



IMMERSION INVESTMENTS

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Immersion Investment Partners, LP
2Q 2026 Partners Letter
July 2026

Net Returns as of June 30, 2026

	2Q26	YTD	1 Year	2 Year	3 Year	4 Year
Immersion Investment Partners, LP Net	39.1%	10.4%	37.1%	32.6%	17.9%	18.5%
Russell 2000 Index	21.5%	22.6%	40.8%	23.1%	18.6%	17.0%
S&P SmallCap 600*	19.8%	24.0%	37.6%	19.9%	16.1%	14.5%
Russell Microcap Index	25.6%	27.5%	58.6%	34.1%	24.0%	19.4%

*State Street SPDR Portfolio S&P 600 Small Cap ETF

Returns greater than 1 year are annualized

2026 returns are unaudited

See disclaimers

Dear Partners,

Beginning with this letter, we are adding the S&P SmallCap 600 alongside the Russell 2000 Index and Russell Microcap Index. The S&P 600 requires positive GAAP earnings over both the trailing four quarters and the most recent quarter, as well as minimum standards for public float and liquidity. These screens exclude many companies we would be unlikely to own, including speculative alternative-energy businesses, pre-revenue biotechnology companies, and cryptocurrency miners. We believe it is a closer proxy for the universe from which we actually select investments and therefore a more relevant test of whether our security selection adds value. Recognizing that any change in comparative indices invites scrutiny, we will continue to present both Russell indices as well.

Immersion Investment Partners, LP gained 39.1% in the second quarter of 2026 vs. a 21.5% increase for the Russell 2000 Index. As a reminder, the above performance data reflects after fee performance for a day one investor in the fund. Check your individual statements for your returns.

As we often do, we go in order of importance for quarterly events. The single most important event occurred on June 4th as David and Melissa welcomed baby Clementine Ann-Miller Polansky into their lives. Both Mom and baby are doing well, and Clementine is excited for her first earnings season. Congratulations to David and Melissa!

In the second quarter, the market began pricing our non-AI holdings more rationally, ascribing greater value to strong management teams, expanding revenue, and improving free cash flow.



IMMERSION INVESTMENTS

This marked a sharp reversal from the first quarter, when meatballs, energy drinks, and identity verification companies carrying a software-sector label were apparently all going to zero.

As we have written before, when our companies sell off because of macroeconomic noise unrelated to their underlying fundamentals, we view the decline as an opportunity to add to positions at more attractive prices. We did so near the lows of the first quarter and were rewarded as several of those holdings rebounded in the second. That does not mean we blindly “buy the dip” or, for those who have spent time on a trading desk and are over 18, BTFD. We evaluate both the macroeconomic environment and what is happening within each company. In the first quarter, that work led us to conclude that the selling had become excessive and that an attractive opportunity set was being presented to us.

A stock that falls because its valuation multiple compressed is a different animal from a stock that falls because the business broke, and the market does not label them for you. We therefore re-underwrite each of our holdings. We reread the most recent earnings calls, meet with management, and pull the underlying filings rather than relying on summaries. We examine whether the unit economics, balance sheet, competitive position, or incentives of the people running the company have changed since the day we initially underwrote the investment. When the answer is ‘No’ and the price is lower, expected return has increased, and we act accordingly.

What actually happened in the second quarter was less exciting than the headline return might suggest. Nothing about our companies became true in April that was not already true in February. What changed was the market’s reaction to everything associated with AI; and everything that was not. Meanwhile, revenue continued compounding, earnings converted into cash flow, and management teams continued doing the small, unglamorous things that tend to appear in the financial statements many quarters later.

We would like to tell you that we timed the recovery. We did not. We simply continued owning the businesses through the selloffs and added capital where the gap between price and value appeared widest.

We ask you to view the quarter as we do: it was a good quarter, and in a rational market, the underlying business progress that supported it would continue to be recognized. But we all know that markets are not always rational. As managers of a concentrated micro- and small-cap portfolio, we should continue to expect returns to arrive in a lumpy fashion. The only thing we can promise is that our process on the way down will look identical to our process on the way up, because it is the same process. We know what we believe each position is worth and why. When the noise is loudest, the opportunity is often greatest.

Portfolio Updates

At the time of this writing (late July), our five largest holdings (in alphabetical order) are **Celsius Holdings (CELH – Doubted Champion)**, **Dutch Bros (BROS – Doubted Champion)**, **Mama’s**



IMMERSION INVESTMENTS

Creations (MAMA – Doubted Champion), Par Technology (PAR – Ugly Duckling) and Red Violet (RDVT – Underdog).

