

MAM SOFTWARE GROUP, INC.
Form 10-K
September 14, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended June 30, 2018

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 001-35918

MAM Software Group, Inc.

(Exact name of registrant as specified in its charter)

Delaware

84-1108035

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(State or other jurisdiction of incorporation or
organization)

(IRS Employer Identification No.)

Two Valley Square, Suite 220, 512 Township Line Road, Blue Bell, PA 19422

(Address of principal executive offices) (Zip code)

Registrant's telephone number, including area code: **(610) 336-9045**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:	Name of each exchange on which registered:
Common Stock, \$0.0001 par value	NASDAQ Capital Market

Securities registered pursuant to Section 12(g) of the Act:

None

(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer (as defined in Rule 405 of the Act).

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter periods that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

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Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III or this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Smaller reporting company

Non-accelerated filer (Do not check if smaller reporting company)

Emerging growth company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes No

As of December 31, 2017, 12,569,983 shares of common stock were outstanding. The aggregate market value of the common stock held by non-affiliates of the registrant, as of December 29, 2017, the last business day of the second fiscal quarter, was approximately \$40,676,424 based on the average high and low price of \$7.63 for the registrant's common stock as quoted on NASDAQ Capital Market on that date. Shares of common stock held by each director, each officer and each person who owns 10% or more of the outstanding common stock have been excluded from this calculation in that such persons may be deemed to be affiliates. The determination of affiliate status is not necessarily conclusive.

The registrant had 12,595,085 shares of its common stock outstanding as of September 7, 2018.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the proxy statement for the registrant's 2019 Annual Meeting of Stockholders are incorporated herein by reference into Part III of this Annual Report on Form 10-K.

TABLE OF CONTENTS

PART I	Page
	<u>1</u>
Item 1. Business	<u>1</u>
Item 1A. Risk Factors	<u>7</u>
Item 1B. Unresolved Staff Comments	<u>14</u>
Item 2. Properties	<u>14</u>
Item 3. Legal Proceedings	<u>14</u>
Item 4. Mine Safety Disclosures	<u>14</u>
PART II	<u>15</u>
Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	<u>15</u>
Item 6. Selected Financial Data	<u>15</u>
Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations	<u>15</u>
Item 7A. Quantitative and Qualitative Disclosures about Market Risk	<u>27</u>
Item 8. Financial Statements and Supplementary Data	<u>27</u>
Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	<u>27</u>
Item 9A. Controls and Procedures	<u>27</u>
Item 9B. Other Information	<u>27</u>
PART III	<u>28</u>
Item 10. Directors, Executive Officers and Corporate Governance	<u>28</u>
Item 11. Executive Compensation	<u>28</u>
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	<u>28</u>
Item 13. Certain Relationships and Related Transactions, and Director Independence	<u>28</u>
Item 14. Principal Accounting Fees and Services	<u>28</u>
PART IV	<u>29</u>
Item 15. Exhibits, Financial Statement Schedules	<u>29</u>
SIGNATURES	<u>31</u>

INDEX TO EXHIBITS

32

i

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K (this “Report”) contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Forward-looking statements discuss matters that are not historical facts. Because they discuss future events or conditions, forward-looking statements may include words such as “anticipate,” “believe,” “estimate,” “intend,” “could,” “should,” “would,” “may,” “seek,” “plan,” “might,” “will,” “expect,” “predict,” “project,” “potential,” “continue,” negatives thereof or similar expressions. These forward-looking statements are found at various places throughout this Report and include information concerning possible or assumed future results of our operations; business strategies; future cash flows; financing plans; plans and objectives of management; any other statements regarding future operations, future cash needs, business plans and future financial results, and any other statements that are not historical facts.

From time to time, forward-looking statements also are included in our other periodic reports on Forms 10-Q and 8-K, in our press releases, in our presentations, on our website and in other materials released to the public. Any or all of the forward-looking statements included in this Report and in any other reports or public statements made by us are not guarantees of future performance and may turn out to be inaccurate. These forward-looking statements represent our intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors. Many of those factors are outside of our control and could cause actual results to differ materially from the results expressed or implied by those forward-looking statements. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements might not occur or might occur to a different extent or at a different time than we have described. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Report. All subsequent written and oral forward-looking statements concerning other matters addressed in this Report and attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this Report.

Except to the extent required by law, we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, a change in events, conditions, circumstances or assumptions underlying such statements, or otherwise.

For discussion of factors that we believe could cause our actual results to differ materially from expected and historical results see “Item 1A — Risk Factors” below.

PART I

Item 1. Business

Overview

MAM Software Group, Inc. (“MAM,” “the Company,” “we,” “our,” or “us”) is a leading provider of cloud-based business and on premise management solutions for the auto parts, tires and vertical distribution industries. We have a broad line of software solutions and services to address the information technology (“IT”) needs of virtually every significant sector of the automotive aftermarket in the United Kingdom (“UK”) and Ireland (collectively referred to as the “UK Market”) and in the United States of America (“US”) and Canada (collectively referred to as the “NA Market”), and are seeking to leverage this position into new geographic territories and industry verticals.

Our Markets

MAM provides software, information, and e-commerce and related services to businesses engaged in the automotive aftermarket in the UK Market and the US Market. The automotive aftermarket consists of businesses associated with the life cycle of a motor vehicle from when the original manufacturer’s warranty expires to when the vehicle is scrapped. Products sold by businesses engaged in this market include the parts, tires and auto services required to maintain and improve the performance or appeal of a vehicle throughout its useful life. We aim to meet the business needs of customers who are involved in the maintenance and repair of automobiles and light trucks in three key segments of the automotive aftermarket, namely parts, tires and auto service.

Our customer base consists of wholesale parts and tire distributors, retailers, franchisees, cooperatives, auto service chains and single location auto service businesses with high customer service expectations and complex commercial relationships.

In the UK Market, we also provide solutions to businesses involved in the wholesale of construction materials. These vertical markets include plumbing, building, lumber, and electrical wholesale distribution companies. We currently do not provide management solutions for vertical markets in North America (“NA”).

Industry Overview

MAM serves the business needs of customers involved in the supply of parts and tires and the maintenance and repair of automobiles and light trucks in three key segments of the automotive aftermarket, namely parts, tires and auto service.

The global automotive aftermarket is witnessing stable growth due to the increased vehicle fleet and the demand for replaceable parts, tires and accessories. An increase in motor vehicle accidents is driving demand for external bodywork components. However, as the quality of aftermarket products improve, the longevity of these products increases and failures become less frequent, leading to a potential decrease in demand.

The major factors currently influencing market behavior include the geopolitical landscapes in the UK and NA, and the presence of traditionally non-automotive e-commerce participants like Amazon. The increasing digitalization of cars and components also presents challenges and opportunities to the sector as it strives to keep pace with advanced vehicle technology, data driven servicing and the changing needs of motorists.

Nonetheless, we believe that the automotive aftermarket will continue to grow, driven by the following factors:

- gradual growth in the aggregate number of vehicles in use;
- an increase in the average age of vehicles in operation, now estimated to be 11.6 years in the US;
- growth in the total number of miles driven per vehicle per year; and
- increased vehicle complexity.

Currently, both the UK and NA automotive aftermarkets are experiencing significant growth in the online purchase of automotive parts, accessories and services. This is driving many businesses to leverage e-commerce technology to streamline their sales, inventory and delivery operations. Both business to business (“B2B”) (wholesale), and business to customer (“B2C”) (retail), businesses are looking to develop digital solutions that add value and increase competitiveness. The growing consumer adoption of e-commerce is also beginning to disrupt the traditional supply chain as suppliers and original equipment manufacturers (“OEMs”) modify their business models and participate in direct retail sales.

Operations

MAM is a technology company that operates through three wholly owned subsidiaries; one based in the US, MAM Software, Inc. (“MAM NA”) which is located in Blue Bell, Pennsylvania, and two based in the UK, MAM Software Limited (“MAM Ltd.”), which is located in Tankersley, Barnsley, UK and Origin Software Solutions Ltd. (“Origin”), which is located in Bristol, UK (MAM Ltd. and Origin are collectively referred to as “MAM UK”). The subsidiaries operate independently from one another.

MAM UK

MAM UK is a provider of software to the automotive aftermarket in the UK and Ireland. MAM UK’s three primary software solutions are Autopart, Autowork Online and Autocat. Autopart is designed for and targeted at parts store chains that seek to manage multiple locations and inventories on a single system for a regional area. It is also suited for managing single location franchisees or buying group members. Autowork Online is designed for and targeted at small single location auto service business. Autocat is an electronic parts catalog designed to help Autopart and Autowork Online users to identify parts.

MAM UK provides to customers a range of B2B and B2C e-commerce solutions for the automotive aftermarket.

MAM NA

MAM NA is a provider of software to the automotive aftermarket in NA. MAM NA’s three primary software solutions are Autopart, VAST and Autocat. Autopart is designed for the warehouse distributor and the parts store segment of the market and VAST is designed for the auto service and tire segment of the market, while Autocat is an electronic parts catalog designed to help Autopart and VAST users to identify parts.

Our Technologies

All MAM programs are based on the Microsoft® Windows® family of operating systems. Each MAM program is fully compatible with the other MAM applications in its range, enabling them to be combined to create a fully integrated package.

Our solutions are available as both “on premise” applications (sold via the traditional perpetual licensing model) and “cloud” solutions that are delivered as a service over the Internet on a subscription basis.

Many of our business management applications are now available as software as a service (“SaaS”) solutions, where software and associated data is centrally hosted on the cloud.

SaaS cloud hosting - single tenants accessing fully-managed virtual servers via thin client (terminal services) connections (*e.g.* Autopart Online).

SaaS web application - multiple tenants accessing a dedicated website using a standard web browser (*e.g.* Autowork Online).

Our catalog information is also available in the cloud as data as a service (“DaaS”). We centrally host and maintain the data, which is accessed by users of our business management software, via a desktop application, web application or integrated into their B2B or B2C website.

Market acceptance of cloud computing for mission critical enterprise applications has become increasingly common in recent years. Now, software can be delivered cost-effectively, reliably, and securely to businesses over the Internet without the need for these businesses to either purchase supporting software and hardware for an on premise system or the need to keep IT people on staff to monitor and upgrade such a system.

