UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

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

For the quarterly period ended January 31, 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)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report.)

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		

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, 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 is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

Number of shares of common stock outstanding as of April 28, 2026, was 33,100,452.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

In this Quarterly Report on Form 10-Q for the fiscal quarter ended January 31, 2026, Immersion Corporation is referred to using terms such as the "Company," "Immersion," "we," "us," or "our."

Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks, and changes in circumstances that are difficult to predict and many of which are outside our control. Actual results could differ materially from those projected in the forward-looking statements, and 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, among others, the risk factors contained under Part I, Item 1A. *Risk Factors* in our Annual Report on Form 10-K for the fiscal year ended April 30, 2025, filed with the Securities and Exchange Commission (the "SEC") on March 12, 2026, as amended on March 13, 2026, Part I, Item 1A. *Risk Factors* in Barnes & Noble Education Inc.'s ("Barnes & Noble Education") Annual Report on Form 10-K for the fiscal year ended May 3, 2025, filed with the SEC on December 23, 2025, and in Part II, Item 1A. *Risk Factors* of this Quarterly Report on Form 10-Q.

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.

IMMERSION CORPORATION
Fiscal Quarter Ended January 31, 2026
Table of Contents

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS		
PART I		**Page**
FINANCIAL INFORMATION		
Item 1.	Financial Statements (Unaudited)	1
	Condensed Consolidated Balance Sheets as of January 31, 2026 and April 30, 2025	1
	Condensed Consolidated Statements of Operations for the Three and Nine Months Ended January 31, 2026 and 2025	3
	Condensed Consolidated Statements of Comprehensive Income (Loss) for the Three and Nine Months Ended January 31, 2026 and 2025	4
	Condensed Consolidated Statements of Stockholders' Equity for the Three and Nine Months Ended January 31, 2026 and 2025	5
	Condensed Consolidated Statements of Cash Flows for the Nine Months Ended January 31, 2026 and 2025	7
	Notes to the Condensed Consolidated Financial Statements	9
	Note 1. Organization	9
	Note 2. Basis of Presentation and Summary of Significant Accounting Policies	10
	Note 3. Restatement of Previously-Issued Financial Statements	14
	Note 4. Business Combination	15
	Note 5. Segment Reporting	17
	Note 6. Revenue Recognition	17
	Note 7. Investments and Fair Value Measurements	19
	Note 8. Leases	22
	Note 9. Goodwill and Intangible Assets	23
	Note 10. Debt	24
	Note 11. Participation Interest Purchase Agreement	25
	Note 12. Stock-Based Compensation	26
	Note 13. Employee Benefit Plan	28
	Note 14. Stockholders' Equity	28
	Note 15. Noncontrolling Interest	29
	Note 16. Income Taxes	29
	Note 17. Earnings Per Share	31
	Note 18. Commitments and Contingencies	33
	Note 19. Supplementary Information	37
	Note 20. Subsequent Events	37
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	38
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	48
Item 4.	Controls and Procedures	48
PART II		
OTHER INFORMATION		
Item 1.	Legal Proceedings	50
Item 1A.	Risk Factors	50
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	50
Item 6.	Exhibits	51
SIGNATURES		52

PART I - FINANCIAL INFORMATION
Item 1. Financial Statements

IMMERSION CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(In thousands except share data)	**January 31, 2026**	**April 30, 2025**
ASSETS		
Immersion		
Cash and cash equivalents	$ 119,688	$ 63,550
Investments – current	48,094	88,789
Accounts receivable, net	2,330	2,767
Prepaid expenses and other current assets	17,523	11,331
	187,635	166,437
Barnes & Noble Education		
Cash and cash equivalents	10,139	9,058
Accounts receivable, net	416,425	98,075
Merchandise inventories, net	329,425	299,564
Textbook rental inventories, net	43,662	26,439
Prepaid expenses and other current assets	26,095	32,250
	825,746	465,386
Total Current Assets	1,013,381	631,823
Immersion		
Property and equipment, net	72	113
Investments – noncurrent	—	13,880
Long-term deposits	201	6,188
Other assets – noncurrent	20,866	27,362
	21,139	47,543
Barnes & Noble Education		
Property and equipment, net	76,579	95,702
Intangible assets, net	88,695	91,581
Goodwill	69,162	69,162
Operating lease right-of-use assets	152,231	155,281
Deferred tax assets	1,418	—
Other assets – noncurrent	10,115	11,181
	398,200	422,907
Total Assets	$ 1,432,720	$ 1,102,273

See accompanying Notes to the Unaudited Condensed Consolidated Financial Statements.

IMMERSION CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(In thousands except share data)	**January 31, 2026**	**April 30, 2025**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Immersion		
Accounts payable	$ 44	$ 13
Accrued compensation	457	343
Deferred revenue – current	2,927	2,938
Other current liabilities	11,537	10,240
	14,965	13,534
Barnes & Noble Education		
Accounts payable	319,236	148,848
Accrued liabilities	126,857	44,295
Deferred revenue – current	52,935	10,411
Operating lease liabilities – current	39,981	48,796
	539,009	252,350
Total Current Liabilities	553,974	265,884
Immersion		
Deferred revenue – noncurrent	3,595	5,790
Deferred income taxes – noncurrent	12,677	11,034
Other long-term liabilities	11,603	13,344
	27,875	30,168
Barnes & Noble Education		
Deferred income taxes – noncurrent	-	4,193
Operating lease liabilities – noncurrent	132,389	121,093
Deferred revenue – noncurrent	2,849	3,155
Other long-term liabilities	15,231	15,987
Long-term borrowings	138,400	103,098
	288,869	247,526
Total Liabilities	870,718	543,578
Commitments and Contingencies (Note 18)		
Stockholders' Equity:		
Common stock – $0.001 par value; 100,000,000 shares authorized; 50,274,555 and 33,055,059 shares issued and outstanding at January 31, 2026, respectively; 49,433,320 and 32,502,969 shares issued and outstanding at April 30, 2025, respectively	50	49
Additional paid-in capital	378,901	374,327
Accumulated other comprehensive income (loss)	122	535
Accumulated earnings (deficit)	29,961	34,691
Treasury stock: 17,219,496 and 16,930,351 shares as of January 31, 2026 and April 30, 2025, respectively, at cost	(113,651)	(111,477)
Total Stockholders' Equity Attributable to Immersion Corporation Stockholders	295,383	298,125
Noncontrolling interest in consolidated subsidiaries	266,619	260,570
Total Stockholders' Equity	562,002	558,695
Total Liabilities and Stockholders' Equity	$ 1,432,720	$ 1,102,273

See accompanying Notes to the Unaudited Condensed Consolidated Financial Statements.

IMMERSION CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(In thousands except per-share data)	Three Months Ended January 31, 2026	2025 As Restated	Nine Months Ended January 31, 2026	2025 As Restated
REVENUES				
Immersion				
Royalty and license	$ 3,396	$ 8,437	$ 13,028	$ 70,989
Barnes & Noble Education				
Product and other	471,825	419,663	1,344,215	1,109,455
Rental income	43,267	43,162	103,451	90,556
	515,092	462,825	1,447,666	1,200,011
Total revenues	518,488	471,262	1,460,694	1,271,000
COST OF SALES (excludes depreciation and amortization expense)				
Barnes & Noble Education				
Product and other cost of sales	401,367	328,980	1,117,052	872,704
Rental cost of sales	24,212	25,516	57,223	51,180
Total cost of sales	425,579	354,496	1,174,275	923,884
OPERATING EXPENSES				
Immersion				
Selling and administrative expenses	2,585	5,010	9,229	22,586
Barnes & Noble Education				
Selling and administrative expenses	72,546	71,498	217,633	180,544
Depreciation and amortization expense	10,676	9,951	31,560	24,627
Impairment loss	1,018	1,247	1,018	1,247
Other (income) expense	1,099	(6,178)	8,291	(1,114)
	85,339	76,518	258,502	205,304
Total operating expenses	87,924	81,528	267,731	227,890
Operating Income (Loss)	4,985	35,238	18,688	119,226
Interest income and other income (expense), net	(4,435)	14,803	7,849	29,039
Interest expense	3,968	4,167	9,766	11,081
Income (Loss) Before Income Taxes	(3,418)	45,874	16,771	137,184
Income tax benefit (expense)	(6,715)	(2,644)	(13,738)	(17,367)
Net Income (Loss)	(10,133)	43,230	3,033	119,817
Less: Net income (loss) attributable to noncontrolling interest	133	19,169	2,238	37,875
Net Income (Loss) Attributable to Immersion Stockholders	$ (10,266)	$ 24,061	$ 795	$ 81,942
Earnings (Loss) Per Common Share Attributable to Immersion Stockholders				
Basic	$ (0.31)	$ 0.74	$ 0.02	$ 2.56
Diluted	$ (0.31)	$ 0.73	$ 0.02	$ 2.50
Weighted-Average Common Shares Outstanding				
Basic	32,939	32,294	32,797	32,159
Diluted	32,939	33,055	33,070	32,959

See accompanying Notes to the Unaudited Condensed Consolidated Financial Statements.

IMMERSION CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)

(In thousands)	Three Months Ended January 31, 2026	Three Months Ended January 31, 2025 As Restated	Nine Months Ended January 31, 2026	Nine Months Ended January 31, 2025 As Restated
Net Income (Loss)	$ (10,133)	$ 43,230	$ 3,033	$ 119,817
Change in unrealized gains (losses) on available-for-sale securities	(190)	379	(413)	(108)
Pension adjustments	—	(7,828)	—	—
Comprehensive Income (Loss)	(10,323)	35,781	2,620	119,709
Comprehensive income (loss) attributable to noncontrolling interests	133	14,589	2,238	37,875
Comprehensive Income (Loss) Attributable to Immersion Stockholders	$ (10,456)	$ 21,192	$ 382	$ 81,834

See accompanying Notes to the Unaudited Condensed Consolidated Financial Statements.

