (the “Subscription Price”). On the Closing Date, Barnes & Noble Education issued the Offered Shares, which generated $45 million in gross proceeds, including approximately $10 million of Offered Shares purchased by Toro 18 Holdings LLC, a wholly-owned subsidiary of Immersion, (“Investor”) pursuant to the Backstop Commitment (as defined in the Purchase Agreement). Pursuant to the Backstop Commitment, Immersion through Investor, purchased 2,006,701 shares of BNED Common Stock. Barnes & Noble Education reimbursed Immersion, through Investor, for reasonable legal and other expenses in connection with the Transactions in the amount of $2.5 million. Barnes & Noble Education also paid an amount equal to $2.5 million to Immersion, through Investor, as payment in consideration for its Backstop Commitment.

In addition to the Rights Offering, Immersion, through Investor, purchased from Barnes & Noble Education an aggregate of 9,000,000 new shares of BNED Common Stock at the Subscription Price for a purchase price of $45 million (the "PIPE Transaction", and together with the Rights Offering, the "Transactions").

As a result of the Transactions, Barnes & Noble Education received a total of $95 million in gross proceeds, of which $80.7 million was used to reduce its outstanding debt.

In connection with the closing of the Transactions, Barnes & Noble Education appointed Eric Singer, William C. Martin, Emily S. Hoffman, and Elias Nader to serve as members of the board of directors of Barnes & Noble Education (the "Barnes & Noble Education Board") following the Closing Date. Currently, Messrs. Singer and Martin and Ms. Hoffman are members of the Barnes & Noble Education Board.

As part of the Transactions, Immersion acquired 42% of all outstanding shares of BNED Common Stock and control of Barnes & Noble Education through the five Immersion-appointed board seats. Currently, four of the seven members of the Barnes & Noble Education Board are Immersion appointees. The total consideration transferred was approximately $50.1 million, consisting of $52.2 million in cash consideration paid to Barnes & Noble Education less $2.1 million in transaction costs incurred by Immersion but reimbursed by Barnes & Noble Education. For the fiscal year ended April 30, 2025, Immersion incurred costs related to this acquisition of $1.2 million, inclusive of the expenses reimbursed by Barnes & Noble Education, that were expensed as incurred and recorded in general and administrative expenses in the accompanying consolidated statement of operations. The acquisition aims to expand Immersion's offerings, increase its customer reach, and diversify into the education sector.

Reporting Periods

The Company's fiscal year begins on May 1 and ends on April 30. Therefore, the financial results of the current fiscal year may not be comparable to prior fiscal years. References throughout this Annual Report on Form 10-K to Immersion's Fiscal 2026 refer to the fiscal year ended April 30, 2026.

Barnes & Noble Education's fiscal year is comprised of 52 or 53 weeks, ending on the Saturday closest to the last day of April. The financial information presented in this Annual Report on Form 10-K includes the financial information of Barnes & Noble Education for the fiscal year ended May 2, 2026 and for the period from June 10, 2024 to May 3, 2025.

Immersion Segment

Immersion has adopted a business model under which we offer licenses to our patented technology to our customers and offer our customers enabling software, related tools and technical assistance designed to integrate our patented technology into our customers' products or enhance the functionality of our patented technology. Our licenses enable our customers to deploy haptically enabled devices, content and other offerings, which they typically sell under their own brand names. We and our wholly-owned subsidiaries hold just under 300 issued or pending patents worldwide at April 30, 2026. Our patents cover a wide range of digital technologies and ways in which touch-related technology can be incorporated into and between hardware products and components, systems software, application software, and digital content.

Business Strategy

Our goals are to maximize our profitable licensing opportunities to increase stockholder value and to drive the adoption of our touch technology across markets and applications to improve user experiences in the digital realm. Our strategy is founded upon the ability to:

Drive Adoption. Communicate the advantages of our patents and technologies to the relevant customers in target end-markets and encourage their adoption through demonstrations, and incorporation in the offerings of world-class companies.

Monetize. License our technology to customers for use in the creation, distribution and playback of high-quality haptic experiences in various products, services and markets.

Haptics and Its Benefits

While the digital world offers many advanced technologies and capabilities, it often fails to provide us with meaningful touch experiences that inform and enrich our real-world interactions. As we experience the physical world in our everyday lives, we rely on our sense of touch to provide us with reassuring context and confirmation, to bring us closer to one another through rich communications, and to enjoy entertainment, sports and other activities through realistic engagement. Without these tactile qualities, our digital experiences can feel flat and ineffective, pale reflections of the real world.

Immersion haptic technologies enhance digital experiences, restoring the missing elements of confirmation, realism and rich communication to the digital world and help realize our vision: “With touch, we make people’s digital lives more personal, vivid, and meaningful”.

Confirmation. Today’s touchscreen, touch pad, and other touch surfaces often lack the physical feedback that is provided by mechanical keyboards, buttons, and switches that we need to fully understand the context of our interactions. By providing users with intuitive and unmistakable tactile confirmation as they push virtual buttons and scroll through lists, haptics can instill confidence, increase input speed, reduce errors and help improve safety. This is especially important in environments that involve distractions, such as automotive and commercial applications, where audio or visual confirmation is insufficient.

Realism. Haptics can inject a sense of realism into user experiences by exciting the senses and allowing the user to become immersed in the action and nuance of the application. For example, in haptically-enhanced videos, mobile games and simulations that integrate audio-visual content with tactile sensations, users can feel guns recoil, engines revving, and the crack of a baseball bat crushing a home run.

Rich Communications. When humans communicate through touch, they are better able to establish emotional connections and feelings of closeness. In mobile devices and wearables, haptics can enhance voice, chat and video applications by creating a sense of physical presence, allowing for more personal and engaging communications between users. Moreover, haptics can offer users a discreet and unobtrusive way of exchanging meaningful information without disruptive audio or visual feedback.

Offerings

We license our intellectual property, including patents and proprietary haptic technology, to our customers through a variety of different licensing arrangements. Our offerings include technology licenses, patent licenses, and combined licenses that cover both technology and patents. In most cases, we grant patent licenses to our customers and also offer technology licenses with specific rights and restrictions to the applicable patents described in the license agreements. When we grant patent licenses, including fully paid up perpetual licenses, we generally provide the customer with a defined right to use our patents in its own products, subject to limitations by specific field of use and other restrictions.

Our agreements are typically structured with fixed, variable, a mix of fixed and variable, or one time royalty and/or license payments over certain defined periods.

Patent Licenses

Over nearly 30 years, we have assembled and maintained a far-reaching and deep portfolio of patents covering many of the foundational aspects and commercial applications of haptic technology. We have implemented formal policies and procedures governing how we protect and maintain our IP assets, and we invest resources judiciously and in a cost-efficient manner in our patent portfolio with the goal of improving return on investment for our stockholders. We continue to efficiently manage our patent prosecution and maintenance costs. Our portfolio includes just under 300 worldwide issued or pending patents at April 30, 2026, which supports our licensing activities, protects our business interests, and represents an important revenue channel for us.

Markets

Mobile Communications, Wearables, and Consumer Electronics. We license our intellectual property relating to haptic technology to original equipment manufacturers (“OEMs”) in the mobile, gaming, and related consumer electronics markets.

Our licensees currently include some of the top makers of mobile devices in the world, including Samsung, Google, Sony, Panasonic, as well as integrated circuit manufacturers such as Awinic and Dongwoon Anatech.

Immersion Segment revenue generated from OEMs and integrated circuit customers in the mobile communications market represented 28% and 64% of our total Royalty and license revenue for the fiscal years ended April 30, 2026 and 2025, respectively.

Gaming and VR. We have licensed our patents directly to Microsoft, Sony and Nintendo for use in their console gaming products. We have also licensed our patents to Sony for use in virtual reality (“VR”) products. Additionally, we have licensed our patents to third party gaming peripheral manufacturers and distributors for use in spinning mass and force feedback devices such as controllers, steering wheels and joysticks, to be used with PC platforms running on Microsoft Windows and other operating systems, as well as in connection with video game consoles made by Microsoft, Sony, Nintendo and others. Our PC gaming licensees include Guillemot and Microsoft. We will not receive any further royalties from Microsoft under our current agreement with Microsoft, including with respect to Microsoft’s gaming products or any other haptic-related product that Microsoft produces or sells.

Immersion Segment revenue generated from customers in the gaming and VR market represented 45% and 24% of our total Royalty and license revenue for the fiscal years ended April 30, 2026 and 2025, respectively.

Automotive. We offer patent licenses to automotive makers and suppliers. Our current licensees include ALPS Alpine, Continental, Preh, Nissha Co. Ltd., Mobase Electronics (formerly Seoyon Electronics), Tokai Rika, and Vishay Intertechnology.

Immersion Segment revenue generated from automotive customers, as a percentage of our total Royalty and license revenue for the fiscal years ended April 30, 2026 and 2025, represented 15% and 10%, respectively.

Other. We offer patent licenses to other markets. Our current licensees include Stanley, Nippon Seiki, Sensel, Wacom Co., Ltd., and others.

We expect the mix of our total revenue from our markets to remain fairly consistent but believe certain markets may fluctuate significantly from quarter to quarter based upon the terms in our technology licenses, our revenue recognition policies and the seasonality of our licensee's shipments.

Sales

Our revenue fluctuates quarterly and is generally higher in the second and third quarters of our fiscal year due to increased shipments by our customers of licensed products in preparation for the holiday season. However, significant fluctuations in the timing of our revenue can be driven by the terms of significant licensing agreements, the period in which such agreements become effective, and our revenue recognition policies.

Competition

Our biggest source of competition derives from decisions made by internal design groups at our OEM, haptic integrated circuit manufacturer, and other customers, as well as potential customers. Our strong patent position generally makes us unique in the market in that we may lose a software licensing opportunity, for example, to a competitor or in-house team but still secure a patent license when haptics is used.

We expect that these internal design groups will continue to make choices regarding whether to implement haptics or not, as well as the extent of their haptic investment and whether to develop their own haptic solutions.

The principal competitive factors impacting our business are the strength of the patents underlying our technology, as well as the technological expertise.

Our competitive position is also impacted by the competitive positions of our licensees' products and other offerings. Our licensees' markets are highly competitive. We believe that the principal competitive factors in our licensees' markets include price, performance, user-centric design, ease-of-use, quality, and timeliness of products, as well as the licensee's responsiveness, capacity, technical abilities, established customer relationships, distribution channels and access to retail shelf space, advertising, promotional programs, and brand recognition. Touch-related benefits in some of these markets may be viewed simply as marginal enhancements and may compete with non-touch-enabled technologies and price elasticity may be a significant factor in whether these markets incorporate haptic technologies.

Intellectual Property

Protection of our IP portfolio is crucial to our business. We rely on a combination of patents, copyrights, trade secrets, trademarks, nondisclosure agreements with employees and third parties, licensing arrangements, and other contractual agreements with third parties to protect our IP. We maintain and support an active program to protect our IP, primarily through the defense of issued patents against infringement. Parties who license our IP make an investment in our technology, and that investment gets devalued when unlicensed parties use our IP. Litigation against unlicensed third parties is a last step after all other avenues for resolution have been exhausted. If unlicensed parties continue to ship products that use our IP without fairly remunerating us, litigation may be a proper step to protect our IP and assets, as well as protecting the investments of our existing licensees. As haptics gain wider acceptance in the market, the likelihood of unlicensed use of our IP increases. This could result in ongoing dispute resolution and litigation efforts, as we seek to protect the investment that we and our valid licensees have made in our technology.

As of April 30, 2026, Immersion and our wholly owned subsidiaries had just under 300 currently issued or pending patents worldwide that cover various aspects of our technologies. The duration of our issued patents is determined by the laws of the country of issuance and is typically 20 years from the effective date of filing of the patent application resulting in the patent.

Our success, in part, depends on ensuring that our patents and other intellectual property continue to be relevant in our core markets in a manner that aligns with our business strategy while efficiently managing our costs.

Barnes & Noble Education Segment

Barnes & Noble Education is one of the largest contract operators of physical and virtual bookstores for college and university campuses and K-12 institutions across the United States. Barnes & Noble Education is also one of the largest textbook wholesalers and inventory management hardware and software providers. As of April 30, 2026, Barnes & Noble Education operated 1,116 physical and virtual bookstores, delivering essential educational content and general merchandise within a dynamic omnichannel retail environment.

Business and Strategy

The strengths of Barnes & Noble Education's business include its ability to compete by developing new products and solutions to meet market needs, its large operating footprint with direct access to students and faculty, its well-established, deep relationships with academic partners and stable, long-term contracts and its well-recognized brands. Barnes & Noble Education provides product and service offerings designed to address the most pressing issues in higher education, including enhanced convenience and improved affordability through innovative course material delivery models designed to drive improved student experiences and outcomes. Barnes & Noble Education offers its *BNC First Day®* affordable access course material programs, consisting of *First Day Complete* and *First Day*, which provide faculty required course materials on or before the first day of class at below market rates, as compared to the total retail price for the same course materials if purchased separately (a la carte), and students are billed the below market rate directly by the institution as a course charge or included in tuition. These programs have allowed Barnes & Noble Education to reverse historical long-term trends in course materials revenue declines, which has been observed at those schools where such programs have been adopted, and improve predictability of Barnes & Noble Education's future results. Many institutions adopted *First Day Complete* in Fiscal 2026, and Barnes & Noble Education plans to continue to scale the number of schools adopting *First Day Complete* in Fiscal 2027 and beyond.

Barnes & Noble Education expects to continue to introduce scalable and advanced solutions focused largely on the student and customer experience, expand its e-commerce capabilities and accelerate such capabilities through its service providers, Fanatics Retail Group Fulfillment, LLC ("Fanatics") and Fanatics Lids College, Inc. D/B/A "Lids" ("Lids", and together with Fanatics, referred to herein as the "F/L Relationship"), win new accounts, and expand Barnes & Noble Education's revenue opportunities through strategic relationships. Barnes & Noble Education expects gross comparable store general merchandise sales to increase over the long term, as Barnes & Noble Education's product assortments continue to emphasize and reflect changing consumer trends, and Barnes & Noble Education evolves its presentation concepts and merchandising of products in stores and online, which Barnes & Noble Education expects to be further enhanced and accelerated through the F/L Relationship. Fanatics and Lids, acting on its behalf as Barnes & Noble Education's service providers, provide unparalleled product assortment, e-commerce capabilities and powerful digital marketing tools to drive increased value for customers and accelerate growth of Barnes & Noble Education's logo general merchandise business.

The Barnes & Noble Education brand (licensed from its former parent) along with Barnes & Noble Education's subsidiary brands, *BNC* and *MBS,* are synonymous with innovation in bookselling and campus retailing, and are widely recognized and respected brands in the United States. Barnes & Noble Education's large college footprint, reputation, and credibility in the marketplace not only support its marketing efforts to universities, students, and faculty, but are also important to its relationship with leading publishers who rely on Barnes & Noble Education as one of their primary distribution channels.

BNC First Day® Affordable Access Course Material Programs. Barnes & Noble Education provides product and service offerings designed to address the most pressing issues in higher education, including equitable access, enhanced convenience, and improved affordability through innovative course material delivery models designed to drive improved student experiences and outcomes. Barnes & Noble Education offers its *BNC First Day®* affordable access course material programs, consisting of *First Day Complete* and *First Day*, which provide faculty-required course materials to students on or before the first day of class at below market rates, as compared to the total retail price for the same course materials if purchased separately (a la carte), and students are billed the below market rate directly by the institution as a course charge or included in tuition.

- *First Day Complete* is adopted by an institution and includes all or the majority of undergraduate classes (and on occasion graduate classes), providing students both physical and digital materials. The *First Day Complete* model drives substantially greater unit sales and sell-through for the bookstore.
- *First Day* is adopted by a faculty member for a single course, and students receive primarily digital course materials through their school's learning management system ("LMS").

Offering course materials through Barnes & Noble Education's *BNC First Day*® affordable access course material programs, *First Day Complete* and *First Day*, is an important strategic initiative of Barnes & Noble Education to meet the market demands of reduced pricing for students, as well as the opportunity to improve student outcomes, while, at the same time, increasing Barnes & Noble Education's market share, revenue, and relative gross profits of course material sales given the higher volumes of units sold in such models as compared to historical sales models that rely on individual student marketing and sales. These affordable access course material programs have allowed Barnes & Noble Education to reverse historical long-term trends in course materials revenue declines, which has been observed at those schools where such programs have been adopted. Barnes & Noble Education is moving quickly to accelerate its *First Day Complete* strategy. Many institutions adopted *First Day Complete* in Fiscal 2026, and Barnes & Noble Education plans to continue to scale the number of schools adopting *First Day Complete* in Fiscal 2027 and beyond.

Financing Arrangements

On June 10, 2024, Barnes & Noble Education completed various transactions, including an equity-rights offering, private investment, Term-Loan debt conversion, and Credit Facility refinancing, to substantially deleverage Barnes & Noble Education's Consolidated Balance Sheet. These transactions raised additional capital for repayment of indebtedness and provided additional flexibility for Barnes & Noble Education's working capital needs, which will also allow Barnes & Noble Education to strategically invest in innovation and continue to execute its strategic initiatives, including but not limited to the growth of Barnes & Noble Education's *First Day Complete* program. Upon closing of the Transactions on June 10, 2024:

- Barnes & Noble Education received gross proceeds of $95.0 million of new equity capital through a $50.0 million new equity investment (the "Private Investment") led by Immersion and the $45.0 million Rights Offering. The transactions infused approximately $85.5 million of net cash proceeds after transaction costs.
- Barnes & Noble Education's existing Term Loan lenders, TopLids Lendco ("TopLids") and VitalSource Technologies, Inc. ("VitalSource"), converted approximately $34.0 million of outstanding principal and accrued and unpaid interest into BNED Common Stock. Barnes & Noble Education recognized a $55.2 million loss on extinguishment of debt on the Consolidated Statement of Operations in connection with the Term Loan Debt Conversion which represents the difference between the debt fair value and net carrying value, plus unamortized deferred financing costs related to the Term Loan. As a result of the Term Loan Debt Conversion, the Term Loan and its related documentation was terminated.
- Barnes & Noble Education refinanced their Credit Facility providing access to a $325.0 million facility maturing in 2028. The refinanced Credit Facility will meaningfully enhance Barnes & Noble Education's financial flexibility and reduce Barnes & Noble Education's annual interest expense.

On September 19, 2024, Barnes & Noble Education entered into an at-the market ("ATM") sales agreement (the "September ATM Sales Agreement") with BTIG, LLC ("BTIG"), under which Barnes & Noble Education sold the maximum of $40.0 million of its BNED Common Stock from time to time at a weighted-average price of $10.06 per share and received $39.2 million in proceeds, net of commissions. BTIG, as the sales agent, sold the shares based upon Barnes & Noble Education's instructions (including as to price, time or size limits or other customary parameters or conditions). Barnes & Noble Education paid BTIG a commission of 2% of the gross sales proceeds of BNED Common Stock sold under the September ATM Sales Agreement. Barnes & Noble Education was not obligated to make any sales of BNED Common Stock under the September ATM Sales Agreement.

On December 20, 2024, Barnes & Noble Education entered into an additional ATM sales agreement with BTIG (the "December ATM Sales Agreement"), under which Barnes & Noble Education sold the maximum of $40.0 million of BNED Common Stock from time to time at a weighted-average price of $10.42 per share and received $39.2 million in proceeds, net of commissions. BTIG, as the sales agent, sold the shares based upon Barnes & Noble Education's instructions (including as to price, time or size limits or other customary parameters or conditions). Barnes & Noble Education paid BTIG a commission of 2% of the gross sales proceeds of the BNED Common Stock sold under the December ATM Sales Agreement. Barnes & Noble Education was not obligated to make any sales of BNED Common Stock under the December ATM Sales Agreement.

Seasonality

Barnes & Noble Education's business is highly seasonal, particularly with respect to textbook sales and rentals, with the major portion of sales and operating profit realized during the second and third fiscal quarters when college students generally purchase and rent textbooks for the upcoming semesters and lowest in the first and fourth fiscal quarters. Barnes & Noble Education's quarterly results also may fluctuate depending on the timing of the start of the various schools' semesters, as well as shifts in Barnes & Noble Education's fiscal calendar dates. These shifts in timing may affect the comparability of our results across periods.

Product sales are recognized when the customer takes physical possession of Barnes & Noble Education’s products, which occurs either at the point of sale for products purchased at physical locations or upon receipt of Barnes & Noble Education’s products by Barnes & Noble Education’s customers for products ordered through Barnes & Noble Education’s websites and virtual bookstores. Revenue from the sale of digital textbooks, which contains a single performance obligation, is recognized upon delivery of the digital content as product revenue in Barnes & Noble Education’s consolidated financial statements. Revenue from the rental of physical textbooks is deferred and recognized over the rental period based on the passage of time commencing at the point of sale, when control of the product transfers to the customer and is recognized as rental income in the consolidated financial statements. Depending on the product mix offered under the *BNC First Day®* offerings, revenue recognized is consistent with Barnes & Noble Education’s policies for product, digital, and rental sales, net of an anticipated opt-out or return provision.

Given the growth of *BNC First Day®* affordable access course material programs, the timing of cash collection from Barnes & Noble Education’s school partners may shift to periods subsequent to when the revenue is recognized. When a school adopts Barnes & Noble Education’s *BNC First Day®* affordable access course material offerings, cash collection from the school generally occurs after the institution's drop/add dates, which is later in the working capital cycle, particularly in Barnes & Noble Education’s third quarter given the timing of the Spring Term and Barnes & Noble Education’s quarterly reporting period, as compared to direct-to-student point-of-sale transactions where cash is generally collected during the point-of-sale transaction or within a few days from the credit card processor. As a higher percentage of Barnes & Noble Education’s sales shift to *BNC First Day®* affordable access course material offerings, Barnes & Noble Education is focused on efforts to better align the timing of Barnes & Noble Education’s cash outflows to course material vendors and cash inflows from collections from schools. As the concentration of digital product sales increases, revenue will be recognized earlier during the academic term as digital textbook revenue is recognized when the digital content is made available to the customer compared to: (i) the rental of physical textbooks where revenue is recognized over the rental period, and (ii) a la carte courseware sales where revenue is recognized when the customer takes physical possession of its products; which occurs either at the point of sale for products purchased at physical locations or upon receipt of our products by our customers for products ordered through Barnes & Noble Education’s websites and virtual bookstores.

Relationship with Fanatics and Lids

In December 2020, Barnes & Noble Education entered into the F/L Relationship. Fanatics and Lids, acting on Barnes & Noble Education’s behalf as its service providers, provide unparalleled product assortment, e-commerce capabilities, and powerful digital marketing tools to drive increased value for customers and accelerate growth of its logo general merchandise business. Fanatics operates as Barnes & Noble Education’s service provider, including processing consumer personal information on its behalf, using their cutting-edge e-commerce and technology expertise to offer Barnes & Noble Education’s campus store websites expanded product selection, a world-class online and mobile experience, and a progressive direct-to-consumer platform. Coupled with Lids, the leading standalone brick and mortar retailer focused exclusively on licensed fan and alumni products, Barnes & Noble Education’s campus stores have improved access to trend and sales performance data on licensees, product styles, and design treatments.

Barnes & Noble Education maintains its relationships with campus partners and remains responsible for staffing and managing the day-to-day operations of Barnes & Noble Education’s campus bookstores. Barnes & Noble Education also works closely with its campus partners to ensure that each campus store maintains unique aspects of in-store merchandising, including localized product assortments and specific styles and designs that reflect each campus’s brand. Barnes & Noble Education leverages Fanatics’ e-commerce technology and expertise for the operational management of the emblematic merchandise and gift sections of its campus store websites. Lids manages in-store assortment planning and merchandising of emblematic apparel, headwear, and gift products for Barnes & Noble Education’s partner campus stores, and Lids owns the inventory it manages, relieving Barnes & Noble Education of the obligation to finance inventory purchases from working capital. As the logo and emblematic general merchandise sales are fulfilled by Lids and Fanatics, Barnes & Noble Education recognizes commission revenue earned for these sales on a net basis in its consolidated financial statements.

Contracts

Physical and Custom Campus Bookstore Solutions

As of April 30, 2026, Barnes & Noble Education operated 647 physical campus bookstores. Barnes & Noble Education's physical bookstores are typically operated under management agreements with the college or university to be the official college or university bookstore and the exclusive seller of course materials and supplies, including physical and digital products sold in-store, online, or through learning management systems. Barnes & Noble Education pays the school a percentage of sales for the right to be the official college or university bookstore and the use of the premises; less than 38% of Barnes & Noble Education's agreements have a minimum guaranteed amount to be paid to Barnes & Noble Education's partners. In addition, Barnes & Noble Education has the non-exclusive right to sell all items typically sold in a college bookstore both in-store and online. Barnes & Noble Education also has the ability to integrate the store's systems with the colleges and university's systems in order to accept student financial aid, university debit cards and other forms of payment. Barnes & Noble Education's decentralized management structure empowers local teams to make decisions based on the local campus needs and fosters collaborative working relationships with Barnes & Noble Education partners.

For those on-campus stores with a limited store footprint, Barnes & Noble Education also offers solutions for institutions to provide general merchandise products at the physical on-campus store, with course materials offered virtually and fulfilled direct-to-student (either to an individual address or a central campus pick-up point).

The physical bookstore management contracts with colleges and universities typically include five-year terms with renewal options and are typically cancellable by either party without penalty upon advance notice ranging from 90 to 180 days depending on the contract. Barnes & Noble Education's campus bookstores have an average relationship tenure of 17 years. From fiscal year 2022 through fiscal year 2026, approximately 77% of these contracts were renewed or extended, often before their termination dates.

Virtual Campus Bookstore Solutions

As of April 30, 2026, Barnes & Noble Education operated 469 virtual campus bookstores. Barnes & Noble Education's virtual bookstores generally operate under a contract as the institution's official source of course materials with exclusive rights to book lists and access to online programs that link course materials to the courses offered by the school. Barnes & Noble Education's virtual-only solutions typically ship course materials directly to students but also have the ability to offer ship-to-campus options.

Virtual bookstore agreements typically have terms between three and five years, with automatic renewal periods. For the past three years, Barnes & Noble Education has retained approximately 89% of its contracts annually, with the majority of the contracts automatically renewed as per the contract terms or renewed before their expiration dates. Barnes & Noble Education pays the school a percentage of sales for the right to be the official college or university bookstore.

Customers and Distribution Network

As of April 30, 2026, Barnes & Noble Education operated 647 physical college and university bookstore locations and 469 virtual bookstores (286 K-12 virtual stores or 61% and 183 Higher Education virtual stores or 39%) located in the United States, in 50 states and the District of Columbia. Barnes & Noble Education's sales team is organized by specific territory and can offer all solutions (physical, virtual, or custom store solutions) to public, state, private, community college, trade, and technical, for-profit, online education institutions, within their respective territories.

Product and Service Offerings

Barnes & Noble Education offers a broad suite of affordable course materials, including new and used print textbooks (which are available for sale or rent), digital textbooks and publisher-hosted digital courseware, at its physical and virtual bookstores. Barnes & Noble Education offers a robust used textbook selection, unique guaranteed buyback program, dynamic pricing, and marketplace offerings.

Barnes & Noble Education's physical and virtual bookstores provide a comprehensive e-commerce experience and a broad suite of affordable course materials. Additionally, Barnes & Noble Education's physical campus stores are social and academic hubs through which students can access affordable course materials, along with emblematic apparel and gifts, trade books, technology, school supplies, café offerings, convenience food and beverages, and graduation products, and other general merchandise. The majority of physical campus stores also have school-branded e-commerce sites which Barnes & Noble Education operates independently or along with its merchant service providers, and which offer the same products as the on campus stores plus additional items.

Product and service offerings include:

- *Course Material Sales and Rentals*. Sales and rentals of course materials are a core revenue driver, and Barnes & Noble Education's faculty and student platforms operate as a seamless extension of its partner schools' registration, student information and learning management systems. Students can purchase course materials, including new and used print (available for sale or rent), eTextbooks, and publisher digital courseware platforms. Barnes & Noble Education works directly with faculty to ensure the course materials they have chosen for their courses are available in all required formats before the start of classes. Barnes & Noble Education's wholesale distribution channel enables it to optimize textbook sourcing, so they are able to more efficiently source and distribute a comprehensive inventory of affordable course materials to customers.

- *Affordable Access Course Material.* As discussed above, Barnes & Noble Education offers its *BNC First Day®* affordable access course material programs, consisting of *First Day Complete* and *First Day*, which provide faculty required course materials on or before the first day of class at below market rates, as compared to the total retail price for the same course materials if purchased separately (a la carte), and students are billed the below market rate directly by the institution as a course charge or included in tuition. Barnes & Noble Education has contracted with VitalSource Technologies, Inc. ("VitalSource"), a global leader in building, enhancing and delivering digital content, to use its technology to support and enable Barnes & Noble Education's *BNC First Day®*affordable access platform, for digitally formatted courseware, from all major publishers, including Cengage Learning, McGraw-Hill Education and Pearson Education, allowing Barnes & Noble Education to accelerate and optimize *BNC First Day®* implementations. The seamless delivery is made possible by Barnes & Noble Education's *BNC First Day®* technology and publishers' technology integrations with campus systems. These initiatives provide students, faculty and institutions with greater access to more affordable course materials. *First Day* is offered on a class-by-class basis, as adopted by the individual instructors on a campus, as compared to *First Day Complete*, an institution adopts the program for all or the vast majority of undergraduate (and on occasion graduate) courses. In Fiscal 2026, *BNC First Day®* programs' total sales increased by 28.0% from the prior year. *First Day Complete* offers the delivery of both digital and physical course materials priced at below market rates, as compared to the total retail price for the same course materials if purchased separately (a la carte). Offering course materials through Barnes & Noble Education's affordable access course material programs is an important strategic initiative of Barnes & Noble Education to meet the market demands of substantially reduced pricing to students while, at the same time, increasing its market share, revenue and relative gross profits of course materials sales given the higher volumes of units sold in such models as compared to historical sales models that rely on individual student marketing and sales.

- *eTextbooks.* In addition to supporting and enabling Barnes & Noble Education's *BNC First Day®* platform, its strategic relationship with VitalSource allows Barnes & Noble Education to use its technology to enable its a la carte digital course material platform and catalog, for digitally formatted course materials.

- *General Merchandise*. For Barnes & Noble Education's physical campus bookstores and custom store solutions, Barnes & Noble Education drives general merchandise sales through both in-store and online channels and feature collegiate and athletic apparel, other custom-branded school spirit products, lifestyle and wellness products, technology products, supplies, graduation products and convenience items. Barnes & Noble Education continues to see growth in general merchandise sales, which has been further bolstered through its F/L Relationship, as discussed above. Barnes & Noble Education continues to enhance the user experience and product mix offered through its next generation e-commerce platform.

  Barnes & Noble Education operates 47 True Spirit® apparel and spirit shop e-commerce websites, through its F/L Relationship, which are virtual stores that appeal specifically to the alumni and sports fan base. Barnes & Noble Education also operates pop-up retail locations at major sporting events, such as football and basketball games, for its partner colleges and universities. The True Spirit® e-commerce websites for athletic branded merchandise and the physical pop-up retail locations build its partner schools' brands through alumni and athletics, fostering school spirit and capturing the excitement of collegiate sports. Barnes & Noble Education utilizes event driven marketing strategies around tournaments, playoffs, homecoming, and similar events, to target students, alumni and sports fans online, through email, social media, and search engine marketing.

- *Cafés and Convenience Stores.* At Barnes & Noble Education's physical campus locations, Barnes & Noble Education operates 54 customized cafés, featuring Starbucks Coffee®, as well as regional coffee roasters, and 5 stand-alone convenience stores. Barnes & Noble Education's Café locations and convenience marketplaces offer diverse grab-and-go options including organic, vegan, gluten-free, and regional fresh food products. These offerings increase traffic and time spent in Barnes & Noble Education's physical stores. As market needs change, Barnes & Noble Education is adapting our model to include more grab-and-go pre-packed fresh food items, simplified menus to reduce food waste and new technology to reduce operating complexity and make the customer experience more efficient.
- *Brand Marketing Programs.* Through Barnes & Noble Education's unique relationship with students, colleges, and universities, and its premier locations on campus and online, Barnes & Noble Education operates as a media channel for brands looking to target the college demographic and derive revenue from these marketing programs. Barnes & Noble Education creates strategic, integrated campaigns which include research, email, social media, display advertising, on-campus events, signage, and sampling. Barnes & Noble Education's client list includes brands such as Clinique, College Ave, Dell, DoorDash, HelloFresh, Hewlett-Packard, and the Wall Street Journal. Revenue from these services have high margin rates due to the relatively low incremental cost structure to provide these services.
- *Wholesale Textbook Distribution.* Barnes & Noble Education's large inventory of used textbooks consists of approximately 200,000 unique textbook titles in stock and utilizes a highly automated distribution facility that is capable of processing over 21 million textbooks annually.

  Additionally, Barnes & Noble Education is a national distributor for rental textbooks offered through McGraw-Hill Education's consignment rental program (which includes approximately 1,428 titles) and Pearson Education's consignment rental program (which includes approximately 1,077 titles). Through Barnes & Noble Education's centrally located, advanced distribution center, Barnes & Noble Education offers seamless integration of these consignment rental programs and centralized administration and distribution to 1,268 stores, including the retail stores. These consignment rental programs are available to Barnes & Noble Education's wholesale customers, including institutionally run and contract managed campus bookstores, as well as Barnes & Noble Education's physical and virtual bookstores.
- *Wholesale Inventory Management, Hardware and POS Software.* Barnes & Noble Education sells hardware and a software suite of applications that provide inventory management and point-of-sale solutions to approximately 311 college bookstores. Barnes & Noble Education provides on-site installation for point-of-sale terminals and servers and offer technical assistance through user training and its support center facility. The cost savings and ease of deployment ensure clients get the most out of Barnes & Noble Education's management systems and create strong customer loyalty.

Merchandising and Supply Chain Management

Barnes & Noble Education's purchasing procedures vary based on the type of bookstore (physical or virtual) and by product type (i.e., course materials, general merchandise or trade books).

Course Materials and Trade Books

The products that Barnes & Noble Education sells originate from a wide variety of domestic and international vendors. Barnes & Noble Education's financial results are highly dependent upon its ability to build its textbook inventory from suppliers in advance of the selling season because the demand for used textbooks has historically been greater than the available supply. Some textbook publishers supply textbooks pursuant to consignment or rental programs which could impact used textbook supplies in the future. Barnes & Noble Education is a national distributor for rental textbooks offered through McGraw-Hill Education's and Pearson Education's consignment rental program. Barnes & Noble Education does not have long-term arrangements with most of its suppliers to guarantee availability of content or services, particular payment terms or the extension of credit limits. If our current suppliers were to stop selling content or services to us on acceptable terms, including as a result of one or more supplier bankruptcies due to poor economic conditions or refusal by such suppliers to ship products to us due to delayed or extended payment windows as a result of our own liquidity constraints, we may be unable to procure the same content or services from other suppliers in a timely and efficient manner and on acceptable terms, or at all. Additionally, delayed or incomplete publisher shipments of physical textbook orders, or delays in receiving digital courseware access codes, could have an adverse impact on sales, including our *BNC First Day® Complete* affordable access program, which relies upon timely receipt of inventory in advance of class start dates each academic term. The broader macro-economic global supply chain issues may also impact our ability to source school supplies sold in our campus bookstores, including technology-related products and emblematic clothing and gifts.

Purchases are made at the bookstore level with strategic corporate oversight to determine purchase quantities and maintain appropriate inventory levels. After titles are adopted for an upcoming term, Barnes & Noble Education determines how much inventory to purchase based on several factors, including student enrollment and the previous term's course material sales history. For physical campus bookstores, Barnes & Noble Education uses an automated sourcing system to determine if another store has the necessary new or used textbooks on hand and may transfer the inventory to the appropriate store.

The physical bookstores' fulfillment order is directed first to Barnes & Noble Education's wholesale operations before other sources of inventory are utilized. The products that Barnes & Noble Education sells originate from a wide variety of domestic and international vendors. After internal sourcing, the bookstore purchases textbooks from outside suppliers and publishers. Through this close inventory management, Barnes & Noble Education consolidates textbook units from multiple retail stores and other non-traditional wholesale sources into fewer, but larger, store shipments, reducing Barnes & Noble Education's shipping expenses and providing for efficiency of store handling, which puts Barnes & Noble Education's books on the stores' shelves faster. Barnes & Noble Education's broad wholesale distribution channel and warehousing systems also drive inventory efficiencies by using real-time information regarding title availability, edition status and market prices, allowing Barnes & Noble Education to optimize course material sourcing and purchasing processes.

After internal sourcing, the physical bookstores purchase remaining inventory needs from outside suppliers and publishers. Out of stock inventory is minimized by managing inventory through Barnes & Noble Education's wholesale operations. For course material sales and rentals, Barnes & Noble Education utilizes sophisticated inventory management platforms to manage pricing and inventory across all stores. Barnes & Noble Education's primary suppliers of new textbooks are publishers, including Pearson Education, Cengage Learning, McGraw-Hill Education, Macmillan Learning, and John Wiley & Sons. Both unsold textbooks and trade books are generally returnable to publishers for full credit. Barnes & Noble Education also receives a supply of used textbooks from students, through returns of previously rented and purchased books. Barnes & Noble Education offers a "Cash for Books" program in which students can sell their books back to the physical or virtual bookstore at the end of the semester, typically in December and May. Students typically receive up to 50% of the price they originally paid for the book if it has been adopted for a future class or the current wholesale price if it has not.

The larger physical bookstores feature an expanded selection of trade books (general reading). Merchants meet with publishers on a regular basis to identify new titles and trends to support this changing business.

Through Barnes & Noble Education's proprietary Database Buying Guide, Barnes & Noble Education has access to the best maintained, most accurate, and most complete source of college textbook information available, which is a key asset that allows Barnes & Noble Education to develop superior supply and demand insights and risk management capabilities. Barnes & Noble Education's broad wholesale distribution channel and warehousing systems also drive inventory efficiencies, allowing Barnes & Noble Education to optimize its textbook sourcing, distribution and liquidation processes for BNC's retail stores. Barnes & Noble Education leverages its wholesale distribution channel and warehousing systems to optimize its low-cost physical textbook availability for use in its retail programs, including *First Day Complete*.

General Merchandise

General merchandise vendors and product selection are driven by Barnes & Noble Education central merchant organization that is responsible for curating the overall product assortment, as well as in conjunction with Lids and Fanatics through Barnes & Noble Education's F/L Relationship for logo, and emblematic general merchandise assortment in-store and online, respectively. Benchmarks are established across school type, region, and the demographics of each of Barnes & Noble Education's schools to allow for store level insights and customization for a product assortment that is unique to address the needs of each school that we serve. Barnes & Noble Education's ability to support and promote its partner schools' brands strengthens Barnes & Noble Education's relationships with the administration, faculty, alumni, fans, parents, and students.

Barnes & Noble Education's ability to source school supplies and general merchandise sold in its campus bookstores, including technology-related products and emblematic clothing, is impacted by the broader macro-economic global supply chain.

Customer Engagement and Marketing

Campus Community

Barnes & Noble Education's campus relationships and contractual agreements allow it to seamlessly integrate into the college and university community. With direct access to Barnes & Noble Education's customer base through both physical and digital channels, Barnes & Noble Education drives awareness, revenue, and loyalty for the schools that Barnes & Noble Education serves. Barnes & Noble Education actively markets and promotes to all segments of its customer base for our physical and virtual bookstores, as well as *Textbooks.com*. Barnes & Noble Education develops fully-integrated marketing programs to drive engagement with the students, parents, alumni, and fans to promote all of its product and services, with a focus on academic course material needs, as well as school spirit, supply, graduation, and technology categories. *Textbooks.com* marketing strategies target an online population of students, lifelong learners, parents and general textbook shoppers through a variety of channels including email, search engine marketing, and affiliate marketing.