We introduced our first subscription-based service solution over the Internet in 2005 to customers in the UK Market, and we began marketing our first cloud system to customers in the NA Market in 2013. Since that time, we have significantly expanded our cloud-based offerings and are offering customers that maintain in-house installations the option to move to our cloud-computing model. While transitioning our customers to a cloud computing model results in a decrease in our up-front revenue recognition, we believe that this is a necessary transition and is in the best interests of our customers and our own long-term business prospects as an increasing number of our customers are looking for solutions that are highly functional, easy to use, configurable, and fast.

Our cloud model is based on Microsoft® Azure, Microsoft development tools, and proven open source web technologies, utilizing Microsoft's global scale services to help our customers achieve success with support for user experiences on both desktop and mobile devices. Our customers that have moved away from traditional on premise software to our cloud-based service applications benefit by reducing the complexity typical of on-premise software implementations, customizations, and upgrades. Through cloud-based service, we supply and manage the hardware, infrastructure, ongoing maintenance, and backup services for our customers. We install the latest version of our software for our customers, thereby reducing their need to buy and maintain their own IT resources. As a part of our cloud-based service, we also provide training and support services to our customers.

Products and Services

Meeting the needs of the automotive aftermarket requires a combination of business management systems, information products and e-commerce and online services that combine to deliver benefits for all parties involved in the timely repair of a vehicle. MAM provides systems and services that meet these needs and help its customers to meet their customers' expectations. These products and services include:

1. **Business Management Systems** comprised of our proprietary software applications, implementation and training and third-party hardware and peripherals;
2. **Information Products**, such as an accessible catalog database related to parts, tires, labor estimates, scheduled maintenance, repair information, technical service bulletins, pricing and product features and benefits that are used by the different participants in the automotive aftermarket;
3. **E-commerce and Online Services** that provide web sites and online connectivity between manufacturers, warehouse distributors, retailers, auto service providers and the consumer. These products enable electronic data interchange throughout the automotive aftermarket supply chain between the different trading partners. They also enable procurement and business services to be projected over the Internet to an expanded business audience; and
4. **Customer Support, Consulting and Training** that provide phone and online support, implementation and training.

Business Management Systems

MAM's business management systems meet the needs of warehouse distributors, part stores, and tire chains and auto service providers, as follows:

Warehouse Distributors

Autopart. This product is sold and promoted both in the UK Market and in the NA Market. This product is designed for and targeted at warehouse distributors that seek to manage multiple locations and inventories on a single system for a regional area and are also suited to managing single location franchisees or buying group members. The product provides point of sale, inventory management, electronic purchasing capabilities, a fully integrated accounting module, a warehouse management module, and a business intelligence reporting module. It also allows the distributor to connect with their customers through our OpenWebs™ and Autonet e-commerce solutions.

Autopart can be delivered as an on-premise solution and sold via the traditional perpetual licensing model. Autopart Online is a hosted or “cloud” based version of our Autopart solution and is delivered as a service over the Internet, in a SaaS-based offering.

Warehouse Management System (“WMS”).

This product is sold and promoted both in the UK Market and in the NA Market. This product is designed for and targeted at warehouse distributors and is sold in conjunction with the Autopart product. WMS is integrated with our Autopart product and the WMS module provides a real-time inventory management solution to warehouses of all sizes with extensive functionality from goods receiving and putaway to picking, packing and shipment.

Parts Stores

Autopart. This product is sold in both the UK Market and the NA Market. This product is designed for and targeted at parts store chains that seek to manage multiple locations and inventories on a single system for a regional area. It is also suited to managing single location franchisees or buying group members. The product provides point of sale, inventory management, electronic purchasing capabilities a fully integrated accounting module and a business intelligence reporting module. It also allows parts stores to connect with their automotive service customers through VAST, Autowork Online, OpenWebs™ and Autonet e-commerce solutions.

Autopart can be delivered as an on-premise solution and sold via the traditional perpetual licensing model. Autopart Online is a hosted or “cloud” based version of our Autopart solution and is delivered as a service over the Internet, in a SaaS-based model.

Tire Chains and Auto Service Providers

VAST. This product is sold and promoted in the NA Market. This product is designed for and targeted to large-to-medium sized auto service and tire chains that seek to manage multiple locations and inventories for a regional area it is also suited to managing single location stores that are part of a franchise or a buying group. VAST provides point-of-sale, inventory management, electronic purchasing and customer relationship management capabilities. It also allows the service provider to connect with parts and tires warehouse distributors and parts stores through either VAST's online services and products or other industry connectivity solutions.

VAST Online.

We have been developing VAST Online, the cloud-based version of our VAST platform and have deployed this product at multiple beta sites during fiscal year 2018. VAST Online has a modern user interface which maintains a familiar workflow that users are comfortable with and will run smoothly on a desktop or tablet. As a cloud hosted solution, software updates and back-ups happen automatically and seamlessly in a secure data center. With its seamless connectivity to MAM Software's e-commerce solution, shops can instantly see part and tire availability at participating suppliers, and place hot-shot orders directly within a work order. We have been working with Goodyear to deliver a version of VAST Online that we expect to begin rolling it out across the Goodyear network starting in fiscal year 2019, as their next generation cloud-based point of sale solution. The VAST Online product will be promoted to the wider UK Market and NA Market.

Autowork Online. This is a UK-developed product that is sold both in the UK Market and in the NA Market. This product is designed for and targeted at small single location auto service businesses. The Autowork Online product provides estimate, job card, parts procurement and invoice capabilities. It also allows automotive installers to connect with parts distributors to purchase components. Autowork Online is delivered as a SaaS service, allowing customers to purchase the solution on a monthly basis without the need to manage the system.

Vertical Markets

Trader. This is a UK-developed product that is sold in the UK Market. This product is designed for and targeted at generic wholesalers and distributors. Based on the Autopart codebase, the product provides point of sale, inventory management, electronic purchasing capabilities and a fully integrated accounting module.

Information Products

MAM provides product catalog and vehicle repair information required to enable point-of-sale transactions. These proprietary database products and services generate recurring revenues through monthly or annual subscription fees.

MAM Ltd. develops and maintains proprietary information products that it believes differentiates its products from those of the majority of its competitors in the UK Market. In NA, MAM NA also develops and maintains proprietary information products, and also maintains a proprietary workflow capability that integrates information products sourced from its suppliers for its automotive parts and tire customers, including warehouse distributors, parts stores and auto service providers.

MAM's internally developed information product for both the UK Market and NA Market is Autocat, an auto parts catalog that uses the DaaS distribution model. Autocat provides access to a database of automobile vehicle applications for the UK Market and NA Market that enables users to access information about parts quickly and accurately. The Autocat service is centrally hosted and data is accessed by users of MAM's business management software products or via a Web Service that integrates into our B2B and B2C websites. Information in Autocat is maintained and updated daily by MAM's product teams in the UK and NA ("Autocat Product Teams"). The Autocat Product Teams source, standardize and format data collected in an electronic format from hundreds of automotive parts manufacturers in both regions.

Information products developed or resold by MAM include MAM Commerce, a combination of Autocat and OpenWebs™ which is used by users of our VAST and VAST Online business management software; Interchange Catalog, a database that provides cross references of original equipment manufacturer part numbers to aftermarket manufacturer part numbers; Labor Guide, a database used by automotive service providers to estimate labor hours for purposes of providing written estimates of repair costs to customers; Scheduled Service Intervals, a database of maintenance intervals; and Tire Sizing, a database that cross-references various tire products and applications.

In addition, MAM resells third-party catalog solutions in the NA Market.

E-commerce Solutions

MAM offers online e-commerce services in the form of B2B and B2C implementations in the UK Market and NA Market. These online services connect the automotive aftermarket from manufacturers through warehouse distributors and parts stores to automotive service providers for the purpose of purchasing parts and tires, fleet and national account transaction processing and accessing online product price information.

OpenWebs™

In the NA Market, VAST's e-commerce services use automotive industry standard messaging specifications to deliver online services that connect the automotive aftermarket supply chain for the purpose of purchasing parts and tires.

Autonet

In the UK Market, our Autonet e-commerce service uses industry standard messaging specifications to deliver online services that connect the automotive aftermarket supply chain for the purpose of purchasing parts and tires. Manufacturers, warehouse distributors, parts stores and auto service providers make use of Autonet messaging.

WebTrade and WebRetail

We offer B2B and B2C e-commerce web sites for the automotive aftermarket as well as other verticals. Currently the majority of the WebTrade and WebRetail business is in the UK. Both standard and custom solutions are available and all integrate seamlessly with our Autopart and Trader business management software products.

Customer Support, Consulting and Training

We provide support, consulting and training to our customers to ensure the successful use of our products and services. We believe this extra level of commitment and service builds customer relationships, enhances customer satisfaction and maximizes customer retention. These services consist of the following:

Phone and online support. Customers can call dedicated support lines to speak with knowledgeable personnel who provide support and perform on-line problem solving as required.

Implementation, education and training consulting. Our consulting and training teams work together to minimize the disruption to a customer's business during the implementation process of a new system, and to maximize the customer's benefit from the use of the system through training.

We also provide a customer-only support portal that allows customers direct access to tutorials, on-line documentation and information related to products and services. New customers enter into support service agreements, and most retain such agreements for as long as they own the system. Monthly fees vary with the number of locations and the software modules, information products and online services subscribed to. The agreements are generally month-to-month agreements. We offer training at facilities in both the UK and US, as well as at the customers' facilities and online, for product updates or to introduce specific new capabilities.

Distribution

There are three primary distribution channels for aftermarket parts and tire distribution: traditional wholesale, retail and e-commerce channels.

Automotive Aftermarket Distribution Channels

Traditional Wholesale Channel. The traditional wholesale channel is the predominant distribution channel in the automotive aftermarket. It is characterized by the distribution of parts from the manufacturer to a warehouse distributor, to parts stores and then to automotive service providers. Warehouse distributors sell to automotive service providers through parts stores, which are positioned geographically near the automotive service providers they serve. This distribution method provides for the rapid distribution of parts. We have products and services that meet the needs of the warehouse distributors, parts stores and the automotive service providers.

