



Annual Report

December 31, 2022 and 2021

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors and Stockholders  
Agent Information Software, Inc.

### **Report on the Audit of the Consolidated Financial Statements**

#### ***Opinion***

We have audited the financial statements of Agent Information Software, Inc. and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Agent Information Software, Inc. and its subsidiaries as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Agent Information Software, Inc. and its subsidiaries and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Agent Information Software, Inc. and its subsidiaries' ability to continue as a going concern for one year after the date that the financial statements are issued.



### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Agent Information Software, Inc. and its subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Agent Information Software, Inc. and its subsidiaries' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Swenson Corporation*

SWENSON CORPORATION

March 30, 2023

# AGENT INFORMATION SOFTWARE, INC.

## Consolidated Balance Sheets

December 31, 2022 and 2021

### ASSETS

	<u>2022</u>	<u>2021</u>
Current assets:		
Cash and cash equivalents	\$ 1,895,248	\$ 2,816,869
Accounts receivable, trade, net of allowance of \$7,250	816,302	276,020
Other receivable	645,978	-
Other current assets	231,753	236,377
Income taxes receivable	<u>-</u>	<u>63,101</u>
Total current assets	3,589,281	3,392,367
Computer software, net	2,516,137	2,038,632
Equipment, net	176,252	333,119
Operating right-of-use asset	53,743	-
Deposits	3,132	17,740
Total assets	<u>\$ 6,338,545</u>	<u>\$ 5,781,858</u>

See accompanying notes to consolidated financial statements.

**AGENT INFORMATION SOFTWARE, INC.****Consolidated Balance Sheets****December 31, 2022 and 2021****LIABILITIES AND STOCKHOLDERS' EQUITY**

	<u>2022</u>	<u>2021</u>
Current liabilities:		
Accounts payable, trade	\$ 34,687	\$ 41,939
Deferred revenue	1,861,985	1,588,659
Accrued payroll and related liabilities	197,492	176,143
Other accrued liabilities	131,738	85,654
Lease liability, current portion	40,212	-
Income taxes payable	101,429	-
Total current liabilities	2,367,543	1,892,395
Deferred income taxes	51,000	122,000
Lease liability, long-term portion	13,531	-
Total liabilities	2,432,074	2,014,395
Commitments and contingencies	-	-
Stockholders' equity:		
Common stock, \$0.001 par value, 12,000,000 shares authorized, 4,682,910 (2022 and 2021) shares issued and outstanding	3,554,724	3,536,098
Preferred stock, \$0.001 par value, 10,000,000 shares authorized, no shares issued and outstanding	-	-
Accumulated other comprehensive loss	(200,065)	(113,115)
Retained earnings	551,812	344,480
Total stockholders' equity	3,906,471	3,767,463
Total liabilities and stockholders' equity	<u>\$ 6,338,545</u>	<u>\$ 5,781,858</u>

See accompanying notes to consolidated financial statements.

**AGENT INFORMATION SOFTWARE, INC.****Consolidated Statements of Income****For the Years Ended December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Sales:		
Recurring sales	<b>5,157,143</b>	\$ 5,148,743
Non-recurring sales	<b>101,395</b>	38,095
Total net sales	<b>5,258,538</b>	5,186,838
Costs and expenses:		
Cost of sales	<b>1,678,943</b>	1,801,677
Development/Information technology	<b>52,710</b>	297,869
Sales, marketing, and customer service	<b>1,936,821</b>	2,007,125
General and administrative	<b>1,109,418</b>	1,300,700
Total costs and expenses	<b>4,777,892</b>	5,407,371
Income (loss) from operations	<b>480,646</b>	(220,533)
Other income, net	<b>2,588</b>	126,806
Income (loss) before provision for income taxes	<b>483,234</b>	(93,727)
Provision (benefit) for income tax	<b>112,000</b>	(95,000)
Net income	<b>\$ 371,234</b>	<b>\$ 1,273</b>
Earnings per share:		
Basic income per share	<b>\$ 0.08</b>	\$ 0.00
Weighted average shares outstanding	<b>4,682,910</b>	4,682,910
Diluted income per share	<b>\$ 0.07</b>	\$ 0.00
Weighted average shares outstanding	<b>5,512,910</b>	5,205,577

See accompanying notes to consolidated financial statements.

**AGENT INFORMATION SOFTWARE, INC.**

**Consolidated Statements of Comprehensive Income**

**For the Years Ended December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Net income	\$ 371,234	\$ 1,273
Other comprehensive gain (loss):		
Foreign currency translation adjustments	<u>(86,950)</u>	<u>(16,906)</u>
Other comprehensive gain	<u>(86,950)</u>	<u>(16,906)</u>
Total comprehensive (loss) income	<u>\$ 284,284</u>	<u>\$ (15,633)</u>

See accompanying notes to consolidated financial statements.

# AGENT INFORMATION SOFTWARE, INC.

## Consolidated Statements of Changes in Stockholders' Equity

December 31, 2022 and 2021

	Common Stock		Retained	Accumulated Other Comprehensive	Total
	Shares	Amount	Earnings	Loss	Stockholders' Equity
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					(15,633)
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
<b>Net income</b>			<b>371,234</b>		<b>371,234</b>
<b>Foreign currency translation</b>				<b>(86,950)</b>	<b>(86,950)</b>
<b>Comprehensive (loss)</b>					<b>284,284</b>
<b>Common stock dividends</b>			<b>(163,902)</b>	-	<b>(163,902)</b>
<b>Stock option expense</b>		<b>18,626</b>	-	-	<b>18,626</b>
<b>Balance, December 31, 2022</b>	<b>4,682,910</b>	<b>\$ 3,554,724</b>	<b>\$ 551,812</b>	<b>\$ (200,065)</b>	<b>\$ 3,906,471</b>

See accompanying notes to consolidated financial statements.



# AGENT INFORMATION SOFTWARE, INC.

## Consolidated Statements of Cash Flows

For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Cash flows from operating activities:</b>		
Net income	\$ 371,234	\$ 1,273
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation and amortization	784,078	1,278,050
Stock option expense	18,626	22,854
Deferred income tax expense	(71,000)	(135,000)
Gain on disposal of fixed assets	106,799	(98,145)
Changes in operating assets and liabilities	<u>(668,991)</u>	<u>24,080</u>
Net cash provided by operating activities	540,746	1,093,112
<b>Cash flows from investing activities:</b>		
Acquisitions of equipment	(29,369)	(92,885)
Proceeds from sale of fixed assets	1,280	158,000
Capitalized software development	<u>(1,183,426)</u>	<u>(1,028,051)</u>
Net cash used in investing activities	(1,211,515)	(962,936)
<b>Cash flows from financing activities:</b>		
Common stock dividends paid	(163,902)	(157,310)
Common stock issuance	<u>-</u>	<u>112,750</u>
Net cash used in financing activities	(163,902)	(44,560)
Effect of exchange rate change on cash	<u>(86,950)</u>	<u>(16,906)</u>
Net (decrease) increase in cash	(921,621)	68,710
Cash and cash equivalents, beginning of year	<u>2,816,869</u>	<u>2,748,159</u>
Cash and cash equivalents, end of year	<u>\$ 1,895,248</u>	<u>\$ 2,816,869</u>
<b>Supplemental disclosure on cash transactions:</b>		
Cash paid during the year for income taxes	<u>\$ 18,470</u>	<u>\$ 136,104</u>
Operating cash flows from operating leases	<u>\$ 112,830</u>	<u>\$ -</u>
<b>Supplemental disclosure of non-cash investing and financing information:</b>		
Adoption of FASB ASC 842 operating right-of-use assets exchanged for operating lease liabilities	<u>\$ 610,391</u>	<u>\$ -</u>

See accompanying notes to consolidated financial statements.

