

# ITEX Corporation

a Nevada Corporation

---

13555 SE 36th Street, Suite 210

Bellevue, WA 98006

(425) 463-4000

[www.itex.com](http://www.itex.com)

[feedback@itex.com](mailto:feedback@itex.com)

SIC Code: 7389

---

## Quarterly Report

For the Period Ending: January 31, 2026

(the "Reporting Period")

### Outstanding Shares

The number of shares outstanding of our Common Stock was:

**1,671,315<sup>1</sup>** as January 31, 2026

**1,639,315<sup>1</sup>** 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

---

<sup>1</sup> Includes unvested restricted stock.

## Cautionary Statement Regarding Forward-Looking Statements

In addition to current and historical information, this 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" filed with our Annual Report, posted with the OTC Disclosure and News Service on October 17, 2025 ("Annual Report"). 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:

A cash distribution on shares of common stock consisting of \$0.40 per share was paid on June 6, 2025.

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

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

13555 SE 36<sup>th</sup> 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://stcttransfer.com/contact-us/>

### Publicly Quoted or Traded Securities:

Trading Symbol:	<b>ITEX</b>
Exact title and class of securities outstanding:	<b>Common Stock</b>
CUSIP:	<b>465647600</b>
Par or stated value:	<b>\$0.01 per share</b>
Total shares authorized:	<b>9,000,000</b> as of January 31, 2026
Total shares outstanding:	<b>1,671,315<sup>1</sup></b> as of January 31, 2026
Total number of shareholders of record:	<b>8</b> as of January 31, 2026

### Additional classes of publicly quoted or traded securities:

None

### Other classes of authorized or outstanding equity securities:

Exact title and class of securities:	<b>Preferred Stock (undesignated)</b>
CUSIP:	<b>None</b>
Par or stated value:	<b>\$0.01 per share</b>
Total shares authorized:	<b>5,000,000</b> as of January 31, 2026
Total shares outstanding:	<b>None</b> as of January 31, 2026
Total number of shareholders of record:	<b>0</b> as of January 31, 2026

Exact title and class of securities:	<b>Series A Junior Participating Preferred Stock</b>
CUSIP:	<b>None</b>
Par or stated value:	<b>\$0.01 per share</b>
Total shares authorized:	<b>50,000</b> as of January 31, 2026
Total shares outstanding:	<b>None</b> as of January 31, 2026
Total number of shareholders of record:	<b>0</b> as of January 31, 2026

### 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 <u>Opening Balance:</u>										
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	
11-01-25	New issuance	25,000	Common	\$2.81	No	Steven White	Executive Compensation	Restricted	Exempt Rule 701	
11-01-25	New issuance	7,000	Common	\$2.81	No	Employee	Compensation	Restricted	Exempt Rule 701	
Shares Outstanding on Date of this Report:										
Date: January 31, 2026		<u>Ending Balance:</u> Common: 1,671,315 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.

No new shares were issued during the year ended July 31, 2025. During the period ended January 31, 2026, a total of 32 shares were issued to two employees. 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:**

None.

### **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 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:

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

Material risk factors are contained in our Annual Report related to the industry and our business which may affect our future prospects, performance, and results. Some of the risk factors that investors or potential investors in our securities should consider are summarized as follows:

- 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
- Future revenue growth remains uncertain, and our operating results and profitability may decline
- Substantial competition from the e-commerce industry, exchanges and other distribution channels may adversely affect our overall business, revenues, and results of operations
- 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
- Our franchisees could take actions that could harm our business, our reputation and adversely affect the ITEX marketplace
- 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
- Our business is subject to government regulation and future regulation, or regulatory changes may 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
- We may face additional tax liabilities and collection obligations
- The market for our securities has limited liquidity
- 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