Retail Channel. The retail channel is comprised of large specialty retailers, small independent parts stores and regional chains that sell to "do-it-yourself" customers. Larger specialty retailers, such as Advance Auto Parts, AutoZone, Inc., and O'Reilly Automotive, Inc. carry a greater number of parts and accessories at more attractive prices than smaller retail outlets and are gaining market share. The business management systems used in this channel are either custom developed by the large specialty retailers or purchased from business systems providers by small to medium-sized businesses. We have products and services that support the retail channel.

E-commerce Channel. Innovation in the e-commerce channel is taking place across the automotive aftermarket supply chain. Both B2B (wholesale) and B2C (retail) businesses are looking to leverage e-commerce technology to streamline their sales, inventory and delivery operations. The increasing popularity of e-commerce within the aftermarket is encouraging suppliers and OEMs to modify their business models and participate in direct retail sales. It is also attracting traditionally non-automotive participants, such as Amazon and eBay, to the industry. We have products and services that support the e-commerce channel.

In addition to these three primary channels, some aftermarket parts and tires are being distributed through new car dealers. The business management systems used in this channel have unique functionality specific to new car dealerships. We sell a small number of products into the auto service provider side of car dealerships. Also, aftermarket wholesalers of parts and tires provide online purchasing capabilities to some new car dealerships.

Product Development

Our product development strategy, designed to add value to our customers' businesses through products and services designed to optimize efficiency, consists of the following three key components:

- Integrating all of our products so that our various software solutions work together seamlessly, thereby eliminating the need to switch between applications;
- Enhancing our current products and services to support our customers' changing needs; and
- Providing a migration path to our business management systems, reducing a fear that many customers have that changing systems will disrupt business

Sales and Marketing

Our sales and marketing strategy is to acquire customers and retain them by cross-selling and up-selling a range of commercially compelling business management systems, information products and online services.

Within the parts, tire and auto service provider segments, each division sells and markets through a combination of field sales and inside sales representatives. We seek to partner with large customers or buying groups and leverage their relationships with their customers or members. Incentive pay is a significant portion of the total compensation package for all sales representatives and sales managers. Outside sales representatives focus primarily on identifying and selling to new customers complemented by an inside sales focus on selling upgrades and new software applications to its installed customer base.

Our marketing approach aims to maximize customer retention and secure recurring revenues by leveraging our reputation for satisfying customers and for delivering systems, information and services that improve a customer's commercial results. We likewise continually aim to enhance the productivity of the field sales team, and to create the cross-selling and up-selling opportunities for our systems, information products and online services.

Research and Development

We spent \$6.3 million for the year ended June 30, 2018 on research and development including capitalized software development costs, as compared to \$6.5 million for the year ended June 30, 2017.

Patent and Trademark

We rely on a combination of intellectual property laws, as well as confidentiality procedures and contractual provisions, to protect our proprietary technology and our brand. We have not sought patent protection for any of our products. We have registered the trademark, “MAM Software,” with the US Patent and Trademark office. In addition, we have registered the trademark, “Driving Business Performance,” with the US Patent and Trademark office.

Customers

During the years ended June 30, 2018 and 2017, no customer accounted for more than 10% of our total net revenues. Our top ten customers collectively accounted for 24% and 22% of our total net revenues during the years ended June 30, 2018 and 2017, respectively.

Competition

In the NA Market, Autopart competes primarily with Epicor Inc. and several other software companies, including Autologue and Fuse 5. VAST competes primarily with ASA, ARI, and MaddenCo, Inc., each of which provides similar products and services as VAST, to the US automotive aftermarket. We are continuously subject to competition from in-house developed custom systems, information products and online services. For example, AutoZone, Inc. and Genuine Parts Company’s NAPA Parts Group, each have developed their own business management systems and electronic automotive parts catalogs for their stores and members, although we currently have a partnership agreement with each of these companies to supply their information products through our solutions.

In the NA Market, we expect to compete successfully against our competitors using two separate and complementary strategies. First, we will continue to focus on promoting and selling our complete supply chain solutions that provide businesses with easy integration of our business management information systems into their existing supply chain structures. Second, we will continue our strategy of working with those businesses that already manage their own supply chains and information products (catalogs), such as AutoZone, Inc., helping to improve and compliment their systems with our products.

Within the auto parts warehouse distribution segment, we will continue to promote our Autopart product, which enables large warehouses with thousands of parts to locate, manage, pack and deliver the parts with ease and efficiency. Our prospective customers are moving towards modern solutions which integrate seamlessly with third-party e-commerce solutions. We have been selling Autopart successfully in the UK Market since 2000; a factor which we believe will help to further expand the presence of this product in NA.

The tire segment is comprised of three distinct elements: retail, wholesale and commercial. Within the tire segment and the auto service segment, we focus on market requirements, which we believe will enable us to offer our clients the best solution, regardless of the size of a client's business. By continually integrating and extending the functionality of our solutions across the entire supply chain, we believe that we will be able to offer existing and potential clients products that suit their present and future needs. Our management believes that our products will present existing and potential clients with the opportunity to move away from their older existing systems, which may restrict their market opportunities, and will permit integration into additional sales channels and reduce the costly maintenance of older systems.

The auto parts segment within the auto service space has many competitors who have developed applications for single location auto service shops. Many of these have been developed by parts distributors like NAPA and Advance Auto Parts. While these applications do well in a small single location, they are not widely distributed in the multi-location segment of the auto service business. We believe that our Autowork Online product is highly suited to single location auto service opportunity. The strategy for generating revenue in this sector of the market will be to establish reseller agreements with distributor partners. In addition, we will focus on the multi-location business for which we believe our product VAST is highly suited.

The last market in which we plan to compete is the e-commerce space, providing new tools and solutions for this expanding Internet marketplace. Our goal for the OpenWebs™ product is to connect both parts and tire partners together in a real-time environment so that they can perform electronic ordering, gauge inventory levels as well as disseminate information.

In the UK Market, we compete primarily with Epicor, Inc. and Kerridge Commercial Systems Limited in the parts sector of the automotive aftermarket. In the tire sector of the UK Market, we compete primarily with CAM Systems, Tyreman and Team Systems. In the vertical sector of the UK Market, we compete with Kerridge, Chatsworth, Blue Rock, OGL, Merlin and Ramtac. We feel that we provide a range of solutions that combine proven concepts with cutting-edge technology that are functional, effective and reliable, and offer solutions that enable businesses to identify and implement new efficiencies and increase existing efficiencies, to our competitive advantage. We believe that these efforts, together with strong post-sales support and ongoing in-depth product and market support, will assist us in generating and maintaining our position within the UK Market.

Several large enterprise resource planning and software companies, including Microsoft Corporation, Oracle Corporation and SAP AG, continue to supply Enterprise Resource Planning (“ERP”) and Supply Chain Management (“SCM”) products to medium sized OEMs and suppliers within the automotive market, but to date have not focused strongly on the aftermarket. These companies appear focused on the efficient management of the supply chain and to date do not appear to be looking to supply systems and solutions into the jobber and service segments of the aftermarket. However, there can be no assurance that those companies will not develop or acquire a competitive product or service in the future.

Company Information

We were formed in December of 2005 following a spin-off from another publicly traded company.

Our principal executive office is located at Two Valley Square, Suite 220, 512 Township Line Road, Blue Bell, PA 19422 and our phone number is (610) 336-9045. Our website address is www.mamsoftware.com. Information contained on our website does not form part of this report and is intended for informational purposes only.

Employees

As of June 30, 2018, we had 245 full-time employees and 7 part-time employees.

Item 1A. Risk Factors

Our business, financial condition and results of operations are subject to a number of risk factors, both those that are known to us and identified below and others that may arise from time to time. These risk factors could cause our actual results to differ materially from those suggested by forward-looking statements in this Report and elsewhere, and may adversely affect our business, financial condition or results of operations. If any of these risk factors should occur, moreover, the trading price of our securities could decline, and investors in our securities could lose all or part of their investment in our securities. These risk factors should be carefully considered in evaluating our business.

Risks Related to MAM and Our Business

We may fail to address risks we face as a growing business, which could adversely affect the implementation of our business plan.

We are prone to all of the risks inherent in growing a business. You should consider the likelihood of our future success to be highly speculative in light of the limited resources, problems, expenses, risks and complications frequently encountered by entities at our current stage of development.

To address these risks, we must, among other things:

- implement and successfully execute our business and marketing strategy;
- continue to develop new products and upgrade our existing products;
- respond to industry and competitive developments;
- attract, retain, and motivate qualified personnel; and
- obtain equity and debt financing on satisfactory terms and in timely fashion in amounts adequate to implement our business plan and meet our obligations.

We may not be successful in addressing these risks and if we do not, our business prospects, financial condition and results of operations would be materially adversely affected.

Global market disruptions may adversely affect our business and results of operations.

Disruptions in the global credit and financial markets may include diminished liquidity and credit availability, a decline in economic growth and uncertainty about economic stability. These economic uncertainties affect businesses such as ours in a number of ways, making it difficult to accurately forecast and plan our future business activities and could impact our growth expectations as potential and existing customers could delay decisions to purchase or upgrade their systems. We are unable to predict the occurrence and severity of these disruptions in the credit and financial markets and adverse global economic conditions and their potential impact on our business, which could materially adversely affect us.

Political and economic uncertainty arising from a majority of voters approving a referendum for the United Kingdom to exit the European Union could adversely impact our financial results.

In June 2016, a majority of voters in the UK elected to withdraw from the European Union (E.U.) in a national referendum (also referred to as “Brexit”). Negotiations are expected to commence to determine the future terms of the UK’s relationship with the E.U. MAM UK represents a significant portion of our revenues and profitability. The announcement of Brexit caused significant volatility in global stock markets and currency exchange rate fluctuations that resulted in the strengthening of the US dollar against the British pound. During periods of a strengthening dollar, our reported international revenues are reduced because the British pound translates into fewer US dollars. The long-term effects of Brexit will depend on any agreements the UK makes to retain access to European markets either during a transitional period or more permanently. Any of the potential effects of Brexit could have unpredictable consequences for credit markets and adversely affect our business, results of operations, and financial performance.

Financial difficulties or the bankruptcy of one or more of our major customers could adversely affect our results.

