



AGENT INFORMATION SOFTWARE, INC.

Quarterly Reports

Quarter Ended March 31, 2024

Trading Symbol: AIFS

AGENT INFORMATION SOFTWARE, INC.
Quarterly Report
March 31, 2024 and 2023

TABLE OF CONTENTS

	<u>Page Reference</u>
Financial Statements	
Unaudited Consolidated Balance Sheets March 31, 2024 and 2023	3
Unaudited Consolidated Statements of Operations For the Three Months Ended March 31, 2024 and 2023	4
Unaudited Consolidated Statements of Cash Flow For the Three Months Ended March 31, 2024 and 2023	5
Unaudited Consolidated Statements of Retained Earnings For the Three Months Ended March 31, 2024 and 2023	6
Notes to Unaudited Consolidated Financial Statements	7-8

AGENT INFORMATION SOFTWARE, INC.**Quarterly Report****Unaudited Consolidated Balance Sheets****March 31, 2024 and 2023**

	March 31 2024	March 31 2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,456,631	\$ 2,459,381
Restricted cash	-	-
Accounts receivable, trade	556,403	603,955
Deferred income taxes, current	-	-
Other current assets	245,652	275,586
Total current assets	<u>3,258,686</u>	<u>3,338,922</u>
Capitalized software, net	2,863,388	2,560,394
Equipment, net	131,733	219,012
Total assets	<u>\$ 6,253,807</u>	<u>\$ 6,118,328</u>
LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities:		
Current maturities on long-term debt	\$ -	\$ -
Accounts payable, trade	58,099	52,589
Deferred revenue	1,760,831	1,666,015
Accrued payroll and related liabilities	170,880	181,331
Other accrued liabilities	58,616	85,230
Total current liabilities	<u>2,048,426</u>	<u>1,985,165</u>
Long-term debt	-	-
Lease Liability	-	40,212
Accrued income taxes	247,102	109,827
Deferred income taxes	<u>(40,000)</u>	<u>51,000</u>
Total liabilities	2,255,528	2,186,204
Stockholders' equity:		
Common stock, \$0.001 par value, 12,000,000 shares authorized, 4,681,910 shares issued and outstanding	3,576,942	3,557,725
Accumulated other comprehensive income (loss)	(191,712)	(180,922)
Accumulated deficit	613,049	555,321
Total stockholders' equity	<u>3,998,279</u>	<u>3,932,124</u>
Total liabilities and stockholders' equity	<u>\$ 6,253,807</u>	<u>\$ 6,118,328</u>

AGENT INFORMATION SOFTWARE, INC.
Quarterly Report

Unaudited Consolidated Statements of Operations

For the Three Months Ended March 31, 2024 and 2023

	<u>March 31</u> <u>2024</u>	<u>March 31</u> <u>2023</u>
Revenues:		
Recurring Revenue	\$ 1,351,610	\$ 1,283,306
Non-recurring Revenue	30,000	9,810
Total Net Revenue	<u>1,381,610</u>	<u>1,293,116</u>
Cost and expenses:		
Cost of sales	367,415	355,555
Research and development	103,271	13,913
Sales, marketing and customer service	502,806	536,401
General and administrative	396,793	395,378
Total costs and expenses	<u>1,370,285</u>	<u>1,301,247</u>
Income from operations	11,325	(8,131)
Other income (expense):		
Other income (expense), net	<u>6,457</u>	<u>20,039</u>
Total other income (expense):	6,457	20,039
Income before provision for income taxes	17,782	11,908
Provision for income taxes	<u>(3,477)</u>	<u>8,398</u>
Net income (loss)	<u>\$ 21,259</u>	<u>\$ 3,510</u>
Earnings per share - Basic	\$ 0.00	\$ 0.00
Weighted average shares outstanding - Basic	4,681,910	4,682,910
Earnings per share - Diluted	\$ 0.00	\$ 0.00
Weighted average shares outstanding - Diluted	5,596,910	5,512,910

AGENT INFORMATION SOFTWARE, INC.

Quarterly Report

Unaudited Consolidated Statements of Cash Flow

For the Three Months Ended March 31, 2024 and 2023

	March 31 2024	March 31 2023
	<u> </u>	<u> </u>
Cash Flows from Operating Activities:		
Net Income (Loss)	\$ 21,259	\$ 3,510
Adjustments to reconcile net income (loss) to net cash provided by operations:	-	-
Depreciation and Amortization	215,604	208,934
Stock Option Expense	4,650	3,001
Gain/(Loss) on Sales of Assets	-	-
Deferred Income Tax Benefit	-	-
Changes in operating assets & liabilities	(268,645)	646,670
Net Cash Provided by Operating Activities	<u>(27,132)</u>	<u>862,115</u>
 Cash Flows from Investing Activities:		
Proceeds from Sale of Assets	-	-
Acquisition of Property & Eqpt	-	-
Capitalized Software Development	(199,763)	(295,951)
Net Cash Used in Investing Activities	<u>\$ (199,763)</u>	<u>\$ (295,951)</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>(28,871)</u>	<u>(2,031)</u>
 Net Increase (Decrease) in Cash	(255,766)	564,133
 Cash and Cash Equivalents, Beginning of Year	<u>2,712,397</u>	<u>1,895,248</u>
Cash and Cash Equivalents, March 31, 2024 and 2023	<u><u>2,456,631</u></u>	<u><u>\$ 2,459,381</u></u>

AGENT INFORMATION SOFTWARE, INC.
Quarterly Report

Unaudited Consolidated Statements of Retained Earnings

For the Three Months Ended March 31, 2024 and 2023

	Common Stock		Retained Earnings Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount			
Balance, December 31, 2022	4,682,910	\$ 3,554,724	\$ 551,812	\$ (200,065)	\$ 3,906,471
Net Income			203,880		203,880
Foreign currency translation				36,619	36,619
Comprehensive income					-
Common stock dividends			(163,902)		(163,902)
Common stock redemption	(1,000)	(1,770)			(1,770)
Stock option expense		19,337			19,337
Balance, December 31, 2023	4,681,910	\$ 3,572,291	\$ 591,790	\$ (163,446)	\$ 4,000,635
Net Income			21,259		21,259
Foreign currency translation				(28,266)	(28,266)
Comprehensive income					-
Common stock dividends					-
Common stock issuance	-	-			-
Stock option expense		4,651			4,651
Balance, March 31, 2024	4,681,910	\$ 3,576,942	\$ 613,049	\$ (191,712)	\$ 3,998,279

AGENT INFORMATION SOFTWARE, INC.

Quarterly Report

March 31, 2024

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 2024.

AGENT INFORMATION SOFTWARE, INC.

Quarterly Report

March 31, 2024

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 \$1,760,831 at March 31, 2024

Software

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

	<u>2024</u>	<u>2023</u>
Capitalized software	\$7,350,097	\$6,271,639
Less accumulated amortization	<u>4,486,709</u>	<u>3,711,245</u>
Capitalized software, net	<u>2,863,388</u>	<u>\$2,560,394</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