



AGENT INFORMATION SOFTWARE, INC.

Quarterly Reports

Quarter Ended June 30, 2022

Trading Symbol: AIFS

AGENT INFORMATION SOFTWARE, INC.
Quarterly Report
June 30, 2022 and 2021

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AGENT INFORMATION SOFTWARE, INC.

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Unaudited Consolidated Balance Sheets

June 30, 2022 and 2021

	June 30 2022	June 30 2021
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,136,066	\$ 2,484,135
Restricted cash	-	-
Accounts receivable, trade	1,072,722	1,352,069
Deferred income taxes, current	-	-
Other current assets	261,227	251,936
Total current assets	<u>3,470,015</u>	<u>4,088,140</u>
Capitalized software, net	2,144,455	2,375,341
Equipment, net	362,854	334,586
	<u> </u>	<u> </u>
Total assets	<u>\$ 5,977,324</u>	<u>\$ 6,798,067</u>
LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities:		
Current maturities on long-term debt	\$ -	\$ -
Accounts payable, trade	61,609	29,751
Deferred revenue	1,894,801	2,267,211
Accrued payroll and related liabilities	190,104	171,280
Other accrued liabilities	51,986	95,971
Total current liabilities	<u>2,198,500</u>	<u>2,564,213</u>
Long-term debt	-	-
Accrued income taxes	(26,116)	64,588
Deferred income taxes	122,000	257,000
	<u> </u>	<u> </u>
Total liabilities	2,294,384	2,885,801
Stockholders' equity:		
Common stock, \$0.001 par value, 12,000,000 shares authorized, 4,682,910 shares issued and outstanding	3,542,099	3,408,883
Accumulated other comprehensive income (loss)	(128,133)	(215,533)
Accumulated deficit	268,974	718,916
Total stockholders' equity	<u>3,682,940</u>	<u>3,912,266</u>
Total liabilities and stockholders' equity	<u>\$ 5,977,324</u>	<u>\$ 6,798,067</u>

AGENT INFORMATION SOFTWARE, INC.
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Unaudited Consolidated Statements of Operations

For the Six Months Ended June 30, 2022 and 2021

	<u>June 30</u> <u>2022</u>	<u>June 30</u> <u>2021</u>
Revenues:		
Recurring Revenue	\$ 2,595,287	\$ 2,577,263
Non-recurring Revenue	49,045	17,160
Total Net Revenue	<u>2,644,332</u>	<u>2,594,423</u>
Cost and expenses:		
Cost of sales	661,143	598,254
Research and development	63,176	135,695
Sales, marketing and customer service	980,513	975,928
General and administrative	811,127	601,544
Total costs and expenses	<u>2,515,959</u>	<u>2,311,421</u>
Income from operations	128,373	283,002
Other income (expense):		
Other income (expense), net	<u>3,276</u>	<u>28,852</u>
Total other income (expense):	3,276	28,852
Income before provision for income taxes	131,649	311,854
Provision for income taxes	<u>43,253</u>	<u>93,455</u>
Net income (loss)	<u>\$ 88,396</u>	<u>\$ 218,399</u>
Earnings per share - Basic	\$ 0.02	\$ 0.05
Weighted average shares outstanding - Basic	4,682,910	4,494,577
Earnings per share - Diluted	\$ 0.02	\$ 0.04
Weighted average shares outstanding - Diluted	5,282,276	5,205,244

AGENT INFORMATION SOFTWARE, INC.
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Unaudited Consolidated Statements of Cash Flow

For the Six Months Ended June 30, 2022 and 2021

	<u>June 30</u> <u>2022</u>	<u>June 30</u> <u>2021</u>
Cash Flows from Operating Activities:		
Net Income (Loss)	\$ 88,396	\$ 218,399
Adjustments to reconcile net income (loss) to net cash provided by operations:	-	-
Depreciation and Amortization	392,552	338,442
Stock Option Expense	3,000	5,188
Gain on Sales of Assets	-	28,000
Deferred Income Tax Benefit	-	-
Changes in operating assets & liabilities	(440,612)	(269,708)
Net Cash Provided by Operating Activities	<u>43,336</u>	<u>320,321</u>
Cash Flows from Investing Activities:		
Proceeds from Sale of Assets	-	-
Acquisition of Property & Eqpt	(2,540)	(5,614)
Capitalized Software Development	(521,429)	(438,136)
Net Cash Used in Investing Activities	<u>\$ (523,969)</u>	<u>\$ (443,750)</u>
Cash Flows from Financing Activities:		
Dividend Payments	(163,902)	(157,310)
Proceeds (Payments) from (of) Long-Term Debt	-	-
Net Cash Used in Financing Activities	<u>(163,902)</u>	<u>(157,310)</u>
Effect of exchange rate changes on cash	<u>(36,268)</u>	<u>16,715</u>
Net Increase (Decrease) in Cash	(680,803)	(264,024)
Cash and Cash Equivalents, Beginning of Year	<u>2,816,869</u>	<u>2,748,159</u>
Cash and Cash Equivalents, June 30, 2022 and 2021	<u><u>2,136,066</u></u>	<u><u>\$ 2,484,135</u></u>

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Unaudited Consolidated Statements of Retained Earnings

For the Six Months Ended June 30, 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	<u>4,682,910</u>	<u>\$ 3,536,098</u>	<u>\$ 344,480</u>	<u>\$ (113,115)</u>	<u>\$ 3,767,463</u>
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	<u>4,682,910</u>	<u>\$ 3,539,099</u>	<u>\$ 372,550</u>	<u>\$ (89,436)</u>	<u>\$ 3,822,213</u>
Net Income			60,326		60,326
Foreign currency translation				(38,697)	(38,697)
Comprehensive income					-
Common stock dividends			(163,902)		(163,902)
Common stock issuance	-	-			-
Stock option expense		3,000			3,000
Balance, June 30, 2022	<u>4,682,910</u>	<u>\$ 3,542,099</u>	<u>\$ 268,974</u>	<u>\$ (128,133)</u>	<u>\$ 3,682,940</u>

AGENT INFORMATION SOFTWARE, INC.

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June 30, 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 2nd quarter of 2022.

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Notes to Unaudited Consolidated Financial Statements

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 \$1,894,801 at June 30, 2022

Software

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

	<u>2022</u>	<u>2021</u>
Capitalized software	\$5,335,291	\$5,308,470
Less accumulated amortization	<u>3,190,836</u>	<u>2,933,129</u>
Capitalized software, net	<u>2,144,455</u>	<u>\$2,375,341</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.