Our ability to collect our accounts receivable and future sales depends, in part, on the financial strength of our customers. We grant credit, generally without collateral, to our customers. Consequently, we are subject to credit risk related to changes in business and economic factors throughout the UK, Ireland and NA. In the event customers experience financial difficulty, and particularly if bankruptcy results, our profitability may be adversely impacted by our failure to collect our accounts receivable in excess of our estimated allowance for uncollectible accounts. Additionally, our future revenues could be reduced by the loss of a customer due to bankruptcy. Our failure to collect accounts receivable and/or the loss of one or more major customers could have an adverse effect on our net income and financial condition.

We may fail to successfully develop, market and sell our products.

To achieve profitable operations, we, along with our subsidiaries, must continue successfully to improve, market and sell existing products and develop, market and sell new products. Our product development efforts may not be successful. The development of new software products is highly uncertain and subject to a number of significant risks. The development cycle - from inception to installing the software for customers - can be lengthy and uncertain. The ability to market the product is unpredictable and may cause delays. Potential products may appear promising at early stages of development, and yet may not reach the market for a number of reasons.

We may encounter significant financial and operating risks if we grow our business through acquisitions.

As part of our growth strategy, we may seek to acquire or invest in complementary or competitive businesses, products or technologies. The process of integrating acquired assets into our operations may result in unforeseen operating difficulties and expenditures and may absorb significant management attention that would otherwise be available for the ongoing development of our business. We may allocate a significant portion of our available working capital to finance all or a portion of the purchase price relating to possible acquisitions. Any future acquisition or investment opportunity may require us to obtain additional financing to complete the transaction. The anticipated benefits of any acquisitions may not be realized. In addition, future acquisitions by us could result in potentially dilutive issuances of equity securities, the incurrence of debt and contingent liabilities and amortization expenses related to intangible assets, any of which could materially adversely affect our operating results and financial position. Acquisitions also involve other risks, including entering markets in which we have no or limited prior experience.

We operate in a highly competitive environment, and our competitors may gain market share in the markets for our products that could adversely affect our business and cause our revenues to decline.

We operate in intensely competitive markets that experience rapid technological developments, changes in industry standards, changes in customer requirements and frequent new product introductions and improvements. If we are unable to anticipate or react to these competitive challenges or if existing or new competitors gain market share in any of our markets, our competitive position could weaken and we could experience a decline in our sales that could adversely affect our business and operating results. To compete successfully, we must maintain an innovative research and development effort to develop new products and services and enhance existing products and services, effectively adapt to changes in the technology or product rights held by our competitors, appropriately respond to competitive

strategies and effectively adapt to technological changes and changes in the ways that our information is accessed, used and stored within our markets. If we are unsuccessful in responding to our competitors or to changing technological and customer demands, our competitive position and our financial results could be adversely affected.

The prices we charge for our products may decrease as a result of competition and our revenues could decrease as a result.

We face potential competition from many competitors and increased competition may have a negative impact on our future revenues and financial condition. In addition, there are very large software companies, including Microsoft Corporation, Oracle Corporation and SAP AG which supply ERP and SCM products to our target market of small to medium-sized businesses servicing the automotive aftermarket. There can be no assurance that these companies will not develop or acquire a competitive product or service in the future. If our competitors offer deep discounts on certain products or services or develop products that the marketplace considers more valuable, we may need to lower prices or offer other favorable terms in order to compete successfully. Any such changes may reduce margins and could adversely affect operating results. Additionally, the increasing prevalence of cloud and SaaS delivery models offered by us and our competitors may unfavorably impact pricing for both our on-premise enterprise software business and our cloud business, as well as overall demand for our on-premise software product and service offerings, which could reduce our revenues and profitability. Our competitors may offer lower pricing on their support offerings, which could put pressure on us to further discount our product or support pricing. Any broad-based change to our prices and pricing policies could cause our revenues to decline or be delayed as our sales force implements and our customers adjust to the new pricing policies.

Our success depends upon our ability to develop new products and services, integrate acquired products and services and enhance our existing products and services.

Rapid technological advances, changing delivery models and evolving standards in computer hardware and software development and communications infrastructure, changing and increasingly sophisticated customer needs and frequent new product introductions and enhancements characterize the industries in which we compete. If we are unable to develop new or sufficiently differentiated products and services, enhance and improve our product offerings and support services in a timely manner or position and price our products and services to meet demand, customers may not purchase or subscribe to our software, hardware or cloud offerings or renew software support, hardware support or cloud subscriptions contracts. Renewals of these contracts are important to the growth of our business. In addition, we cannot provide any assurance that the standards on which we choose to develop new products will allow us to compete effectively for business opportunities in emerging areas.

We have continued to refresh and release new offerings of our cloud and on-premise products and services, including our SaaS and DaaS and related offerings. Our business may be adversely affected if:

- we do not continue to develop and release these or other new or enhanced products and services within the anticipated time frames;
- there is a delay in market acceptance of a new, enhanced or acquired product line or service;
- there are changes in IT trends that we do not adequately anticipate or address with our product development efforts; or
- we fail to adequately integrate, support or enhance acquired product lines or services.

We depend on proprietary know-how to develop and protect our technologies and products, which rights may not offer us sufficient protection.

The software industry places considerable importance on obtaining intellectual property protection for new technologies, products and processes. Our success will depend on our ability to obtain and enforce protection for products that we develop, preserve the confidentiality of our trade secrets and operate without infringing the proprietary rights of third parties.

We rely upon trade secret protection for our confidential and proprietary information. Others may independently develop substantially equivalent proprietary information and techniques or gain access to our trade secrets or disclose our technology. We may not be able to meaningfully protect our trade secrets which could limit our ability to exclusively produce products.

We require our employees, consultants, and parties to collaborative agreements to execute confidentiality agreements upon the commencement of employment or consulting relationships or collaboration with us. These agreements may not provide meaningful protection of our trade secrets or adequate remedies in the event of unauthorized use or disclosure of confidential and proprietary information.

We may not receive significant revenues from our current research and development efforts for several years, if at all.

Developing software, cloud and hardware offerings is expensive and the investment in the development of these offerings often involves a long return on investment cycle. An important element of our business strategy is to continue to make meaningful investments in research and development and related product and service opportunities through internal investments. Accelerated product and service introductions and short software and services life cycles may require high levels of expenditures for research and development that could adversely affect our operating results

if not offset by meaningful and sustained revenue increases. We believe that we must continue to dedicate a significant amount of resources to our research and development efforts to maintain our competitive position. However, we are not certain as to whether we will receive significant revenues from these investments for several years, if at all.

If we become subject to adverse claims alleging infringement of third-party proprietary rights, we may incur unanticipated costs and our competitive position may suffer.

We are subject to the risk that we are infringing on the proprietary rights of third parties. Although we are not aware of any infringement by our technology on the proprietary rights of others and are not currently subject to any legal proceedings involving claimed infringements, we cannot assure that we will not be subject to such third-party claims, litigation or indemnity demands and that these claims will not be successful. If a claim or indemnity demand were to be brought against us, it could result in costly litigation or product shipment delays or force us to stop selling such product or providing such services or to enter into royalty or license agreements.

Our software and information services could contain design defects or errors which could affect our reputation, result in significant costs to us and impair our ability to sell our products.

Despite testing prior to the release and throughout the lifecycle of a product or service, our offerings sometimes contain coding or similar errors (commonly referred to as “bugs”) that can impact their function, performance and security, and result in other negative consequences. The detection and correction of any errors in released software or cloud offerings can be time consuming and costly. Errors in our product or services offerings could affect their ability to properly function or operate with other products or services utilized by a customer, could delay the development or release of new products or services or new versions of products or services, could create security vulnerabilities in our products or services, and could adversely affect market acceptance of our products or services. This includes third-party software products or services incorporated into our own. If we experience errors or delays in releasing our offerings or new versions thereof, our sales could be affected and revenues could decline. Customers rely on our offerings and services to run their businesses and errors in our product or service offerings could expose us to product liability, performance and warranty claims as well as significant harm to our brand and reputation, which could impact our future sales.

If we lose key management or other personnel our business could suffer.

We are highly dependent on the principal members of our management staff. We also rely on consultants and advisors to assist us in formulating our development strategy. Our success also depends upon retaining key management and technical personnel, as well as our ability to continue to attract and retain additional highly qualified personnel. We may not be successful in retaining our current personnel or hiring and retaining qualified personnel in the future. If we lose the services of any of our management staff or key technical personnel, or if we fail to continue to attract qualified personnel, our ability to acquire, develop or sell products would be adversely affected.

Our management and internal systems might be inadequate to handle our potential growth.

Our success will depend in significant part on the expansion of our operations and the effective management of growth. This growth will place a significant strain on our management and information systems and resources and operational and financial systems and resources. To manage future growth, our management must continue to improve our operational and financial systems and expand, train, retain and manage our employee base. Our management may not be able to manage our growth effectively. If our systems, procedures, controls, and resources are inadequate to support our operations, our expansion would be halted and we could lose our opportunity to gain significant market share. Any inability to manage growth effectively may harm our ability to institute our business plan.

Security breaches and other disruptions could compromise our information and expose us to liability, which would cause our business and reputation to suffer.

In the ordinary course of our business, we collect and store sensitive data, including intellectual property, our proprietary business information and that of our customers, suppliers and business partners, on our network. The secure processing, maintenance and transmission of this information is critical to our operations and business strategy. Despite our security measures, our information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise our networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, disrupt our operations and the services we provide to customers, and damage our reputation, and cause a loss of confidence in our products and services, which could adversely affect our operating margins, revenues and competitive position.

We maintain cyber risk insurance, but this insurance may not be sufficient to cover all of our losses from any future breaches of our systems.

We have insurance coverage for the services we offer. However, a claim for damages may be made against us regardless of our responsibility for the failure, which could expose us to liability.

We provide business management solutions that we believe are critical to the operations of our customers' businesses and provide benefits that may be difficult to quantify. Any failure of a customer's system installed or of the services offered by us could result in a claim for substantial damages against us, regardless of our responsibility for the failure. Although we attempt to limit our contractual liability for damages resulting from negligent acts, errors, mistakes or omissions in rendering our services, we cannot assure you that the limitations on liability we include in our agreements will be enforceable in all cases, or that those limitations on liability will otherwise protect us from liability for damages. In the event that the terms and conditions of our contracts which limit our liability are not sufficient, we have insurance coverage. This coverage of approximately \$10 million in the aggregate in the UK and in NA insures the business for negligent acts, error or omission, failure of the technology services to perform as intended, and breach of warranties or representations. It also insures the services that we supply including, web services, consulting, analysis, design, installation, training, support, system integration, the manufacture, sale, licensing, distribution or marketing of software, the design and development of code, software and programming and the provision of software applications as a service, rental or lease. However, there can be no assurance that our insurance coverage will be adequate or that coverage will remain available at acceptable costs. Successful claims brought against us in excess of our insurance coverage could seriously harm our business, prospects, financial condition and results of operations. Even if not successful, large claims against us could result in significant legal and other costs and may be a distraction to our senior management.