# AGENT INFORMATION SOFTWARE, INC.

## Notes to Consolidated Financial Statements

December 31, 2022 and 2021

### 1. Summary of significant accounting policies

#### *Nature of Business*

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 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 accounting principles generally accepted in the United States of America 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*

The Company derives its revenues from various software subscriptions, maintenance and support services, licensing and other non-recurring services. Revenues are primarily recognized when control of the product is transferred to its customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services. Sales and other taxes the Company collects concurrent with revenue-producing activities are excluded from revenue. Shipping and handling fees charged to customers are reported within revenue. Incidental items that are immaterial in the context of the contract are recognized as expense. The Company does not have any significant financing components as payment is received within contract terms, at or shortly after the point of sale. Costs incurred to obtain a contract will be expensed as incurred when the amortization period is less than a year.

Revenue from performance obligations satisfied at a point in time consist of licensing fees, installation, training and other non-recurring services and are recognized once the software has been accessed by the customer.

Revenue from performance obligations satisfied over time consists of SaaS (Software as a Service) services, database subscriptions and software maintenance, support services and other recurring services.

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# AGENT INFORMATION SOFTWARE, INC.

## Notes to Consolidated Financial Statements

December 31, 2022 and 2021

### 1. Summary of significant accounting policies (continued)

#### *Foreign currency translation*

Assets and liabilities recorded in foreign currencies are translated into U.S. dollars at the exchange rate in effect at the balance sheet date. Revenue and expenses are translated at average rates of exchange prevailing during the year. Unrealized currency translation adjustments resulting from this process are recorded to other comprehensive income and included as a component of stockholders' equity. The functional and reporting currency for operations located in Canada is the Canadian dollar. Consequently, assets and liabilities must be translated into U.S. dollars using standard exchange rates. All other Company transactions are denominated in U.S. dollars.

#### *Credit risk*

The Company performs ongoing credit evaluations of its customers and generally requires cash deposits in advance of providing services. The Company maintains a reserve for potential losses from uncollectible accounts in the form of an allowance for doubtful accounts and actual losses in 2022 and 2021 were in line with management's expectations. The Company may be exposed to credit risk for trade receivables beyond the reserves established by the Company for this purpose.

During the years ended December 31, 2022 and 2021, the Company had cash balances on hand at various financial institutions which exceeded FDIC and CDIC insured limits for periods of time.

#### *Fair value of financial instruments*

In accordance with FASB ASC 820, *Fair Value Measurements and Disclosures*, the carrying value of cash, accounts receivable, and accounts payable approximates fair value.

#### *Cash and cash equivalents*

The Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. The Company did not have any cash equivalents at December 31, 2022 and 2021.

#### *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.

#### *Deferred revenue*

Deferred revenue is mainly comprised of unearned revenue related to library subscription services. Unearned revenue is generally invoiced annually at the beginning of each contract period primarily for single-year agreements and recognized ratably over the coverage period. Deferred revenue also includes payments the Company has been paid in advance and earns the revenue when the Company transfers control of the product or service. Total deferred revenue was \$1,861,985 and \$1,588,659 at December 31, 2022 and 2021, respectively.

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# AGENT INFORMATION SOFTWARE, INC.

## Notes to Consolidated Financial Statements

December 31, 2022 and 2021

### 1. Summary of significant accounting policies (continued)

#### *Computer software*

Computer software includes software development costs. The capitalization of software development costs is governed by the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Subtopic 985-20 if the software is to be sold, leased or otherwise marketed. Capitalization of the developed software begins after the technological feasibility of the software has been established, for software to be marketed. Software development costs primarily includes salaries and related payroll costs and costs of independent contractors incurred during development. Research and development costs incurred prior to the establishment of technological feasibility, for software to be marketed, are expensed as incurred. Software development costs, for software to be marketed, are amortized using the straight-line method over its estimated useful life, which is five years. Management evaluates the useful lives of these assets on an annual basis and tests for impairment whenever events or changes in circumstances occur that could impact the recoverability of these assets.

#### *Equipment*

Equipment is stated at cost less accumulated depreciation and amortization. Leasehold improvements are amortized over the shorter of the useful life of the asset or the term of the lease. Depreciation and amortization are based on the straight-line method over the estimated useful life of the asset and commences in the year the asset is placed in and/or is available for service or sale using the half-year convention method.

Depreciation and amortization are calculated over the following estimated useful lives:

Computer equipment	5 years
Furniture and fixtures	3 - 10 years
Other equipment	3 - 5 years
Leasehold improvements	Shorter of economic life or term of the lease

Repairs and maintenance are expensed as incurred and renewals or betterments are capitalized. The cost of assets retired or otherwise disposed of and the related accumulated depreciation or amortization, are eliminated from the accounts in the year of disposal. Any associated gain or loss is included in income (loss) from operations in the consolidated statements of comprehensive income.

Equipment at December 31 consists of the following:

	2022	2021
Computer equipment	\$ 115,632	\$ 102,043
Furniture and fixtures	11,932	170,934
Other equipment	243,264	265,803
Leasehold improvements	24,850	73,382
	<u>395,678</u>	<u>612,162</u>
Less accumulated depreciation and amortization	<u>219,426</u>	<u>279,042</u>
Equipment, net	<u>\$ 176,252</u>	<u>\$ 333,119</u>

(Continued)

# AGENT INFORMATION SOFTWARE, INC.

## Notes to Consolidated Financial Statements

December 31, 2022 and 2021

### 1. Summary of significant accounting policies (continued)

#### *Equipment (continued)*

For the years ended December 31, 2022 and 2021, depreciation expense was \$78,158 and \$60,389, respectively.

#### *Impairment of long-lived assets*

In accordance with the FASB ASC 360, *Property, Plant and Equipment*, long-lived tangible and intangible assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company periodically assesses the recoverability of the carrying amounts of long-lived assets. An impairment loss is recognized when expected undiscounted future cash flows are less than the carrying amount of the asset. The impairment loss is the difference by which the carrying amount of the asset exceeds its fair value. There were no impairment losses or reserves as of December 31, 2022 and 2021.

#### *Dividends*

The Company declared and paid cash dividends per share during the year ended December 31, 2022 and 2021, totaling \$163,902 and \$157,310, respectively. Future dividends are subject to declaration by the Board of Directors.

#### *Earnings per share*

Basic and diluted earnings per share computations presented by the Company conform to the standard and are based on the weighted average number of shares of common stock outstanding during the year.

The following is a reconciliation of the numerators and denominators of the basic and diluted earnings per share computations:

	<u>Net income</u>	<u>Shares</u>	<u>Per share</u>
<b><u>Year ended December 31, 2022</u></b>			
<b>Basic earnings per share</b>			
Net income available to common stockholders	\$ 371,234	4,682,910	\$ 0.08
Effect of dilutive securities stock options	<u>-</u>	<u>746,667</u>	<u></u>
<b>Diluted earnings per share</b>			
Net income available to common stockholders	<u>\$ 371,234</u>	<u>5,429,577</u>	<u>\$ 0.07</u>
<b><u>Year ended December 31, 2021</u></b>			
<b>Basic earnings per share</b>			
Net income available to common stockholders	\$ 1,273	4,592,077	\$ 0.00
Effect of dilutive securities stock options	<u>-</u>	<u>666,750</u>	<u></u>
<b>Diluted earnings per share</b>			
Net income available to common stockholders	<u>\$ 1,273</u>	<u>5,258,827</u>	<u>\$ 0.00</u>

(Continued)

# AGENT INFORMATION SOFTWARE, INC.

## Notes to Consolidated Financial Statements

December 31, 2022 and 2021

### 1. Summary of significant accounting policies (continued)

#### *Share-based compensation*

The Company recognizes in the consolidated financial statements all costs resulting from share-based payment transactions at their fair values. Compensation cost for the portion of the awards for which the requisite service had not been rendered that were outstanding as of May 10, 2005 is recognized in the consolidated statements of income over the remaining service period after such date based on the award's original estimate of fair value. Share-based compensation expense recognized for employees and directors for the years ended December 31, 2022 and 2021 was approximately \$19,000 and \$23,000, respectively, and is included in general and administrative expense. For the years ended December 31, 2022 and 2021, cash flows from operations and cash flows from financing activities were not affected.

