



AGENT INFORMATION SOFTWARE, INC.

Quarterly Reports

Quarter Ended September 30, 2023

Trading Symbol: AIFS

AGENT INFORMATION SOFTWARE, INC.
Quarterly Report
September 30, 2023 and 2022

TABLE OF CONTENTS

	<u>Page Reference</u>
Financial Statements	
Unaudited Consolidated Balance Sheets September 30, 2023 and 2022	3
Unaudited Consolidated Statements of Operations For the Nine Months Ended September 30, 2023 and 2022	4
Unaudited Consolidated Statements of Cash Flow For the Nine Months Ended September 30, 2023 and 2022	5
Unaudited Consolidated Statements of Retained Earnings For the Nine Months Ended September 30, 2023 and 2022	6
Notes to Unaudited Consolidated Financial Statements	7-8

AGENT INFORMATION SOFTWARE, INC.
Quarterly Report

Unaudited Consolidated Balance Sheets

September 30, 2023 and 2022

	Sept 30 2023	Sept 30 2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,578,746	\$ 2,135,325
Restricted cash	-	-
Accounts receivable, trade	1,094,448	572,634
Deferred income taxes, current	-	-
Other current assets	328,380	1,113,125
Total current assets	4,001,574	3,821,084
Capitalized software, net	2,826,182	2,367,677
Equipment, net	174,700	190,530
Total assets	\$ 7,002,456	\$ 6,379,291
LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities:		
Current maturities on long-term debt	\$ -	\$ -
Accounts payable, trade	39,615	42,936
Deferred revenue	2,589,811	1,980,158
Accrued payroll and related liabilities	228,961	219,952
Other accrued liabilities	104,483	51,723
Total current liabilities	2,962,870	2,294,769
Long-term debt	-	-
Lease Liability	11,168	-
Accrued income taxes	124,428	50,267
Deferred income taxes	51,000	122,000
Total liabilities	3,149,466	2,467,036
Stockholders' equity:		
Common stock, \$0.001 par value, 12,000,000 shares authorized, 4,682,910 shares issued and outstanding	3,568,525	3,545,099
Accumulated other comprehensive income (loss)	(202,308)	(219,042)
Accumulated deficit	486,773	586,198
Total stockholders' equity	3,852,990	3,912,255
Total liabilities and stockholders' equity	\$ 7,002,456	\$ 6,379,291

AGENT INFORMATION SOFTWARE, INC.
Quarterly Report

Unaudited Consolidated Statements of Operations

For the Nine Months Ended September 30, 2023 and 2022

	<u>Sept 30</u> <u>2023</u>	<u>Sept 30</u> <u>2022</u>
Revenues:		
Recurring Revenue	\$ 3,892,990	\$ 3,878,628
Non-recurring Revenue	22,930	80,855
Total Net Revenue	<u>3,915,920</u>	<u>3,959,483</u>
Cost and expenses:		
Cost of sales	1,064,557	981,459
Research and development	105,493	75,792
Sales, marketing and customer service	1,454,034	1,451,733
General and administrative	<u>1,185,147</u>	<u>809,639</u>
Total costs and expenses	<u>3,809,231</u>	<u>3,318,623</u>
Income from operations	106,689	640,860
Other income (expense):		
Other income (expense), net	<u>20,232</u>	<u>(104,787)</u>
Total other income (expense):	20,232	(104,787)
Income before provision for income taxes	126,921	536,073
Provision for income taxes	<u>28,058</u>	<u>130,453</u>
Net income (loss)	<u>\$ 98,863</u>	<u>\$ 405,620</u>
Earnings per share - Basic	\$ 0.02	\$ 0.09
Weighted average shares outstanding - Basic	4,682,910	4,682,910
Earnings per share - Diluted	\$ 0.02	\$ 0.08
Weighted average shares outstanding - Diluted	5,282,276	5,282,276

AGENT INFORMATION SOFTWARE, INC.