Because we have international operations, we will be subject to risks of conducting business in foreign countries.

International operations constitute a significant part of our business, and we are subject to the risks of conducting business in foreign countries, including:

- difficulty in establishing or managing distribution relationships;
- different standards for the development, use, packaging and marketing of our products and technologies;
- our ability to locate qualified local employees, partners, distributors and suppliers;
- the potential burden of complying with a variety of foreign laws and trade standards; and
- general geopolitical risks, such as political and economic instability, changes in diplomatic and trade relations, and foreign currency risks and fluctuations.

No assurance can be given that we will be able to positively manage the risks inherent in the conduct of our international operations or that such operations will not have a negative impact on our overall financial operations.

Risks Related to our Common Stock

Our insiders and affiliated parties beneficially own a significant portion of our common stock.

As of the date of hereof, our executive officers, directors and affiliated parties beneficially own approximately 63% of our common stock. As a result, our executive officers and affiliated parties will have significant influence to:

- elect or defeat the election of our directors;
- amend or prevent amendment of our certificate of incorporation, as amended, or bylaws;
- effect or prevent a merger, sale of assets or other corporate transaction; and
- affect the outcome of any other matter submitted to the stockholders for vote

In addition, any sale of a significant amount of our common stock held by our directors and executive officers, or the possibility of such sales, could adversely affect the market price of our common stock. Management's stock ownership may discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us, which in turn could reduce the price of our common stock or prevent our stockholders from realizing any gains from our common stock.

Additional issuances of securities will dilute your stock ownership and could affect the price of our common stock.

As of September 7, 2018, there were 12,600,479 shares of our common stock issued and 12,595,085 shares of our common stock outstanding. Our certificate of incorporation, as amended, authorizes the issuance of an aggregate of 18,000,000 shares of common stock and 2,000,000 shares of preferred stock, on such terms and at such prices as our board of directors may determine. These shares are intended to provide us with the necessary flexibility to undertake and complete plans to raise funds if and when needed. In addition, we may pursue acquisitions that could include issuing equity, although we have no current arrangements to do so. Any such issuances of securities would have a dilutive effect on current ownership of MAM stock. The market price of our common stock could fall in response to the sale or issuance of a large number of shares, or the perception that sales of a large number of shares could occur.

The market for our common stock is limited and you may not be able to sell your common stock.

Our common stock is currently listed on the NASDAQ Capital Market. The market for purchases and sales of our common stock is limited and therefore the sale of a relatively small number of shares could cause the price to fall sharply. Accordingly, it may be difficult to sell shares quickly without significantly depressing the value of our common stock. Unless we are successful in developing continued investor interest in our common stock, sales of our common stock could continue to result in major fluctuations in the price of our common stock.

The price of our common stock is likely to be volatile and subject to fluctuations.

The market price of the securities of software companies has been especially volatile. Additionally, the lack of trading volume for our common stock may cause the market price of our common stock to be subject to fluctuations. If our revenues do not grow or grow more slowly than we anticipate, or, if operating or capital expenditures exceed our expectations and cannot be adjusted accordingly, or if some other event adversely affects us, the market price of our common stock could decline. If the stock market in general experiences a loss in investor confidence or otherwise fails, the market price of our common stock could fall for reasons unrelated to our business, results of operations and financial condition. The market price of our common stock also might decline in reaction to events that affect other companies in our industry even if these events do not directly affect us.

Our charter documents and Delaware law could prevent a takeover that our stockholders consider favorable and could also reduce the market price of our common stock.

Our certificate of incorporation, as amended, and our bylaws contain provisions that could delay or prevent a change in control of MAM. These provisions could also make it more difficult for our stockholders to elect directors and take other corporate actions. These provisions include:

- authorizing our board of directors to issue, without stockholder approval, preferred stock with rights senior to those of our common stock;
- limiting the persons who may call special meetings of our stockholders; and
- requiring advance notification of stockholder nominations and proposals.

In addition, the provisions of Section 203 of the Delaware General Corporation Law govern us. These provisions may prohibit large stockholders, in particular those owning 15% or more of our outstanding voting stock, from merging or combining with us for a certain period of time without the consent of our board of directors.

These and other provisions in our certificate of incorporation, as amended, our bylaws and under Delaware law could discourage potential takeover attempts, reduce the price that investors might be willing to pay in the future for shares of our common stock and result in the market price of our common stock being lower than it would be without these provisions.

If we are not able to comply with the applicable continued listing requirements or standards of the NASDAQ Capital Market, NASDAQ could delist our common stock.

Our common stock is currently listed on the NASDAQ Capital Market. In order to maintain that listing, we must satisfy minimum financial and other continued listing requirements and standards, including those regarding director independence and independent committee requirements, minimum stockholders' equity, minimum share price, and certain corporate governance requirements. There can be no assurances that we will be able to comply with the applicable listing standards.

In the event that our common stock is delisted from the NASDAQ Capital Market and is not eligible for quotation on another market or exchange, trading of our common stock could be conducted in the over-the-counter market or on an electronic bulletin board established for unlisted securities, such as the Pink Sheets or the OTC Markets. In such event, it could become more difficult to dispose of, or obtain accurate price quotations for, our common stock, and there would likely also be a reduction in our coverage by securities analysts and the news media, which could cause the price of our common stock to decline further. Also, it may be difficult for us to raise additional capital if we are not listed on a major exchange.

If securities or industry analysts do not publish or cease publishing research or reports about us, our business or our market, or if they change their recommendations regarding our common stock adversely, our share price and trading volume could decline.

The trading market for our shares of common stock will be influenced by the research and reports that industry or securities analysts may publish about us, our business, our market or our competitors. If any of the analysts who may cover us change their recommendation regarding our common stock adversely, or provide more favorable relative recommendations about our competitors, our share price would likely decline. If any analyst who may cover us were to cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our share price or trading volume to decline.

We have not paid dividends in the past and do not expect to pay dividends for the foreseeable future, and any return on investment may be limited to potential future appreciation on the value of our common stock.

We currently intend to retain any future earnings to support the development and expansion of our business and do not anticipate paying cash dividends on our shares of common stock in the foreseeable future. Our payment of any future dividends will be at the discretion of our board of directors after taking into account various factors, including without limitation, our financial condition, operating results, cash needs, growth plans and the terms of any credit agreements that we may be a party to at the time. To the extent we do not pay dividends, our shares of common stock may be less valuable because a return on investment will only occur if and to the extent our stock price appreciates, which may never occur. In addition, investors must rely on sales of their common stock after price appreciation as the only way to realize their investment, and if the price of our common stock does not appreciate, then there will be no return on investment. Investors seeking cash dividends should not purchase our common stock.

Item 1B. Unresolved Staff Comments

Not applicable.

Item 2. Properties

Our corporate offices are located at Two Valley Square, Suite 220, 512 Township Line Road, Blue Bell, Pennsylvania 19422.

MAM NA's headquarters are located at Two Valley Square, Suite 220, 512 Township Line Road, Blue Bell, Pennsylvania 19422 and its telephone number is (610) 336-9045. The Blue Bell, Pennsylvania office is approximately 9,000 square feet in size and is leased for an approximate monthly cost of \$14,000.

MAM NA also has an office at 1320 Hausman Road, Suite 101, Allentown, Pennsylvania, 18104 and its telephone number is (610) 336-9045. The Allentown, Pennsylvania office is approximately 3,500 square feet in size and is leased for an approximate monthly cost of \$5,100.

MAM Ltd. has three offices. Its headquarters are located at Maple Park, Maple Court, Tankersley, S75 3DP, UK. The Tankersley telephone number is 0-11-44-122-635-2900. It also has a regional office at 15 Duncan Close, Red House Square, Moulton Park, Northampton, NN3 6WL, UK. The Northampton telephone number is 44-160-449-4001. It has a second regional office at Leanne Business Centre, Sandford Lane, Wareham, Dorset, BH20 4DY, UK. The Wareham telephone number is 44-192-955-0922. MAM Ltd. leases approximately 15,250 square feet at its Tankersley office at a monthly cost of approximately \$18,200. It leases approximately 1,200 square feet at its Northampton office at a monthly cost of approximately \$1,100 and approximately 700 square feet at its Wareham office at a monthly cost of approximately \$700.

Origin is located at 130 Aztec, Aztec West, Bristol, BS32 4UB, UK and its telephone number is 44-145-462-9609. The office is approximately 260 square feet in size and is leased for an approximate monthly cost of \$2,300.

Item 3. Legal Proceedings

Although there are no pending material legal proceedings against us, from time to time, we may become involved in legal proceedings, lawsuits, claims and regulations in the ordinary course of our business.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. **Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

Our common stock is traded on the NASDAQ Capital Market under the symbol “MAMS.”

The following table shows the range of high and low bids per share of our common stock as reported by the NASDAQ Capital Market for the fiscal year periods indicated. Such market quotations reflect inter-dealer prices, without retail mark-up, markdown or commission, and may not necessarily represent actual transactions.

	2017	
	High	Low
1st Quarter ended September 30, 2016	\$7.00	\$5.21
2nd Quarter ended December 31, 2016	\$6.91	\$6.00
3rd Quarter ended March 31, 2017	\$7.77	\$5.91
4th Quarter ended June 30, 2017	\$6.99	\$5.93

	2018	
	High	Low
1st Quarter ended September 30, 2017	\$7.85	\$6.11
2nd Quarter ended December 31, 2017	\$9.42	\$7.05
3rd Quarter ended March 31, 2018	\$7.88	\$6.73
4th Quarter ended June 30, 2018	\$9.26	\$7.60

Holders

As of September 7, 2018, there were 12,595,085 shares outstanding and approximately 333 holders of record of our shares. Because shares of our common stock are held by depositories, brokers, and other nominees, the number of beneficial holders of our shares is substantially larger than the number of stockholders of record. Our transfer agent and registrar is Corporate Stock Transfer, whose address is 3200 Cherry Creek Drive South, Denver, Colorado 80209.