IMMERSION CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)

	Three Months Ended January 31, 2026									
(In thousands, except number of 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 October 31, 2025	**50,029,484**	**$ 50**	**$ 377,050**	**$ 312**	**$ 42,743**	**17,152,874**	**$ (113,219)**	**$ 306,936**	**$ 266,917**	**$ 573,853**
Net income (loss)	—	—	—	—	(10,266)	—	—	(10,266)	133	(10,133)
Unrealized gain (loss) on available-for-sale securities, net of taxes	—	—	—	(190)	—	—	—	(190)	—	(190)
Release of restricted stock units and awards, net of shares withheld for payroll taxes	220,836	—	—	—	—	64,922	(422)	(422)	—	(422)
Shares issued to an employee in lieu of cash compensation	24,235	—	157	—	—	—	—	157	—	157
Dividends declared	—	—	—	—	(2,516)	—	—	(2,516)	—	(2,516)
Stock repurchases	—	—	—	—	—	1,700	(10)	(10)	—	(10)
Rebalancing of controlling and noncontrolling interest	—	—	765	—	—	—	—	765	(765)	—
Tax effects of changes in controlling and noncontrolling interests	—	—	198	—	—	—	—	198	—	198
Equity issuance costs	—	—	(260)	—	—	—	—	(260)	(535)	(795)
Stock-based compensation	—	—	991	—	—	—	—	991	869	1,860
Balances at January 31, 2026	**50,274,555**	**$ 50**	**$ 378,901**	**$ 122**	**$ 29,961**	**17,219,496**	**$ (113,651)**	**$ 295,383**	**$ 266,619**	**$ 562,002**

	Three Months Ended January 31, 2025 As Restated									
(In thousands, except number of 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 Stockholders	Noncontrolling Interest	Total Stockholders' Equity
Balances at October 31, 2024	**48,685,577**	**$ 49**	**$ 369,982**	**$ 4,780**	**$ 38,100**	**16,409,872**	**$ (107,408)**	**$ 305,503**	**$ 182,200**	**$ 487,703**
Net income (loss)	—	—	—	—	24,061	—	—	24,061	19,169	43,230
Unrealized gain (loss) on available-for-sale securities, net of taxes	—	—	—	379	—	—	—	379	—	379
Pension adjustments	—	—	—	(3,248)	—	—	—	(3,248)	(4,580)	(7,828)
Sale of Barnes & Noble Education's common stock, net of commissions	—	—	(4,353)	—	—	—	—	(4,353)	73,191	68,838
Rebalancing of controlling and noncontrolling interest	—	—	2,517	—	—	—	—	2,517	(2,517)	—
Tax effects of changes in controlling and noncontrolling interests	—	—	422	—	—	—	—	422	—	422
Release of restricted stock units and awards, net of shares withheld for payroll taxes	247,833	—	—	—	—	77,337	(675)	(675)	—	(675)
Shares issued to an employee in lieu of cash compensation	86,899	—	727	—	—	—	—	727	—	727
Stock repurchases	—	—	—	—	—	136,668	(1,170)	(1,170)	—	(1,170)
Dividends declared	—	—	—	—	(8,298)	—	—	(8,298)	—	(8,298)
Stock-based compensation	—	—	2,081	—	—	—	—	2,081	2,497	4,578
Balances at January 31, 2025	**49,020,309**	**$ 49**	**$ 371,376**	**$ 1,911**	**$ 53,863**	**16,623,877**	**$ (109,253)**	**$ 317,946**	**$ 269,960**	**$ 587,906**

See accompanying Notes to the Unaudited Condensed Consolidated Financial Statements.

IMMERSION CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)

	Nine Months Ended January 31, 2026									
(In thousands, except number of 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 Stockholders	Noncontrolling Interest	Total Stockholders' Equity
	49,433,32					16,930,35				
Balances at April 30, 2025	0	$ 49	$ 374,327	$ 535	$ 34,691	1	$ (111,477)	$ 298,125	$ 260,570	$ 558,695
Net income (loss)	—	—	—	—	795	—	—	795	2,238	3,033
Unrealized gain (loss) on available-for-sale securities, net of taxes	—	—	—	(413)	—	—	—	(413)	—	(413)
Release of restricted stock units and awards, net of shares withheld	791,669	1	(1)	—	—	287,445	(2,164)	(2,164)	—	(2,164)
Shares issued to an employee in lieu of cash compensation	49,566	—	336	—	—	—	—	336	—	336
Stock repurchases	—	—	—	—	—	1,700	(10)	(10)	—	(10)
Dividends declared	—	—	—	—	(5,525)	—	—	(5,525)	—	(5,525)
Stock-based compensation	—	—	3,844	—	—	—	—	3,844	5,111	8,955
Equity issuance costs	—	—	(260)	—	—	—	—	(260)	(535)	(795)
Rebalancing of controlling and noncontrolling interest	—	—	765	—	—	—	—	765	(765)	—
Tax effects of changes in controlling and noncontrolling interest	—	—	(110)	—	—	—	—	(110)	—	(110)
	50,274,55					17,219,49				
Balances at January 31, 2026	5	$ 50	$ 378,901	$ 122	$ 29,961	6	$ (113,651)	$ 295,383	$ 266,619	$ 562,002

	Nine Months Ended January 31, 2025 As Restated									
(In thousands, except number of 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	48,047,32					16,192,49				
	9	$ 48	$ 322,786	$ 2,019	$ (18,263)	2	$ (105,360)	$ 201,230	$ —	$ 201,230
Barnes & Noble Education acquisition	—	—	—	—	—	—	—	—	203,657	203,657
Net income (loss)	—	—	—	—	81,942	—	—	81,942	37,875	119,817
Unrealized gain (loss) on available-for-sale securities, net of taxes	—	—	—	(108)	—	—	—	(108)	—	(108)
Sale of Barnes & Noble Education's common stock, net of commissions	—	—	(5,306)	—	—	—	—	(5,306)	83,556	78,250
Rebalancing of controlling and noncontrolling interest	—	—	58,740	—	—	—	—	58,740	(58,740)	—
Tax effects of changes in controlling and noncontrolling interests	—	—	(12,126)	—	—	—	—	(12,126)	—	(12,126)
Release of restricted stock units and awards, net of shares withheld for payroll taxes	790,166	1	(1)	—	—	294,717	(2,723)	(2,723)	—	(2,723)
Shares issued to an employee in lieu of cash compensation	182,814	—	1,541	—	—	—	—	1,541	—	1,541
Principal stockholder expense reimbursement	—	—	1,500	—	—	—	—	1,500	—	1,500
Stock repurchases	—	—	—	—	—	136,668	(1,170)	(1,170)	—	(1,170)
Dividends declared	—	—	(1,524)	—	(9,816)	—	—	(11,340)	—	(11,340)
Stock-based compensation	—	—	5,766	—	—	—	—	5,766	3,612	9,378
Balances at January 31, 2025	49,020,30					16,623,87				
	9	$ 49	$ 371,376	$ 1,911	$ 53,863	7	$ (109,253)	$ 317,946	$ 269,960	$ 587,906

See accompanying Notes to the Unaudited Condensed Consolidated Financial Statements.

IMMERSION CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(in thousands)	Nine Months Ended January 31, 2026	2025 As Restated
Cash flows from operating activities:		
Net income (loss)	$ 3,033	$ 119,817
Adjustments to reconcile net income (loss) to cash flows from operating activities:		
Depreciation and amortization expense	31,637	24,701
Impairment loss	1,018	1,247
Stock-based compensation	8,955	9,380
Loss on disposal of property and equipment	2,210	3,209
Net (gains) losses on investment in marketable securities	4,005	(15,596)
Net (gains) losses on derivative instruments	(6,514)	(5,586)
Shares issued to an employee in lieu of cash compensation	336	1,545
Deferred income tax	(5,819)	2,743
Income tax expense related to write-down of long-term deposits	5,908	—
Other noncash	50	828
Changes in operating assets and liabilities, net of acquisitions:		
Accounts and other receivables	(317,911)	(230,569)
Merchandise inventories	(29,863)	9,916
Textbook rental inventories	(17,223)	(31,198)
Prepaid expenses and other current assets	(11,463)	(16,309)
Long-term deposits	39	48
Changes in lease right-of-use assets and liabilities	4,912	(116)
Other assets	7,574	(26,292)
Accounts payable and accrued liabilities	255,000	7,046
Other current liabilities	81	15,747
Deferred revenue	40,012	30,916
Other long-term liabilities	(757)	(9,151)
Net cash flows provided by (used in) operating activities	(24,780)	(107,674)
Cash flows from investing activities:		
Purchases of marketable securities and other investments	(20,049)	(80,951)
Proceeds from sale or maturities of marketable securities and other investments	70,196	115,710
Proceeds from sale of derivative instruments	13,249	11,491
Payments for settlement of derivative instruments	(5,521)	(4,856)
Acquisition of business net of cash acquired	—	(29,647)
Purchase of property and equipment	(11,781)	(8,134)
Proceeds from disposition of property and equipment	—	792
Net cash flows provided by (used in) investing activities	46,094	4,405
Cash flows from financing activities:		
Proceeds from borrowings	604,000	616,455
Repayment of borrowing	(568,700)	(576,491)
Proceeds from sale of Barnes & Noble Education common stock, net of commissions and issuance costs	—	78,251
Equity issuance costs	(795)	—
Payment of deferred financing costs	(1,900)	—
Dividend payments to stockholders	(5,526)	(11,340)
Payment of finance lease principal	(379)	—
Shares withheld to cover payroll taxes	(2,164)	(2,725)
Other financing activities	(11)	(1,170)
Net cash provided by (used in) financing activities	24,525	102,980
Net increase (decrease) in cash, cash equivalents and restricted cash	45,839	(289)
Cash, cash equivalents, and restricted cash:		
Beginning of period	92,273	85,521
End of period	$ 138,112	$ 85,232

See accompanying Notes to the Unaudited Condensed Consolidated Financial Statements.

IMMERSION CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

Reconciliation of cash, cash equivalents and restricted cash for *Condensed Consolidated Balance Sheets*:

	Nine Months Ended January 31,	
	2026	**2025**
(In thousands)		**As Restated**
Cash and cash equivalents		
Immersion	$ 119,688	$ 68,505
Barnes & Noble Education	10,139	9,185
	129,827	77,690
Barnes & Noble Education restricted cash reported as:		
Prepaid expenses and other current assets	5,905	5,199
Other assets - noncurrent	2,380	2,343
Total restricted cash	8,285	7,542
Total cash, cash equivalents and restricted cash	$ 138,112	$ 85,232

See accompanying Notes to the Unaudited Condensed Consolidated Financial Statements.

IMMERSION CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

These unaudited condensed consolidated financial statements and accompanying notes should be read in conjunction with the consolidated financial statements and accompanying notes included in the Company's Annual Report on Form 10-K for the fiscal year ended April 30, 2025, which includes restated consolidated financial statements for certain interim periods within the fiscal year ended April 30, 2025.

NOTE 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 Condensed 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, mobile entertainment, console gaming, and automotive.

On June 10, 2024 (the "Closing Date"), we acquired a controlling interest in Barnes & Noble Education, Inc., a Delaware corporation ("Barnes & Noble Education" or "BNED"). See *Note 4. Business Combination* for additional information. The financial results of Barnes & Noble Education have been included in our *Condensed Consolidated Financial Statements* since the Closing Date.

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.

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.

IMMERSION CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation and Basis of Presentation

The results of operations reflected in the Company's *Condensed 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 *Condensed 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 *Condensed Consolidated Balance Sheets* represents the portion of Barnes & Noble Education's net assets attributable to the other owners, based on the portion of the interest owned by such owners. As of January 31, 2026, the noncontrolling interest was $266.6 million. 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 *Condensed Consolidated Financial Statements* have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information and with the instructions for Form 10-Q and the applicable articles of Regulation S-X. Accordingly, these *Condensed Consolidated Financial Statements* do not include all information and footnotes necessary for a complete presentation of the financial position, results of operations, and cash flows, in conformity with U.S. GAAP and should be read in conjunction with our audited consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended April 30, 2025, as amended. In the opinion of management, all adjustments consisting of only normal and recurring items necessary for the fair presentation of the financial position and results of operations for the interim periods presented have been included.

