



AGENT INFORMATION SOFTWARE, INC.

Quarterly Reports

Quarter Ended March 31, 2021

Trading Symbol: AIFS

AGENT INFORMATION SOFTWARE, INC.
Quarterly Report
March 31, 2021 and 2020

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AGENT INFORMATION SOFTWARE, INC.**Quarterly Report****Unaudited Consolidated Balance Sheets****March 31, 2021 and 2020**

	March 31 2021	March 31 2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,982,178	\$ 2,334,411
Restricted cash	-	-
Accounts receivable, trade	373,943	713,467
Deferred income taxes, current	-	-
Other current assets	253,679	219,533
Total current assets	<u>3,609,800</u>	<u>3,267,411</u>
Capitalized software, net	2,225,215	2,361,578
Equipment, net	344,771	215,893
Total assets	<u>\$ 6,179,786</u>	<u>\$ 5,844,882</u>
LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities:		
Current maturities on long-term debt	\$ -	\$ -
Accounts payable, trade	67,222	28,998
Deferred revenue	1,683,691	1,769,652
Accrued payroll and related liabilities	170,145	167,319
Other accrued liabilities	73,258	94,262
Total current liabilities	<u>1,994,316</u>	<u>2,060,231</u>
Long-term debt	-	-
Accrued income taxes	53,330	28,515
Deferred income taxes	257,000	267,000
Total liabilities	2,304,646	2,355,746
Stockholders' equity:		
Common stock, \$0.001 par value, 12,000,000 shares authorized, 4,484,577 shares issued and outstanding	3,402,683	3,367,131
Accumulated other comprehensive income (loss)	(68,063)	(183,719)
Accumulated deficit	540,520	305,724
Total stockholders' equity	<u>3,875,140</u>	<u>3,489,136</u>
Total liabilities and stockholders' equity	<u>\$ 6,179,786</u>	<u>\$ 5,844,882</u>

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Unaudited Consolidated Statements of Operations

For the Three Months Ended March 31, 2021 and 2020

	<u>March 31</u> 2021	<u>March 31</u> 2020
Revenues:		
Recurring Revenue	\$ 1,290,874	\$ 1,285,169
Non-recurring Revenue	12,140	7,160
Total Net Revenue	<u>1,303,014</u>	<u>1,292,329</u>
Cost and expenses:		
Cost of sales	299,062	305,285
Research and development	70,941	68,148
Sales, marketing and customer service	490,569	525,692
General and administrative	302,424	291,578
Total costs and expenses	<u>1,162,996</u>	<u>1,190,703</u>
Income from operations	140,018	101,626
Other income (expense):		
Other income (expense), net	<u>717</u>	<u>8,001</u>
Total other income (expense):	717	8,001
Income before provision for income taxes	140,735	109,627
Provision for income taxes	<u>20,337</u>	<u>29,990</u>
Net income (loss)	<u><u>\$ 120,398</u></u>	<u><u>\$ 79,637</u></u>
Earnings per share - Basic	\$ 0.03	\$ 0.02
Weighted average shares outstanding - Basic	4,484,577	4,464,577
Earnings per share - Diluted	\$ 0.02	\$ 0.02
Weighted average shares outstanding - Diluted	5,205,577	5,157,410

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Unaudited Consolidated Statements of Cash Flow

For the Three Months Ended March 31, 2021 and 2020

	<u>March 31</u> <u>2021</u>	<u>March 31</u> <u>2020</u>
Cash Flows from Operating Activities:		
Net Income (Loss)	\$ 120,398	\$ 79,637
Adjustments to reconcile net income (loss) to net cash provided by operations:	-	-
Depreciation and Amortization	168,733	167,115
Stock Option Expense	2,188	564
Gain on Sales of Assets	-	-
Deferred Income Tax Benefit	-	-
Changes in operating assets & liabilities	160,836	(478,603)
Net Cash Provided by Operating Activities	<u>452,155</u>	<u>(231,287)</u>
Cash Flows from Investing Activities:		
Proceeds from Sale of Assets	-	-
Acquisition of Property & Eqpt	-	(2,954)
Capitalized Software Development	(218,136)	(110,000)
Net Cash Used in Investing Activities	<u>\$ (218,136)</u>	<u>\$ (112,954)</u>
Cash Flows from Financing Activities:		
Proceeds (Payments) from (of) Long-Term Debt	-	-
Net Cash Used in Financing Activities	<u>-</u>	<u>-</u>
Effect of exchange rate changes on cash	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash	234,019	(344,241)
Cash and Cash Equivalents, Beginning of Year	<u>2,748,159</u>	<u>2,678,652</u>
Cash and Cash Equivalents, March 31, 2021 and 2020	<u><u>2,982,178</u></u>	<u><u>\$ 2,334,411</u></u>

