

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

Quarterly Report

For the Period Ending: April 30, 2025

(the "Reporting Period")

Outstanding Shares

The number of shares outstanding of our Common Stock was:

1,703,599¹ as of April 30, 2025

1,767,886¹ as of July 31, 2024 (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 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 24, 2024 ("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:

Cash distributions on shares of common stock in 2024 consisted of \$0.50 per share paid on June 14, 2024 treated as an ordinary dividend, and \$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.

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 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 April 30, 2025
Total shares outstanding:	1,703,599¹ as of April 30, 2025
Total number of shareholders of record:	8 as of April 30, 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 April 30, 2025
Total shares outstanding:	None as of April 30, 2025
Total number of shareholders of record:	0 as of April 30, 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 April 30, 2025
Total shares outstanding:	None as of April 30, 2025
Total number of shareholders of record:	0 as of April 30, 2025

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 for the last two most recently completed fiscal years and any subsequent period.

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, 2022		Common: 1,721,691 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?	
10-27-22	New issuance	25,000	Common	\$3.75	No	Steven White	Executive Compensation	Restricted	Exempt Rule 701	
05-09-23	Reverse split Share buyback	(77,405)	Common	\$4.50	No	N/A	N/A	N/A	N/A	
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	
Shares Outstanding on Date of this Report:										
Date: April 30, 2025		<u>Ending Balance:</u> Common: 1,703,599 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, 2024, we issued 130,000 shares under the 2022 Plan to an officer, directors and a consultant. During the year ended July 31, 2023, we issued 25,000 shares under the 2022 Plan to an officer. 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:

- 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 April 30, 2025, as well as certain information that has been provided to the Company regarding the beneficial ownership as of April 30, 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	655,632	Common	38.49%	(4)
John Wade	Director, CFO, Secretary, Treasurer	Greater Seattle, WA	26,714	Common	1.57%	(5)
Eric Best	Director	Greater Seattle, WA	20,000	Common	1.17%	(6)
Robert Benson	Beneficial owner	Greater Seattle, WA	136,807	Common	8.03%	(7)
The Lion Fund, LP	Beneficial owner	San Antonio, TX	340,840	Common	20.01%	(8)
Pagidipati Family, LP	Beneficial owner	Tampa, FL	121,429	Common	7.29%	(9)

⁽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 1,703,599 voting shares outstanding as of April 30, 2025 (including shares of unvested restricted stock).
- (4) Mr. White has 64,581 unvested restricted stock awards outstanding.
- (5) Mr. Wade has 6,456 unvested restricted stock awards outstanding.
- (6) Mr. Best has 6,456 unvested restricted stock awards outstanding.
- (7) Mr. Benson has 85,713 unvested restricted stock awards outstanding, of which 64,287 will be forfeited and retired in May 2025.
- (8) 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.
- (9) 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

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

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

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 nine-months ended April 30, 2025, and 2024, are attached, starting on page 14.

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: June 6, 2025

/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: June 6, 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 April 30, 2025 (unaudited) and July 31, 2024
- Consolidated Statements of Operations for the three and nine months ended April 30, 2025 (unaudited) and 2024
- Consolidated Statement of Stockholders' Equity (unaudited) as of April 30, 2025
- Consolidated Statements of Cash Flows for the three and nine months ended April 30, 2025 (unaudited) and 2024
- Notes to Consolidated Financial Statements (unaudited)

ITEX CORPORATION
CONSOLIDATED BALANCE SHEETS
(In thousands)

	April 30, 2025	July 31, 2024
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 5,281	\$ 5,625
Accounts receivable, net of allowance of \$322 and \$285	229	335
Prepaid expenses	185	53
Loans and advances	3	9
Notes receivable	89	113
Other current assets	30	1
Total current assets	5,817	6,136
Property and equipment, net of accumulated depreciation of \$125 and \$151	1	3
Right of use asset	9	50
Goodwill	1,441	1,441
Deferred tax asset, net of allowance of \$0 and \$11	-	29
Notes receivable, net of current portion	73	111
Other long-term assets	12	12
Total assets	\$ 7,353	\$ 7,782
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts and other expenses payable	23	28
Commissions payable to brokers	98	-
Accrued commissions to brokers	327	403
Accrued expenses	307	235
Advance payments	50	47
Total current liabilities	805	713
Total liabilities	805	713
Stockholders' equity:		
Common stock, \$0.01 par value; 9,000 shares authorized; 1,534 shares and 1,574 shares issued and outstanding, respectively	18	18
Additional paid-in capital	20,633	20,662
Accumulated deficit	(14,103)	(13,611)
Total stockholders' equity	6,548	7,069
Total liabilities and stockholders' equity	\$ 7,353	\$ 7,782

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

ITEX CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(In thousands) (Unaudited)