Due to their non-homogeneous operations, our *Condensed Consolidated Balance Sheet* as of January 31, 2026 and *Consolidated Balance Sheet* as of April 30, 2025 and *Condensed Consolidated Statements of Operations* for the three and nine months ended January 31, 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 the assets of Barnes & Noble Education, reported on the *Condensed 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 Corporation.

Summary of Significant Accounting Policies

Use of Estimates

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

Earnings (Losses) Per Share

We present both basic and diluted earnings (losses) 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 income available to Immersion stockholders by the weighted-average number of common stock 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.

IMMERSION CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Goodwill and Indefinite-Lived Intangible Assets

We have goodwill and indefinite-lived intangible assets that have been recorded in connection with the acquisition of Barnes & Noble Education. Goodwill and indefinite-lived intangible assets are not amortized, but instead are tested for impairment at least annually. We monitor these assets on a quarterly basis for potential indicators of impairment. 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.

Impairment of Long-Lived Assets

The Company's long-lived assets include property and equipment, operating lease right-of-use assets, and amortizable intangibles 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.

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 its 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 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 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.

These shifts in timing may affect the comparability of Barnes & Noble Education's results across periods. Sales attributable to Barnes & Noble Education's wholesale business are generally highest in Barnes & Noble Education's first, second and third quarters, as it sells textbooks and other course materials for retail distribution. See *Revenue Recognition and Deferred Revenue* discussion below.

Restricted Cash

At January 31, 2026 and April 30, 2025, restricted cash was comprised of $5.9 million and $17.3 million, respectively, in *Prepaid expenses and other current assets* in the *Condensed Consolidated Balance Sheets* related to segregated funds for commission due to Fanatics Lids College, Inc. D/B/A "Lids" ("Lids") for logo merchandise sales as per the Lids service provider merchandising agreement, and for both respective dates, $2.4 million in *Other assets - noncurrent* in the *Condensed Consolidated Balance Sheets* related to amounts held in trust for future distributions related to employee benefit plans.

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.

IMMERSION CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

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. The related LIFO reserve was $6.4 million to Barnes & Noble Education's inventory balance as of January 31, 2026 and April 30, 2025, respectively.

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 with the amortization expense recognized in cost of goods sold. 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.

Leases

Barnes & Noble Education recognizes lease assets and lease liabilities on the *Condensed Consolidated Balance Sheets* for all operating lease arrangements based on the present value of future lease payments as required by Accounting Standards Codification ("ASC") *Topic 842, Leases*. Barnes & Noble Education does not recognize lease assets or lease liabilities for short-term leases (i.e., those with a term of twelve months or less). Barnes & Noble Education recognizes lease expense on a straight-line basis over the lease term for contracts with fixed lease payments, including those with fixed annual minimums, or over a rolling twelve-month period for leases where the annual guarantee resets at the start of each contract year, in order to best reflect the pattern of usage of the underlying leased asset. Barnes & Noble Education recognizes lease expense related to college and university contracts, inclusive of the amortization of the unfavorable lease terms determined at June 10, 2024, as cost of sales in the *Condensed Consolidated Statements of Operations* and Barnes & Noble Education recognizes lease expense related to its various office spaces as *Selling and administrative expenses* in the *Condensed Consolidated Statements of Operations.*

For leases entered into after June 10, 2024, Barnes & Noble Education uses its incremental borrowing rates to determine the present value of fixed lease payments based on the information available at the commencement date, as 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. See *Note 8. Leases* for additional information.

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 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 it expects to be entitled to in exchange for the products. For additional information, see *Note 6. Revenue Recognition* for additional information.

Product 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 products by its customers for products ordered through websites and virtual bookstores. Product sales from Barnes & Noble Education's wholesale operations are 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.

IMMERSION CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Revenue from the sale of digital textbooks, which contains a single performance obligation, is recognized upon delivery of the digital content as product sales in Barnes & Noble Education's condensed 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 Barnes & Noble Education's condensed 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 the *BNC First Day* offerings is consistent with Barnes & Noble Education's 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 the *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 its 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 sales 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. This determination is based on Barnes & Noble Education's 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, it records revenue on a gross basis, and for those transactions where Barnes & Noble Education is an agent to a third party, it records revenue on a net basis.

As the logo and emblematic general merchandise sales are fulfilled by Lids and Fanatics Retail Group Fulfillment, LLC ("Fanatics", collectively, F/L Relationship), Barnes & Noble Education recognizes commission revenue earned for these sales on a net basis in its condensed consolidated financial statements.

Barnes & Noble Education does not have gift cards 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

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

Brand marketing agreements often include multiple performance obligations which are individually negotiated with Barnes & Noble Education's 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.

IMMERSION CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Cost of Sales

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.

Selling and Administrative Expenses

The Company'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.

Accounting Pronouncements

Recently Issued Accounting Pronouncements Adopted

In September 2025, Financial Accounting Standards Board (the "FASB") issued ASU No. 2025-07 ("ASU 2025-07"), *Derivatives and Hedging (Topic 815): Derivatives Scope Refinements and Scope Clarification for Share-Based Noncash Consideration from a Customer in a Revenue Contract*. The guidance refines the scope of Topic 815 to clarify which contracts are subject to derivative accounting. The guidance also provides clarification under Topic 606 related to 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 periods within those fiscal years, with early adoption permitted. The Company elected to early adopt ASU 2025-07 effective May 1, 2025, the first day of fiscal year 2026. The adoption did not have a material impact on the Company's C*ondensed Consolidated Financial Statements*. See *Note 11. Participation Interest Purchase Agreement* for additional information.

Recently Issued Accounting Pronouncements

Except for ASU 2025-07, there were no new accounting pronouncements, issued during the three months ended January 31, 2026 that are expected to have a material impact on the Company's *Condensed Consolidated Financial Statements*.

NOTE 3. RESTATEMENT OF PREVIOUSLY-ISSUED FINANCIAL STATEMENTS

As previously disclosed in *Note 20. Restatement of Quarterly Financial Information (Unaudited)* in the Company's Annual Report on Form 10-K for the fiscal year ended April 30, 2025, the Company restated the unaudited quarterly *Condensed Consolidated Financial Statements* for the quarterly and year-to-date periods ended January 31, 2025 and October 31, 2024; calendar quarter and year-to-date ended June 30, 2024; and the one month period ended July 31, 2024 (the "restated periods") in connection with the identification of material errors related to the accounting for digital cost of sales, leases, and other items. The quantitative impact of the restatement on the Company's consolidated statements of operations, cash flows and stockholders' equity for the three and nine months ended January 31, 2025 is presented in *Note 20. Restatement of Quarterly Financial Information (Unaudited)* in the Company's Annual Report.

The restatement did not result in any changes to the classification of cash flows among operating, investing, or financing activities. The accompanying *Condensed Consolidated Financial Statements* included in this Quarterly Report on Form 10-Q reflect the restated amounts for all applicable prior periods presented and are prepared on a basis consistent with the restated consolidated financial statements included in the Annual Report on Form 10-K for the fiscal year ended April 30, 2025.

IMMERSION CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 4. BUSINESS COMBINATION

On June 10, 2024 ("Closing Date"), 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 (as defined in the purchase agreement between Barnes & Noble Education and the Company) and $2.5 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 *Condensed Consolidated Statement of Operations*. The acquisition aims to expand Immersion's offerings, increase its customer reach, and diversify into the education sector.

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 purchase price allocation was finalized during the measurement period and the amounts presented below reflect final measurement period adjustments recorded during the fiscal year ended April 30, 2025. See *Note 9. Goodwill and Intangible Assets* for additional information. The results of the purchase price allocation below are presented, inclusive of the restatement adjustments. For the impacts of the restatement on the preliminary purchase price allocation, see *Note 20. Restatement of Quarterly Financial Information (Unaudited)* in the Company's Annual Report on Form 10-K for the fiscal year ended April 30, 2025.

The following table presents the results of the final purchase price allocation, inclusive of the restatement adjustments (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

IMMERSION CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

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

(in thousands)		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 acquisition 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 Closing 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 Closing Date.

IMMERSION CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 5. SEGMENT REPORTING

The Company operates as two operating and reportable segments, Immersion and Barnes & Noble Education. 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. Summarized financial information for our reportable segments is reported below (in thousands):

(in thousands)	Three Months Ended January 31, 2026	2025 As Restated	Nine Months Ended January 31, 2026	2025 As Restated
REVENUES				
Immersion	$ 3,396	$ 8,437	$ 13,028	$ 70,989
Barnes & Noble Education	515,092	462,825	1,447,666	1,200,011
Total revenues	518,488	471,262	1,460,694	1,271,000
COST OF SALES (excludes depreciation and amortization expense)				
Barnes & Noble Education	425,579	354,496	1,174,275	923,884
OPERATING EXPENSES				
Immersion				
Selling and administrative expenses	2,585	5,010	9,229	22,586
Barnes & Noble Education				
Selling and administrative expenses	72,546	71,498	217,633	180,544
Depreciation and amortization expense	10,676	9,951	31,560	24,627
Impairment loss	1,018	1,247	1,018	1,247
Other (income) expense	1,099	(6,178)	8,291	(1,114)
	85,339	76,518	258,502	205,304
Total operating expenses	87,924	81,528	267,731	227,890
Operating Income (Loss)				
Immersion	811	3,427	3,799	48,403
Barnes & Noble Education	4,174	31,811	14,889	70,823
Operating Income (Loss)	$ 4,985	$ 35,238	$ 18,688	$ 119,226

The reconciliation between segment *Operating Income (Loss)* and *Income (Loss) Before Income Taxes* is included within our *Condensed Consolidated Statements of Operations.*

NOTE 6. REVENUE RECOGNITION

Immersion

Disaggregated Revenue

The following table presents the disaggregation of Immersion's revenue for the three and nine months ended January 31, 2026 and 2025 (in thousands):

	Three Months Ended January 31, 2026	2025 As Restated	Nine Months Ended January 31, 2026	2025 As Restated
Fixed fee license revenue	$ 734	$ 5,754	$ 2,206	$ 61,756
Per-unit royalty revenue	2,662	2,683	10,822	9,233
Total royalty and license revenue	$ 3,396	$ 8,437	$ 13,028	$ 70,989

IMMERSION CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Contract Assets

As of January 31, 2026, we had contract assets of $7.7 million included within *Prepaid expenses and other current assets* and $20.9 million within *Other assets – noncurrent* on the *Condensed Consolidated Balance Sheet*. 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 within *Other assets - noncurrent* on the *Condensed Consolidated Balance Sheet.*

Deferred Revenue

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

	January 31, 2026	April 30, 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	(2,206)	(12,626)
Deferred revenue balance end of the period	$ 6,522	$ 8,728

Based on contracts signed and payments received as of January 31, 2026, we expect to recognize $6.5 million in revenue under our fixed fee license agreements, which are satisfied over time, including $6.2 million over one to three years and $0.3 million over more than three years.