The Company determined the fair value of share-based payment awards to employees and directors on the date of grant using the Black-Scholes model, which is affected by the Company's stock price as well as assumptions regarding a number of highly complex and subjective variables. These variables include, but are not limited, to the Company's expected stock price volatility over the expected term of the awards, and actual and projected employee stock option exercise behaviors.

The Company used the simplified method to determine an award's expected term and the Company's historical volatility to approximate expected volatility.

The Company has elected to adopt the detailed method for calculating the beginning balance of the additional paid-in capital pool ("APIC pool") related to the tax effects of employee share-based compensation, and to determine the subsequent impact on the APIC pool and consolidated statements of cash flows of the tax effects of employee share-based compensation awards that are outstanding. (See Note 6)

#### *Comprehensive income*

Comprehensive income consists of net income and other gains and losses that are not included in net income, but are recorded directly in the consolidated statements of stockholders' equity, such as the unrealized gains and losses on the translation of the assets and liabilities of the Company's foreign operations and gains or losses.

(Continued)

# AGENT INFORMATION SOFTWARE, INC.

## Notes to Consolidated Financial Statements

December 31, 2022 and 2021

### 1. Summary of significant accounting policies (continued)

#### *Income taxes*

The Company accounts for income taxes by recognizing deferred tax assets and liabilities for the expected future tax consequences that have been included in the consolidated financial statements or tax returns. Deferred taxes are recognized for all temporary differences between the tax and financial reporting bases of the Company's assets and liabilities based on enacted tax laws and statutory rates applicable to the periods in which the differences are expected to affect taxable income. A valuation allowance is provided for deferred tax assets, if it is more likely than not that the Company will not realize those tax assets through future operations.

The Company evaluates and accounts for uncertain tax positions in accordance with FASB ASC 740, *Income Taxes*, which requires that management review uncertain tax positions taken and evaluate whether it is more likely than not that the tax position will be sustained as a result of an audit. Tax positions that are uncertain and do not meet the criteria for more likely than not are adjusted by a valuation account related to the amount for which is uncertain. Management believes that all tax positions taken to date are highly certain and accordingly, no accounting adjustments have been made to the consolidated financial statements. The Company is subject to federal income tax, California franchise tax and various taxes in other states.

#### *Concentrations*

During the years ended December 31, 2022 and 2021, there was one customer account which represented more than 10% of the Company's net sales. There were three and five customer accounts which represented more than 10% of the Company's accounts receivable as of December 31, 2022 and 2021, respectively, and all accounts were subsequently collected after year end.

(Continued)

# AGENT INFORMATION SOFTWARE, INC.

## Notes to Consolidated Financial Statements

December 31, 2022 and 2021

### 1. Summary of significant accounting policies (continued)

#### *Leases*

The Company leases office/warehouse space and equipment. The Company determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities on the balance sheets. Finance leases are included in property and equipment, other current liabilities, and other long-term liabilities on the balance sheets.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, the Company uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The Company lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Company has lease agreements with lease and non-lease components, which are generally accounted for separately. For certain leases, such as office/warehouse space, the Company accounts for the lease and non-lease components as a single lease component. For arrangements accounted for as a single lease component, there may be variability in future lease payments as the amount of the non-lease components is typically revised from one period to the next. These variable lease payments, which are primarily comprised of common area maintenance, utilities, and or real estate taxes that are passed on from the lessor in proportion to the space leased, are recognized in operating expenses in the period in which the obligation for those payments was incurred.

The Company has elected to apply the short-term lease exemption to one of the classes of underlying assets: *office equipment*. In 2022, there were no leases within this class of underlying assets that qualified for the exemption.

In evaluating contracts to determine if they qualify as a lease, the Company consider factors such as if the Company has obtained substantially all of the rights to the underlying asset through exclusivity, if the Company can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

The Company has made an accounting policy to apply a risk-free rate as the discount rate used to measure lease liabilities and right-of-use assets at commencement of a lease. A risk-free rate has been applied to one or more classes of underlying leased assets. For other classes of underlying leased assets, the Company applies the interest rate implicit in the lease, if available, or the Company's incremental borrowing rate.

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# AGENT INFORMATION SOFTWARE, INC.

## Notes to Consolidated Financial Statements

December 31, 2022 and 2021

### 1. Summary of significant accounting policies (continued)

#### *Recently adopted accounting standards*

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification [ASC] 842, *Leases*) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Company adopted the standard effective January 1, 2022, and recognized and measured leases existing at, or entered into after, January 1, 2022 (the beginning of the period of adoption) through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended December 31, 2021, are made under prior lease guidance in FASB ASC 840.

The Company elected the available practical expedients to account for the existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, the Company recognized on January 1, 2022, beginning of the year of adoption, a lease liability of \$634,692, which represents the present value of the remaining operating lease payments of \$646,013, discounted using their incremental borrowing rate of 1%, and a right-of-use asset of \$610,391, which represents the operating lease liability of \$634,692. There was \$24,301 of accrued rent and there was no initial direct costs. The difference between the additional lease assets and lease liabilities, net of the deferred tax impact, was recorded as an adjustment to retained earnings. There were no capital lease right of use assets to be recognized.

The standard had a material impact on the balance sheets, but did not have an impact on the statement of income statements, nor statements of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases. The Company does not have any financing leases; however, the accounting for finance leases remains substantially unchanged.

# AGENT INFORMATION SOFTWARE, INC.

## Notes to Consolidated Financial Statements

December 31, 2022 and 2021

### 2. Computer software

Computer software as of December 31, 2022 and 2021 consists of the following:

	2022	2021
Computer software	\$ 6,094,942	\$ 4,911,516
Less, accumulated amortization	3,578,805	2,872,884
Computer software, net	<u>\$ 2,516,137</u>	<u>\$ 2,038,632</u>

For the years ended December 31, 2022 and 2021, amortization expense was \$705,920 and \$1,217,661, respectively.

### 3. Line of credit

The Company has a bank revolving line of credit agreement that provides for maximum borrowings up to \$250,000 at rates varying from Prime (as published in the Western Edition Wall Street Journal) plus .5%, but not less than 7.00% at any time (8.00% at December 31, 2022). The line of credit matures on October 25, 2023.

Borrowings under the agreements were for general working capital purposes. The line of credit is collateralized by substantially all of the assets of the Company and is guaranteed by one of the stockholder-officers' of the Company. The Company had no outstanding balances on this line of credit as of December 31, 2022.

