ITEX Corporation

a Nevada Corporation

13555 SE 36th Street, Suite 210
Bellevue, WA 98006
(425) 463-4000
www.itex.com
feedback@itex.com
SIC Code: 7389

Annual Report

For the Period Ending: July 31, 2025

(the "Reporting Period")

Outstanding Shares

The number of shares outstanding of our Common Stock was:

1,639,315[1] as of October 17, 2025

1,639,315[1] as of July 31, 2025 (fiscal year end)

Shell Status

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934):

Yes ☐ No ☑

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes ☐ No ☑

Change in Control

Indicate by check mark whether a Change in Control of the company has occurred over this reporting period:

Yes ☐ No ☑

[1] Includes unvested restricted stock.

Cautionary Statement Regarding Forward-Looking Statements

In addition to current and historical information, this Annual Report contains forward-looking statements. These statements relate to our future operations, prospects, potential products, services, developments, business strategies or our future financial performance. Forward-looking statements reflect our expectations and assumptions only as of the date of this report and are subject to risks and uncertainties. Actual events or results may differ materially. We have included a discussion of certain risks and uncertainties that could cause actual results and events to differ materially from our forward-looking statements in the section titled "Risk Factors" in Item 4 below. We undertake no obligation to update or revise publicly any forward-looking statement after the date of this report, whether as a result of new information, future events or otherwise.

1) Name of the Issuer and its predecessors (if any)

ITEX Corporation (referred to as "ITEX" or the "Company") was incorporated on October 1, 1985 in the state of Nevada. ITEX's current standing in the state of Nevada is active.

The Company was incorporated as Magneto-Electric Company on October 1, 1985, and its name changed to B.I.G Enterprises Inc. the same day. The Company changed its name to ITEX Barter Systems, Inc. on May 19, 1986, and to ITEX Corporation on April 12, 1991.

Describe any trading suspension orders issued by the SEC concerning the issuer or its predecessors:

None

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

Cash distributions on shares of common stock in the 2025 fiscal year consisted of $0.50 per share paid on December 13, 2024, of which $0.22 was treated as an ordinary dividend and $0.28 was return of capital. In addition, a $0.40 per share cash distribution was paid on June 6, 2025. The taxable treatment of the cash distribution will be calculated as of December 31, 2025.

The address(es) of the issuer's principal executive office and principal place of business:

☑ *Check if principal executive office and principal place of business are the same address*:

13555 SE 36th Street, Suite 210
Bellevue, WA 98006

Has the issuer or any of its predecessors ever been in bankruptcy, receivership, or any similar proceeding in the past five years:

No ☑ Yes ☐

2) Security Information

Transfer Agent:

Securities Transfer Corporation
2901 N. Dallas Parkway, Suite 380
Plano, Texas 75093
Phone: (469) 633-0101
Email: https://stctransfer.com/contact-us/

Publicly Quoted or Traded Securities:

Trading Symbol:	**ITEX**
Exact title and class of securities outstanding:	**Common Stock**
CUSIP:	**465647600**
Par or stated value:	**$0.01 per share**
Total shares authorized:	**9,000,000** as of July 31, 2025
Total shares outstanding:	**1,639,315**[2] as of July 31, 2025
Total number of shareholders of record:	**8** as of July 31, 2025

Additional classes of publicly quoted or traded securities:

None

Other classes of authorized or outstanding equity securities:

Exact title and class of securities:	**Preferred Stock (undesignated)**
CUSIP:	**None**
Par or stated value:	**$0.01 per share**
Total shares authorized:	**5,000,000** as of July 31, 2025
Total shares outstanding:	**None** as of July 31, 2025
Total number of shareholders of record:	**0** as of July 31, 2025

Exact title and class of securities:	**Series A Junior Participating Preferred Stock**
CUSIP:	**None**
Par or stated value:	**$0.01 per share**
Total shares authorized:	**50,000** as of July 31, 2025
Total shares outstanding:	**None** as of July 31, 2025
Total number of shareholders of record:	**0** as of July 31, 2025

[2] Includes unvested restricted stock.

Security Description:

1. For common equity, describe any dividend, voting and preemption rights.

Each share of common stock has the same rights, privileges and preferences. Holders of our common stock are entitled to one vote for each share held on all matters submitted to a vote of stockholders. Holders are not entitled to cumulate their votes for the purpose of electing directors. Generally, matters to be decided by the stockholders will be decided by the vote of holders of a majority of the outstanding shares of our common stock entitled to vote on the subject matter and represented in person or by proxy at a meeting at which a quorum is present, unless the question is one upon which by express provision of the statutes, or the articles or the bylaws, a different vote is required. Directors are elected by a plurality of the votes cast.

Holders of outstanding shares of our common stock are entitled to receive dividends out of assets legally available at the times and in the amounts that our board of directors may determine from time to time. Upon our liquidation, dissolution or winding-up, holders of our common stock are entitled to receive ratably our net assets available for distribution after the payment of all of our liabilities and the liquidation preferences of any outstanding preferred stock. Holders of our common stock have no redemption or conversion rights. The rights, preferences and privileges of holders of common stock are subject to, and may be adversely affected by, the rights of holders of shares of any series of preferred stock that we may designate and issue at any time, including in the future. No registration rights have been granted with respect to our outstanding shares of common stock.

2. For preferred stock, describe the dividend, voting, conversion, and liquidation rights as well as redemption or sinking fund provisions.

Our board of directors is authorized, subject to limitations imposed by Nevada law, to issue up to a total of 5,000,000 shares of preferred stock in one or more series, without stockholder approval. Our board is authorized to establish from time to time the number of shares to be included in each series of preferred stock, and to fix the rights, preferences and privileges of the shares of each series of preferred stock and any of its qualifications, limitations or restrictions. On March 11, 2011, our board of directors designated a Series A Junior Participating Preferred Stock consisting of 50,000 shares. No shares of preferred stock or rights are outstanding.

3. Describe any other material rights of common or preferred stockholders.

None

4. Describe any material modifications to rights of holders of the company's securities that have occurred over the reporting period covered by this report.

None

3) Issuance History

A. Changes to the Number of Outstanding Shares

Indicate by check mark whether there were any changes to the number of outstanding shares within the past two completed fiscal years:

No ☐ Yes ☑

Shares Outstanding Opening Balance: Date: July 31, 2023		Common: 1,669,286 Preferred: 0							
Date of Transaction	**Transaction type**	**Number of Shares Issued (or cancelled)**	**Class of Securities**	**Value of shares issued ($/per share) at Issuance**	**Were the shares issued at a discount to market price at the time of issuance?**	**Individual/ Entity Shares were issued to**	**Reason for share issuance OR Nature of Services Provided**	**Restricted or Unrestricted as of this filing?**	**Exemption or Registration Type?**
08-08-23	Stock Repurchase	(20,900)	Common	$4.50	No	N/A	N/A	N/A	N/A
11-01-23	Stock Repurchase	(10,500)	Common	$4.50	No	N/A	N/A	N/A	N/A
12-01-23	New issuance	100,000	Common	$4.48	No	Steven White	Executive Compensation	Restricted	Exempt Rule 701
12-01-23	New issuance	10,000	Common	$4.48	No	John Wade	Director Compensation	Restricted	Exempt Rule 701
12-01-23	New issuance	10,000	Common	$4.48	No	Eric Best	Director Compensation	Restricted	Exempt Rule 701
12-01-23	New issuance	10,000	Common	$4.48	No	Stephen Tollefsen	Consultant Compensation	Restricted	Exempt Rule 701
01-31-25	Stock Repurchase	(64,287)	Common	$3.20	No	N/A	N/A	N/A	N/A
05-21-25	Restricted Stock Cancellation	(64,284)	Common	$4.27	No	N/A	N/A	N/A	N/A
Shares Outstanding on Date of this Report:									
Date: July 31, 2025	Ending Balance: Common: 1,639,315 Preferred: 0								

In January 2022, stockholders approved the adoption of the ITEX Corporation 2022 Equity Incentive Plan (the "2022 Plan"), pursuant to which 300,000 shares of common stock were authorized for issuance. The Plan provides for the awards of restricted stock, restricted stock units, and other awards including unrestricted stock awards, stock bonuses, or the payment of cash for bonuses or in settlement of restricted stock unit awards to the Company's employees, directors, officers or consultants.