	Three months Ended April		Nine months Ended	
	30,		April 30,	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Revenue:				
Marketplace revenue and other revenue	\$ 1,296	\$ 1,445	\$ 4,151	\$ 4,687
Costs and expenses:				
Cost of Marketplace revenue	739	839	2,386	2,704
Salaries, wages and employee benefits	302	308	905	962
Selling, general and administrative	114	137	532	575
Depreciation and amortization	-	1	1	4
	<u>1,155</u>	<u>1,285</u>	<u>3,824</u>	<u>4,245</u>
Income from operations	141	160	327	442
Other income:				
Interest	51	68	184	218
	<u>51</u>	<u>68</u>	<u>184</u>	<u>218</u>
Income before income taxes	192	228	511	660
Income tax expense	45	53	119	154
Net income	<u>\$ 147</u>	<u>\$ 175</u>	<u>\$ 392</u>	<u>\$ 506</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	
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	(64)	(1)	(205)	-	(206)
Stock based compensation expense	24	1	176	-	177
Dividend payment	-	-	-	(884)	(884)
Net income	-	-	-	392	392
Balance at April 30, 2025	1,534	18	20,633	(14,103)	6,548

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

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

	Nine months ended April 30,	
	2025	2024
	(unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income/(loss)	\$ 392	\$ 506
Items to reconcile to net cash provided by operations:		
Depreciation and amortization	1	4
Stock based compensation	177	164
Bad debt expense	118	164
Note receivable	-	8
Change in deferred income taxes	29	139
Non-cash lease expense	(4)	1
Changes in operating assets and liabilities:		
Accounts receivable	(12)	(41)
Prepaid expenses	(132)	(9)
Loans and advances	6	2
Other assets	(29)	(47)
Accounts payable and other expenses	(2)	(16)
Commissions payable to brokers	98	(19)
Accrued commissions to brokers	(76)	(88)
Accrued expenses	116	(26)
Advance payments	3	(7)
Net cash provided by operating activities	685	735
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments received from notes receivable	110	58
Advances on loans	(49)	(172)
Net cash provided by provided by investing activities	61	(114)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repurchase of Common stock	(884)	(143)
Cash dividend paid to Common Shareholders	(206)	(884)
Net cash used in financing activities	(1,090)	(1,027)
Net increase in cash	(344)	(406)
Cash at beginning of period	5,625	6,769
Cash at end of period	\$ 5,281	\$ 6,363
Supplemental cash flow information:		
Cash paid for taxes	\$ 137	\$ 37

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 24, 2024.

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.

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 our 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 a recurring association fee every four-week 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 transaction. Additionally, we may charge various auxiliary fees to members, such as annual membership dues, 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 uncollectible accounts based upon its assessment of numerous factors. We consider historical experience, the age of the accounts receivable balances, the credit quality of our members, current economic conditions and other factors that may affect members’ ability to pay to determine the level of allowance required.

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, 2024, to October 31, 2024 (“three-month period ended October 31”) and our third quarter is the three-month period from February 1, 2025, to April 30, 2025 (“three-month period ended April 30”) and our nine-month period is the nine-month period from August 1, 2024, to April 30, 2025 (“nine-month period ended April 30”). 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 are 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 – ADOPTION OF NEW ACCOUNTING PRONOUNCEMENT

During 2023, the Company adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments*. The ASU includes changes to the accounting and measurement of financial assets, including the Company’s accounts receivable, by requiring the Company to recognize an allowance for all expected losses over the life of the financial asset and origination. This is different from the historical practice where an allowance was not recognized until the losses were considered probable. The Company adopted this standard using the

Modified Retrospective Transition method as of January 1, 2023, and there was no impact on retained earnings as a result of adopting the new ASU.

NOTE 3 - COMMITMENTS

The Company leases office space for its corporate headquarters in Bellevue, Washington. In February 2022, we signed a 39-month lease for a new location in Bellevue, Washington, with a lease commencement date of April 1, 2022. The lease expiration date is June 30, 2025. The lease expense for our executive office space for each of the nine-months ended April 30, 2025, and 2024 was \$42.

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 \$177 and \$164 of stock-based compensation expense for each of the nine-month periods ended April 30, 2025, and 2024, respectively.

At April 30, 2025, 86 shares of common stock granted under the 2014 Equity Incentive Plan and 84 shares of common stock granted under the 2022 Equity Incentive Plan remained unvested. At April 30, 2025, the Company had \$656 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 April 30, 2025.

On March 9, 2010, the Company announced a \$2,000 stock repurchase program. 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. There were 64 shares repurchased for \$206 under the program during the nine-month period ended April 30, 2025 and there were no shares were purchased during the similar period in 2024. Unless replenished by the Board, there are no funds remaining in the program for repurchases.

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 nine-months ended April 30, 2025, is similar to that used in the period ended April 30, 2024. 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 April 30, 2025, we have recognized a net income tax expense of \$119 which is our estimated federal and state income tax liability for the nine-months ended April 30, 2025. As of April 30, 2025, the net deferred tax asset was reduced to \$0.

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

On May 1, 2025, we signed a 36-month lease for our existing location in Bellevue, Washington, with a lease commencement date of July 1, 2025. The lease expiration date is June 30, 2028.

On May 1, 2025, the Board of Directors declared a semi-annual cash dividend in the amount of \$0.40 per share, payable on June 6, 2025, to stockholders of record as of the close of business on May 19, 2025.