Barnes & Noble Education has robust research capabilities that keep it ahead of the rapidly changing needs and behaviors of its customers, which allows Barnes & Noble Education to proactively respond with relevant and dynamic solutions. The *Barnes & Noble College Insights®* platform, which gives Barnes & Noble Education the ability to reach millions of active students, parents, and alumni via email, and Barnes & Noble Education's on-campus activities and opportunities with students and faculty, help to guide and inform its strategies and direction. In addition, Barnes & Noble Education expects to benefit from the F/L Relationship for insights on logo and emblematic merchandise, brand selection, and style preferences, as Lids may be able to identify certain retail trends for similar age demographics at their more than 1,100 Lids retail locations. Barnes & Noble Education believes Lids has its finger on the pulse of the buyer behavior of the 12 to 20 year-old student consumer to identify and act on trends prior to other retailers.

Barnes & Noble Education's customizable technology delivers a seamless experience providing students and faculty with the ability to research, locate, and purchase the most affordable course materials. Barnes & Noble Education's platforms include single sign-on ("SSO"), student information system integration, registration integration, learning management system integration, real-time financial aid platform, point of sale platform, and course fee solutions. Through Barnes & Noble Education's fully-integrated purchasing process, students can purchase their course materials in-store, online, or when registering for classes.

Faculty and School Administrators

Barnes & Noble Education's support faculty and academic leadership with its proprietary online platform which allows for seamless content research, discovery and course material adoption, enabling them to offer course materials that are both relevant and affordable for their students.

Corporate and Other Available Information

Investors can access financial and other information under the Investor Relations section of the Company's web site at www.immersion.com. We make available, on our web site, free of charge, copies of our Annual Report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after filing such material electronically or otherwise furnishing it to the SEC.

The charters of our audit committee, our compensation committee, and our nominating/corporate governance committee, our Code of Business Conduct and Ethics (including Code of Ethics provisions that apply to our principal executive officer, principal financial officer, controller, and senior financial officers), our Corporate Governance Principles and our Stock Ownership Policy are also available at our web site under "Corporate Governance."

The SEC maintains a website that contains reports, proxy, and information statements, and other information regarding issuers that file electronically with the SEC at www.sec.gov.

Employees

As of April 30, 2026, the Immersion segment had eight full-time equivalent employees located in the United States and Canada.

We rely on the skills and talent of our employees to successfully execute our strategy through licensing activities and collaboration with customers and partners to ensure that high-quality tactile experiences are brought to market. Accordingly, we seek to retain the executive management and operating personnel required to successfully execute our business strategies.

As of April 30, 2026, the Barnes & Noble Education segment had approximately 3,613 domestic employees, of which approximately 2,196 were full-time and the remaining were regularly scheduled part-time employees, and approximately 169 were full-time international employees. In addition, the Barnes & Noble Education segment employed approximately 3,459 temporary and seasonal domestic employees in peak periods during the fiscal year ended April 30, 2026. Of Barnes & Noble Education's approximate 2,196 full-time employees, 1,397 work in its retail stores, 453 work in its wholesale business, and 346 work in its corporate support functions. Barnes & Noble Education employees are not represented by unions and believes that its relationship with its employees is good.

Item 1A. *Risk Factors*

As previously discussed, our actual results could differ materially from our forward-looking statements.

These and many other factors described in this report could adversely affect our operations, performance and financial condition. In addition, you should carefully consider the risk factors described in Barnes & Noble Education, Inc.'s Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q which are filed with the SEC and are available at www.sec.gov.

Immersion Segment Risks

We have an evolving business model, which increases the complexity of our business.

Our business model has evolved in the past and continues to do so. We intend to offer additional types of products and services and make strategic acquisitions, and we do not know whether any of them will be successful. From time to time we have also modified aspects of our business model relating to our product, service and investment mix. We do not know whether these or any other modifications will be successful. The additions and modifications to our business have increased the complexity of our business and may place strain on our management, personnel, operations, systems, technical performance, financial resources, and internal financial control and reporting functions. Future additions to or modifications of our business are likely to have similar effects. Further, any change to our business, product or asset mix that is not favorably received by the market could damage our reputation or our brand. The occurrence of any of the foregoing could have a material adverse effect on our business.

Although we have been profitable from operations since 2020, there is no assurance that we will continue to generate net income in the future. We may not be able to maintain or increase profitability.

In recent years, we have focused primarily on our operating priorities of entering into new licenses, renewing existing licenses and our enforcement strategy to maximize our profitable licensing opportunities and increase stockholder value. Our ability to remain profitable depends upon our ability to generate the same or increasing levels of revenue from such operating activities. Failure to enter into new licenses or to renew existing licenses could have an adverse impact on our operating results and profitability. Further, future revenues will depend on our ability to maintain or grow demand for our haptic patents. Any potential future losses, if and when they occur, could have an adverse impact on our stockholders' equity and working capital.

Our business strategy includes acquisitions, and acquisitions entail numerous risks, including the risk of management diversion and increased costs and expenses, all of which could negatively affect the Company's profitability.

Our business strategy includes, among other things, strategic acquisitions, as well as potential opportunistic acquisitions and strategic actions with respect to our existing investments, such as restructurings, strategic partnerships and collaborations and activist activity. This overall acquisition and investment strategy entails several risks, including the diversion of management's attention from other business concerns, the incurrence of substantial legal and other advisory fees (including, in the case of activist activity, proxy solicitation fees) and the potential need to finance such acquisitions with additional equity and/or debt. Additionally, to the extent that we are already invested in the entities that are the subject of our acquisitions and other activities, our actions may be temporarily disruptive to the value of the investments, which could adversely affect our financial condition.

In addition, once completed, acquisitions may entail further risks, including: unanticipated costs and liabilities of the acquired businesses, including environmental liabilities, that could materially adversely affect our results of operations; increased regulatory compliance relating to the acquired business; difficulties in assimilating acquired businesses, their personnel and their financial reporting systems, which would prevent the expected benefits from the transaction from being realized within the anticipated timeframe; negative effects on existing business relationships with suppliers and customers; and loss of key employees of the acquired businesses. In addition, any future acquisitions could result in the incurrence of additional debt and related interest expense, contingent liabilities and amortization expense related to intangible assets, which could have a material adverse effect on our business, financial condition, operating results and cash flows, or the issuance of additional equity, which could dilute our stockholder's equity interests.

There can be no assurance that we will be able to negotiate any pending acquisition successfully, receive the required approvals for any acquisition or otherwise conclude any acquisition successfully, or that any acquisition will achieve the anticipated synergies or other positive results. Overall, if our acquisition strategy is not successful or if acquisitions are not well integrated into our existing operations, the Company's profitability, business, and financial condition could be negatively affected.

Our business, results of operations, financial condition, cash flows, and stock price can be adversely affected by catastrophic events, such as natural disasters, war, acts of terrorism, pandemics, epidemics, or other public health emergencies.

Our business, results of operations, financial condition, cash flows and stock price can be adversely affected by catastrophic events, such as natural disasters, war, acts of terrorism, pandemics, epidemics, or other public health emergencies. For example, the outbreak of COVID-19 resulted in governments around the world repeatedly implementing stringent measures to help control the spread of the virus, including quarantines, travel restrictions, business curtailments, school closures, and other measures, which resulted in a significant number of layoffs or furloughs of employees, and/or other negative economic conditions in many of the countries in which we operate. A similar catastrophic event, could have an adverse effect on our business, results of operations, financial condition, cash flows and stock price.

The uncertain economic and political environment could reduce our revenues and could have an adverse effect on our financial condition and results of operations.

The current global economic conditions and political climate could materially hurt our business in a number of ways, including longer sales and renewal cycles, exchange rate volatility, delays in adoption of our products or technologies or those of our customers, increased risk of competition, higher taxes and tariffs on goods incorporating our technologies, higher overhead costs as a percentage of revenue, delays in signing or failing to sign customer agreements or signing customer agreements with reduced royalty rates. In addition, our customers, potential customers, and business partners would likely face similar challenges, which could materially and adversely affect the level of business they conduct with us or the sales volume of products that include our technology.

Changes in trade policies, including tariffs or other trade restrictions or the threat of such actions, may have a material adverse effect on our business, financial condition and results of operations.

While limited in specificity, the U.S. federal government administration has recently announced changes in trade policies and imposed or increased tariffs on imports into the country. There is significant uncertainty about the future relationship between the U.S. and other countries impacted by such trade policies and tariffs. We cannot predict what further action may be taken with respect to trade policies, tariffs or trade relations between the U.S. and other governments, and any further changes in U.S. or international trade policy. These developments, or the perception that any of them could occur, may have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global trade between the impacted nations and the U.S. and could have an adverse effect on our operations or financial position.

If we are unable to renew our existing licensing arrangements for our patents and other technologies on favorable terms that are consistent with our business objectives, our royalty and license revenue and cash flow could be materially and adversely affected.

Our revenues and cash flows are largely dependent on our ability to renew existing licensing arrangements. If we are unable to obtain renewed licenses on terms consistent with our business objectives or effectively maintain, expand, and support our relationships with our licensees, our licensing revenue and cash flow could decline. In addition, the process of negotiating license arrangements requires significant time, effort and expense. Due to the length of time required to negotiate a license arrangement, there may be delays in the receipt of the associated revenue, which could negatively impact our revenue and cash flow.

Specific challenges that we face related to negotiations with existing licensees include:

- difficulties in persuading existing customers to renew a license to our patents or other technologies (including delays associated with existing customers questioning the scope, validity, or enforceability) without the expenditure of significant resources;

- difficulties in persuading existing customers that they need a license to our patents as individual patents expire or become limited in scope, declared unenforceable or invalidated;

- reluctance of existing customers to renew their license to our patents or other technologies because other companies are not licensed;

- difficulties in renewing gaming licenses if video game console makers choose not to license third parties to make peripherals for their new consoles, if video game console makers no longer require peripherals to play video games, if video game console makers no longer utilize technology in the peripherals that are covered by our patents or if the overall market for video game consoles deteriorates substantially;

- the competition we may face from third parties, including the internal design and development teams of existing licensees; and

- inability of current licensees to ship certain devices if they are involved in IP infringement claims by third parties that ultimately prevent them from shipping products or that impose substantial royalties on their products.

If we are unable to enter into new licensing arrangements for our patents on favorable terms that are consistent with our business objectives, our royalty and license revenue and cash flow could be materially adversely affected.

Our revenue growth is largely dependent on our ability to enter into new licensing arrangements. If we are unable to obtain new licenses on terms consistent with our business objectives, our licensing revenue and cash flow could decline. In addition, the process of negotiating license arrangements requires significant time, effort and expense; due to the length of time required to negotiate a license arrangement, there may be delays in the receipt of the associated revenue, which could negatively impact our revenues and cash flows.

Specific challenges that we face related to negotiations with prospective licensees include:

- difficulties in brand awareness among prospective customers, especially in markets in which we have not traditionally participated;

- difficulties in persuading prospective customers to take a license to our patents (including delays associated with prospective customers questioning the scope, validity or enforceability of our patents) without the expenditure of significant resources;

- reluctance of prospective customers to engage in discussions with us due to our history of litigation;

- difficulties in persuading prospective customers that they need a license to our patents as individual patents expire or become limited in scope, declared unenforceable or invalidated;

- reluctance of prospective customers to license our patents or other technologies because other companies are not licensed;

- the competition we may face from third parties, including the internal design teams of prospective customers;

- difficulties in achieving and maintaining consumer and market demand or acceptance for our products;

- difficulties in persuading third parties to work with us, to rely on us for critical technology, and to disclose to us proprietary product development and other strategies; and

- challenges in demonstrating the compelling value of our technologies and challenges associated with prospective customers' ability to easily implement our technologies.

A limited number of customers account for a significant portion of our revenue, and the loss of major customers could harm our operating results.

Historically, a significant amount of our revenue has been derived from a limited number of customers, and we expect that this will continue to be the case in the future. For example, for the fiscal year ended April 30, 2026, the top five customers accounted for a significant amount of our total revenues.

In addition, we cannot be certain that other customers that have accounted for significant revenue in past periods, individually or as a group, will continue to generate similar revenue in any future period. If we fail to renew or lose a major customer or group of customers, or if a major customer decides that our patents no longer cover our products and stops paying us royalties, our revenue could decline if we are unable to replace the lost revenue with revenue from other sources. In addition, if potential customers or customers with expiring agreements view the loss of one of our major customers as an indicator of the value of our software and/or the strength of our intellectual property, they may choose not to take or renew a license which could adversely affect our operating results.

If our customers discontinue product lines that incorporate our technology, our operating results may be negatively impacted.

Our royalties from licenses and therefore the growth of our business are dependent, in part, on the success of our customers' products that incorporate our haptic patents. Many of the industries we license into are highly competitive. Our existing customers have in the past decided and may decide in the future to exit these industries and focus their resources on industries we do not license into or where we have achieved less market penetration. For example, on April 5, 2021, LGE announced that it would wind down and close its mobile business unit by July 31, 2021. The discontinuation of such product lines by our customers has resulted in and may in the future result in lower shipments of products that incorporate our haptic patents which in turn has had and may continue to have a material adverse effect on our business, financial condition and results of operations.

Our failure to continuously develop or acquire patents could significantly harm our business, financial condition, results of operations or cash flow.

We derive a significant portion of our revenues from licenses and royalties from our existing haptic patents. Our current intellectual property portfolio consists of patents issued in multiple jurisdictions covering various aspects of our devices and related technology. Patent expiration or adverse rulings on the validity of our patents could adversely affect our ability to enter into or renew licensing arrangements and future product development, which could adversely affect our operating results and financial position. Further, as we continue to evaluate our ongoing business, we continue to focus on our operating priorities of entering into new licenses, renewing existing licenses and our enforcement strategy, while maintaining and growing our profitability, and we may not maintain our market position in haptics or our profitability.

Shortages of electronic components (such as integrated circuits) that may be integral to the manufacturing of our customers' products may cause a decrease in production and sales of our customers' products which could result in lower royalties payable to us.

Many of our customers report and pay royalties to us based on the number of products in their shipments that incorporate our patented technology or other technology. Our customers' products may incorporate various electronic components, such as integrated circuits. A significant disruption in the supply of these electronic components (such as integrated circuits) could decrease the number of products that our customers sell, which could reduce the amount of royalties that are payable to us.

For instance, the semiconductor industry has over the past several years faced significant global supply chain issues as a result of the impact of the COVID-19 pandemic and the related imposition of government restrictions on staffing and facility operations, supply chain shortages, and other disruptions and may continue to face global supply chain issues as the result of tariffs and international trade tensions. If our customers experience significant shortages of electronic components that result in a reduction in our revenues, then our business, results of operations, financial condition, cash flows, and stock price may be adversely affected.

We are or may become involved in litigation, arbitration and administrative proceedings to enforce or defend our intellectual property rights and to defend our licensing practices that are expensive, disruptive and time consuming, and will continue to be, until resolved, and regardless of whether we are ultimately successful, could adversely affect our business.

If we believe that a third party is required, but has declined, to license our intellectual property in order to manufacture, sell, offer for sale, import or use products, we have in the past and may in the future commence legal or administrative action against such third party. In some cases, we have and may become party to legal proceedings in which we are adverse to companies that have significantly greater financial resources than us. We anticipate that currently pending and any future legal proceedings will continue to be costly, especially in cases where our adverse parties have access to relatively more significant resources. Since there can be no assurance that we will be successful or be able to cover the costs we incur in connection with the legal proceedings (including outside counsel fees), as we incur additional legal costs, the cash available for other parts of our business may decrease. In addition, litigation could lead to counterclaims, adverse rulings affecting our patents, and could harm our relationship with our customers and potential customers, who may postpone licensing decisions pending the outcome of the litigation or dispute, or who may choose not to adopt our technologies. Although protecting our intellectual property is a fundamental part of our business, at times, our legal proceedings have diverted, and could continue to divert the efforts and attention of some of our key management and personnel away from our licensing transactions and other aspects of our business. As a result, until such time as it is resolved or concluded, litigation, arbitration and administrative proceedings could cause our technology to be perceived as less valuable in the marketplace, which could reduce our sales and adversely affect our business. Further, any unfavorable outcome could adversely affect our business. For additional background on our pending litigation, please see *Note 19. Commitments and Contingencies* of the *Notes to the Consolidated Financial Statements* under Item 8 of this Annual Report on Form 10-K.

The terms in our agreements may be construed by our licensees in a manner that is inconsistent with the rights that we have granted to other licensees or in a manner that may require us to incur substantial costs to resolve conflicts over license terms.

In order to generate revenues from our patent and other technology licensing business, we regularly enter into agreements pursuant to which our licensees are granted certain rights to our patents and other technology. These rights vary in scope and nature depending on the customer: for example, we may grant a licensee the right to use our technology in certain fields of use or with respect to limited market sectors or product categories, and we may or may not grant a licensee exclusive rights or sublicensing rights. We refer to the license terms and restrictions in our agreements, including, but not limited to, field of use definitions, market sector, and product category definitions, collectively, as "License Provisions".

Due to the continuing evolution of market sectors, product categories, and business models and to the compromises inherent in the drafting and negotiation of License Provisions, our licensees may interpret License Provisions in their agreements in a way that is different from our interpretation of such License Provisions or in a way that is inconsistent with the rights that we have granted to other licensees. Such conflicting interpretations by our licensees may lead to claims that we have granted rights to one licensee that are inconsistent with the rights that we have granted to another licensee or that create a dispute as to which products are covered by the license and are thus subject to a royalty payment. We have in the past and may in the future become involved in similar disputes.

Many of our customers report royalties to us based on (i) the number of products in their shipments that incorporate our patented technology or other technology or (ii) our customers' revenues and their interpretation and allocation of contracted royalty rates. When assessing payments due by customers under these types of arrangements, we rely upon the accuracy of our customers' recordkeeping and reporting, and inaccuracies or payment disputes regarding amounts our customers owe under their licensing agreements may negatively impact our results of operations. The royalties that are originally reported by a customer could differ materially from those determined by either a customer-self-reported correction or from an audit we have performed on a customer's books and records. Differing interpretations of royalty calculations may also cause disagreements during customer audits, may lead to claims or litigation, and may have an adverse effect on the results of our operations. Further, although our agreements generally give us the right to audit books and records of our licensees, audits can be expensive and time consuming and may not be cost-justified based on our understanding of our licensees' businesses. Pursuant to our license compliance program, we audit certain licensees to review the accuracy of the information contained in their royalty reports in an effort to decrease the risk of our not receiving royalty revenues to which we are entitled, but we cannot give assurances that such audits will be effective.

In addition, after we enter into an agreement, it is possible that markets and/or products that incorporate our patented technology or other technology, or legal and/or regulatory environments, will evolve in an unexpected manner that could affect the scope of our rights to royalties under such agreement or another one of our licensing agreements or our ability to enforce and defend the technology covered by such agreement or another one of our licensing agreements. As a result, in any agreement, we may have granted rights that will preclude or restrict our exploitation of new opportunities that arise after the execution of the agreement.

Our licenses with semiconductor and actuator manufacturers may cause confusion as to our licensing model and may prevent us from enforcing our patents based on the patent exhaustion doctrine, the implied license doctrine, or other legal doctrines.

We also license our software and/or patents to semiconductor and actuator manufacturers who incorporate our technologies into their integrated circuits or actuators for use in certain electronic devices. While our relationships with these manufacturers increase our distribution channels by leveraging their sales channels, this could introduce confusion into our licensing model which has traditionally been focused on licensing the OEM. In addition, licensing to semiconductor and actuator manufacturers increases the risk of patent exhaustion and implied licenses such that incorrectly structured licenses could negatively impact our business and financial results.

Potential patent and litigation reform legislation, potential United States Patent and Trademark Office ("USPTO") and international patent rule changes, potential legislation affecting mechanisms for patent enforcement and available remedies, and potential changes to the intellectual property rights policies of worldwide standards bodies, as well as rulings in legal proceedings may affect our investments in research and development and our strategies for patent prosecution, licensing and enforcement and could have a material adverse effect on our licensing business as well as our business as a whole.

Potential changes to certain U.S. and international patent laws, rules and regulations may occur in the future, some or all of which may affect our research and development investments, patent prosecution costs, the scope of future patent coverage we secure, remedies that we may be entitled to in patent litigation, and attorneys' fees or other remedies that could be sought against us, and may require us to reevaluate and modify our research and development activities and patent prosecution, licensing and enforcement strategies.

Similarly, legislation designed to reduce the jurisdiction and remedial authority of the United States International Trade Commission (the "USITC") has periodically been introduced in Congress. Any potential changes in the law, the IP rights policies of standards bodies or other developments that reduce the number of forums available or the type of relief available in such forums (such as injunctive relief), restrict permissible licensing practices (such as our ability to license on a worldwide portfolio basis) or that otherwise cause us to seek alternative forums (such as arbitration or state court), could make it more difficult for us to enforce our patents, whether in adversarial proceedings or in negotiations. Because we have historically depended on the availability of certain forms of legal process to (i) enforce our patents and (ii) obtain fair and adequate compensation for our investments in research and development and for the unauthorized use of our intellectual property, developments in law and/or policy that undermine our ability to do so could have a negative impact on future licensing efforts and on revenue derived from such efforts.

Rulings of courts and administrative bodies may affect our strategies for patent prosecution, licensing and enforcement. For example, in recent years, the USITC and U.S. courts, including the U.S. Supreme Court and the U.S. Court of Appeals for the Federal Circuit have taken actions that have been viewed as unfavorable to patentees. Decisions that occur in U.S. or in international forums may change the law applicable to various patent law issues, such as with respect to, patentability, validity, patent exhaustion, patent misuse, remedies, permissible licensing practices, claim construction, and damages in ways that could be detrimental to our ability to enforce patents in our IP portfolio and to obtain damages awards.

We continue to monitor and evaluate our strategies for prosecution, licensing and enforcement with regard to these developments in law and policy; however, any resulting change in such strategies could have a material adverse effect on our business and financial condition.

If we are not able to attract, recruit and retain qualified personnel, we may not be able to effectively deploy our technologies.

Our technologies are complex, and we rely upon our employees to identify new sales and business development opportunities, support and maintain positive relationships with our licensees. Accordingly, we need to be able to attract, recruit, integrate, and retain personnel, including individuals highly specialized in patent licensing in order to deploy our technologies and to sustain revenue generation. Competition for talented candidates is intense, especially for individuals with patent licensing, and haptics expertise, and we may not be successful in attracting, integrating, and continuing to motivate such qualified personnel. In this competitive recruiting environment, especially when hiring in geographical regions that have higher costs of living, our compensation packages need to be attractive to the candidates we recruit. In addition, based on potential volatility in our quarterly revenues, it could be difficult to craft compensation plans that will attract and retain personnel with the skills to secure complex licensing arrangements. In certain geographical regions, candidates and employees view the stock component of compensation as an important factor in deciding both whether to accept an employment opportunity as well as whether to remain in a position at a company. Even if we are able to present robust compensation packages that enable us to attract and recruit new candidates for hire, we may not be able to retain our current executive officers and key employees if the structure of their compensation packages does not provide incentives for them to remain employed by us.

We have experienced turnover in our senior management and our employee base, which could result in operational and administrative inefficiencies and could hinder the execution of our growth strategy.

We have experienced turnover in our senior management. For example, in March 2023, Francis Jose, the former General Counsel and in May 2023, Aaron Akerman, the former Chief Financial Officer, resigned from their respective positions with the Company. In addition, in January 2023, Eric Singer was appointed as President and Chief Executive Officer, and in June 2023, Michael Dodson was appointed the Chief Financial Officer. Lack of management continuity could harm our customer relationships, adversely affect our ability to successfully execute our growth strategy, result in operational and administrative inefficiencies and added costs, and could impede our ability to recruit new talented individuals to senior management positions. All or any of these could adversely impact the results of operations and stock price. Our success largely depends on our ability to integrate any new senior management within our organization in order to achieve our operating objectives, and changes in other key positions may affect our financial performance and results of operations as new members of management become familiar with our business. General employee turnover also presents the risks discussed in this paragraph.

We may incur greater tax liability than we have provided for or have anticipated and may incur additional tax liability due to certain indemnification agreements with certain licensees, which could adversely affect our financial condition and operating results.

We began a reorganization of our corporate organization in 2019 in order to address changing international tax laws and to re-align our corporate structure with the evolving nature of our international business activities. As a result of this reorganization, we have maintained our overall effective tax rate through changes in how we develop and use our intellectual property and changes in the structure of our international sales operations, including by entering into intercompany arrangements. There can be no assurance that the taxing authorities of the jurisdictions in which we operate or to which we are otherwise deemed to have sufficient tax nexus will not challenge the restructuring or the tax position that we take.

Our tax rate is dependent on our ability to operate our business in a manner consistent with the reorganization of our corporate organization and applicable tax provisions, as well as on our achieving our forecasted revenue growth rates. If the intended tax treatment is not accepted by the applicable taxing authorities, changes in tax law negatively impact the structure, or we do not operate our business consistent with the intended reorganization and applicable tax provisions, we may fail to achieve the financial efficiencies that we anticipate as a result of the reorganization and our future operating results and financial condition may be negatively impacted. In addition, future changes to U.S. or non-U.S. tax laws, including legislation to reform U.S. or other countries' taxation of the organization.

Additionally, from time to time, we enter into license agreements with our licensees pursuant to which we may agree to indemnify a customer for certain taxes imposed on the customer by an applicable tax authority and related expense. We have received requests from certain licensees requesting that we reimburse them for certain tax liabilities. For example, since October 16, 2017, we have ongoing disputes related to LGE's request that we reimburse LGE with respect to withholding tax imposed on LGE by the Korean tax authorities following an investigation where the tax authority determined that LGE failed to withhold on LGE's royalty payments to Immersion Software Ireland from 2012 to 2014. For additional background on this matter, please see *Note 19. Commitments and Contingencies* of the *Notes to the Consolidated Financial Statements* under Item 8 of this Annual Report on Form 10-K.

During the fiscal quarter ended January 31, 2026, the Company determined that it would discontinue litigation related to certain Korean withholding tax matters involving LGE. Because the recoverability of provisional deposits previously made in connection with those matters depended on successful resolution of the related proceedings, the Company concluded that the remaining carrying amount of such deposits was not recoverable. Accordingly, the Company recorded additional income tax expense of approximately $5.9 million and reduced the carrying amount of the related long-term deposits to zero. The income tax expense was partially offset by the reversal of the related unrecognized tax benefit accrual of $0.3 million.

In the event that it is determined that we are obligated to further indemnify LGE for withholding taxes imposed by the Korean tax authorities, receive further requests for reimbursement of tax liabilities from other licensees, we could incur significant expenses.

Our international revenues subject us to additional risks and costs.

International revenues accounted for approximately 75% of our total revenues in the fiscal year ended April 30, 2026. International operations are subject to a number of difficulties, risks, and special costs, including:

- compliance with multiple, conflicting and changing governmental laws and regulations;
- laws and business practices favoring local competitors;
- foreign exchange and currency risks;
- changing import and export restrictions, duties, tariffs, quotas and other barriers;
- business risks, including fluctuations in demand for our technologies and products and the cost and effort to conduct international operations and travel abroad to promote international distribution and overall global economic conditions;
- multiple conflicting and changing tax laws and regulations;
- political and economic instability; and
- the possibility of an outbreak of hostilities or unrest in markets where major customers are located, including Korea.

In addition, since we derive a significant portion of our revenues from licenses and royalties from our haptic patents in foreign countries, our ability to maintain and grow our revenue in foreign countries, such as China, will depend in part on our ability to obtain additional patent rights in these countries and our ability to effectively enforce such patents and contractual rights in these countries, which is uncertain. Our technology licenses with customers in foreign countries subject us to an increased risk of theft of our technology. It may be more difficult for us to protect our IP in foreign countries, and as a result foreign counterparties may be more likely to steal our know-how, reverse engineering our software, or infringe our patents.

Our failure to comply with complex U.S. and foreign laws and regulations could have a material adverse effect on our operations.

We are subject to the U.S. Foreign Corrupt Practices Act of 1977, as amended (the "FCPA") and other anticorruption, anti-bribery and anti-money laundering laws in the jurisdictions in which we do business, both domestic and abroad. These laws generally prohibit us and our employees from improperly influencing government officials in order to obtain or retain business, direct business to any person or gain any improper advantage. The FCPA and other applicable anti-bribery and anti-corruption laws also may hold us liable for acts of corruption and bribery committed by our third-party business partners, representatives and agents. While we have policies and procedures to address compliance with such laws, we cannot assure you that our employees and agents will not take actions in violation of our policies or applicable law, for which we may be ultimately held responsible and our exposure for violating these laws increases as our international presence expands and as we increase sales in foreign jurisdictions. Any violation of such laws could result in whistleblower complaints, adverse media coverage, investigations, imposition of significant legal fees, and other consequences which may have an adverse effect on our reputation, business, results of operations and financial condition.

Our international revenues could also increase our exposure to foreign and international laws and regulations. If we cannot comply with foreign laws and regulations, which are often complex and subject to variation, differing or inconsistent government interpretation, and unexpected changes, we could incur unexpected costs and potential litigation. For example, the governments of foreign countries might attempt to regulate our products or levy sales or other taxes relating to our activities. In addition, foreign countries may impose tariffs, duties, price controls, or other restrictions on foreign currencies or trade barriers, any of which could make it more difficult for us to conduct our business internationally. Our international revenues could also increase our exposure to complex international tax rules and regulations. Changes in, or interpretations of, tax rules and regulations may adversely affect our income tax provision. In addition, our revenues outside the United States may be affected by changes in trade protection laws, policies and measures, and other regulatory requirements affecting trade and investment, including the FCPA and local laws prohibiting corrupt payments by our employees, vendors, or agents.

Our sales to customers or sales by our customers to their end customers in some areas outside the United States could be subject to government export regulations or restrictions that prohibit us or our licensees from selling to customers in some countries or that require us or our licensees to obtain licenses or approvals to export such products internationally. Delays or denial of the grant of any required license or approval, or changes to the regulations, could make it difficult or impossible to make sales to foreign customers in some countries and could adversely affect our revenue. In addition, we could be subject to fines and penalties for violation of these export regulations if we were found in violation. Such violation could result in penalties, including prohibiting us from exporting our products to one or more countries, and could materially and adversely affect our business.

We may not be able to continue to derive significant revenues from third party gaming peripheral makers for video gaming platforms.

We seek to engage with third party gaming peripheral makers to utilize our advanced haptic technologies and expand the use of haptics across the gaming market. If our engagement efforts are not successful or are significantly delayed, we may be unsuccessful in our efforts in the gaming market, which could have an adverse effect on our revenues.

While Microsoft, Sony, and Nintendo are among our licensees in the gaming market, a significant portion of our gaming royalty revenues comes from third-party peripheral makers who make licensed gaming products designed for use with popular video game console systems from such video game console makers. Video game console systems are closed, proprietary systems, and video game console system makers typically impose certain requirements or restrictions on third-party peripheral makers who wish to make peripherals that will be compatible with a particular video game console system. If third-party peripheral makers cannot or are not allowed to satisfy these requirements or restrictions, our gaming royalty revenues could be significantly reduced. Furthermore, should a significant video game console maker choose to omit touch-enabling capabilities from its console systems or restrict or impede the ability of third parties to make touch-enabling peripherals, it could lead our gaming licensees to stop making products with touch-enabling capabilities, thereby significantly reducing our gaming royalty revenues. Also, if the video game industry changes such that mobile or other platforms increase in popularity at the expense of traditional video game consoles, our gaming royalty revenues could be substantially reduced if we are unable to enter into replacement arrangements enabling us to license our software, patents, or other IP in connection with gaming on such mobile or other platforms. Although we have a significant software and patent position with respect to virtual reality (“VR”) peripherals and systems, the market may not become large enough to generate material revenues. Finally, as some of our litigated patents related to video game peripherals have expired, our gaming royalty revenues will likely decline until we are successful in proving the relevance of our patents for this market.

Because we have a fixed payment license with Microsoft, our royalty revenue from licensing in the gaming market and other consumer markets has declined and may further do so if Microsoft increases its volume of sales of touch-enabled products at the expense of our other licensees.

Under the terms of our present agreement with Microsoft, Microsoft receives a royalty-free, perpetual, irrevocable license (including sublicense rights) to our worldwide portfolio of patents. This license permits Microsoft to make, use, and sell hardware, software, and services, excluding specified products, covered by our patents. We will not receive any further revenues or royalties from Microsoft under our current agreement with Microsoft, including with respect to Microsoft’s Xbox Series X gaming product or any other haptic-related product that Microsoft produces or sells. Microsoft has a significant share of the market for touch-enabled console gaming computer peripherals and is pursuing other consumer markets such as mobile devices, tablets, personal computers, and VR and augmented reality (“AR”). Microsoft has significantly greater financial, sales, and marketing resources, as well as greater name recognition and a larger customer base than some of our other licensees from whom, unlike with respect to Microsoft, we are able to collect royalty payments. In the event that Microsoft increases its share of these markets relative to companies from whom we are not precluded from collecting royalty payments, our royalty revenue from other licensees in these market segments may decline.

Automobiles incorporating our touch-enabling technologies are subject to lengthy product development periods, making it difficult to predict when and whether we will receive royalties for these product types.

The product development process for automobiles is very lengthy, sometimes longer than four years. We may not earn royalty revenue on our automotive device technologies unless and until products featuring our technologies are shipped to customers, which may not occur until several years after we enter into an agreement with a manufacturer or a supplier to a manufacturer. Throughout the product development process, we face the risk that a manufacturer or supplier may delay the incorporation of, or choose not to incorporate, our technologies into its products, making it difficult for us to predict the royalties we may receive, if any. After the product launches, our royalties still depend on market acceptance of the vehicle, or the option packages if our technology is an option (for example, a navigation unit), which is likely to be determined by many factors beyond our control.

Further, our revenues in the automotive market depend in large part on the number of haptic touch interfaces that are incorporated into vehicles. Component shortages and economic and other impacts, such as semiconductor shortages, have caused and may in the future cause significant adverse effects on our customers' ability to manufacture, distribute and sell products incorporating our touch-enabling technologies. While we believe that the automotive market provides opportunities for growth for us, especially if haptic touch interfaces are adopted in more mid-tier and entry-tier vehicles, we are unable to accurately predict the full impact that component shortages and economic and other impacts will have on the number of vehicles sold by our customers that incorporate haptic touch interfaces. However, if such opportunities fail to materialize and/or if less haptic touch interfaces are sold in the future, it may have a material and adverse effect on our business, financial position, results of operations or cash flows.

Our inability to control or influence our licensees' design, manufacturing, quality control, promotion, distribution, or pricing of their products incorporating our touch-enabling technologies could result in diminished royalty revenue if our licensees' efforts fail to generate consumer demand.

A key part of our business strategy has been to license our software and patents (and other IP) to companies that manufacture and sell products incorporating our touch-enabling technologies. We do not control or influence the design, manufacture, quality control, promotion, distribution or pricing of products that are manufactured and sold by our licensees, nor can we control consolidation within an industry which could either reduce the number of licensable products available or reduce royalty rates for the combined licensees. In addition, we generally do not have commitments from our licensees that they will continue to use our technologies in current or future products. As a result, products incorporating our technologies may not be brought to market, achieve commercial acceptance or otherwise generate meaningful royalty revenue for us. For us to generate royalty and license revenue, licensees that pay us per-unit royalties must manufacture and distribute products incorporating our touch-enabling technologies in a timely fashion and generate consumer demand through marketing and other promotional activities. If our licensees' products fail to achieve commercial success, or if their products are recalled because of quality control problems or if they do not timely ship products incorporating our touch-enabling technologies or fail to achieve strong sales, our revenues could decline.

Our business may suffer if third parties assert that we violate their IP rights.

Third parties have previously claimed and may in the future claim that we or our customers are infringing upon their IP rights. Even if we believe that such claims are without merit or that we are not responsible for them under the indemnification or other terms of our customer license agreements, such claims can be time-consuming and costly to defend against and may divert management's attention and resources away from our business. Furthermore, third parties making such claims may be able to obtain injunctive or other equitable relief that could block our ability to further develop or commercialize some or all of our software technologies or services in the United States and abroad. Claims of IP infringement also might require us to enter into costly settlement or license agreements or pay costly damage awards. Even if we have an agreement that provides for a third party to indemnify us against such costs, the indemnifying party may be unable or unwilling to fulfill its contractual obligations.

We may license some technologies from third parties and in doing so, we must rely upon the owners of these technologies for information on the origin and ownership of the technologies. As a result, our exposure to infringement claims may increase if the owners misrepresent, intentionally or unintentionally, the scope or validity of their ownership. We generally obtain representations as to the origin and ownership of acquired or licensed technologies and indemnification to cover any breach of these representations. However, representations may not be accurate, and indemnification may not provide adequate compensation for breach of the representations. If we cannot or do not license the infringed IP at all or on reasonable terms, or substitute similar technology from another source, our business, financial position, results of operations or cash flows could suffer.

Our business and operations could suffer in the event of any actual or perceived security breaches.

Our business involves the storage and transmission of customers' proprietary and confidential information, including information that may be personal information, and other data. In addition, we collect, use and maintain our own confidential and proprietary business information, including information that may be personal information, and maintain intellectual property internally on our systems. Computer malware, ransomware, cyberattacks and other threats and methods used to gain unauthorized access to our information technology networks and systems have become more prevalent and sophisticated. These threats and attempts, which may be related to industrial or other espionage, could include covertly introducing malware such as viruses, worms and other malicious software programs to our computers and networks, impersonating authorized users, and fraudulently inducing employees or customers into disclosing sensitive information such as user names, passwords or other information in order to gain access to our data or our customers' data, among other possible methods of security breach. These threats are constantly evolving, making it increasingly difficult to successfully defend against them or implement adequate protective measures.

Because the techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. There can be no assurance that any security measures that we or our third-party service providers have implemented will be effective against current or future security threats. Our security measures or those of our third-party service providers could fail, whether as a result of third-party action, employee error, malfeasance or otherwise, and could result in unauthorized access to or use of our systems or unauthorized, accidental, or unlawful access to, or disclosure, modification, misuse, loss or destruction of, our intellectual property and data and data of our customers.

In addition, our customers may authorize third party technology providers to access their customer data. Because we do not control the transmissions between our customers and third-party technology providers or the processing of such data by third-party technology providers, we cannot ensure the integrity or security of such transmissions or processing.

We might be unaware of any actual or potential security breach or be delayed in detecting a security breach, or, even if we are able to identify a breach, we may be unaware of its magnitude and effects. Actual or perceived security breaches could result in unauthorized use of or access to our systems, system interruptions or shutdowns, unauthorized, accidental, or unlawful access to, or disclosure, modification, misuse, loss or destruction of, our or our customers' data or intellectual property, may lead to litigation, indemnity obligations, regulatory investigations and other proceedings, severe reputational damage adversely affecting customer or investor confidence and causing damage to our brand, indemnity obligations, disruption to our operations, damages for contract breach, and other liability, reduction in the value of our investment in research and development and other strategic initiatives, and adverse effects upon our revenues and operating results. Additionally, our service providers may suffer, or be perceived to suffer, data security breaches or other incidents that may compromise data stored or processed for us that may give rise to any of the foregoing.

More generally, any of the foregoing types of security breaches, or the perception that any of them have occurred, may lead to the expenditure of significant financial and other resources in efforts to investigate or correct a breach or incident and to address and eliminate vulnerabilities and to prevent future security breaches, as well as significant costs for remediation that may include liability for stolen intellectual property or other assets or information and repair of system damage that may have been caused, incentives offered to customers in an effort to maintain business relationships, and other liabilities. We have incurred and expect to incur significant expenses in an effort to prevent security breaches and other security incidents.

We cannot be certain that our insurance coverage will be adequate for data security liabilities actually incurred, will cover any indemnification claims against us relating to any incident, that insurance will continue to be available to us on economically reasonable terms, or at all, or that any insurer will not deny coverage as to any future claim. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have a material adverse effect on our business, including our financial condition, operating results, and reputation.

If we are unable to maintain open-source compliant products, our ability to license our technologies and generate revenues may be impaired.

We have seen, and believe that we will continue to see, an increase in customers requesting that we make available products that will operate in an "open source" environment. Maintaining open-source compliant products without imperiling the IP rights upon which our licensing business depends may prove difficult under certain circumstances, thereby placing us at a competitive disadvantage for new product designs.