During the year ended July 31, 2025, there were no new shares issued. During the year ended July 31, 2024, we issued 130,000 shares under the 2022 Plan to an officer, directors and a consultant. The issuances were deemed to be exempt from registration under the Securities Act in reliance on Rule 701 promulgated thereunder.

B. Convertible Debt

The following is a complete list of the Company's Convertible Debt which includes all promissory notes, convertible notes, convertible debentures, or any other debt instruments convertible into a class of the issuer's equity securities. The table includes all issued or outstanding convertible debt at any time during the last complete fiscal year and any interim period between the last fiscal year end and the date of this Certification.

☑ Check this box to confirm the Company had no Convertible Debt issued or outstanding at any point during this period.

4) Issuer's Business, Products and Services

A. Summarize the issuer's business operations:

ITEX Corporation operates a marketplace in which products and services are exchanged by our members utilizing ITEX dollars ("ITEX dollars"). ITEX dollars are only usable by member businesses (our "members") to acquire products and services without exchanging cash. We service our member businesses through our franchise network (individually, "franchisee" and together, the "Franchise Network") in the United States and Canada. We administer the marketplace and provide record-keeping and payment transaction processing services for our members. We generate revenue by charging percentage-based transaction fees, association fees, and other fees assessed in United States dollars and Canadian dollars where applicable (collectively and as reported on our financial statements, "USD" or "Cash").

B. List any subsidiaries, parent company, or affiliated companies:

ITEX has one subsidiary, BXI Exchange, Inc, a Delaware corporation.

C. Describe the issuer's principal products or services:

Member Transactions. We provide a platform for our members to purchase from and sell their products and services to other members using ITEX dollars instead of USD. An ITEX dollar is an accounting unit used to record the value of transactions as determined by our members. ITEX dollars are not intended to constitute legal tender, securities, or commodities, are not redeemable for or convertible into USD, and have no readily determinable correlation to USD. ITEX dollars may only be used in the manner and for the purpose set forth in our Member Agreement and the Rules.

Businesses use our services to attract new customers, increase sales and to utilize unproductive assets, surplus inventory, or excess capacity. Our services are especially useful to businesses where the variable costs of products or services are low, such as hospitality, media, and service-related businesses.

For tax purposes, the Internal Revenue Service ("IRS") considers ITEX dollar sales to be equivalent to USD sales and ITEX dollar expenses to be equivalent to USD expenses. As a third-party record keeper under the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA), we are required to annually send Forms 1099-B to each of our members and to the IRS, which we do electronically. Members are responsible to collect, remit, declare, and report all applicable federal, state, provincial, local, and municipal taxes, including appropriate sales and excise taxes and GST, resulting from any transaction involving ITEX dollars to the appropriate taxing authorities as required by law.

Franchise Network. We service our member businesses through our franchise network (individually, "franchisee" and together, the "Franchise Network"). Franchisees are independent business owners with respect

to the Company and provide our members with information about products and services that are available locally, nationally and in Canada. Franchisees are responsible for enrolling new members, instructing them in our policies and procedures, facilitating their transactions and assuring payment in USD of transaction fees, association fees and other fees to us. In turn, franchisees receive a commission in USD for a percentage of revenue collected from the members serviced by those franchisees.

We offer the sale of ITEX franchises to qualified individuals under our most current franchise agreement. Our franchise agreement grants franchisees the right to service the needs of our members and sets forth franchisee obligations and responsibilities. Our franchise agreements generally provide for a five-year, renewable term unless terminated for reasons defined in the agreement.

Sources of Revenue. Our main sources of revenue are transaction fees and a recurring association fee. Additionally, we may charge various auxiliary fees to members. The fees we charge members are in USD and partially in ITEX dollars. We bill members for all fees at the end of each four-week operating cycle. Members paying through our Autopay System are generally charged a USD transaction fee equal to 6.0% of the ITEX dollar amount of the member's purchases and sales during the operating cycle. Additionally, regardless of a member's transaction activity, each operating cycle we charge most members an association fee of $25 USD ($325 USD annually) and 10 ITEX dollars (130 ITEX dollars annually).

We prepare our financial statements on an accrual basis in accordance with United States Generally Accepted Accounting Principles (GAAP). Refer to Note 1 — "Summary of Significant Accounting Policies" included in the "Notes to Consolidated Financial Statements for a description of our accounting policies.

Member Services. Our members are located in the United States and Canada. The majority of members are small businesses. Members choose to utilize our trading system for several reasons including attracting new customers, increasing sales, adding new channels of distribution, and utilizing unproductive assets, surplus inventory, or excess capacity.

We provide our members:

- An efficient method to execute and track transactions.
- A community where members can interact and transact business with other members.
- A Franchise Network and corporate staff which seek to maintain a fair and equitable environment for our members.
- Customer service by the Franchise Network and our corporate staff.
- A social media presence and mobile technology.

Members use our proprietary software, which is designed to facilitate the activities of all parties involved in our trade system, from our corporate management and accounting personnel to franchisees and members. Our system provides: customer relationship management tools; analytical reports; a categorized listing of members; and a mobile app to register new prospects, complete a transaction, search for other members, and make payments.

RISK FACTORS

*An investment in our shares involves a high degree of risk. You should carefully consider the risks described below, together with all of the other information included in this Report, before making an investment decision. If any of the following risks actually occurs, our business, financial condition or results of operations could suffer. In that case, the price of our shares could decline, and you may lose all or part of your investment. See "**Cautionary Statement Regarding Forward Looking Statements**" on page 2 above for a discussion of forward-looking statements and the significance of such statements in the context of this Report.*

Our revenue growth and success are tied to the operations of our Franchise Network, and as a result the loss of our franchisees or the financial performance of our franchisees can negatively impact our business

We depend on the ability of our franchisees to enroll new members, train them in the use of the ITEX system, grow our transactional volume by facilitating business among members, manage member relationships, provide members with information about ITEX products and services, and assure the payment of our fees. Franchisees are independently owned and operated and have a contractual relationship with ITEX, typically for a renewable five-year term. Our success relies to a large degree on the financial success and cooperation of our franchisees. There can be no assurance that our franchisees will be successful in adding members or increasing the volume of member transactions, or if they do not renew their agreements or terminate operations, we will be able to attract new franchisees at rates sufficient to maintain a stable or growing revenue base. If our franchisees are unsuccessful in maintaining or generating revenue growth, enrolling new members to equalize the attrition of members, or if a significant number of franchisees become financially distressed and terminate operations, our revenues could be reduced, and our business operating results and financial condition may be materially adversely affected.

Future revenue growth remains uncertain, and our operating results and profitability may decline

Revenue has been declining since fiscal year 2010. Although we seek to increase revenues, we have been unable to do so, and cannot assure you our revenues will increase in future quarters or future years; nor can we assure you that we can continue to be operated profitably, which depends on many factors, including, our success in expanding our member base, the control of our expense levels, and the success of our business activities. We may make investments in marketing, franchisee and member support, technology and further development of our operating infrastructure which entail long-term commitments. Our industry as a whole may be adversely affected by industry trends, increased competition, economic factors and new regulations. We continue to have member attrition and new member enrollments have been insufficient to offset this trend. If revenues continue to decline our business operating results and financial condition can be expected to be materially adversely affected.

Substantial competition from the ecommerce industry, exchanges and other distribution channels may adversely affect our overall business, revenues and results of operations

We encounter significant competition in our efforts to develop our marketplace. Our competitors include internet distribution channels, aggregators, ecommerce platforms and local Exchanges. Internet online marketplace competitors include well-known companies such as eBay, Amazon, Etsy, and OfferUp, and hospitality sites such as Airbnb, Booking.com, Priceline, Google and others. Similar to our business model, these companies provide distribution channels to move excess or surplus inventory or to sell available lodging capacity. The internet and mobile networks provide rapidly evolving and intensely competitive channels for the sale of all types of products and services. Generally, the greater the number of avenues to move excess inventory or products and services, the more difficult it is to attract businesses to sell their inventory in our marketplace. We also compete with these companies with respect to price, ease of use and brand name

awareness. Increased competition could continue to result in erosion of our market share, and adversely affect our revenues, business operating results and financial condition.