Barnes & Noble Education

Disaggregated Revenue

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

	Three Months Ended January 31, 2026	2025 As Restated	Nine Months Ended January 31, 2026	From June 10, 2024 to January 31, 2025 As Restated
Course material product sales	$ 357,757	$ 304,245	$ 974,621	$ 794,397
General merchandise product sales [(a)]	95,136	97,313	302,546	258,062
Services and other revenue [(b)]	18,932	18,105	67,048	56,996
Total product and other revenue	471,825	419,663	1,344,215	1,109,455
Course materials rental income	43,267	43,162	103,451	90,556
Total revenue	$ 515,092	$ 462,825	$ 1,447,666	$ 1,200,011

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

Deferred Revenue

Contract Assets and Contract Liabilities

Contract assets represent the sale of goods or services to a customer before Barnes & Noble Education has 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 $0.8 million and $0.6 million for January 31, 2026 and April 30, 2025, respectively, on the *Condensed Consolidated Balance Sheets*.

IMMERSION CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Contract liabilities represent an obligation to transfer goods or services to a customer for which Barnes & Noble Education has received consideration and consists of its 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 Barnes & Noble Education's 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.

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

	January 31, 2026	April 30, 2025
Deferred revenue as of the beginning of the period	$ 13,566	$ 11,044
Additions to deferred revenue during the period	172,546	173,969
Reductions to deferred revenue for revenue recognized during the period	(130,328)	(171,447)
Deferred revenue balance at the end of period	$ 55,784	$ 13,566

NOTE 7. 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 January 31, 2026 and April 30, 2025 (in thousands):

Investments - current	**January 31, 2026**	**April 30, 2025**
Marketable equity securities	$ 48,094	$ 55,784
U.S. treasury securities	—	33,005
Total Investments – current	$ 48,094	$ 88,789

Investments - noncurrent	**January 31, 2026**	**April 30, 2025**
Corporate bonds	$ —	$ 13,880
Total Investments – noncurrent	$ —	$ 13,880

Marketable Securities

Marketable securities as of January 31, 2026 and April 30, 2025 consisted of the following (in thousands):

	January 31, 2026			
	Cost or Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Marketable equity securities				
Equity securities	$ 56,975	$ 6,287	$ (15,168)	$ 48,094
	$ 56,975	$ 6,287	$ (15,168)	$ 48,094

IMMERSION CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

	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
	$ 110,153	$ 7,370	$ (14,854)	$ 102,669

As of April 30, 2025, the fair value of available-for-sale debt securities in unrealized loss positions for corporate bonds were $10.6 million, with an aggregated loss of $0.1 million. There were no U.S. treasury securities with an unrealized loss position at April 30, 2025. For all available-for-sale debt securities that were in unrealized loss positions, we have determined that it is more likely than not we will hold the securities until maturity or a recovery of the cost basis. We had no credit-related impairment loss as of January 31, 2026 and April 30, 2025.

Derivative Financial Instruments

Immersion's derivative instruments consisted of call and put options sold at their fair value as of the balance sheet date. These derivative instruments are reported as *Other current liabilities* on the Company's *Condensed Consolidated Balance Sheets* as of January 31, 2026 and April 30, 2025 (in thousands):

	January 31, 2026		
	Cost	Unrealized (Gains) Losses	Fair Value
Derivative instruments	$ 8,095	$ 2,873	$ 10,968
	$ 8,095	$ 2,873	$ 10,968

	April 30, 2025		
	Cost	Unrealized (Gains) Losses	Fair Value
Derivative instruments	$ 6,045	$ 3,709	$ 9,754
	$ 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 Immersion's marketable debt securities are as follows (in thousands):

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2026	2025	2026	2025
Net unrealized gains (losses) recognized on marketable equity securities	$ (4,203)	$ 9,028	$ (988)	$ 8,252
Net realized gains (losses) recognized on marketable equity securities	(1,732)	2,095	(2,910)	6,037
Net unrealized gains (losses) recognized on derivative instruments	(4,252)	(3,702)	837	(2,945)
Net realized gains recognized on derivative instruments	4,053	5,070	5,677	8,532
Net realized gains (losses) recognized on marketable debt securities	130	—	(107)	1,308
Total net gains recognized in interest income and other income (loss), net	$ (6,004)	$ 12,491	$ 2,509	$ 21,184

IMMERSION CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

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.

See *Note 11. Participation Interest Purchase Agreement* for fair value information about Barnes & Noble Education's derivative instrument held as of April 30, 2025, that is fair valued using Level 3 inputs.

Financial instruments measured at fair value on a recurring basis as of January 31, 2026 and April 30, 2025 are classified based on the valuation technique in the table below (in thousands):

	January 31, 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)	$ 98,842	$ —	$ —	$ 98,842
Equity securities	48,094	—	—	48,094
Total assets at fair value	$ 146,936	$ —	$ —	$ 146,936
Liabilities				
Derivative instruments	$ 5,140	$ 5,828	$ —	$ 10,968
Total liabilities at fair value	$ 5,140	$ 5,828	$ —	$ 10,968

IMMERSION CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

	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

NOTE 8. LEASES

Immersion

For the three and nine months ended January 31, 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 *Condensed Consolidated Balance Sheets* for substantially all lease arrangements based on the present value of future lease payments as required by ASC Topic 842, *Leases*. Barnes & Noble Education's portfolio of leases consists of operating leases comprised of operating agreements, which grant us 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 a right of use ("ROU") asset and lease liability in the *Condensed 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's 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's lease agreements do not contain any material residual value guarantees, material restrictions, or covenants.

Barnes & Noble Education uses an estimated 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.

IMMERSION CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

The following table summarizes additional information related to Barnes & Noble Education's operating leases (in thousands) except for lease term and discount rate:

	Three Months Ended January 31,		Nine Months Ended January 31, 2026	From June 10, 2024 to January 31, 2025
	2026	2025 As Restated		As Restated
Operating lease cost	$ 15,602	$ 16,675	$ 48,840	$ 44,212
Variable lease payments	46,762	18,719	118,653	52,928
Short-term lease cost	—	4,310	—	12,060
Total lease cost	$ 62,364	$ 39,704	$ 167,493	$ 109,200

	January 31, 2026	January 31, 2025 As Restated
Cash paid for amounts included in the measurement of lease liabilities	$ 42,275	$ 79,155
Operating lease right-of-use assets obtained in exchange for operating lease liabilities	$ 37,942	$ 17,803
Weighted-average remaining lease term (in years)	4.5	4.6
Weighted-average discount rate	6.8%	6.3%

NOTE 9. GOODWILL AND INTANGIBLE ASSETS

Goodwill

The Company recognized $69.2 million in goodwill as the result of the business combination with Barnes & Noble Education on June 10, 2024. See *Note 4. Business Combination* for additional information. The carrying value of goodwill was $69.2 million as of January 31, 2026 and April 30, 2025.

In accordance with *ASC Topic 350 - Intangibles - Goodwill and Other*, the Company did not record any goodwill impairment losses during the three and nine months ended January 31, 2026, the three months ended January 31, 2025, and the period from June 10, 2024 to January 31, 2025. Goodwill represents the future economic benefit attributable to Barnes & Noble Education's assembled workforce, which is not individually and separately recognized as an intangible asset. As such, the carrying value of goodwill has been allocated to Barnes & Noble Education Segment and none of the goodwill has been allocated to the Immersion Segment.

Intangible Assets, net

The following is a summary of intangible assets, excluding goodwill, recorded as *Intangible assets, net* on the Company's *Condensed Consolidated Balance Sheets* as of January 31, 2026 and April 30, 2025 (in thousands):

	January 31, 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	(6,305)	43,695	11.4
Total	$ 95,000	$ (6,305)	$ 88,695	

IMMERSION CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

	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 $1.0 million and $2.9 million for the three and nine months ended January 31, 2026, respectively, and $1.0 million and $2.5 million for the three months ended January 31, 2025 and the period from June 10, 2024 to January 31, 2025, respectively.

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

Fiscal Year ended April 30,	Amount
Remainder of 2026	$ 962
2027	3,846
2028	3,846
2029	3,846
2030	3,846
Thereafter	27,349
Total	$ 43,695

NOTE 10. DEBT

The following is a summary of Barnes & Noble Education's outstanding borrowing as of January 31, 2026 and April 30, 2025 (in thousands):

		As of	
	Maturity Date	January 31, 2026	April 30, 2025
Total debt - Barnes & Noble Education credit facility	June 9, 2028	$ 138,400	$ 103,098
Balance sheet classification:			
Long-term borrowings		$ 138,400	$ 103,098

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.

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

IMMERSION CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

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. In connection with the timing of Barnes & Noble Education's financial statement filings, Barnes & Noble Education entered into a series of limited consent and waiver agreements with the lenders under the Restated ABL Facility to extend certain financial reporting deadlines. These waivers related solely to the timing of Barnes & Noble Education's filings and did not arise from noncompliance with any financial covenants. The Investigation and related restatement of Barnes & Noble Education's previously issued financial statements have been completed.

The credit facility is secured by substantially all 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% was paid on June 10, 2025.

As previously disclosed, Barnes & Noble Education was unable to timely file certain periodic reports due to the completion of a review of certain accounting matters and, as a result, has restated its previously-issued consolidated financial statements for certain prior periods. Starting in the quarter ended October 31, 2025, Barnes & Noble Education entered into a series of limited consent and waiver arrangements with its lenders related to extending the timing of required financial statement deliveries through January 20, 2026, and did not arise from the noncompliance with any financial covenants.

During the nine months ended January 31, 2026, Barnes & Noble Education borrowed $604.0 million and repaid $568.7 million under the Restated ABL Facility, with $138.4 million of outstanding borrowings under the Restated ABL Facility as of January 31, 2026.

As of January 31, 2026, Barnes & Noble Education was in compliance with all debt covenants under the Restated ABL Facility.

NOTE 11. PARTICIPATION INTEREST PURCHASE AGREEMENT

In April 2025, Barnes & Noble Education entered into a Participation Interest Purchase Agreement (the "Sale 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. The Sale Agreement is non-recourse to Barnes & Noble Education with respect to financial risk, and Jefferies' entitlement to payment is limited to proceeds, if any, received from the litigation.

IMMERSION CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Barnes & Noble Education has continuing contractual obligations under the Sale Agreement, including remaining the plaintiff of record, cooperating with Jefferies and its counsel, providing access to litigation-related documents, and complying with certain settlement-related provisions. These obligations are protective in nature and are intended to preserve Jefferies' contractual rights; however, they do not require Barnes & Noble Education to repay amounts received, provide services, or otherwise create a debt obligation.

Effective May 4, 2025, the first day of Barnes & Noble Education's fiscal year 2026, Barnes & Noble Education early adopted ASU No. 2025-07, *Derivatives and Hedging (Topic 815): Derivatives Scope Refinements and Scope Clarification for Share-Based Noncash Consideration from a Customer in a Revenue Contract*. Upon adoption, the Sale Agreement no longer met the definition of a derivative under ASC 815, as the arrangement qualifies for the scope exception for litigation funding arrangements that do not create or modify debt.

Accordingly, upon adoption, the previously recognized derivative liability was reclassified to deferred income within other long-term liabilities, and the Sale Agreement is accounted for under *ASC 470, Debt, as deferred income*. The deferred income will be recognized in earnings when the related litigation is resolved and proceeds, if any, are distributed.