Some of our proprietary technologies incorporate open-source software that may be subject to open-source licenses, which licenses may require that source code subject to the license be released or made available to the public. Such open-source licenses may mandate that software developed based on source code that is subject to the open-source license, or combined in specific ways with such open-source software, becomes subject to the open source license. We take steps to ensure that proprietary software we do not wish to disclose is not combined with, or does not incorporate, open-source software in ways that would require such proprietary software to be subject to an open-source license. However, there is currently uncertainty in the legal landscape around open-source software, as few courts have interpreted open-source licenses, and the manner in which these licenses may be legally interpreted and enforced is therefore not yet clear. We often take steps to disclose source code for which disclosure is required under an open-source license, but it is possible that we have made or will make mistakes in doing so, which could negatively impact our brand or the adoption of our products by our customers or prospective customers or could expose us to additional liability.

In addition, we rely on software programmers to design our proprietary products and technologies and we cannot be certain that open-source software is not inadvertently incorporated into products and technologies we intend to keep proprietary. In the event that portions of our proprietary technology are determined to be subject to an open-source license, or are intentionally released under an open-source license, we could be required to publicly release the relevant portions of our source code, which could reduce or eliminate our ability to commercialize our products and technologies. As a result, our revenues may not grow and could decline.

Our business depends in part on access to third-party platforms and technologies. If such access is withdrawn, denied, or is not available on terms acceptable to us, or if the platforms or technologies change, our business and operating results could be adversely affected.

Many of our technologies are designed for use with third-party platforms and technologies. Our business relies on our access to these platforms and technologies of third parties, which can be withdrawn, denied or not be available on terms acceptable to us.

Our access to third-party platforms and technologies may require paying royalties or other amounts, which lowers our margins, or may otherwise be on terms that are not acceptable to us. In addition, the third-party platforms or technologies used to interact with our software technologies can be delayed in production or can change in ways that negatively impact the operation of our software.

If we are unable to access third-party platforms or technologies, or if our access is withdrawn, denied, or is not available on terms acceptable to us, or if the platforms or technologies are delayed or change, our business and operating results could be adversely affected.

Our technologies are complex and may contain undetected errors, which could harm our reputation and future sales.

Any failure to provide high quality and reliable technologies, whether caused by our own failure or failures of our suppliers or customers, could damage our reputation and reduce demand for our technologies. Our technologies have in the past contained, and may in the future contain, undetected errors or defects. These errors or defects may increase as our technologies are introduced into new devices, markets and applications, including the automotive market and the sexual wellness market, or as new versions are released. Some errors in our technologies may only be discovered after a customer's product incorporating our technologies has been shipped to customers. Undiscovered vulnerabilities in our technologies or products could expose our customers to hackers or other unscrupulous third parties who develop and deploy viruses, worms and other malicious software programs that could attach to our products or technologies. Any errors or defects discovered in our technologies after commercial release could result in product recalls, loss of revenue, loss of customers, and increased service and warranty costs, any of which could adversely affect our business.

If we fail to adequately protect personal information or other information we process or maintain, our business, financial condition and operating results could be adversely affected.

A wide variety of state, national, and international laws and regulations apply to the collection, use, retention, protection, disclosure, transfer and other processing of personal data and other information. Evolving and changing definitions of personal data and personal information within the U.S., the European Union ("EU"), and elsewhere, especially relating to classification of IP addresses, machine identification, location data and other information, may limit or inhibit our ability to operate or expand our business. For example, it may be more difficult for us to share data with commercial partners, conduct research, or market to customers. Heightened compliance requirements may lead to increased administrative expenses. Data protection and privacy-related laws and regulations are evolving and may result in ever-increasing regulatory and public scrutiny and escalating levels of enforcement and sanctions.

For example, the EU General Data Protection Regulation ("GDPR"), which became fully effective on May 25, 2018, imposes more stringent data protection requirements than previously effective EU data protection law and provides for penalties for noncompliance of up to the greater of €20 million or four percent of worldwide annual revenues. The GDPR requires, among other things, that personal data only be transferred outside of the European Economic Area ("EEA") to certain jurisdictions, including the United States, if steps are taken to legitimize those data transfers. We rely on the use of Standard Contractual Clauses ("SCCs") approved by the EU Commission, to legitimize these transfers. Previously, we relied on the EU-U.S. Privacy Shield and Swiss-US Privacy Shield frameworks to legitimize transfers of personal data from the EEA to the United States. However, on July 16, 2020, the Court of Justice of the European Union ("CJEU") invalidated Decision 2016/1250 on the adequacy of the protection provided by the EU-U.S. Privacy Shield Framework, and similarly on September 8, 2023 the Federal Data Protection and Information Commissioner ("FDPIC") invalidated the Swiss-US Privacy Shield. These decisions may increase our costs and limit our ability to process personal data from the EU and Switzerland. The same decision also cast doubt on the ability to use one of the primary alternatives to the Privacy Shield, namely, SCCs, to lawfully transfer personal data from Europe to the United States and most other countries. At present, there are few if any viable alternatives to the Privacy Shield and the SCCs. The CJEU and FDPIC decisions or other legal challenges relating to cross-border data transfer between various countries and economic areas may serve as a basis for our personal data handling practices to be challenged and may otherwise adversely impact our business, financial condition and operating results.

Further, in June 2016, the United Kingdom voted to leave the European Union, commonly referred to as "Brexit," and on January 31, 2020, the United Kingdom ceased to be an EU Member State. The UK Data Protection Act that substantially implements the GDPR became law in May 2018 and was further amended to more closely align to GDPR post-Brexit. Beginning on October 12, 2023, UK personal data may be transferred to the U.S. pursuant to organizations certified to the UK Extension to the EU-US Data Privacy Framework. It remains unclear, however, how United Kingdom data protection laws or regulations will develop in the medium to longer term and how data transfers to and from the United Kingdom will be regulated. In addition, some countries are considering or have enacted legislation requiring local storage and processing of data that could increase the cost and complexity of delivering our services or performing research related to our technology.

In the U.S., there are numerous states that have now enacted privacy laws that regulate the processing of personal data. For example in 2018, California enacted the California Consumer Privacy Act, which was amended in 2020 by the California Privacy Rights Act ("CPRA"), legislation that, among other things, requires covered companies to provide numerous disclosures to California consumers and affords such consumers new abilities to opt-out of certain sales and sharing of personal information. Aspects of the CPRA and its interpretation remain unclear at this time. Numerous states have enacted their own similar privacy legislation, which privacy legislation has now gone into effect and other states have proposed privacy legislation, which may subsequently go into effect. We cannot fully predict the impact of these numerous state laws on our business or operations, but the laws may require us to modify our data processing practices and policies and to incur substantial costs and expenses in an effort to comply.

Even the perception of privacy, data protection or information security concerns, whether or not valid, may harm our reputation, inhibit adoption of our products by current and future customers, or adversely impact our ability to hire and retain workforce talent. Our actual or perceived failure to adequately comply with applicable laws and regulations, or to protect personal data and other data we process or maintain, could result in regulatory investigations and enforcement actions against us, fines, penalties and other liabilities, imprisonment of company officials and public censure, claims for damages by customers and other affected individuals, required efforts to mitigate or otherwise respond to incidents, litigation, damage to our reputation and loss of goodwill (both in relation to existing customers and prospective customers), any of which could have a material adverse effect on our operations, financial performance and business.

Increasing attention on environmental, social and governance ("ESG") matters may have a negative impact on our business, impose additional costs on us, and expose us to additional risks.

Companies are facing increasing attention from investors, customers, partners, consumers and other stakeholders relating to ESG matters, including environmental stewardship, social responsibility, diversity and inclusion, racial justice and workplace conduct. In addition, organizations that provide information to investors on corporate governance and related matters have developed ratings processes for evaluating companies on their approach to ESG matters. Such ratings are used by some investors to inform their investment and voting decisions. Unfavorable ESG ratings may lead to negative investor sentiment toward the Company, which could have a negative impact on our stock price and our access to and costs of capital.

We have established corporate social responsibility programs aligned with sound environmental, social and governance principles. These programs reflect our current initiatives and are not guarantees that we will be able to achieve them. Our ability to successfully execute these initiatives and accurately report our progress presents numerous operational, financial, legal, reputational and other risks, many of which are outside our control, and all of which could have a material negative impact on our business. Additionally, the implementation of these initiatives imposes additional costs on us. If our ESG initiatives fail to satisfy investors, customers, partners and our other stakeholders, our reputation, our ability to license technology and sell services to customers, our ability to attract or retain employees, and our attractiveness as an investment, business partner or acquirer could be negatively impacted. Similarly, our failure or perceived failure to pursue or fulfill our goals, targets and objectives or to satisfy various reporting standards within the timelines we announce, or at all, could also have similar negative impacts and expose us to government enforcement actions and private litigation.

Risks Related to Controls and Procedures

We have concluded that our internal control over financial reporting and our disclosure controls and procedures were not effective as of April 30, 2026 due to material weaknesses. If we fail to establish and maintain proper and effective internal controls, our ability to produce accurate financial statements on a timely basis could be impaired, which would adversely affect our consolidated operating results, our ability to operate our business and our stock price.

Pursuant to the Sarbanes-Oxley Act of 2002, we are required to maintain internal control over financial reporting and to assess and report on the effectiveness of our internal controls, including the disclosure of any material weaknesses that our management identifies in our internal control over financial reporting.

For example, in connection with our accounting for the acquisition of a controlling interest in Barnes & Noble Education, we identified a material weakness in our internal control over financial reporting related to our business combination and consolidation accounting. The Company did not design and operate controls over the review of key inputs and assumptions in the third-party valuation report used to determine the fair value of the business combination as well as the review over the completeness and accuracy of the Company's consolidation of Barnes & Noble Education and associated disclosures. This includes controls to ensure the completeness and accuracy of information provided to the third-party specialist and controls to review the completeness and accuracy of the resulting consolidation impacts to the financial statements and related footnote disclosures. This material weakness relates to the design and operation of our controls over a one-time business combination event.

We do not expect that our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met; no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within our company will have been detected.

Ensuring that we have adequate internal financial and accounting controls and procedures in place to produce accurate financial statements on a timely basis is a costly and time-consuming effort that needs to be re-evaluated frequently. Any delay or failure on our part to remedy the identified material weakness or any additional delays or errors in our financial reporting controls or procedures could cause our financial reporting to be unreliable, could have a material adverse effect on our business, results of operations, or financial condition, and could have a substantial adverse impact on the trading price of our common stock.

Due to inherent limitations, there can be no assurance that our system of disclosure and internal controls and procedures will be successful in preventing all errors, theft and fraud, or in informing management of all material information in a timely manner.

Management does not expect that our disclosure controls and procedures and internal controls over financial reporting will prevent all errors or fraud. A control system is designed to give reasonable, but not absolute, assurance that the objectives of the control system are met. In addition, any control system reflects resource constraints, and the benefits of controls must be considered relative to their costs. Inherent limitations of a control system may include judgments in decision making may be faulty, breakdowns can occur simply because of error or mistake, and controls can be circumvented by collusion or management override. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected.

In the past we have not been in compliance with SEC reporting requirements and Nasdaq continued listing rules. If we are unable to remain in compliance with SEC reporting requirements and Nasdaq continued listing rules, there may be a material adverse effect on the Company and our stockholders.

On September 8, 2025, the Board concluded that the Company's previously-issued unaudited condensed consolidated financial statements for the fiscal third quarter and nine months ended January 31, 2025, the fiscal second quarter and six months ended October 31, 2024, and the calendar second quarter and six months ended June 30, 2024, contained in its Quarterly Reports on Form 10-Q (the "Restated Periods"), as well as its disclosures related to such financial statements, including any reports, earnings releases, and investor presentations, and related communications issued by or on behalf of the Company with respect to the Restated Periods (the "Previously-Issued Financial Information"), should no longer be relied upon. Accordingly, the Annual Report on Form 10-K for the fiscal year ended April 30, 2025 ("FY 2025 Form 10-K") included the restatement of our previously-issued unaudited condensed consolidated financial statements and related disclosures for the Restated Periods (the "Restatement"). Due to the delays in filing our periodic reports with the SEC, as a result of Barnes & Noble Education's investigation and the Restatement, we failed to timely file our FY 2025 Form 10-K, and our Quarterly Reports on Form 10-Q for the fiscal quarters ended July 31, 2025, October 31, 2025 and January 31, 2026. As a result, we were not in compliance with the reporting requirements of the Exchange Act and received notices of noncompliance from Nasdaq regarding our failure to comply with the Nasdaq continued listing requirements. Although we regained compliance through the filing of our delayed reports and endeavor to satisfy the requirements of the Exchange Act and Nasdaq continued listing requirements, there is no assurance that we will maintain compliance. If we are unable to maintain our listing on Nasdaq, it could materially adversely affect the liquidity and trading price of our common stock, reduce our access to the capital markets, and impair our ability to attract and retain employees, customers, and suppliers.

Our failure to prepare and timely file our periodic reports with the SEC limits our access to the public markets to raise debt or equity capital and may impact our ability to obtain alternative financing.

Our failure to timely file our periodic reports with the SEC restricts our ability to use a registration statement on Form S-3, which limits our ability to access the public markets quickly and efficiently. It may also restrict our ability to raise capital through traditional private placements, as potential investors may be reluctant to invest in a company that is not current or has a history of not being current in its SEC filings. The combined effect of these factors could materially and adversely affect our liquidity, financial condition, and results of operations.

Risks Related to our Consolidated Variable Interest Entity Barnes & Noble Education

Our consolidated variable interest entity, Barnes & Noble Education, is a public company which may expose us to additional costs, and our management may be required to devote substantial time to compliance initiatives.

On June 10, 2024, we acquired ownership of approximately 42.0% of the common stock of Barnes & Noble Education and as a public company, with a consolidated variable interest entity that is also a public company, we incur significant legal, accounting and other expenses to comply with the requirements applicable to public companies. Many of our personnel and other resources are devoted to ensuring we, and Barnes & Noble Education, comply with requirements applicable to public companies. These further exhausts management and other personnel resources that could be used for other revenue-generating activities.

Changes in Barnes & Noble Education's relationships with significant clients and suppliers, including the loss or reduction in business from one or more of them, could have a material adverse impact on its business.

The products that Barnes & Noble Education sells originate from a wide variety of domestic and international vendors. During fiscal 2026, Barnes & Noble Education's four largest suppliers accounted for approximately 56% of its merchandise purchased, with the largest supplier accounting for approximately 50% of its merchandise purchased. While we believe that our relationships with our suppliers are good, suppliers may modify the terms of these relationships due to general economic conditions or otherwise or, especially with respect to wholesale inventory, publishers could terminate distribution to wholesalers, including Barnes & Noble Education's wholesale business.

Barnes & Noble Education does not have long-term arrangements with most of its suppliers to guarantee availability of merchandise, content or services, particular payment terms or the extension of credit limits. If Barnes & Noble Education's current suppliers were to stop selling merchandise, content or services to it on acceptable terms, including as a result of one or more supplier bankruptcies due to poor economic conditions or refusal by such suppliers to ship products to us due to delayed or extended payment windows as a result of Barnes & Noble Education's own liquidity constraints, Barnes & Noble Education may be unable to procure the same merchandise, content or services from other suppliers in a timely and efficient manner and on acceptable terms, or at all. Additionally, delayed or incomplete publisher shipments of physical textbook orders, or delays in receiving digital courseware access codes, could have an adverse impact on sales, including Barnes & Noble Education's *BNC First Day*® Complete affordable access course material programs, which relies upon timely receipt of inventory in advance of class start dates each academic term.

Furthermore, certain of Barnes & Noble Education's merchandise is sourced indirectly from outside the United States. Political or financial instability, merchandise quality issues, product safety concerns, trade restrictions, work stoppages, tariffs, foreign currency exchange rates, transportation capacity and costs, inflation, civil unrest, natural disasters, public health crises, epidemics, and pandemics, and other factors relating to foreign trade are beyond its control and could disrupt its supply of foreign-sourced merchandise.

Tariffs or other restrictions placed on imports, and any ensuing trade wars may have a material adverse impact on our financial condition and results of operations.

Many of Barnes & Noble Education's products are sourced and manufactured abroad. The current U.S. administration announced a series of tariffs throughout 2025 on most products originating from countries worldwide, including potential higher tariffs on most products of Chinese origin. The current U.S. administration has since reduced or temporarily paused some of the tariffs and has reached agreement on tariffs with certain countries. Barnes & Noble Education cannot predict whether such reductions will remain in place or pauses will be extended, whether the current U.S. administration will continue to increase tariffs, or whether the current U.S. administration will enter into agreements with other countries to reduce tariffs. If these or other incremental tariffs go into effect, it could have a material adverse effect on our business, financial condition and results of operations.

Barnes & Noble Education has concluded that its internal control over financial reporting and its disclosure controls and procedures were not effective as of May 2, 2026 due to material weaknesses, which could adversely affected its ability to report its financial results in a timely and accurate manner and have a material adverse impact on its business and financial condition.

Barnes & Noble Education is required to evaluate the effectiveness of its disclosure controls and procedures and its internal control over financial reporting on a periodic basis and publicly disclose the results of these evaluations and related matters in accordance with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002. As described in Barnes & Noble Education's Annual Report on Form 10-K for its fiscal year ended May 2, 2026, its remediation of material weaknesses in internal controls over financial reporting first identified in connection with the audit of its fiscal year 2025 financial results have not yet been fully completed or tested by Barnes & Noble Education, and therefore, remain outstanding. As a result of these material weaknesses, Barnes & Noble Education's management concluded that its internal control over financial reporting and disclosure controls and procedures were not effective as of May 2, 2026.

Barnes & Noble Education has developed and implemented its remediation plan, as described in *Part II - Item 9A. Controls and Procedures* of its Annual Report on Form 10-K for its fiscal year ended May 2, 2026, designed to address the material weaknesses, but Barnes & Noble Education's remediation efforts are not complete and are ongoing, and must be tested by Barnes & Noble Education before such weaknesses can be deemed to no longer exist. Although Barnes & Noble Education continues to remedy the ineffectiveness of its internal control over financial reporting, there can be no assurance as to when the remediation plan will be implemented; Barnes & Noble Education's management will continue to devote time and attention to these efforts. If Barnes & Noble Education does not complete its remediation in a timely fashion, or at all, or if Barnes & Noble Education's remediation plan is inadequate, there will continue to be an increased risk that Barnes & Noble Education's will be unable to timely file future periodic reports with the SEC and that Barnes & Noble Education's future consolidated financial statements could contain errors that will be undetected. If Barnes & Noble Education is unable to report its results in a timely and accurate manner, its stock may be delisted from the New York Stock Exchange (the "NYSE") and Barnes & Noble Education will not be able to comply with the applicable covenants in its financing arrangements, including its credit agreement, as described in Barnes & Noble Education's Annual Report on Form 10-K for its fiscal year ended May 2, 2026. In addition, Barnes & Noble Education could be subject to regulatory investigations and penalties or stockholder litigation. Any of these risks could have a material adverse impact on Barnes & Noble Education's business and financial condition and the fair market value of Immersion's investment in Barnes & Noble Education.

If Barnes & Noble Education fails to maintain proper and effective internal controls, our business and financial condition could be materially adversely impacted.

We cannot assure you that Barnes & Noble Education will not discover additional deficiencies in its internal control over financial reporting. Moreover, as discussed in the following risk factor, because of the inherent limitations of any control system, material misstatements due to error or fraud may not be prevented or detected on a timely basis, or at all. Prior to May 3, 2025, Barnes & Noble Education had been a non-accelerated filer under the Exchange Act and was not required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act of 2002 (the Sarbanes-Oxley Act). Therefore, Barnes & Noble Education's internal controls over financial reporting for the prior periods did not receive the level of review provided by the process relating to the auditor attestation included in annual reports of issuers that are subject to the auditor attestation requirements.

Further and continued determinations that there are deficiencies in the effectiveness of the Barnes & Noble Education's internal control over financial reporting could result in another restatement of our consolidated financial statements, cause Barnes & Noble Education to fail to meet its reporting obligations, reduce its ability to obtain financing, negatively affect investor confidence in Barnes & Noble Education's management and the accuracy of our financial statements and disclosures, or result in adverse publicity and concerns from investors, any of which could have a negative effect on the price of Barnes & Noble Education's common stock, subject Barnes & Noble Education to regulatory investigations and penalties or stockholder litigation, and materially adversely impact its business, financial condition, results of operations, and cash flows.

Due to inherent limitations, there can be no assurance that Barnes & Noble Education's system of disclosure and internal controls and procedures will be successful in preventing all errors, theft and fraud, or in informing management of all material information in a timely manner.

Barnes & Noble Education's management does not expect that its disclosure controls and procedures and internal controls over financial reporting will prevent all errors or fraud. A control system is designed to give reasonable, but not absolute, assurance that the objectives of the control system are met. In addition, any control system reflects resource constraints, and the benefits of controls must be considered relative to their costs. Inherent limitations of a control system may include judgments in decision making may be faulty, breakdowns can occur simply because of error or mistake, and controls can be circumvented by collusion or management override. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected by Barnes & Noble Education or reported to us by Barnes & Noble Education in a timely manner.

Matters relating to or arising from the subject of the Investigation, including expenses and diversion of personnel and resources, regulatory investigations, and proceedings and litigation matters, could have an adverse effect on Barnes and Noble Education's and our business, results of operations, and financial condition.

As previously reported, in July 2025, certain information regarding the recording of cost of digital sales was brought to the attention of the Barnes & Noble Education's Audit Committee of the Board of Directors (the "Barnes & Noble Education Audit Committee"). With the assistance of outside counsel and advisors, the Barnes & Noble Education Audit Committee conducted an investigation into these matters (the "Investigation"). The Investigation was completed in the fall of 2025 and based on the Investigation, the Barnes & Noble Education Audit Committee concluded that a former Barnes and Noble Education employee made unsupported manual journal entries that improperly reduced cost of sales. As a result of the Investigation and additional accounting matters, the Barnes & Noble Education Audit Committee concluded that Barnes & Noble Education's previously-issued audited consolidated financial statements and related disclosures for certain prior periods should no longer be relied upon, and Barnes & Noble Education has since restated those financial statements in its Annual Report on Form 10-K for the fiscal year ended May 3, 2025 (the "BNED Restatement").

Barnes & Noble Education has incurred, and may continue to incur, significant expenses related to legal, accounting and other professional services in connection with matters relating to or arising from the subject of the Investigation and BNED Restatement. To the extent Barnes & Noble Education takes steps to remediate deficiencies in its internal controls over financial reporting are not successfully identified and implemented, Barnes & Noble Education may incur significant additional time and expense, which could have a material adverse effect on our business, financial condition, and results of operations.

In addition, Barnes & Noble Education elected to self-report the Investigation to the Securities and Exchange Commission (the "SEC"). If the SEC or any other regulator were to commence legal action against Barnes & Noble Education, Barnes & Noble Education could be required to pay significant penalties and become subject to injunctions, cease and desist orders, or other remedies. Barnes & Noble Education can provide no assurances as to the outcome of any governmental inquiry or investigation. Further, Barnes & Noble Education, its officers, and members of the Barnes & Noble Education Board could be named as defendants in lawsuits asserting claims arising out of the subject matter of the Investigation. As a result of any legal proceedings and any related indemnification requirements to Barnes & Noble Education's officers and directors, Barnes & Noble Education could be required to pay monetary damages that may be in excess of its insurance coverage or may have additional penalties or other remedies imposed against Barnes & Noble Education or its officers and directors.

All of these expenses, and the diversion of the attention of management and other personnel that has occurred and is expected to continue, could adversely affect Barnes & Noble Education's business, financial condition, results of operations, and cash flows.

Barnes & Noble Education may incur additional substantial costs in connection with remediation efforts following the BNED Restatement, which could adversely affect its results of operations.

Barnes & Noble Education has taken and continues to take significant efforts to remediate material weaknesses in its internal control over financial reporting and to enhance its disclosure controls and procedures. These efforts have required and will continue to require significant management time and financial resources. Barnes & Noble Education may incur substantial costs in connection with these remediation activities, including consulting fees, audit and professional service fees, and upgrades to its financial reporting systems and controls and internal control processes. These additional expenses could materially adversely affect Barnes & Noble Education's and our results of operations and financial condition.

Barnes & Noble Education may be required to indemnify its current and former directors, officers and employees in connection with litigation and other actions which could result in significant legal expenses and other costs to us.

Barnes & Noble Education's corporate governance documents and applicable indemnification agreements require Barnes & Noble Education to defend and indemnify its current and former directors and officers, and certain employees and contractors against enumerated liabilities and expenses incurred as a result of legal proceedings and investigations, including any potential regulatory actions or litigation arising out of the matters related to the Investigation and Restatement. As a result, Barnes & Noble Education may be obligated to advance and ultimately pay substantial legal costs, settlement amounts, or judgments on behalf of these individuals. These indemnification obligations could significantly increase Barnes & Noble Education's legal expenses and could materially adversely affect its financial condition and cash flows.

Barnes & Noble Education's past failure to prepare and timely file its periodic reports with the SEC limits its access to the public markets to raise debt or equity capital, may impact its ability to obtain alternative financing, and could have negative consequences under the terms of its existing credit agreements.

Barnes & Noble Education's failure to timely file our periodic reports with the SEC restricts its ability to use a registration statement on Form S-3, which limits its ability to access the public markets quickly and efficiently. It may also restrict Barnes & Noble Education's ability to raise capital through traditional private placements, as potential investors may be reluctant to invest in a company that is not current or has a history of not being current in its SEC filings. In addition, Barnes & Noble Education's failure to file periodic reports could constitute a default under certain covenants in existing or future credit facilities, which could lead to the acceleration of outstanding indebtedness or other adverse consequences. The combined effect of these factors could materially and adversely affect Barnes & Noble Education's liquidity, financial condition, and results of operations.

General Risk Factors: Investment Risks

Our quarterly revenues and operating results are volatile, and if our future results are below the expectations of public market analysts or investors, the price of our common stock is likely to decline.

Our revenues and operating results are likely to vary significantly from quarter to quarter due to a number of factors, many of which are outside of our control and any of which could cause the price of our common stock to decline.

These factors include:

- the impact of disruptions in the supply of electronic components (such as integrated circuits) that our customers incorporate into their products could reduce the amount of royalties that are payable to us;
- the establishment or loss of licensing relationships;
- the timing and recognition of payments under fixed and/or up-front fee license agreements, as well as other multi-element arrangements;
- seasonality in the demand for our technologies or products or our licensees' products;
- the timing of our expenses, including costs related to litigation, stock-based awards, acquisitions of technologies, or businesses;
- developments in and costs of pursuing or settling any pending litigation;
- the timing of introductions and market acceptance of new technologies and products and product enhancements by us, our licensees, our competitors, or their competitors; and

- errors in our licensees' royalty reports, and corrections and true-ups to royalty payments and royalty rates from prior periods.

Our stock price may fluctuate regardless of our performance.

Our stock price has experienced substantial price volatility in the past and may continue to do so in the future. Further, our business, the technology industry and the stock market as a whole have experienced extreme stock price and volume fluctuations that have affected stock prices in ways that may have been unrelated to corporate operating performance. For example, in 2020 as a result of macroeconomic conditions and the related impact of COVID-19, the stock market experienced wide fluctuations.

This significant volatility may continue to occur in the future for reasons that are unrelated to our business or if our business experiences unexpected results. The market price of our common stock has been, and in the future could be, significantly affected by our operations as well such as: actual or anticipated fluctuations in operating results; announcements regarding litigation in which we are involved; the acquisition or loss of customers; changes by game console manufacturers to not include touch-enabling capabilities in their products; new products or new contracts; sales or the perception in the market of possible sales of large number of shares of our common stock by insiders or others; stock repurchase activity; sale of stock by the company, changes in securities analysts' recommendations; personnel changes; changing circumstances regarding competitors or their customers; governmental regulatory action or inaction; developments with respect to patents or proprietary rights; inclusion in or exclusion from various stock indices; increased tariffs and international trade disputes; and general market conditions. In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has been initiated against that company, which could lead to increased litigation costs and could adversely affect our operating results and our stock price.

Future sales of our equity could result in significant dilution to our existing stockholders and depress the market price of our common stock.

It is likely that we will need to seek additional capital in the future and from time to time. If this financing is obtained through the issuance of equity securities, debt convertible into equity securities, options or warrants to acquire equity securities or similar instruments or securities, our existing stockholders will experience dilution in their ownership percentage upon the issuance, conversion or exercise of such securities and such dilution could be significant. Additionally, any new equity securities issued by us could have rights, preferences or privileges senior to those of our common stock. For example, we have in the past entered into equity distribution agreements, pursuant to which we were able to issue and sell shares of our common stock in "at the market" equity offering programs which has and will continue to have a dilutive impact on our existing stockholders.

Further, the issuance and sale of, or the perception that we may issue and sell, additional shares of common stock pursuant to future "at the market" equity offering programs, or an additional private placement could have the effect of depressing the market price of our common stock or increasing the volatility thereof. Any issuance by us or sales of our securities by our security holders, including by any of our affiliates, or the perception that such issuances or sales could occur, could negatively impact the market price of our securities.

We could recognize losses with respect to the marketable securities in which we invest.

Factors beyond our control can significantly influence the value of the marketable securities in which we invest and can cause potential adverse changes to the value of these marketable securities. Relevant factors include, but are not limited to, fluctuations in market price, and changes in our own analysis of the value of the security or instability in the financial markets. Any of the foregoing factors could cause other-than-temporary impairment in future periods and result in realized losses. The process for determining whether impairment is other-than-temporary usually requires difficult, subjective judgments about the future financial performance of the issuer. Because of changing economic and market conditions and the financial condition of issuers of the marketable securities, we may recognize realized and/or unrealized losses in future periods, which could have an adverse effect on our financial condition and results of operations.

Our investments are subject to risks relating to investments in commodities, futures, options and other derivatives, the prices of which are highly volatile and may be subject to substantial risk of loss (or cause us to be obligated to expend substantial amounts of cash to cover a position), including if we write options. Price movements of commodities, futures and options contracts are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments and national and international political and economic events and policies. The value of futures and options also depends upon the price of the securities underlying them.

If we determine to purchase digital or alternative currencies as part of our capital allocation and investment strategy, these investments would be less liquid than our existing cash and cash equivalents and may not be able to serve as a source of liquidity for us to the same extent as cash and cash equivalents, and our financial results and the market price of our common stock may be affected by the price of these digital or alternative currencies.

In the future, as part of our capital allocation and investment strategy, we may elect to purchase digital or alternative currencies such as bitcoin or other cryptocurrencies. The price of bitcoin and other cryptocurrencies has historically been subject to dramatic price fluctuations and is highly volatile. For example, the price of these digital or alternative currencies may be influenced by regulatory, commercial and technical factors that are highly uncertain and unrelated to our business. Any decrease in the fair value of bitcoin or other cryptocurrencies we may purchase below our carrying value for such assets at any time would require us to incur an impairment charge, and such charge could be material to our financial results for the applicable reporting period, which may create significant volatility in our reported earnings and decrease the carrying value of our assets. Any decrease in reported earnings or increased volatility of such earnings due to impairment charges related to bitcoin or other cryptocurrency holdings could have a material adverse effect on the market price of our common stock. Any future changes in Generally Accepted Accounting Principles ("GAAP") that require us to change the manner in which we account for any Bitcoin or other cryptocurrencies that we may purchase could have a material adverse effect on our financial results and the market price of our common stock.

Historically, the digital or alternative currency markets have been characterized by more price volatility, less liquidity, and lower trading volumes compared to sovereign currencies markets, as well as relative anonymity, a developing regulatory landscape, susceptibility to market abuse and manipulation, and various other risks inherent in its entirely electronic, virtual form and decentralized network. During times of market instability, we may not be able to sell any of these currencies that we hold at reasonable prices or at all. As a result, any digital or alternative currencies that we may purchase may not be able to serve as a source of liquidity for us to the same extent as cash and cash equivalents. If we are unable to sell any digital or alternative currencies that we hold, or if we are forced to sell any of these currencies that we may hold at a significant loss, in order to meet our working capital requirements, our business and financial condition could be negatively impacted.

Any stock repurchase program could affect our stock price and add volatility.

We have established stock repurchase programs in the past, and on December 29, 2022, our Board approved a stock repurchase program of up to $50 million of our common stock for a period of up to twelve months, which the Board subsequently extended to December 29, 2026. Any stock repurchases may be made through open market and privately negotiated transactions, at such times and in such amounts as our management deems appropriate, including pursuant to one or more Rule 10b5-1 trading plans adopted in accordance with Rule 10b5-1 of the Exchange Act. Any repurchases by us pursuant to our stock repurchase program could affect our stock price and add volatility. Additionally, the Board authorized the use of any derivative or similar instrument to effect stock repurchase transactions, including without limitation, accelerated share repurchase contracts, equity forward transactions, equity option transactions, equity swap transactions, cap transactions, collar transactions, naked put options, floor transactions, or other similar transactions or any combination of the foregoing transactions. There can be no assurance that any repurchases will be made under any program, nor is there any assurance that a sufficient number of shares of our common stock will be repurchased to satisfy the market's expectations. Furthermore, there can be no assurance that any repurchases conducted under any plan will be made at the best possible price. The existence of our stock repurchase program could also cause our stock price to be higher than it would be in the absence of such a program and could potentially reduce the market liquidity for our stock. Additionally, we are permitted to and could discontinue any stock repurchase program at any time and any such discontinuation could cause the market price of our stock to decline.

Changes in financial accounting standards or policies may affect our reported financial condition or results of operations and, in certain cases, could cause a decline and/or fluctuation in the price of our common stock.

From time to time, financial and accounting standard setters such as the Financial Accounting Standards Board ("FASB") and the SEC change their guidance governing the form and content of registrants' external financial statements or update their previous interpretations with regard to the application of certain GAAP. Such changes in GAAP or their interpretation have historically and could in the future have a significant effect on our reported financial condition and/or results of operations. If a change is applicable to us, we would be required to apply the new or revised guidance, which may result in retrospective adjustments to our financial statements and/or could change the way we account for certain transaction compared to under the existing guidance. Changes in GAAP and reporting standards could substantially change our reporting practices in a number of areas, including revenue recognition and recording of assets and liabilities, and could consequently affect our reported financial condition or results of operations.

Our business is subject to changing regulations regarding corporate governance and other compliance areas that will increase both our costs and the risk of noncompliance.

As a public company, we are subject to the laws, regulations and reporting requirements of the Exchange Act, the Sarbanes-Oxley Act of 2002, the rules and regulations of the Nasdaq Stock Market, and other regulations that may be enacted from time-to-time. The requirements of these and other rules and regulations have increased, and we expect will continue to increase our legal, accounting and financial compliance costs, will make some activities more difficult, time-consuming and costly, and may also place undue strain on our personnel, systems and resources. In addition, as laws, regulations and standards continue to change, often with varying degrees of specificity and clarity, we could face uncertainty regarding best practices and compliance with such evolving regimes, which could result in higher costs from increased attention paid to disclosure and governance practices and controls.

Provisions in our charter documents, Rights Agreement, and Delaware law could prevent or delay a change in control, which could reduce the market price of our common stock.

Provisions in our certificate of incorporation and bylaws may have the effect of delaying or preventing a change of control or changes in our Board or management, including the following:

- only a majority of our Board or stockholders of not less than 10% of all of the shares entitled to cast votes at such meeting are authorized to call a special meeting of stockholders;
- our stockholders can only take action at a meeting of stockholders and not by written consent;
- subject to the rights of a holder of any series of preferred stock, vacancies on our Board can be filled only by our Board and not by our stockholders;
- our restated certificate of incorporation authorizes undesignated preferred stock, the terms of which may be established and shares of which may be issued without stockholder approval; and
- advance notice procedures apply for stockholders to nominate candidates for election as directors or to bring matters before an annual meeting of stockholders.

In addition, certain provisions of Delaware law may discourage, delay, or prevent someone from acquiring or merging with us. These provisions could limit the price that investors might be willing to pay in the future for shares.

On November 7, 2025, the Board declared a dividend to the holders of the Company's common stock outstanding at the close of business on November 17, 2025 (the "Record Date") of one preferred share purchase right (a "Right") for each share of the Company's common stock. Each Right is payable on the Record Date and initially entitles the registered holder to purchase from the Company one one-thousandth of a share of Series C Junior Participating Preferred Stock, par value $0.001 per share ("Preferred Share"), of the Company at a price of $20.58 per one one-thousandth of a Preferred Share, subject to adjustment. The description and terms of the Rights are set forth in a Rights Agreement, dated November 7, 2025 (the "Rights Agreement"), between the Company and Computershare Trust Company, N.A., as rights agent. In general terms, the Rights Agreement imposes a significant penalty upon any person or group that acquires 9.99% or more of the shares of common stock without the approval of the Board. As a result, the overall effect of the Rights Agreement and the issuance of the Rights may be to render more difficult or discourage a merger, tender or exchange offer or other business combination involving the Company that is not approved by the Board.

We could be subject to additional income tax liabilities.

We are subject to income taxes in the United States and numerous foreign jurisdictions. Significant judgment is required in evaluating and estimating our provision and accruals for these taxes. During the ordinary course of business, there are many transactions for which the ultimate tax determination is uncertain. Our effective tax rates could be adversely affected by earnings being lower than anticipated in countries where we have lower statutory rates and higher than anticipated in countries where we have higher statutory rates, by losses incurred in jurisdictions for which we are not able to realize the related tax benefit, by changes in foreign currency exchange rates, by investments, by changes in the valuation of our deferred tax assets and liabilities, or by changes in the relevant tax, accounting and other laws, regulations, administrative practices, principles, and interpretations, with a number of countries actively considering changes in this regard. In addition, we are subject to audit in various jurisdictions, and such jurisdictions may assess additional income tax liabilities against us. Although we believe our tax estimates are reasonable, the final outcome of tax audits and any related litigation could be materially different from our historical income tax provisions and accruals. Developments in an audit or litigation could have a material effect on our operating results or cash flows in the period or periods for which that development occurs, as well as for prior and subsequent periods.

Any decision to reduce or discontinue the payment of cash dividends to our stockholders could cause the market price of our common stock to decline significantly.

On November 14, 2022, we announced that our Board declared a quarterly dividend and have consistently paid such quarterly dividend since such dates. Although we have announced regular cash dividend payments and a special dividend, we are under no obligation to pay cash dividends to our stockholders in the future at historical levels or at all. The declaration and payment of any future dividends is at the discretion of our Board. Any reduction or discontinuance by us of the payment of cash dividends could cause the market price of our common stock to decline significantly.

Item 1B. ***Unresolved Staff Comments***

None.

Item 1C. ***Cybersecurity***

Risk Management and Strategy Disclosure

We have established policies and processes for assessing, identifying, and managing material risk from cybersecurity threats, and have integrated these processes into our overall risk management systems and processes. We routinely assess material risks from cybersecurity threats, including any potential unauthorized occurrence on or conducted through our information systems that may result in adverse effects on the confidentiality, integrity, or availability of our information systems or any information residing therein.

We conduct periodic risk assessments to identify cybersecurity threats, as well as assessments in the event of a material change in our business practices that may affect information systems that are vulnerable to such cybersecurity threats. These risk assessments include identification of reasonably foreseeable internal and external risks, the likelihood and potential damage that could result from such risks, and the sufficiency of existing policies, procedures, systems, and safeguards in place to manage such risks.

Following these risk assessments, we re-design, implement, and maintain reasonable safeguards to minimize identified risks; reasonably address any identified gaps in existing safeguards; and regularly monitor the effectiveness of our safeguards. Primary responsibility for assessing, monitoring and managing our cybersecurity risks rests with an IT consultant who reports to our Chief Financial Officer, to manage the risk assessment and mitigation process.

As part of our overall risk management system, we monitor and test our safeguards and train our employees on these safeguards, in collaboration with IT and management. Personnel at all levels and departments are made aware of our cybersecurity policies through training.

We engage consultants, or other third parties in connection with our risk assessment processes. These service providers assist us to design and implement our cybersecurity policies and procedures, as well as monitoring and testing our safeguards. We require each third-party service provider to certify that it has the ability to implement and maintain appropriate security measures, consistent with all applicable laws, to implement and maintain reasonable security measures in connection with their work with us, and to promptly report any suspected breach of its security measures that may affect our company.

