



**AGENT INFORMATION SOFTWARE, INC.**

**Quarterly Reports**

Quarter Ended June 30, 2021

Trading Symbol: AIFS

**AGENT INFORMATION SOFTWARE, INC.**  
**Quarterly Report**  
**June 30, 2021 and 2020**

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**AGENT INFORMATION SOFTWARE, INC.****Quarterly Report****Unaudited Consolidated Balance Sheets****June 30, 2021 and 2020**

	June 30 2021	June 30 2020
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 2,484,135	\$ 2,101,569
Restricted cash	-	-
Accounts receivable, trade	1,352,069	1,623,317
Deferred income taxes, current	-	-
Other current assets	251,936	221,057
Total current assets	4,088,140	3,945,943
Capitalized software, net	2,375,341	2,312,722
Equipment, net	334,586	207,985
Total assets	<u>\$ 6,798,067</u>	<u>\$ 6,466,650</u>
<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Current maturities on long-term debt	\$ -	\$ -
Accounts payable, trade	29,751	33,285
Deferred revenue	2,267,211	2,395,317
Accrued payroll and related liabilities	171,280	202,483
Other accrued liabilities	95,971	83,950
Total current liabilities	2,564,213	2,715,035
Long-term debt	-	-
Accrued income taxes	64,588	44,529
Deferred income taxes	257,000	267,000
Total liabilities	2,885,801	3,026,564
Stockholders' equity:		
Common stock, \$0.001 par value, 12,000,000 shares authorized, 4,494,577 shares issued and outstanding	3,408,883	3,372,695
Accumulated other comprehensive income (loss)	(215,533)	(182,216)
Accumulated deficit	718,916	249,607
Total stockholders' equity	3,912,266	3,440,086
Total liabilities and stockholders' equity	<u>\$ 6,798,067</u>	<u>\$ 6,466,650</u>

**AGENT INFORMATION SOFTWARE, INC.**  
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**Unaudited Consolidated Statements of Operations**

**For the Six Months Ended June 30, 2021 and 2020**

	<u>June 30</u> <u>2021</u>	<u>June 30</u> <u>2020</u>
Revenues:		
Recurring Revenue	\$ 2,577,263	\$ 2,572,586
Non-recurring Revenue	17,160	28,300
Total Net Revenue	<u>2,594,423</u>	<u>2,600,886</u>
Cost and expenses:		
Cost of sales	598,254	601,976
Research and development	135,695	170,552
Sales, marketing and customer service	975,928	1,048,629
General and administrative	601,544	587,110
Total costs and expenses	<u>2,311,421</u>	<u>2,408,267</u>
Income from operations	283,002	192,619
Other income (expense):		
Other income (expense), net	<u>28,852</u>	<u>11,142</u>
Total other income (expense):	28,852	11,142
Income before provision for income taxes	311,854	203,761
Provision for income taxes	<u>93,455</u>	<u>46,004</u>
Net income (loss)	<u>\$ 218,399</u>	<u>\$ 157,757</u>
Earnings per share - Basic	\$ 0.05	\$ 0.04
Weighted average shares outstanding - Basic	4,494,577	4,474,577
Earnings per share - Diluted	\$ 0.04	\$ 0.03
Weighted average shares outstanding - Diluted	5,205,244	5,157,410

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**Unaudited Consolidated Statements of Cash Flow**

**For the Six Months Ended June 30, 2021 and 2020**

	<u>June 30</u> <u>2021</u>	<u>June 30</u> <u>2020</u>
<b>Cash Flows from Operating Activities:</b>		
Net Income (Loss)	\$ 218,399	\$ 157,757
Adjustments to reconcile net income (loss) to net cash provided by operations:	-	-
Depreciation and Amortization	338,442	335,356
Stock Option Expense	5,188	1,128
Gain on Sales of Assets	28,000	-
Deferred Income Tax Benefit	-	-
Changes in operating assets & liabilities	<u>(436,945)</u>	<u>(712,657)</u>
Net Cash Provided by Operating Activities	153,084	(218,416)
<b>Cash Flows from Investing Activities:</b>		
Proceeds from Sale of Assets	-	-
Acquisition of Property & Eqpt	(5,614)	(4,430)
Capitalized Software Development	(270,899)	(220,000)
Net Cash Used in Investing Activities	<u>\$ (276,513)</u>	<u>\$ (224,430)</u>
<b>Cash Flows from Financing Activities:</b>		
Dividend Payments	(157,310)	(134,237)
Proceeds (Payments) from (of) Long-Term Debt	-	-
Net Cash Used in Financing Activities	<u>(157,310)</u>	<u>(134,237)</u>
Effect of exchange rate changes on cash	<u>16,715</u>	<u>-</u>
<b>Net Increase (Decrease) in Cash</b>	(264,024)	(577,083)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>2,748,159</u>	<u>2,678,652</u>
<b>Cash and Cash Equivalents, June 30, 2021 and 2020</b>	<u><u>2,484,135</u></u>	<u><u>\$ 2,101,569</u></u>

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**Unaudited Consolidated Statements of Retained Earnings**

**For the Six Months Ended June 30, 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 Comprehensive income				5,954	5,954
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 Comprehensive income				(52,248)	(52,248)
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
Net Income			218,399		218,399
Foreign currency translation Comprehensive income				(30,163)	(30,163)
Common stock dividends			(157,310)		(157,310)
Common stock issuance	10,000	3,200			3,200
Stock option expense		3,000			3,000
Balance, June 30, 2021	4,494,577	\$ 3,408,882	\$ 682,004	\$ (178,620)	\$ 3,912,266

**AGENT INFORMATION SOFTWARE, INC.**

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**June 30, 2021**

**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 2nd 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 \$2,267,000 at June 30, 2021

*Software*

Software is recorded at historical cost. Software as of June 30 consists of the following:

	<u>2021</u>	<u>2020</u>
Capitalized software	\$5,334,384	\$4,637,102
Less accumulated amortization	<u>2,959,043</u>	<u>2,324,380</u>
Capitalized software, net	<u>2,375,341</u>	<u>\$2,312,722</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.