The guidance was applied using a modified retrospective approach, resulting in the reclassification of the derivative liability to deferred income as of the adoption date. The cumulative-effect adjustment to retained earnings upon adoption was immaterial. No amounts related to this arrangement are subject to recurring fair-value measurement after adoption.

NOTE 12. STOCK-BASED COMPENSATION

Immersion

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 grant for such stock options. Stock options generally vest over four years and expire seven years from the applicable grant date. Market condition-based stock awards are subject to a market conditions 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.

A summary of our equity incentive program as of January 31, 2026 is as follows (in thousands):

Common stock shares available for grant	1,669
RSUs outstanding	651
RSAs outstanding	—
PSUs outstanding	—

As of January 31, 2026, the Company did not have any outstanding stock options.

IMMERSION CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Restricted Stock Units

The following summarizes RSU activities for the nine months ended January 31, 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	
Released	(792)	8.51	
Forfeited	—	—	
Outstanding at January 31, 2026	651	$ 7.03	0.89

Stock-based Compensation Expense

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 summarizes the Company's stock-based compensation expense related to all of Immersion's stock-based awards for the three and nine months ended January 31, 2026 and 2025 (in thousands):

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2026	2025	2026	2025
Stock options	$ —	$ —	$ —	$ —
RSUs, RSAs and PSUs	991	2,081	3,844	5,766
Total	$ 991	$ 2,081	$ 3,844	$ 5,766
Selling and administrative expenses	$ 991	$ 2,081	$ 3,844	$ 5,766
Total	$ 991	$ 2,081	$ 3,844	$ 5,766

As of January 31, 2026, there was $2.9 million of unrecognized compensation cost adjusted for estimated forfeitures related to unvested, 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 1.4 years. Total unrecognized compensation cost will be adjusted for future changes in estimated forfeitures.

Barnes & Noble Education

Stock-based Compensation Expense

The following summarizes the total stock-based compensation expense for options, RSAs, RSUs, and PSUs for the three and nine months ended January 31, 2026 and 2025 (in thousands):

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2026	2025 As Restated	2026	2025 As Restated
Stock options	$ —	$ —	$ —	$ —
RSUs, RSAs and PSUs	869	2,497	5,111	3,612
Total	$ 869	$ 2,497	$ 5,111	$ 3,612
Selling and administrative expenses	$ 869	$ 2,497	$ 5,111	$ 3,612
Total	$ 869	$ 2,497	$ 5,111	$ 3,612

The total unrecognized compensation cost related to unvested awards as of January 31, 2026 was $5.6 million and is expected to be recognized over a weighted-average period of 1.6 years.

IMMERSION CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 13. EMPLOYEE BENEFIT PLAN

Barnes & Noble Education sponsors defined contribution plans for the benefit of substantially all of its employees. MBS Textbook Exchange, LLC ("MBS"), a subsidiary of Barnes & Noble Education, maintains a profit-sharing plan covering substantially all full-time employees of MBS. For all plans, Barnes & Noble Education is responsible to fund the employer contributions directly, if any. There was no benefit expense for these plans during the three months ended January 31, 2026 and 2025, the nine months ended January 31, 2026, and for the period from June 10, 2024 to January 31, 2025.

NOTE 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 December 2022 Stock Repurchase Program has been amended various times and the most recent amendment extended the expiration date to December 29, 2026.

During the three and nine months ended January 31, 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 January 31, 2026, the Company had $39.3 million available for repurchase under the December 2022 Stock Repurchase Program.

Barnes & Noble Education Stock Repurchase Program

On December 14, 2015, the Board of Directors authorized a stock repurchase program of up to $50 million in the aggregate outstanding Barnes & Noble Education's common stock ("BNED's Common Stock"). The stock repurchase program is carried out at the direction of Barnes & Noble Education's management (which may include a plan under Rule 10b5-1 of the Securities Exchange Act of 1934). The stock repurchase program may be suspended, terminated, or modified at any time. Any repurchased shares will be held as treasury stock and will be available for general corporate purposes. During the three and nine months ended January 31, 2026, Barnes & Noble Education did not purchase shares under the stock repurchase program. As of January 31, 2026, approximately $26.7 million remains available under the stock repurchase program.

Immersion Shareholder Rights Plan

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.

IMMERSION CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Immersion Dividends Declared and Dividend Payments

Announcement Date	Dividend Type	Amount per Share	Record Date	Payment Date
November 13, 2023	Quarterly (increased)	$ 0.045	January 14, 2024	January 25, 2024
March 7, 2024	Quarterly	0.045	April 12, 2024	April 19, 2024
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

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

During the nine months ended January 31, 2026 and 2025, the Company paid $5.5 million and $11.3 million in dividends each period, respectively.

NOTE 15. 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. 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 table summarizes the ownership interest in Barnes & Noble Education:

	January 31, 2026	
	Shares Owned	% of Ownership
Immersion	11,208,746	32.7%
Noncontrolling Interest	23,085,823	67.3%
Total BNED Common Stock outstanding	34,294,569	100.0%

The weighted average ownership percentages for the applicable reporting periods are used to attribute net income to the non-controlling interest holders and were as follows:

	Nine Months Ended January 31, 2026	From June 10, 2024 to January 31, 2025 As Restated
Noncontrolling interest's weighted-average ownership percentage	67.1%	63.9%

IMMERSION CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

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

	Three Months Ended January 31,		Nine Months Ended January 31,	From June 10, 2024 to
	2026	2025 As Restated	2026	January 31, 2025 As Restated
Net Income (loss) attributable to Immersion stockholders	$ (10,266)	$ 24,061	$ 795	$ 81,942
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	505	(1,836)	505	53,434
Total effect of changes in ownership interest on equity attributable to Immersion stockholders	$ (9,761)	$ 22,225	$ 1,300	$ 135,376

NOTE 16. INCOME TAXES

Income tax benefit (expense) for the three and nine months ended January 31, 2026 and 2025, consisted of the following (in thousands):

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2026	2025 As Restated	2026	2025 As Restated
Income (Loss) Before Income Taxes	$ (3,418)	$ 45,874	$ 16,771	$ 137,184
Income tax benefit (expense)	(6,715)	(2,644)	(13,738)	(17,367)
Effective tax rate	(196.5)%	5.8%	81.9%	12.7%

Income tax benefit (expense) for the three and nine months ended January 31, 2026, resulted primarily from estimated domestic and foreign taxes included in the calculation of the effective tax rate.

During the third quarter of fiscal 2026, the Company recorded approximately $15.3 million of income tax expense related to foreign withholding tax matters. This amount included approximately $9.7 million reimbursed to Samsung Electronics Co., Ltd. ("Samsung") for withholding taxes paid by Samsung to the Korean tax authorities on royalty payments made to the Company, as well as approximately $5.6 million related to reducing the carrying amount of LG Electronics Inc. ("LGE") long-term withholding tax deposits to zero.

The Samsung amount arose following a November 19, 2025 decision by a Korean administrative appeal authority that upheld withholding tax assessments on royalties paid to the Company. Pursuant to the terms of the applicable license agreement, the Company reimbursed Samsung in December 2025 for the withholding taxes paid.

The LGE amount arose after the Company determined during the third quarter of fiscal 2026 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 and reduced the carrying amount of the related long-term deposits to zero. The related income tax expense was partially offset by reversal of the associated FIN 48 accrual.

During the third quarter of fiscal 2026, the Company also recorded a $6.6 million reduction in income tax expense for estimated additional foreign tax credits, foreign amended tax return refunds, and other business credits related to the foregoing Korean tax matters.

Accordingly, the net impact of these Korean tax matters on the Company's income tax provision for the third quarter of fiscal 2026 was an increase in income tax expense of approximately $8.7 million.

IMMERSION CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

We maintain a valuation allowance for certain deferred tax assets in the United States and Canada, which management believes are not more likely than not to be realizable in the future. Changes in provision for income taxes resulted primarily from 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 January 31, 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 penalties 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 expense of $1.8 million on pre-tax income of $5.1 million during the nine months ended January 31, 2026, which represented an effective income tax rate of 34.9%.

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 January 31, 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.

NOTE 17. 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 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.

IMMERSION CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

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

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2026	2025 As Restated	2026	2025 As Restated
Basic				
Numerator:				
Net income (loss) attributable to Immersion Stockholders	$ (10,266)	$ 24,061	$ 795	$ 81,942
Adjustment for Immersion's portion of Barnes & Noble Education's EPS to be included in the numerator for Immersion's basic EPS calculation [(a)]	1	(29)	1	432
Net income (loss) attributable to Immersion Stockholders, basic	$ (10,265)	$ 24,032	$ 796	$ 82,374
Denominator:				
Weighted-average shares outstanding, basic	32,939	32,294	32,797	32,159
Net income (loss) attributable to Immersion stockholders per share, basic	$ (0.31)	$ 0.74	$ 0.02	$ 2.56
Diluted				
Numerator:				
Net income (loss) attributable to Immersion Stockholders	$ (10,266)	$ 24,061	$ 795	$ 81,942
Adjustment for Immersion's portion of Barnes & Noble Education's EPS to be included in the numerator for Immersion's diluted EPS calculation [(a)]	1	(76)	1	385
Net income (loss) attributable to Immersion stockholders, diluted	$ (10,265)	$ 23,985	$ 796	$ 82,327
Denominator:				
Weighted-average shares outstanding, basic	32,939	32,294	32,797	32,159
Shares related to outstanding options, unvested RSUs, RSAs, and PSUs	—	761	273	800
Weighted average shares outstanding, diluted	32,939	33,055	33,070	32,959
Net income (loss) attributable to Immersion stockholders per share, diluted	$ (0.31)	$ 0.73	$ 0.02	$ 2.50

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 three months ended January 31, 2026, the Company had outstanding RSU awards of 152 thousand that could potentially dilute earnings per share in the future, but these RSU awards are excluded from the calculation of diluted earnings per share because their effect would have been anti-dilutive. For the nine months ended January 31, 2026 and the three and nine months ended January 31, 2025, the Company had no outstanding stock options or awards that could potentially dilute basic earnings per share in the future.

IMMERSION CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 18. 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 three and nine months ended January 31, 2026.

See *Note 16. 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.

IMMERSION CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

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 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 FIN 48 accrual of $0.3 million.

See *Note 16. 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 *Condensed Consolidated Financial Statements*.

IMMERSION CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

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. Immersion's reply brief is due 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.

IMMERSION CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

•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.

•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.

•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 January 31, 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.

IMMERSION CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 19. SUPPLEMENTARY INFORMATION

Other (Income) Expense

During the three and nine months ended January 31, 2026, the Company recognized other expense of $1.1 million and $8.3 million, respectively, primarily related to investigation costs incurred by Barnes & Noble Education.

During the three months ended January 31, 2025, the Company recognized other income, net of $6.2 million, primarily related to income of $7.6 million related to the termination of liabilities associated with a frozen retirement benefit plan.