### 4. Income taxes

The provision for income taxes consists of the following for the years ended December 31:

	2022	2021
<u>Current income taxes based on income</u>		
Federal	\$ 157,000	\$ 25,000
State	26,000	15,000
Foreign	-	-
Total current income tax expense	183,000	40,000
<u>Deferred income taxes based on income</u>		
Federal	(65,000)	(100,000)
State	(6,000)	(41,000)
Foreign	-	6,000
Total deferred income tax expense	(71,000)	(135,000)
Total income tax expense	<u>\$ 112,000</u>	<u>\$ (95,000)</u>

(Continued)

# AGENT INFORMATION SOFTWARE, INC.

## Notes to Consolidated Financial Statements

December 31, 2022 and 2021

### 4. Income taxes (continued)

A reconciliation of the provision for income taxes based on income follows for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Statutory rate	21%	21%
Statutory U.S. Federal income tax	\$ 101,000	\$ (20,000)
Permanent differences	17,000	(43,000)
State tax, net of federal tax	16,000	(21,000)
Adjustments in foreign tax and other	<u>(22,000)</u>	<u>(11,000)</u>
Total income tax expense	<u>\$ 112,000</u>	<u>\$ (95,000)</u>

The deferred income tax assets and liabilities are composed of the following at December 31:

	<u>2022</u>	<u>2021</u>
<u>Deferred income tax assets</u>		
Bad debts/accrued vacation/other	\$ 34,000	\$ 46,000
Net operating loss	81,000	34,000
Fixed assets/other	<u>14,000</u>	<u>51,000</u>
	129,000	131,000
Valuation allowance	<u>(92,000)</u>	<u>(50,000)</u>
	37,000	81,000
Deferred income tax liabilities:		
Tax over book amortization and depreciation	<u>(88,000)</u>	<u>(203,000)</u>
Net deferred income taxes	<u>\$ (51,000)</u>	<u>\$ (122,000)</u>

Deferred income tax assets and liabilities are recognized for the expected future tax consequences of events that have been reported in the Company's consolidated financial statements or tax returns. The valuation allowance at December 31, 2022 and 2021 reflects an unrecognized U.S. and foreign tax loss carryforward. At December 31, 2022 and 2021, the Company had available net operating loss carryforwards of \$194,000 and \$176,000 for state and foreign income tax purposes, respectively. These net operating loss carryforwards expire from 2030 to 2031 and 2034 to 2037 for state and foreign taxes, respectively.

# AGENT INFORMATION SOFTWARE, INC.

## Notes to Consolidated Financial Statements

December 31, 2022 and 2021

### 5. Leases

The Company had two operating leases that ranged from two to six years. The leases had remaining lease terms from 4 months up to 31 months. Certain leases provide for renewal options for periods of one to five years at their fair rental value at the time of renewal. The Company evaluates the need for renewal prior to the renewal notification date to determine if the renewal is necessary. The Company does not have any financing leases.

The Company terminated its primary office lease effective July 15, 2022. At December 31, 2022, the Company has a single operating storage lease. As of December 31, 2022, the operating lease ROU assets and operating lease liabilities related to these agreements were \$51,035 and \$53,743, respectively. The total lease expense under these agreements was approximately \$113,000 and \$174,000 for fiscal 2022 and 2021, respectively.

Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of December 31, 2022, for each of the next five years and in the aggregate are:

Year ended December 31:	Amount
2023	\$ 40,548
2024	13,516
2025	-
Subsequent to 2025	-
Total minimum future rental payments	<u>\$ 54,064</u>

The weighted average remaining lease term (in years) for operating leases was one year and the weighted average discount rate applied was 1%.

Following is a maturity analysis of annual undiscounted cash flows for lease liabilities as of the end of 2022:

Maturing in year:	Operating Leases
2023	\$ 40,548
2024	13,516
2025	-
Maturing in the aggregate after 2025	-
Total	<u>54,064</u>
Interest expense	<u>(321)</u>
Amounts recognized in the balance sheet	<u>\$ 53,743</u>

# AGENT INFORMATION SOFTWARE, INC.

## Notes to Consolidated Financial Statements

December 31, 2022 and 2021

### 6. Related party transactions

The Company paid to directors a total of \$96,000 and \$96,000 in director fees for the years ended December 31, 2022 and 2021, respectively.

### 7. Stockholders' equity

#### *2010 Qualified and non-qualified stock option plan*

The Company adopted a qualified and non-qualified stock option plan on January 5, 2010 for 1,000,000 options. The 2010 Stock Option Plan was amended on August 25, 2011 to accelerate vesting of options to 100% before a change in control.

#### *2020 Qualified and non-qualified stock option plan*

The Company adopted a qualified and non-qualified stock option plan on January 28, 2020 for 500,000 options.

Under the plans, the stock option price per share for options granted is determined by the Board of Directors and is based on the market price of the Company's common stock on the date of grant. The stock options vest over five years and no option can be exercised later than ten years from the date it was granted.

The Company determined compensation cost based on the fair value for its fully vested stock options at grant date. As of December 31, 2022 and 2021, the Company's total compensation expense recorded from inception-to-date (net of tax) was approximately \$147,000 and \$130,000, respectively.

The fair value for these options was estimated at the grant date using the Black-Scholes option-pricing model with the following weighted-average assumptions used for grants at December 31:

	<u>2022</u>	<u>2021</u>
Expected life	<b>5 years</b>	5 years
Risk-free interest rate	<b>3.3%</b>	3.3%
Expected volatility	<b>30%</b>	30%
Dividend yield	<b>3%</b>	3%
Fair value of options granted at fair market price	\$ <b>0.47</b>	\$ 0.39

All options granted were at the fair market price.

(Continued)

# AGENT INFORMATION SOFTWARE, INC.

## Notes to Consolidated Financial Statements

December 31, 2022 and 2021

### 7. Stockholders' equity (continued)

Transactions involving stock options for the years ended December 31, 2022 and 2021 are summarized as follows:

	Number of Shares	Weighted Average Exercise Price
Balance at December 31, 2020	752,333	\$ 0.51
Granted	50,000	2.16
Exercised	(198,333)	-
Forfeited	(14,000)	-
Balance at December 31, 2021	590,000	0.60
<b>Granted</b>	<b>250,000</b>	<b>1.90</b>
<b>Exercised</b>	<b>-</b>	<b>-</b>
<b>Forfeited</b>	<b>(10,000)</b>	<b>-</b>
<b>Balance at December 31, 2022</b>	<b>830,000</b>	<b>\$ 0.81</b>

Additional information with respect to the stock options outstanding and exercisable as of December 31, 2022 is as follows:

Option Exercise Price Range	Options Outstanding			Options Exercisable	
	Number of Shares	Average Remaining Contractual Life (Yrs.)	Weighted Average Exercise Price	Number of Shares	Average Exercise Price
\$0.30 to 0.49	60,000	3.25	\$0.36	60,000	\$0.36
\$0.50 to 0.69	315,000	4.52	0.50	315,000	0.50
\$0.70 to 0.89	30,000	5.65	0.81	30,000	0.81
\$1.70 to 1.89	95,000	7.23	1.82	58,000	1.83
\$1.90 to 2.09	250,000	9.44	1.90	-	0.00
\$2.10 to 2.19	50,000	8.47	2.16	10,000	2.16
\$2.30 to 2.49	30,000	7.83	2.36	12,000	2.36
	<u>830,000</u>	<u>6.62</u>	<u>\$0.81</u>	<u>485,000</u>	<u>\$0.74</u>

### 8. 401(k) Plan

The Company sponsors a defined contribution plan qualified under Section 401(k) of the Internal Revenue Code for the benefit of its U.S. based employees. All full-time employees are eligible to participate. The Company pays the administrative expenses of the plan. Annually, the Company may, at its sole discretion, award an amount as a match against employee contributions to the 401(k) plan. The Company contribution was approximately \$75,000 and \$34,000 for the years ended December 31, 2022 and 2021, respectively.

# AGENT INFORMATION SOFTWARE, INC.

## Notes to Consolidated Financial Statements

December 31, 2022 and 2021

### 9. Supplemental disclosures of consolidated cash flow information

The changes in the components of the operating assets and liabilities in the consolidated statements of cash flows, for the years ended December 31 are as follows:

	<u>2022</u>	<u>2021</u>
(Increase) decrease in assets:		
Accounts receivable, net	\$ (540,282)	\$ 237,558
Other receivable	(645,978)	-
Other current assets and deposits	19,232	(56,953)
Income taxes receivable	63,101	(63,101)
Increase (decrease) in liabilities:		
Accounts payable, trade	(7,252)	28,124
Deferred revenue	273,326	(52,059)
Accrued payroll and related liabilities	21,349	(27,904)
Other accrued liabilities	46,084	(8,592)
Income taxes payable	101,429	(32,993)
	<u>\$ (668,991)</u>	<u>\$ 24,080</u>

### 10. Subsequent events

Management has evaluated subsequent events through March 30, 2023, the date on which the consolidated financial statements were available to be issued.