We have not encountered cybersecurity incidents that have materially impaired our operations or financial standing. For additional information regarding risks from cybersecurity threats, please refer to *Item 1A. Risk Factors* in this Annual Report on Form 10-K.

Governance Disclosure

Our Board is periodically informed of our risk management process, including risks from cybersecurity threats. Our Board is responsible for monitoring and assessing strategic risk exposure, and our executive officers are responsible for the day-to-day management of the material risks we face. Our Board administers its cybersecurity risk oversight function directly as a whole, as well as through the audit committee.

Our Chief Executive Officer and Chief Financial Officer are primarily responsible to assess and manage our material risks from cybersecurity threats with assistance from third-party service providers.

Our Chief Executive Officer and Chief Financial Officer oversee our cybersecurity policies and processes, including those described in "Risk Management and Strategy" above. The cybersecurity risk management program includes tools and activities to prevent, detect, and analyze current and emerging cybersecurity threats, and plans and strategies to address threats and incidents.

Our Chief Financial Officer and IT consultant provide periodic briefings to the audit committee regarding the Company's cybersecurity risks and activities, including any recent cybersecurity incidents and related responses, cybersecurity systems testing, activities of third parties, and the like. Our audit committee provides regular updates to the Board on such reports.

Item 2. *Properties*

Immersion Segment

We lease approximately 1,390 square feet located at Aventura View Office Building, Suite 610, 2999 N.E. 191st Street, Aventura, Florida, which is our corporate headquarters.

For the fiscal year ended April 30, 2026, Immersion's leases and related activity were not material.

Barnes & Noble Education Segment

Facilities

Barnes & Noble Education leases various office space in New Jersey, Missouri, and India and leases warehouse space in Missouri.

For Barnes & Noble Education's physical campus retail operations, it typically has the exclusive right to operate the official physical school bookstore on college campuses through multi-year management operating agreements with its schools. In turn, Barnes & Noble Education pays the school a percentage of store sales and, in some cases, a minimum fixed guarantee. These contracts with colleges and universities are typically five years with renewal options, but can range from one to 17 years, and are typically cancellable by either party without penalty upon advance notice ranging from 90 to 180 days depending on the contract.

As of April 30, 2026, these contracts for the 647 physical stores that Barnes & Noble Education operates, expire as follows:

Contract Terms to Expire During the Fiscal Year Ended April 30,	Number of Physical Campus Stores
2027	94
2028	74
2029	42
2030	46
2031	62
2032 and later	329

Item 3. *Legal Proceedings*

See *Note 19. Commitments and Contingencies* of the *Notes to the Consolidated Financial Statements* under Item 8 of this Annual Report on Form 10-K.

Item 4. *Mine Safety Disclosures*

Not applicable.

PART II

Item 5 *Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities*

Market Information, Holders of Record, and Dividends

Our common stock is traded on the Nasdaq Global Market under the symbol "IMMR".

As of July 15, 2026, there were 49 holders of record of our common stock.

Unregistered Sales of Securities

During the period covered by this Annual Report on Form 10-K, we have not sold any equity securities that were not registered under the Securities Act.

Purchases of Equity Securities

On December 29, 2022, the Board approved a stock repurchase program of up to $50.0 million of our common stock for a period of up to twelve months (the "December 2022 Stock Repurchase Program"), which terminated and superseded the stock repurchase program that had been approved by the Board on February 23, 2022. Any stock repurchases may be made through open market and privately negotiated transactions, at such times and in such amounts as management deems appropriate, including pursuant to one or more Rule 10b5-1 trading plans adopted in accordance with Rule 10b5-1 of the Exchange Act. Additionally, the Board authorized the use of any derivative or similar instrument to effect stock repurchase transactions, including without limitation, accelerated share repurchase contracts, equity forward transactions, equity option transactions, equity swap transactions, cap transactions, collar transactions, naked put options, floor transactions, or other similar transactions or any combination of the foregoing transactions. The December 2022 Stock Repurchase Program was implemented as a method to return value to our stockholders. The timing, pricing and sizes of any repurchases will depend on a number of factors, including the market price of our common stock and general market and economic conditions. The December 2022 Stock Repurchase Program does not obligate us to repurchase any dollar amount or number of shares, and the program may be suspended or discontinued at any time. The program has been amended various times and the most recent amendment extended the expiration date to December 29, 2026.

During the fiscal year ended April 30, 2026, the Company repurchased 1,700 shares of our common stock for $10 thousand at an average purchase price of $6.30 per share. As of April 30, 2026, the Company had $39.3 million available for repurchase under the December 2022 Stock Repurchase Program.

The following table summarizes the share repurchase activity under the December 2022 Stock Repurchase Program for the three months ended April 30, 2026:

Periods	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs (1)
February 1 to February 28, 2026	—	$ —	—	39,349,000
March 1 to March 31, 2026	—	$ —	—	39,349,000
April 1 to April 30, 2026	—	$ —	—	39,349,000

(1) The amounts represent the amount available to repurchase shares under the authorized repurchase program as of April 30, 2026. Our stock repurchase program does not obligate us to acquire any specific number of shares.

Immersion Dividends Declared and Dividend Payments

The following table summarizes the dividend declaration and payment activity for the fiscal years ended April 30, 2026 and 2025:

Announcement Date	Dividend Type	Amount per Share	Record Date	Payment Date
May 8, 2024	Quarterly	$ 0.045	July 8, 2024	July 26, 2024
August 20, 2024	Quarterly	0.045	October 4, 2024	October 18, 2024
November 8, 2024	Special	0.245	January 10, 2025	January 24, 2025
March 10, 2025	Quarterly	0.045	April 14, 2025	April 25, 2025
July 8, 2025	Quarterly	0.045	July 23, 2025	August 8, 2025
October 8, 2025	Quarterly	0.045	October 20, 2025	October 31, 2025
December 8, 2025	Quarterly (increased)	0.075	January 19, 2026	January 30, 2026
March 27, 2026	Quarterly	0.075	April 20, 2026	May 1, 2026
July 2, 2026	Quarterly	0.075	July 20, 2026	July 31, 2026

Future dividends will be subject to further review and approval by the Board in accordance with applicable law. The Board reserves the right to declare, adjust, or withdraw quarterly dividends in future periods as it reviews the Company's capital allocation strategy from time-to-time.

For the fiscal year ended April 30, 2026 and 2025, the total dividends paid were $8.1 million and $12.9 million, respectively.

Item 6. [*Reserved]*

Item 7. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

The following discussion should be read in conjunction with the Consolidated Financial Statements and Notes to the Consolidated Financial Statements, which are included in this Annual Report on Form 10-K in Item 8 and the information set forth in Part I, "Item 1A. Risk Factors." The following sections include a discussion of results for the fiscal year ended April 30, 2026, compared to the fiscal year ended April 30, 2025. The discussion contains forward-looking statements as well as estimates regarding market an industry data, which involve risks, uncertainties, and assumptions. See discussion over "Forward-Looking Statements" for additional information.

RESULTS OF OPERATIONS

	Fiscal Years Ended April 30,	
(in thousands)	**2026**	**2025**
REVENUES		
Immersion		
Royalty and license	$ 15,924	$ 74,073
Barnes & Noble Education		
Product and other	1,564,365	1,342,437
Rental income	150,405	139,366
	1,714,770	1,481,803
Total revenues	1,730,694	1,555,876
COST OF SALES (excludes depreciation and amortization expense)		
Barnes & Noble Education		
Product and other cost of sales	1,279,860	1,048,829
Rental cost of sales	79,551	75,346
Total cost of sales	1,359,411	1,124,175
OPERATING EXPENSES		
Immersion		
Selling and administrative expenses	12,153	25,757
Barnes & Noble Education		
Selling and administrative expenses	288,487	252,754
Depreciation and amortization expense	42,499	35,274
Impairment loss	5,089	1,247
Other (income) expense	(2,859)	(1,351)
	333,216	287,924
Total operating expenses	345,369	313,681
Operating Income (Loss)	25,914	118,020
Interest income and other income (expense), net	12,317	15,533
Interest expense	12,202	14,261
Income (Loss) Before Income Taxes	26,029	119,292
Income tax benefit (expense)	(16,816)	(25,710)
Net Income (Loss)	$ 9,213	$ 93,582

Immersion

The following summarizes our results of operation for the periods ended (in thousands, except for percentages):

	Fiscal Years Ended April 30, 2026	Fiscal Years Ended April 30, 2025	$ Change	% Change
Revenues				
Fixed fee license revenue	$ 2,963	$ 62,519	$ (59,556)	(95)%
Per-unit royalty revenue	12,961	11,554	1,407	12%
Royalty and license	15,924	74,073	(58,149)	(79)%
Selling and administrative expenses	12,153	25,757	(13,604)	(53)%
Operating Income (Loss)	$ 3,771	$ 48,316	$ (44,545)	(92)%

Revenues

Royalty and license revenue is composed of per unit royalties earned based on usage or net sales by licensees and fixed payment license fees charged for our IP and software.

Fixed fee license revenue decreased by $(59.6) million, or (95)% for the fiscal year ended April 30, 2026, compared to the fiscal year ended April 30, 2025, primarily due to $(44.1) million decrease in Mobile license revenue and $(10.4) million decrease in Gaming revenue related to one time perpetual license agreements entered into during the fiscal year ended April 30, 2025.

Per-unit royalty revenue increased by $1.4 million, or 12%, for the fiscal year ended April 30, 2026, compared to the fiscal year ended April 30, 2025. This increase was driven by higher royalty revenue from mobility licensees of $0.9 million and commercial licensees of $0.5 million.

Geographically, Immersion's revenues have historically been concentrated in Asia, primarily in Japan and Korea. The geographic distribution of revenues for Asia, Europe, and North America for the fiscal year ended April 30, 2026, represented 73%, 2%, and 25%, respectively, of our total revenue as compared to 87%, 8%, and 5%, respectively, for the fiscal year ended April 30, 2025.

Selling and administrative expenses

Immersion's selling and administrative expenses primarily consisted of employee compensation and benefits including stock-based compensation, legal and other professional fees, external legal costs for patents, office expense, travel, and facilities costs.

Selling and administrative expenses decreased by $(13.6) million for the fiscal year ended April 30, 2026, as compared to the fiscal year ended April 30, 2025, primarily due to a $(7.2) million decrease in compensation, benefits, and other personnel related costs and a $(6.0) million decrease in legal costs related to the settlement of patent litigation. The decrease in compensation, benefits, and other personnel related costs is largely attributable to higher stock-based compensation expense and higher variable compensation in fiscal year 2025.

Barnes & Noble Education

The following summarizes Barnes & Noble Education's results of operations for the period (in thousands):

	Fiscal Year Ended April 30, 2026	From June 10, 2024 to April 30, 2025
REVENUES		
Product and other	$ 1,564,365	$ 1,342,437
Rental income	150,405	139,366
Total revenue	1,714,770	1,481,803
COST OF SALES (excluding depreciation and amortization expense)		
Product and other cost of sales	1,279,860	1,048,829
Rental cost of sales	79,551	75,346
Total cost of sales	1,359,411	1,124,175
OPERATING EXPENSES		
Selling and administrative expenses	288,487	252,754
Depreciation and amortization expense	42,499	35,274
Impairment loss	5,089	1,247
Other (income) expense	(2,859)	(1,351)
Total operating expenses	333,216	287,924
Operating Income (Loss)	$ 22,143	$ 69,704

Revenues

Barnes & Noble Education primarily derives its revenues from the sale of course materials, which include new, used, rental, and digital textbooks. Additionally, at college and university bookstores which Barnes & Noble Education operates, it sells general merchandise, including emblematic apparel and gifts, trade books, computer products, school and dorm supplies, convenience and cafe items and graduation products. Barnes & Noble Education's rental income is primarily derived from the rental of physical textbooks. Barnes & Noble Education also derives revenue from other sources, such as sales of bookstore management, hardware and point-of-sale software, and other services.

Total revenue was $1,714.8 million for the fiscal year ended April 30, 2026, consisting of $1,564.4 million of product and other sales and $150.4 million of rental sales. For the period from June 10, 2024 to April 30, 2025, total revenue was $1,481.8 million, including $1,342.4 million of product and other sales and $139.4 million of rental sales. The $233.0 million increase in revenue is primarily due to the prior year period being 40 days shorter, which reduced revenue by approximately $118.0 million on a linear basis. The remaining increase reflects higher comparable store sales driven by growth in Barnes & Noble Education's *BNC First Day*®programs and new store sales, partially offset by declines in general merchandise sales, a la carte course material sales, and lower sales as a result of closed stores

Cost of sales

Barnes & Noble Education cost of sales primarily includes costs such as merchandise costs, textbook rental amortization, warehouse costs related to inventory management and order fulfillment, insurance, certain payroll costs, and management service agreement costs, including rent expense, related to Barnes & Noble Education's college and university contracts and other facility related expenses.

Cost of sales was also 79% of total revenue for the fiscal year ended April 30, 2026, compared to 76% for the period from June 10, 2024 to April 30, 2025. Product and other cost of sales increased primarily due to the prior year period being 40 days shorter. Rental cost of sales increased compared to prior year primarily reflecting lower contract costs as a percentage of sales associated with the continued expansion of Barnes & Noble Education's *BNC First Day*® programs and increased participation in affordable access course material offerings.

Selling and administrative expenses

Barnes & Noble Education selling and administrative expenses consist primarily of store payroll and store operating expenses. Selling and administrative expenses also include long-term incentive plan compensation expense and general office expenses, such as merchandising, procurement, field support, and finance and accounting.

Selling and administrative expenses was $288.5 million for the fiscal year ended April 30, 2026, an increase of $35.7 million compared to $252.8 million for the period from June 10, 2024 to April 30, 2025. The primary factor contributing to the increase is that the period from June 10, 2024 to April 30, 2025, was 40 days shorter, resulting in approximately $30.0 million of lower selling and administrative expense calculated on a linear basis.

Depreciation and amortization

Barnes & Noble Education depreciation and amortization expense consisted primarily of depreciation and amortization expense for property and equipment and intangible assets.

Depreciation and amortization expense was $42.5 million for the fiscal year ended April 30, 2026, an increase of $7.2 million compared to $35.3 million for the period from June 10, 2024 to April 30, 2025. The primary factor contributing to the increase is that the period from June 10, 2024 to April 30, 2025, was 40 days shorter, resulting in approximately $5.9 million of lower depreciation and amortization expense calculated on a linear basis.

Impairment loss

Barnes & Noble Education reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

During the fiscal year ended April 30, 2026, Barnes & Noble Education evaluated certain of its store-level long-lived assets for impairment. Based on the results of the impairment tests, Immersion's basis in Barnes & Noble Education's long-lived assets recognized an impairment loss of $5.1 million, comprised of $2.8 million and $2.3 million of property and equipment, net and operating lease right-of-use assets respectively, included in *Impairment loss* on the *Consolidated Statement of Operations*.

For the period from June 10, 2024 to April 30, 2025, Barnes & Noble Education's impairment expense did not have a material impact on operations.

See *Note 9. Impairment of Long-Lived Assets* in the *Notes to the Consolidated Financial Statements* under Item 8 of this Annual Report on Form 10-K for additional information.

The following table summarizes the consolidated *Interest income and other income (expense), net*; *Interest expense*; and *Income tax benefit (expense)* for the fiscal years ended (in thousands, except for percentages):

	Fiscal Years Ended April 30,		$	%
	2026	2025	Change	Change
Operating Income (Loss)	$ 25,914	$ 118,020	$ (92,106)	(78)%
Interest income and other income (expense), net	12,317	15,533	(3,216)	(21)%
Interest expense	12,202	14,261	(2,059)	(14)%
Income (Loss) Before Income Taxes	26,029	119,292	(93,263)	(78)%
Income tax benefit (expense)	(16,816)	(25,710)	8,894	(35)%
Net Income (Loss)	$ 9,213	$ 93,582	$ (84,369)	(90)%

Interest income and other income (expense), net

Interest income and other income (expense), net consists primarily of interest and dividend income from cash and cash equivalents and marketable debt and equity securities, realized and unrealized gains (losses) on our marketable equity securities and derivative instruments, and realized gains (losses) on our marketable debt securities.

Interest income and other income (expense), net decreased $(3.2) million for the fiscal year ended April 30, 2026, compared to the fiscal year ended April 30, 2025, primarily driven by a $(3.3) million decrease in interest income during the current period due to less investment in fixed securities compared to the prior period.

Interest expense

Interest expenses primarily consisted of interest charges related to Barnes & Noble Education's credit facility. Interest expense decreased $(2.1) million primarily due to lower borrowings, lower interest rates, and a decrease in the amortization of deferred financing costs.

Income tax benefit (expense)

The changes for Immersion and Barnes & Noble Education's provision for income taxes are described below:

Immersion

Provision for income taxes for the fiscal year ended April 30, 2026, resulted primarily from estimated domestic and foreign taxes included in the calculation of the effective tax rate. We maintain no valuation allowance against our U.S. federal deferred tax assets and maintain a valuation allowance against certain our U.S. state and Canadian federal deferred tax assets. The change in the estimated effective tax rate was mainly driven by foreign withholding taxes.

The year-over-year change in provision for income taxes resulted primarily from foreign withholding taxes and the change in income from continuing operations across various tax jurisdictions.

In the event that we determine the deferred tax assets are realizable based on an assessment of relevant factors, an adjustment to the valuation allowance may increase income in the period such determination is made. The valuation allowance does not impact our ability to utilize the underlying net operating loss carryforwards.

We also maintain liabilities for uncertain tax positions. As of April 30, 2026, we had unrecognized tax benefits under ASC 740 Income Taxes of approximately $10.0 million, all of the $10.0 million could be payable in cash. In addition, interest and penalty of $1.6 million could also be payable in cash in relation to unrecognized tax benefits. The total amount of unrecognized tax benefits that would affect our effective tax rate, if recognized, is $11.6 million. We account for interest and penalties related to uncertain tax positions as a component of income tax provision. We do not expect to have any significant changes to unrecognized tax benefits during the next twelve months.

Barnes & Noble Education

Barnes & Noble Education recorded an income tax provision of $3.0 million on pre-tax income of $9.9 million during the fiscal year ended April 30, 2026, which represented an effective income tax rate of 29.8%.

Barnes & Noble Education recorded an income tax provision of $6.4 million on pre-tax loss of $55.4 million during the period from June 10, 2024 to April 30, 2025, which represented an effective income tax rate of (11.5)%.

In assessing the realizability of the deferred tax assets, management considered whether it is more likely than not that some or all of the deferred tax assets would be realized. As of April 30, 2026, Barnes & Noble Education determined that it was more likely than not that it would not realize all deferred tax assets and its tax rate for the current fiscal year reflects this determination. Barnes & Noble Education will continue to evaluate this position.

LIQUIDITY AND CAPITAL RESOURCES

As discussed in *Note 2. Basis of Presentation and Summary of Significant Accounting Policies***,** due to their nonhomogeneous operations, our *Consolidated Balance Sheets* at April 30, 2026 and 2025, and *Consolidated Statement of Operations* for the fiscal years ended April 30, 2026 and 2025, separately present the operating assets, liabilities, and operations of Immersion's business from the operating assets, liabilities, and operations of Barnes & Noble Education's business.

In analyzing the Company's ability to generate and obtain adequate amounts of cash to meet its requirements and plans for the next 12 months and separately in the long-term beyond the next 12 months it is important to highlight the two operating segments are not legally or contractually bound to each other. All of the assets of Barnes & Noble Education, reported on the *Consolidated Balance Sheets*, can be used only to settle obligations of Barnes & Noble Education. None of the liabilities of Barnes & Noble Education have recourse to the general credit of Immersion.

Immersion's cash and cash equivalents, investments-current, and investments-noncurrent consist primarily of money-market funds, investments in marketable equity and debt securities, and investments in U.S. treasury securities. As of April 30, 2026, Immersion had $129.9 million in cash and cash equivalents, and $42.2 million in current investments. All marketable securities are stated at fair value. Realized gains and losses on marketable equity securities and marketable debt securities are recorded in *Interest income and other income (expense), net* on the *Consolidated Statements of Operations*. Unrealized gains and losses on marketable equity securities are reported as *Interest income and other income (expense), net* on our *Consolidated Statement of Operations.* Unrealized gains and losses on marketable debt securities reported as a component of *Accumulated other comprehensive income* on our *Consolidated Balance Sheets*.

Barnes & Noble Education's primary sources of cash are net cash flows from operating activities, funds available under its Credit Agreement, BNED Common stock sold under the ATM Sales Agreement, and short-term vendor financing. Barnes & Noble Education's liquidity is highly dependent on the seasonal nature of its business, particularly with respect to course material sales, as sales are generally highest in the second and third fiscal quarters, when college students purchase textbooks for the upcoming Fall and Spring semesters, respectively. As of April 30, 2026, Barnes & Noble Education had $8.4 million of cash on hand and $19.8 million of restricted cash, including $17.4 million related to segregated funds for commission due to Lids for logo merchandise sales as per the "Lids", and together with Fanatics relationship ("F/L Relationship") -related agreements.

On June 10, 2024, Barnes & Noble Education completed the Transactions, which included: (i) a Private Investment; (ii) a Rights Offering; (iii) a Term Loan Debt Conversion; and (iv) a A&R Agreement, to substantially deleverage its consolidated balance sheet. These transactions also raised additional capital for repayment of indebtedness and provided additional flexibility for future working capital needs. See *Long-term borrowings* discussion below for additional information.

On September 19, 2024, Barnes & Noble Education entered into the September ATM Sales Agreement with BTIG under which Barnes & Noble Education sold the maximum of $40.0 million of BNED Common Stock from time to time at a weighted-average price of $10.06 per share and received $39.2 million in proceeds, net of commissions. BTIG, as the sales agent, sold the shares based upon Barnes & Noble Education's instructions (including as to price, time or size limits or other customary parameters or conditions). Barnes & Noble Education paid BTIG a commission of 2% of the gross sales proceeds of BNED Common Stock sold under the September ATM Sales Agreement. Barnes & Noble Education was not obligated to make any sales of BNED Common Stock under the September ATM Sales Agreement.

On December 20, 2024, Barnes & Noble Education entered into the December ATM Sales Agreement, under which Barnes & Noble Education sold the maximum of $40.0 million of BNED Common Stock from time to time at a weighted-average price of $10.42 per share and received $39.2 million in proceeds, net of commissions. BTIG, as the sales agent, sold the shares based upon Barnes & Noble Education's instructions (including as to price, time or size limits or other customary parameters or conditions). Barnes & Noble Education paid BTIG a commission of 2% of the gross sales proceeds of BNED Common Stock sold under the December ATM Sales Agreement. Barnes & Noble Education was not obligated to make any sales of BNED Common Stock under the December ATM Sales Agreement. During the third quarter of Fiscal 2025, Barnes & Noble Education issued and sold the maximum aggregate offering of $40.0 million of BNED Common Stock under the December ATM Sales Agreement, at a weighted-average price of $10.42 per share and received $39.2 million in proceeds, net of commissions.

Barnes & Noble Education believes that its future cash from operations, access to borrowings under the credit facility, and short-term vendor financing will provide adequate resources to fund its operating and financing needs for the next twelve months and beyond. To the extent that available funds are insufficient to fund its future activities, Barnes & Noble Education may need to raise additional funds through public or private financing of debt or equity. Barnes & Noble Education's access to, and the availability of, financing in the future will be impacted by many factors, including the liquidity of the overall capital markets and the current state of the economy. There can be no assurances that Barnes & Noble Education will have access to capital markets on acceptable terms.

We will continue to protect and defend our extensive IP portfolio, which can result in the use of cash in the event of litigation.

At the date of this Annual Report on Form 10-K, the Company believes we have sufficient capital resources to meet our working capital needs for the next twelve months and beyond.

Cash and cash equivalents, Investments-current, and Restricted cash

At April 30, 2026, our cash and cash equivalents and investments-current totaled $180.5 million, a $19.1 million increase from $161.4 million at April 30, 2025. In addition, as of April 30, 2026, we had restricted cash of $19.8 million, comprised of $17.4 million in *Prepaid expenses and other current assets* on the *Consolidated Balance Sheets* primarily related to segregated funds for commission due to Lids for logo merchandise sales as per the Lids service provider merchandising agreement and $2.4 million in *Other assets - noncurrent* on the *Consolidated Balance Sheets* related to amounts held in trust for future employee benefit plan distributions.

The following summarizes select cash flow information for the fiscal years ended (in thousands):

	Fiscal Years Ended April 30,	
	2026	2025
Net cash provided by (used in) operating activities	$ 59,066	$ (57,576)
Net cash provided by (used in) investing activities	51,501	3,375
Net cash provided by (used in) financing activities	(44,754)	60,953

Net cash provided by (used in) operating activities

Our operating activities primarily consists of net income adjusted for certain noncash items including depreciation and amortization, stock-based compensation expense, severance expense, impairment loss, loss on disposal of property plant and equipment, deferred income taxes, net (gains) losses on investments in marketable securities, income tax expense related to write-down of long-term deposits and the effect of changes in operating assets and liabilities.

Net cash provided by (used in) operating activities was $59.1 million for the fiscal year ended April 30, 2026, a $116.6 million increase compared to the fiscal year ended April 30, 2025. This cash increase was primarily attributable to a $196.1 million increase from changes in operating assets and liabilities primarily due to favorable changes in working capital, including a $196.7 million favorable change in accounts payable and accrued liabilities, primarily reflecting the timing of payments to vendors for inventory purchases and operating expenses and a $4.9 million increase of changes in non cash items, partially offset by $84.4 million decrease from changes in net income.

Net cash provided by (used in) investing activities

Our investing activities primarily represent Immersion transactions that consist of purchases of marketable securities and other investments and proceeds from disposal of marketable securities and other investments; proceeds from issuance of derivative instruments; payments made to settle derivative instruments; payment for business acquisitions, net of cash acquired. The purchase of property and equipment and proceeds from disposals of property and equipment were related to Barnes & Noble Education.

Net cash provided by (used in) investing activities for the fiscal year ended April 30, 2026 was $51.5 million, primarily consisting of $143.1 million in cash provided by proceeds from selling marketable securities and derivatives, partially offset by $(75.4) million in cash used to purchase marketable securities and the settlement of derivative instruments; and $(16.2) million in purchase of property and equipment.

Net cash provided by (used in) investing activities for the fiscal year ended April 30, 2025 was $3.4 million, primarily consisting of $138.9 million in cash provided by proceeds from selling marketable securities and derivatives, partially offset by $(102.0) million in cash used to purchase marketable securities and the settlement of derivative instruments; $(31.4) million of cash used in business acquisition, net of cash acquired; and $(11.2) million in purchases of property and equipment.

Net cash provided by (used in) financing activities

Our financing activities were primarily related to Barnes & Noble Education and primarily consisted of cash proceeds from issuance of common stock, proceeds from and repayments of credit facility, payment of deferred financing costs and equity issuance costs. Other financing activities related to Immersion included dividend payments, shares withheld to cover payroll taxes, and cash paid for repurchases of our common stock.

Net cash provided by (used in) financing activities for the fiscal year ended April 30, 2026 was $(44.8) million primarily consisting of $812.9 million proceeds from borrowing under Barnes & Noble Education's credit facility, more than offset by $(845.0) million debt repayment, $(8.1) million in dividend payments, $(2.3) million in shares withheld for payroll taxes, and $(1.9) million in payment of deferred financing costs.

Net cash provided by (used in) financing activities for the fiscal year ended April 30, 2025 was $61.0 million primarily consisting of $836.2 million proceeds from borrowing under Barnes & Noble Education's credit facility and $78.1 million in proceeds from sale of BNED Common Stock, net of commissions and equity issuance costs, partially offset by $(834.3) million debt repayment, $(12.9) million in dividend payments, and $(3.7) million in shares withheld for payroll taxes.

Total cash, cash equivalents, and investments-current were $180.5 million and $161.4 million at April 30, 2026 and 2025, respectively, of which approximately 4.0%, or $7.2 million and 22.2%, or $35.9 million, respectively, was held by our foreign subsidiaries and subject to repatriation tax effects.

Immersion Dividends Declared and Dividend Payments

The following table summarizes the dividend declaration and payment activity for the fiscal years ended April 30, 2026 and 2025:

Announcement Date	Dividend Type	Amount per Share	Record Date	Payment Date
May 8, 2024	Quarterly	$ 0.045	July 8, 2024	July 26, 2024
August 20, 2024	Quarterly	0.045	October 4, 2024	October 18, 2024
November 8, 2024	Special	0.245	January 10, 2025	January 24, 2025
March 10, 2025	Quarterly	0.045	April 14, 2025	April 25, 2025
July 8, 2025	Quarterly	0.045	July 23, 2025	August 8, 2025
October 8, 2025	Quarterly	0.045	October 20, 2025	October 31, 2025
December 8, 2025	Quarterly (increased)	0.075	January 19, 2026	January 30, 2026
March 27, 2026	Quarterly	0.075	April 20, 2026	May 1, 2026
July 2, 2026	Quarterly	0.075	July 20, 2026	July 31, 2026

Future dividends will be subject to further review and approval by the Board in accordance with applicable law. The Board reserves the right to declare, adjust, or withdraw quarterly dividends in future periods as it reviews the Company's capital allocation strategy from time-to-time.

For the fiscal years ended April 30, 2026 and 2025, the total dividends paid were $8.1 million and $12.9 million, respectively.

Immersion Stock Repurchases

On December 29, 2022, our Board approved a stock repurchase program of up to $50.0 million of our common stock for a period of up to twelve months (the "December 2022 Stock Repurchase Program"), which terminated and superseded the stock repurchase program that had been approved by the Board on February 23, 2022. Any stock repurchases may be made through open market and privately negotiated transactions, at such times and in such amounts as management deems appropriate, including pursuant to one or more Rule 10b5-1 trading plans adopted in accordance with Rule 10b5-1 of the Exchange Act. Additionally, the Board authorized the use of any derivative or similar instrument to effect stock repurchase transactions, including without limitation, accelerated share repurchase contracts, equity forward transactions, equity option transactions, equity swap transactions, cap transactions, collar transactions, naked put options, floor transactions, or other similar transactions or any combination of the foregoing transactions. The December 2022 Stock Repurchase Program was implemented as a method to return value to our stockholders. The timing, pricing and sizes of any repurchases will depend on a number of factors, including the market price of our common stock and general market and economic conditions. The December 2022 Stock Repurchase Program does not obligate us to repurchase any dollar amount or number of shares, and the program may be suspended or discontinued at any time. The program has been amended various times and the most recent amendment extended the expiration date to December 29, 2026.

During the fiscal year ended April 30, 2026, the Company repurchased 1,700 shares of our common stock for $10 thousand at an average purchase price of $6.30 per share. As of April 30, 2026, the Company has $39.3 million available for repurchase under the December 2022 Stock Repurchase Program.

Barnes & Noble Education Stock Repurchases

On December 14, 2015, Barnes & Noble Education's Board of Directors authorized a stock repurchase program of up to $50 million, in the aggregate, of outstanding BNED Common Stock. The stock repurchase program is carried out at the direction of management (which may include a plan under Rule 10b5-1 of the Securities Exchange Act of 1934). During fiscal years 2026 and 2025, Barnes & Noble Education did not purchase shares under the stock repurchase program. As of April 30, 2026, approximately $26.7 million remains available under the stock repurchase program.

During fiscal years 2026 and 2025, Barnes & Noble Education purchased 93,842 shares and 429 shares, respectively, outside of the stock repurchase program in connection with employee tax withholding obligations for vested stock awards.

Restated ABL Credit Facility

The following summarizes Barnes & Noble Education's outstanding borrowings at April 30, 2026 and 2025 (in thousands):

	Maturity Date	April 30, 2026	April 30, 2025
Restated ABL Facility	June 9, 2028	$ 71,000	$ 103,098
Balance Sheet Classification:			
Short-term borrowings		$ —	$ —
Long-term borrowings		71,000	103,098
Total Long-term borrowings		$ 71,000	$ 103,098

On the Closing Date, Barnes & Noble Education amended, restated, and extended the maturity of its existing asset-based credit facility with Bank of America, N.A., as administrative agent, collateral agent, and swing line lender, and other lenders from time to time party thereto (such amended and restated credit facility, the "Restated ABL Facility"). Pursuant to the Restated ABL Facility, the lenders thereunder have committed to provide a four-year asset-backed revolving credit facility in an aggregate committed principal amount of up to $325 million. The Restated ABL Facility has a maturity date of June 9, 2028. Barnes & Noble Education has interest only obligations until June 9, 2028, at which time the total principal is due and payable.

During the fiscal year ended April 30, 2026, Barnes & Noble Education borrowed $812.9 million and repaid $845.0 million under the Restated ABL Facility, with $71.0 million of outstanding borrowings under the Restated ABL Facility as of April 30, 2026. As of April 30, 2026, Barnes & Noble Education issued $0.7 million in letters of credit under the Restated ABL Facility**.**

During the period from June 10, 2024 to April 30, 2025, Barnes & Noble Education borrowed $836.2 million and repaid $834.3 million under the Restated ABL Facility, with $103.1 million of outstanding borrowings under the Restated ABL Facility as of April 30, 2025. As of April 30, 2025, Barnes & Noble Education issued $0.6 million in letters of credit under the Restated ABL Facility.

As of April 30, 2026, Barnes & Noble Education was in compliance with all debt covenants under the Credit Agreement. See *Note 10. Debt* in the *Notes to the Consolidated Financial Statements* under Item 8 of this Form 10-K for additional information.

Contractual Obligations

The following summarizes contractual obligations as of April 30, 2026 (in millions):

	Payments Due By Period				
	Total	Less Than 1 Year	1-3 Years	3-5 Years	More than 5 Years
New Credit Facility	$ 71.0	$ —	$ —	$ 71.0	$ —
Lease obligations (excluding imputed interest)	164.6	78.8	61.5	24.3	—
Purchase obligations	29.7	14.9	13.2	1.6	—
Total	$ 265.3	$ 93.7	$ 74.7	$ 96.9	$ —

CRITICAL ACCOUNTING ESTIMATES

The Company's *Consolidated Financial Statements* have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The preparation of these *Consolidated Financial Statements* and related disclosures in conformity with U.S. GAAP and our discussion and analysis of the Company's financial condition and operating results require management to make judgments, assumptions, and estimates that affect the amounts reported. See *Note 2. Basis of Presentation and Summary of Significant Accounting Policies* in the *Notes to the Consolidated Financial Statements* under Item 8 of this Annual Report on Form 10-K, which describes the significant accounting policies and methods used in the preparation of our consolidated financial statements. On an ongoing basis, we evaluate our estimates and assumptions, including those related to revenue recognition, marketable securities and derivative instruments, income taxes, and contingencies. We base our estimates and assumptions on historical experience and on various other factors that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates and assumptions.

Goodwill and Indefinite-Lived Intangible Assets

The Company recognized goodwill of $69.2 million and indefinite-lived intangible assets of $45 million as the result of the business combination with Barnes & Noble Education. The determination of the carrying value and recoverability of these assets requires management to make significant judgments and estimates regarding future business performance, economic conditions, and market-based assumptions. As of April 30, 2026, goodwill and indefinite-lived intangible assets were $69.2 million and $45 million, respectively.

Goodwill is tested for impairment annually during the fourth quarter of the Company's fiscal year and whenever events or changes in circumstances indicate that the carrying value of a reporting unit may exceed its fair value. Indefinite-lived intangible assets are similarly tested annually for impairment and more frequently if triggering events occur.

The fair value of our reporting units and indefinite-lived intangible assets is estimated using valuation methodologies that may include discounted cash flow analyses, market multiples derived from guideline public companies or transactions, and other appropriate valuation techniques. Significant assumptions used in these analyses include: (i) projected revenue growth rates; (ii) expected operating margins and profitability; (iii) long-term growth rates; (iv) discount rates reflecting the risks inherent in future cash flows; and (v) market-based valuation multiples.

Changes in these assumptions could materially affect the estimated fair values and the resulting impairment conclusions. The assumptions we use are based on historical experience, current business conditions, and estimates of future performance that we believe are reasonable; however, actual results may differ from these estimates.

We performed our annual impairment assessment and concluded that the estimated fair value of each reporting unit substantially exceeded its carrying value. However, if actual operating results are lower than current forecasts, if market-based valuation multiples decline, if discount rates increase, or if broader economic conditions deteriorate, future impairment charges could be required.

For example, a hypothetical increase of 100 basis points in the discount rate or a decrease of 100 basis points in the long-term growth assumptions used in our valuations would reduce the estimated fair value of our reporting units and indefinite-lived intangible assets. While such changes would not have resulted in impairment based on the assumptions used in our most recent analysis, continued adverse changes in market conditions or business performance could result in future impairment charges.

See *Note 8. Goodwill and Intangible Assets* in the *Notes to the Consolidated Financial Statements* under Item 8 of this Annual Report on Form 10-K for additional information.

Barnes & Noble Education

Revenue Recognition and Deferred Revenue

Product sales and rentals

The majority of Barnes & Noble Education's revenue is derived from the sale of products through its bookstore locations, including virtual bookstores, and its bookstore affiliated e-commerce websites, and contains a single performance obligation. Revenue from sales of Barnes & Noble Education's products is recognized at the point in time when control of the products is transferred to its customers in an amount that reflects the consideration Barnes & Noble Education expects to be entitled to in exchange for the products.

For additional information, see *Note 5. Revenue* in the *Notes to the Consolidated Financial Statements* under Item 8 of this Annual Report on Form 10-K for additional information.

Retail product revenue is recognized when the customer takes physical possession of Barnes & Noble Education's products, which occurs either at the point of sale for products purchased at physical locations or upon receipt of Barnes & Noble Education's products by its customers for products ordered through Barnes & Noble Education's websites and virtual bookstores. Wholesale product revenue is recognized upon shipment of physical textbooks at which point title passes and risk of loss is transferred to the customer. Additional revenue is recognized for shipping charges billed to customers and shipping costs are accounted for as fulfillment costs within cost of goods sold.

Revenue from the sale of digital textbooks, which contains a single performance obligation, is recognized upon the delivery of the digital content as product revenue in Barnes & Noble Education's consolidated financial statements. A software feature is embedded within the content of Barnes & Noble Education's digital textbooks, such that upon expiration of the term the customer is no longer able to access the content. While the sale of the digital textbook allows the customer to access digital content for a fixed period of time, once the digital content is delivered to the customer, Barnes & Noble Education's performance obligation is complete.

Revenue from the rental of physical textbooks is deferred and recognized over the rental period based on the passage of time commencing at the point of sale, when control of the product transfers to the customer and is recognized as rental income in our consolidated financial statements. Rental periods are typically for a single semester and are always less than one year in duration. Barnes & Noble Education offers a buyout option to allow the purchase of a rented physical textbook at the end of the rental period if the customer desires to do so. Barnes & Noble Education records the buyout purchase when the customer exercises and pays the buyout option price which is determined at the time of the buyout. In these instances, Barnes & Noble Education accelerates any remaining deferred rental revenue at the point of sale.

Revenue recognized for Barnes & Noble Education's *BNC First Day®* offerings is consistent with its policies outlined above for product, digital and rental sales, net of an anticipated opt-out or return provision. Given the growth of *BNC First Day* programs, the timing of cash collection from Barnes & Noble Education's school partners may shift to periods subsequent to when the revenue is recognized. When a school adopts Barnes & Noble Education's *BNC First Day®* affordable access course material program offerings, cash collection from the school generally occurs after the institution's drop/add dates, which is later in the working capital cycle, particularly in Barnes & Noble Education's third quarter given the timing of the Spring Term and Barnes & Noble Education's quarterly reporting period, as compared to direct-to-student point-of-sale transactions where cash is generally collected during the point-of-sale transaction or within a few days from the credit card processor.

Barnes & Noble Education estimates returns based on an analysis of historical experience. A provision for anticipated merchandise returns is provided through a reduction of sales and cost of goods sold in the period that the related sales are recorded.

For sales and rentals involving third-party products, Barnes & Noble Education evaluates whether Barnes & Noble Education is acting as a principal or an agent. Barnes & Noble Education's determination is based on its evaluation of whether Barnes & Noble Education controls the specified goods or services prior to transferring them to the customer. There are significant judgments involved in determining whether Barnes & Noble Education controls the specified goods or services prior to transferring them to the customer including whether Barnes & Noble Education has the ability to direct the use of the good or service and obtain substantially all of the remaining benefits from the good or service. For those transactions where Barnes & Noble Education is the principal, Barnes & Noble Education records revenue on a gross basis, and for those transactions where Barnes & Noble Education is an agent to a third-party, Barnes & Noble Education records revenue on a net basis.