During the nine months ended January 31, 2025, the Company recognized other income, net of $1.1 million, primarily related to the following items incurred by Barnes & Noble Education: (i) $9.0 million related to the termination of liabilities associated with a frozen retirement benefit plan; (ii) severance and other employee termination benefit costs of $2.1 million associated with the elimination of certain positions as part of cost reduction initiatives; (iii) severance expense of $2.0 million primarily related to the resignation of the former Chief Executive Officer on June 11, 2024; (iv) legal and advisory professional fees other charges of $0.9 million related to restructuring and process improvement initiatives; and (v) expenses of $1.3 million related to the settlement of a class action lawsuit and associated legal fees.

Barnes & Noble Education recognized an increase to additional paid-in capital for the reimbursement of its former Chief Executive Officer's severance by VitalSource, a principal stockholder, as part of the June 10, 2024 financing transactions.

NOTE 20. SUBSEQUENT EVENTS

Dividends Declared

On March 27, 2026, our Board declared a quarterly dividend in the amount of $ 0.075 per share, payable on May 1, 2026, to stockholders of record on April 20, 2026.

Settlement Agreement

Subsequent to the close of the third quarter of fiscal 2026, Barnes & Noble Education entered into a final settlement agreement dated February 4, 2026 (the "Settlement Agreement"), resolving litigation related to interchange fees in which Barnes & Noble Education had previously sold a participation interest to Jefferies pursuant to the Sale Agreement (see *Note 11. Participation Interest Purchase Agreement)*. Pursuant to the terms of the Sale Agreement, Jefferies is entitled to all proceeds from the Settlement Agreement, and such proceeds were delivered to Jefferies in early March 2026. Because the Settlement Agreement was executed and funded after the close of the third quarter, the settlement represents a non-recognized subsequent event. The Company will recognize the related deferred income from the proceeds of the Sale Agreement in the fourth quarter of fiscal year 2026.

Item 2. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

This Management's Discussion and Analysis of Financial Condition and Results of Operations 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 are frequently identified by words such as "anticipates," "believes," "expects," "intends," "may," "can," "will," "places," "estimates," and 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 statements regarding: our strategy and our ability to execute our business plan; our competition and the market in which we operate; our customers and suppliers; our revenue and trends related thereto, and the recognition and components thereof; our costs and expenses, including capital expenditures; our investment of surplus funds and sales of marketable securities seasonality and demand; our investment in research and technology development; changes to general and administrative expenses; our foreign operations and the reinvestment of our earnings related thereto; our investment in and protection of our intellectual property ("IP"); our employees; capital expenditures and the sufficiency of our capital resources; unrecognized tax benefit and tax liabilities; the impact of changes in interest rates and foreign exchange rates, as well as our plans with respect to foreign currency hedging in general; changes in laws and regulations, including with respect to taxes; our plans and estimates related to and the impact of current and future litigation and arbitration and our dividend, stock repurchase and equity distribution programs.

Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside our control. Actual results could differ materially from those projected in the forward-looking statements, and 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, among others, the risk factors contained under Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended April 30, 2025, filed with the Securities and Exchange Commission (the "SEC") on March 12, 2026, as amended on March 13, 2026, Part I, Item 1A, "Risk Factors" in Barnes & Noble Education's Annual Report on Form 10-K for the fiscal year ended May 3, 2025 filed with the SEC on December 23, 2025, and in Part II, Item 1A, "Risk Factors" of this Quarterly Report on Form 10-Q.

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.

COMPANY OVERVIEW

Description of Business

Immersion Corporation ("Immersion") was incorporated in 1993 in California and reincorporated in Delaware in 1999. In this Management's Discussion and Analysis of Financial Condition and Results of Operations the terms "Company," "us," "we," or "our" refer to Immersion and its consolidated subsidiaries. Immersion generates license and royalty revenues from a wide range of IP that more fully engage users' sense of touch when operating digital devices. We focus on the following target application areas: mobile devices, wearables, mobile entertainment, console gaming, and automotive.

On June 10, 2024, we acquired a controlling interest in Barnes & Noble Education, Inc., a Delaware corporation ("Barnes & Noble Education"). Please refer to *Note 4. Business Combination* for additional information. The financial results of Barnes & Noble Education have been included in our C*ondensed Consolidated Financial Statements* from the acquisition date of June 10, 2024.

Following June 10, 2024, we operate our business in two operating segments: Immersion and Barnes & Noble Education.

The financial information presented in this Quarterly Report on Form 10-Q includes the financial information of Barnes & Noble Education for the 39 weeks ended January 31, 2026 and for the period from June 10, 2024 to January 31, 2025.

Restatement of Previously Issued Consolidated Financial Statements

The following discussion reflects the restatement of the Company's previously-issued consolidated interim financial information, as disclosed in *Note 20. Restatement of Quarterly Financial Information (Unaudited)* in the Company's Annual Report on Form 10-K for the fiscal year ended April 30, 2025. Also, see *Note 3. Restatement of Previously-Issued Financial Statements* in *Notes to the Condensed Consolidated Financial Statements* in Part 1, Item 1 of this Quarterly Report on Form 10-Q. There have been no additional restatements or revisions to previously issued financial statements since the filing of the Company's Annual Report on Form 10-K for the fiscal year ended April 30, 2025.

RESULTS OF OPERATIONS

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2026	2025 As Restated	2026	2025 As Restated
(in thousands)				
REVENUES				
Immersion				
Royalty and license	$ 3,396	$ 8,437	$ 13,028	$ 70,989
Barnes & Noble Education				
Product and other	471,825	419,663	1,344,215	1,109,455
Rental income	43,267	43,162	103,451	90,556
	515,092	462,825	1,447,666	1,200,011
Total revenues	518,488	471,262	1,460,694	1,271,000
COST OF SALES (excludes depreciation and amortization expense)				
Barnes & Noble Education				
Product and other cost of sales	401,367	328,980	1,117,052	872,704
Rental cost of sales	24,212	25,516	57,223	51,180
	425,579	354,496	1,174,275	923,884
OPERATING EXPENSES				
Immersion				
Selling and administrative expenses	2,585	5,010	9,229	22,586
Barnes & Noble Education				
Selling and administrative expenses	72,546	71,498	217,633	180,544
Depreciation and amortization expense	10,676	9,951	31,560	24,627
Impairment loss	1,018	1,247	1,018	1,247
Other (income) expense	1,099	(6,178)	8,291	(1,114)
	85,339	76,518	258,502	205,304
Total operating expenses	87,924	81,528	267,731	227,890
Operating Income (Loss)	4,985	35,238	18,688	119,226
Interest income and other income (expense), net	(4,435)	14,803	7,849	29,039
Interest expense	3,968	4,167	9,766	11,081
Income (Loss) Before Income Taxes	(3,418)	45,874	16,771	137,184
Income tax benefit (expense)	(6,715)	(2,644)	(13,738)	(17,367)
Net Income (Loss)	$ (10,133)	$ 43,230	$ 3,033	$ 119,817

Immersion

Immersion generates license and royalty revenue from a broad portfolio of intellectual property designed to enhance users' sense of touch when interacting with digital devices. The Company focuses on the following target application areas: mobile devices, wearables, mobile entertainment, console gaming, and automotive. The Company licenses its patented technology to customers that integrate the technology into their products to enhance functionality. These licenses allow customers to offer haptic-enabled devices, content, and other products, which they typically market under their own brand names.

As of January 31, 2026, the Company and its wholly-owned subsidiaries held more than 400 issued or pending patents worldwide. These patents cover a broad range of digital technologies and methods for incorporating touch-related technology across hardware products and components, systems software, application software, and digital content.

The following is a summary of our results of operation for the three and nine months ended January 31, 2026 and 2025 (in thousands, except for percentages):

	Three Months Ended January 31,				Nine Months Ended January 31,			
	2026	2025 As Restated	$ Change	% Change	2026	2025 As Restated	$ Change	% Change
REVENUES								
Fixed fee license revenue	$ 734	$ 5,754	$ (5,020)	(87)%	$ 2,206	$ 61,756	$ (59,550)	(96)%
Per-unit royalty revenue	2,662	2,683	(21)	(1)%	10,822	9,233	1,589	17%
	3,396	8,437	(5,041)	(60)%	13,028	70,989	(57,961)	(82)%
Selling and administrative expenses	2,585	5,010	(2,425)	(48)%	9,229	22,586	(13,357)	(59)%
Operating Income (Loss)	$ 811	$ 3,427	$ (2,616)	(76)%	$ 3,799	$ 48,403	$ (44,604)	(92)%

Revenues

Immersion generates revenue primarily from fixed-fee license agreements and per-unit royalty arrangements. Royalty and license revenue includes per-unit royalties based on licensees' usage or net sales, as well as fixed license fees for the Company's intellectual property and software.

Fixed-fee license revenue decreased by $5.0 million for the three months ended January 31, 2026, compared with the same period in the prior year, primarily due to lower automotive license revenue. The prior-year quarter included a one-time perpetual license agreement that did not recur in the current-year quarter. For the nine months ended January 31, 2026, fixed-fee license revenue decreased by $59.6 million compared with the same period in the prior year, primarily due to four one-time perpetual license agreements in gaming, mobility, and automotive applications executed in the prior-year period, with no comparable agreements in the current-year period.

Per-unit royalty revenue was relatively flat for the three months ended January 31, 2026, compared with the same period in the prior year. For the nine months ended January 31, 2026, per-unit royalty revenue increased by $1.6 million compared with the same period in the prior year, driven by higher business levels from multiple customers in gaming, mobility, and other applications, as well as contributions from three new customers in other applications, partially offset by lower year-over-year royalty-generating activity from multiple other customers.

For the three months ended January 31, 2026, revenue generated in Asia, North America, and Europe represented 75%, 22%, and 3% of total revenue, respectively, compared with 31%, 9%, and 60%, respectively, in the prior-year period. For the nine months ended January 31, 2026, revenue generated in Asia, North America, and Europe represented 74%, 24%, and 2% of total revenue, respectively, compared with 88%, 4%, and 8%, respectively, in the prior-year period. Revenue may vary significantly from period to period based on the timing of agreements and the geographic location of the contracting entity.

Operating Expenses

The following is a summary of operating expenses for the three and nine months ended January 31, 2026 and 2025 (in thousands, except for percentages):

	Three Months Ended January 31,				Nine Months Ended January 31,			
	2026	2025 As Restated	$ Change	% Change	2026	2025 As Restated	$ Change	% Change
Selling and administrative expense	$ 2,585	$ 5,010	$ (2,425)	(48)%	$ 9,229	$ 22,586	$ (13,357)	(59)%

Selling and administrative expenses primarily consist of employee compensation and benefits (including stock-based compensation), legal and other professional fees, external patent related legal costs, office expenses, travel, and facilities costs.

For the three months ended January 31, 2026, selling and administrative expenses decreased by $2.4 million compared with the same prior year period primarily due to lower stock-based and variable compensation.

For the nine months ended January 31, 2026, selling and administrative expenses decreased by $13.4 million compared with

the same prior year period due to a $6.5 million decrease in stock-based and variable compensation, and a decrease of $5.9 million in legal costs associated with the settlement of patent litigation in the prior year.

Barnes & Noble Education

Description of Business

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 1,120 physical and virtual bookstores, delivering essential educational content and general merchandise within a dynamic omnichannel retail environment.