Red Violet (RDVT – Underdog) merits some discussion, given the violent contraction in the first quarter and the subsequent snapback. To reiterate our previously stated views from our [Annual Meeting presentation](#), the company's core identity offering is not exposed to AI threats. If anything, Red Violet has always been a beneficiary of AI trends and is itself powered by its custom-built AI-driven CORE platform, which can efficiently build profiles on every American from billions of data points in a secure environment with continuous monitoring and live profile updates. Aside from the technological advantages of Red Violet's CORE platform, the company benefits from reputational intangibles on the supplier and buyer sides of the equation. Data providers selling sensitive personal information require significant security infrastructure from credible buyers like Red Violet, and, on the other side, Red Violet's customers (banks, debt collectors, government agencies, etc.) need the data to be accurate. For example, a debt collector that contacts a person who has declared bankruptcy is liable to significant fines and penalties. Those customers cannot rely on a cobbled-together AI-built solution. They buy information from partners they can trust.

Consistent with this narrative, the company's second-quarter results and forward commentary provided no indication that customers were delaying purchases or building their own AI-driven solutions. Management delivered expectation-beating top- and bottom-line results and noted on the earnings call that April (earnings call on May 6) was an "extremely strong month." Subsequent to the end of the quarter, Red Violet announced the Forewarn's formal entry into the healthcare industry. Forewarn's leading safety product can now be used by home health aides and nurses to screen for potential threats during home visits. We anticipate that the immediately addressable opportunity is in the range of \$50 million to \$75 million in revenue. Since Forewarn is effectively just a consumer-facing application skin on top of the CORE platform, utilizing the same data, even modest incremental revenue will translate into significant increases in profitability.

Mama's Creations (MAMA – Doubted Champion) We have written about our investment in Mama's Creations almost ad nauseam. For a refresher, you can read about it [here](#), [here](#), and [here](#).

Red Violet may take the cake for being irrationally discarded in the first quarter because it carried the wrong sector label, but Mama's Creations was a close second. Investors appeared to react to a headline financial figure without fully considering what management had explained about the underlying business.

During the first quarter, Mama's increased spending to support orders for new products launching at Walmart. However, most of the revenue needed to offset those expenses would not appear until the second quarter. Gross margin declined to 23.6% from 26.1% in the prior-year period. The decline reflected approximately \$1 million of startup costs associated with new product launches, as well as the reclassification of approximately \$500,000 from marketing expense to trade



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spending. This was part of the plan. As it should have, Mama's spent money preparing to fulfill orders that it knew were coming. Because the financial books must be closed on an arbitrary date, the expenses appeared in one reporting period while much of the associated revenue would not be recognized until the next.

After several days of heavy selling, analysts began to recognize the timing mismatch and published notes stating that they expected margins to improve throughout the remainder of the year. This conclusion was apparent to anyone who spoke with management or simply listened carefully to the earnings call.

It continues to amaze us that fundamental investors who read the filings, listen to the calls, and speak directly with management can retain such a meaningful advantage over other market participants.

Strata Critical Medical (SRTA – Babushka Doll)

Strata Critical Medical is a newer holding for the partnership, having been purchased in September 2025. The history surrounding the stock is intriguing to us because it's the abandoned remainco of an overhyped COVID-era SPAC. Strata itself is a leading provider of organ transplant logistics and clinical services, but most investors have never heard of it. The business operated and grew in the shadows as a subsidiary of the former e-mobility company Blade, which came public via a SPAC in late 2020 to significant fanfare and bulge-bracket bank coverage from the likes of JP Morgan, Deutsche Bank, CitiGroup, and Credit Suisse. Like many 2020 SPACs, the Blade e-mobility business disappointed and the stock faltered, peaking at \$20 in early 2021 and swiftly plunging to \$2 by late 2023. In August 2025, the company announced that it was selling its e-mobility, or 'Passenger,' business to Joby, would retain the organ logistics and services business and rebrand to Strata Critical Medical (ticker: SRTA). The transaction closed later that month for \$76 million in Joby shares and a \$35 million earnout. Most analysts who promoted the stock up until then abandoned the name. We think this is silly because this is exactly when the story gets interesting. What we have today is a high-quality logistics and services asset growing more than 20% organically while operating in an inefficient, fragmented industry, with a cash-rich balance sheet and enormous M&A opportunities ahead of it.