Barnes & Noble Education recognizes revenue commissions from logo general merchandise sales, which are fulfilled by Lids and Fanatics, on a net basis in our consolidated financial statements.

As of the fiscal year ended April 30, 2026, Barnes & Noble Education did not have a customer loyalty program. In the beginning of the fiscal year ended April 30, 2027, Barnes & Noble Education launched its own gift card program, and continues to honor Barnes & Noble Booksellers gift cards and sell third-party gift cards in its stores. Barnes & Noble Education does not treat any promotional offers as expenses. Sales tax collected from Barnes & Noble Education customers is excluded from reported revenues. Barnes & Noble Education's payment terms are generally 30 days and do not extend beyond one year.

Service and other revenue

Service and other revenue is primarily derived from brand marketing services which includes promotional activities and advertisements within Barnes & Noble Education's physical bookstores and web properties performed on behalf of third-party customers, shipping and handling, non-return rental penalty fees, and revenue from other programs.

Merchandise Inventories

Merchandise inventories, which consist of finished goods, are stated at the lower of cost or market. Market value of Barnes & Noble Education's inventory, which is all purchased finished goods, is determined based on its estimated net realizable value, which is generally the selling price less normally predictable costs of disposal and transportation.

Cost is determined primarily by the retail inventory method for Barnes & Noble Education's retail business. Barnes & Noble Education's textbook and trade book inventories, for Barnes & Noble Education's retail and wholesale businesses, are valued using the LIFO method. In Fiscal 2026, there was no required LIFO adjustment. In Fiscal 2025 Barnes & Noble Education recorded a LIFO adjustment in the amount of $6.4 million.

Reserves for non-returnable inventory represent write-downs that reduce the cost basis of the asset. These write-downs are based on Barnes & Noble Education's history of liquidating non-returnable inventory. Reserve calculations are sensitive to certain assumptions, including markdowns and inventory aging. Barnes & Noble Education does not believe there is a reasonable likelihood that there will be a material change in the future estimates or assumptions used to calculate the non-returnable inventory reserve. However, if assumptions based on Barnes & Noble Education's history of liquidating non-returnable inventory are incorrect, Barnes & Noble Education may be exposed to losses or gains that could be material. A 10% change in actual non-returnable inventory would have affected pre-tax earnings by approximately $5.2 million in fiscal year 2026.

For Barnes & Noble Education's physical bookstores, Barnes & Noble Education also estimates and accrues shortage for the period between the last physical count of inventory and the balance sheet date. Shortage rates are estimated and accrued based on historical rates and can be affected by changes in merchandise mix and changes in actual shortage trends. Barnes & Noble Education does not believe there is a reasonable likelihood that there will be a material change in the future estimates or assumptions used to calculate shortage rates. However, if Barnes & Noble Education's estimates regarding shortage rates are incorrect, Barnes & Noble Education may be exposed to losses or gains that could be material. A change of 10 basis points of actual shortage rates would not have a material impact on pre-tax earnings in fiscal year 2026.

Evaluation of Impairment of Long-Lived Assets

As of April 30, 2026, the Company's long-lived assets include *Property and equipment, net*; *Operating lease right-of-use assets*; and *Intangible assets, net* of $68.2 million, $122.2 million, and $87.7 million, respectively, on the *Consolidated Balance Sheets*.

We review our long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable and consider market participants in accordance with Accounting Standards Codification ("ASC") 360-10, *Accounting for the Impairment or Disposal of Long-Lived Assets*. We evaluate the long-lived assets of the reporting units for impairment at the lowest asset group level for which individual cash flows can be identified. When evaluating long-lived assets for potential impairment, we first compare the carrying amount of the asset group to the estimated future undiscounted cash flows. The impairment loss calculation compares the carrying amount of the assets to the fair value based on estimated discounted future cash flows. If required, an impairment loss is recorded for that portion of the asset's carrying value in excess of fair value.

During the fiscal years ended April 30, 2026 and 2025, Barnes & Noble Education evaluated certain of its store-level long-lived assets for impairment. For the fiscal year ended April 30, 2026, based on the results of the impairment tests, Immersion's basis in Barnes & Noble Education's long-lived assets recognized an impairment loss (noncash) of $5.1 million (both pre-tax and after-tax), comprised of $2.3 million and $2.8 million of operating lease right-of-use assets and property and equipment, respectively. For the from June 10, 2024 to April 30, 2025 based on the results of the impairment tests, Immersion's basis in Barnes & Noble Education's long-lived assets recognized an impairment loss (noncash) of $1.2 million (both pre-tax and after-tax), comprised of $0.6 million and $0.6 million of operating lease right-of-use assets and property and equipment, net, respectively. These impairments are presented within *Impairment loss* on the *Consolidated Statement of Operations*.

The fair value of the impaired long-lived assets was determined using an income approach (Level 3 input), using the Company's best estimates of the amount and timing of future discounted cash flows, based on historical experience, market conditions, current trends and performance expectations.

See *Note 6. Investments and Fair Value Measurements* in the *Notes to the Consolidated Financial Statements* under Item 8 of this Annual Report on Form 10-K for additional information.

The impairment analysis process requires significant estimation to determine recoverability of each asset group and to determine the fair value of asset groups that were not recoverable, as well as the fair values of certain operating right-of-use assets included within the asset groups that were not recoverable. The significant assumptions used included annual revenue growth rates, gross margin rates and the estimated relationship of selling and administrative costs to revenue used to estimate the projected cash-flow directly related to the future operation of the stores as well as the weighted average cost of capital used to calculate the fair value. Significant assumptions used to determine the fair values of certain operating right-of-use assets included the current market rent and discount rate. These assumptions are subjective in nature and are affected by expectations about future market or economic conditions.

We do not believe there is a reasonable likelihood that there will be a material change in the estimates or assumptions used to calculate long-lived asset impairment losses. However, if actual results are not consistent with estimates and assumptions used in estimating future cash flows and asset fair values, we may be exposed to losses that could be material. A 10% decrease in our estimated discounted cash flows would not have materially affected the results of our operations for the fiscal year ended April 30, 2026.

Income Taxes

Deferred income tax balances reflect the effects of temporary differences between the carrying amounts of assets and liabilities and their tax basis and are stated at enacted tax rates expected to be in effect when taxes are actually paid or recovered. Financial Accounting Standards Board guidance on accounting for income taxes requires that deferred tax assets be evaluated for future realization and reduced by a valuation allowance to the extent we believe a portion will not be realized. We consider many factors when assessing the likelihood of future realization of our deferred tax assets, including our recent earnings experience and expectations of future taxable income by taxing jurisdiction, the carryforward periods available to us for tax reporting purposes and other relevant factors. The actual realization of deferred tax assets may differ significantly from the amounts we have recorded.

In applying ASC 740 to our Korean withholding tax exposure related to royalties from Samsung, management exercises significant judgment in evaluating the technical merits and sustainability of the underlying tax positions, including the interpretation of Korean domestic law and the Korea–U.S. tax treaty. The adverse Regional Tax Office Appeal decision in November 2025, and our resulting obligation to reimburse Samsung for approximately $9.7 million of withholding taxes, reflects a change in our assessment of the more-likely-than-not outcome and required us to recognize the related tax expense and liability in fiscal 2026. In addition, and due to this decision, the Company decided to discontinue litigation related to certain Korean withholding tax matters involving LGE during the third quarter of fiscal 2026. Because the recoverability of provisional deposits previously made in connection with those matters depended on successful resolution of the related proceedings, the Company concluded that the remaining carrying amount of such deposits was not recoverable and reduced the carrying amount of the related long-term deposits to zero.

Future developments in Korean administrative or judicial practice, or additional information about similar tax controversies, could require further adjustments to our income tax provision and related uncertain tax positions.

See *Note 17. Income Taxes* in the *Notes to the Consolidated Financial Statements* under Item 8 of this Annual Report on Form 10-K for additional information.

Recent Accounting Pronouncements

See *Note 2. Basis of Presentation and Summary of Significant Accounting Policies* in the *Notes to the Consolidated Financial Statements* under Item 8 of this Annual Report on Form 10-K for additional information regarding the effect of new accounting pronouncements on our *Consolidated Financial Statements*.

Item 7A. *Quantitative and Qualitative Disclosures about Market Risk*

Not applicable

Item 8. ***Financial Statements and Supplementary Data***

IMMERSION CORPORATION
Fiscal Year Ended April 30, 2026
Index To Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

Shareholders and Board of Directors
Immersion Corporation
Aventura, Florida

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Immersion Corporation (the "Company") as of April 30, 2026 and 2025, the related consolidated statements of operations, comprehensive income (loss), stockholders' equity, and cash flows for each of the years then ended, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at April 30, 2026 and 2025, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the Audit Committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue Transactions - Product Sales

As described in Notes 2 and 5 to the consolidated financial statements, the majority of Barnes & Noble Education's revenue was derived from the sale of products through its bookstore locations, including virtual bookstores, and its bookstore affiliated e-commerce websites. Barnes & Noble Education's total revenue from product sales was approximately $1.49 billion for the fiscal year ended April 30, 2026.

We identified the auditing of the accuracy and existence of revenue transactions from product sales as a critical audit matter. Auditing the accuracy and existence of revenue from product sales was especially challenging due to the high degree of auditor effort in performing procedures, given the significance of revenue from product sales and the large volume of transactions.

The primary procedures we performed to address this critical audit matter included:

- Evaluating the accuracy and existence of revenue transactions, on a sample basis, by inspecting invoices, evidence of delivery of physical and digital content, and evidence of cash collected, where applicable.

- Obtaining confirmations directly from certain customers.

/s/ BDO USA, P.C.

We have served as the Company's auditor since 2024.

San Francisco, California

July 24, 2026

IMMERSION CORPORATION
CONSOLIDATED BALANCE SHEETS

(In thousands)		April 30, 2026		April 30, 2025
ASSETS				
Immersion				
Cash and cash equivalents	$	129,868	$	63,550
Investments – current		42,168		88,789
Accounts receivable, net		2,112		2,767
Prepaid expenses and other current assets		16,540		11,331
		190,688		166,437
Barnes & Noble Education				
Cash and cash equivalents		8,418		9,058
Accounts receivable, net		116,526		98,075
Merchandise inventories, net		298,347		299,564
Textbook rental inventories, net		27,035		26,439
Prepaid expenses and other current assets		34,138		32,250
		484,464		465,386
Total Current Assets		675,152		631,823
Immersion				
Property and equipment, net		57		113
Investments – noncurrent		—		13,880
Long-term deposits		188		6,188
Other assets – noncurrent		19,917		27,362
		20,162		47,543
Barnes & Noble Education				
Property and equipment, net		68,160		95,702
Intangible assets, net		87,733		91,581
Goodwill		69,162		69,162
Operating lease right-of-use assets		122,238		155,281
Other assets - noncurrent		9,735		11,181
		357,028		422,907
Total Assets	$	1,052,342	$	1,102,273

The accompanying Notes to the Consolidated Financial Statements are an integral part of the financial statements.

IMMERSION CORPORATION
CONSOLIDATED BALANCE SHEETS

(In thousands except share and per share data)	April 30, 2026	April 30, 2025
LIABILITIES AND STOCKHOLDERS' EQUITY		
Immersion		
Accounts payable	$ 16	$ 13
Accrued compensation	41	343
Deferred revenue – current	2,926	2,938
Other current liabilities	12,379	10,240
	15,362	13,534
Barnes & Noble Education		
Accounts payable	135,564	148,848
Accrued liabilities	64,522	44,295
Deferred revenue – current	10,419	10,411
Operating lease liabilities – current	67,484	48,796
	277,989	252,350
Total Current Liabilities	293,351	265,884
Immersion		
Deferred revenue – noncurrent	2,864	5,790
Deferred income taxes – noncurrent	14,177	11,034
Other long-term liabilities	11,726	13,344
	28,767	30,168
Barnes & Noble Education		
Deferred income taxes – noncurrent	2,225	4,193
Operating lease liabilities – noncurrent	84,197	121,093
Deferred revenue – noncurrent	2,774	3,155
Other long-term liabilities	2,623	15,987
Long-term borrowings	71,000	103,098
	162,819	247,526
Total Liabilities	484,937	543,578
Commitments and contingencies (Note 19)		
Stockholders' Equity		
Common stock – $0.001 per share par value; 100,000,000 shares authorized; 50,374,852 and 33,125,749 shares issued and outstanding, respectively, at April 30, 2026; 49,433,320 and 32,502,969 shares issued and outstanding, respectively, at April 30, 2025	50	49
Additional paid-in capital	379,644	374,327
Accumulated other comprehensive income (loss)	122	535
Accumulated earnings (deficit)	31,165	34,691
Treasury stock – 17,249,103 and 16,930,351 shares, respectively, at cost	(113,816)	(111,477)
Total Stockholders' Equity Attributable to Immersion Corporation Stockholders	297,165	298,125
Noncontrolling interest in consolidated subsidiaries	270,240	260,570
Total Stockholders' Equity	567,405	558,695
Total Liabilities and Stockholders' Equity	$ 1,052,342	$ 1,102,273

The accompanying Notes to the Consolidated Financial Statements are an integral part of the financial statements.

IMMERSION CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)	Fiscal Years Ended April 30, 2026	2025
REVENUES		
Immersion		
Royalty and license	$ 15,924	$ 74,073
Barnes & Noble Education		
Product and other	1,564,365	1,342,437
Rental income	150,405	139,366
	1,714,770	1,481,803
Total revenues	1,730,694	1,555,876
COST OF SALES (excludes depreciation and amortization expense)		
Barnes & Noble Education		
Product and other cost of sales	1,279,860	1,048,829
Rental cost of sales	79,551	75,346
Total cost of sales	1,359,411	1,124,175
OPERATING EXPENSES		
Immersion		
Selling and administrative expenses	12,153	25,757
Barnes & Noble Education		
Selling and administrative expenses	288,487	252,754
Depreciation and amortization expense	42,499	35,274
Impairment loss	5,089	1,247
Other (income) expense	(2,859)	(1,351)
	333,216	287,924
Total operating expenses	345,369	313,681
Operating Income (Loss)	25,914	118,020
Interest income and other income (expense), net	12,317	15,533
Interest expense	12,202	14,261
Income (Loss) Before Income Taxes	26,029	119,292
Income tax benefit (expense)	(16,816)	(25,710)
Net Income (Loss)	9,213	93,582
Less: Net income (loss) attributable to noncontrolling interest	4,689	29,298
Net Income (Loss) Attributable to Immersion Stockholders	$ 4,524	$ 64,284
Earnings Per Common Share Attributable to Immersion stockholders		
Basic	$ 0.14	$ 1.94
Diluted	$ 0.14	$ 1.90
Weighted Average Common Shares Outstanding		
Basic	32,864	32,219
Diluted	33,127	33,003

The accompanying Notes to the Consolidated Financial Statements are an integral part of the financial statements.

IMMERSION CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(In thousands)	Fiscal Years Ended April 30, 2026	Fiscal Years Ended April 30, 2025
Net Income (Loss)	$ 9,213	$ 93,582
Change in unrealized gains (losses) on available-for-sale securities	(413)	(1,484)
Comprehensive Income (Loss)	$ 8,800	$ 92,098
Less: Comprehensive income (loss) attributable to noncontrolling interest	4,689	29,298
Comprehensive Income (Loss) Attributable to Immersion Stockholders	$ 4,111	$ 62,800

The accompanying Notes to the Consolidated Financial Statements are an integral part of the financial statements.

IMMERSION CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(In thousands, except shares)	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Earnings (Deficit)	Treasury Stock Shares	Treasury Stock Amount	Total Stockholders' Equity Attributable to Immersion Stockholder	Noncontrolling Interest	Total Stockholders' Equity
Balances at April 30, 2024	48,047,329	$ 48	$ 322,786	$ 2,019	$ (18,263)	16,192,492	$ (105,360)	$ 201,230	$ —	$ 201,230
Barnes & Noble Education acquisition	—	—	—	—	—	—	—	—	203,657	203,657
Net income (loss)	—	—	—	—	64,284	—	—	64,284	29,298	93,582
Unrealized gain (loss) on available-for-sale securities, net of taxes	—	—	—	(1,484)	—	—	—	(1,484)	—	(1,484)
Sale of BNED Common Stock, net of commissions	—	—	(5,495)	—	—	—	—	(5,495)	83,556	78,061
Rebalancing of controlling and noncontrolling interest	—	—	61,939	—	—	—	—	61,939	(61,939)	—
Release of restricted stock units and awards, net of shares withheld for payroll taxes	1,197,209	1	(1)			427,216	(3,741)	(3,741)	—	(3,741)
Shares issued in lieu of cash compensation	188,782	—	1,584	—	—	—	—	1,584	—	1,584
Tax effects of changes in controlling and noncontrolling interest	—	—	(12,417)	—	—	—	—	(12,417)	—	(12,417)
Share repurchases	—	—	—	—	—	310,643	(2,376)	(2,376)	—	(2,376)
Dividends declared	—	—	(1,524)	—	(11,330)	—	—	(12,854)	—	(12,854)
Stock-based compensation	—	—	7,455	—	—	—	—	7,455	5,998	13,453
Balances at April 30, 2025	49,433,320	$ 49	$ 374,327	$ 535	$ 34,691	16,930,351	$ (111,477)	$ 298,125	$ 260,570	$ 558,695
Net income (loss)	—	—	—	—	4,524	—	—	4,524	4,689	9,213
Unrealized gain (loss) on available-for-sale securities, net of taxes	—	—	—	(413)	—	—	—	(413)	—	(413)
Rebalancing of controlling and noncontrolling interest	—	—	586	—	—	—	—	586	(586)	—
Release of restricted stock units and awards, net of shares withheld for payroll taxes	866,669	1	(1)	—	—	317,052	(2,329)	(2,329)	—	(2,329)
Shares issued in lieu of cash compensation	74,863	—	491	—	—	—	—	491	—	491
Tax effects of changes in controlling and noncontrolling interest	—	—	(125)	—	—	—	—	(125)	—	(125)
Share repurchases	—	—	—	—	—	1,700	(10)	(10)	—	(10)
Dividends declared	—	—	—	—	(8,050)	—	—	(8,050)	—	(8,050)
Equity-issuance costs	—	—	(273)	—	—	—	—	(273)	(562)	(835)
Stock-based compensation	—	—	4,639	—	—	—	—	4,639	6,129	10,768
Balances at April 30, 2026	50,374,852	$ 50	$ 379,644	$ 122	$ 31,165	17,249,103	$ (113,816)	$ 297,165	$ 270,240	$ 567,405

The accompanying Notes to the Consolidated Financial Statements are an integral part of the financial statements.

IMMERSION CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	Fiscal Years Ended April 30, 2026	2025
Cash flows from operating activities:		
Net income (loss)	$ 9,213	$ 93,582
Adjustments to reconcile net income (loss) to cash flows from operating activities		
Depreciation and amortization expense	42,602	35,373
Stock-based compensation	10,768	13,689
Impairment loss	5,089	1,247
Loss on disposal of property and equipment	2,323	1,130
Deferred income taxes	(656)	7,088
Net losses (gains) on investment in marketable securities	3,751	(1,398)
Net gains on derivative instruments	(9,409)	(3,987)
Shares issued to an employee in lieu of cash compensation	491	1,589
Income tax expense related to write-down of long-term deposits	5,908	—
Other noncash	51	1,327
Changes in operating assets and liabilities, net of acquisitions:		
Accounts and other receivables	(17,634)	17,616
Merchandise inventories	1,215	37,179
Textbook rental inventories	(596)	(21,281)
Prepaid expenses and other current assets	(7,006)	5,039
Changes in lease right-of-use assets and liabilities	12,875	(18,071)
Long-term deposits	52	61
Other assets	9,024	(25,339)
Accounts payable and accrued liabilities	7,708	(188,998)
Other current liabilities	(30)	(7,774)
Deferred revenue	(3,311)	(9,222)
Other long-term liabilities	(13,362)	3,574
Net cash flows provided by (used in) operating activities	59,066	(57,576)
Cash flows from investing activities:		
Purchases of marketable securities and other investments	(62,740)	(101,988)
Proceeds from sale or maturities of marketable securities and other investments	118,907	138,885
Proceeds from sale of derivative instruments	24,148	16,851
Payments for settlement of derivative instruments	(12,618)	(8,549)
Acquisition of business net of cash acquired	—	(31,379)
Purchase of property and equipment	(16,196)	(11,237)
Proceeds from disposal of property and equipment	—	792
Net cash flows provided by (used in) investing activities	51,501	3,375
Cash flows from financing activities:		
Proceeds from borrowings	812,900	836,153
Repayment of borrowing	(845,000)	(834,290)
Proceeds from sale of Barnes & Noble Education common stock, net of commissions and issuance costs	—	78,061
Payment of deferred financing costs	(1,900)	—
Dividends payments to stockholders	(8,050)	(12,854)
Payment for purchases of treasury stock	(10)	(2,376)
Shares withheld to cover payroll taxes	(2,329)	(3,741)
Payment of finance lease principal	(365)	—
Net cash flows provided by (used in) financing activities	(44,754)	60,953
Net increase (decrease) in cash, cash equivalents, and restricted cash	65,813	6,752
Cash, cash equivalents, and restricted cash:		
Beginning of period	92,273	85,521
End of period	$ 158,086	$ 92,273

The accompanying Notes to the Consolidated Financial Statements are an integral part of the financial statements.

IMMERSION CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

Reconciliation of Cash, Cash equivalents, and Restricted cash for *Consolidated Balance Sheets*:

(In thousands)	2026	2025
Cash and cash equivalents:		
Immersion	$ 129,868	$ 63,550
Barnes & Noble Education	8,418	9,058
	138,286	72,608
Barnes & Noble Education restricted cash reported as:		
Prepaid expenses and other current assets	17,422	17,332
Other assets - noncurrent	2,378	2,333
Total restricted cash	19,800	19,665
Total cash, cash equivalents, and restricted cash	$ 158,086	$ 92,273
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	$ 20,047	$ 16,526
Cash paid for interest	12,531	15,862

The accompanying Notes to the Consolidated Financial Statements are an integral part of the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION

Description of Business

Immersion

Immersion Corporation ("Immersion") was incorporated in 1993 in California and reincorporated in Delaware in 1999. Unless the context otherwise requires, references in these *Notes to the Consolidated Financial Statements* to the "Company", "we", "us" and "our" refer to Immersion and our consolidated subsidiaries.

Immersion generates license and royalty revenues from a wide range of intellectual property ("IP") that more fully engage users' sense of touch when operating digital devices. We focus on the following target application areas: mobile devices, wearables, consumer, mobile entertainment and other content; console gaming; automotive; medical; and commercial.

On June 10, 2024, we acquired a controlling interest in Barnes & Noble Education, Inc. ("Barnes & Noble Education"), a Delaware corporation. See *Note 3. Business Combination* for additional information about the acquisition. The financial results of Barnes & Noble Education have been included from the acquisition date of June 10, 2024.

Barnes & Noble Education

Barnes & Noble Education is one of the largest contract operators of physical and virtual bookstores for college and university campuses and K-12 institutions across the United States. Barnes & Noble Education is also a textbook wholesaler, and bookstore management hardware and software provider. Barnes & Noble Education operates physical and virtual bookstores, delivering essential educational content and general merchandise within a dynamic omnichannel retail environment.

BNC First Day® Equitable and Inclusive Access Programs

Barnes & Noble Education provides product and service offerings designed to address the most pressing issues in higher education, including equitable access, enhanced convenience and improved affordability through innovative course material delivery models designed to drive improved student experiences and outcomes. Barnes & Noble Education offers its *BNC First Day®* affordable access course material programs, consisting of *First Day Complete* and *First Day*, which provide faculty-required course materials to students on or before the first day of class.

- *First Day Complete* is adopted by an institution and includes all or the majority of undergraduate classes (and on occasion, graduate classes), providing students with both physical and digital materials. In addition to providing numerous benefits to students, faculty and administrators, the *First Day Complete* model drives substantially greater unit sales and sell-through for the bookstore.
- *First Day* is adopted by a faculty member for a single course, and students receive primarily digital course materials through their school's learning management system ("LMS").

The *Barnes & Noble* brand (licensed from Barnes & Noble Education's former parent) along with its subsidiary brands, *BNC* and *MBS*, are synonymous with innovation in bookselling and campus retailing in the United States. Barnes & Noble Education's large college footprint, reputation, and credibility in the marketplace not only support its marketing efforts to universities, students, and faculty, but are also important to its relationship with leading educational publishers who rely on us as one of their primary distribution channels.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation and Basis of Presentation

The results of operations reflected in our *Consolidated Financial Statements* include the accounts of Immersion and our wholly-owned subsidiaries, as well as the accounts of Barnes & Noble Education, a consolidated variable interest entity, since June 10, 2024. All significant intercompany accounts and transactions have been eliminated in consolidation.

The noncontrolling interest on the *Consolidated Statements of Operations* represents the portion of earnings or loss attributable to the interest in Barnes & Noble Education held by other owners. The noncontrolling interest on the *Consolidated Balance Sheet* represents the portion of our net assets attributable to the other owners, based on the portion of the interest owned by such owners. At April 30, 2026 and 2025, the noncontrolling interest in Barnes & Noble Education was $270.2 million and $260.6 million, respectively. At the end of each reporting period, equity related to Barnes & Noble Education that is attributable to Immersion and the other owners is rebalanced to reflect Immersion's and the other owners' ownership in Barnes & Noble Education.

These *Consolidated Financial Statements* have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for financial information and with the instructions for Form 10-K and the applicable articles of Regulation S-X.

Due to their nonhomogeneous operations, our *Consolidated Balance Sheets* as of April 30, 2026 and 2025, and *Consolidated Statement of Operations* for the fiscal years ended April 30, 2026 and 2025, separately present the operating assets, liabilities, and operations of Immersion's business from the operating assets, liabilities, and operations of Barnes & Noble Education's business. All of the assets of Barnes & Noble Education, reported on the *Consolidated Balance Sheets*, can be used only to settle obligations of Barnes & Noble Education. None of the liabilities of Barnes & Noble Education have recourse to the general credit of Immersion.

Reporting Periods

The Company's fiscal year begins on May 1 and ends on April 30. Therefore, the financial results of the current fiscal year may not be comparable to prior fiscal years. References throughout these *Consolidated Financial Statements* refer to Immersion's Fiscal 2026 for the fiscal year ended April 30, 2026.

Barnes & Noble Education's Fiscal year is comprised of 52 or 53 weeks, ending on the Saturday closest to the last day of April. The financial information presented in these Consolidated Financial Statements includes the financial information of Barnes & Noble Education for the fiscal year ended May 2, 2026 and the period from June 10, 2024 to May 3, 2025.

Seasonality

Our Barnes & Noble Education segment's business is highly seasonal, particularly with respect to textbook sales and rentals, with the major portion of sales and operating profit realized during the second and third fiscal quarters when college students generally purchase and rent textbooks for the upcoming semesters and lowest in the first and fourth fiscal quarters. Barnes & Noble Education's quarterly results also may fluctuate depending on the timing of the start of the various schools' semesters, as well as shifts in Barnes & Noble Education's fiscal calendar dates.

As the concentration of digital product sales increases, revenue will be recognized earlier during the academic term as digital textbook revenue is recognized when the digital content is made available to the customer compared to: (i) the rental of physical textbook where revenue is recognized over the rental period; and (ii) a la carte courseware sales where revenue is recognized when the customer takes physical possession of Barnes & Noble Education's products, which occurs either at the point of sale for products purchased at physical locations or upon receipt of Barnes & Noble Education's products by its customers for products ordered through Barnes & Noble Education's websites and virtual bookstores. See *Revenue Recognition and Deferred Revenue* discussion below.

Summary of Significant Accounting Policies

Use of Estimates

In preparing financial statements in conformity with U.S. GAAP, we are required to make estimates and assumptions that affect the reported amounts in the *Consolidated Financial Statements* and accompanying notes. Actual results could differ from those estimates.

Segment Information

Following the closing of the Transactions (as defined herein) with Barnes & Noble Education, the Company operates as two operating and reportable segments, Immersion and Barnes & Noble Education. We identify these segments based on the distinct business activities of each company. See *Note 4. Segment Information* for additional information.

Earnings per Share

We present both basic and diluted earnings per share ("EPS") using the two-class method, which is an earnings allocation formula that determines EPS for common stock and any participating securities according to dividends declared (whether paid or unpaid). Under the two-class method, basic EPS is computed by dividing the *Net Income (Loss) attributable to Immersion Stockholders* by the Weighted-Average Common Shares Outstanding for the period. Basic EPS includes participating securities, consisting of unvested restricted stock that receive nonforfeitable dividends similar to shares of common stock. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock, where such exercise or conversion would result in a lower earnings per share amount.

Business Combinations

The determination of the fair value of net assets acquired in a business combination requires estimates and judgments of future cash flow expectations for the acquired business and the related identifiable tangible and intangible assets. Fair values of net assets acquired are calculated using expected cash flows and industry-standard valuation techniques. For current assets and current liabilities, book value is generally assumed to approximate fair value. Goodwill is the amount by which consideration paid for an acquired entity exceeds the fair value of its acquired net assets. Acquisition costs are expensed as incurred and are included within general and administrative expenses on the *Consolidated Statement of Operations*.

Due to the time required to gather and analyze the necessary data for each acquisition, U.S. GAAP provides a "measurement period" of up to one year from the date of acquisition in which to finalize these fair value determinations. During the measurement period, preliminary fair value estimates may be revised if new information is obtained about the facts and circumstances existing as of the date of acquisition or based on the final net assets and working capital of the acquired business, as prescribed in the applicable purchase agreement. Such adjustments may result in the recognition of, or an adjustment to the fair values of, acquisition-related assets and liabilities and/or consideration paid, and are referred to as "measurement period" adjustments. Measurement period adjustments are recorded to goodwill. Other revisions to fair value estimates, including those relating to facts and circumstances that occur subsequent to the date of acquisition, are reflected as income or expense, as appropriate.

Goodwill and Indefinite-Lived Intangible Assets

The goodwill represents the future economic benefit attributable to Barnes & Noble Education's assembled workforce and the indefinite-lived intangible assets represent the future economic benefit attributable to the Barnes & Noble Education trade name. As such, the carrying value of the goodwill and trade name have been allocated to the Barnes & Noble Education segment and none of the goodwill or the indefinite-lived intangible assets have been allocated to the Immersion segment.

Goodwill and indefinite-lived intangible assets are not amortized but instead are tested for impairment at least annually. Immersion's goodwill and indefinite-lived intangible assets test first assesses qualitative factors to determine whether goodwill and indefinite-lived intangible assets are likely impaired. We monitor these factors on a quarterly basis for potential indicators of impairment. If the qualitative assessment indicates that it is more likely than not that the fair value of a reporting unit is less than its carrying amount including goodwill or that the fair value of the indefinite-lived intangible asset is less than its carrying amount, Immersion will then perform a quantitative impairment test. Changes in goodwill may result from, among other things, impairments, future acquisitions, or future divestitures. Goodwill is required to be tested for impairment at the reporting unit level, which is an operating segment, or one level below the operating segment. The impairment test for indefinite-lived intangible assets is performed at reporting unit level. The Company performed the annual impairment test during the fourth quarter of our fiscal year 2026 and no impairment was recognized for the fiscal year ended April 30, 2026.

See *Note 8. Goodwill and Intangible Assets* for additional information.

Impairment of Long-Lived Assets

Immersion's long-lived assets include Property and equipment, net; Operating lease right-of-use assets; and amortizable Intangible assets, net, recorded in connection with our business acquisition of Barnes & Noble Education. We review our long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. We evaluate the long-lived assets of the reporting units for impairment at the lowest asset group level for which individual cash flows can be identified. When evaluating long-lived assets for potential impairment, we first compare the carrying amount of the asset group to the estimated future undiscounted cash flows. The impairment loss calculation compares the carrying amount of the assets to the fair value based on estimated discounted future cash flows. If required, an impairment loss is recorded for that portion of the asset's carrying value in excess of fair value.

Many colleges and universities are providing alternatives to traditional in-person instruction, including online and hybrid learning options. Additionally, enrollment trends have been negatively impacted at physical campuses. Many other events, such as parent and alumni weekends and prospective student campus tour activities, offer a virtual option. These combined events have reduced on-campus activity, as well as increased competition and disintermediation, continue to impact Barnes & Noble Education's course materials and general merchandise business.

Barnes & Noble Education evaluated certain of its long-lived assets in the retail business for impairment and based on the results of the impairment tests, noncash impairment losses of $5.1 million and $1.2 million were recognized for the fiscal years ended April 30, 2026 and 2025, respectively.

The fair value of the impaired long-lived assets were determined using an income approach, a level 3 input, using Barnes & Noble Education's best estimates of the amount and timing of future discounted cash flows, based on historical experience, market conditions, current trends, and performance expectations. The significant assumptions used in the income approach included annual revenue growth rates, gross margin rates, and the estimated relationship of selling and administrative costs to revenue used to estimate the projected cash-flow directly related to the future operation of the stores as well as the weighted-average cost of capital used to calculate the fair value. Significant assumptions used to determine the fair values of certain operating right-of-use assets included the current market rent and discount rate.

See *Note 9. Impairment of Long-Lived Assets* for additional information.

Foreign Currency Translation

The functional currency of our foreign subsidiaries is U.S. dollars. Gains and losses from the remeasurement of the financial statements of the foreign subsidiaries into U.S. dollars and from foreign currency transactions are reported as *Interest income and other income (expense), net* in our *Consolidated Statements of Operations.*

Revenue Recognition and Deferred Revenue

The Company's Immersion segment revenue is primarily derived from fixed fee license agreements and per-unit royalty agreements. A key part of our business strategy has been to license our software and patents (and other IP) to companies that manufacture and sell products incorporating our touch-enabling technologies. The majority of the Barnes & Noble Education revenue is derived from product sales and rentals.

Fixed fee license revenue. We recognize revenue from a fixed fee license agreement when we have satisfied our performance obligations, which typically occurs upon the transfer of rights to our technology upon the execution of the license agreement. However, in certain contracts, we grant a license to our existing patent portfolio at the inception of the license agreement as well as rights to the portfolio as it evolves throughout the contract term. For such arrangements, we have concluded that there are two separate performance obligations:

- Performance Obligation A: Transfer of rights to our patent portfolio as it exists when the contract is executed; and
- Performance Obligation B: Transfer of rights to our patent portfolio as it evolves over the term of the contract, including access to new patent applications that the licensee can benefit from over the term of the contract.

If a fixed fee license agreement contains only Performance Obligation A, we recognize the revenue from the agreement at the inception of the contract. For fixed fee license agreements that contain both Performance Obligation A and B, we allocate the transaction price based on the standalone selling price for each of the two performance obligations. We use a number of factors primarily related to the attributes of our patent portfolio to estimate standalone selling prices related to Performance Obligation A and B. Once the transaction price is allocated, the portion of the transaction price allocable to Performance Obligation A is recognized in the period the license agreement is signed and the customer can benefit from rights provided in the contract. The portion allocable to Performance Obligation B is recognized on a straight-line basis over the contract term which best represents the ongoing and continuous nature of the patent prosecution process. For such contracts, a contract liability account is established and included within *Deferred revenue - current* and *Deferred Revenue - noncurrent* on the *Consolidated Balance Sheet*s. As the rights and obligations in a contract are interdependent, contract assets and contract liabilities that arise in the same contract are presented on a net basis.

Payments for fixed fee license contracts typically are due in full within 30 - 45 days from execution of the contract. From time to time, we enter into a fixed fee license contract with payments due in a number of installments payable throughout the contract term. In such cases, we determine if a significant financing component exists and if it does, we will recognize more or less revenue and corresponding interest expense or income, as appropriate.

Per-unit Royalty revenue. We record per-unit royalty revenue in the same period in which the licensee's underlying sales occur. When we do not receive the per-unit licensee royalty reports for sales during a given quarter within the time frame that allows us to adequately review the reports and include the actual amounts in our quarterly results for such quarter, we accrue the related revenue based on estimates of our licensees' underlying sales, subject to certain constraints on our ability to estimate such amounts. We develop such estimates based on a combination of available data including, but not limited to, approved customer forecasts, a look back at historical royalty reporting for each of our customers, and industry information available for the licensed products.

Certain of our per-unit royalty agreements contain minimum royalty provisions which sets forth minimum amounts to be received by us during the contract term. Under ASC 606, *Revenue from Contracts with Customers*, ("ASC 606"), minimum royalties are considered a fixed transaction price to which we have a right once all other performance obligations, if any, are satisfied. We recognize all minimum royalties as revenue at the inception of the license agreement, or in the period in which all remaining revenue recognition criteria have been met. We account for the unbilled minimum royalties as contract assets as Prepaid and other current assets and Other assets, net on our Consolidated Balance Sheets, and the balance of such contract assets will be reduced by the actual royalties to be reported by the licensee during the contract term until fully utilized, after which point any excess per-unit royalties reported are recognized as revenue. As the rights and obligations in a contract are interdependent, contract assets and contract liabilities that arise in the same contract are presented on a net basis.

Payments of per-unit royalties typically are due within 30 to 60 days from the end of the quarter in which the underlying sales took place.

Product sales and rentals revenue. The majority of Barnes & Noble Education's revenue is derived from the sale of products through its bookstore locations, including virtual bookstores, and its bookstore affiliated e-commerce websites, and contains a single performance obligation. Revenue from sales of Barnes & Noble Education's products is recognized at the point in time when control of the products is transferred to its customers in an amount that reflects the consideration Barnes & Noble Education expects to be entitled to in exchange for the products.

Product revenue is recognized when the customer takes physical possession of Barnes & Noble Education's products, which occurs either at the point of sale for products purchased at physical locations or upon receipt of Barnes & Noble Education's products by its customers for products ordered through its websites and virtual bookstores. Wholesale product revenue is recognized upon shipment of physical textbooks at which point title passes and risk of loss is transferred to the customer. Additional revenue is recognized for shipping charges billed to customers and shipping costs are accounted for as fulfillment costs within cost of sales.

Revenue from the sale of digital textbooks, which contains a single performance obligation, is recognized upon delivery of the digital content as product revenue in our consolidated financial statements. A software feature is embedded within the content of Barnes & Noble Education's digital textbooks, such that upon expiration of the term, the customer is no longer able to access the content. While the sale of the digital textbook allows the customer to access digital content for a fixed period of time, once the digital content is delivered to the customer, our performance obligation is complete.

Revenue from the rental of physical textbooks is deferred and recognized over the rental period based on the passage of time commencing at the point of sale, when control of the product transfers to the customer and is recognized as rental income in the consolidated financial statements. Rental periods are typically for a single semester and are always less than one year in duration. Barnes & Noble Education offers a buyout option to allow the purchase of a rented physical textbook at the end of the rental period if the customer desires to do so. Barnes & Noble Education records the buyout purchase when the customer exercises and pays the buyout option price which is determined at the time of the buyout. In these instances, Barnes & Noble Education accelerates any remaining deferred rental revenue at the point of sale. Such buyouts have historically been, and continue to be, immaterial to the financial statements.

Revenue recognized for Barnes & Noble Education's *BNC First Day®* offerings is consistent with its policies outlined above for product, digital and rental sales, net of an anticipated opt-out or return provision. Given the growth of *BNC First Day®* programs, the timing of cash collection from Barnes & Noble Education's school partners may shift to periods subsequent to when the revenue is recognized. When a school adopts Barnes & Noble Education's *BNC First Day®* affordable access course material program offerings, cash collection from the school generally occurs after the institution's drop/add dates, which is later in the working capital cycle, particularly in the fiscal third quarter, given the timing of the Spring Term and the fiscal quarterly reporting period, as compared to direct-to-student point-of-sale transactions where cash is generally collected during the point-of-sale transaction or within a few days from the credit card processor.

Returns are estimated based on an analysis of historical experience. A provision for anticipated merchandise returns is provided through a reduction of sales and cost of goods sold in the period that the related sales are recorded.