The strengths of Barnes & Noble Education's business include the ability to compete by developing new products and solutions to meet market needs, the large operating footprint with direct access to students and faculty, the well-established, deep relationships with academic partners and stable long-term contracts and the well-recognized brands. Barnes & Noble Education provides product and service offerings designed to address the most pressing issues in higher education, including affordable access, enhanced convenience and improved affordability through innovative course material delivery models designed to drive improved student experiences and outcomes. Barnes & Noble Education offers the *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 the future results. Barnes & Noble Education is moving quickly to accelerate the *BNC First Day*® programs strategy. Institutions continued to adopt *BNC First Day*® programs during the first three quarters of fiscal 2026.

Barnes & Noble Education expects to continue to introduce scalable and advanced solutions focused largely on the student and customer experience, expand the e-commerce capabilities and accelerate such capabilities through 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 revenue opportunities through strategic relationships. Barnes & Noble Education expects gross comparable store general merchandise sales to increase over the long term, as product assortments continue to emphasize and reflect changing consumer trends, and Barnes & Noble Education evolves the presentation concepts and merchandising of products in stores and online, which is expected to further enhance and accelerate through 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 the logo general merchandise business.

The Barnes & Noble brand (licensed from Barnes & Noble Education's former parent) along with the 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 the marketing efforts to universities, students, and faculty, but are also important to the relationship with leading publishers who rely on Barnes & Noble Education as one of their primary distribution channels.

For additional information related to the business of Barnes & Noble Education, see Part I - Item 1. Business in the Annual Report on Form 10-K for the fiscal year ended May 3, 2025, filed with the SEC on December 23, 2025.

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. During the current fiscal year, Barnes & Noble Education experienced a modest increase in the number of academic start periods occurring in the 13 and 39 weeks ended January 31, 2026, compared to the prior year, primarily due to differences in the fiscal calendar week alignment year over year.

Product sales are recognized when the customer takes physical possession of the products, which occurs either at the point of sale for products purchased at physical locations or upon receipt of the products by the 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 the condensed 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 condensed consolidated financial statements. Rental revenue and margin dollars deferral from third fiscal quarter is higher compared to prior year due to the growth of the *BNC First Day*® programs. Depending on the product mix offered under the *BNC First Day*® offerings, revenue recognized is consistent with the policies for product, digital and rental sales, net of an anticipated opt-out or return provision.

BNC First Day® Affordable Access Course Material Programs

Given the growth of the *BNC First Day*® affordable access course material programs, the timing of cash collection from the school partners may shift to periods subsequent to when the revenue is recognized. When a school adopts the *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 the third quarter given the timing of the Spring Term and our 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 the sales shift to *BNC First Day*® affordable access course material program offerings, Barnes & Noble Education is focused on efforts to better align the timing of the 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 Barnes & Noble Education's products, which occurs either at the point of sale for products purchased at physical locations or upon receipt of products by the customers for products ordered through Barnes & Noble Education's websites and virtual bookstores.

The following is a summary of Barnes & Noble Education's results of operations for the three months ended January 31, 2026 and 2025, the nine months ended January 31, 2026, and for the period from June 10, 2024 to January 31, 2025 (in thousands):

	Three Months Ended January 31,		$	%
	2026	2025 As Restated	Change	Change
REVENUES				
Product and other	$ 471,825	$ 419,663	$ 52,162	12%
Rental income	43,267	43,162	105	0%
Total revenue	515,092	462,825	52,267	11%
COST OF SALES (excluding depreciation and amortization expense)				
Product and other cost of sales	401,367	328,980	72,387	22%
Rental cost of sales	24,212	25,516	(1,304)	-5%
Total cost of sales	425,579	354,496	71,083	20%
OPERATING EXPENSES				
Selling and administrative expenses	72,546	71,498	1,048	1%
Depreciation and amortization expense	10,676	9,951	725	7%
Impairment loss	1,018	1,247	(229)	-18%
Other (income) expense	1,099	(6,178)	7,277	-118%
Total operating expenses	85,339	76,518	8,821	12%
Operating Income (Loss)	$ 4,174	$ 31,811	$ (27,637)	-87%

	Nine Months Ended January 31, 2026	From June 10, 2024 to January 31, 2025 As Restated	$ Change	% Change
REVENUES				
Product and other	$ 1,344,215	$ 1,109,455	$ 234,760	21%
Rental income	103,451	90,556	12,895	14%
Total revenue	1,447,666	1,200,011	247,655	21%
COST OF SALES (excluding depreciation and amortization expense)				
Product and other cost of sales	1,117,052	872,704	244,348	28%
Rental cost of sales	57,223	51,180	6,043	12%
Total cost of sales	1,174,275	923,884	250,391	27%
OPERATING EXPENSES				
Selling and administrative expenses	217,633	180,544	37,089	21%
Depreciation and amortization expense	31,560	24,627	6,933	28%
Impairment loss	1,018	1,247	(229)	-18%
Other (income) expense	8,291	(1,114)	9,405	-844%
Total operating expenses	258,502	205,304	53,198	26%
Operating Income (Loss)	$ 14,889	$ 70,823	$ (55,934)	-79%

Revenues

Barnes & Noble Education primarily derives its revenues from 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 $515.1 million for the three months ended January 31, 2026, consisting of $471.8 million of product and other sales and $43.3 million of rental sales. Total revenue for the comparable prior year period was $462.8 million, including $419.7 million of product and other sales and $43.1 million of rental sales. The $52.3 million increase in revenue is primarily due to higher comparable store sales of $41.2 million and new store sales of $35.2 million, largely driven by a $71.3 million increase from *BNC First Day* programs, partially offset by lower sales from closed stores of $16.2 million and lower textbook rental deferral of $9.4 million.

Total revenue was $1,447.7 million for the nine months ended January 31, 2026, consisting of $1,344.2 million of product and other sales and $103.5 million of rental sales. For the period from June 10, 2024 to January 31, 2025, total revenue was $1,200.0 million, including $1,109.5 million of product and other sales and $90.6 million of rental sales. The $247.7 million increase in revenue is partially due to the prior year period being 40 days shorter, which reduced revenue by approximately $118.0 million on a linear basis in the first quarter of the prior year. The remaining increase was primarily due to higher comparable store sales of $92.3 million and new store sales of $82.0 million, largely driven by a $163.0 million increase from *BNC First Day* programs and, partially offset by lower sales from closed stores of $46.7 million.

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 its college and university contracts and other facility related expenses.

Cost of sales was 82.6% of total revenue for the three months ended January 31, 2026, compared to 76.6% for the three months ended January 31, 2025. The current year quarter net cost increase was primarily due to reduced higher margin logo and non-logo general merchandise sales and higher markdowns related to closed stores, partially offset by lower contract costs as a percentage of sales related to university contracts as a result of the shift to digital and *First Day* models and lower performing school contracts not renewed.

Cost of sales was 81.1% of total revenue for the nine months ended January 31, 2026, compared to 77.0% for the period from June 10, 2024 to January 31, 2025. Product and other cost of sales increased in the current year period primarily due to a decrease in higher margin logo and non-logo general merchandise sales, offset by lower contract costs as a percentage of sales related to Barnes & Noble Education's university contracts as a result of the shift to digital and *First Day* models and lower performing school contracts not renewed.

Selling and administrative expenses

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

Selling and administrative expenses were $72.5 million for the three months ended January 31, 2026, an increase of $1.0 million compared to the three months ended January 31, 2025. This increase was primarily due to higher payroll, incentive plan costs, and related operating expenses.

For the nine months ended January 31, 2026, selling and administrative expenses were $217.6 million, an increase of $37.1 million compared to $180.5 million for the period from June 10, 2024 to January 31, 2025. One factor contributing to the year-over-year increase is that the period from June 10, 2024 to January 31, 2025 was 40 days shorter, resulting in approximately $30.0 million lower expenses on a linear basis in the first quarter of the prior year. The remaining increase is primarily due to a $3.1 million increase in payroll and related operating costs, and a $3.1 million increase in incentive plan expense attributable to higher payroll, incentive plan costs, and related operating expenses.

Depreciation and amortization expense

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

Depreciation and amortization expense was $10.7 million for the three months ended January 31, 2026, an increase of $0.7 million compared to the three months ended January 31, 2025, driven mainly by capital additions and accelerated intangible amortization related to closed stores.

Depreciation and amortization expense was $31.6 million for the nine months ended January 31, 2026, an increase of $7.0 million compared to $24.6 million for the period from June 10, 2024 to January 31, 2025. One factor contributing to the increase is that the period from June 10, 2024 to January 31, 2025 was 40 days shorter, resulting in approximately $5.9 million of lower depreciation and amortization expense calculated on a linear basis in the first quarter of the prior year. The remaining net increase is primarily due to capital additions and accelerated intangible amortization related to closed stores.

Impairment loss

Barnes & Noble Education reviews 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*.

During the three months and nine months ended January 31, 2026, Barnes & Noble Education evaluated certain store-level long-lived assets for impairment. Based on the results of the impairment tests, Barnes & Noble Education recognized an impairment loss of $1.0 million (both pre-tax and after-tax), comprised of $0.4 million, $0.2 million, and $0.4 million of property and equipment, operating lease right-of-use assets, and amortizable intangibles, respectively, on the condensed consolidated statement of operations.

During the three months and nine months ended January 31, 2025, Barnes & Noble Education evaluated certain store-level long-lived assets for impairment. Based on the results of the impairment tests, Barnes & Noble Education recognized an impairment loss of $1.2 million (both pre-tax and after-tax), comprised of 0.2 million, $0.2 million, and $0.8 million of property and equipment, operating lease right-of-use assets, and amortizable intangibles, respectively, on the condensed consolidated statement of operations.

Other (income) expense

During the three and nine months ended January 31, 2026, the Company recognized other expense of $1.1 million and $8.3 million, respectively, primarily related to investigation costs incurred by Barnes & Noble Education.

During the three months ended January 31, 2025, the Company recognized other income, net of $6.2 million, primarily related to income of $7.6 million related to the termination of liabilities associated with a frozen retirement benefit plan.

During the nine months ended January 31, 2025, the Company recognized other income, net of $1.1 million, primarily related to the following items incurred by Barnes & Noble Education: (i) $9.0 million related to the termination of liabilities associated with a frozen retirement benefit plan; (ii) severance and other employee termination benefit costs of $2.1 million associated with the elimination of certain positions as part of cost reduction initiatives; (iii) severance expense of $2.0 million primarily related to the resignation of the former Chief Executive Officer on June 11, 2024; (iv) legal and advisory professional fees other charges of $0.9 million related to restructuring and process improvement initiatives; and (v) expenses of $1.3 million related to the settlement of a class action lawsuit and associated legal fees.