Dividends

We have never declared or paid dividends on our common stock, and our board of directors does not intend to declare or pay any dividends on our common stock in the foreseeable future. Our earnings are expected to be retained for use in expanding our business. The declaration and payment in the future of any cash or stock dividends on our common stock will be at the discretion of our board of directors and will depend upon a variety of factors, including our future earnings, capital requirements, financial condition and such other factors as our board of directors may consider to be relevant from time to time.

Securities Authorized for Issuance under Equity Compensation Plans

Reference is made to “*Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters—Securities Authorized for Issuance under Equity Compensation Plans*” for the information required by this item.

Recent Sales of Unregistered Securities

None.

Item 6. Selected Financial Data

We are not required to provide the information required by this Item 6 as we are a smaller reporting company.

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of the results of operations and financial condition is for the fiscal years ended June 30, 2018, and June 30, 2017, and should be read in conjunction with our consolidated financial statements, and the notes to those consolidated financial statements that are included elsewhere in this Report.

Our discussion includes forward-looking statements based upon current expectations that involve risks and uncertainties, such as our plans, objectives, expectations and intentions. Actual results and the timing of events could differ materially from those anticipated in these forward-looking statements as a result of a number of factors, including those set forth under the “Risk Factors,” “Cautionary Note Regarding Forward-Looking Statements” and “Business” sections in this Report. We use words such as “anticipate,” “estimate,” “plan,” “project,” “continuing,” “ongoing,” “expect,” “believe,” “intend,” “may,” “will,” “should,” “could,” and similar expressions to identify forward-looking statements.

Unless the context indicates or requires otherwise, (i) the terms “MAM,” “we,” “our,” “ours,” and “us” refer to MAM Software Group, Inc. and its principal operating subsidiaries; (ii) the term “MAM Ltd.” refers to MAM Software Limited; (iii) the term “MAM NA” refers to MAM Software, Inc.; (iv) the term “Origin” refers to Origin Software Solutions, Ltd.; and (v) the term “MAM UK” collectively refers to MAM Ltd. and Origin;

Overview

MAM Software Group, Inc. is a leading provider of cloud-based business and on-premise management solutions for the auto parts, tires and vertical distribution industries. We have a broad line of software solutions and services to address the information technology (“IT”) needs of virtually every significant sector of the automotive aftermarket in the United Kingdom (“UK”) and Ireland (collectively referred to as the “UK Market”) and North America (“NA”), which includes the United States of America (“US”) and Canada (collectively referred to as the “NA Market”), and are seeking to leverage this position into new geographic territories and industry verticals.

Our revenues and income are derived primarily from the sale of business management software, data, ecommerce solutions and services and support. For MAM UK, we also earn a percentage of our revenue and income from the sale of hardware systems to clients. In the year ended June 30, 2018, we generated revenues of \$35.8 million and had net income of \$3.2 million; 65% of these revenues came from the UK Market.

We are headquartered in Blue Bell, Pennsylvania and maintain additional offices for our NA Market operations in Allentown, Pennsylvania, and for our UK Market operations, in Tankersley, Northampton, Wareham and Bristol, UK. The software that we sell is Microsoft® Windows® based technology. The three primary market segments that we service in NA cover all of the components of the automotive aftermarket supply chain. The first is “warehouse distribution.” Into this market we sell our Autopart and Warehouse Management System (“WMS”) products to new prospects. Autopart and WMS products enables large warehouses with thousands of stock keeping units (“SKU”) to locate, manage, pack and deliver parts with ease and efficiency. Second, these parts are distributed to the next business

in the chain, which is the “jobber” or parts store. Into this market segment we also sell our Autopart product, which manages a jobber’s business (*i.e.*, financial, stock control and order management) but more importantly enables the jobber to quickly identify the parts that the jobber’s client needs, either via the Internet or telephone, so that the correct product for the vehicle on the ramp can be supplied. The third and next segment of the automotive aftermarket supply chain is the tire and auto service businesses, which repair and maintain automobiles. The tire and auto service businesses need systems that enable them to efficiently and simply manage essential business processes, whether as a single entity or multi-location operation. Into this segment we sell our Autowork Online and VAST products. Our Autocat solution is an Internet based parts identification tool and when used in conjunction with OpenWebs™, an electronic trading solution, it allows the three market segments mentioned above, to connect to each other to allow electronic ordering to take place in real time both up and down the supply chain. The UK Market differs from that of NA in that it does not have the same number of large warehouse distribution centers. In the UK Market, we sell the Autopart product to the jobber market and we sell Autowork Online to the auto service market. In the UK, we also sell our Autocat solution in conjunction with Autonet, which is the UK equivalent of OpenWebs™.

Current Products and Services

Meeting the needs of the automotive aftermarket requires offering a combination of business management systems, information products and online services that combine to deliver benefits for all parties involved in the timely repair of a vehicle. Our products and services include:

- business management systems comprised of our proprietary software applications, implementation and training and third-party hardware and peripherals;
- information products, such as an accessible catalog database related to parts, tires, labor estimates, scheduled maintenance, repair information, technical service bulletins, pricing and product features and benefits, which are used by the different participants in the automotive aftermarket;
- e-commerce and online services and products that connect manufacturers, warehouse distributors, retailers and automotive service providers via the Internet. These products enable electronic data interchange throughout the automotive aftermarket supply chain among the different trading partners. They also enable procurement and business services to be projected over the Internet to an expanded business audience. Some clients use our information products on their own websites and intranets and some clients use our systems and branded software to obtain relevant and up-to-date information via the Internet; and
- customer support and consulting services that provide phone and online support, implementation and training.

Need for Technology Solutions

A variety of factors drive the automotive market's need for sophisticated technology solutions, including the following:

Inventory Management

Auto part suppliers are faced with the challenge of stocking parts that may never be sold. In addition, they deal with a high rate of returns. This strongly suggests that there is substantial inefficiency in the automotive aftermarket supply chain. This inefficiency results in excess inventory carrying costs, logistical costs and the over-production of parts and tires at the manufacturer level. We believe that the combination of business systems software, information products, and connectivity services we offer can assist in overcoming these inefficiencies.

Competition

In NA, the need for technology solutions has been accelerated by the expansion of large specialty parts retailers such as AutoZone, Inc. and Advance Auto Parts, Inc. and large auto service chains like Monroe Muffler Brake, Inc. This expansion has driven smaller competitors to computerize or upgrade their existing systems with more modern business management solutions enabled for information products and online services. Many of the systems used by smaller competitors today are older, character-based or systems developed in-house that have a limited ability to integrate current information products and online services.

Volume and Complexity of Information

Businesses in the automotive aftermarket manage large volumes of information from numerous sources with complex inter-relationships. There are millions of different SKU available to parts sellers in the product catalogs used by the US automotive aftermarket. Moreover, manufacturers update product information and product prices with increasing frequency as they improve their internal processing and try to keep pace with consumer trends. As a result, most automotive aftermarket businesses require sophisticated inventory management systems, accurate and timely information on parts, tires, and repair delivered through online services to communicate, manage and present this volume of data effectively.

Customer Service Requirements

Consumer demand for same-day repair service and the need to maintain efficient use of repair bays force automotive service providers to demand prompt and accurate delivery of specific parts and tires from their suppliers. Getting the required product promptly depends on all the parties having access to timely information about product price and availability. To meet these demanding customer service requirements successfully, automotive aftermarket participants need business management systems, product information and online services that enable workers to reliably and accurately transact their business between warehouse distributors, parts stores and automotive service providers.

Regional Efficiencies

The use and availability of a combination of business management systems, information products and online services has resulted in the development of regional trading networks among auto service providers, stores and warehouse distributors of parts and tires. This enables participants to achieve the efficiencies and customer service levels that are critical to being competitive and successful against the larger retail and service chains in the automotive aftermarket.

Plans for Growth

We expect growth in the automotive aftermarket will continue to be driven by:

- gradual growth in the aggregate number of vehicles in use;
- an increase in the average age of vehicles in operation;
- growth in the total number of miles driven per vehicle per year; and
- increased vehicle complexity.

We see opportunities to expand the breadth of our customer base within the automotive industry and diversify into new industries with similarly complex needs. We offer tailored business management and distribution software to the wholesale distributor market of the automotive industry. We have also started to expand and diversify our client and product mix in the UK Market to serve the lumber and hardware industries, which we believe have an unmet need for the efficiency offered by our suite of business software solutions and services. Our growth plans include adapting and updating our software products to serve other vertical markets as well as through potential acquisitions. While we have identified these vertical markets for potential growth for our software, our top execution priority remains automotive projects.

To date, our management has identified five areas of focus to drive our business. The first area is the continued growth of SaaS revenues derived from delivering our business management software via the “cloud”. At present, many of our customers have our software installed in-house. However, market acceptance of cloud computing for mission critical enterprise applications has become increasingly common in recent years since software can be delivered cost-effectively, reliably, and securely to businesses over the Internet without the need for these businesses to purchase supporting software and hardware for an on-premise system or the need to keep information technology personnel on staff to monitor and upgrade such a system.

We introduced our first subscription-based service solution over the Internet in 2005 in the UK Market, and we began marketing our first cloud system to customers in the NA Market in 2013. Since that time, we have significantly expanded our cloud-based offerings and are offering customers that maintain in-house installations the option to move to our cloud-computing model. While transitioning our MAM UK customers to a cloud computing model results in a decrease in our up-front revenue recognition, we believe that this is a necessary transition and is in the best interests of our customers and our own long-term business prospects as an increasing number of our customers are looking for solutions that are highly functional, easy to use, configurable, and fast.

To date, Autowork Online, our auto service solution in the UK Market and Autopart Online, our parts store solution, are being delivered in this way. Both products have been developed under the “cloud” computing model. This is where software solutions are made available to end-users via the Internet and does not require them to purchase the software directly, but “rent” it over a fixed period of time. We believe that this will be a growing area in the UK and NA Markets as businesses continue to look for ways of reducing capital expenditures while maintaining levels of service.