### **5) Issuer's Facilities**

Our corporate and administrative headquarters offices are 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 January 31, 2026, as well as certain information that has been provided to the Company regarding the beneficial ownership as of January 31, 2026 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 <sup>(1)</sup> (City/State Only)	Number <sup>(2)</sup> of shares owned	Share type/class	Ownership <sup>(3)</sup> Percentage of Class Outstanding	Names of control persons if a corporate entity. See notes:
Steven White	Chairman and President	Greater Seattle, WA	702,061	Common	42.01%	(4)
John Wade	Director, CFO, Secretary, Treasurer	Greater Seattle, WA	26,714	Common	1.60%	(5)
Eric Best	Director	Greater Seattle, WA	20,000	Common	1.20%	(6)
The Lion Fund, LP	Beneficial owner	San Antonio, TX	340,840	Common	20.39%	(7)
Pagidipati Family, LP	Beneficial owner	Tampa, FL	121,429	Common	7.43%	(8)

(1) The business address of the current directors and executive officers is c/o ITEX Corporation, 13555 SE 36<sup>th</sup> 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 1,671,315 voting shares outstanding as of January 31, 2026 (including shares of unvested restricted stock).

(4) Mr. White has 45,830 unvested restricted stock awards outstanding.

(5) Mr. Wade has 4,580 unvested restricted stock awards outstanding.

(6) Mr. Best has 4,580 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.plantemorán.com

**Investor Relations Consultant**

None

**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

***All other means of Investor Communication:***

Twitter: None  
Discord: None  
LinkedIn: None  
Facebook: None  
Website: itexcorp.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 areas that are relevant to the oversight of our business, including strategic initiatives, risk management, finance, financial reporting and treasury functions.

The unaudited consolidated financial statements for the three and six months ended January 31, 2026, and 2025, are attached, starting on page 13.

## 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: February 20, 2026

/s/ Steven White  
Steven White  
President

### Principal Financial Officer

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

4. I have reviewed this Disclosure Statement for ITEX Corporation.
5. 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
6. 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: February 20, 2026

/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 January 31, 2026 (unaudited) and July 31, 2025
- Consolidated Statements of Operations for the three and six months ended January 31, 2026 (unaudited) and 2025
- Consolidated Statement of Stockholders' Equity (unaudited) as of January 31, 2026
- Consolidated Statements of Cash Flows for the six months ended January 31, 2026 (unaudited) and 2025
- Notes to Consolidated Financial Statements (unaudited)

**ITEX CORPORATION**  
**CONSOLIDATED BALANCE SHEETS**  
(In thousands)

	January 31, 2026	July 31, 2025
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 5,128	\$ 4,644
Accounts receivable, net of allowance of \$455 and \$353	171	313
Prepaid expenses	136	29
Loans and advances	5	5
Notes receivable	55	73
Total current assets	5,495	5,064
Property and equipment, net of accumulated depreciation of \$98 and \$97	-	1
Right of use asset	115	137
Goodwill	1,441	1,441
Deferred tax asset, net of allowance of \$0	16	16
Notes receivable, net of current portion	41	56
Other long-term assets	19	21
Total assets	\$ 7,127	\$ 6,736
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts and other expenses payable	23	29
Commissions payable to brokers	100	-
Accrued commissions to brokers	282	364
Accrued expenses	252	188
Advance payments	39	41
Total current liabilities	696	622
Long-term liabilities:		
Other long-term liabilities - lease liability	70	93
Total liabilities	766	715
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$0.01 par value; 9,000 shares authorized; 1,612 shares and 1,563 shares issued and outstanding, respectively	18	18
Additional paid-in capital	20,838	20,675
Accumulated deficit	(14,495)	(14,672)
Total stockholders' equity	6,361	6,021
Total liabilities and stockholders' equity	\$ 7,127	\$ 6,736