For sales and rentals involving third-party products, Barnes & Noble Education evaluates whether it is acting as a principal or an agent. Barnes & Noble Education's determination is based on its evaluation of whether it controls the specified goods or services prior to transferring them to the customer. There are significant judgments involved in determining whether Barnes & Noble Education controls the specified goods or services prior to transferring them to the customer including whether Barnes & Noble Education has the ability to direct the use of the good or service and obtain substantially all of the remaining benefits from the good or service. For those transactions where Barnes & Noble Education is the principal, Barnes & Noble Education records revenue on a gross basis, and for those transactions where Barnes & Noble Education is an agent to a third-party, Barnes & Noble Education records revenue on a net basis.

Barnes & Noble Education's logo and emblematic general merchandise sales are fulfilled by Lids and Fanatics and commission revenue earned for these sales on a net basis is recognized in the consolidated financial statements.

Barnes & Noble Education does not have gift card or customer loyalty programs. Barnes & Noble Education does not treat any promotional offers as expenses. Sales tax collected from Barnes & Noble Education's customers is excluded from reported revenues. Barnes & Noble Education's payment terms are generally 30 days and do not extend beyond one year.

Service and other revenue. Barnes & Noble Education's service and other revenue is primarily derived from brand marketing services which includes promotional activities and advertisements within Barnes & Noble Education's physical bookstores and web properties performed on behalf of third-party customers, shipping and handling, non-return rental penalty fees, and revenue from other programs.

Brand marketing agreements often include multiple performance obligations which are individually negotiated with our customers. For these arrangements that contain distinct performance obligations, Barnes & Noble Education allocates the transaction price based on the relative standalone selling price method by comparing the standalone selling price ("SSP") of each distinct performance obligation to the total value of the contract. The revenue is recognized as each performance obligation is satisfied, typically at a point in time for brand marketing service and over time for advertising efforts as measured based upon the passage of time for contracts that are based on a stated period of time or the number of impressions delivered for contracts with a fixed number of impressions.

Deferred Revenue. Immersion deferred revenue consists of amounts that have been invoiced or paid but have not been recognized as revenue. The amounts are primarily derived from our fixed license fee agreements under which we are obliged to transfer both rights to our patent portfolio that exists when the contract is executed and rights to its patent portfolio as it evolves over the contract term.

Barnes & Noble Education's deferred revenue consists of: advanced payments from customers related to textbook rental performance obligations, which are recognized ratably over the terms of the related rental period; unsatisfied performance obligations associated with partnership marketing services, which are recognized when the contracted services are provided to its partnership marketing customers; and unsatisfied performance obligations associated with the premium paid for the sale of treasury shares, which are expected to be recognized over the term of the merchandising contracts for Fanatics and Lids., respectively.

Deferred revenue that will be recognizable during the succeeding 12-month period is recorded as Deferred Revenue - current, and the remaining deferred revenue is recorded as *Deferred Revenue - noncurrent* on the *Consolidated Balance Sheets*. See *Note 5. Revenue* for additional information.

Cost of Sales

Cost of sales primarily includes: (i) merchandise costs; (ii) textbook rental amortization; (iii) warehouse costs related to inventory management and order fulfillment; (iv) insurance; (v) certain payroll costs; and (vi) management service agreement costs, including rent expense related to Barnes & Noble Education's college and university contracts; and (vii) other facility-related expenses.

Fair Value Measurement

We measure the fair value of financial assets as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. We use the GAAP fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of the fair value hierarchy are as follows:

Level 1 — Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 — Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3 — Unobservable inputs for the asset or liability, which include assumptions market participants would use in pricing the asset or liability.

Cash and Cash Equivalents

We consider all highly liquid instruments with an original maturity of 90 days or less at the date of purchase to be cash equivalents.

Restricted Cash

As of April 30, 2026 and 2025, the Company had restricted cash of $19.8 million and $19.7 million, respectively, comprised of $17.4 million and $17.3 million, respectively, in *Prepaid expenses and other current assets* on the *Consolidated Balance Sheets* related to segregated funds for commission due to Lids for logo merchandise sales as per the Lids service provider merchandising agreement and $2.4 million and $2.4 million, respectively, in *Other assets - noncurrent* on the *Consolidated Balance Sheets* related to amounts held in trust for future distributions related to employee benefit plans. The restricted cash was part of net assets acquired as part of the acquisition of Barnes & Noble Education.

Investments in Marketable Securities

Equity Securities. We hold marketable equity investments over which we do not have a controlling interest or significant influence. Our investments in marketable equity securities are classified based on the nature of the securities and their availability for use in current operations.

As of April 30, 2026, our marketable equity securities primarily consisted of mutual funds and corporate common and preferred stocks. Marketable equity investments are reported as *Investment-current* on the *Consolidated Balance Sheets*. They are measured using quoted prices in active markets with changes recorded in *Interest income and other income (expense), net* on the *Consolidated Statements of Operations.*

Debt Securities. Debt securities primarily consist of investments in corporate bonds and U.S. treasury securities and are classified and accounted for as available-for-sale at the time of purchase. We report marketable debt securities as either *Investments-current* or *Investments-noncurrent* on our *Consolidated Balance Sheets* based on each instrument's underlying contractual maturity date and management's intended holding period.

Unrealized gains on available-for-sale securities are included in *Accumulated other comprehensive income (loss)* on the *Consolidated Balance Sheets*, except for credit-related impairment losses for available-for-sale debt securities. Available-for-sale securities in an unrealized loss position are written down to its fair value with the corresponding charge recorded in *Interest income and other income (expense), net,* on our *Consolidated Statements of Operations,* if it is more likely than not that we will be required to sell the security before recovery of its amortized cost basis, or we have the intention to sell the security. Credit-related impairment losses, not to exceed the amount that fair value is less than the amortized cost basis, are recognized through an allowance for credit losses with changes in the allowance for credit losses recorded in *Interest income and other income (expense), net* in the *Consolidated Statements of Operations*. As of April 30, 2026, we did not have any available-for-sale debt securities with unrealized loss positions.

We elected to exclude the applicable accrued interest from both the fair value and amortized cost basis. Applicable accrued interest, net of the allowance for credit losses (if any), of nil and $0.6 million, were recorded in *Accounts and other receivables* on the *Consolidated Balance Sheets* as of April 30, 2026 and 2025, respectively.

Realized gains and losses from the sales of available-for-sale debt securities are determined based on the specific identification method and are reported in *Interest income and other income (expense), net* in the *Consolidated Statements of Operations.*

Derivative Financial Instruments

We invest in derivatives that are not designated as hedging instruments and which consist of call and put options. When we sell call or put options, the premium received is reported as *Other current liabilities* on our *Consolidated Balance Sheets*. When we purchase put or call options, the premium paid is reported as *Investments-current* on our *Consolidated Balance Sheets*. The carrying value of these options is adjusted to the fair value, measured using the practical expedient of the midpoint of the bid-ask spread, at the end of each reporting period until the options expire. Gains and losses recognized from the periodic adjustments to fair value are recognized as *Interest income and other income (expense), net* on our *Consolidated Statements of Operations.*

Accounts Receivable

Receivables represent customer, private and public institutional and government billings (colleges, universities, and other financial-aid providers), credit/debit card receivables, advances for book buybacks, advertising, and other receivables due within one year. The following summarizes the components of our *Accounts receivable, net* balance presented on the *Consolidated Balance Sheets* for the following periods (in thousands):

	April 30, 2026	April 30, 2025
Immersion		
Accounts receivable, net	$ 2,112	$ 2,767
Barnes & Noble Education		
Trade Accounts, net	67,749	54,952
Advances for book buybacks	677	993
Credit/debit card receivables	7,535	14,991
Other receivables	40,565	27,139
	116,526	98,075
Total receivables, net	$ 118,638	$ 100,842

As of April 30, 2026 and 2025, the allowance for expected credit losses included on the *Consolidated Balance Sheets* of Immersion were not material.

The following summarizes the changes to the allowance for expected credit losses related to Barnes & Noble Education's accounts receivable (in thousands):

	For the Fiscal Year Ended April 30, 2026	From June 10, 2024 to April 30, 2025
Allowance, beginning of period	$ 2,148	$ —
Current period provision	3,172	4,016
Recoveries	(2,246)	(1,868)
Write-offs charged against allowance	(2,097)	—
Allowance, end of period	$ 977	$ 2,148

Accounts receivable are presented on our *Consolidated Balance Sheets* net of allowances. An allowance for expected credit losses is determined through an analysis of the aging of accounts receivable and assessments of collectability based on historical trends, the financial condition of our customers and an evaluation of current economic conditions. Barnes & Noble Education will write off uncollectible trade receivables once collection efforts have been exhausted and it will record bad debt expense related to textbook rentals not returned and Barnes & Noble Education is unable to successfully charge the customer. Expense for credit losses on trade receivables is recorded in operating expenses on our *Consolidated Statements of Operations*.

Concentrations of Credit Risk, Geographic Area, and Significant Customers

Immersion. Our financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents, investments, and accounts receivable. Deposits held by banks may exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand.

We license technology primarily to companies in North America, Europe, and Asia. To reduce credit risk, management performs periodic credit evaluations of the financial conditions of our customers. We periodically evaluate potential credit losses to ensure adequate reserves are maintained, but historically we have not experienced any significant losses related to individual customers or groups of customers in any particular industry or geographic area.

Barnes & Noble Education. A significant portion of Barnes & Noble Education's purchases are from a related-party supplier and accounted for approximately 50% and 45% of Barnes & Noble Education's total purchases for the fiscal years ended April 30, 2026 and 2025, respectively. In accordance with *ASC 850 – Related Parties*, Barnes & Noble Education discloses this related-party relationship and evaluates all transactions with this supplier to ensure they are conducted on terms comparable to those with unrelated parties. While Barnes & Noble Education actively monitors supplier performance, seeks to diversify its supplier base, and when feasible, pursues alternative sources of supply, a disruption in the supply chain of this supplier could have a material adverse effect on the Barnes & Noble Education's operations and financial results. See *Note 11. Related-Party Transactions* for additional information on related-party transactions.

Merchandise Inventories

Merchandise inventories, which consist of finished goods, are stated at the lower of cost or market. Market value of Barnes & Noble Education's inventory, which is all purchased finished goods, is determined based on its estimated net realizable value, which is generally the selling price less normally predictable costs of disposal and transportation. Reserves for non-returnable inventory represent write-downs that reduce the cost basis of the asset. These write-downs are based on Barnes & Noble Education's history of liquidating non-returnable inventory, which includes certain assumptions, including markdowns and inventory aging.

Cost is determined primarily by the retail inventory method for Barnes & Noble Education's retail business. Textbook and trade book inventories for retail and wholesale are valued using the LIFO method. For the fiscal year ended April 30, 2026, there was no required LIFO adjustment. For the fiscal year ended April 30, 2025, Barnes & Noble Education recorded a LIFO adjustment in the amount of $6.4 million.

For Barnes & Noble Education's physical bookstores, Barnes & Noble Education estimates and accrues inventory shortage for the period between the last physical count and the balance sheet date. Shortage rates are estimated and accrued based on historical rates and can be affected by changes in merchandise mix and changes in actual shortage trends.

The physical bookstores fulfillment order is directed first to Barnes & Noble Education's wholesale operations before other sources of inventory are utilized. The products that Barnes & Noble Education sells originate from a wide variety of domestic and international vendors. After internal sourcing, the bookstore purchases textbooks from outside suppliers and publishers.

Textbook Rental Inventories

Physical textbooks out on rent are categorized as textbook rental inventories. At the time a rental transaction is consummated, the book is removed from merchandise inventories and moved to textbook rental inventories at cost. The cost of the book is amortized down to its estimated residual value over the rental period. The related amortization expense is included in cost of sales. At the end of the rental period, upon return, the book is removed from textbook rental inventories and recorded in merchandise inventories at its amortized cost.

Cloud Computing Arrangements

Implementation costs incurred in a cloud computing arrangement (or hosting arrangement) that is a service contract are amortized to hosting expense over the term of the arrangement, beginning when the module or component of the hosting arrangement is ready for its intended use. Implementation costs are included in *Prepaid expenses and other assets* in the *Consolidated Balance Sheets* and amortized to *Selling and administrative expense* in the C*onsolidated Statements of Operations*. As of April 30, 2026 and 2025, implementation costs incurred in cloud computing arrangements reflected in *Prepaid and other assets* in the *Consolidated Balance Sheets* were $3.5 million and $5.5 million, respectively. Amortization of implementation costs in *Selling and administrative expense* in the *Consolidated Statement of Operations* was $3.7 million and $2.5 million for the fiscal year ended April 30, 2026 and the period from June 10, 2024 to April 30, 2025, respectively.

Property and Equipment, net

Property and equipment are carried at cost, less accumulated depreciation and amortization. Depreciation and amortization is computed using the straight-line method over estimated useful lives. Maintenance and repairs are expensed as incurred, however major maintenance and remodeling costs are capitalized if they extend the useful life of the asset. For the fiscal years ended April 30, 2026 and 2025, depreciation expense of $38.7 million and $32.0 million, respectively, was included in the *Consolidated Statement of Operations*.

The components of *Property and equipment, net* are as follows (in thousands):

	Useful Life	April 30, 2026	April 30, 2025
Property and equipment			
Leasehold improvements	(a)	$ 32,869	$ 33,483
Machinery, equipment, and display fixtures	5 years	48,829	46,552
Computer hardware and capitalized software	(b)	36,789	33,184
Office furniture and others	5 - 7 years	14,848	13,406
Construction in progress		1,767	1,698
Total property and equipment		135,102	128,323
Less: Accumulated depreciation and amortization		(66,885)	(32,508)
Total property and equipment, net		$ 68,217	$ 95,815

(a) Leasehold improvements are capitalized and depreciated over the shorter of the lease term or the useful life of the improvements, from 5 to 15 years.

(b) System costs are capitalized and amortized over their estimated useful lives, from the date the systems become operational. Purchased software is generally amortized over a period of between 3 - 5 years.

Leases

Operating leases are accounted for as right-of-use (“ROU”) assets and lease liability obligations in the *Consolidated Balance Sheets.* ROU assets and lease liabilities are recognized at lease commencement date (or business combination date, as applicable) based on the present value of lease payments over the lease term. Barnes & Noble Education elected to combine lease and non-lease components and account for them as a single lease component. As Barnes & Noble Education’s leases typically do not provide an implicit rate, Barnes & Noble Education estimates its incremental borrowing rate based on the information available at the commencement date (or business combination date, as applicable) in determining the present value of lease payments. ROU assets also include any lease payments made and exclude lease incentives and direct costs. Barnes & Noble Education elected to not present leases with an initial term of 12 months or less on Barnes & Noble Education’s *Consolidated Balance Sheets*. Variable lease payments primarily include rent payments based on percentages of sales generated, as specified in Barnes & Noble Education’s college and university contracts, reimbursements of costs incurred by lessors for common area maintenance and utilities and are expensed as incurred and are not included within the ROU asset and lease liability calculation, except to the extent of the Next Year MAG (defined below) for which Barnes & Noble Education recognizes lease expense for contracts with fixed lease payments on a straight-line basis over the contractual term. Barnes & Noble Education recognizes variable lease payments as incurred. Barnes & Noble Education recognizes lease expense related to its college and university contracts as cost of sales in the *Consolidated Statements of Operations* and recognizes lease expense related to its various office spaces as selling and administrative expenses in the *Consolidated Statements of Operations*. See *Note 7. Leases* for additional information.

Legal Proceedings and Litigations

We are involved in legal proceedings on an ongoing basis. If we believe that a loss arising from such matters is probable and can be reasonably estimated, we accrue the estimated loss in our *Consolidated Financial Statement*s. If only a range of estimated losses can be determined, we accrue an amount within the range that, in our judgment, reflects the most likely outcome; if none of the estimates within that range is a better estimate than any other amount, we accrue the low end of the range.

Patent Defense Costs

Costs associated with patent applications, patent prosecution, patent defense and the maintenance of patents are charged to expense as incurred and included in *Selling and administrative expenses* on the *Consolidated Statements of Operations.*

Income Taxes

We use the asset and liability method of accounting for income taxes. Under this method, income tax expense is recognized for the amount of taxes payable or refundable for the current year. In addition, deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities, and for operating losses and tax credit carryforwards. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized and are reversed at such a time that realization is believed to be more-likely-than-not.

Selling and Administrative Expenses

Immersion’s selling and administrative expenses primarily consisted of employee compensation and benefits including stock-based compensation, legal and other professional fees, external legal costs for patents, office expense, travel, and facilities costs.

Barnes & Noble Education’s selling and administrative expenses consist primarily of employee payroll and store operating expenses. Selling and administrative expenses also include long-term incentive plan compensation expense and general office expenses, such as merchandising, procurement, field support, finance, and accounting.

Stock-based Compensation

We recognize stock-based compensation cost for shares, net of estimated forfeiture over the requisite service period of the award, which is the vesting period. We use the Black-Scholes Merton option pricing model to determine the fair value of stock options and employee stock purchase plan shares. For awards with market conditions, we use a Monte Carlo simulation model which requires the input of assumptions, including expected term, stock price volatility and the risk-free rate of return. In addition, judgment is also required in estimating the number of stock-based awards that are expected to be forfeited. Forfeitures are estimated based on historical experience at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

Barnes & Noble Education has granted stock-based compensation in accordance with the Barnes & Noble Education Inc. Equity Incentive Plan (the "Barnes & Noble Education Equity Incentive Plan"). The types of equity awards that can be granted under the Barnes & Noble Education Equity Incentive Plan include options, restricted stock, restricted stock units, performance shares, performance share units, and phantom share units. See *Note 12. Stock-Based Compensation* for additional information.

Advertising Costs

The costs of advertising are expensed as incurred during the year pursuant to *ASC No. 720-35, Advertising Costs*. There were advertising costs of $4.1 million and $4.7 million of advertising costs included in *Selling and administrative expenses* on the *Consolidated Statement of Operations* for the fiscal year ended April 30, 2026 and the period from June 10, 2024 to April 30, 2025, respectively.

Recently Adopted Accounting Pronouncements

In September 2025, the Financial Accounting Standards Board (the "FASB") issued ASU No. 2025-07 ("ASU 2025-07"), *Derivatives and Hedging (Topic 815) (*"Topic 815") and "Revenue from Contracts with Customers (Topic 606)." The guidance refines the scope of Topic 815 to clarify which contracts are subject to derivative accounting. This ASU also provides clarification under Topic 606 for share-based payments from a customer in a revenue contract. The amendments in ASU 2025-07 are effective for fiscal years beginning after December 15, 2026, and interim reporting periods, with early adoption permitted. The Company adopted ASU No. 2025-07 during the fiscal quarter ending October 31, 2025. See *Note 15. Participation Interest Purchase Agreement* for additional information.

In December 2023, the FASB issued *ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which enhances annual income tax disclosure requirements, including additional information related to the effective tax rate reconciliation and income taxes paid. The Company adopted this guidance on a prospective basis during the fourth quarter of fiscal 2026. Adoption of the ASU did not impact the Company's consolidated financial position, results of operations, cash flows, or earnings per share, but resulted in enhanced income tax disclosures. See *Note 17. Income Taxes* for additional information.

Recent Accounting Pronouncements Not Yet Adopted

In September 2025, the FASB issued ASU 2025-06, Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software ("ASU 2025-06"). ASU 2025-06 modernizes and simplifies the accounting for software development costs by establishing a single capitalization framework for all internally developed or acquired software, regardless of whether the software is intended for internal use, to be sold, or to be used in delivering products and services. The new guidance retains the concept of project stages but eliminates the historical distinction between internal-use software and software to be sold or marketed. ASU 2025-06 is effective for fiscal years beginning after December 15, 2027, including interim periods within those fiscal years, with early adoption permitted. The guidance is required to be applied prospectively, with optional retrospective or modified retrospective transition methods. The Company is currently evaluating the impact of ASU 2025-06 on its consolidated financial statements.

In November 2024, the FASB issued ASU 2024-03, *Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures*. The ASU requires a public business entity to provide disaggregated disclosures of certain categories of expenses on an annual and interim basis including purchases of inventory, employee compensation, depreciation, and intangible asset amortization for each income statement line item that contains those expenses. This ASU is effective for annual and interim periods beginning after December 15, 2026 (our 2028 fiscal year), with early adoption permitted. We are currently assessing this guidance and determining the impact on our consolidated financial statements.

3. BUSINESS COMBINATION

On June 10, 2024 ("Closing Date"), the Transactions (defined below) were consummated pursuant to the terms of the Purchase Agreement among Barnes & Noble Education and the Purchasers (as defined in the Purchase Agreement), following Barnes & Noble Education's receipt of the requisite approval of its stockholders at a special meeting of its stockholders held on June 5, 2024. The following is presented on a post-reverse stock split basis, which is defined as a reverse stock split of Barnes & Noble Education's outstanding shares of common stock at a ratio of 1-for-100, effective at June 11, 2024.

Pursuant to the terms of the Purchase Agreement, Barnes & Noble Education conducted a rights offering (the "Rights Offering"), whereby Barnes & Noble Education distributed at no charge to the holders of its common stock ("BNED Common Stock") non-transferable subscription rights ("Rights") to purchase up to an aggregate of 9,000,000 new shares of BNED Common Stock (the "Offered Shares") at a subscription price of $5.00 per share (the "Subscription Price"). On the Closing Date, Barnes & Noble Education issued the Offered Shares, including approximately $10 million of Offered Shares purchased by Toro 18 Holdings LLC, a wholly-owned subsidiary of Immersion, ("Investor") pursuant to the Backstop Commitment (as defined in the Purchase Agreement). Pursuant to the Backstop Commitment, Immersion through Investor, purchased 2,006,701 shares of BNED Common Stock. Barnes & Noble Education reimbursed Immersion, through Investor, for reasonable legal and other expenses in connection with the Transactions in the amount of $2.5 million. Barnes & Noble Education also paid an amount equal to $2.5 million to Immersion, through Investor, as payment in consideration for its Backstop Commitment.

In addition to the Rights Offering, Immersion, through Investor, purchased from Barnes & Noble Education an aggregate of 9,000,000 new shares of BNED Common Stock at the Subscription Price for a purchase price of $45 million (the "PIPE Transaction", and together with the Rights Offering, the "Transactions").

As a result of the Transactions, we acquired 42% of all outstanding common shares of Barnes & Noble Education, as well as control over Barnes & Noble Education through five Immersion-appointed board seats. The total cash consideration transferred was approximately $50.1 million after the $2.5 million Backstop Commitment and $2.1 million in transaction costs, incurred by Immersion but reimbursed by Barnes & Noble Education. For the fiscal year ended April 30, 2025, Immersion incurred costs related to this acquisition of $1.2 million, inclusive of the expenses reimbursed by Barnes & Noble Education, that were expensed as incurred and recorded in *Selling and administrative expenses* in the accompanying C*onsolidated Statement of Operations*. The acquisition aims to expand Immersion's offerings, increase its customer reach, and diversify into the education sector.

The fair value of the noncontrolling interest of $203.7 million on the Closing Date was calculated using the acquisition-date fair value of $13.40 per share multiplied by the number of noncontrolling interest shares.

The acquisition was accounted for as a business combination and the total purchase price was allocated to the net tangible and intangible assets and liabilities based on their fair values on the acquisition date with the excess recorded as goodwill. The amounts presented below include the final measurement period adjustments to finalize the purchase price allocation and were recorded during the fiscal year ended April 30, 2025. See *Note 8. Goodwill and Intangible Assets* for additional information.

The following table presents the final purchase price allocation for the acquisition (in thousands):

		Final Purchase Price Allocation
Assets acquired		
Cash and cash equivalents	$	14,736
Accounts receivable		115,320
Merchandise inventories		336,741
Textbook rental inventories		5,158
Prepaid expenses and other current assets (including $4.8 million in restricted cash)		26,969
Property and equipment		118,818
Operating lease right-of-use assets		186,180
Intangible assets		95,000
Other assets noncurrent (including $1.0 million in restricted cash)		11,796
Total assets acquired	$	910,718
Liabilities assumed		
Accounts payable		279,456
Accrued liabilities		98,974
Deferred revenue - current		7,651
Operating lease liabilities - current		76,677
Deferred income taxes – noncurrent		4,790
Operating lease liabilities - noncurrent		141,501
Deferred revenue - noncurrent		3,393
Other long-term liabilities		12,413
Long-term borrowings		101,235
Total liabilities assumed	$	726,090
Net assets acquired	$	184,628
Total consideration transferred	$	50,133
Less: Net assets acquired		(184,628)
Plus: Noncontrolling interest		203,657
Goodwill	$	69,162

Identifiable intangible assets acquired were comprised of the following (in thousands except for estimated life):

		Amount	Estimated Life
Trade name	$	45,000	Indefinite
Customer relationships		50,000	13 years
Total intangible assets	$	95,000	

Trade name represents Barnes & Noble Education’s right to its trade name on a perpetual, royalty-free basis as it existed on the Closing Date. Customer relationships consist of distinct values associated with Barnes & Noble Education’s large operating footprint with direct access to students and faculty across a diverse customer base.

We used the assistance of a third-party firm to estimate the fair value of the intangible assets acquired. The fair values assigned to identifiable intangible assets were determined through the use of the income approach, specifically the relief from royalty and the multi-period excess earnings methods. The key assumptions used to estimate the values of identifiable intangible assets include management’s estimates of future revenue, adjusted for growth; EBITDA margins; royalty rate; attrition based on historical data; and management's forward-looking expectations. These cash flows were discounted at a rate of 21%, which reflects our cost of equity. The useful lives for intangible assets were determined based upon the remaining useful economic lives of the intangible assets that are expected to contribute directly or indirectly to future cash flow.

Goodwill generated from this acquisition is primarily attributed to the value of Barnes & Noble Education’s assembled workforce. Goodwill is not amortized and is tested for impairment at least annually or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Our entire goodwill balance is associated with the Barnes & Noble Education reporting unit. Goodwill is not deductible for tax purposes.

We acquired a deferred tax liability of $4.8 million, recorded under *Deferred income taxes – noncurrent*, as part of this business combination.

We also used the assistance of a third-party valuation firm to estimate the fair value of the property and equipment, and inventory acquired. The fair value as of the Closing Date reflects a step-up in basis due to the highly depreciable nature of the property and equipment. No material fair value adjustments for inventory were identified, as there are minimal costs associated with procurement.

Most of the net tangible assets were valued at their respective carrying amounts as of the acquisition date, as we believe that these amounts approximate their current fair values. The leases acquired were recorded at their respective fair values as of the acquisition date.

The acquired entity's results of operations were included in our *Consolidated Financial Statements* from the date of acquisition, June 10, 2024. For the fiscal year ended April 30, 2025, Barnes & Noble Education contributed net revenue of $1.5 billion and net income (loss) of $49.1 million, which are both reflected in the accompanying *Consolidated Statement of Operations*.

The following unaudited pro forma combined financial information gives effect to the acquisition of Barnes & Noble Education as if it was consummated on May 1, 2024 (the beginning of the comparable prior reporting period), and includes pro forma adjustments related to the amortization of acquired intangible assets and other adjustments that were not material.

This unaudited data is presented for informational purposes only and is not intended to represent or be indicative of the results of operations that would have been reported had the acquisition occurred on May 1, 2024. It should not be taken as representative of future results of operations of the combined company.

The following presents the unaudited pro forma combined financial information (in thousands):

	Fiscal Year Ended April 30, 2025
Revenues	$ 1,684,243
Net Income (Loss)	(14,551)

4. SEGMENT INFORMATION

Following the closing of the Transactions with Barnes & Noble Education, the Company operates as two operating and reporting segments, Immersion and Barnes & Noble Education. We identify these segments based on the distinct business activities of each company as they are managed separately.

Our Chief Executive Officer, as the Company's Chief Operating Decision Maker, uses *Operating income (loss)* as the profitability metric for the purposes of making decisions related to the allocation of resources to each segment and assessing performance of each segment.

Due to the nonhomogeneous operations of Immersion and Barnes & Noble Education, the Company's *Consolidated Balance Sheets* and *Consolidated Statement of Operations* for the fiscal year ended April 30, 2026 and 2025, separately present the operating assets, liabilities, and operations of Immersion's business from the operating assets, liabilities, and operations of Barnes & Noble Education's business. Our *Consolidated Statements of Operations* includes each segment's significant segment expenses. Summarized financial information for our reportable segments is reported below (in thousands):

	Fiscal Years Ended April 30,	
	2026	**2025**
REVENUES		
Immersion	$ 15,924	$ 74,073
Barnes & Noble Education	1,714,770	1,481,803
Total revenues	1,730,694	1,555,876
COST OF SALES (excludes depreciation and amortization expense)		
Barnes & Noble Education	1,359,411	1,124,175
OPERATING EXPENSES		
Immersion		
Selling and administrative expenses	12,153	25,757
Barnes & Noble Education		
Selling and administrative expenses	288,487	252,754
Depreciation and amortization expense	42,499	35,274
Impairment loss	5,089	1,247
Other (income) expense	(2,859)	(1,351)
	333,216	287,924
Total operating expenses	345,369	313,681
OPERATING INCOME (LOSS)		
Immersion	3,771	48,316
Barnes & Noble Education	22,143	69,704
Operating Income (Loss)	$ 25,914	$ 118,020

The reconciliation between segment operating income (loss) and income (loss) before income taxes is included within our *Consolidated Statements of Operations*.

Geographically, Immersion's revenues have historically been concentrated in Asia, primarily in Japan and Korea. The geographic distribution of revenues for Asia, Europe, and North America for the fiscal year ended April 30, 2026, represented 73%, 2%, and 25%, respectively, of our total revenue as compared to 87%, 8%, and 5%, respectively for the fiscal year ended April 30, 2025.

The following table is a summary of Property and Equipment Additions and *Total Assets* by reportable segment (in thousands):

	Fiscal Years Ended April 30,	
	2026	2025
Property and Equipment Additions		
Immersion	$ —	$ 7
Barnes & Noble Education	16,196	11,230
Total property and equipment additions	$ 16,196	$ 11,237
Total Assets		
Immersion	$ 210,850	$ 213,980
Barnes & Noble Education	841,492	888,293
Total assets	$ 1,052,342	$ 1,102,273

As of April 30, 2026, 87% and 13% of Immersion's long-lived assets were located in Canada and the U.S., respectively, and Barnes & Noble Education's long-lived assets were located in the U.S. As of April 30, 2025, 92% and 8% of Immersion's long-lived assets were located in Canada and the U.S., respectively, and Barnes & Noble Education's long-lived assets were located in the U.S.

5. REVENUE

Immersion

Disaggregated Revenue

The following presents the disaggregation of Immersion's revenue for these periods (in thousands):

	Fiscal Years Ended April 30,	
	2026	2025
Fixed fee license revenue	$ 2,963	$ 62,519
Per-unit royalty revenue	12,961	11,554
Total royalty and license revenue	$ 15,924	$ 74,073

Contract Assets

At April 30, 2026, we had contract assets of $8.2 million included within *Prepaid expenses and other current assets* and $19.8 million within *Other assets - noncurrent* on the *Consolidated Balance Sheets.* As of April 30, 2025, we had contract assets of $7.8 million included within *Prepaid expenses and other current assets* and $27.4 million included within *Other assets - noncurrent* on the *Consolidated Balance Sheets*.

Contract assets decreased by approximately $(7.2) million for the fiscal year ended April 30, 2026, primarily due to the actual billing of unbilled amounts during the fiscal year ended April 30, 2026. Contract assets increased by $28.5 million for the fiscal year ended April 30, 2025, primarily due to an increase in unbilled revenue related to the new contracts we entered into during the fiscal year ended April 30, 2025.

Deferred Revenue

The following table presents changes in deferred revenue associated with Immersion's contract liabilities (in thousands):

	Fiscal Years Ended April 30,	
	2026	2025
Deferred revenue beginning of the period	$ 8,728	$ 20,472
Additions to deferred revenue during the period	-	882
Reductions to deferred revenue for revenue recognized during the period	(2,938)	(12,626)
Deferred revenue balance end of the period	$ 5,790	$ 8,728

Revenue recognized during the fiscal years ended April 30, 2026 and 2025 that was included in the deferred revenue balance at the beginning of the period was $2.9 million and $12.5 million, respectively.

Based on contracts signed and payments received at April 30, 2026, we expect to recognize $5.8 million in revenue under our fixed fee license agreements, which are satisfied over time, including $5.5 million over one to three years, and $0.3 million over more than three years.

Barnes & Noble Education

Revenue from sales of Barnes & Noble Education's products and services is recognized either at the point in time when control of the products is transferred to its customers or over time as services are provided in an amount that reflects the consideration Barnes & Noble Education expects to be entitled to in exchange for the products or services.

Disaggregated Revenue

The following table disaggregated the revenue associated with Barnes & Noble Education's major products and service offerings (in thousands):

	Fiscal Year Ended April 30, 2026	From June 10, 2024 to April 30, 2025
Course material product sales	$ 1,128,820	$ 937,235
General merchandise product sales [(a)]	358,101	325,298
Services and other revenue [(b)]	77,444	79,904
Total product and other revenue	1,564,365	1,342,437
Course materials rental income	150,405	139,366
Total revenue	$ 1,714,770	$ 1,481,803

(a) Logo general merchandise sales are recognized on a net basis as commission revenue in the consolidated financial statements.
(b) Service and other revenue primarily relates to brand marketing programs and other service revenues.

Contract Assets and Contract Liabilities

Contract assets represent the sale of goods or services to a customer before we have the right to obtain consideration from the customer. Contract assets consist of unbilled amounts at the reporting date and are transferred to accounts receivable when the rights become unconditional. Contract assets (unbilled receivables) were $1.2 million and $0.6 million at May 2, 2026 and May 3, 2025, respectively, on Barnes & Noble Education's *Consolidated Balance Sheets*.

Contract liabilities represent an obligation to transfer goods or services to a customer for which we have received consideration and consists of our deferred revenue liability (deferred revenue). Deferred revenue consists of the following:

- advanced payments from customers related to textbook rental performance obligations, which are recognized ratably over the terms of the related rental period;
- unsatisfied performance obligations associated with partnership marketing services, which are recognized when the contracted services are provided to our partnership marketing customers; and
- unsatisfied performance obligations associated with the premium paid for the sale of treasury shares, which are expected to be recognized over the term of the merchandising contracts for Fanatics and Lids., respectively.

Deferred Revenue

The following table presents changes in deferred revenue associated with Barnes & Noble Education's contract liabilities (in thousands):

	Fiscal Year Ended April 30, 2026	From June 10, 2024 to April 30, 2025
Deferred revenue at beginning of period	$ 13,566	$ 11,044
Additions to deferred revenue during the period	179,893	173,969
Reductions to deferred revenue for revenue recognized during the period	(180,266)	(171,447)
Deferred revenue balance at the end of period	$ 13,193	$ 13,566

Revenue recognized during the 52 weeks ended May 2, 2026 and the 53 weeks ended May 3, 2025 that was included in the contract liability balance at the beginning of each respective fiscal year was $10.7 million and $11.5 million respectively.

6. INVESTMENTS AND FAIR VALUE MEASUREMENTS

Immersion invests surplus funds in excess of operational requirements in a diversified portfolio of marketable securities, with the objectives of delivering competitive returns, maintaining a high degree of liquidity, and seeking to avoid the permanent impairment of principal. The following summarizes our investments in marketable-equity and debt securities as of April 30, 2026 and 2025 (in thousands):

	April 30, 2026	April 30, 2025
Investments – current		
Marketable-equity securities	$ 42,168	$ 55,784
U.S. treasury securities	—	33,005
Total Investments – current	$ 42,168	$ 88,789

	April 30, 2026	April 30, 2025
Investments – noncurrent		
Corporate bonds	—	13,880
Total Investments – noncurrent	$ —	$ 13,880

Marketable Securities

Marketable securities consisted of the following as of these periods (in thousands):

	April 30, 2026			
	Cost or Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Marketable-equity securities				
Equity securities	$ 47,087	$ 5,365	$ (10,284)	$ 42,168
Total marketable securities	$ 47,087	$ 5,365	$ (10,284)	$ 42,168

	April 30, 2025			
	Cost or Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Marketable-equity securities				
Equity securities	$ 63,677	$ 6,892	$ (14,785)	$ 55,784
Marketable-debt securities				
U.S. treasury securities	32,674	331	—	33,005
Corporate bonds	13,802	147	(69)	13,880
Total marketable-debt securities	46,476	478	(69)	46,885
Total marketable securities	$ 110,153	$ 7,370	$ (14,854)	$ 102,669

Derivative Financial Instruments

Immersion's derivative instruments consisted of call and put options sold at their fair value at the balance sheet date. These derivative instruments are reported as *Other current liabilities* on our *Consolidated Balance Sheets* as of April 30, 2026 and 2025 (in thousands):

	April 30, 2026		
	Cost	Unrealized Gains (Losses)	Fair Value
Derivative instruments	$ 10,690	$ 1,185	$ 11,875
Total	$ 10,690	$ 1,185	$ 11,875

	April 30, 2025		
	Cost	Unrealized Gains (Losses)	Fair Value
Derivative instruments	$ 6,045	$ 3,709	$ 9,754
Total	$ 6,045	$ 3,709	$ 9,754

The following summarizes the realized and unrealized gains and losses from Immersion's equity securities and derivative instruments and realized gains and losses from our marketable-debt securities for the following periods (in thousands):

	Fiscal Year Ended April 30, 2026	Fiscal Year Ended April 30, 2025
Net unrealized gains (losses) recognized on marketable-equity securities	$ 2,974	$ (7,744)
Net realized gains (losses) recognized on marketable-equity securities	(6,618)	6,538
Net unrealized gains (losses) recognized on derivative instruments	2,525	(6,204)
Net realized gains (losses) recognized on derivative instruments	6,884	10,192
Net realized gains (losses) recognized on marketable-debt securities	(107)	2,604
Total net gains (losses) recognized in interest income and other income (expense), net	$ 5,658	$ 5,386

Fair Value Measurements

The fair value of certain financial instruments including *Cash and cash equivalents; Accounts receivable, net; Accounts payable;* and *Accrued liabilities* approximate their carrying value due to their short-term nature and are classified within Level 1. The fair value of our *Long-term borrowings* approximates its carrying value and is classified as Level 2, as it is estimated using observable market inputs such as current interest rates and credit spreads for similar instruments.

Our financial instruments measured at fair value on a recurring basis consisted of U.S. treasury securities, equity securities, corporate bonds, and derivatives. Equity securities and certain derivative instruments are classified within Level 1 of the fair value hierarchy as they are valued based on quoted market price in an active market. U.S. treasury securities, corporate bonds, and certain derivative instruments are valued based on quoted prices in markets that are less active, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency are generally classified within Level 2 of the fair value hierarchy.

Financial instruments valued based on unobservable inputs, which reflect the reporting entity's own assumptions or data that market participants would use in valuing an instrument, are generally classified within Level 3 of the fair value hierarchy.

Non-Financial Assets and Liabilities Fair Value Measurements

Our non-financial assets include property and equipment, operating lease right-of-use assets, and intangible assets. Such assets are reported at their carrying values and are not subject to recurring fair value measurements. We review our long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable in accordance with *ASC 360-10, Accounting for the Impairment or Disposal of Long-Lived Assets*. See *Note 2. Basis of Presentation and Summary of Significant Accounting Policies* for additional information.

Barnes & Noble Education granted phantom share units as long-term incentive awards that are settled in cash based on the fair market value of a share of common stock of the Company at each vesting date. The fair value of the liability for the cash-settled phantom share unit awards will be remeasured at the end of each reporting period through settlement to reflect current risk-free rate and volatility assumptions. At April 30, 2026 a liability was recorded, which is not material to the balance sheet (Level 2 input) and is reflected in *Accrued liabilities* on the *Consolidated Balance Sheets*. See *Note 12. Stock-Based Compensation* for additional information.