Autowork Online was launched in 2010 and as of June 30, 2018 we had 2,985 customers subscribing to this service. A white label version of this product, which is our product rebranded by a different company, is being sold into the NA Market by ALLDATA LLC. Autopart Online was launched in August 2011 in the UK Market and in 2014 in the NA Market. As of June 30, 2018, we had 467 customers subscribing to this service.

We have been developing VAST Online, the cloud-based version of our VAST platform and have deployed this product at multiple beta sites during fiscal year 2018. VAST Online has a modern user interface which maintains a familiar workflow that users are comfortable with and will run smoothly on a desktop or tablet. As a cloud hosted solution, software updates and back-ups happen automatically and seamlessly in a secure data center. With its seamless connectivity to MAM Software’s e-commerce solution, shops can instantly see part and tire availability at participating suppliers, and place hot-shot orders directly within a work order. We have been working with Goodyear to deliver a version of VAST Online that we expect to begin rolling it out across the Goodyear network starting in fiscal year 2019, as their next generation cloud-based point of sale solution. The VAST Online product will be promoted to the wider UK Market and NA Market.

The second area of focus is the sales and marketing strategy within the NA Market. MAM NA business will continue to invest in sales and marketing activity to help further expand the MAM brand and build our pipeline in the NA market.

The third area of focus relates to our information service, Autocat, an electronic auto parts catalog that uses the DaaS distribution model. MAM centrally hosts and maintains the data, which is accessed by users via MAM's business management software, a standalone desktop application, or web application. Data can also be “consumed” via a web service for integration into B2C websites. Information in Autocat is maintained through verification and standardization process, with updates published daily.

In the UK Market, there are in excess of 10,000 end-users (warehouse distributors, parts stores and auto service providers) of our information products, to whom a monthly or annual subscription fee is charged. The majority of those users have Autocat integrated into their business management software. Our management believes having a version of Autocat in the NA Market will help to create interest in our business management software solutions.

The fourth area of focus is to sustain levels of growth in MAM UK by concentrating on vertical markets, which share common issues with that of the automotive market. We have developed a reputation of providing high levels of service and knowledge within the automotive market, and we are now working on replicating this reputation in these additional vertical markets.

The fifth area of focus is the continued investment in research and development that allows us to deliver innovative new solutions and modules in the prior areas of focus. During the year ended June 30, 2018, we invested in the development of VAST Online for the NA Market and introduced a number of enhancements to our existing products which created additional value for existing and prospective customers.

Additional Vertical Markets: Plumbing Merchants, Electrical Wholesalers, Builders Merchants and Lumber Merchants

We believe that construction-related businesses would benefit from the business management and distribution systems developed by MAM for its customers in the automotive aftermarket. We already have 100 clients in the UK Market operating in the plumbing, building, lumber, and electrical wholesale distribution markets that are using a derivative of MAM's Autopart product, known as "Trader." We originally moved the Autopart product into these additional vertical markets a number of years ago after being approached by companies operating within these vertical markets that could not find a suitable management solution. To date, these additional vertical markets have made only a limited contribution to the revenues of MAM Ltd.

We have been promoting the Trader product to these markets, specifically targeting small and medium sized businesses with revenues of between \$500,000 and \$10 million. We are, and intend to continue, promoting Trader through a number of channels, direct marketing, advertorials and trade shows. We are also looking to raise awareness of the Trader product by placing advertisements in trade journals and will continue to look to have articles and editorial reviews written about the product and its advantages for those operating within these markets. We have also been targeting small and medium sized businesses within these vertical markets with direct mail pieces such as product fliers, and case studies from the small client base we have in this market. These have then been followed up by MAM's existing internal sales team to generate qualified leads for the external sales representatives.

Given the current opportunities in the automotive market, and the resources required to ensure the successful development and launch of several major projects, exploring additional vertical markets has been a lower strategic priority over the last few years. However, we will continue to monitor the market and explore potential opportunities, including the Trader market in the UK.

Strategic Goals

We are looking to increase our share of the NA Market by (i) increasing the sales and marketing presence of our Autopart product, (ii) focusing on the tire and service and repair sector of the market (iii) and establishing Autocat and OpenWebs™ as the e-commerce standard within the automotive market. In the UK Market, we expect to continue to grow our market share through (i) moving our business management software into new vertical markets and (ii) increasing our footprint within the automotive aftermarket.

We believe that our successful experience within the automotive market will translate well into other vertical markets that have similarly complex supply chains. By developing specific sales teams with relevant market experience and supporting with them suitable marketing collateral, we believe that over time Trader can become an established product offering in these vertical markets. We plan, at this stage, to focus only on the UK Market for these additional vertical market opportunities.

Impact of Currency Exchange Rate

Our net revenue derived from sales in currencies other than the US dollar was 65% and 64% for the years ended June 30, 2018 and 2017, respectively. As the US dollar strengthens in relation to the Great Britain Pound (“GBP”), our revenue and income, which is reported in US dollars, is negatively impacted. Changes in the currency values occur regularly and, in some instances, may have a significant effect on our results of operations.

Income and expenses of MAM UK are translated at the average exchange rate. The exchange rate for MAM UK’s operating results was US \$1.34709 per GBP for the year ended June 30, 2018, as compared to US \$1.26820 per GBP for the year ended June 30, 2017.

Assets and liabilities of MAM UK are translated into US dollars at the period-end exchange rates. The exchange rate used for translating assets and liabilities of MAM UK was US \$1.32029 per GBP at June 30, 2018, as compared to US \$1.30017 per GBP at June 30, 2017.

Currency translation income (loss) adjustments are accumulated as a separate component of stockholders' equity, which totaled (\$3.2) million and (\$3.3) million as of June 30, 2018 and 2017, respectively.

Deferred Revenue

Quarterly and annual revenues are impacted by the deferral of revenue related to implementation and installation charges for SaaS contracts. The expectation is that there will be a continued shift to the cloud-based version of our products from our perpetual license products and that the associated revenue will shift from being recognized at the time of the transaction to being recognized over the customer life. However, as we will continue to offer perpetual license products, we cannot fully anticipate how revenue will be impacted. As of June 30, 2018, deferred revenue was \$3.0 million.

Results of Operations

Net Revenues. Our net revenues for the fiscal year ended June 30, 2018 compared with the year ended June 30, 2017 were as follows (dollars in thousands):

	For the Year Ended June 30,				
Net Revenues	2018	2017	\$	%	
			Variance	Variance	
MAM UK:					
Recurring	\$20,497	\$17,769	\$ 2,728	15	%
Non-recurring	2,967	2,509	458	18	%
Total MAM UK Revenues	\$23,464	\$20,278	\$ 3,186	16	%
MAM NA:					
Recurring	\$9,306	\$8,273	\$ 1,033	12	%
Non-recurring	3,007	3,045	(38)	(1)	%
Total MAM NA Revenues	\$12,313	\$11,318	\$ 995	9	%
Total Net Revenues	\$35,777	\$31,596	\$ 4,181	13	%

Total net revenues increased \$4.2 million, which included favorable foreign currency exchange rate movements of \$1.4 million.

Net revenues from our MAM UK operations increased primarily as a result a \$1.5 million increase in recurring revenues as customers continue to migrate to a SaaS platform and growth in DaaS services, a \$1.4 million increase due to favorable foreign currency exchange rate movements, and a \$0.3 million increase in non-recurring revenues related to custom development projects.

Net revenues from our MAM NA operations increased for recurring and system sales as a result of overall growth in the market for SaaS and DaaS services.

Cost of Revenues. Our cost of revenues for the fiscal year ended June 30, 2018, compared with the year ended June 30, 2017 were as follows (dollars in thousands):

	For the Year Ended June 30,				
	2018	2017	\$	%	
			Variance	Variance	
Cost of Revenues:					
MAM UK	\$ 10,059	\$ 9,140	\$ 919	10	%
MAM NA	6,029	5,053	976	19	%
Total Cost of Revenues	\$ 16,088	\$ 14,193	\$ 1,895	13	%

For the year ended June 30, 2018 compared to the same period in the prior year, cost of revenues increased \$1.9 million which included unfavorable foreign currency rate movements of \$0.6 million. Increases in costs of services were primarily due to increases in professional services headcount and support headcount and hosting infrastructure to support growth.

Operating Expenses. Our operating expenses for the fiscal year ended June 30, 2018, compared with the year ended June 30, 2017 (dollars in thousands):

	For the Year Ended June 30,				
	2018	2017	\$	%	
			Variance	Variance	
Operating Expenses:					
Research and development	\$4,734	\$3,791	\$ 943	25	%
Sales and marketing	3,458	3,659	(201)	(5)%
General and administrative	6,366	5,505	861	16	%
Depreciation and amortization	237	231	6	3	%
Total Operating Expenses	\$14,795	\$13,186	\$ 1,609	12	%

Research and Development (“R&D”) Expenses. For the year ended June 30, 2018, compared to the same period in the prior year, R&D expenses increased due to a \$0.7 million increase in development resources in order to support new client developments and lower capitalized labor due to completion of certain development projects and \$0.2 million in unfavorable foreign exchange rate currency movements. R&D expenses for the years ended June 30, 2018 and 2017 excluded \$1.5 million and \$2.7 million, respectively, of capitalized costs.

Sales and Marketing Expenses. For the year ended June 30, 2018 compared to same period in the prior year, sales and marketing expenses decreased \$0.2 million primarily due to lower headcount in the UK and lower commission expense from perpetual sales.

General and Administrative Expenses. For the year ended June 30, 2018 compared to the same period in the prior year, general and administrative expenses increased \$0.9 million, of which \$0.1 million was from unfavorable foreign currency exchange rate movements. The increase was primarily due to taxes on the vesting of equity compensation awards.

Depreciation and Amortization Expenses. For the year ended June 30, 2018 compared to the same period in the prior year, depreciation and amortization remained relatively consistent.

Other Income (Expense). Interest expense decreased by \$0.2 million to \$0.4 million for the year ended June 30, 2018, as compared to expense of \$0.6 million for the year ended June 30, 2017. The decrease in interest expense was due to the acceleration of the amortization of deferred financing costs associated with the termination of our Prior Credit Facility (defined below) in the prior year.