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Unaudited Consolidated Statements of Retained Earnings

For the Three Months Ended March 31, 2021 and 2020

	Common Stock		Retained Earnings Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount			
Balance, December 31, 2019	4,424,577	\$ 3,350,332	\$ 226,087	\$ (102,163)	\$ 3,474,256
Net Income			408,667		408,667
Foreign currency translation				5,954	5,954
Comprehensive income					-
Common stock dividends			(134,237)		(134,237)
Common stock issuance	60,000	23,233			23,233
Stock option expense		26,929			26,929
Balance, December 31, 2020	4,484,577	\$ 3,400,494	\$ 500,517	\$ (96,209)	\$ 3,804,802
Net Income			120,398		120,398
Foreign currency translation				(52,248)	(52,248)
Comprehensive income					-
Common stock dividends					-
Common stock issuance	-	-			-
Stock option expense		2,188			2,188
Balance, March 31, 2021	4,484,577	\$ 3,402,682	\$ 620,915	\$ (148,457)	\$ 3,875,140

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Notes to Unaudited Consolidated Financial Statements

Summary of significant accounting policies

Agent Information Software, Inc. (the “Company”), a Nevada corporation, incorporated in 2010, including its wholly owned subsidiaries Auto Graphics, Inc., A-G Canada, Ltd. and Agent Legal, Inc., provides software products and services used to create, manage, publish and access information content via the Internet/Web.

Auto Graphics, Inc. a corporation formed in 1960 provides software products and services to customers in the library community and publishing markets throughout the United States of America.

A-G Canada Ltd., a Canadian corporation formed in 1997, provides software products and services to customers in the library community in Canada.

Basis of presentation

The consolidated financial statements and accompanying notes are prepared in accordance with accounting principles generally accepted in the United States of America. The consolidated financial statements include the accounts of Agent Information Software, Inc. and its subsidiaries. All material intercompany accounts and transactions have been eliminated.

Use of estimates

The preparation of the consolidated financial statements of the Company in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and sales and expenses during the reporting period. These estimates are based on information available as of the date of the consolidated financial statements. Actual results may materially differ from those estimated.

Revenue recognition

Revenue is recognized when persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed or determinable, and collectability is probable. The Company enters into certain arrangements where it is obligated to deliver multiple products and/or services (multiple elements). In these arrangements, the Company generally allocates the total revenue among the elements based on the selling price of each element when sold separately (vendor-specific objective evidence).

Recurring revenues for SaaS (Software as a Service) services, database subscriptions and software maintenance and support contracts are recognized as services are rendered over the contractual period commencing in the period in which access rights are provided to the customer.

License revenues are recognized when the software is shipped to the customer or system access rights are provided to the customer.

Non-recurring revenues for installation, training and other non-recurring services are recognized as services are completed to the customer.

Accounts receivable

Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on reviews of outstanding amounts on a regular basis. There was no need to adjust the Allowance for Doubtful Accounts during the 1st quarter of 2021.

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Deferred revenue

The Company receives advance deposits from customers per the contracts with individual customers. These contract deposit amounts are non-refundable. Revenues are treated as deferred revenue until services are provided and the revenues have been earned. Deferred revenues were approximately \$1,684,000 at March 31, 2021

Software

Software is recorded at historical cost. Software as of March 31 consists of the following:

	<u>2021</u>	<u>2020</u>
Capitalized software	\$5,020,334	\$4,527,102
Less accumulated amortization	<u>2,795,119</u>	<u>2,165,524</u>
Capitalized software, net	<u>2,225,215</u>	<u>\$2,361,578</u>

Certain costs incurred related to the development and purchase of computer software is capitalized and amortized. The Company collects and segregates software development labor hours applied to design, development, quality assurance and product documentation associated with the software development process. All labor hours associated with the design and specification development process are expensed as incurred until a detailed design has been developed.

COVID-19 Impact

The company is currently working at full capacity, with all staff working remotely from their homes.