If our goodwill becomes impaired, we may be required to record a charge to earnings, and there could be a negative impact on stockholders' equity

We have goodwill of $1,441 as of July 31, 2025, which represents approximately 21% of our total assets. Goodwill represents the excess of cost over the fair value of identified net assets acquired. Goodwill acquired in a purchase business combination is determined to have an indefinite useful life and is not amortized, but instead tested for impairment on an annual basis. We review our goodwill using a discounted cash flow methodology with a risk-adjusted weighted average cost of capital (WACC). Factors that may change our circumstances, indicating that the carrying value of our goodwill may not be recoverable, include reduced future cash flow estimates, adverse changes in legal factors or the business climate, and lowered expectations of future financial results. In recent periods, we have experienced a decline in the level our estimated fair value of equity exceeds the carrying value. If the fair value of our equity is less than it's carrying value at any point in time in the future, this may indicate a potential impairment exists. We may be required to record a significant charge in our consolidated financial statements during the period in which any impairment of our goodwill is determined, which would reduce earnings in such period, and reduce stockholders' equity. We cannot accurately predict the amount, if any, or the timing of any impairment of goodwill. Should the value of goodwill become impaired, there could be an adverse effect on our financial condition and consolidated results of operations.

Our franchisees could take actions that could harm our business, our reputation and adversely affect the ITEX marketplace

Our agreements with our franchisees require that they understand and comply with all laws and regulations applicable to their businesses and operate in compliance with our Marketplace Rules. Franchisees are independently owned and operated and are not our employees, partners, or affiliates. We set forth operational standards and guidelines; however, we have limited control over how our franchisee businesses are run. Our franchisees have individual business strategies and objectives and may not operate their offices in a manner consistent with our philosophy and standards. We cannot assure you that our franchisees will avoid actions that adversely affect the reputation of ITEX. Improper activity stemming from one franchisee can generate negative publicity which could adversely affect our entire Franchise Network and the ITEX marketplace, could discourage new franchisees from entering our network or existing franchisees from renewing their agreements, and could have a material adverse effect on our business, financial condition and results of operations.

We may be held responsible by members, third parties, regulators or courts for the actions of, or failures to act by, our franchisees or their employees, which exposes us to possible adverse judgments, other liabilities and negative publicity

From time to time we are subject to claims for the conduct of our franchisees in situations where a franchisee is alleged to have caused injury to their employees, independent contractors, or a member as a result of a transaction in the marketplace. Although our franchisees remain independent, attempts to challenge that independence, if determined adversely, could increase costs and subject us to incremental liability for their actions. Furthermore, we may be subject to litigation and regulatory action concerning our relationship with franchisees and the legal distinction between our franchisees and us for employment law purposes. Third parties, regulators or courts may seek to hold us responsible for the actions or failures to act by our franchisees or their employees. The failure to comply with laws and regulations by our franchisees, or litigation involving potential liability for franchisee activities could be costly and time consuming for us, divert management attention, result in increased costs of doing business, lead to adverse judgments, expose us to possible fines and negative publicity, or otherwise harm our business. A judgment significantly in excess of any applicable

insurance coverage or third-party indemnity could materially adversely affect our financial condition and results of operations.

Our business is subject to government regulation and future regulation or regulatory changes may increase the cost of compliance and doing business

We are subject to various federal, state and local laws, regulations and administrative practices affecting our business. These include the requirement to obtain business licenses, withhold taxes, remit matching contributions for our employees' social security accounts, and other such legal requirements, regulations and administrative practices required of businesses in general. We are a third-party record-keeper under the Tax Equity and Fiscal Responsibility Act ("TEFRA") and accordingly, we account for and report annually to the IRS the total ITEX dollar sales transactions, net of any returns, of each member. Under the Federal Trade Commission Act and state franchise and business opportunity laws, our franchisees are entitled to certain protections including mandatory disclosures and the provision that many of the substantive aspects of the business relationship (i.e., termination, transfer, cancellation, and non-renewal) will be governed by state law. An adverse finding in one or more of these business relationship aspects could govern the enforceability of our franchise agreements or permit the recovery of damages and penalties which could have a material adverse effect on our financial condition and results of operation.

In addition, we are currently or potentially subject to laws and regulations affecting our operations in a number of other areas, including data privacy requirements, intellectual property ownership and infringement, prohibited items and stolen goods, digital content, promotions, virtual currency, taxes, as well as laws and regulations intended to combat money laundering and the financing of terrorist activities. With respect to our online and mobile operations, it is not always clear how certain laws and regulations apply to our business. Many of these laws were adopted prior to the advent of the internet, mobile, and related technologies and, as a result, are subject to interpretation by the courts on an ongoing basis. We cannot predict the impact, if any, that future internet-related regulation or regulatory changes might have on our business. Compliance with these laws, regulations, and similar requirements may be onerous and expensive, and variances and inconsistencies from jurisdiction to jurisdiction may further increase the cost of compliance and doing business.

The emergence of increased regulation related to virtual currencies could increase our costs by requiring us to update our products and services; or subject us to operational requirements that result in substantial compliance costs which would adversely affect our business

Innovation in the payments industry has led to a variety of virtual currencies, community currencies reward points, tokens and cryptocurrencies. The increased attention on cryptocurrencies has resulted in various law enforcement and regulatory interventions. Changes in federal or state regulations or the adoption of new regulations could affect us as well as many companies transacting in credits that might be considered "virtual currency." Complying with these regulations could be burdensome and expensive and could make our business cost-prohibitive in the affected state or states. Conversely, our failure to comply with existing or future regulations could result in a requirement to pay penalties or damages, or otherwise have a material adverse effect on our business.

We may face additional tax liabilities and collection obligations

Our members are responsible to collect, remit, declare, and report all applicable federal, state, provincial, local, and municipal taxes, including appropriate sales and excise taxes and GST, resulting from any transaction involving ITEX dollars. However, an increasing number of jurisdictions are considering or have adopted laws or administrative practices that impose new tax measures targeting online commerce and the remote selling of goods and services. These may include new obligations to collect sales, consumption, value added, or other taxes on online marketplaces and remote sellers, or other requirements that may result in liability for third party

obligations. Our results of operations and cash flows could be adversely affected by additional tax collection obligations of this nature imposed on us prospectively or retroactively or additional taxes or penalties resulting from the failure to comply with any collection obligations or failure to provide information about our customers, suppliers, and other third parties for tax reporting purposes to various government agencies. In some cases, we also may not have sufficient notice to enable us to build systems and adopt processes to properly comply with new reporting or collection obligations by the effective date.

The market for our securities has limited liquidity

Our common stock trades on the OTCID market tier of the over-the-counter market known as the OTC Marketplace. Many of the securities quoted in the OTC Marketplace do not have a liquid market. They are infrequently traded and can move up or down in price substantially from one trade to the next. As a result, an investment in our shares may be illiquid even if there is a market.

Our ability to pay dividends on our common stock is subject to the discretion of our Board of Directors and may be reduced, suspended or eliminated

Our dividend policy is subject to the discretion of our Board of Directors and depends upon a number of factors, including our earnings, financial condition, cash and capital needs and general economic or business conditions. Although we are currently declaring cash dividends on our common stock as a way to return value to our stockholders, we are not required to do so, and we cannot assure you that we will continue to pay dividends in the future. If liquidity from our cash flow is inadequate or unavailable, we may be required to scale back or eliminate the dividends we pay to our stockholders. The payment of cash dividends reduces our cash reserves and stockholder's equity. The recent expiration of our NOL's, changes in tax laws increasing the tax rate for dividends and the need to maintain a sufficient amount of cash reserves are factors the Board will consider for future dividends. Any reduction of, or the elimination of, our common stock dividend in the future could adversely affect the market price of our common stock.

5) Issuer's Facilities

Our corporate and administrative headquarters offices are located in approximately 1,415 square feet of office space in Bellevue, Washington. Our current lease runs through June 2028. Our premises are utilized by our senior management and administrative personnel. We believe that our facilities are adequate and suitable for their current use.

6) Officers, Directors, and Control Persons

The following table sets forth certain information about our executive officers and directors as of July 31, 2025, as well as certain information that has been provided to the Company regarding the beneficial ownership as of July 31, 2025 of the Company's common stock by (a) each person who is known by the Company to be a beneficial owner of more than five percent of the outstanding common stock of the Company, (b) each director of the Company, and (c) each of the executive officers.

