



AGENT INFORMATION SOFTWARE, INC.

Quarterly Reports

Quarter Ended March 31, 2022

Trading Symbol: AIFS

AGENT INFORMATION SOFTWARE, INC.
Quarterly Report
March 31, 2022 and 2021

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Unaudited Consolidated Balance Sheets

March 31, 2022 and 2021

	March 31 2022	March 31 2021
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,669,139	\$ 2,982,178
Restricted cash	-	-
Accounts receivable, trade	654,321	373,943
Deferred income taxes, current	-	-
Other current assets	224,266	253,679
Total current assets	3,547,726	3,609,800
Capitalized software, net	2,044,700	2,225,215
Equipment, net	388,888	344,771
Total assets	\$ 5,981,314	\$ 6,179,786
LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities:		
Current maturities on long-term debt	\$ -	\$ -
Accounts payable, trade	46,332	67,222
Deferred revenue	1,774,441	1,683,691
Accrued payroll and related liabilities	156,734	170,145
Other accrued liabilities	108,630	73,258
Total current liabilities	2,086,137	1,994,316
Long-term debt	-	-
Accrued income taxes	(49,036)	53,330
Deferred income taxes	122,000	257,000
Total liabilities	2,159,101	2,304,646
Stockholders' equity:		
Common stock, \$0.001 par value, 12,000,000 shares authorized, 4,682,910 shares issued and outstanding	3,539,099	3,402,683
Accumulated other comprehensive income (loss)	(89,436)	(148,458)
Accumulated deficit	372,550	620,915
Total stockholders' equity	3,822,213	3,875,140
Total liabilities and stockholders' equity	\$ 5,981,314	\$ 6,179,786

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Unaudited Consolidated Statements of Operations

For the Three Months Ended March 31, 2022 and 2021

	March 31 2022	March 31 2021
	<u> </u>	<u> </u>
Revenues:		
Recurring Revenue	\$ 1,295,800	\$ 1,290,874
Non-recurring Revenue	(3,865)	12,140
Total Net Revenue	<u>1,291,935</u>	<u>1,303,014</u>
Cost and expenses:		
Cost of sales	332,562	299,062
Research and development	35,471	70,941
Sales, marketing and customer service	491,192	490,569
General and administrative	393,755	302,424
Total costs and expenses	<u>1,252,980</u>	<u>1,162,996</u>
Income from operations	38,955	140,018
Other income (expense):		
Other income (expense), net	3,180	717
Total other income (expense):	<u>3,180</u>	<u>717</u>
Income before provision for income taxes	42,135	140,735
Provision for income taxes	<u>14,065</u>	<u>20,337</u>
Net income (loss)	<u>\$ 28,070</u>	<u>\$ 120,398</u>
Earnings per share - Basic	\$ 0.01	\$ 0.03
Weighted average shares outstanding - Basic	4,682,910	4,484,577
Earnings per share - Diluted	\$ 0.01	\$ 0.02
Weighted average shares outstanding - Diluted	5,282,276	5,205,577

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Unaudited Consolidated Statements of Cash Flow

For the Three Months Ended March 31, 2022 and 2021

	<u>March 31</u> <u>2022</u>	<u>March 31</u> <u>2021</u>
Cash Flows from Operating Activities:		
Net Income (Loss)	\$ 28,070	\$ 120,398
Adjustments to reconcile net income (loss) to net cash provided by operations:	-	-
Depreciation and Amortization	185,643	168,733
Stock Option Expense	3,000	2,188
Gain on Sales of Assets	-	-
Deferred Income Tax Benefit	-	-
Changes in operating assets & liabilities	(103,924)	160,836
Net Cash Provided by Operating Activities	<u>112,789</u>	<u>452,155</u>
Cash Flows from Investing Activities:		
Proceeds from Sale of Assets	-	-
Acquisition of Property & Eqpt	(4,143)	-
Capitalized Software Development	(252,498)	(218,136)
Net Cash Used in Investing Activities	<u>\$ (256,641)</u>	<u>\$ (218,136)</u>
Cash Flows from Financing Activities:		
Dividend Payments	-	-
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>(3,878)</u>	<u>-</u>
Net Increase (Decrease) in Cash	(147,730)	234,019
Cash and Cash Equivalents, Beginning of Year	<u>2,816,869</u>	<u>2,748,159</u>
Cash and Cash Equivalents, March 31, 2022 and 2021	<u><u>2,669,139</u></u>	<u><u>\$ 2,982,178</u></u>

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Unaudited Consolidated Statements of Retained Earnings

For the Three Months Ended March 31, 2022 and 2021

	Common Stock		Retained Earnings Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount			
Balance, December 31, 2020	4,484,577	\$ 3,400,494	\$ 500,517	\$ (96,209)	\$ 3,804,802
Net Income			1,273		1,273
Foreign currency translation				(16,906)	(16,906)
Comprehensive income					-
Common stock dividends			(157,310)		(157,310)
Common stock issuance	198,333	112,750			112,750
Stock option expense		22,854			22,854
Balance, December 31, 2021	4,682,910	\$ 3,536,098	\$ 344,480	\$ (113,115)	\$ 3,767,463
Net Income			28,070		28,070
Foreign currency translation				23,679	23,679
Comprehensive income					-
Common stock dividends					-
Common stock issuance	-	-			-
Stock option expense		3,001			3,001
Balance, March 31, 2022	4,682,910	\$ 3,539,099	\$ 372,550	\$ (89,436)	\$ 3,822,213

AGENT INFORMATION SOFTWARE, INC.

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March 31, 2022

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. and A-G Canada, Ltd., 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 2022.

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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 \$1,774,400 at March 31, 2022

Software

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

	<u>2022</u>	<u>2021</u>
Capitalized software	\$5,066,360	\$5,020,334
Less accumulated amortization	<u>3,021,660</u>	<u>2,795,119</u>
Capitalized software, net	<u>2,044,700</u>	<u>\$2,225,215</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.