## **Alternative Reporting Standard: Pink® Basic Disclosure Guidelines**

Federal securities laws, such as Rules 10b-5 and 15c2-11 of the Securities Exchange Act of 1934 (“Exchange Act”) as well as Rule 144 of the Securities Act of 1933 (“Securities Act”), and state Blue Sky laws, require issuers to provide *current information* to the public markets. With a view to facilitating compliance with these laws, OTC Markets Group has created these Pink Basic Disclosure Guidelines (“Guidelines”).<sup>1</sup> These Guidelines set forth the disclosure obligations that make up the “Alternative Reporting Standard” for Pink companies. These Guidelines have been designed to encompass the “Catch All” information required in Rule 15c2-11,<sup>2</sup> however they have not been reviewed by the U.S. Securities and Exchange Commission or any state securities regulator. We use information provided by companies under these Guidelines to designate the appropriate tier in the Pink Market: Current Information or Limited Information.<sup>3</sup>

These Guidelines may be amended from time to time, in the sole and absolute discretion of OTC Markets Group, with or without notice. The information provided by companies under these Guidelines is subject to our [Privacy Policy](#).

### **Pink Current Information Tier**

Companies that make the information described below publicly available on a timely basis may qualify for the Current Information Tier.

Qualification Process:

1. **Subscribe to the OTC Disclosure & News Service:** by submitting an application through [Gateway](#). Allow OTC Markets 2-4 weeks of application processing time.
2. **Upload Initial Disclosure:** Upload the following documents through OTCIQ:
  - **All Quarterly Reports** for Current Fiscal Year – must include Disclosure Statement and Financial Reports listed below
  - **Annual Report** for Most Recently Completed Fiscal Year– must include Disclosure Statement and Financial Reports listed below
  - **Annual Report** for Prior Completed Fiscal Year – must include Financial Reports listed below
    - **Disclosure Statements:** Disclosure information pursuant to these Guidelines for the applicable period. (see the fillable form starting on Page 4).
    - **Financial Statements:** Financial reports must be prepared according to U.S. GAAP or International Financial Reporting Standards (IFRS) but are not required to be audited. Required financial statements include:
      - Audit Letter, if audited
      - Balance Sheet
      - Statement of Income
      - Statement of Cash Flows
      - Statement of Retained Earnings (Statement of Changes in Stockholders’ Equity)
      - Notes to Financial Statements

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<sup>1</sup> This is not legal advice, and OTC Markets Group makes no assurance that compliance with our disclosure requirements will satisfy any legal requirements.

<sup>2</sup> Publication of information pursuant to these Guidelines does not guarantee or ensure that the Company will be designated as having “current information” or eligible for public quotations pursuant to Rule 15c2-11 or any other applicable regulation.

<sup>3</sup> OTC Markets Group may require companies with securities designated as Caveat Emptor to make additional disclosures in order to qualify for the Pink Current Information tier.



3. **Attorney Letter** (only required if not providing audited financials): If financial statements are not audited by a PCAOB registered firm, companies must retain U.S. counsel to review their disclosure and provide a letter to OTC Markets Group with respect to adequate current information by providing the following:
  - **Attorney Letter Agreement:** The attorney must submit a signed Attorney Letter Agreement according to the [Attorney Letter Agreement Instructions](#). The attorney is required to submit an Attorney Letter Agreement for each company that engages the attorney for the purpose of providing this Letter.
  - **Attorney Letter:** After a qualified attorney reviews the Disclosure Statement, upload the “Attorney Letter With Respect to Current Information” in accordance with the [Attorney Letter Guidelines](#) through OTCIQ. Attorney Letters must reference all required reports as set forth in Section 2 above.
4. **Verified Profile:** The Company must verify the Company Profile through OTCIQ, including, but not limited to, a complete list of officers, directors, and service providers; outstanding shares; a business description; contact information; and the name of all company insiders. Company insiders are defined as the beneficial owner of more than 10% of the outstanding units or shares of any class of any equity security of the issuer.
5. **OTC Markets Group Processing of Disclosure:** Allow OTC Markets Group to process the posted documents (typically three to five business days) and provide any comments. Companies will only be evaluated for Current Information once all required documentation has been submitted. A new Attorney Letter is required upon amendment of any referenced report.
6. **Ongoing Disclosure Requirements:** To qualify for Current Information on an ongoing basis, companies must:
  - Upload reports through OTCIQ on the following schedule:
    - Quarterly Report within **45 days** of the quarter end
    - Annual Report within **90 days** of the fiscal year end
    - Attorney Letter within **120 days** of the fiscal year end
  - Maintain a Verified Profile. At least once every six months, review and verify the Company’s profile information through OTCIQ.

### **Pink Limited Information Tier**

Companies that make the information described below publicly available through OTCIQ may qualify for the Limited Information Tier.

7. **Annual Financial Statements:** Companies must upload the below financial statements for a completed Fiscal Year within the past 16 months. Financial reports must be prepared according to U.S. GAAP or International Financial Reporting Standards (IFRS) but are not required to be audited.
  - Audit Letter, if audited
  - Balance Sheet
  - Statement of Income
  - Statement of Cash Flows
  - Statement of Retained Earnings (Statement of Changes in Stockholders’ Equity)
  - Notes to Financial Statements
8. **Verified Profile:** The Company must verify the Company Profile through OTCIQ, including, but not limited to, a complete list of officers, directors, and service providers; outstanding shares; a business description; contact information; and the name of all company insiders. Company insiders are defined as the beneficial owner of more than 10% of the outstanding units or shares of any class of any equity security of the issuer.
9. **Ongoing Disclosure Requirements:** To Qualify for Limited Information on an ongoing basis, companies must:
  - Upload reports through OTCIQ on the following schedule:
    - Annual Report (including the required financial statements outlined in Item 8) within 120 days of the fiscal year end

- Review and Verify the Company's profile information through OTCIQ at least once every 12 months.

### **Current Reporting of Material Corporate Events**

In addition to the disclosure requirements above, companies are expected to release quickly to the public any news or information regarding corporate events that may be material to the issuer and its securities (including adverse information). Persons with knowledge of such events are considered to be in possession of material nonpublic information and may not buy or sell the issuer's securities until or unless such information is made public. If not included in the issuer's previous public disclosure documents or if any of the following events occur after the publication of such disclosure documents, the issuer shall publicly disclose such events by disseminating a news release **within four (4) business days** following their occurrence and posting such news release through an Integrated Newswire or OTCIQ.<sup>4</sup>

Material corporate events include:

- Entry into or termination of a material definitive agreement
- Completion of an acquisition or disposition of assets, including but not limited to merger transactions
- Creation of a direct financial obligation or an obligation under an off-balance sheet arrangement of an issuer
- Triggering events that accelerate or increase a direct financial obligation or an obligation under an off-balance sheet arrangement
- Costs associated with exit or disposal activities
- Material impairments
- Sales of equity securities
- Material modification to rights of security holders
- Changes in issuer's certifying accountant
- Non-reliance on previously issued financial statements or a related audit report or completed interim review
- Changes in control of issuer
- Departure of directors or principal officers; election of directors; appointment of principal officers
- Amendments to articles of incorporation or bylaws; change in fiscal year
- Amendments to the issuer's code of ethics, or waiver of a provision of the code of ethics
- Any changes to litigation the issuer may be involved in, or any new litigation surrounding the issuer
- Officer, director, or insider transactions in the issuer's securities
- Disclosure of investor relations, marketing, brand awareness, and stock promotion activities which might reasonably be expected to materially affect the market for its securities or otherwise deemed material by the issuer
- Changes to the company's shell status
- Other events the issuer determines to be material