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

**ITEX CORPORATION**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(In Thousands) ( Unaudited)

	Three months Ended		Six months Ended	
	January 31,		January 31,	
	<u>2026</u>	<u>2025</u>	<u>2026</u>	<u>2025</u>
Revenue:				
Marketplace revenue and other revenue	\$ 1,320	\$ 1,444	\$ 2,591	\$ 2,854
Costs and expenses:				
Cost of Marketplace revenue	779	862	1,470	1,645
Corporate salaries, wages and employee benefits	314	304	536	603
Selling, general and administrative	157	168	440	418
Depreciation and amortization	-	-	1	1
	<u>1,250</u>	<u>1,334</u>	<u>2,447</u>	<u>2,667</u>
Income from operations	<u>70</u>	<u>110</u>	<u>144</u>	<u>187</u>
Other income - interest income	<u>41</u>	<u>62</u>	<u>87</u>	<u>133</u>
Income before income taxes	111	172	231	320
Income tax expense	<u>26</u>	<u>40</u>	<u>54</u>	<u>74</u>
Net income	<u>\$ 85</u>	<u>\$ 132</u>	<u>\$ 177</u>	<u>\$ 246</u>

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

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

	Common Stock		Additional	Accumulated	Total
	Shares	Amount	Paid-in Capital	Deficit	
<b>Balance at July 31, 2024</b>	<b>1,574</b>	<b>18</b>	<b>20,662</b>	<b>(13,611)</b>	<b>7,069</b>
Share Repurchase	(65)	(1)	(206)	-	(207)
Stock based compensation expense	54	1	219	-	220
Dividend payment	-	-	-	(1,565)	(1,565)
Net income	-	-	-	504	504
<b>Balance at July 31, 2025</b>	<b>1,563</b>	<b>18</b>	<b>20,675</b>	<b>(14,672)</b>	<b>6,021</b>
Stock based compensation expense	49	-	163	-	163
Net income	-	-	-	177	177
<b>Balance at January 31, 2026</b>	<b>1,612</b>	<b>18</b>	<b>20,838</b>	<b>(14,495)</b>	<b>6,361</b>

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

**ITEX CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In thousands)  
(Unaudited)

	Six-months ended January 31,	
	2026	2025
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 177	\$ 246
Items to reconcile to net cash provided by operations:		
Stock based compensation	163	119
Bad debt expense	119	92
Change in deferred income taxes	-	29
Non-cash lease expense	1	(2)
Changes in operating assets and liabilities:		
Accounts receivable	22	73
Prepaid expenses	(106)	(6)
Loans and advances	-	6
Other assets	-	(73)
Accounts payable and other expenses payable	(6)	(3)
Commissions payable to brokers	100	118
Accrued commissions to brokers	(82)	(95)
Accrued expenses	64	27
Advance payments	(2)	(3)
Net cash provided by operating activities	450	528
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Payments received from notes receivable	42	79
Advances on loans	(8)	(49)
Net cash provided by investing activities	34	30
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Cash dividend paid to Common Shareholders	-	(884)
Repurchase of Common Stock	-	(206)
Net cash used in financing activities	-	(1,090)
Net increase (decrease) in cash	484	(532)
Cash at beginning of period	4,644	5,625
Cash at end of period	\$ 5,128	\$ 5,093
Supplemental cash flow information:		
Cash paid for taxes	\$ 49	\$ 89

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:

### *Unaudited Interim Financial Information*

These consolidated financial statements are unaudited and include all adjustments, consisting of normal recurring adjustments and accruals necessary for a fair presentation of our consolidated balance sheets, operating results, and cash flows for the periods presented. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) have been omitted. The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent liabilities as of the date of the financial statements and the reported amount of revenue and expenses during the reporting period. These consolidated financial statements should be read in conjunction with the audited consolidated financial statements and accompanying notes in our Annual Report, posted with the OTC Disclosure and News Service on October 17, 2025.

### *Principles of Consolidation*

The consolidated financial statements include the accounts of ITEX Corporation and its former wholly owned subsidiary BXI Exchange, Inc., a Delaware corporation (“BXI”). BXI was dissolved in December 2025. 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.

## *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.

## *Revenue Recognition Policies*

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 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.