Immersion's financial instruments measured at fair value, on a recurring basis, at April 30, 2026 and 2025, are classified based on the valuation technique below (in thousands):

	April 30, 2026			
	Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets				
Money market funds (within cash and cash equivalents)	$ 109,631	$ —	$ —	$ 109,631
Equity securities	42,168	—	—	42,168
Total assets at fair value	$ 151,799	$ —	$ —	$ 151,799
Liabilities				
Derivative instruments	$ 2,166	$ 9,709	$ —	$ 11,875
Total liabilities at fair value	$ 2,166	$ 9,709	$ —	$ 11,875

	April 30, 2025			
	Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Money market funds (within cash and cash equivalents)	$ 59,747	$ —	$ —	$ 59,747
U.S. treasury securities	—	33,005	—	33,005
Equity securities	55,784	—	—	55,784
Corporate bonds	3,272	10,608	—	13,880
Total assets at fair value	$ 118,803	$ 43,613	$ —	$ 162,416
Liabilities				
Derivative instruments	$ 6,456	$ 3,298	$ —	$ 9,754
Total liabilities at fair value	$ 6,456	$ 3,298	$ —	$ 9,754

7. LEASES

Immersion

For the fiscal years ended April 30, 2026 and 2025, Immersion's leases and related activity were not material.

Barnes & Noble Education

Barnes & Noble Education recognizes lease assets and lease liabilities on the *Consolidated Balance Sheets* for substantially all lease arrangements based on the present value of future lease payments as required by *Leases*. Barnes & Noble Education's portfolio of leases consists of operating leases comprised of operating agreements which grant Barnes & Noble Education the right to operate on-campus bookstores at colleges and universities; real estate leases for office and warehouse operations; and vehicle leases. Barnes & Noble Education has one immaterial finance lease and no short-term leases (i.e., those with a term of twelve months or less).

Barnes & Noble Education recognizes an ROU asset and lease liability on the *Consolidated Balance Sheets* for leases with a term greater than twelve months. Options to extend or terminate a lease are included in the determination of the ROU asset and lease liability when it is reasonably certain that such options will be exercised.

Barnes & Noble Education lease terms generally range from one year to fifteen years, and a number of agreements contain minimum annual guarantees, many of which are adjusted at the start of each contract year based on the actual sales activity of the leased premises for the most recently completed contract year.

Payment terms are based on the fixed rates explicit in the lease, including minimum annual guarantees, and/or variable rates based on: (i) a percentage of revenues or sales arising at the relevant premises ("variable commissions"); and/or (ii) operating expenses, such as common area charges, real estate taxes, and insurance. For contracts with fixed lease payments, including those with minimum annual guarantees, Barnes & Noble Education recognizes lease expense on a straight-line basis over the lease term. For variable commissions, Barnes & Noble Education recognizes lease expense as incurred. Barnes & Noble Education lease agreements do not contain any material residual value guarantees, material restrictions or covenants.

Barnes & Noble Education uses its incremental borrowing rate to determine the present value of fixed lease payments based on the information available at the lease commencement date, if the rate implicit in the lease is not readily determinable. Barnes & Noble Education utilizes an estimated collateralized incremental borrowing rate as of the effective date or the commencement date of the lease, whichever is later.

The following summarizes lease expense for the periods presented below (in thousands):

	Fiscal Year Ended April 30, 2026	From June 10, 2024 to April 30, 2025
Operating lease costs	$ 55,186	$ 60,179
Variable lease costs	143,392	59,650
Short-term lease costs	—	16,970
Total lease costs	$ 198,578	$ 136,799

The following summarizes Barnes & Noble Education's minimum fixed lease obligations, excluding variable commissions, at (in thousands):

	Operating lease liabilities
Fiscal 2027	$ 78,772
Fiscal 2028	25,099
Fiscal 2029	21,523
Fiscal 2030	14,919
Fiscal 2031	16,821
Thereafter	7,500
Total lease payments	164,634
Less: imputed interest	(12,953)
Operating lease liabilities at period end	$ 151,681

Future lease payment obligations related to leases that were entered into, but did not commence at April 30, 2026, were not material.

The following is additional information related to Barnes & Noble Education's operating leases as of (in thousands except weighted-average information):

	April 30, 2026	April 30, 2025
Weighted-average remaining lease term (in years)	4.4	4.7
Weighted-average discount rate	6.7%	6.8%
Supplemental cash flow information:		
Cash payments for lease liabilities within operating activities	$ 55,343	$ 110,853
ROU assets obtained in exchange for lease liabilities from initial recognition	42,580	19,977

8. GOODWILL AND INTANGIBLE ASSETS

Goodwill

We recognized $69.2 million in goodwill as the result of the business combination with Barnes & Noble Education on June 10, 2024. As of April 30, 2026 and 2025, the Company recorded goodwill of $69.2 million on our *Consolidated Balance Sheets.*

Intangible Assets, net

The following summarizes our intangible assets, excluding goodwill, recorded as intangible assets on our *Consolidated Balance Sheets* as of the periods presented below (in thousands):

	April 30, 2026			
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted-average remaining life (Years)
Trade name	$ 45,000	N/A	$ 45,000	Indefinite
Customer relationships	50,000	(7,267)	42,733	11.2
Total	$ 95,000	$ (7,267)	$ 87,733	

	April 30, 2025			
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted-average remaining life (Years)
Trade name	$ 45,000	N/A	$ 45,000	Indefinite
Customer relationships	50,000	(3,419)	46,581	12.2
Total	$ 95,000	$ (3,419)	$ 91,581	

Amortization of finite-lived intangible assets is computed using the straight-line method over their estimated useful lives. Trade name is determined to have an indefinite useful life and is not subject to amortization. Amortization expense was $3.8 million and $3.4 million for the fiscal years ended April 30, 2026 and 2025, respectively.

Estimated amortization expense of the intangible assets to be recognized by the Company are (in thousands):

Fiscal Year Ended April 30,		
2027	$	3,846
2028		3,846
2029		3,846
2030		3,846
2031		3,846
Thereafter		23,503
Total	$	42,733

9. IMPAIRMENT OF LONG-LIVED ASSETS

Barnes & Noble Education performed long-lived asset impairment testing of the asset groups associated with the affected locations. Each asset group consists of the following assets attributable to each bookstore location or portfolio: (i) operating lease right-of-use ("ROU") assets; (ii) customer relationship intangible assets recognized in connection with the respective bookstore management services agreements; (iii) leasehold improvements, capitalized implementation and signing bonuses, and capital improvement reimbursements classified within property and equipment; and (iv) other assets.

Barnes & Noble Education determined that the carrying values of the affected asset groups were not recoverable, as the sum of the expected undiscounted future cash flows attributable to each asset group was insufficient to recover the respective carrying values given the planned cessation of operations. Accordingly, Barnes & Noble Education measured and recognized an impairment loss equal to the amount by which each asset group's carrying value exceeded its estimated fair value. Fair value was estimated using a discounted cash flow approach; for operating lease ROU assets, fair value reflected the present value of reasonably obtainable sublease income, which was determined to be nominal given the campus-specific nature of the bookstore locations.

For the fiscal years ended April 30, 2026 and 2025, the aggregate impairment charges of $5.1 million and $1.2 million are presented within the *Impairment Loss* on the *Consolidated Statement of Operations* and the following tables summarize the impairment charges by asset class (in thousands):

	Fiscal Year Ended April 30, 2026					
	Property and equipment, net		**Operating Lease Right-of-use Assets**		**Total**	
Impairment loss	$	2,765	$	2,324	$	5,089

	Fiscal Year Ended April 30, 2025					
	Property and equipment, net		**Operating Lease ROU Assets**		**Total**	
Impairment loss	$	647	$	600	$	1,247

10. DEBT

The following summarizes Barnes & Noble Education's outstanding borrowings for the following periods (in thousands):

	Maturity Date	April 30, 2026	April 30, 2025
Restated ABL Facility	June 9, 2028	$ 71,000	$ 103,098
Balance Sheet Classification:			
Short-term borrowings		$ —	$ —
Long-term borrowings		71,000	103,098
Total Long-term borrowings		$ 71,000	$ 103,098

Restated ABL Credit Facility

On the Closing Date, Barnes & Noble Education amended and restated and extended the maturity of its existing asset-based credit facility with Bank of America, N.A., as administrative agent, collateral agent and swing line lender, and other lenders from time to time party thereto (such amended and restated credit facility, the "Restated ABL Facility"). Pursuant to the Restated ABL Facility, the lenders thereunder have committed to provide a four-year asset-backed revolving credit facility in an aggregate committed principal amount of up to $325 million. The Restated ABL Facility has a maturity date of June 9, 2028. Barnes & Noble Education has interest only obligations until June 9, 2028, at which time the total principal is due and payable.

Interest under the Restated ABL Facility accrues, at the election of Barnes & Noble Education, either (x) based on the Secured Overnight Financing Rate ("SOFR"), which is subject to a floor of 2.5% per annum, plus a spread of 3.5% per annum or (y) at an alternate base rate, which is subject to a floor of 3.5% per annum, plus a spread of 2.5% per annum, provided that, in the event Barnes & Noble Education meets certain financial metrics for a consecutive six-month period beginning and ending after the one-year anniversary of the Closing Date, the foregoing spreads shall be reduced by 0.25% per annum. During the fiscal year ended April 30, 2026 and for the period from June 10, 2024 to April 30, 2025, Barnes & Noble Education incurred interest expense of $12.2 million and $14.3 million, respectively.

The Restated ABL Facility contains customary negative covenants that limit Barnes & Noble Education's ability to incur or assume additional indebtedness, grant or permit liens, make investments, make dividend payments, make Restricted Payments (as defined under the Restated ABL Facility agreement) and other specified payments, merge with other entities, dispose of or acquire assets, or engage in transactions with affiliates, among other things. Additionally, the Restated ABL Facility includes the following financial maintenance covenants:

- following the date that is six months following the Closing Date, Barnes & Noble Education is required to maintain a minimum Availability (as defined in the Restated ABL Facility agreement) of (x) $25 million for the first thirty (30) months after the Closing Date and (y) $30 million after the date that is thirty (30) months after the Closing Date;

- commencing with the month ending on or about May 31, 2025, Barnes & Noble Education is required to maintain a Consolidated Fixed Charge Coverage Ratio (as defined in the Restated ABL Facility) of not less than 1.10 to 1.00, which will be tested monthly on the last day of each fiscal month for the trailing 12-month period; and

- commencing with the quarter ending on or about October 31, 2024, Barnes & Noble Education is required to maintain a minimum Consolidated EBITDA (as defined in the Restated ABL Facility), which will be tested quarterly on the last day of each fiscal quarter for (a) the trailing six-month period for the first test date, (b) the trailing nine-month period of the second test date and (c) for the trailing 12-month period thereafter.

The Restated ABL Facility contains customary events of default, including for non-payment of obligations owing under the Credit Facility, material breaches of representations and warranties, failure to perform or observe covenants, default on other material indebtedness, customary ERISA events of default, bankruptcy and insolvency, material judgments, invalidity of liens on collateral, change of control or cessation of business. The Restated ABL Facility also contains customary affirmative covenants and representations and warranties.

As a result of the Investigation and related restatement process during the fiscal year ended April 30, 2025, Barnes & Noble Education was unable to deliver its fiscal 2025 annual financial statements, as well as its first and second quarter fiscal 2026 financial statements, by the dates originally required under the Credit Facility. The lenders provided several waivers to extend the reporting deadlines and waive certain related representations and warranties that may have been impacted by the Investigation and related restatement of Barnes & Noble Education's previously-issued financial statements. The aggregate fees incurred in connection with these waivers totaled approximately $1.0 million and were recognized as interest expense in the Consolidated Statements of Operations for the fiscal year ended April 30, 2026.

The credit facility is secured by substantially all of the inventory, accounts receivable and related assets of the borrowers under the credit facility. This is considered an all asset lien (inclusive of proceeds from tax refunds payable to Barnes & Noble Education and pledge of equity from subsidiaries, exclusive of real estate). None of the liabilities of Barnes & Noble Education have recourse to the general credit of Immersion Corporation.

In connection with the Restated ABL Facility, with respect to the 1.0% fee payable in connection with the eighth amendment to the Restated ABL Facility (prior to its having been restated), (x) 50% was paid on September 2, 2024, and (y) 50% is due and payable on June 10, 2025.

As of April 30, 2026, Barnes & Noble Education was in compliance with all debt covenants under the Restated ABL Facility.

During the fiscal year ended April 30, 2026, Barnes & Noble Education borrowed $812.9 million and repaid $845.0 million under the Restated ABL Facility, with $71 million of outstanding borrowings under the Restated ABL Facility as of April 30, 2026. As of April 30, 2026, Barnes & Noble Education issued $0.7 million in letters of credit under the Restated ABL Facility.

During the period from June 10, 2024 to April 30, 2025, Barnes & Noble Education borrowed $836.2 million and repaid $834.3 million under the Restated ABL Facility, with $103.1 million of outstanding borrowings under the Restated ABL Facility as of April 30, 2025. As of April 30, 2025, Barnes & Noble Education issued $0.6 million in letters of credit under the Restated ABL Facility.

11. RELATED-PARTY TRANSACTIONS

TopLids LendCo, LLC

In December 2020, Barnes & Noble Education entered into the F/L Relationship to execute a merchandising agreement with Fanatics and Lids which included a strategic equity investment in Barnes & Noble Education by Fanatics, Inc. and Lids Holdings, Inc., jointly as TopLids LendCo, LLC ("TopLids"). On June 7, 2022, Barnes & Noble Education entered into a Term Loan Credit Agreement with TopLids LendCo, LLC and Vital Fundco, LLC (see discussion below). On June 10, 2024, Barnes & Noble Education completed the Transactions, including the Rights Offering, the Private Investment, the Term Loan Debt Conversion, and the Credit Facility Refinancing, to substantially deleverage Barnes & Noble Education's Consolidated Balance Sheet. TopLids ceased to be a related party during the fourth quarter of fiscal 2025. Total commission revenue from the F/L Relationship was $104.0 million for the period from June 10, 2024 to April 30, 2025. Total receivables from Fanatics was $1.2 million as of April 30, 2025.

VitalSource Technologies, Inc.

On June 7, 2022, Barnes & Noble Education entered into a Term Loan Credit Agreement with TopLids LendCo, LLC (see discussion above) and Vital Fundco, LLC (a subsidiary of Vital Technologies, Inc. ("VitalSource")). Barnes & Noble Education has contracted with VitalSource to provide digitally formatted courseware, from all major publishers. On June 10, 2024, Barnes & Noble Education completed the Transactions, including the Rights Offering, the Private Investment, the Term Loan Debt Conversion, and the Credit Facility Refinancing, to substantially deleverage Barnes & Noble Education's Consolidated Balance Sheet. VitalSource owns more than 5% of BNED Common Stock outstanding following the closing of the Transactions. Total purchases from VitalSource were $573.4 million and $398.6 million for the fiscal years ended April 30, 2026 and 2025, respectively. Total accounts payable to VitalSource was $21.5 million and $38.5 million as of April 30, 2026 and 2025, respectively.

12. STOCK-BASED COMPENSATION

Immersion

Stock Options and Awards

Our equity incentive program is a long-term retention program that is intended to attract, retain, and provide incentives for employees, consultants, officers, and directors and to align stockholder and employee interests. We may grant time-based options, market condition-based options, stock appreciation rights, restricted stock awards ("RSAs"), restricted stock units ("RSUs"), performance shares, market condition-based performance restricted stock units ("PSUs"), and other stock-based equity awards to employees, officers, directors, and consultants.

On January 18, 2022, our stockholders approved the 2021 Equity Incentive Plan (as amended, the "2021 Plan"), which provides for a total number of shares reserved and available for grant and issuance equal to 3,525,119 shares plus up to an additional 855,351 shares that are subject to stock options or other awards previously granted under the 2011 Equity Incentive Plan. On March 30, 2023, our stockholders approved an amendment to the 2021 Plan which increased the total number of shares reserved and available for grant and issuance equal to 8,146,607 shares plus up to an additional 855,351 shares that are subject to stock options or other awards previously granted under the 2011 Equity Incentive Plan.

Under our equity incentive plans, stock options may be granted at prices not less than the fair market value on the date of the grant for stock options. Stock options generally vest over four years and expire seven years from the grant date. Market condition-based stock awards are subject to a market condition whereby the closing price of our common stock must exceed a certain level for a number of trading days within a specified time frame or the awards will be canceled before expiration. RSAs generally vests over one year. RSUs generally vest over three years. Awards granted other than a stock option or a stock appreciation right shall reduce the common stock shares available for grant by 1.75 shares for every share issued.

The following table summarizes our equity incentive program at April 30, 2026 (in thousands):

Common stock shares available for grant	1,555
RSUs outstanding	576
RSAs outstanding	65

Restricted Stock Units

The following summarizes RSU activities for the fiscal year ended April 30, 2026:

	Number of Restricted Stock Units (in thousands)	Weighted Average Grant Date Fair Value Per Share	Weighted Average Remaining Contractual Term (Years)
Outstanding at April 30, 2025	1,125	$ 8.24	1.30
Granted	318	6.43	
Vested	(867)	8.43	
Outstanding at April 30, 2026	576	$ 6.95	1.23

During the fiscal year ended April 30, 2026, the fair value of RSU awards that vested was $6.3 million.

Restricted Stock Awards

The following summarizes RSA activities for the fiscal year ended April 30, 2026:

	Number of Restricted Stock Awards (in thousands)	Weighted Average Grant Date Fair Value Per Share	Weighted Average Remaining Contractual Term (Years)
Outstanding at April 30, 2025	—	$ —	—
Granted	65	5.73	—
Vested	—	—	—
Forfeited	—	—	—
Outstanding at April 30, 2026	65	$ 5.73	0.93

Stock-based Compensation Expense

Valuation and amortization methods Stock-based compensation is based on the estimated fair value of awards, net of estimated forfeitures, and recognized over the requisite service period. Estimated forfeitures are based on historical experience at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

The following table summarizes the stock-based compensation related to all of our stock-based awards for the following periods (in thousands):

	Fiscal Year Ended April 30, 2026	Fiscal Year Ended April 30, 2025
Stock options	$ —	$ —
RSUs, RSAs, and PSUs	4,639	7,714
Total	$ 4,639	$ 7,714
Selling and administrative expenses	$ 4,639	$ 7,714
Total	$ 4,639	$ 7,714

As of April 30, 2026, there was $2.6 million of unrecognized compensation cost adjusted for estimated forfeitures related to non-vested stock options, RSUs, RSAs, and PSUs granted to our employees and directors. This unrecognized compensation cost will be recognized over an estimated weighted-average period of approximately 1.19 years. Total unrecognized compensation cost will be adjusted for future changes in estimated forfeitures.

Barnes & Noble Education

Barnes & Noble Education has reserved 2,179,093 shares of its common stock for future grants in accordance with the Barnes & Noble Education Inc. Equity Incentive Plan. Types of equity awards that can be granted under the Equity Incentive Plan include options, restricted stock (“RS”), restricted stock units (“RSU”), performance shares (“PS”), performance share units (“PSU”), and phantom share units (or “Phantom Shares”).

Barnes & Noble Education recognizes compensation expense for restricted stock awards and performance share awards ratably over the requisite service period of the award, which is generally three years. Barnes & Noble Education recognizes compensation expense for these awards based on the number of awards expected to vest, which includes an estimated average forfeiture rate. Barnes & Noble Education calculates the fair value of these awards based on the closing stock price on the date the award was granted. For those awards with market conditions, Barnes & Noble Education has determined the grant date fair value using the Monte Carlo simulation model and compensation expense is recognized ratably over the requisite service period regardless of whether the market condition is satisfied.

Restricted Stock Awards

An RS award is an award of common stock that is subject to certain restrictions during a specified period. RS awards are generally subject to forfeiture if employment terminates prior to the release of the restrictions. The grantee cannot transfer the shares before the restricted shares vest. Shares of unvested restricted stock have the same voting rights as common stock, are entitled to receive dividends and other distributions thereon (although payment may be deferred until the shares have vested) and are considered to be currently issued and outstanding. RS awards will have a minimum vesting period of one year.

An RSU is a grant valued in terms of Barnes & Noble Education's common stock, but no stock is issued at the time of grant. Each RSU may be redeemed for one share of Barnes & Noble Education common stock once vested. RSUs are generally subject to forfeiture if employment terminates prior to the release of the restrictions. The grantee cannot transfer the units except in very limited circumstances and with the consent of the compensation committee. Shares associated with unvested RSUs have no voting rights but are entitled to receive dividends and other distributions thereon (although payment may be deferred until the units have vested). RSUs generally vest over a period of three years, but will have a minimum vesting period of one year.

Stock Options

For stock options granted with an "at market" exercise price, Barnes & Noble Education determined the grant fair value using the Black-Scholes model and for stock options granted with "a premium" exercise price, Barnes & Noble Education determined the grant date fair value using the Monte Carlo simulation model. The fair value models for stock options use assumptions that include the risk-free interest rate, expected volatility, expected dividend yield and expected term of the options. The risk-free interest rate is based on United States Treasury yields in effect at the date of grant for periods corresponding to the expected stock option term. The expected stock option term represents the weighted average period of time that stock options granted are expected to be outstanding, based on vesting schedules and the contractual term of the stock options. Volatility is based on the historical volatility of Barnes & Noble Education's common stock over a period of time corresponding to the expected stock option term. The stock options are exercised in four equal annual installments commencing one year after the date of grant and have a ten-year term. Holders are not entitled to receive dividends (if any) prior to vesting and exercising of the options.

Long-Term Incentive Compensation Activity

On June 11, 2024, Barnes & Noble Education completed the reverse stock split, which was approved by stockholders at a special meeting held on June 5, 2024. In connection with the reverse stock split, every 100 shares of the common stock issued and outstanding were converted into one share of BNED Common Stock. The following table presents a summary of awards activity related to our current Equity Incentive Plan and reflects the reverse stock split for all periods presented:

	Restricted Stock Awards		Restricted Stock Units		Performance Share Units	
	Number of Shares	Weighted Average Grant Date Fair Value	Number of Shares	Weighted Average Grant Date Fair Value	Number of Shares	Weighted Average Grant Date Fair Value
Balance at April 30, 2025	81,720	$ 9.79	61,993	$ 12.39	1,636,950	$ 9.55
Granted	—	—	143,202	8.38	10,000	7.85
Vested	(81,720)	9.79	(1,197)	336.79	(374,766)	7.62
Forfeited	—	—	—	—	(86,720)	9.55
Balance at April 30, 2026	—	$ —	203,998	$ 8.80	1,185,464	$ 9.53

During the fiscal year ended April 30, 2026, Barnes & Noble Education granted the following awards under their Barnes & Noble Education Equity Incentive Plan:

- On March 12, 2026, Barnes & Noble Education granted 143,202 RSUs to members of the Barnes & Noble Education Board. The RSUs vest on the earlier of one year from the date of grant or the next annual meeting of stockholders.
- On March 12, 2026, Barnes & Noble Education granted 10,000 PSUs to employees that include both a service condition and a market condition in order for PSUs to vest. The PSUs vest upon Barnes & Noble Education's Common Stock achieving a specified price per share (measured using a 100-day average volume weighted average price ("VWAP") for each of three tranches), and continued employment through a specified date. There is a period of seven years from the grant date in order to achieve the specific target share price. Barnes & Noble Education has determined the grant date fair value using the Monte Carlo simulation model and compensation expense is recognized ratably over the derived service period regardless of whether the market condition is satisfied. The fair value models for the PSUs use assumptions that include the risk-free interest rate and expected volatility. The risk-free interest rate is based on United States Treasury yields in effect at the date of grant for periods corresponding to the expected PSU term. Volatility is based on the historical volatility of the Company's Common Stock over a period of time corresponding to the expected PSU term.

March 12, 2026	**PSU Tranche #1**	**PSU Tranche #2**	**PSU Tranche #3**
Performance Milestone (VWAP)	$ 10.00	$ 15.00	20.00
Valuation method utilized	Monte Carlo	Monte Carlo	Monte Carlo
Risk-free interest rate	3.96%	3.96%	3.96%
Company volatility	122.83%	122.83%	122.83%
Derived service period	0.45 years	0.90 years	1.21 years
Grant date fair value per award	$ 7.94	$ 7.85	$ 7.77

March 12, 2026	**PSU Tranche #1**	**PSU Tranche #2**	**PSU Tranche #3**
Performance Milestone (VWAP)	$ 10.00	$ 15.00	20.00
Valuation method utilized	Monte Carlo	Monte Carlo	Monte Carlo
Risk-free interest rate	3.98%	3.98%	3.98%
Company volatility	121.72%	121.70%	121.70%
Derived service period	0.45 years	0.91 years	1.23 years
Grant date fair value per award	$ 7.94	$ 7.85	$ 7.77

	Stock Options		
	Number of Shares	**Weighted Average Grant Date Fair Value**	**Weighted Average Exercise Price**
Balance at April 30, 2025	3,818	$ 261.35	$ 552.07
Granted	—	—	—
Exercised	—	—	—
Forfeited	—	—	—
Expired	—	—	—
Balance at April 30, 2026	3,818	$ 261.35	552.07
Exercisable at April 30, 2026	3,612	$ 268.05	$ 562.69

The aggregate grant date fair value of stock options that vested for the fiscal years ended April 30, 2026 and 2025, was $0.2 million and $0.6 million, respectively, and the total fair value of vested share awards for the fiscal years ended April 30, 2026 and 2025 were $4.0 million and $2.3 million, respectively.

Long-Term Incentive Compensation Expense

We recognized compensation expense for long-term incentive plan awards in selling and administrative expenses as follows (in thousand):

	Fiscal Year Ended April 30, 2026	From June 10, 2024 to April 30, 2025
Stock-based awards		
Restricted stock expense	$ 333	$ 667
Restricted stock units expense	250	419
Performance share units expense [(a)]	5,545	4,913
Stock option expense	—	—
Sub-total stock-based awards:	$ 6,128	$ 5,999
Cash settled awards		
Phantom share units expense	—	—
Total compensation expense for long-term incentive awards	$ 6,128	$ 5,999

(a) Long-term incentive compensation expense reflects cumulative adjustments to reflect changes to the expected level of achievement of the respective grants.

Total unrecognized compensation cost related to unvested awards as of April 30, 2026, was $5.6 million and is expected to be recognized over a weighted-average period of 1.55 years.

13. EMPLOYEE BENEFIT PLAN

Barnes & Noble Education sponsors a defined contribution plan for the benefit of substantially all of Barnes & Noble Education's employees. Barnes & Noble Education is responsible to fund the employer contributions directly. The 401(k)-retirement savings plan provides an annual end of plan year discretionary match, in lieu of the current pay period match. There were no employee benefit expense for these plans during the fiscal years ended April 30, 2026 and 2025.

14. STOCKHOLDERS' EQUITY

Immersion Stock Repurchase Program

On December 29, 2022, the Board approved a stock repurchase program of up to $50.0 million of our common stock for a period of up to twelve months (the "December 2022 Stock Repurchase Program"), which terminated and superseded the stock repurchase program that had been approved by the Board on February 23, 2022. Any stock repurchases may be made through open market and privately negotiated transactions, at such times and in such amounts as management deems appropriate, including pursuant to one or more Rule 10b5-1 trading plans adopted in accordance with Rule 10b5-1 of the Securities Exchange Act of 1934, as amended. Additionally, the Board authorized the use of any derivative or similar instrument to effect stock repurchase transactions, including without limitation, accelerated share repurchase contracts, equity forward transactions, equity option transactions, equity swap transactions, cap transactions, collar transactions, naked put options, floor transactions, or other similar transactions or any combination of the foregoing transactions. The December 2022 Stock Repurchase Program was implemented as a method to return value to our stockholders. The timing, pricing and sizes of any repurchases will depend on a number of factors, including the market price of our common stock and general market and economic conditions. The December 2022 Stock Repurchase Program does not obligate us to repurchase any dollar amount or number of shares, and the program may be suspended or discontinued at any time. The program has been amended various times and the most recent amendment extended the expiration date to December 29, 2026.

During the fiscal year ended April 30, 2026, the Company repurchased 1,700 shares of our common stock for $10 thousand at an average purchase price of $6.30 per share. During the fiscal year ended April 30, 2025, we repurchased 310,643 shares of our common stock for $2.4 million at an average purchase price of $7.64 per share.

As of April 30, 2026, Immersion has $39.3 million available for repurchase under the December 2022 Stock Repurchase Program.

Immersion Dividends Declared and Dividend Payments

The following table summarizes the dividend declaration and payment activity for the fiscal years ended April 30, 2026 and 2025:

Announcement Date	Dividend Type	Amount per Share	Record Date	Payment Date
May 8, 2024	Quarterly	$ 0.045	July 8, 2024	July 26, 2024
August 20, 2024	Quarterly	0.045	October 4, 2024	October 18, 2024
November 8, 2024	Special	0.245	January 10, 2025	January 24, 2025
March 10, 2025	Quarterly	0.045	April 14, 2025	April 25, 2025
July 8, 2025	Quarterly	0.045	July 23, 2025	August 8, 2025
October 8, 2025	Quarterly	0.045	October 20, 2025	October 31, 2025
December 8, 2025	Quarterly (increased)	0.075	January 19, 2026	January 30, 2026
March 27, 2026	Quarterly	0.075	April 20, 2026	May 1, 2026
July 2, 2026	Quarterly	0.075	July 20, 2026	July 31, 2026

Future dividends will be subject to further review and approval by the Board in accordance with applicable law. The Board reserves the right to declare, adjust, or withdraw quarterly dividends in future periods as it reviews the Company's capital allocation strategy from time-to-time.

For the fiscal years ended April 30, 2026 and 2025, the total dividends paid were $8.1 million and $12.9 million, respectively.

***Barnes & Noble Education At-the-Market Equity* Offerings**

On September 19, 2024, Barnes & Noble Education entered into an at-the market ("ATM") sales agreement (the "September ATM Sales Agreement") with BTIG, LLC ("BTIG"), under which Barnes & Noble Education sold the maximum of $40.0 million of BNED Common Stock from time to time at a weighted-average price of $10.06 per share and received $39.2 million in proceeds, net of commissions. BTIG, as the sales agent, sold the shares based upon Barnes & Noble Education's instructions (including as to price, time or size limits or other customary parameters or conditions). Barnes & Noble Education paid BTIG a commission of 2% of the gross sales proceeds of the BNED Common Stock sold under the September ATM Sales Agreement. Barnes & Noble Education was not obligated to make any sales of Common Stock under the September ATM Sales Agreement.

On December 20, 2024, Barnes & Noble Education entered into an additional ATM sales agreement with BTIG (the "December ATM Sales Agreement"), under which Barnes & Noble Education sold the maximum of $40.0 million of its Common Stock from time to time at a weighted-average price of $10.42 per share and received $39.2 million in proceeds, net of commissions. BTIG, as the sales agent, sold the shares based upon Barnes & Noble Education's instructions (including as to price, time or size limits or other customary parameters or conditions). Barnes & Noble Education paid BTIG a commission of 2% of the gross sales proceeds of the Common Stock sold under the December ATM Sales Agreement. Barnes & Noble Education was not obligated to make any sales of Common Stock under the December ATM Sales Agreement.

15. PARTICIPATION INTEREST PURCHASE AGREEMENT

Participation Interest Purchase Agreement

During April 2025, Barnes & Noble Education entered into a Participation Interest Purchase Agreement (the "Participation Agreement") with Jefferies Leveraged Credit Products LLC ("Jefferies"), under which Jefferies paid Barnes & Noble Education $12.6 million in exchange for a participation interest in the proceeds of a specified litigation claim related to the Visa and Mastercard interchange litigation. The Participation Agreement was non-recourse to Barnes & Noble Education with respect to financial risk; Jefferies' entitlement to payment was limited to proceeds, if any, received from the litigation.

During the fiscal quarter ended October 31, 2025, Barnes & Noble Education early adopted ASU 2025-07, *Derivatives and Hedging (Topic 815)* and *Revenue from Contracts with Customers (Topic 606)*: *Derivatives Scope Refinements and Scope Clarification for Share-Based Noncash Consideration from a Customer in a Revenue Contract*, using the modified retrospective transition method. Upon adoption, the Participation Agreement qualified for the operations and activities scope exception under ASC 815 and no longer met the definition of a derivative. As a result, the previously recognized derivative liability of $12.6 million was reclassified to deferred income as of the first day of fiscal year 2026. No cumulative-effect adjustment to retained earnings was required, as the fair value of the derivative liability at adoption equaled the initial transaction price of $12.6 million and no mark-to-market adjustments had been recognized in any prior period.

During February 2026, the Visa and Mastercard interchange litigation was resolved through a settlement among the plaintiffs and the Visa and Mastercard defendants. Pursuant to the terms of the Participation Agreement, all proceeds attributable to Barnes & Noble Education's claims were distributed directly to Jefferies and its assignees, net of legal fees and expenses. Barnes & Noble Education received no cash proceeds from the settlement. Upon resolution of the litigation and distribution of proceeds, Barnes & Noble Education's obligations under the Participation Agreement were fully discharged.

As a result of the settlement, the deferred income balance of $12.6 million was recognized in earnings during the fiscal year ended April 30, 2026, and is presented within *"Other income (expense)"* on the *Consolidated Statements of Operations*. As of April 30, 2026, no deferred income balance remains on the *Consolidated Balance Sheet* related to the Participation Agreement.

16. NONCONTROLLING INTEREST

Immersion is the primary beneficiary of Barnes & Noble Education and as a result, consolidates the financial results of Barnes & Noble Education and reports a noncontrolling interest representing BNED Common Stock held by other Barnes & Noble Education's stockholders. Any changes in Immersion's ownership interest in Barnes & Noble Education, while Immersion retains its controlling interest in Barnes & Noble Education, are accounted for as equity transactions.

The following summarizes the ownership of BNED Common Stock as of the periods presented below:

	April 30, 2026		April 30, 2025	
	Shares	**Ownership %**	**Shares**	**Ownership %**
Immersion	11,208,746	32.6%	11,208,746	32.9%
Noncontrolling interest	23,220,964	67.4%	22,845,101	67.1%
Total BNED Common Stock outstanding	34,429,710	100.0%	34,053,847	100.0%

The weighted average ownership percentages are used to attribute net income (loss) to the noncontrolling interests and were as follows:

	Fiscal Year Ended April 30, 2026	From June 10, 2024 to April 30, 2025
Noncontrolling interest's weighted-average ownership percentage	67.4%	59.7%

The following summarizes the effect of changes in ownership of Barnes & Noble Education on the Company's equity for the following period (in thousands):

	Fiscal Year Ended April 30, 2026	From June 10, 2024 to April 30, 2025
Net income (loss) attributable to Immersion stockholders	$ 4,524	$ 64,284
Transfers from (to) noncontrolling interest		
Increase (decrease) in additional paid-in capital as a result of common stock issuances pursuant to vesting of equity awards and sales of common stock	313	56,444
Total effect of changes in ownership interest on equity attributable to Immersion stockholders	$ 4,837	$ 120,728

17. INCOME TAXES

Income tax benefit (expense) for the following periods consisted of (in thousands):

	Fiscal Year Ended April 30, 2026	Fiscal Year Ended April 30, 2025
Income (loss) before income taxes	$ 26,029	$ 119,292
Income tax benefit (expense)	(16,816)	(25,710)
Effective tax rate	(64.6)%	(21.6)%

Income tax expense for the fiscal years ended April 30, 2026 and 2025, resulted primarily from estimated domestic and foreign taxes included in the calculation of the effective tax rate. We provided no valuation allowance for federal assets and continue to maintain full valuation allowance for state and certain foreign deferred tax assets in the United States and Canada.

The components of income (loss) before income taxes for the following periods consisted of (in thousands):

	Fiscal Year Ended April 30, 2026	Fiscal Year Ended April 30, 2025
Domestic	$ 24,152	$ 102,041
Foreign	1,877	17,251
Total	$ 26,029	$ 119,292

The income tax expense (benefit) for the following periods consisted of (in thousands):

	Fiscal Year Ended April 30, 2026	Fiscal Year Ended April 30, 2025
Current:		
U.S. federal	$ (1,806)	$ 16,750
State	1,576	3,364
Foreign	15,994	4,783
Total current	15,764	24,897
Deferred:		
U.S. federal	931	803
States and local	164	38
Foreign	(43)	(28)
Total deferred	1,052	813
Total Income tax expense (benefit)	$ 16,816	$ 25,710

Deferred tax assets and liabilities are recognized for the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, tax losses, and credit carryforwards.

Significant components of the net deferred tax assets and liabilities consisted of (in thousands):

	April 30, 2026	April 30, 2025
Deferred tax assets:		
Net operating loss carryforwards	$ 64,199	$ 69,286
State income taxes	60	143
Deferred revenue	1,091	1,653
Research and development and other credits	4,267	4,289
Reserve and accruals recognized in different periods	26,042	30,890
Capitalized research and development expenses	2,289	2,628
Depreciation and amortization	—	634
Lease liability	33,130	38,153
Interest and loss carryovers	13,551	17,685
Deferred financing costs	1,988	2,954
Other	944	1,399
Total deferred tax assets	147,561	169,714
Valuation allowance	(80,491)	(80,079)
Net deferred tax assets	67,070	89,635
Deferred tax liability		
ROU assets	(30,963)	(39,702)
Intangibles	(19,025)	(19,714)
Property and Equipment	(7,583)	(11,666)
LIFO	(8,351)	(16,944)
Depreciation and amortization	(26)	—
Outside Basis Difference on Investment	(17,524)	(16,836)
Total deferred tax liabilities	(83,472)	(104,862)
Net Deferred tax assets (liabilities)	$ (16,402)	$ (15,227)

We account for deferred taxes under ASC 740 which requires a reduction of the carrying amounts of deferred tax assets by a valuation allowance if, based on available evidence, it is more likely than not that such assets will not be realized. Accordingly, the need to establish valuation allowances for deferred tax assets is assessed periodically based on the ASC 740 more-likely-than-not realization threshold criterion. This assessment considers matters such as future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. The evaluation of the recoverability of the deferred tax assets requires that we weigh all positive and negative evidence to reach a conclusion that it is more likely than not that all or some portion of the deferred tax assets will not be realized. The weight given to the evidence is commensurate with the extent to which it can be objectively verified. At April 30, 2026, based on our assessment of the realizability of our deferred tax assets, we recorded valuation allowances for certain federal, state, and foreign deferred tax assets whose realization is not considered more likely than not. As of April 30, 2025, based on our assessment of the realizability of our deferred tax assets, we put partial valuation allowance for certain federal assets, whose future realization is not more likely than not and continue to maintain full valuation allowance for state and certain foreign deferred tax assets in the United States and Canada.

As of April 30, 2026, Immersion net operating loss carryforwards for state income tax purposes were approximately $52.8 million. The state net operating losses begin to expire in 2028. Immersion has no net operating loss carryforward from federal or foreign jurisdictions. As of April 30, 2026, Immersion had state tax credit carryforwards of approximately $2.5 million available to offset future tax liabilities. The state tax credits will carryforward indefinitely. In addition, as of April 30, 2026, Immersion has Canadian research and development credit carryforwards of $1.5 million, which will begin to expire in 2038. These operating losses and credit carryforwards have not been reviewed by the relevant tax authorities and could be subject to adjustment upon examinations.

As of April 30, 2026, Barnes & Noble Education's net operating loss carryforwards for federal and state income tax purposes were approximately $195.8 million and $389.6 million, respectively. The federal net operating losses do not expire while the state net operating losses begin to expire in 2027. Barnes & Noble Education has no net operating loss carryforward from foreign jurisdictions. As of April 30, 2026, Barnes & Noble Education had federal and state tax credit carryforwards of approximately $1.1 million and $0.2 million, respectively, available to offset future tax liabilities. The federal tax credits will begin to expire in 2040 while the state tax credits will begin to expire in 2027. These operating losses and credit carryforwards have not been reviewed by the relevant tax authorities and could be subject to adjustment upon examinations.

Section 382 of the Internal Revenue Code ("IRC Section 382") imposes limitations on a corporation's ability to utilize its net operating losses and credit carryforwards if it experiences an "ownership change" as defined by IRC Section 382. Utilization of a portion of our federal net operating loss carryforward was limited in accordance with IRC Section 382, due to an ownership change that occurred during 1999. This limitation has fully lapsed as of December 31, 2010.