Quarterly Report

Unaudited Consolidated Statements of Cash Flow

For the Nine Months Ended September 30, 2023 and 2022

	Sept 30 2023	Sept 30 2022
	<u> </u>	<u> </u>
Cash Flows from Operating Activities:		
Net Income (Loss)	\$ 98,863	\$ 405,620
Adjustments to reconcile net income (loss) to net cash provided by operations:	-	-
Depreciation and Amortization	618,736	559,584
Stock Option Expense	13,800	9,000
Gain/(Loss) on Sales of Assets	-	(107,753)
Deferred Income Tax Benefit	-	-
Changes in operating assets & liabilities	1,043,953	(489,123)
Net Cash Provided by Operating Activities	<u>1,775,352</u>	<u>377,328</u>
 Cash Flows from Investing Activities:		
Proceeds from Sale of Assets	-	-
Acquisition of Property & Eqpt	(1,381)	(21,817)
Capitalized Software Development	(925,849)	(836,885)
Net Cash Used in Investing Activities	<u>\$ (927,230)</u>	<u>\$ (858,702)</u>
 Cash Flows from Financing Activities:		
Dividend Payments	(163,902)	(163,902)
Lease Liability/ROU Asset	1,977	-
Net Cash Used in Financing Activities	<u>(161,925)</u>	<u>(163,902)</u>
 Effect of exchange rate changes on cash	<u>(2,699)</u>	<u>(36,268)</u>
 Net Increase (Decrease) in Cash	683,498	(681,544)
 Cash and Cash Equivalents, Beginning of Year	<u>1,895,248</u>	<u>2,816,869</u>
Cash and Cash Equivalents, Sept 30, 2023 and 2022	<u><u>2,578,746</u></u>	<u><u>\$ 2,135,325</u></u>

AGENT INFORMATION SOFTWARE, INC.
Quarterly Report

Unaudited Consolidated Statements of Retained Earnings

For the Nine Months Ended September 30, 2023 and 2022

	Common Stock		Retained Earnings Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount			
Balance, December 31, 2021	4,682,910	\$ 3,536,098	\$ 344,480	\$ (113,115)	\$ 3,767,463
Net Income			371,234		371,234
Foreign currency translation				(86,950)	(86,950)
Comprehensive income					-
Common stock dividends			(163,902)		(163,902)
Common stock issuance	-	-			-
Stock option expense		18,626			18,626
Balance, December 31, 2022	4,682,910	\$ 3,554,724	\$ 551,812	\$ (200,065)	\$ 3,906,471
Net Income			3,510		3,510
Foreign currency translation				19,143	19,143
Comprehensive income					-
Common stock dividends					-
Common stock issuance	-	-			-
Stock option expense		3,001			3,001
Balance, March 31, 2023	4,682,910	\$ 3,557,725	\$ 555,322	\$ (180,922)	\$ 3,932,125
Net Income			19,125		19,125
Foreign currency translation				30,298	30,298
Comprehensive income					-
Common stock dividends			(163,902)		(163,902)
Common stock issuance	-	-			-
Stock option expense		3,000			3,000
Balance, June 30, 2023	4,682,910	\$ 3,560,725	\$ 410,545	\$ (150,624)	\$ 3,820,646
Net Income			76,228		76,228
Foreign currency translation				(51,684)	(51,684)
Comprehensive income					-
Common stock dividends					-
Common stock issuance	-	-			-
Stock option expense		7,800			7,800
Balance, September 30, 2023	4,682,910	\$ 3,568,525	\$ 486,773	\$ (202,308)	\$ 3,852,990

AGENT INFORMATION SOFTWARE, INC.

Quarterly Report

September 30, 2023

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 2023.

AGENT INFORMATION SOFTWARE, INC.

Quarterly Report
September 30, 2023

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 \$2,589,811 at September 30, 2023

Software

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

	<u>2023</u>	<u>2022</u>
Capitalized software	\$6,901,537	\$5,335,291
Less accumulated amortization	<u>4,075,355</u>	<u>3,190,836</u>
Capitalized software, net	<u>2,826,182</u>	<u>\$2,144,455</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