### *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”). Our first quarter is the three-month period from August 1, 2025, to October 31, 2025 (“three-month period ended October 31”), our second quarter is the three-month period from November 1, 2025, to January 31, 2026 (“three-month period ended January 31”), and our “six-month period ended January 31” is from August 1, 2025 to January 31, 2026. We report our results as of the last day of each calendar month (“accounting cycle”).

### *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 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 valuation allowances.

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.

### *Operating Leases*

Effective August 1, 2019, we began accounting for our only operating lease of our corporate headquarters under Accounting Standards Update No. 2016-02, Leases (Topic 842) (“ASC 842”). The lease is treated as an operating lease and a right of use asset and lease liability are recorded on our balance sheet. Lease expense is recorded ratably over the remaining lease term. We use a rate of 5.25% for our discount rate.

## **NOTE 2 – RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS**

In December 2023, Financial Accounting Standards Board (FASB) issued Accounting Standards 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. The new guidance is effective for the Company beginning August 1, 2025, and the Company expects the adoption will result in expanded disclosures pertaining to income taxes.

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 beginning on August 1, 2027, as required. The Company is currently evaluating the impact of the new disclosures on its financial statements and reporting systems.

### **NOTE 3 - COMMITMENTS**

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. The lease expense for our executive office space for the six-month periods ended January 31, 2025, and 2024 was \$25 and \$28, respectfully.

### **NOTE 4 – ITEX DOLLAR ACTIVITY**

We record ITEX dollar revenue in the amounts ultimately equal to expenses we incurred and paid for in ITEX dollars, resulting in an overall net effect of \$0 on the operating and net income lines.

### **NOTE 5 – STOCK-BASED PAYMENTS**

We account for stock-based compensation in accordance with the related guidance. Under the fair value recognition provisions, we estimate stock-based compensation cost at the grant date based on the fair value of the award. We recognize that expense ratably over the requisite service period of the award and recognized \$163 and \$118 of stock-based compensation expense for each of the six-month periods ended January 31, 2026, and 2025, respectively.

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 all previous ITEX Corporation Equity Incentive Plans, including the 2014 Plan. As of January 31, 2026, 32 shares remained available under the 2014 plan and 145 shares remained available for future grants under the 2022 Plan. At January 31, 2026, 60 shares of common stock granted under the 2022 Equity Incentive Plan remained unvested. At January 31, 2026, the Company had \$267 of unrecognized compensation expense, expected to be recognized over a weighted-average period of approximately three years.

### **NOTE 6 - STOCKHOLDERS' EQUITY**

The Company has 5,000 shares of preferred stock authorized at \$0.01 par value. No preferred shares were issued or outstanding as of January 31, 2026.

### **NOTE 7 - INCOME TAXES**

Income tax expense during interim periods is based on applying an estimated annual effective income tax rate to year-to-date income, plus any significant unusual or infrequently occurring items which are recorded in the interim period.

The effective tax rate related to our provision for income taxes in the six-months ended January 31, 2026, is similar to that used in the period ended January 31, 2025. The computation of the annual estimated effective tax rate at each interim period requires certain estimates and significant judgment including, but not limited to, the expected operating income for the year, projections of the proportion of income earned and taxed in various jurisdictions, permanent and temporary differences, and the likelihood of recovering deferred tax assets generated in the current year. The accounting estimates used to compute the provision for income taxes may change as new events occur, more experience is obtained, additional information becomes known or as the tax environment changes.

As of January 31, 2026, we have recognized a net income tax expense of \$54 which is our estimated federal and state income tax liability for the six-months ended January 31, 2026.

We account for any uncertainty in income taxes by recognizing the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. We measure the tax benefits recognized in the financial statements from such a position based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate resolution. The application of income tax law is inherently complex. As such, we are required to make subjective assumptions and judgments regarding income tax exposures. The result of the assessment of our tax positions did not have an impact on the consolidated financial statements.

#### **NOTE 8 – SUBSEQUENT EVENTS**

None