Name of All Officers/Directors and Control Persons	Affiliation with Company (e.g. Officer/Director/Owner of 5% or more)	Residential Address [1] (City/State Only)	Number [2] of shares owned	Share type/class	Ownership [3] Percentage of Class Outstanding	Names of control persons if a corporate entity. See notes:
Steven White	Chairman and President	Greater Seattle, WA	677,061	Common	41.30%	(4)
John Wade	Director, CFO, Secretary, Treasurer	Greater Seattle, WA	26,714	Common	1.63%	(5)
Eric Best	Director	Greater Seattle, WA	20,000	Common	1.22%	(6)
The Lion Fund, LP	Beneficial owner	San Antonio, TX	340,840	Common	20.79%	(7)
Pagidipati Family, LP	Beneficial owner	Tampa, FL	121,429	Common	7.58%	(8)

(1) The business address of the current directors and executive officers is c/o ITEX Corporation, 13555 SE 36th Street, Suite 210, Bellevue, Washington 98006.

(2) Beneficial ownership is determined in accordance with the rules of the SEC. In computing the number of shares beneficially owned and the percentage ownership of an individual or group, any shares that the individual or group may acquire within 60 days, including through the exercise of stock options or vesting of restricted stock units, are deemed outstanding. These shares, however, are not deemed outstanding for purposes of computing the ownership of any other person. To our knowledge, except as indicated in the footnotes to this table and subject to applicable community property laws, the stockholders named in the table have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them.

(3) Percentage of beneficial ownership is based upon 1,639,315 voting shares outstanding as of July 31, 2025 (including shares of unvested restricted stock).

(4) Mr. White has 58,332 unvested restricted stock awards outstanding.

(5) Mr. Wade has 5,832 unvested restricted stock awards outstanding.

(6) Mr. Best has 5,832 unvested restricted stock awards outstanding.

(7) The latest Schedule 13D filed by the beneficial owners on April 24, 2015, indicated that 340,840 shares are held by The Lion Fund, L.P., Biglari Capital Corp., and Sardar Biglari. The principal business address of each of the Lion Fund, Biglari Capital Corp. and Sardar Biglari is 17802 IH 10 West, Suite 400, San Antonio, Texas 78257.

(8) Based on beneficial ownership information as of November 11, 2024. Includes shares beneficially owned by Rahul Pagidipati and Dr. Devaiah Pagidipati, who have voting and investment power with respect to the Pagidipati Family Limited Partnership. The principal business address of the Pagidipati Family Limited Partnership is 601 S Harbour Island Blvd 200, Tampa, FL 33602.

7) Legal/Disciplinary History.

A. During the past 10 years, none of the officers or directors listed above have been:

1. The subject of an indictment or conviction in a criminal proceeding or plea agreement or named as a defendant in a pending criminal proceeding (excluding minor traffic violations);
2. The subject of the entry of an order, judgment, or decree, not subsequently reversed, suspended, or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, financial- or investment-related, insurance or banking activities;
3. The subject of a finding, disciplinary order or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, or a foreign regulatory body or court, which finding, or judgment has not been reversed, suspended, or vacated;
4. Named as a defendant or a respondent in a regulatory complaint or proceeding that could result in a "yes" answer to part 3 above;
5. The subject of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities; or
6. The subject of a U.S. Postal Service false representation order, or a temporary restraining order, or preliminary injunction with respect to conduct alleged to have violated the false representation statute that applies to U.S. mail.

B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

None

8) Third Party Service Providers

Securities Counsel

Stephen Tollefsen
Tollefsen Business Law PC
5129 Evergreen Way Ste D-20
Everett, Washington 98203
Telephone (425) 353-8883
Email: st@tbuslaw.com

Accountant or Auditor

Plante & Moran, PLLC
8181 East Tufts Avenue, Suite 600
Denver, Colorado 80237
Telephone: (303) 740-9400
Fax: (303) 740-9009
www.plantemoran.com

Investor Relations Consultant

None

All other means of Investor Communication:

Twitter: None
Discord: None
LinkedIn: None
Facebook: None

Website: itexcorp.com

Other Service Providers

Legal Counsel

James Shore
Stoel Rives LLP
600 University Street, Ste 3600
Seattle, Washington 98101
Telephone (206) 624-0900
Email: jim.shore@stoel.com

9) Disclosure and Financial Information

A. This Disclosure Statement was prepared by:

Steven White
President

B. The following financial statements were prepared in accordance with:

☐ IFRS
☑ U.S. GAAP

C. The following financial statements were prepared by:

John Wade
Chief Financial Officer

Describe the qualifications of the person or persons who prepared the financial statements:

Mr. Wade has served as Chief Financial Officer of ITEX Corporation since January 2013, and as Treasurer and a director since 2003. Mr. Wade is a Certified Public Accountant and has more than 30 years of financial and accounting expertise, including strategic and financing transactions, and developing disclosure and internal controls for public corporations. This experience allows Mr. Wade to bring to the Company substantial financial and accounting knowledge and process controls. As a director, Mr. Wade has demonstrated skills in in areas that are relevant to the oversight of our business, including strategic initiatives, risk management, finance, financial reporting and treasury functions.

Our financial statements were audited by Plante & Moran, PLLC, a large regional audit, tax and consulting firm

The audited consolidated financial statements for the years ended July 31, 2025, and 2024, are attached, starting on page 16.

10) Issuer Certification

Principal Executive Officer

I, Steven White, President, certify that:

1. I have reviewed this Disclosure Statement for ITEX Corporation.
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: October 17, 2025

/s/ Steven White
Steve White
President

Principal Financial Officer

I, John Wade, Chief Financial Officer, certify that:

1. I have reviewed this Disclosure Statement for ITEX Corporation.
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: October 17, 2025

/s/ John Wade
John Wade
Chief Financial Officer

ITEM 4 FINANCIAL STATEMENTS

The following financial statements of ITEX Corporation are included in Item 4:

- Consolidated Balance Sheets as of July 31, 2025, and 2024
- Consolidated Statements of Income for the years ended July 31, 2025, and 2024
- Consolidated Statements of Stockholders' Equity for the years ended July 31, 2025, and 2024
- Consolidated Statements of Cash Flows for the years ended July 31, 2025, and 2024
- Notes to Consolidated Financial Statements

Plante & Moran, PLLC
Suite 600
8181 E. Tufts Avenue
Denver, CO 80237
Tel: 303.740.9400
Fax: 303.740.9009
plantemoran.com

Independent Auditor's Report

To the Board of Directors and Stockholders
ITEX Corporation

Opinion

We have audited the consolidated financial statements of ITEX Corporation and its subsidiary (the "Company"), which comprise the consolidated balance sheets as of July 31, 2025 and 2024 and the related consolidated statements of income, stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of July 31, 2025 and 2024 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Consolidated Financial Statements* section of our report. We are required to be independent of the Company and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audits of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that audits conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than from one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

PRAXITY™
Empowering Business Globally

To the Board of Directors and Stockholders ITEX Corporation

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Plante & Moran, PLLC

October 15, 2025

ITEX CORPORATION
CONSOLIDATED BALANCE SHEETS
(In thousands)

	July 31, 2025	July 31, 2024
ASSETS		
Current assets:		
Cash and cash equivalents	$ 4,644	$ 5,625
Accounts receivable, net of allowance of $353 and $285	313	335
Prepaid expenses	29	53
Loans and advances	5	9
Notes receivable	73	113
Other current assets	-	1
Total current assets	5,064	6,136
Property and equipment, net of accumulated depreciation of $97 and $123	1	3
Right of use asset	137	50
Goodwill	1,441	1,441
Deferred tax asset, net of allowance of $0	16	29
Notes receivable, net of current portion	56	111
Other long-term assets	21	12
Total assets	$ 6,736	$ 7,782
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts and other expenses payable	29	28
Accrued commissions to brokers	364	403
Accrued expenses	188	235
Advance payments	41	47
Total current liabilities	622	713
Long-term liabilities:		
Other long-term liabilities - lease liability	93	-
Total liabilities	715	713
Commitments and contingencies		
Stockholders' equity:		
Common stock, $0.01 par value; 9,000 shares authorized; 1,563 shares and 1,574 shares issued and outstanding, respectively	18	18
Additional paid-in capital	20,675	20,662
Accumulated deficit	(14,672)	(13,611)
Total stockholders' equity	6,021	7,069
Total liabilities and stockholders' equity	$ 6,736	$ 7,782

