



AGENT INFORMATION SOFTWARE, INC.

Quarterly Reports

Quarter Ended September 30, 2022

Trading Symbol: AIFS

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

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Unaudited Consolidated Balance Sheets

September 30, 2022 and 2021

	September 30 2022	September 30 2021
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,135,325	\$ 2,938,583
Restricted cash	-	-
Accounts receivable, trade	572,634	512,990
Deferred income taxes, current	-	-
Other current assets	1,113,125	280,161
Total current assets	3,821,084	3,731,734
Capitalized software, net	2,367,677	2,457,298
Equipment, net	190,530	369,131
Total assets	\$ 6,379,291	\$ 6,558,163
LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities:		
Current maturities on long-term debt	\$ -	\$ -
Accounts payable, trade	42,936	51,222
Deferred revenue	1,980,158	1,955,110
Accrued payroll and related liabilities	219,952	180,065
Other accrued liabilities	51,723	64,997
Total current liabilities	2,294,769	2,251,394
Long-term debt	-	-
Accrued income taxes	50,267	28,457
Deferred income taxes	122,000	257,000
Total liabilities	2,467,036	2,536,851
Stockholders' equity:		
Common stock, \$0.001 par value, 12,000,000 shares authorized, 4,682,910 shares issued and outstanding	3,545,099	3,521,433
Accumulated other comprehensive income (loss)	(219,042)	(244,888)
Accumulated deficit	586,198	744,767
Total stockholders' equity	3,912,255	4,021,312
Total liabilities and stockholders' equity	\$ 6,379,291	\$ 6,558,163

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Unaudited Consolidated Statements of Operations

For the Nine Months Ended September 30, 2022 and 2021

	September 30 2022	September 30 2021
Revenues:		
Recurring Revenue	\$ 3,878,628	\$ 3,862,796
Non-recurring Revenue	80,855	28,370
Total Net Revenue	3,959,483	3,891,166
Cost and expenses:		
Cost of sales	981,459	901,042
Research and development	75,792	215,568
Sales, marketing and customer service	1,451,733	1,511,347
General and administrative	809,639	940,032
Total costs and expenses	3,318,623	3,567,989
Income from operations	640,860	323,177
Other income (expense):		
Other income (expense), net	(104,787)	28,997
Total other income (expense):	(104,787)	28,997
Income before provision for income taxes	536,073	352,174
Provision for income taxes	130,453	107,924
Net income (loss)	\$ 405,620	\$ 244,250
Earnings per share - Basic	\$ 0.09	\$ 0.05
Weighted average shares outstanding - Basic	4,682,910	4,682,910
Earnings per share - Diluted	\$ 0.08	\$ 0.05
Weighted average shares outstanding - Diluted	5,282,276	5,282,276

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Unaudited Consolidated Statements of Cash Flow

For the Nine Months Ended September 30, 2022 and 2021

	September 30 2022	September 30 2021
Cash Flows from Operating Activities:		
Net Income (Loss)	\$ 405,620	\$ 244,250
Adjustments to reconcile net income (loss) to net cash provided by operations:	-	-
Depreciation and Amortization	559,584	508,328
Stock Option Expense	3,000	8,188
Gain/(Loss) on Sales of Assets	(107,753)	28,000
Deferred Income Tax Benefit	-	-
Changes in operating assets & liabilities	(483,123)	308,883
Net Cash Provided by Operating Activities	377,328	1,097,649
Cash Flows from Investing Activities:		
Proceeds from Sale of Assets	-	-
Acquisition of Property & Eqpt	(21,817)	(57,901)
Capitalized Software Development	(836,885)	(688,136)
Net Cash Used in Investing Activities	\$ (858,702)	\$ (746,037)
Cash Flows from Financing Activities:		
Dividend Payments	(163,902)	(157,310)
Proceeds (Payments) from (of) Long-Term Debt	-	-
Net Cash Used in Financing Activities	(163,902)	(157,310)
Effect of exchange rate changes on cash	(36,268)	(3,878)
Net Increase (Decrease) in Cash	(681,544)	190,424
Cash and Cash Equivalents, Beginning of Year	2,816,869	2,748,159
Cash and Cash Equivalents, September 30, 2022 and 2021	2,135,325	\$ 2,938,583

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Unaudited Consolidated Statements of Retained Earnings

For the Nine Months Ended September 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 Comprehensive income				(16,906)	(16,906)
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 Comprehensive income				23,679	23,679
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
Net Income			60,326		60,326
Foreign currency translation Comprehensive income				(38,697)	(38,697)
Common stock dividends			(163,902)		(163,902)
Common stock issuance	-	-			-
Stock option expense		3,000			3,000
Balance, June 30, 2022	4,682,910	\$ 3,542,099	\$ 268,974	\$ (128,133)	\$ 3,682,940

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September 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 3rd 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 \$1,980,158 at September 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	\$5,770,001	\$5,308,470
Less accumulated amortization	<u>3,402,324</u>	<u>2,933,129</u>
Capitalized software, net	<u>2,367,677</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/Office Lease

The company is currently working at full capacity, with all staff working remotely from their homes. The company decided to terminate their office lease in Rancho Cucamonga, CA effective July 15, 2022. Various office assets were disposed. The company continues to lease a warehouse/office space in Ontario, CA