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<sup>4</sup> "Integrated Newswire" shall mean a newswire service that is integrated with the OTC Disclosure & News Service and is included on OTC Markets Group's list of Integrated Newswires, as published on <https://www.otcm Markets.com/corporate-services/products/disclosure-and-news-service>

# **Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines**

## **Agent Information Software, Inc.**

760 E. Francis St., Units C & D  
Ontario, CA 91761

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909-569-7004

<http://www.auto-graphics.com/company/investors.html>  
[rbs@auto-graphics.com](mailto:rbs@auto-graphics.com)  
8859

## **Annual Report**

**For the period ending December 31, 2022 (the "Reporting Period")**

### **Outstanding Shares**

The number of shares outstanding of our Common Stock was:

4,682,910 as of December 31, 2022

4,682,910 as of December 31, 2021

### **Shell Status**

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933, Rule 12b-2 of the Exchange Act of 1934 and Rule 15c2-11 of the Exchange Act of 1934):

Yes: ☐ No: ☒

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: ☐ No: ☒

### **Change in Control**

Indicate by check mark whether a Change in Control<sup>5</sup> of the company has occurred over this reporting period:

Yes: ☐ No: ☒

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<sup>5</sup> "Change in Control" shall mean any events resulting in:

- (i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;
- (ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;
- (iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or
- (iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

**1) Name and address(es) of the issuer and its predecessors (if any)**

In answering this item, provide the current name of the issuer any names used by predecessor entities, along with the dates of the name changes.

Executive Office and Principal Place of Business

Agent Information Software, Inc.  
760 E. Francis St., Units C & D  
Ontario, CA 91761

The state of incorporation or registration of the issuer and of each of its predecessors (if any) during the past five years; Please also include the issuer's current standing in its state of incorporation (e.g. active, default, inactive):

Nevada, Active

Describe any trading suspension orders issued by the SEC concerning the issuer or its predecessors since inception:

N/A

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

Stock Dividend issued 6/3/20 - \$0.03 per share – record date 5/26/20, pay date 6/12/20

Stock Dividend issued 5/19/21 - \$0.035 per share – record date 6/17/21, pay date 6/30/21

Stock Dividend issued 5/25/22 - \$0.035 per share – record date 6/15/22, pay date 6/30/22

The address(es) of the issuer's principal executive office:

760 E. Francis St., Units C & D  
Ontario, CA 91761

The address(es) of the issuer's principal place of business:

*X Check if principal executive office and principal place of business are the same address:*

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

No: ☒ Yes: ☐ If Yes, provide additional details below:

**2) Security Information**

**Transfer Agent**

Name: Computershare  
Phone: 818-254-3168  
Email: Jennifer.Lippoldt@computershare.com  
Address: 150 Royall St., Canton, MA 02021

**Publicly Quoted or Traded Securities:**

*The goal of this section is to provide a clear understanding of the share information for its publicly quoted or traded equity securities. Use the fields below to provide the information, as applicable, for all outstanding classes of securities that are publicly traded/quoted.*

Trading symbol: AIFS  
Exact title and class of securities outstanding: Agent Information Software Inc., Common Stock, \$0.001 par value  
CUSIP: 00847D  
Par or stated value: \$0.001

Total shares authorized: 12,000,000 as of date: 12/31/22  
Total shares outstanding: 4,682,910 as of date: 12/31/22  
Number of shares in the Public Float<sup>6</sup>: 1,263,712 as of date: 12/31/22

*All additional class(es) of publicly quoted or traded securities (if any):*

Trading symbol: \_\_\_\_\_  
Exact title and class of securities outstanding: \_\_\_\_\_  
CUSIP: \_\_\_\_\_  
Par or stated value: \_\_\_\_\_  
Total shares authorized: \_\_\_\_\_ as of date: \_\_\_\_\_  
Total shares outstanding: \_\_\_\_\_ as of date: \_\_\_\_\_  
Total number of shareholders of record: \_\_\_\_\_ as of date: \_\_\_\_\_

**Other classes of authorized or outstanding equity securities:**

*The goal of this section is to provide a clear understanding of the share information for its other classes of authorized or outstanding equity securities (e.g. preferred shares). Use the fields below to provide the information, as applicable, for all other authorized or outstanding equity securities.*

Exact title and class of the security: \_\_\_\_\_  
CUSIP (if applicable): \_\_\_\_\_  
Par or stated value: \_\_\_\_\_  
Total shares authorized: \_\_\_\_\_ as of date: \_\_\_\_\_  
Total shares outstanding (if applicable): \_\_\_\_\_ as of date: \_\_\_\_\_  
Total number of shareholders of record (if applicable): \_\_\_\_\_ as of date: \_\_\_\_\_

Exact title and class of the security: \_\_\_\_\_  
CUSIP (if applicable): \_\_\_\_\_  
Par or stated value: \_\_\_\_\_  
Total shares authorized: \_\_\_\_\_ as of date: \_\_\_\_\_  
Total shares outstanding (if applicable): \_\_\_\_\_ as of date: \_\_\_\_\_

<sup>6</sup> "Public Float" shall mean the total number of unrestricted shares not held directly or indirectly by an officer, director, any person who is the beneficial owner of more than 10 percent of the total shares outstanding (a "control person"), or any affiliates thereof, or any immediate family members of officers, directors and control persons.

Total number of shareholders of record  
(if applicable):

\_\_\_\_\_ as of date: \_\_\_\_\_

**Security Description:**

*The goal of this section is to provide a clear understanding of the material rights and privileges of the securities issued by the company. Please provide the below information for each class of the company's equity securities, as applicable:*

1. **For common equity, describe any dividend, voting and preemption rights.**

During the restricted period, all stockholders shall have the right to receive dividends from and to vote the shares of Restricted stock

2. **For preferred stock, describe the dividend, voting, conversion, and liquidation rights as well as redemption or sinking fund provisions.**

N/A

3. **Describe any other material rights of common or preferred stockholders.**

None

4. **Describe any material modifications to rights of holders of the company's securities that have occurred over the reporting period covered by this report.**

None

**3) Issuance History**

The goal of this section is to provide disclosure with respect to each event that resulted in any changes to the total shares outstanding of any class of the issuer's securities **in the past two completed fiscal years and any subsequent interim period.**

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares, or any other securities or options to acquire such securities, issued for services. Using the tabular format below, please describe these events.

**A. Changes to the Number of Outstanding Shares**

Indicate by check mark whether there were any changes to the number of outstanding shares within the past two completed fiscal years:

No: ☐ Yes: ☒ (If yes, you must complete the table below)