The accompanying notes are an integral part of these Consolidated Financial Statements

ITEX CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(In thousands)

	Year ended July 31, 2025	Year ended July 31, 2024
Revenue:		
Marketplace and other revenue	$ 5,440	$ 6,126
Costs and expenses:		
Cost of Marketplace revenue	3,124	3,551
Corporate salaries, wages and employee benefits	1,195	1,276
Selling, general and administrative	663	683
Depreciation and amortization	2	5
	4,984	5,515
Income from operations	456	611
Interest income	233	294
Income before income taxes	689	905
Income tax expense	185	208
Net income	$ 504	$ 697
Net income per common share:		
Basic	$ 0.32	$ 0.45
Fully Diluted	$ 0.32	$ 0.45
Weighted average shares outstanding:		
Basic	1,560	1,540
Fully Diluted	1,560	1,552

The accompanying notes are an integral part of these Consolidated Financial Statements

ITEX CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands) (Unaudited)

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Total
Balance at July 31, 2023	**1,552**	**18**	**20,580**	**(12,540)**	**8,058**
Share Repurchase	(31)	-	(141)	-	(141)
Stock based compensation expense	53	-	223	-	223
Dividend payment	-	-	-	(1,768)	(1,768)
Net income	-	-	-	697	697
Balance at July 31, 2024	**1,574**	**18**	**20,662**	**(13,611)**	**7,069**
Share Repurchase	(65)	(1)	(206)	-	(207)
Stock based compensation expense	54	1	219	-	220
Dividend payment	-	-	-	(1,565)	(1,565)
Net income	-	-	-	504	504
Balance at July 31, 2025	**1,563**	**18**	**20,675**	**(14,672)**	**6,021**

The accompanying notes are an integral part of these Consolidated Financial Statements

ITEX CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year ended July 31, 2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 504	$ 697
Items to reconcile to net cash provided by operating activities:		
Depreciation and amortization	2	5
Loss on membership rights transferred to broker	-	5
Stock-based compensation	220	223
Credit loss expense	155	188
Decrease in deferred income taxes	13	120
Non-cash lease expense	(4)	-
Changes in operating assets and liabilities:		
Accounts receivable	(133)	(157)
Prepaid expenses	17	(2)
Loans and advances	4	(4)
Accounts and other expenses payable	1	(13)
Commissions payable to brokers	-	(129)
Accrued commissions to brokers	(39)	(36)
Accrued expenses	(38)	(37)
Advance payments	(6)	(11)
Net cash provided by operating activities	696	849
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments received from notes receivable	144	78
Notes receivable - advances	(49)	(162)
Net cash used in investing activities	95	(84)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repurchase of Common stock	(207)	(141)
Cash dividend paid to Common Stockholders	(1,565)	(1,768)
Net cash used in financing activities	(1,772)	(1,909)
Net (decrease)/increase in cash and cash equivalents	(981)	(1,144)
Cash and cash equivalents at beginning of period	5,625	6,769
Cash and cash equivalents at end of period	$ 4,644	$ 5,625
Supplemental cash flow information:		
Cash paid for income Taxes	195	88
Note receivable cancellation in exchange for broker territory rights relinquished	-	19
Note receivable issued in exchange for broker territory rights granted	-	(19)
Note receivable issued in exchange for membership rights transferred	-	(9)
ROU asset acquired through lease liability	141	-

The accompanying notes are an integral part of these Consolidated Financial Statements

NOTE 1 - DESCRIPTION OF OUR COMPANY AND SUMMARY OF OUR SIGNIFICANT ACCOUNTING POLICIES

Description of our Company

ITEX Corporation ("ITEX," "Company," "we" or "us") was incorporated in October 1985 in the State of Nevada. Through our independent franchise network (individually, "franchisee," and together the "Franchise Network") in the United States and Canada, we operate a marketplace in which products and services are exchanged by our members utilizing ITEX dollars "ITEX dollars." ITEX dollars are only usable by member businesses (our "members") to acquire products and services without exchanging cash. We administer the marketplace and provide record-keeping and payment transaction processing services for our members. A summary of significant accounting policies applied in the preparation of the accompanying consolidated financial statements follows:

Principles of Consolidation

The consolidated financial statements include the accounts of ITEX Corporation and its wholly owned subsidiary BXI Exchange, Inc. All inter-company accounts and transactions have been eliminated in consolidation.

Accounting Records and Use of Estimates

The accounting records are maintained in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions affecting the amounts reported in the consolidated financial statements and accompanying notes. Changes in these estimates and assumptions may have a material impact on the Company's financial statements and notes. Examples of significant estimates and assumptions include estimating:

- certain provisions such as allowances for accounts receivable and notes receivable
- any impairment of goodwill
- tax provisions and valuation allowances
- accrued commissions and other accrual expenses
- litigation matters and loss contingencies
- stock based payments

Actual results may vary from estimates and assumptions that were used in preparing the financial statements.

Operating and Accounting Cycles

For each calendar year, we divide our operations into 13 four-week billing and commission cycles always ending on a Thursday ("operating cycle"). For financial statement purposes, our fiscal year is from August 1 to July 31 ("year", "2025" for August 1, 2024 to July 31, 2025, and "2024" for August 1, 2023 to July 31, 2024). We report our results as of the last day of each calendar month ("accounting cycle").

Concentrations of Credit Risk

On July 31, 2025, we maintained our cash balances in both short-term treasury bills and banking institutions in the United States and Canada. In the table below listed under Cash Equivalents, the mutual funds are not guaranteed and the short-term treasury bills included in our cash balance are not insured by the FDIC as their safety comes from a direct guarantee by the US. The table below reflects the detail, as of July 31, 2025, of cash balances that exceed amounts that are insured by the Federal Deposit Insurance Corporation and the Canadian Deposit Insurance Corporation.

Location/Type	**Balance at 7/31/2025**	**Uninsured amounts at 7/31/2025**
Cash:		
United States Banks	$ 251	$ 1
Canadian Banks	$ 72	$ 0
Subtotal	**$ 323**	**$ 1**
Cash Equivalents:		
Short-term Treasury Bills	$2,857	$ 2,857
Mutual Funds	$1,464	$ 1,464
Totals	**$4,644**	**$ 4,322**

Risks and Uncertainties

We are subject to certain risks and uncertainties, including those associated with fluctuations in operating results; regulatory issues; competition; technology trends; and managing human capital.

Cash Equivalents

We consider all investments, including money market accounts, with an original maturity of three months or less when purchased to be cash equivalents.

Accounts and Notes Receivable

We assess the collectability of accounts receivable monthly based on past collection history and current events and circumstances. Our assessment of any allowance for credit losses includes expected customer behavior and reasonable and supportable forecasts of expected cash flow by customer. Accordingly, we adjust the allowance on accounts receivable to reflect net receivables that we ultimately expect to collect.

From time to time we finance the operational and expansion activities of our franchisees. We loan franchisees funds for general operational purposes, to acquire the management rights to select member accounts, and for other reasons. These loans are repaid from regular deductions from franchisee commissions. The amount of loans to franchisees as of July 31, 2025, was $129. Interest rates are between 6% and 7% on the outstanding balances. The loans mature at various dates through fiscal year 2028.

We review all notes receivable for possible impairment on an annual basis or whenever events or changes in circumstances indicate that the carrying value has been impaired and may not be recoverable. Factors considered important that could trigger an impairment review include significant underperformance relative to expected historical or projected future operating results and a change in management of the franchisee responsible for the note. All of our Notes Receivable are to ITEX franchisees and have a Promissory Note detailing out terms, secured by their Franchise Agreement with payments deducted every two weeks from

their commission payments. These Notes Receivable are initiated directly with our CEO or President and the term and amounts approved by both, generally to fund the management rights to a membership list we own. Therefore, we do not expect any credit losses from these notes.