Strata works with transplant centers and organ-procurement organizations as a one-call solutions provider with end-to-end capabilities for the placement, recovery, and transportation of organs. It has local equipment and staff in all major medical hubs, including 30 owned and dedicated aircraft and 50 ground vehicles across 19 bases, an open-source platform with zero captive assets (machines, etc.), and a staff of licensed physicians capable of performing recoveries.

Initially known as Blade MediMobility, the company began transporting organs using Blade's passenger infrastructure in 2019 on behalf of NYU Langone. It grew the business organically until 2021, when it acquired Trinity Medical Services for \$23 million. Annual pro forma revenue for the



IMMERSION INVESTMENTS

combined MediMobility and Trinity business was \$20 million. From that acquisition through the end of last year, Strata grew revenue nearly ninefold organically (not a typo, a 72% CAGR) and ended 2025 with \$197 million in revenue. Today, the company has a 5% share of organ placement, 10% of recovery and perfusion services, 30% of air logistics, and 15% of ground logistics. The organ-transplant industry is extremely fragmented, with Strata being a top five player in every part of the value chain in which it participates.

Strata is benefiting from the enormous unmet need for organs, which is driving significant changes in the rules governing the distribution of viable organs, processes that are expanding the pool of available organs, and new recovery and storage technologies that allow organs to be moved longer distances. At any given time, more than 100,000 Americans are awaiting organ transplants, while only approximately 50,000 receive a transplant over the course of a year. In business parlance, supply does not meet demand. This has spurred changes in how organs are allocated. Until 2017, organs were allocated within specific geographic areas known as donor service areas, or DSAs. DSAs prioritized proximity to the donor. Beginning in 2017, the system shifted to acuity circles, which deemphasized proximity in the ranking system. In 2023, lung allocation shifted again, this time to a continuous distribution model that placed even greater emphasis on need and further deemphasized distance. Although only lungs are currently allocated under the continuous distribution model, the average distance traveled by all organs increased 64% between 2018 and 2024.

Adding to the tailwind of greater travel distances is an expanding donor pool. Historically, organ donors were primarily brain-dead patients, known as donation after brain death, or DBD. Donation after circulatory death, or DCD, was not viable for most organs because internal organs are damaged after the heart stops. Over the past decade, new technologies have been introduced that allow blood to perfuse the organs and preserve their viability after circulatory death. DCD donors have driven nearly all industry growth since 2018, with the number of DCD donors increasing approximately fourfold while DBD volumes have remained essentially flat. Strata addresses DCD donor organs through normothermic regional perfusion, or NRP, which restores warm, oxygenated blood flow to part of the donor's body after death has been declared. The use of NRP has exploded, increasing from just 4% of DCD donors in 2022 to 50% in 2025. Strata's management believes this figure will approach 100% over the next several years. The company handles approximately 50% of NRP procedures performed nationally, while the second-largest provider is only about one-fifth of Strata's size.

The stock currently trades at approximately \$5 per share, with 92 million shares outstanding, including options and restricted shares. Strata has zero debt, \$59 million in cash, and \$38 million of contingent consideration and holdbacks related to the sale of the Passenger segment to Joby, which we believe are highly likely to be realized. This gives us an enterprise value of approximately \$360 million, compared with our 2026 expectations of \$280 million in revenue, \$35 million of EBITDA, and \$20 million of free cash flow.



IMMERSION INVESTMENTS

We believe the unmet need for organs will continue to drive the adoption of NRP procedures and longer average organ-transport distances. In isolation, this backdrop should support low-teens organic revenue growth for at least the next five years. Additionally, Strata's pristine balance sheet and its position as the only publicly traded pure-play organ-transplant logistics and services company put it in a prime position to consolidate an industry containing a significant number of subscale operators. Management has acted quickly on this opportunity, completing four acquisitions since the separation from the Passenger business. It has spent a total of \$162.5 million in cash and stock to acquire businesses with a combined \$87 million of LTM revenue and \$20 million of LTM EBITDA. Given the significant organic and inorganic growth opportunities ahead of Strata, along with the likely margin benefits as it gains greater scale, we believe a 10x multiple of current-year EBITDA is far too low. Ultimately, we believe EBITDA can grow at a CAGR of more than 30% over the next five years, meaning that, at today's share price, we are paying less than three times our estimate of 2030 EBITDA. If we are correct, we will earn five to eight times our investment in the stock.