Shares Outstanding as of Second Most Recent Fiscal Year End: Opening Balance Date <u>12/31/18</u> Common: <u>4,342,577</u> Preferred: <u>0</u>			*Right-click the rows below and select "Insert" to add rows as needed.						
Date of Transaction	Transaction type (e.g., new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to.  *You must disclose the control person(s) for any entities listed.	Reason for share issuance (e.g. for cash or debt conversion) - OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
<u>1/22/19</u>	<u>Exercise Option</u>	<u>25,000</u>	<u>Common</u>	<u>\$0.10</u>	<u>Yes</u>	<u>Garry Heath</u>	<u>Exercise Option</u>	<u>Restricted</u>	<u>Common</u>
<u>1/31/19</u>	<u>Exercise Option</u>	<u>10,000</u>	<u>Common</u>	<u>\$0.10</u>	<u>Yes</u>	<u>Paul R. Cope</u>	<u>Exercise Option</u>	<u>Restricted</u>	<u>Common</u>
<u>5/8/19</u>	<u>Exercise Option</u>	<u>10,000</u>	<u>Common</u>	<u>\$0.45</u>	<u>Yes</u>	<u>Thomas Dudley</u>	<u>Exercise Option</u>	<u>Restricted</u>	<u>Common</u>
<u>5/14/19</u>	<u>Exercise Option</u>	<u>15,000</u>	<u>Common</u>	<u>\$0.10</u>	<u>Yes</u>	<u>Kyle C. Murphy</u>	<u>Exercise Option</u>	<u>Restricted</u>	<u>Common</u>
<u>7/17/19</u>	<u>Exercise Option</u>	<u>10,000</u>	<u>Common</u>	<u>\$0.30</u>	<u>Yes</u>	<u>Paul R Cope</u>	<u>Exercise Option</u>	<u>Restricted</u>	<u>Common</u>
<u>7/17/19</u>	<u>Exercise Option</u>	<u>10,000</u>	<u>Common</u>	<u>\$0.20</u>	<u>Yes</u>	<u>Paul R Cope</u>	<u>Exercise Option</u>	<u>Restricted</u>	<u>Common</u>
<u>7/17/19</u>	<u>Exercise Option</u>	<u>1,000</u>	<u>Common</u>	<u>\$0.32</u>	<u>Yes</u>	<u>Jennifer Mason</u>	<u>Exercise Option</u>	<u>Restricted</u>	<u>Common</u>
<u>7/17/19</u>	<u>Exercise Option</u>	<u>1,000</u>	<u>Common</u>	<u>\$0.32</u>	<u>Yes</u>	<u>Ted Koppel</u>	<u>Exercise Option</u>	<u>Restricted</u>	<u>Common</u>
<u>1/22/19</u>	<u>Exercise Option</u>	<u>25,000</u>	<u>Common</u>	<u>\$0.10</u>	<u>Yes</u>	<u>Garry Heath</u>	<u>Exercise Option</u>	<u>Restricted</u>	<u>Common</u>
<u>3/6/20</u>	<u>Exercise Option</u>	<u>10,000</u>	<u>Common</u>	<u>\$0.20</u>	<u>Yes</u>	<u>Garry Heath</u>	<u>Exercise Option</u>	<u>Restricted</u>	<u>Common</u>
<u>3/6/20</u>	<u>Exercise Option</u>	<u>10,000</u>	<u>Common</u>	<u>\$0.32</u>	<u>Yes</u>	<u>Garry Heath</u>	<u>Exercise Option</u>	<u>Restricted</u>	<u>Common</u>
<u>3/6/20</u>	<u>Exercise Option</u>	<u>10,000</u>	<u>Common</u>	<u>\$0.50</u>	<u>Yes</u>	<u>Garry Heath</u>	<u>Exercise Option</u>	<u>Restricted</u>	<u>Common</u>
<u>3/9/20</u>	<u>Exercise Option</u>	<u>6,667</u>	<u>Common</u>	<u>\$0.50</u>	<u>Yes</u>	<u>W. Brent Hicks</u>	<u>Exercise Option</u>	<u>Restricted</u>	<u>Common</u>
<u>3/9/20</u>	<u>Exercise Option</u>	<u>3,333</u>	<u>Common</u>	<u>\$0.81</u>	<u>Yes</u>	<u>W. Brent Hicks</u>	<u>Exercise Option</u>	<u>Restricted</u>	<u>Common</u>
<u>6/3/20</u>	<u>Exercise Option</u>	<u>10,000</u>	<u>Common</u>	<u>\$0.50</u>	<u>Yes</u>	<u>Paul R Cope</u>	<u>Exercise Option</u>	<u>Restricted</u>	<u>Common</u>

<u>10/26/20</u>	<u>Exercise Option</u>	<u>10,000</u>	<u>Common</u>	<u>\$0.20</u>	<u>Yes</u>	<u>Kyle C. Murphy</u>	<u>Exercise Option</u>	<u>Restricted</u>	<u>Common</u>
<u>4/1/21</u>	<u>Exercise Option</u>	<u>10,000</u>	<u>Common</u>	<u>\$0.32</u>	<u>Yes</u>	<u>Kyle C. Murphy</u>	<u>Exercise Option</u>	<u>Restricted</u>	<u>Common</u>
<u>7/1/21</u>	<u>Exercise Option</u>	<u>6,666</u>	<u>Common</u>	<u>\$0.50</u>	<u>Yes</u>	<u>W. Brent Hicks</u>	<u>Exercise Option</u>	<u>Restricted</u>	<u>Common</u>
<u>7/1/21</u>	<u>Exercise Option</u>	<u>6,667</u>	<u>Common</u>	<u>\$0.81</u>	<u>Yes</u>	<u>W. Brent Hicks</u>	<u>Exercise Option</u>	<u>Restricted</u>	<u>Common</u>
<u>7/1/21</u>	<u>Exercise Option</u>	<u>6,667</u>	<u>Common</u>	<u>\$1.85</u>	<u>Yes</u>	<u>W. Brent Hicks</u>	<u>Exercise Option</u>	<u>Restricted</u>	<u>Common</u>
<u>7/1/21</u>	<u>Exercise Option</u>	<u>3,333</u>	<u>Common</u>	<u>\$1.81</u>	<u>Yes</u>	<u>W. Brent Hicks</u>	<u>Exercise Option</u>	<u>Restricted</u>	<u>Common</u>
<u>7/1/21</u>	<u>Exercise Option</u>	<u>10,000</u>	<u>Common</u>	<u>\$0.50</u>	<u>Yes</u>	<u>Thomas Dudley</u>	<u>Exercise Option</u>	<u>Restricted</u>	<u>Common</u>
<u>7/1/21</u>	<u>Exercise Option</u>	<u>10,000</u>	<u>Common</u>	<u>\$0.30</u>	<u>Yes</u>	<u>Thomas Dudley</u>	<u>Exercise Option</u>	<u>Restricted</u>	<u>Common</u>
<u>7/1/21</u>	<u>Exercise Option</u>	<u>10,000</u>	<u>Common</u>	<u>\$0.12</u>	<u>Yes</u>	<u>Thomas Dudley</u>	<u>Exercise Option</u>	<u>Restricted</u>	<u>Common</u>
<u>7/1/21</u>	<u>Exercise Option</u>	<u>10,000</u>	<u>Common</u>	<u>\$0.20</u>	<u>Yes</u>	<u>Thomas Dudley</u>	<u>Exercise Option</u>	<u>Restricted</u>	<u>Common</u>
<u>7/1/21</u>	<u>Exercise Option</u>	<u>10,000</u>	<u>Common</u>	<u>\$0.32</u>	<u>Yes</u>	<u>Thomas Dudley</u>	<u>Exercise Option</u>	<u>Restricted</u>	<u>Common</u>
<u>7/1/21</u>	<u>Exercise Option</u>	<u>55,000</u>	<u>Common</u>	<u>\$0.39</u>	<u>Yes</u>	<u>Thomas Dudley</u>	<u>Exercise Option</u>	<u>Restricted</u>	<u>Common</u>
<u>7/1/21</u>	<u>Exercise Option</u>	<u>10,000</u>	<u>Common</u>	<u>\$0.50</u>	<u>Yes</u>	<u>Thomas Dudley</u>	<u>Exercise Option</u>	<u>Restricted</u>	<u>Common</u>
<u>7/1/21</u>	<u>Exercise Option</u>	<u>30,000</u>	<u>Common</u>	<u>\$0.50</u>	<u>Yes</u>	<u>Thomas Dudley</u>	<u>Exercise Option</u>	<u>Restricted</u>	<u>Common</u>
<u>7/1/21</u>	<u>Exercise Option</u>	<u>10,000</u>	<u>Common</u>	<u>\$0.81</u>	<u>Yes</u>	<u>Thomas Dudley</u>	<u>Exercise Option</u>	<u>Restricted</u>	<u>Common</u>
<u>7/1/21</u>	<u>Exercise Option</u>	<u>10,000</u>	<u>Common</u>	<u>\$1.85</u>	<u>Yes</u>	<u>Thomas Dudley</u>	<u>Exercise Option</u>	<u>Restricted</u>	<u>Common</u>
Shares Outstanding on Date of This Report:									
<u>Ending Balance:</u>									
Date <u>12/31/22</u> Common: <u>4,682,910</u>									
Preferred: <u>0</u>									

**Example:** A company with a fiscal year end of December 31<sup>st</sup>, in addressing this item for its Annual Report, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2021 through December 31, 2022 pursuant to the tabular format above.