Property and Equipment

We report property and equipment at cost less accumulated depreciation recorded on a straight-line basis over useful lives ranging from three to seven years. Included in property and equipment are additions and improvements that add to productive capacity or extend useful life of the assets. Property and equipment may also include internally developed software (refer to "Software for Internal Use" below). When we sell or retire property or equipment, we remove the cost and related accumulated depreciation from the balance sheet and record the resulting gain or loss in the income statement. We record an expense for the costs of repair and maintenance as incurred. Depreciation expense for property and equipment was $2 and $3, respectfully for the years ended July 31, 2025 and 2024.

Right of Use Asset and Lease Liability

The Company applies Topic 842 (ASC 842) to Leases,, which requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. ASC 842 establishes a right-of-use model (ROU) that requires a lessee to recognize a ROU asset and lease liability on the balance sheet for all leases with a term longer than 12 months. During the year ended July 31, 2025, we entered into a lease renewal with our existing Landlord and we recorded an ROU asset and lease liability of $141.

Software for Internal Use

We have developed extensive software to manage and track the ITEX dollar activity in the Marketplace, and to calculate USD and ITEX dollar fees, member payments, and franchisees commissions accordingly. We have expensed costs incurred in the development of software for internal use in the period incurred as such costs were not significant during the related application development phase.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of identifiable assets acquired, including domains and other definite-lived intangible assets, and liabilities assumed in business combinations.

Goodwill acquired in a purchase business combination is determined to have an indefinite useful life and is not amortized, but instead tested for impairment at least annually. In testing goodwill for impairment, we first assess qualitative factors before calculating the fair value of our reporting unit in step 1 of the goodwill impairment test. If we determine that the fair value of the reporting unit is more likely than not less than its carrying value, then we will perform the two-phase approach. The first phase is a screen for potential impairment, while the second phase (if necessary) measures the amount of impairment, if any. Goodwill is written down and charged to operating results in any period in which the recorded value of goodwill exceeds its estimated fair value.

Income Per Share

We present in our financial statements on the face of the income statement both basic and diluted earnings per share. Basic earnings per share excludes potential dilution and is computed by dividing income available to common stockholders by the weighted-average number of common shares outstanding for the period. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common

stock that then shared in the earnings of the Company. As of July 31, 2025, we had no contracts to issue common stock. The Company had 0 and 12 unvested restricted stock units that were dilutive as of July 31, 2025, and July 31, 2024, respectively.

Intangible Assets with Definite Lives

Intangible assets acquired in business combinations are estimated to have definite lives and are comprised of membership lists, noncompetition agreements and trade names. The Company amortizes costs of acquired intangible assets using the straight-line method over the contractual life of one to three years for noncompetition agreements, the estimated life of six to ten years for membership lists and the estimated life of ten years for trade names. The Company recorded $0 and $2 of amortization expense in each of the years ended July 31, 2025, and July 31, 2024.

Long-Lived Assets

We review our long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recovered. We look primarily at the market values of the assets when available, or, alternatively, the estimated undiscounted future cash flows in our assessment of whether or not they have been impaired. If impairment is deemed to have occurred, we then measure the impairment by looking to the excess of the carrying value over the discounted future cash flows or market value, as appropriate.

Commissions Payable to Franchisees and Accrued Commissions to Franchisees

We compute commissions to franchisees as a percentage of cash collections of revenues from association fees and transactions fees. We pay most commissions in two tranches with approximately 50% paid one week after the end of the operating cycle and the remainder paid two weeks later. Commissions payable to franchisees on our balance sheet as of July 31, 2025, represents commissions payable from the operating cycle ended July 10, 2025. In 2024, the closest operating cycle ended July 11, 2024. Accrued commissions to franchisees on our balance sheets are the estimated commissions on the net accounts receivable balance and unpaid commissions on cash already collected in the current uncompleted accounting cycle (stub period) as of the financial statement date.

Fair Value of Financial Instruments

All of our financial instruments are recognized in our balance sheet. The carrying amount of our financial instruments including cash, accounts receivable, loans and advances, accounts payable, commissions payable and accrued commissions and other accruals approximate their fair values at July 31, 2025, due to the short-term nature of these instruments. All of these instruments have terms of less than one year. For notes receivable, the Company has determined that the rates are commensurate with current rates for similar transactions, and therefore, net book value approximates fair value.

Revenue Recognition

We generate our revenue by charging members percentage-based transaction fees, association fees, and other fees assessed in United States dollars and Canadian dollars where applicable (collectively and as reported on our financial statements “USD” or “Cash”).

In the normal course of our core business, we act as administrator and provide record-keeping and transaction processing services for Marketplace members. We pay commissions to our franchisees after the close of each operating cycle based on member transaction and association fees collected in USD.

Our largest sources of revenue are transaction fees and association fees. We charge members of the Marketplace an association fee every operating cycle in accordance with our members' individual agreements. We also typically charge both the buyer and the seller a transaction fee based on the ITEX dollar value of that Marketplace transaction. Additionally, we may charge various auxiliary fees to members, such as statement fees, late fees, finance charges, insufficient fund fees, and chargeback fees. The total fees we charge to members are in USD and partially in ITEX dollars. We bill members for all fees at the end of each operating cycle. We track all financial activity in our internally developed database. Members have the option of paying USD fees automatically by credit card, by electronic funds transfer or by check. If paying through our Autopay System, generally, the USD transaction fee is 6% of the ITEX dollar amount of the member's purchases and sales during the operating cycle. If paying by check, generally, the USD transaction fee is 8% of the ITEX dollar amount of that member's purchases and sales during the operating cycle. Additionally, regardless of a member's transaction activity, each operating cycle we charge most members an association fee of $25 USD ($325 USD annually) and 10 ITEX dollars (130 ITEX dollars annually).

We record an allowance for credit losses based upon its assessment of various factors. We consider historical experience, the age of the accounts receivable balances, the credit quality of our members, current economic conditions , forecasted expected collections results, and other factors that may affect members' ability to pay to determine the level of allowance required.

Our contracts with our members consist of an ongoing member services agreement in which we provide services to our members during each operating cycle, with the agreement being cancelable by a member or ITEX at any time upon proper advance notice. We have determined we have one performance obligation with our members which consists of member services during each operating cycle which includes access to our marketplace platform. We recognize revenue over time ratably based on the gross amount of revenue we ultimately expect to collect from our members which includes any adjustments for variable consideration such as discounts, allowances and amounts which we ultimately do not expect to collect in addition to transaction fees we are entitled to based upon each respective member's transaction activity during each operating cycle. See Note 4 for additional information.

Share-based Payments

We account for share-based compensation to our employees, and directors and measure the amount of compensation expense for all stock-based awards at fair value on the date of grant using quoted prices with recognition of compensation expense over the service period for awards expected to vest. Restricted stock awards issued to employees, consultants and directors are measured based on the fair market values of the underlying stock on the dates of grant. Share based expense was $220 and $223 for the years ended July 31, 2025, and 2024, respectively.

Operating Leases

We account for our only operating lease of our corporate headquarters under ASC 842. The present value of the total fixed rental payments of the office lease is treated as an operating lease and a right of use asset and lease liability are recorded on our balance sheet. Lease and non-lease components were separated. Lease expense is recorded ratably over the remaining lease term. We used a rate of 5.25% for our discount rate. See Note 7 for additional information on our operating leases.

Accounting for Income Taxes

We account for income taxes using an asset and liability approach as required. Such approach results in the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary

differences between the book carrying amounts and the tax basis of assets and liabilities and any net operating loss carryforwards. We assess a valuation allowance on our deferred tax assets if it is more likely than not that a portion of our available deferred tax assets will not be realized. We record our deferred tax assets net of any valuation allowance.

We also account for uncertainty in income taxes in that we recognize the tax benefits of tax positions only if it is more likely than not that the tax positions will be sustained, upon examination by the applicable taxing authorities, based on the technical merits of the positions. As required, we record potential interest and penalties associated with our tax positions. We have opted to record interest and penalties, if any, as a component of income tax expense.

