

March 31, 2022

Dear Shareholders:

On Wednesday, May 25, 2022, at 10:00am, the Company will hold its virtual annual shareholders meeting via GoToMeeting. Details of the GoToMeeting connection information are on the proxy card.

I encourage you to review the attached Proxy Card and cast your votes. The audited financial statements can be downloaded from our website at <http://www.agentinformationsoftware.com/investors.htm>. They are also available from Computershare at <http://www.investorvote.com/AIFS>.

Last year we spoke of the light at the end of the tunnel regarding COVID-19. As the year progressed it became apparent that 2021 was actually going to have some negative impact on operations, staffing and sales. Like so many businesses, we were also hit with the great retirement or resignation of staff. As a small company we were not hit with the sheer numbers of some business, but some key personnel moved on. We have been working to replace the individuals but are still below the staff levels that we planned, and we are finding the cost of hiring now is much higher than in the past. As difficult as this transition has been and will be as we bring people up to speed in 2022, I think we will come out stronger than before. There is no doubt in my mind that the great people that make up the company, will produce even stronger products and provide better service to our customers. As pointed out in the annual report we have three years to go on our office lease. As you may recall we moved into the facility in May of 2019 with a six-year lease. Having adopted a completely virtual work environment as a result of COVID-19, this office sits empty most days of the week. We are trying to find a sub-lessor, but the general market for office space is glutted at this time – especially someone needing 7,000 sq. ft. We feel that staying virtual is critical to our ongoing operations and hiring efforts. Being a virtual company allows to expand our pool of potential staff to outside the area or even outside the state.

With our last set of hires only 20% of our workforce would be considered “close to the office” and 50% of the staff are out-of-state.

Ultimately, 2021 was a down year for sales. Several planned projects that were to start in 2021 never took place because of COVID issues at the library or concern over funding sources. In the past, the company has seen some delays in sales as a result of economic downturns, the lag has traditionally been about 6 months. COVID seems to be more like 12 to 18 months, and we have worked with many of our prospective customers to help facilitate implementation plans or even to address funding concerns. We were pleased to finalize the agreement to provide SHAREit services to another state organization in 2021 with the implementation starting in February of 2022. We continue to work with our prospective customers to show them the benefits of our SaaS platform and the cost savings that they can have for the state with the implementation of our software platforms.

The work that we started in upgrading our infrastructure and our platforms in 2020, have really paid off in 2021 and 2022. During 2021 we had reduced our average downtime to fewer than 59 minutes per month.

Much of the work from our new teams has really resulted in real benefits in our systems and processes. As a result, in 2021 we have re-evaluated our policies on capitalized software and have made several adjustments to capitalized software to be more inline with our new development processes and methods.

Recurring revenue was down slightly (1.41%) as we held back price increases to some customers to assist with their budgets given the libraries had reduced activity/ usage during the pandemic. The drop in non-recurring sales of \$94,820, or 71.34% is a direct result of the lack of new contracts in 2021. This resulted in a 3.15% decrease in sales overall. EBITDA decreased to 21% of sales from the 2020 level of 22%.

The company will continue to work hard to improve our products and support our customers as the side effects of the pandemic continues. For us, our focus is unchanged; our great people will continue to make great products and provide outstanding service.

If you have questions, please do not hesitate to call me directly at (909) 569-1520 or email me at prc@auto-graphics.com or you may contact our Controller, Bryan Straight at (909) 569-1535 or rbs@auto-graphics.com.

Best regards,

A handwritten signature in black ink, appearing to read 'PRC', with a stylized flourish at the end.

Paul R. Cope
President