Use the space below to provide any additional details, including footnotes to the table above:

## B. Promissory and Convertible Notes

Indicate by check mark whether there are any outstanding promissory, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities:

No: ☒ Yes: ☐ (If yes, you must complete the table below)

Date of Note Issuance	Outstanding Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder.  *You must disclose the control person(s) for any entities listed.	Reason for Issuance (e.g. Loan, Services, etc.)
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____

Use the space below to provide any additional details, including footnotes to the table above:

## 4) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations.  
(Please ensure that these descriptions are updated on the Company's Profile on [www.otcm Markets.com](http://www.otcm Markets.com)).

A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")

SaaS (Software as a Service) for Library Automation

B. List any subsidiaries, parent company, or affiliated companies.

N/A

C. Describe the issuers' principal products or services.

SHAREit, VERSO and MONTAGE for public and state libraries

## 5) Issuer's Facilities

The goal of this section is to provide a potential investor with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer and the extent in which the facilities are utilized.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have

complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

Equipment is stated at cost less accumulated depreciation and amortization. Leasehold improvements are amortized over the shorter of the useful life of the asset or the term of the lease. Depreciation and amortization is based on straight-line method over the estimated useful life of the asset and commences in the year the asset is placed in and/or is available for service or sale using the half-year convention method.

The Issuer terminated its lease at its corporate office facility effective July 15, 2022. The 75 month building lease was set to expire July 31, 2025. The Issuer started a new server management services lease from an independent third party in December 2019. The lease is on a month-to-month basis. The Issuer leases a storage facility on a month to month basis from an independent third party. The five-year lease expires April 30, 2023

## 6) Officers, Directors, and Control Persons

Using the table below, please provide information, as of the period end date of this report, regarding any officers, or directors of the company, individuals or entities controlling more than 5% of any class of the issuers securities, or any person that performs a similar function, regardless of the number of shares they own. **If any insiders listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information (City, State) of an individual representing the corporation or entity in the note section.**

Include Company Insiders who own any outstanding units or shares of any class of any equity security of the issuer.

The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial shareholders.

Names of All Officers, Directors and Control Persons	Affiliation with Company (e.g. Officer Title /Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Names of control person(s) if a corporate entity
<u>Paul R. Cope</u>	<u>President</u> <u>(Control Person)</u>	<u>Rancho Cucamonga, CA</u>	<u>517,144</u>	<u>Common</u>	<u>11</u>	_____
<u>Bryan Straight</u>	<u>Controller</u>	<u>Columbus, IN</u>	<u>0</u>	<u>N/A</u>	<u>0</u>	_____
<u>Cheryl Slinkard</u>	<u>COO</u>	<u>Yorba Linda, CA</u>	<u>0</u>	<u>N/A</u>	<u>0</u>	
<u>Albert Flores</u>	<u>VP Sales &amp; Marketing</u>	<u>Rancho Cucamonga, CA</u>	<u>0</u>	<u>N/A</u>	<u>0</u>	_____
<u>W. Brent Hicks</u>	<u>Director</u>	<u>Tempe, AZ</u>	<u>95,000</u>	<u>Common</u>	<u>2</u>	_____
<u>Garry C. Heath</u>	<u>Director</u>	<u>Eagle, ID</u>	<u>55,000</u>	<u>Common</u>	<u>1</u>	
<u>Kyle C. Murphy</u>	<u>Director</u>	<u>Torrance, CA</u>	<u>45,000</u>	<u>Common</u>	<u>1</u>	
<u>Ken Kerr</u>	<u>Director</u>	<u>Corvallis, OR</u>	<u>0</u>	<u>N/A</u>	<u>0</u>	

## 7) Legal/Disciplinary History

A. Identify whether any of the persons or entities listed above have, in the past 10 years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

None

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

None

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

None

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

None

B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

None

## 8) Third Party Service Providers

Provide the name, address, telephone number and email address of each of the following outside providers. You may add additional space as needed.

Securities Counsel (must include Counsel preparing Attorney Letters).

Name:	<u>Allen Ostergar</u>
Firm:	<u>Ostergar Lattin Julander LLP</u>
Address 1:	<u>9110 Irvine Center Drive</u>
Address 2:	<u>Irvine, CA 92618</u>
Phone:	<u>949-305-4590</u>
Email:	<u>www.ostergar.com</u>

#### Accountant or Auditor

Name: Jinnefer A. Razo  
Firm: Swenson Corp  
Address 1: 10606 Trademark Pkwy N Ste 203  
Address 2: Rancho Cucamonga, CA 91730  
Phone: 909-989-5867  
Email: jrazo@swensoncorp.com

#### Investor Relations

Name: \_\_\_\_\_  
Firm: \_\_\_\_\_  
Address 1: \_\_\_\_\_  
Address 2: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Email: \_\_\_\_\_

*All other means of Investor Communication:*

Twitter: \_\_\_\_\_  
Discord: \_\_\_\_\_  
LinkedIn: \_\_\_\_\_  
Facebook: \_\_\_\_\_  
[Other ] \_\_\_\_\_

#### Other Service Providers

Provide the name of any other service provider(s) that **that assisted, advised, prepared, or provided information with respect to this disclosure statement**. This includes counsel, broker-dealer(s), advisor(s), consultant(s) or any entity/individual that provided assistance or services to the issuer during the reporting period.

Name: \_\_\_\_\_  
Firm: \_\_\_\_\_  
Nature of Services: \_\_\_\_\_  
Address 1: \_\_\_\_\_  
Address 2: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Email: \_\_\_\_\_

### **9) Financial Statements**

A. The following financial statements were prepared in accordance with:

☐ IFRS  
☒ U.S. GAAP

B. The following financial statements were prepared by (name of individual)<sup>7</sup>:

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<sup>7</sup> The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS and by persons with sufficient financial skills.

Name: Jinnefer Razo  
Title: Audit Principal  
Relationship to Issuer: CPA Firm

Describe the qualifications of the person or persons who prepared the financial statements: CPA

Provide the following financial statements for the most recent fiscal year or quarter. For the initial disclosure statement (qualifying for Pink Current Information for the first time) please provide reports for the two previous fiscal years and any subsequent interim periods.

- a. Audit letter, if audited;
- b. Balance Sheet;
- c. Statement of Income;
- d. Statement of Cash Flows;
- e. Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
- f. Financial Notes

## 10) Issuer Certification

*Principal Executive Officer:*

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities) in each Quarterly Report or Annual Report.

The certifications shall follow the format below:

I, Paul R. Cope certify that:

1. I have reviewed this Disclosure Statement for Agent Information Software Inc;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

March 30, 2023

/s/Paul R. Cope

(Digital Signatures should appear as "/s/ [OFFICER NAME]")

*Principal Financial Officer:*

I, Bryan Straight certify that:

1. I have reviewed this Disclosure Statement for Agent Information Software Inc;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

March 30, 2023

/s/Bryan Straight

(Digital Signatures should appear as "/s/ [OFFICER NAME]")