Interest income and other income (expense), net; Interest expense; and Income tax benefit (expense)

A summary of consolidated interest income and other income (expense), net, interest expense, and income taxes for the three and nine months ended January 31, 2026 and 2025 are as follows (in thousands, except for percentages):

	Three Months Ended January 31,				Nine Months Ended January 31,			
	2026	2025 As Restated	$ Change	% Change	2026	2025 As Restated	$ Change	% Change
Operating Income (Loss)	$ 4,985	$ 35,238	$ (30,253)	(86)%	$ 18,688	$ 119,226	$ (100,538)	(84)%
Interest income and other income (expense), net	(4,435)	14,803	(19,238)	(130)%	7,849	29,039	(21,190)	(73)%
Interest expense	3,968	4,167	(199)	(5)%	9,766	11,081	(1,315)	(12)%
Income (Loss) Before Income Taxes	(3,418)	45,874	(49,292)	(107)%	16,771	137,184	(120,413)	(88)%
Income tax benefit (expense)	(6,715)	(2,644)	(4,071)	154%	(13,738)	(17,367)	3,629	(21)%
Net Income (Loss)	$ (10,133)	$ 43,230	$ (53,363)	(123)%	$ 3,033	$ 119,817	$ (116,784)	(97)%

Interest income and other income (expense)

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

Interest income and other income (expense), net decreased by $19.2 million for the three months ended January 31, 2026, compared with the corresponding period in the prior year. This decrease was driven primarily by an $18.5 million unfavorable period-over-period change in realized and unrealized gains and losses on marketable equity securities and derivative instruments, from a $12.5 million net gain in the prior-year quarter to a $6.0 million net loss in the current quarter. The decrease was also attributable to $0.9 million of lower interest income, primarily due to lower invested balances in fixed-income securities and lower interest rates.

Interest income and other income (expense), net decreased by $21.2 million for the nine months ended January 31, 2026, compared with the corresponding period in the prior year. This decrease was driven primarily by a $19.2 million unfavorable period-over-period change in realized and unrealized gains and losses on marketable equity securities and derivative instruments, from a $29.0 million net gain in the prior-year period to a $9.8 million net gain in the current period. The decrease was also

attributable to $1.3 million of lower interest income, primarily due to lower invested balances in fixed-income securities and lower interest rates.

Interest expense

Net interest expense decreased by $0.2 million to $4.0 million during the three months ended January 31, 2026, from $4.2 million during the three months ended January 25, 2025. The decrease was primarily due to lower borrowings and lower interest rates. Interest expense for the three and nine months ended January 31, 2026 included $0.3 million and $1.0 million, respectively, of waiver fees incurred in connection with the Investigation.

Net interest expense decreased by $1.3 million to $9.8 million during the nine months ended January 31, 2026, from $11.1 million during the nine months ended January 31, 2025. The decrease was primarily due to lower borrowings and lower interest rates.

Income tax benefit (expense)

Immersion

Income tax benefit (expense) for the three months ended January 31, 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 valuation allowance against certain U.S. state and Canadian federal deferred tax assets. The estimated effective tax rate was mainly driven by higher U.S. taxable income which was a result of higher U.S. passive income.

The year-over-year change in *Income tax benefit (expense)* resulted primarily from the change in income from continuing operations across various tax jurisdictions and the resolution of foreign withholding tax matters.

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 January 31, 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 penalties 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 expense of $1.8 million on pre-tax income of $5.1 million during the nine months ended January 31, 2026, which represented an effective income tax rate of 34.9%.

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 January 31, 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

Our 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. 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 *Condensed Consolidated Statements of Operations.* Unrealized gains and losses on marketable equity securities are reported as *Interest income and other income (expense), net* on our *Condensed Consolidated Statement of Operations.* Unrealized gains and losses on marketable debt securities reported as a component of *Accumulated other comprehensive income (loss)* on our *Condensed Consolidated Balance Sheets*.

Cash, cash equivalents, and investments – current

As of January 31, 2026, our cash, cash equivalents, and investments – current totaled $177.9 million, a $16.5 million increase from $161.4 million on April 30, 2025. As of January 31, 2026, approximately 4% or $7.0 million, was held by foreign subsidiaries and may be subject to repatriation tax effects. In addition, as of January 31, 2026 and April 30, 2025, we had restricted cash of $8.3 million and $19.7 million, respectively.

The following is select cash flow information for the nine months ended January 31, 2026 and 2025 (in thousands):

	Nine Months Ended January 31,	
	2026	2025 As Restated
Net cash provided by (used in) operating activities	$ (24,780)	$ (107,674)
Net cash provided by (used in) investing activities	46,094	4,405
Net cash provided by (used in) financing activities	24,525	102,980

Cash provided by (used in) operating activities

Our operating activities primarily consist of net income adjusted for certain non-cash items including depreciation and amortization, stock-based compensation expense, loss on disposal of property and equipment, deferred income taxes, net (gains) losses on investments in marketable securities, and the effect of changes in operating assets and liabilities.

Net cash used in operating activities was $24.8 million for the nine months ended January 31, 2026, an increase of $82.9 million compared to the nine months ended January 31, 2025. The increase was primarily driven by higher accounts payable and accrued liabilities and lower other assets partially offset by lower net income and higher accounts receivables and inventories.

Cash provided by (used in) investing activities

Investing activities primarily include purchases and sales of marketable securities and other investments, proceeds from and settlements of derivative instruments, and purchases of property and equipment.

Net cash provided by investing activities was $46.1 million for the nine months ended January 31, 2026, an increase of $41.7 million compared to the nine months ended January 31, 2025. The increase was primarily driven by the absence of business acquisitions in the current period and lower purchases of marketable and other investments, partially offset by lower proceeds from sales or maturities of marketable securities and other investments.

Cash provided by (used in) financing activities

Financing activities primarily include dividend payments, borrowings and repayments under our credit facility, and repurchases of our common stock.

Net cash provided by financing activities was $24.5 million for the nine months ended January 31, 2026, a decrease of $78.5 million compared to the nine months ended January 31, 2025. The decrease was primarily driven by no proceeds from the sale of Barnes & Noble Education common stock in the current period compared to $78.3 million of net proceeds in the prior year period.

Immersion Dividends Declared and Dividend Payments

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

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

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 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 December 2022 Stock Repurchase Program has been amended various times and the most recent amendment extended the expiration date to December 29, 2026.

During the three and nine months ended January 31, 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 January 31, 2026, the Company had $39.3 million available for repurchase under the December 2022 Stock Repurchase Program.

As of the date of this Quarterly Report on Form 10-Q, we believe we have sufficient capital resources to meet our working capital needs for the next twelve months and beyond.

CRITICAL ACCOUNTING ESTIMATES

Our policies regarding the use of estimates and other critical accounting policies are consistent with the disclosures in *Part II - Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies and Estimates* in our Annual Report on Form 10-K for the fiscal year ended April 30, 2025.

Recent Accounting Pronouncements

See *Note 2. Basis of Presentation and Summary of Significant Accounting Policies* of the *Notes to the Condensed Consolidated Financial Statements* for information regarding the effect of new accounting pronouncements on our financial statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

An evaluation (as required under Rules 13a-15(b) and 15d-15(b) under the Exchange Act) was performed under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's "disclosure controls and procedures" (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that it will detect or uncover failures within the Company to disclose material information otherwise required to be set forth in the Company's periodic reports. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures were ineffective at the reasonable assurance level as of January 31, 2026 due to the material weaknesses in internal control over financial reporting related to Barnes & Noble Education's control environment, risk assessment, information and communication, monitoring, and multiple control activities and a material weakness in our internal control over financial reporting related to our business combination and consolidation accounting as previously disclosed in Part II, Item 9A of our Annual Report on Form 10-K for the fiscal year ended April 30, 2025, and continue to exist as of January 31, 2026.

Notwithstanding the identified material weaknesses, management, including our Chief Executive Officer and Chief Financial Officer have determined, that the Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q fairly represent in all material respects the financial condition, results of operations and cash flows of the Company as of, and for the periods presented in accordance with U.S. generally accepted accounting principles.

Remediation Update

As previously described in Item 9A. *Controls and Procedures* of our Annual Report on Form 10-K for the fiscal year ended April 30, 2025, Barnes & Noble Education began implementing a remediation plan to address the material weaknesses mentioned above including enhancing its manual journal entry process and the IT user access review controls, identifying IPE and key reports and ensuring their accuracy and completeness, executing enhanced procedures for the review of non-routine transactions, and reinforcing the importance of the account reconciliation process and defining the related success criteria. In addition, Barnes & Noble Education continues to focus on ensuring clear roles and responsibilities over financial oversight are communicated and documented, accounting policies and procedures are compiled and stored centrally, and training on accounting controls and ethics are deployed.

With respect to implementing a remediation plan to address the material weakness related to our accounting for the Barnes & Noble Education business combination and consolidation accounting, we have taken and are continuing to take steps to enhance the design of our controls over business combination and consolidation 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 and consolidation accounting, and 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.

Changes in Internal Control Over Financial Reporting

Other than with respect to the remediation efforts described above, management has not identified any changes in the Company's internal control over financial reporting that occurred during the three months ended January 31, 2026, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II

Item 1. Legal Proceedings

See *Note 18. Commitments and Contingencies* of the *Notes to the Condensed Consolidated Financial Statements*.

Item 1A. Risk Factors

There have been no material changes from the risk factors included under Part I, Item 1A of the Company's Annual Report on Form 10-K for the fiscal year ended April 30, 2025. You should also carefully consider the risk factors described in Barnes & Noble Education, Inc.'s Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, which are filed with the SEC and are available at www.sec.gov.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

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 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 December 2022 Stock Repurchase Program has been amended various times and the most recent amendment extended the expiration date to December 29, 2026.

During the three and nine months ended January 31, 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 January 31, 2026, the Company had $39.3 million available for repurchase under the December 2022 Stock Repurchase Program.

The following is a summary of the share repurchase activity for the three months ended January 31, 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]
November 1 to November 30, 2025	1,700	$ 6.30	1,700	$ 39,349,000
December 1 to December 31, 2025	—	—	—	—
January 1 to January 31, 2026	—	—	—	—

(1)The amounts represent the amount available to repurchase shares under the December 2022 Stock Repurchase Program. Our stock repurchase program does not obligate it to acquire any specific number of shares.

ITEM 6. EXHIBITS

The exhibits listed in the accompanying "Exhibit Index" are filed or incorporated by reference as part of this Form 10-Q.

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
3.1	Amended and Restated Bylaws of Immersion Corporation, effective as of August 12, 2022	8-K	000-38334	3.1	August 15, 2022
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/A	000-27969	3.1	December 8, 2025
4.1	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/A	000-27969	4.1	December 8, 2025
31.1	*Certification of Eric Singer, Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				
31.2	*Certification of J. Michael Dodson, Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				
32.1	+Certification of Eric Singer, Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				
32.2	+Certification of J. Michael Dodson, Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				
101.INS	*Inline XBRL Report Instance Document				
101.SCH	*Inline XBRL Taxonomy Extension Schema Document				
101.CAL	*Inline XBRL Taxonomy Calculation Linkbase Document				
101.DEF	*Inline XBRL Taxonomy Extension Definition Linkbase Document				
101.LAB	*Inline XBRL Taxonomy Label Linkbase Document				
101.PRE	*Inline XBRL Presentation Linkbase Document				
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)				

* Filed herewith

+ 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.

SIGNATURES

Pursuant to the requirements of the Exchange Act, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: May 1, 2026

IMMERSION CORPORATION

By /S/ J. MICHAEL DODSON

J. Michael Dodson

Chief Financial Officer

(Principal Financial Officer and Principal Accounting Officer)