As always, thank you for your continued support and trust. Please reach out with any questions.

Sincerely,

David Polansky

Tim Delaney



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Glossary – Ideal Immersion Setup (IIS)

1. The Underdog

The Underdog is overlooked and underappreciated by most investors. Generally, there are surface level reasons for being dismissed, which are transitory and serve as an impediment to ownership. For example, The Underdog is too small for many institutional investors to even consider and/or does not belong to a major market index such as the Russell 2000. This generally correlates to thin or no analyst coverage and little-to-no institutional ownership. Ultimately, this issue is corrected through a combination of continued growth, improved liquidity, and/or increased analyst coverage.

2. The Babushka Doll

The Babushka Doll has a hidden asset (or assets) inside of it that could be worth significantly more than the value being assigned to it by the market. The typical Babushka Doll takes the form of a large, legacy, no-growth business presently dominating the financials on the outside, but it contains a small, scrappy, subsidiary growing rapidly on the inside. Babushka Dolls are often overlooked investment opportunities because they do not screen well on surface level quantitative statistics of growth and/or profitability. Aligning ourselves with a management team willing to dedicate resources towards unlocking the value of the “hidden asset” can generate significant returns.

3. The Social Pariah

The Social Pariah is perceived to be a toxic asset by investors because the business is either misunderstood and/or suffering from transitory issues. Often The Social Pariah is labelled toxic for good reason but a change in that perception, due to better performance, management turnover, etc. can result in significant stock price appreciation.

4. The Ugly Duckling

The Ugly Duckling is a fundamentally good business which is not readily apparent in the financials due to significant investments in people and capital, which are masking underlying profitability. The Ugly Duckling is usually a sub-scale business early in its lifespan and growing rapidly. Over time, as the business grows up, investors will come to appreciate The Ugly Duckling and afford it a higher value per dollar of earnings. The Ugly Duckling, of course, turns into the swan.

5. The Doubted Champion

The Doubted Champion is a simple but effective investment. This type of business is one that is growing rapidly and exhibits strong financial characteristics (margins, returns on capital, etc.) but the market does not expect its performance to sustain. In other words, its further growth may be overly discounted. If we can correctly identify a Doubted Champion, we will be handsomely rewarded when the market realizes that the business can continue growing at an accelerated rate for far longer than originally anticipated.



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Important Information

Certain statements made have not been audited or verified by the Fund's auditor or third-party administrator. Please see your individual statements for your performance. Adjusted/modified performance disclosures are intended to give deeper insight into the Fund's performance but should never be substituted for actual net results, as reported by the administrator, and reflected in audited financial statements.

Results are compared to the performance of the Russell 2000 Index, S&P SmallCap 600 Index, and Russell Microcap Index (the "**Comparative Indices**") for informational purposes only. The Fund's investment program does not mirror the Comparative Indices and the volatility of the Fund's investment program may be materially different from the volatility of the Comparative Indices. The securities included in the Comparative Indices are not necessarily included in the Fund's investment program and criteria for inclusion in the Comparative Indices are different than criteria for investment by the Fund. The performance of the Comparative Indices reflects the reinvestment of dividends, as appropriate.

The Immersion Investment Partners, LP Net Returns reflects the USD investment performance of an investor that committed capital at inception of the Fund (June 1, 2021) and is subject to a 2% management fee and 20% performance fee. Net returns will vary by investor. Each partner will receive individual statements showing returns from the Partnerships' administrator. Performance returns are estimated pending the year-end audit. Past performance is not indicative of future results. Actual returns may differ from the returns presented. The portfolio is under the sole trading authority of the general partners. A portion of the trades executed may take place on non-U.S. exchanges.

This material does not constitute an offer or the solicitation of an offer to purchase an interest in Immersion Investment Partners, LP (the "Fund"), which such offer will only be made via a confidential private placement memorandum (the "Memorandum"). An investment in the Fund is speculative and is subject to a risk of loss, including a risk of loss of principal. There is no secondary market for interests in the Fund and none is expected to develop. No assurance can be given that the Fund will achieve its objective or that an investor will receive a return of all or part of its investment. All statements herein are qualified in their entirety by reference to the Memorandum, and to the extent that this document contradicts the Memorandum, the Memorandum shall govern in all respects.

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