Contingencies

In the normal course of our business, we may be periodically involved in litigation or claims. We record litigation or claim-related expenses upon evaluation of among other factors, the degree of probability of an unfavorable outcome and the ability to make a reasonable estimate of the amount of loss. We accrue for settlements when the outcome is probable, and the amount or range of the settlement can be reasonably estimated. In addition to our judgments and use of estimates, there are inherent uncertainties surrounding litigation and claims that could result in actual settlement amounts that differ materially from estimates. We expense our legal costs associated with these matters when incurred.

NOTE 2 – ADOPTION OF NEW ACCOUNTING PRONOUNCEMENT

During 2025, the Company adopted Financial Accounting Standards Board (FASB) Update (ASU) 2023-09, *Improvements to Income Tax Disclosures*, which requires enhanced income tax disclosures to increase transparency for investors, necessitating a footnote in annual financial statements explaining the changes. Key changes include expanded effective tax rate reconciliations for public companies, disaggregated income tax paid information by jurisdiction for all entities, and the removal of certain previous disclosure requirements.

In November 2024, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures*. For annual reporting periods beginning after December 15, 2026, this update requires public business entities to provide additional disclosures in the notes to the financial statements for certain expense categories, including inventory purchases, employee compensation, depreciation, and amortization. The Company will adopt this guidance beginning with the annual reporting period in fiscal year 2028, as required. The Company is currently evaluating the impact of the new disclosures on its financial statements and reporting systems.

NOTE 3 – ACCOUNTS RECEIVABLE

The following is detail of accounts receivable as of July 31, 2025:

Trade accounts receivable	$	666
Less allowance for credit losses		(353)
Net accounts receivable	$	313

The activity in the allowance for credit losses is as follows as of July 31, 2025:

Balance, July 31, 2024	$	285
Additions charged to expense		155
Deductions/write-offs		(127)
Balance, July 31, 2025	$	313

The following is detail of accounts receivable as of July 31, 2024:

Trade accounts receivable	$	620
Less allowance for credit losses		(285)
Net accounts receivable	$	335

The activity in the allowance for credit losses is as follows as of July 31, 2024:

Balance, July 31, 2023	$	290
Additions charged to expense		188
Deductions/write-offs		(193)
Balance, July 31, 2024	$	285

NOTE 4 – REVENUE FROM CONTRACTS WITH CUSTOMERS

Our member customers are billed based on fee schedules that are agreed upon in each member's contract. The contracts with our members consist of an ongoing member services agreement in which we provide operating cycle services to our members, with the agreement being cancelable by a member or ITEX at any time upon proper advance notice.

Receivables, net of allowance for credit losses from customers were $313 at July 31, 2025, $335 at July 31, 2024, and $367 as of August 1, 2023. An allowance for credit losses is maintained for accounts receivables, which is generally based on the number of days outstanding and expected customer collection behavior and projection of amounts expected to be received. Adjustments to the allowance are recorded in selling, general and administrative expense in the consolidated income statement.

We have no contract liabilities at July 31, 2025 or 2024, respectively. Contract liabilities are included as Deferred Revenue on the consolidated balance sheet. We have no contract assets due to the short-term nature of our performance obligations. All commissions are paid to our franchisees after completion of each operating cycle performance obligation and not in advance of satisfaction of such performance obligations.

We have determined we have one performance obligation with our members which consists of operating cycle member services that includes access to our marketplace platform. The benefits provided to our members are considered a set of highly interrelated activities associated with access to our marketplace and the ability to conduct transactions within the marketplace and are not deemed to be distinct within the context of our member agreements.

We have elected the practical expedient to recognize revenue associated with transaction fees we are entitled to in which we have a right to invoice as such consideration from our members corresponds directly with the value received based upon our performance completed to date.

Our main sources of revenue consists of variable transaction fees and fixed association fees. We bill members for all fees at the end of each four-week operating cycle. Members that pay through our Autopay System will generally be charged a variable transaction fee equal to 6.0% of the ITEX dollar amount of the member's purchases and sales during the operating cycle. Additionally, regardless of a member's transaction activity, each operating cycle we charge most members a fixed association fee of $25 per cycle.

We recognize revenue over time ratably based on the gross amount of revenue we ultimately expect to collect from our members which includes any adjustments for variable consideration such as discounts,

allowances and amounts which we ultimately do not expect to collect. There are no material unsatisfied performance obligations as of July 31, 2025.

The table below presents our disaggregated revenue for the years ended July 31:

	Year Ended July 31,					
	2025			2024		
	US	Canada	Total	US	Canada	Total
Association fees	$ 2,628	$ 107	$ 2,735	$ 2,869	$ 125	$ 2,994
Transaction fees	2,448	105	$ 2,553	2,810	154	$ 2,964
Other revenue	123	29	$ 152	159	9	$ 168
Total Revenue	$ 5,199	$ 241	$ 5,440	$ 5,838	$ 288	$ 6,126

NOTE 5 – CASH AND CASH EQUIVALENTS, ACCOUNTS RECEIVABLE, COMMISSIONS PAYABLE TO FRANCHISEES AND ACCRUED COMMISSIONS TO FRANCHISEES

The timing differences between our operating cycles and our accounting cycles cause fluctuations in the comparative balances of cash and cash equivalents, accounts receivable, commissions payable to franchisees and accrued commissions to franchisees presented on the consolidated balance sheets. Depending on the length of time between the end of the operating cycle and the end of the accounting cycle, members' payments on accounts receivable balances may vary. The longer the time, the greater amount of USD collections causes an increase in the reported cash and cash equivalents balance and a decrease in the net accounts receivable balance. The difference between our operating cycle ending date and the reporting date for July 31, 2025, was fifteen business days as our cycle end date was on July 10, 2025. In 2024, our operating cycle ending date was on July 13, 2024, or fourteen business days from the accounting cycle end date of July 31 2024.

Our payments for salaries and wages to our employees occur on the same bi-weekly schedule as our commission payments to franchisees.

NOTE 6 – NOTES RECEIVABLE

Notes receivable have been originated primarily to franchisees for acquiring other franchisees and independent exchanges or for general operational purposes. In 2025, we originated $49 in new loans to franchisees.

There were no write offs or credit losses on the Notes Receivable in the years ended July 31, 2025 and 2024 as our Notes Receivable are secured by the underlying membership lists assets as detailed in the Itex Franchise Agreement.

The aggregate total owed to us on July 31, 2025 and 2024 is $129 and $224, respectively. The loans mature at various dates through the fiscal year 2028.

The activity for Notes Receivable was as follows:

Balance at July 31, 2023	$	130
Note cancellation in exchange for broker rights relinquished	$	(19)
Principal additions		190
Interest income at stated rates		14
Payments received		(91)
		224
Less current portion		(113)
Long-term balance at July 31, 2024	$	111
Balance at July 31, 2024	$	224
Principal additions	$	49
Interest income at stated rates		13
Payments received		(157)
		129
Less current portion		(73)
Long-term portion balance at July 31, 2025	$	56

NOTE 7 - GOODWILL

We analyzed goodwill as of July 31, 2025 and 2024 using a discounted cash flow methodology with a risk-adjusted weighted average cost of capital (WACC). We believe the use of a discounted cash flow approach is the most reliable indicator for the Company to use when determining its estimated fair market value. In order to determine the future cash flows, we prepared a cash flow forecast for the next 15 years based on past experience and our anticipated capital expenditures, revenue and expense forecast. In connection with our assessment of goodwill impairment, management determined that a Step 1 impairment assessment should be performed. Our evaluation determined after performance of Step 1, that there was no impairment of goodwill at July 31, 2025 and 2024.

NOTE 8 – COMMITMENTS AND OPERATING LEASE ACCOUNTING

We lease office space for our corporate headquarters in Bellevue, Washington. In May 2025, we signed a 36-month lease renewal for our existing location within Bellevue, Washington, with a lease commencement date of July 1, 2025, and a lease expiration date of June 30, 2028.

Lease commitments for the year ending July 31,		
2026		50
2027		51
2028		47
Thereafter		-
SubTotal	$	148
Less amount representing interest		11
Total	$	137

The lease expense for our executive office space for each of the years ended July 31, 2025 and 2024 was $56.

We have one operating lease, as described above. We capitalized the remaining lease commitment on our balance sheet with a related current and long-term liability recorded. The Right of Use (ROU) current lease liability is a component of Accrued expenses, and the long-term portion is listed on our balance sheet as other long-term liabilities. We used a discount rate of the Prime interest rate at the time of adoption of 5.25%. The amount of the ROU asset at July 31, 2025 is $137.