For the fiscal year ended April 30, 2026, the reconciliation of federal statutory income tax rate to our effective tax rate was as follows (in thousands):

	Fiscal Year Ended April 30, 2026	Fiscal Year Ended April 30, 2026
Federal statutory rate	$ 5,466	21.00%
State and local income taxes (net of federal income tax effect) [a]	1,569	6.03%
Foreign tax effects		
Ireland		
True-up from amended prior-year tax filing	(1,532)	(5.88)%
Other	103	0.40%
Korea		
Foreign withholding tax	16,723	64.24%
Canada		
Change in valuation allowance	(393)	(1.51)%
True-up from amended prior-year tax filing	349	1.59%
Other	58	(0.03)%
India		
Foreign withholding tax	76	0.29%
Other	196	0.75%
Other		
Other	(24)	(0.09)%
Effect of cross-border tax laws (GILTI/FDII/SubF)	(41)	(0.16)%
Tax credits	(1,314)	(5.05)%
Change in valuation allowance	(2,236)	(8.59)%
Nontaxable or nondeductible items		
Non-deductible officer compensation 162m	1,387	5.33%
Other	61	0.24%
Changes in unrecognized tax benefits	(785)	(3.01)%
Other:		
Impacts for amended return filings	(5,462)	(20.98)%
PPA amortization	2,253	8.66%
RTP/True-up from amended prior-year tax filing	(35)	(0.14)%
DTL on outside basis difference for investment	480	1.84%
Other	(83)	(0.32)%
Effective tax rate	$ 16,816	64.61%

(a) State taxes in Florida made up the majority (greater than 50 percent) of the tax effect in this category.

As previously disclosed for the fiscal year ended April 30, 2025, prior to the adoption of ASU 2023-09, the reconciliation of federal statutory income tax rate to our effective tax rate was as follows (in thousands):

	Fiscal Year Ended April 30, 2025
Federal statutory rate	21.00%
Foreign withholding	1.68%
Stock-based compensation expense	0.01%
Foreign rate differential	(0.80)%
True-up from amended prior-year tax filing	(0.44)%
Tax reserves	1.25%
Transaction costs	0.05%
Purchase accounting amortization	(6.36)%
Other	0.15%
FTC and R&D Credits	(3.31)%
State taxes, net of federal benefit	2.73%
Subpart F, GILTI and FDII	(0.33)%
Non-deductible officers compensation	3.02%
Valuation allowance	(0.50)%
Deductible dividend	(0.12)%
Deferred tax liability on outside basis difference in investment	3.52%
Effective tax rate	21.55%

Cash taxes paid, net for the fiscal year ended April 30, 2026, were as follows (in thousands):

	Immersion	Barnes & Noble Education
Federal	$ —	$ 5,870
State		
Florida	340	—
Other	—	1,772
Foreign		
Ireland	917	—
South Korea (WHT)	10,814	—
Other	59	275
Income taxes paid (net of refunds received)	$ 12,130	$ 7,917

The undistributed earnings of our Ireland subsidiary are not considered to be indefinitely reinvested and accordingly, a provision for applicable income taxes has been considered thereon. As of April 30, 2026, the Company continues to assert permanent reinvestment of earnings in its other foreign jurisdictions.

We maintain liabilities for uncertain tax positions. These liabilities involve considerable judgment and estimation and are continuously monitored by management based on the best information available, including changes in tax regulations, the outcome of relevant court cases, and other information.

A reconciliation of the beginning and ending amount of gross unrecognized tax benefits is as follows (in thousands):

	Fiscal Year Ended April 30, 2026	Fiscal Year Ended April 30, 2025
Balance at beginning of period	$ 13,269	$ 7,580
Increases for tax positions of prior years	—	—
Gross increase (decreases) for federal tax rate change for tax positions of prior years	(923)	901
Settlements	(1,772)	—
Gross increases for tax positions of current year	—	4,788
Balance at end of period	$ 10,574	$ 13,269

The unrecognized tax benefits relate primarily to federal and state research and development credits, intercompany profit on the transfer of certain IP rights to one of our foreign subsidiaries as part of our tax reorganization completed in 2015 and deferred revenue.

We account for interest and penalties related to uncertain tax positions as a component of income tax expense. At April 30, 2026, we accrued $1.6 million interest or penalties related to uncertain tax positions. At April 30, 2026, the total amount of unrecognized tax benefits that would affect our effective tax rate, if recognized, was $11.6 million.

Because we have net operating loss and credit carryforwards, there are open statutes of limitations in which federal, state and foreign taxing authorities may examine our tax returns for all years from 2008 through the current period.

On July 4, 2025, the U.S. government enacted tax legislation commonly referred to as the One Big Beautiful Bill Act. The Company evaluated the impact of the legislation in accordance with ASC 740 and determined that it did not have a material effect on the Company's financial statements for the year ended April 30, 2026.

Barnes & Noble Education's Potential Limitation to Future Tax Attribute Utilization

Under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended (the "Code"), if a corporation undergoes an "ownership change" (generally defined as a cumulative change in our ownership by "5-percent shareholders" that exceeds 50 percentage points over a rolling three-year period), Barnes & Noble Education's ability to use its pre-change net operating losses and certain other pre-change tax attributes to offset its post-change income and taxes may be limited. Similar rules may apply under state tax laws. As a result of the Rights Offering, Backstop Commitment, Private Investment, and Term Loan Debt Conversion completed on June 10, 2024, Barnes & Noble Education may have experienced an ownership change as defined by Sections 382 and 383. Barnes & Noble Education conducted a study to determine if an ownership change occurred. It was determined that an ownership change occurred under Section 382 and 383, and the corresponding annual limitations materially impact the utilization of Barnes & Noble Education's tax attributes including its $195.8 million NOL carryforwards, $44.3 million disallowed interest expense carryforwards, and $1.1 million tax credit carryforwards as of April 30, 2026. Barnes & Noble Education anticipates that $29.7 million of these tax attributes will be made available during fiscal year 2027. Barnes & Noble Education does not have any material uncertain tax positions requiring recognition in the financial statements as of April 30, 2026 and April 30, 2025 respectively.

18. EARNINGS PER SHARE

We use the two-class method of computing EPS, which is an earnings allocation formula that determines EPS for common stock and any participating securities according to dividends declared. Under the two-class method, basic earnings per share is computed by dividing the income (loss) attributable to Immersion stockholders by the weighted-average number of common stock shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur from share equivalent activity. Potential common stock, computed using the treasury stock method, includes stock options and stock awards.

The following are reconciliations of the denominators used in computing basic and diluted net income per share (in thousands, except per share amounts):

	Fiscal Years Ended April 30,	
	2026	2025
Basic		
Numerator:		
Net income (loss) attributable to Immersion Stockholders	$ 4,524	$ 64,284
Adjustment for Immersion's portion of Barnes & Noble Education's EPS to be included in the numerator for Immersion's basic EPS calculation [(a)]	(8)	(1,626)
Net income (loss) attributable to Immersion Stockholders, basic	$ 4,516	$ 62,658
Denominator:		
Weighted-average shares outstanding, basic	32,864	32,219
Net income (loss) attributable to Immersion stockholders per share, basic	$ 0.14	$ 1.94
Diluted		
Numerator:		
Net income (loss) attributable to Immersion Stockholders	$ 4,524	$ 64,284
Adjustment for Immersion's portion of Barnes & Noble Education's EPS to be included in the numerator for Immersion's diluted EPS calculation [(a)]	(27)	(1,659)
Net income (loss) attributable to Immersion stockholders, diluted	$ 4,497	$ 62,625
Denominator:		
Weighted-average shares outstanding, basic	32,864	32,219
Shares related to outstanding options, unvested RSUs, RSAs, and PSUs	263	784
Weighted-average shares outstanding, diluted	33,127	33,003
Net income (loss) attributable to Immersion stockholders per share, diluted	$ 0.14	$ 1.90

(a) Barnes & Noble Education has participating securities. Accordingly, for purposes of Immersion’s basic and diluted net income per share computations using the two-class method, the numerator reflects Immersion’s portion of Barnes & Noble Education’s earnings per share, which is determined by multiplying the shares of Barnes & Noble Education held by Immersion by Barnes & Noble Education’s basic and diluted EPS amounts.

We include PSUs in the calculation of diluted earnings per share if the applicable performance conditions have been satisfied as of the end of the reporting period and exclude stock equity awards if the performance condition has not been met.

For the fiscal years ended April 30, 2026 and 2025, the Company had no outstanding stock options or awards that could potentially dilute basic earnings per share in the future.

19. COMMITMENTS AND CONTINGENCIES

We are involved in a variety of claims, suits, investigations and proceedings that arise from time to time in the ordinary course of our business, including actions with respect to contracts, intellectual property, taxation, employment, benefits, personal injuries and other matters. The results of these proceedings in the ordinary course of business are not expected to have a material adverse effect on our consolidated financial position, results of operations, or cash flows.

In the normal course of business, we provide indemnification of varying scope to customers, most commonly to licensees in connection with licensing arrangements that include our IP, although these provisions can cover additional matters. Historically, costs related to these guarantees have not been significant, and we are unable to estimate the maximum potential impact of these guarantees on our future results of operations.

Korean Withholding Tax Assessment – Samsung License

Immersion licenses certain of its patented technologies to Samsung and its affiliates under a license agreement that provides Samsung with the right to manufacture and sell Samsung products worldwide. Under the terms of this agreement, Immersion is obligated to indemnify Samsung for any Korean withholding taxes that may be imposed on royalty payments made by Samsung to Immersion.

In prior years, the Korean tax authorities, through the Suwon Regional Tax Office ("SRTO"), issued assessments to Samsung asserting that royalties paid to Immersion constituted Korean-source royalty income subject to Korean withholding tax. Samsung contested these assessments, and the most recent matters were the subject of an administrative appeal before the Regional Tax Office Appeal ("RATI").

On November 19, 2025, RATI issued a decision in favor of the SRTO, upholding the withholding tax assessments on royalties paid to Immersion. As a result of this decision, Samsung was required to remit the assessed withholding taxes to the Korean tax authorities by the end of December 2025. In accordance with its indemnification obligation under the license agreement, Immersion reimbursed Samsung in December 2025 for the full amount of the withholding taxes paid.

The total amount reimbursed by Immersion, including related surcharges and local withholding components, was approximately $9.7 million, based on the applicable KRW/USD exchange rate at the time of settlement. The Company recognized this amount in the Company's Consolidated Financial Statements as an income tax charge and a corresponding cash payment for the fiscal year ended April 30, 2026. See *Note 17. Income Taxes* for additional information.

LGE Korean Withholding Tax Matter

On October 16, 2017, we received a letter from LGE requesting that we reimburse LGE with respect to withholding tax imposed on LGE by the Korean tax authorities following an investigation where the tax authority determined that LGE failed to withhold on LGE's royalty payments to Immersion Software Ireland Limited, a subsidiary of the Company, from 2012 to 2014. Pursuant to an agreement reached with LGE, on April 8, 2020, we provided a provisional deposit to LGE in the amount of KRW 5,916,845,454 (approximately $5.0 million) representing the amount of such withholding tax that was imposed on LGE, which provisional deposit would be returned to us to the extent we ultimately prevail in the appeal in the Korean courts. In the second quarter of 2020, we recorded this deposit in Long-term deposits on our Condensed Consolidated Balance Sheets. In the fourth quarter of 2021, we recorded an impairment charge of $0.8 million related to the long-term deposits paid to LGE.

On November 3, 2017, on behalf of LGE, we filed an appeal with the Korea Tax Tribunal regarding its findings with respect to the withholding taxes related to the 2012 to 2017 period. The Korea Tax Tribunal hearing took place on March 5, 2019. On March 19, 2019, the Korea Tax Tribunal issued its ruling in which it decided not to accept our arguments with respect to the Korean tax authorities' assessment of withholding tax and penalties imposed on LGE. On behalf of LGE, we filed an appeal with the Korea Administrative Court on June 10, 2019. We had numerous hearings before the Korea Administrative Court in the years 2019 through 2022. We had a hearing on April 27, 2023, and the Korea Administrative Court rendered a decision on this matter on June 8, 2023, in which it ruled that the withholding taxes and penalties which were imposed by the Korean tax authorities on LGE should be cancelled with litigation costs to be borne by the Korean tax authorities.

In connection with the Korea Administrative Court's decision, the Korean tax authorities filed an appeal on June 28, 2023, with the Seoul High Court to seek the cancellation of the lower court's decision. The appellate case is in progress at the Seoul High Court and the first and second hearings took place on November 30, 2023, and February 1, 2024, respectively. As of the date of this filing, the next hearing date had not yet been set. The Seoul Administrative Court also issued an additional judgment on July 27, 2022, clarifying the ratio of software versus patent usage, and, as of the date of this filing, the Seoul High Court appeal remains pending.

On April 25, 2023, we received notice from LGE requesting us to reimburse LGE with respect to its withholding tax imposed on LGE by the Korean tax authorities following a recent tax audit of LGE for the years 2018 through 2022. Pursuant to an agreement reached with LGE, on June 2, 2023, we provided a provisional deposit to LGE in the amount of KRW 3,024,877,044 (approximately $2.3 million) representing the amount of such withholding tax that was imposed on LGE, which provisional deposit would be returned to us to the extent we ultimately prevail in the appeal in the Korean courts. In the second quarter of 2023, we recorded this deposit in Long-term deposits on our Condensed Consolidated Balance Sheets. In the second quarter of 2023, we recorded an impairment charge of $0.3 million related to the long-term deposits paid to LGE.

On June 29, 2023, on behalf of LGE, we filed an appeal with the Korea Tax Tribunal regarding their findings with respect to the withholding taxes related to the 2018 to 2022 period. On August 7, 2023, the Korean tax authority submitted its answer against the tax appeal. On September 8, 2023, on behalf of LGE, we submitted our rebuttal brief in response thereto. On September 25, 2023, the Korean tax authority submitted an additional response brief, and on November 23, 2023, the Korea Tax Tribunal rendered a decision against LGE, dismissing our claims on the grounds that they are without merit. In response thereto, on behalf of LGE, we filed an appeal with the Korea Administrative Court on December 29, 2023.

On July 25, 2024, the Korea Tax Tribunal rendered a decision against LGE on the related local income tax assessment, and the deadline for the court appeal of the local income tax claim was October 21, 2024. On October 18, 2024, we filed a complaint and a brief with the Korea Administrative Court for the local income tax appeal. This case has been reassigned due to its significance, and the Korean tax authority filed its answer on November 27, 2024. The first hearing date, which was originally scheduled for March 21, 2025, has been set at a later date, as the counsel for the plaintiff submitted an application for hearing date to be set at a later date by obtaining the defendant’s consent.

During the fiscal year ended April 30, 2026, the Company determined that it would discontinue litigation related to certain Korean withholding tax matters involving LGE. Because the recoverability of provisional deposits previously made in connection with those matters depended on successful resolution of the related proceedings, the Company concluded that the remaining carrying amount of such deposits was not recoverable. Accordingly, the Company recorded additional income tax expense of approximately $5.9 million and reduced the carrying amount of the related long-term deposits to zero. The income tax expense was partially offset by the reversal of the related unrecognized tax benefit accrual of $0.3 million. See *Note 17. Income Taxes* for additional information.

Immersion Corporation vs. Xiaomi Group

On or about March 3, 2023, the Company initiated patent infringement lawsuits against several companies of the Xiaomi-Group in Germany, France and India (the “Xiaomi Litigation”). Immersion filed complaints against Xiaomi-Group companies and their agents in the Düsseldorf Regional Court in Germany, the Tribunal judiciaire de Paris (Paris First Instance Civil Court) in France, and the High Court of Delhi, at New Delhi, in India. The complaints alleged that the Xiaomi-Group's devices, including the Xiaomi 12, infringed Immersion's patents that cover various uses of haptic effects in connection with such devices.

On June 12, 2024, the Company entered into a Patent License Agreement (the “Xiaomi License Agreement”) with the Xiaomi Group, pursuant to which the parties agreed to terms for resolving the Xiaomi Litigation and the Xiaomi Group will license, on a non-exclusive basis, the Company's patent portfolio for use in its products. The Xiaomi Litigation was dismissed in October 2024. Any consideration related to the Xiaomi License Agreement is recognized in accordance with our revenue recognition policy described elsewhere in these *Consolidated Financial Statements*.

Immersion Corporation vs. Valve Corporation ("Valve")

On May 15, 2023, the Company filed a complaint against Valve in the United States District Court for the Western District of Washington. The complaint alleges that Valve's AR/VR systems, including the Valve Index, and handheld Steam Deck, infringe seven of our patents that cover various uses of haptic effects in connection with such AR/VR systems and other video game systems. The Company is seeking to enjoin Valve from further infringement and to recover a reasonable royalty for such infringement.

The complaint against Valve asserts infringement of the following patents:

- U.S. Patent No. 7,336,260: "Method and Apparatus for Providing Tactile Sensations"
- U.S. Patent No. 8,749,507: "Systems and Methods for Adaptive Interpretation of Input from a Touch-Sensitive Input Device"
- U.S. Patent No. 9,430,042: "Virtual Detents Through Vibrotactile Feedback"
- U.S. Patent No. 9,116,546: "System for Haptically Representing Sensor Input"
- U.S. Patent No. 10,627,907: "Position Control of a User Input Element Associated with a Haptic Output Device"
- U.S. Patent No. 10,665,067: "Systems and Methods for Integrating Haptics Overlay in Augmented Reality"
- U.S. Patent No. 11,175,738: "Systems and Methods for Proximity-Based Haptic Feedback"

Valve responded to the complaint on July 24, 2023, with a motion to dismiss. Valve re-noted its motion, which changed Immersion's response deadline from August 14, 2023, to August 21, 2023. Immersion timely filed its response, and Valve filed its reply on August 25, 2023. The Court heard arguments on Valve's motion on February 8, 2024. The Court entered a case schedule on November 21, 2023. The case schedule did not include a trial date but set the pretrial conference for May 30, 2025.

On March 14, 2024, Valve filed a motion to stay the district court case pending the PTAB's decisions on Valve's inter partes review ("IPR") petitions. Immersion opposed the motion on March 25, 2024, and Valve filed its reply brief on March 29, 2024. The Court granted Valve's motion to stay on April 4, 2024. In connection with that order, the Court struck Valve's motion to dismiss with leave to refile at a later date. The case remains stayed pending resolution of the IPR proceedings.

Valve filed multiple IPRs with the PTAB challenging the validity of the patents asserted in the district court litigation. As of the date of this filing, the status of these proceedings is as follows:

- IPR2024-00477 and IPR2024-00478 (filed January 19, 2024) directed to U.S. Patent Nos. 7,336,260 and 9,430,042, respectively. The Company filed its patent owner preliminary responses on April 26, 2024, and April 29, 2024, respectively. The PTAB instituted review on July 24, 2024, and July 25, 2024, respectively. The Company's patent owner responses were filed on October 15, 2024, and October 17, 2024, respectively. The Company's patent owner sur-replies to Valve's replies were both filed on February 28, 2025. Oral arguments in both proceedings were held on April 30, 2025. On June 12, 2025, the PTAB issued final written decisions determining all challenged claims unpatentable for both IPRs, and we filed a notice of appeal in IPR2024-00478 on August 14, 2025, with an opening Federal Circuit brief filed January 29, 2026. On April 24, 2026, Valve filed its responsive brief in appeal No. 21025-2025 before the Federal Circuit, concerning the U.S. Patent No. 9,430,042. The Company filed its reply brief on May 15, 2026.
- IPR2024-00508 (filed January 30, 2024) directed to U.S. Patent No. 9,116,546. The Company elected not to file a patent owner preliminary response. The PTAB instituted review on August 6, 2024. The Company elected not to file a patent owner response to the petition. On July 31, 2025, the PTAB issued a final written decision determining all challenged claims unpatentable, with a statutory deadline for final written decision not later than August 6, 2025. We elected not to file a patent owner response to the petition.
- IPR2024-00556 (filed February 7, 2024) directed to U.S. Patent No. 8,749,507. The Company filed its patent owner preliminary response on May 15, 2024. The PTAB instituted review on August 6, 2024. The Company elected not to file a patent owner response to the petition. On July 28, 2025, the PTAB issued a final written decision determining all challenged claims unpatentable, with the statutory deadline for the final written decision not later than August 6, 2025. We elected not to file a patent owner response to the petition.

- IPR2024-00557 (filed February 7, 2024), directed to U.S. Patent No. 10,665,067. The Company filed its patent owner preliminary response on May 15, 2024. The PTAB instituted review on August 13, 2024. The Company's patent owner response was filed on November 5, 2024. Valve filed its reply on February 4, 2025. The Company's patent owner sur-reply was filed on March 18, 2025. Oral argument occurred on May 9, 2025, and on August 11, 2025, the PTAB issued a final written decision determining all challenged claims unpatentable. We filed a notice of appeal on September 26, 2025, with our opening Federal Circuit brief due March 12, 2026. The Company filed its opening appellate brief on March 12, 2026. Valve filed its responsive brief on June 6, 2026, and the Company's reply brief is due August 24, 2026.

- IPR2024-00582 (filed February 16, 2024) directed to U.S. Patent No. 11,175,738. The Company filed its patent owner preliminary response on June 27, 2024. The PTAB instituted review on September 25, 2024. The Company's patent owner response was filed on December 20, 2024. The Company's patent owner sur-reply to Petitioner's reply was filed on May 5, 2025. Oral argument in the proceeding was held on June 23, 2025. On September 4, 2025, the Board extended its statutory deadline of September 25, 2025, for a final written decision by up to six months. The final written decision in this proceeding is now expected by March 25, 2026. Our sur-reply was filed May 5, 2025, oral argument was held June 23, 2025, and on September 4, 2025, the PTAB extended the statutory deadline for a final written decision to March 25, 2026. On March 23, 2026, the PTAB issued a final written decision determining all challenged claims unpatentable.

- IPR2024-00714 (filed March 22, 2024) directed to U.S. Patent No. 10,627,907. The Company filed its patent owner preliminary response on July 30, 2024. The PTAB instituted review on August 28, 2024. The Company's patent owner response was filed January 21, 2025. The Company's sur-reply to Petitioner's reply was filed June 10, 2025. Oral argument in the proceeding was held on July 29, 2025. The Board issued a final written decision determining all challenged claims unpatentable on October 24, 2025. The sur-reply was filed on June 10, 2025, oral argument occurred on July 29, 2025, and on October 24, 2025, the PTAB issued a final written decision determining all challenged claims unpatentable.

The parties submitted their joint claim construction statement and respective positions on March 29, 2024. The district court case is currently stayed pending the outcome of the IPR proceedings.

We are unable at this time to predict the ultimate outcome of the district court litigation or the related IPR proceedings, the impact of any PTAB decisions and any appeals therefrom, or to reasonably estimate the amount or range of any possible loss or recovery associated with these matters. Accordingly, we have not recorded a liability related to the Valve litigation or the associated IPRs as of April 30, 2026.

Other Matters

From time to time, we receive claims from third parties asserting that our technologies or those of our licensees infringe the other parties' intellectual property rights, and we are also periodically involved in other routine legal matters and contractual disputes incidental to our normal operations. In management's opinion, unless we disclose otherwise, the resolution of such matters will not have a material adverse effect on our consolidated financial condition, results of operations, or liquidity.

20. SUBSEQUENT EVENTS

Immersion Dividends Declared

On July 2, 2026, our Board declared a quarterly dividend in the amount of $0.075 per share and will be payable, subject to any prior revocation, on July 31, 2026, to stockholders of record on July 20, 2026.

Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

None.

Item 9A. ***Control and Procedures***

Evaluation of Disclosure Controls and Procedures

Our management is responsible for establishing and maintaining disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in such reports is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

In accordance with Exchange Act Rules 13a-15 and 15d-15, an evaluation was completed under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of April 30, 2026.

As described below, material weaknesses existed as of April 30, 2026 in our internal control over financial reporting relating to: (i) Barnes & Noble Education, whose financial information is consolidated into our consolidated financial statements; and (ii) our accounting for the acquisition of a controlling interest in Barnes & Noble Education and the related consolidation accounting. In light of these material weaknesses, our management, including our Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures were not effective as of April 30, 2026.

A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that it will detect or prevent all misstatements or failures within the Company to disclose material information required to be set forth in our periodic reports.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). Internal control over financial reporting is a process designed by, or under the supervision of, our principal executive and principal financial officers and effected by our Board of Directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles ("GAAP"). Internal control over financial reporting includes those policies and procedures that:

1. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
2. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures are being made only in accordance with authorizations of management and the Board of Directors; and
3. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Our management assessed the effectiveness of our internal control over financial reporting as of April 30, 2026 using the criteria set forth in the *Internal Control - Integrated Framework (2013 Framework)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

This Annual Report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to SEC rules that permit us to provide only management's report in this Annual Report on Form 10-K.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of annual or interim financial statements will not be prevented or detected on a timely basis.

Based on our assessment under the COSO framework, our management concluded that our internal control over financial reporting was not effective as of April 30, 2026 due to the material weaknesses described below.

Material Weaknesses Related to Barnes & Noble Education

As previously disclosed, following our acquisition of a controlling interest in Barnes & Noble Education on June 10, 2024, it was discovered that an individual at Barnes & Noble Education had made unsupported journal entries that were not detected on a timely basis by Barnes & Noble Education's internal controls. In connection with an investigation overseen by Barnes & Noble Education's Audit Committee and Board of Directors and the resulting restatement of Barnes & Noble Education's previously issued consolidated financial statements, Barnes & Noble Education identified multiple material weaknesses in its internal control over financial reporting under the 2013 COSO framework with respect to fiscal 2025. Barnes & Noble Education disclosed that these material weaknesses remained as of May 2, 2026 to the extent indicated below because remediation efforts were ongoing.

Because Barnes & Noble Education's financial information is consolidated into our consolidated financial statements, the material weaknesses in Barnes & Noble Education's internal control over financial reporting represent material weaknesses in our internal control over financial reporting as of April 30, 2026. These material weaknesses include deficiencies in Barnes & Noble Education's control environment, risk assessment, information and communication, monitoring activities, and control activities.

The material weaknesses at Barnes & Noble Education include:

- Control Environment - Significant turnover in key leadership roles in Barnes & Noble Education's accounting and finance organization during fiscal 2025 resulted in ineffective establishment of reporting lines, authorities and responsibilities, and insufficient resources to develop and operate certain internal controls over financial reporting.
- Risk Assessment - Ineffective risk assessment processes to identify and analyze risks related to the achievement of certain financial reporting objectives, including risks of fraud and the impact of business changes on the system of internal controls. In part because of the turnover described above, Barnes & Noble Education was unable to consistently perform or document risk assessments, inadequately assessed the need to supplement internal audit and finance functions, and did not regularly assess the need to update existing controls or provide continual training for control owners.
- Information and Communication - Ineffective information and communication activities, including untimely communication of expectations regarding certain roles and responsibilities, failure to communicate roles and responsibilities for designated backup of personnel during employee absences or departures, and inconsistent evidence of review over the completeness and accuracy of information produced by Barnes & Noble Education and used in controls.
- Monitoring Activities - Ineffective monitoring activities, including insufficient evaluation of the effectiveness of the operation of certain key controls, which included certain account reconciliation controls.
- Control Activities - Design and operating deficiencies in certain control activities, including:
  - controls over the review and approval of manual journal entries, including segregation of duties and review of underlying support;
  - general information technology controls relating to user access for certain systems supporting financial reporting at a Barnes & Noble Education subsidiary (This material weakness has been fully remediated as of April 30, 2026);
  - controls over the completeness and accuracy of information produced by Barnes & Noble Education and used in the execution of key controls;
  - controls over accounting for nonroutine transactions;
  - controls over the monthly account reconciliation process in certain areas, including adequacy of support, evidence of review, and timely resolution of reconciling items; and
  - controls over the accounting for leases.

Material Weakness Related to Accounting for the Barnes & Noble Education Business Combination and Consolidation

In addition, in connection with our accounting for the acquisition of a controlling interest in Barnes & Noble Education, we identified a material weakness in our internal control over financial reporting related to our business combination and consolidation accounting, which continued to exist as of April 30, 2026.

The Company did not design and operate controls over the revaluation of the business combination as well as the review over the completeness and accuracy of the Company's consolidation of Barnes & Noble Education and associated disclosures. This includes controls to ensure the completeness and accuracy of information provided to the third-party specialist and controls to review the completeness and accuracy of the resulting consolidation impacts to the financial statements and related footnote disclosures. This material weakness relates to the design and operation of our controls over a one-time business combination event and related consolidation of Barnes & Noble Education.

Notwithstanding the identified material weaknesses, management has performed additional procedures, including expanded analyses and review procedures, and concluded that the consolidated financial statements included in this Annual Report on Form 10-K are fairly stated, in all material respects, in accordance with GAAP.

Impact of the Material Weaknesses

The material weaknesses described above created a reasonable possibility that a material misstatement in our annual or interim consolidated financial statements would not be prevented or detected on a timely basis. As noted above, they contributed to the errors that resulted in the restatement of our previously issued condensed consolidated financial statements for the interim periods ended June 30, 2024, October 31, 2024, and January 31, 2025.

Management has performed additional procedures, including expanded analyses and review procedures, to conclude that the consolidated financial statements included in this Annual Report on Form 10-K are fairly stated, in all material respects, in accordance with GAAP.

Management's Plan to Remediate the Material Weaknesses

Our management and Board of Directors are committed to maintaining a strong internal control environment and remediating the material weaknesses described above as promptly as practicable.

Remediation Related to Barnes & Noble Education

Barnes & Noble Education is actively engaged in remediating the material weaknesses identified in its internal control over financial reporting and improving the overall effectiveness of its internal control environment. As disclosed by Barnes & Noble Education, it has implemented remediation plans with respect to each of the identified material weaknesses. Actions taken or underway at Barnes & Noble Education include, among other things:

- Enhancing procedures over the manual journal entry process, including ensuring clear identification of preparers and independent approvers, routing entries to appropriately qualified approvers, maintaining adequate supporting documentation, and increasing involvement of senior accounting personnel in the review of material entries.
- Strengthening information technology general controls relating to user access for systems supporting financial reporting.
- Identifying key reports and establishing procedures to ensure their completeness and accuracy and formalizing related control language for information produced by the entity.
- Enhancing review and documentation procedures for nonroutine transactions, including the use of a technical accounting tracker, recurring technical accounting review meetings, and consultation with external advisors as appropriate.
- Reinforcing the importance of the account reconciliation process, including clear success criteria for adequate support, evidence of review, documentation of reconciling items and timely resolution, and exploring the use of account reconciliation software.
- Establishing a working group to clarify financial oversight roles and responsibilities, enhance segregation of duties, centralize accounting policies and standard operating procedures, and provide ongoing training on accounting controls and ethics.

Remediation Related to the Business Combination Material Weakness

With respect to the material weakness related to our accounting for the Barnes & Noble Education business combination, we have taken and are continuing to take the following steps:

- Enhancing the design of our controls over business combination accounting, including more detailed and documented management review of the inputs, assumptions, and methods used by third-party specialists
- Formalizing procedures for the review and documentation of information and reports received from acquired businesses and from third-party specialists that are used in significant estimates and judgments for business combinations
- Increasing the level of technical accounting review for complex or nonroutine transactions, including establishing more formal documentation of accounting positions and involving internal and, when appropriate, external technical accounting resources

We believe these remediation actions, once fully implemented, designed, and operational for a sufficient period of time and tested, will address the material weaknesses described above. The material weaknesses will not be considered remediated until the controls have been designed and implemented, have operated for a sufficient period of time, and management has concluded, through testing, that they are operating effectively.

Changes in Internal Control over Financial Reporting

Other than described above, there were no changes in our internal control over financial reporting during the quarter ended April 30, 2026, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations of Internal Controls

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control deficiencies and instances of fraud, if any, within Immersion have been detected.

Item 9B. ***Other Information***

None.

Item 9C. ***Disclosure Regarding Foreign Jurisdictions that Prevent Inspections***

Not applicable.

PART III

Item 10. ***Directors, Executive Officers, and Corporate Governance***

The information required by Item 10 with respect to directors and executive officers is incorporated by reference from the sections entitled “Election of Directors”, “Corporate Governance”, “Ownership of Our Equity Securities”, and “Audit Committee Report” in Immersion’s definitive Proxy Statement for its fiscal year 2026 annual stockholders’ meeting.

Item 405 of Regulation S-K calls for disclosure of any known late filing or failure by an insider to file a report required by Section 16(a) of the Exchange Act. To the extent disclosure for delinquent reports is being made, it can be found under the caption “Delinquent Section 16(a) Reports” in Immersion’s definitive Proxy Statement for its fiscal year 2026 annual stockholders’ meeting and is incorporated herein by reference.

We have adopted a code of ethics applicable to our employees, including our principal executive, financial, and accounting officers, and it is available free of charge, on our website’s investor relations page. To view the code of ethics, go to ir.immersion.com, click on “Download Library” and click on “Governance.” Future amendments or waivers relating to the code of ethics will be disclosed on the webpage referenced in this paragraph within four business days following the date of such amendment or waiver.

Item 11. ***Executive Compensation***

The information required by Item 11 is incorporated by reference from the sections entitled “Election of Directors”, “Director Compensation”, “Corporate Governance”, “Compensation Discussion and Analysis”, “Compensation Committee Report”, “Compensation Committee Interlocks and Insider Participation”, and “Executive Compensation” in Immersion’s definitive Proxy Statement for its fiscal year 2026 annual stockholders’ meeting.

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters***

The information required by Item 12 is incorporated by reference from the section entitled “Ownership of Our Equity Securities” and “Equity Compensation Plan Information” in Immersion’s definitive Proxy Statement for its fiscal year 2026 annual stockholders’ meeting.

Item 13. ***Certain Relationships and Related Transactions, and Director Independence***

The information required by Item 13 is incorporated by reference from the section entitled “Corporate Governance” and “Related Person Transactions” in Immersion’s definitive Proxy Statement for its fiscal year 2026 annual stockholders’ meeting.

Item 14. ***Principal Accounting Fees and Services***

The information required by Item 14 is incorporated by reference from the section entitled “Ratification of Appointment of Independent Registered Public Accounting Firm” in Immersion’s definitive Proxy Statement for its fiscal year 2026 annual stockholders’ meeting.

PART IV

Item 15. ***Exhibits, Financial Statement Schedules***

The following documents are filed as part of this Form:

1. *Financial Statements*

2. *Financial Statement Schedules*

Schedules not listed above have been omitted because the information required to be set forth therein is not applicable or is shown in the consolidated financial statements or notes herein.

3. Exhibits

The following exhibits are filed herewith:

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
3.1	Immersion Corporation Amended and Restated Bylaws, effective as of August 12, 2022	10-K	001-38334	3.1	February 22, 2023	
3.2	Amended and Restated Certificate of Incorporation of Immersion Corporation	8-K	000-27969	3.1	June 7, 2017	
3.3	Certificate of Designation of the Powers, Preferences and Rights of Series A Redeemable Convertible Preferred Stock	8-K	000-27969	3.1	July 29, 2003	
3.4	Amended and Restated Certificate of Designations of Series B Participating Preferred Stock of Immersion Corporation	8-K	000-27969	3.1	November 17, 2021	
3.5	Certificate of Designation of Series C Junior Participating Preferred Stock of Immersion Corporation	8-K	000-27969	3.1	November 10, 2025	
4.1	Description of Securities	10-K	001-38334	4.1	February 22, 2023	
4.2	Rights Agreement, dated November 7, 2025, between Immersion Corporation and Computershare Trust Company, N.A., as Rights Agent, which includes the Summary of Rights to Purchase Series C Junior Participating Preferred Stock as Exhibit B, and Form of Rights Certificate as Exhibit C	8-K	000-27969	4.1	November 10, 2025	
10.1	#License Agreement dated as of July 25, 2003 by and between Microsoft Corporation and Immersion Corporation	S-3/A	333-108607	10.4	February 13, 2004	
10.2	*Form of Indemnity Agreement	10-K	001-38334	10.3	February 22, 2023	
10.3	*Amended and Restated Immersion Corporation 2021 Equity Incentive Plan (effective January 20, 2023)	10-Q	001-38334	10.3	May 11, 2023	
10.4	*Form of Stock Option Award Agreement for Immersion Corporation 2021 Equity Incentive Plan.	10-K	001-38334	10.13	February 25, 2022	
10.5	*Form of Award Agreement (Restricted Stock Units) to the Immersion Corporation 2021 Equity Incentive Plan.	10-K	001-38334	10.11	February 22, 2023	

10.6	*Form of Amendment to Award Agreement (Performance-Based Restricted Stock Units) to the Immersion Corporation 2021 Equity Incentive Plan	10-K	001-38334	10.12	February 22, 2023	
10.7	*Form of Award Agreement (Performance-Based Restricted Stock Units) to the Immersion Corporation 2011 Equity Incentive	10-K	000-38334	10.13	February 22, 2023	
10.8	#Settlement and License Agreement, dated as of January 26, 2018, by and between Immersion Corporation and Apple Inc.	10-Q/A	001-38334	10.2	July 31, 2018	
10.9	Settlement and License Agreement, dated as of May 12, 2019, by and between Immersion Corporation and Samsung Electronics Co. Ltd	10-Q	001-38334	10.1	August 14, 2019	
10.10	*Form of Change of Control and Severance Agreement	8-K	001-38334	10.2	May 27, 2022	
10.11	*Amended and Restated Change of Control and Severance Agreement, dated January 3, 2023, between Immersion Corporation and Eric Singer	8-K	001-38334	10.2	January 3, 2023	
10.12	*Offer Letter, dated December 30, 2022, between Immersion Corporation and Eric Singer	8-K	001-38334	10.1	January 3, 2023	
10.13	*Summary of Compensation Information of William C. Martin, the Company's Chief Strategy Officer	10-K	001-38334	10.26	February 22, 2023	
10.14	*Change of Control and Severance Agreement, dated May 26, 2022, by and between Immersion Corporation and William C. Martin.	10-Q	001-38334	10.2	November 14, 2022	
10.15	*Immersion Corporation Annual Bonus Plan	8-K	001-38334	10.1	May 30, 2023	
10.16	*Offer Letter, dated May 26, 2023 between Immersion Corporation and J. Michael Dodson	8-K	001-38334	10.3	May 30, 2023	
10.17	*Change of Control and Severance Agreement, dated May 26, 2023 between Immersion Corporation and J. Michael Dodson	8-K	001-38334	10.4	May 30, 2023	
10.18	Cooperation Agreement, dated December 5, 2025 between the Company, Scott A. Larson and the Irrevocable Larson Family Investment Trust	8-K	001-38334	10.1	December 8, 2025	
19.1	Insider Trading Policy	10-K	001-38334	19.1	March 12, 2026	
21.1	Subsidiaries of Immersion Corporation.					X
23.1	Consent of BDO USA, P.C. with respect to the fiscal year ended April 30, 2026.					X
31.1	Certification of Eric Singer, Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
31.2	Certification of J. Michael Dodson, Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
32.1	+Certification of Eric Singer, Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
32.2	+Certification of J. Michael Dodson, Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
97.1	Dodd-Frank Clawback Policy	10-K	001-38334	97.1	March 12, 2026	
101.INS	Inline XBRL Report Instance Document					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document					X

104	+Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)	X

\# Confidential treatment has been granted for portions of this exhibit by the SEC.
* Constitutes a management contract or compensatory plan.
**Portions of this exhibit have been omitted as confidential information.
\+ This certification is deemed not filed for purposes of section 18 of the Exchange Act, as amended, or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act, as amended, or the Exchange Act, as amended.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Exchange Act, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: July 24, 2026

IMMERSION CORPORATION

By /s/ J. MICHAEL DODSON
J. Michael Dodson
Chief Financial Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Eric Singer and J. Michael Dodson, jointly and severally, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place, and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his or her substitute or substitutes, may do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Name	Title	Date
/s/ ERIC SINGER Eric Singer	President, Chief Executive Officer and Chairman of the Board (Principal Executive Officer)	July 24, 2026
/s/ J. MICHAEL DODSON J. Michael Dodson	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	July 24, 2026
/s/ WILLIAM C. MARTIN William C. Martin	Chief Strategy Officer and Director	July 24, 2026
/s/EMILY S. HOFFMAN Emily S. Hoffman	Director	July 24, 2026
/s/ ELIAS NADER Elias Nader	Director	July 24, 2026
/s/ FREDERICK WASCH Frederick Wasch	Director	July 24, 2026