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March 29, 2016

Dear Shareholders:

Attached you will find the 2015 audited financial statement for Agent Information Software, Inc.

For the year ended December 31, 2015, the company is continuing to build on its core strength as well as looking at new opportunities. The company continues to focus on delivery of our AGenT Library Management Platform via SaaS model. As an innovator at providing library solutions via SaaS model we are continuing to build on our success of SHAREit<sup>(TM)</sup> and Verso<sup>(TM)</sup>.

Whereas many company President's would take this time to discuss the year-end financial status, I would like to take the time to address the steps that A-G took in order to continue the future growth and success to benefit both our customers, employees and shareholders. In 2015 we began the expansion of our product line to include a digital collection product, Montage<sup>(TM)</sup>. The roll out of this addition to our product line began at the end of 2015 and we were pleased with the positive response to our solution in the market place and can report that initial sales are on target.

As noted last year, the company was successful with the award of two new SHAREit statewide resource sharing solutions for South Dakota and Indiana. These sites have begun the initial implementation phase and will go live in 2016. We continue to remain enthusiastic as more states have approached us regarding the development of resource sharing initiatives that would commence in late 2016 or 2017. Clearly the advantages of our innovative product and its flexibility are key to the interest that we are seeing in these new opportunities.

VERSO continues to do well with the additional product functions that were introduced in 2014 to address the growing importance of electronic resources in the library. Additional functions have been optimized and introduced in order to continue to address the needs of the public library segment of the market.

Sales for 2015 were up by 5.2% overall from 2014, with US library sales of recurring revenue up 7.7%. As noted, 2015 was a year of expansion for our ILL base but sadly was a year in which we lost a long time ILL customer due to major statewide budget constraints. Unfortunately, after "awarding" us the contract, the budget cuts caused them to go in another direction. As of this writing, the customers decision has not proven fruitful and so our position is that we are here and ready to help if they want it. In addition, we have been successful in building a consortial based ILL solution for our VERSO ILS customers in the state, opting not to wait for the state's solution.

Notwithstanding the loss of one state and continued budget concerns, the company continues to see several statewide opportunities for SHAREit developing in 2016 and 2017. We feel that we are properly prepared to deliver exceptional products, services and solutions within the constrained state operating budgets. If successful in winning the contracts, the opportunities will strengthen the company's leadership position of

providing statewide resource sharing solutions. Success in the states will also open doors to libraries within the state looking for a more effective ILS solution that can integrate with the statewide initiatives.

As a result of a number of mergers and acquisitions during 2014 we did find that some of the bidding we expected to see in 2015 was delayed as libraries waited to see the results of the industry changes. During the 1<sup>st</sup> Quarter of 2016, the number of request for proposals are ahead of 2015 and we expecting that to remain a trend as libraries explore avenues to reduce costs, move to a SaaS platform and replace older technologies.

2016 will bring about the celebration of the company's 66<sup>th</sup> anniversary and as we look back at our past, we know we must look ahead. In the 66 years of our history the company has remained viable because of our ability to change, and 2016 will be no different. The company will continue to focus on new products and functionality to meet the market needs including a new interface that is even more patron (end user centric) and designed for the library staff that will take advantage of mobile plaforms of tablets and even smartphones. We continue to feel strongly that our company longevity, product platform, and continued focused as a SaaS solution provider will make the company's products and services more relevant than ever.

I would like to thank you, our shareholders, for the continued support in AIFS's long-term strategy and vision. I hope you share our excitement about AIFS's performance as we work to shape our products to the benefit of libraries and their membership.

The complete financial reports can also be accessed through the company's website at <http://www.agentinformationsoftware.com/investors.htm>.

If you have questions, please do not hesitate to email me at [prc@auto-graphics.com](mailto:prc@auto-graphics.com) or call me directly at 909-569-1520 or you may contact our controller, Paul Widjaja at 909-569-1535.

Best regards,



Paul R. Cope  
President