The activity and balances for the lease liability are as follows:

	Year ended July 31, ROU Liability Balance
7/31/2023 ROU liabilty balance	$ 107
Rents paid	(55)
Imputed interest	3
7/31/2024 ROU liabilty balance	$ 55
7/31/2024 ROU liabilty balance	$ 55
New lease liability recorded in 2025	$ 142
Rents paid	(60)
Imputed interest	11
7/31/2025 ROU liabilty balance	$ 148
Current ROU liabilty	$ 55
Long-term ROU liability	93
	$ 148

NOTE 9 – STOCK-BASED PAYMENTS

In January 2022, stockholders approved the adoption of the ITEX Corporation 2022 Equity Incentive Plan (the "2022 Plan"), pursuant to which 300 shares of common stock were authorized for issuance. The 2022 Plan replaced the previous ITEX Corporation Equity Incentive Plans, consisting of the 2004 Plan of which all shares issued have been vested and the 2014 Plan.

During the year ended July 31, 2025 we did not issue any shares under any plan. During the year ended July 31, 2024, we issued 130 shares under the 2022 Plan to an officer, directors and a consultant. The fair value of these shares as of the grant date totaled $582. All of the issuances were deemed to be exempt from registration under the Securities Act in reliance on Rule 701 promulgated thereunder.

The 2022 Plan provides for the awards of restricted stock, restricted stock units, and other awards including unrestricted stock awards, stock bonuses, or the payment of cash for bonuses or in settlement of restricted stock unit awards to the Company's employees, directors, officers or consultants. As of the year ended July 31, 2025, 64 shares remained available under the 2014 plan and 145 shares remained available for future grants under the 2022 Plan.

The number of restricted shares that vested under the above plans was 54 during the year ended July 31, 2025 and 53 for the year ended July 31, 2024. At July 31, 2025, 76 shares of common stock that were

granted under the 2022 Plan, remained unvested. At July 31, 2025, the Company had $340 of unrecognized compensation expense, which is expected to be recognized over the next 4 years. In a Change in Control event, unvested restricted shares will automatically become fully vested and any restrictions thereon shall lapse.

The following table summarizes the components of stock-based compensation:

	Year ended July 31, 2025	2024
Employee Compensation	$ 186	$ 201
Non-Employee Compensaton	$ 34	$ 22
Totals	$ 220	$ 223

The following table summarizes the granted, forfeited and vested shares of the 2022 Plan:

	Number of Shares/Options		
	Available	Restricted Shares	Stock Options
Balance, July 31, 2023	275	-	-
Granted	(130)	130	-
Forfeited	-	-	-
Balance, July 31, 2024	145	130	-
Granted	-	-	-
Forfeited	-	-	-
Balance, July 31, 2025	145	130	-
Vesting as of July 31, 2025:			
Shares Vested		54	-
Shares Unvested		76	-
Balance at July 31, 2025		130	-

NOTE 10 - STOCKHOLDERS' EQUITY

On May 9, 2023, we completed a 2,000-for-1 reverse stock split of common stock, which was immediately followed by a forward split of common stock at a ratio of 2,000-for-1. Fractional shares were canceled and a cash payment of $4.50 per share, on a pre-split basis, was paid out to shareholders who held less than 2,000 shares prior to the reverse stock split. The Reverse/Forward split resulted in a net reduction of 77 shares of our common stock, or approximately 4.4% of our outstanding shares. The simultaneous forward and reverse splits had no retrospective effect on prior periods, and accordingly, no retroactive adjustment to outstanding shares and per share amounts were necessary.

Cash distributions on shares of common stock in the 2025 fiscal year consisted of $0.50 per share paid on December 13, 2024, of which $0.22 was treated as an ordinary dividend and $0.28 was return of capital. In

addition, a $0.40 per share cash distribution was paid on June 6, 2025. The taxable treatment of the dividend will be calculated as of December 31, 2025.

On December 20, 2023, we paid a semi-annual cash dividend in the amount of $0.50 per share to stockholders of record as of December 11, 2023. On June 14, 2024, we paid a semi-annual cash dividend of $0.50 per share to stockholders of record as of June 3, 2024.

The Company has 5,000 shares of preferred stock authorized at $0.01 par value. No shares were issued or outstanding as of July 31, 2024 or 2023.

On March 9, 2010, we announced a $2,000 stock repurchase program, authorized by the Board of Directors. The program authorizes the repurchase of shares in open market purchases or privately negotiated transactions, has no expiration date and may be modified or discontinued by the Board of Directors at any time. As part of our stock repurchase program, we repurchased a total of 64 and 31 shares of ITEX common stock for $207 and $141 in 2025 and 2024, respectively. There are no funds remaining in the program for repurchases.

NOTE 11 - INCOME TAXES

Deferred tax assets on our balance sheet include temporary differences between the financial reporting basis and the income tax basis of its assets and liabilities at enacted tax rates expected to be in effect when such assets or liabilities are realized or settled.

In assessing the recoverability of deferred tax assets, we consider whether it is more likely than not that some portion or all the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences are expected to be deductible. We consider the scheduled reversal of deferred tax liabilities, projected future taxable income and projections for future taxable income over the periods in which the deferred tax assets are expected to be deductible.

As of July 31, 2025, all Federal NOLs have been fully utilized.

The deferred tax assets recorded represent our estimate of all deferred tax benefits to be utilized in the current year and future periods beyond 2025. The following table reflects the reconciliation of the company's income tax expense:

	Year Ended July 31,	
	2025	2024
Pre-Tax financial income	$ 698	$ 905
Federal tax expense computed at the statutory rate	147	190
State tax expense	24	31
State ASC 740 adjustment	2	3
Change in valuation allowance	-	(11)
Permanent and other differences	12	(5)
Net tax expense	185	208

Our income tax expense is composed of the following:

	Year Ended July 31, 2025	2024
Current Federal Tax Expense	156	53
Current State Tax Expense	16	36
	172	89
Deferred Federal Tax Expense	12	121
Deferred State Tax Expense	1	(2)
	13	119

The tax effects of temporary differences that give rise to significant portions of deferred tax assets and liabilities on July 31, 2025 and 2024 are presented below:

	Year Ended July 31, 2025	2024
Deferred Tax Assets		
Net operating loss carryforwards	$ -	$ -
Goodwill and other intangible assets	(134)	(129)
Non-compete covenants	1	2
Reserve for uncollectible receivables	83	67
Federal tax credits	-	-
Other temporary differences	66	89
	16	29
Less: Valuation allowance	-	-
Net deferred tax asset	16	29

In accordance with the accounting guidance surrounding the uncertainty in Income Taxes we have recorded unrecognized tax liabilities of $53 as follows:

	Year Ended July 31, 2025
Balance at July 31, 2024	$ 62
Increase as a result of tax positions taxen in the current year	7
Increase as a result of tax positions taken in the prior year	2
Decrease resulting from settlements, payments and changes in estimates of probability tax positions will be sustained	(18)
Balance at July 31, 2025	$ 53

We file income tax returns in the United States as well as various United States state jurisdictions. The tax years that remain subject to examination are 2019 through 2024 in the United States. We do not believe there will be any material changes in our unrecognized tax positions over the next twelve months.

As of July 31, 2025, accrued expenses are included on our consolidated balance sheet for uncertain tax positions related primarily to state jurisdictions in the amount of $53 which includes $11 for interest and penalties associated with unrecognized tax benefits. Interest and penalties are included in income tax expense.

NOTE 12 – RELATED PARTY TRANSACTIONS

Except for employment arrangements and stock-based payments, during the last fiscal year there has not been, nor is there currently proposed, any material transaction in which ITEX or its subsidiaries are a participant and any of our directors, executive officers, holders of more than 10% of our common stock or any immediate family member of any of the foregoing had or will have a direct or indirect material interest.

We have also entered into indemnification agreements with each of our directors and executive officers. In general, these indemnification agreements require the Company to indemnify a director to the fullest extent permitted by law against liabilities that may arise by reason of his or her service for the Company.

NOTE 13 – SUBSEQUENT EVENTS

Subsequent events were evaluated through October 17, 2025.