Income Taxes. Income taxes increased \$2.2 million due to an income tax expense of \$1.3 million for the year ended June 30, 2018, as compared to income tax benefit of \$0.9 million for the year ended June 30, 2017. The effective tax rate was 28% for the year ended June 30, 2018, as compared to negative 25% for the year ended June 30, 2017. The increase in the effective tax rate was primarily due to the revaluation of our net deferred tax assets at the lower US federal statutory rate and the one-time repatriation tax on deemed repatriation of historical earnings on our foreign subsidiaries, as per the Tax Cuts and Jobs Act (see Note 5 to the consolidated financial statements), in the current year, as well as a partial release of the valuation allowance in the US in the prior year.

Liquidity and Capital Resources

(in thousands)	June 30, 2018	June 30, 2017
Net cash provided by operating activities	\$6,504	\$5,525
Net cash used in investing activities	(1,652)	(2,825)
Net cash used in financing activities	(1,856)	(1,840)
Effect of exchange rate changes	(85)	(91)
Net change in cash and cash equivalents	2,911	769
Cash and cash equivalents at beginning of period	1,260	491
Cash and cash equivalents at end of period	4,171	1,260

For the Year Ended June 30, 2018

Net cash provided by operating activities was due to net income of \$3.2 million, non-cash adjustments of \$1.8 million and positive changes in working capital of \$1.5 million.

The increase in non-cash adjustments was primarily attributable to the change in deferred taxes as noted above. The positive changes in working capital were due to an increase in deferred revenue and an increase in payroll taxes related to the vesting of equity compensation awards.

Net cash used in investing activities was primarily due to capitalized software development costs of \$1.5 million, primarily related to the development of VAST Online.

Net cash used in financing activities was primarily due to the repayment of long-term debt of \$1.8 million.

For the Year Ended June 30, 2017

Net cash provided by operating activities was primarily due to net income of \$4.6 million, non-cash adjustments of negative \$0.2 million, and positive changes in working capital of \$1.1 million.

The positive changes in working capital were due to an increase in income tax payable related to taxes on foreign dividends and decreases in income tax receivables for receipt of payment for tax credits related to our MAM UK operations and an increase in deferred revenue due to an increase in SaaS deals and deposits paid on larger perpetual deals. These increases to working capital were partially offset by a decrease in payroll and accrued taxes due to the timing of payments and an increase in accounts receivable due to timing of customer payments.

Net cash used in investing activities was primarily due to capitalized software development costs of \$2.7 million, primarily related to the development of VAST Online and Autocat for NA.

Net cash used in financing activities relates primarily to the repayment of the Prior Credit Facility (defined below) and equipment financing with the New Credit Facility (defined below) of \$8.9 million. Prior to the extinguishment of the Prior Credit Facility, repayments were made of \$1.6 million, offset by additional proceeds from the prior revolving loan facility of \$0.6 million. Payments on the New Credit Facility were made of \$0.5 million.

Fiscal 2019 Liquidity and Capital Resource Outlook

Our principal sources of liquidity are cash on hand, cash generated from operations and our senior credit facility. To date, most of our profits have been generated by MAM UK, but with the introduction of new products and our efforts to grow our MAM NA operations, our current plan anticipates that our MAM NA operations will increase revenue and profit over the next couple of years. We expect to invest in additional sales and marketing staff and to increase our professional services and support staff.

On March 2, 2017, we entered into a credit facility (“New Credit Facility”) with Univest Bank and Trust Co. (“Univest”). In connection with the New Credit Facility, the parties entered into ancillary agreements, including a credit agreement, a revolving credit note and a term note (collectively, the “Credit Agreements”). The New Credit Facility allows for borrowings up to \$11.5 million consisting of an \$8.75 million term loan and a \$2.75 million revolver. We used the initial proceeds of the Credit Facility to repay all of our obligations under our Prior Credit Facility. The borrowings under the Credit Agreements bear interest at a variable rate based on either LIBO Rate (as defined in the

“Credit Agreements”) or the Univest Float Rate (as defined in the Credit Agreements), plus an applicable margin of 2.75% to 3.25%, based upon financial covenants. The maturity date under the Credit Agreements is August 1, 2021.

Under the terms of the New Credit Facility, we are required to comply with certain loan covenants, which include, but are not limited to, the maintenance of certain financial ratios as well as certain financial reporting requirements and limitations. Our obligations under the New Credit Facility are secured by all of our US assets and are guaranteed by MAM Software Inc. Additionally, we pledged 65% of the stock of MAM Software Limited.

We believe our existing cash and cash equivalents balance, the cash expected to be generated from operations, and the borrowings available under our revolving credit facility will be sufficient to meet our anticipated cash needs for at least the next 12 months. Our future capital requirements will depend on many factors, including our level of net sales, the timing and extent of expenditures to support our development activities and the continued market acceptance of our products.

Working Capital

Working capital was improved at June 30, 2018 at \$0.7 million, as compared to (\$0.8) million at June 30, 2017. Working capital included the current portion of long-term debt of \$1.8 million and \$1.7 million at June 30, 2018 and 2017, respectively, which were primarily related to the development of VAST Online for NA.

Capital Expenditures

Capital expenditures for the years ended June 30, 2018 and 2017 were \$1.7 million and \$2.8 million, respectively. The capital expenditures included capitalized software development costs of \$1.5 million and \$2.7 million for the years ended June 30, 2018 and 2017, respectively.

Fiscal 2019 Outlook

We expect to see continued revenue growth from both our MAM NA and MAM UK operations during fiscal 2019. We also expect to see continuing improvement in profitability due to the increase in revenue, partially offset by our continued investment in growth initiatives, including R&D.

Our growth plan for the UK Market includes expanding our presence in automotive aftermarket and expanding into new vertical markets, including lumber and hardware. Our growth plan for the NA Market is focused on expanding our presence in the automotive aftermarket, including launching our new VAST Online and Autocat products, while also growing our established products, including Autopart.

We intend to continue to work at maximizing customer retention by supplying and developing products that streamline and simplify customer operations, thereby increasing their profit margin. We believe that we can continue to grow our customer base through additional sales personnel, targeted media and marketing campaigns and products that completely fit clients' requirements. We also intend to service existing clients at higher levels and increasingly partner with them so that together we both will achieve our goals.

Revenues from MAM UK continue to generate positive cash flows and we continue to see improvements in MAM NA. Our current plans still require us to hire additional professional services, support and sales and marketing staff to support our growth initiatives.

We believe our plan will strengthen our relationships with our existing customers and provide new income streams. If we experience negative cash flows, we may be required to borrow more debt or limit our growth plan.

Off Balance Sheet Arrangements

We do not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. In addition, we do not have any undisclosed borrowings or debt, and we have not entered into any synthetic leases. We are, therefore, not materially exposed to any financing, liquidity, market or credit risk, that could arise if we had engaged in such relationship.

Critical Accounting Policies

Our consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the US. The preparation of these consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We believe the following critical accounting policies, among others, affect our more significant judgments and estimates used in the preparation of our consolidated financial statements:

Fair Value of Financial Instruments

Our financial instruments consist principally of cash and cash equivalents, accounts receivable, accounts payable, and accrued expenses.

Financial assets and liabilities that are re-measured and reported at fair value at each reporting period are classified and disclosed in one of the following three categories:

Level 1 – Fair value based on quoted prices in active markets for identical assets or liabilities.

Level 2 – Fair value based on significant directly observable data (other than Level 1 quoted prices) or significant indirectly observable data through corroboration with observable market data. Inputs would normally be (i) quoted prices in active markets for similar assets or liabilities, (ii) quoted prices in inactive markets for identical or similar assets or liabilities or (iii) information derived from or corroborated by observable market data.

Level 3 – Fair value based on prices or valuation techniques that require significant unobservable data inputs. Inputs would normally be a reporting entity's own data and judgments about assumptions that market participants would use in pricing the asset or liability.

Allowance for Doubtful Accounts

We maintain allowances for doubtful accounts for estimated losses resulting from the inability of our customers to make required payments. The allowance for doubtful accounts is based on specific identification of customer accounts and our best estimate of the likelihood of potential loss, taking into account such factors as the financial condition and payment history of major customers. We evaluate the collectability of our receivables at least quarterly. The allowance for doubtful accounts is subject to estimates based on the historical actual costs of bad debt experienced, total accounts receivable amounts, age of accounts receivable and any knowledge of the customers' ability or inability to pay outstanding balances. If the financial condition of our customers were to deteriorate, resulting in impairment of their ability to make payments, additional allowances may be required. The differences could be material and could significantly impact cash flows from operating activities.

Software Development Costs

Costs incurred to develop computer software products to be sold or otherwise marketed are charged to expense until technological feasibility of the product has been established. Once technological feasibility has been established, computer software development costs (consisting primarily of internal labor costs) are capitalized and reported at the lower of amortized cost or estimated realizable value. Purchased software development cost is capitalized and recorded at its estimated fair market value. When a product is ready for general release, its capitalized costs are amortized on a product-by-product basis. The annual amortization is the greater of: the ratio that current gross revenues for a product bear to the total of current and anticipated future gross revenues for that product and, the straight-line method over the remaining estimated economic life (a period of three to ten years) of the product including the period being reported on. If the future market viability of a software product is less than anticipated,

impairment of the related unamortized development costs could occur, which could significantly impact our results of operations.

Goodwill

Goodwill that has an indefinite useful life is not amortized but rather are tested at least annually for impairment. Goodwill is subject to impairment reviews by applying a fair-value-based test at the reporting unit level, which generally represents operations one level below the segments reported by us.

Long-Lived Assets

Our management assesses the recoverability of long-lived assets (other than goodwill discussed above) upon the occurrence of a triggering event by determining whether the carrying value of the long-lived asset can be recovered through projected undiscounted future cash flows over its remaining life. The amount of long-lived asset impairment, if any, is measured based on fair value and is charged to operations in the period in which long-lived asset impairment is determined by management. At June 30, 2018, management believed there was no impairment of its long-lived assets. There can be no assurance, however, that market conditions will not change or demand for our products and services will continue, which could result in impairment of long-lived assets in the future.

Revenue Recognition

Software license revenue is recognized when persuasive evidence of an arrangement exists, delivery of the product component has occurred, the fee is fixed and determinable, and collectability is reasonably assured. If any of these criteria are not met, revenue recognition is deferred until such time as all of the criteria are met. We account for delivered elements in accordance with the selling price when arrangements include multiple product components or other elements and vendor-specific objective evidence exists for the value of all undelivered elements. Revenues on undelivered elements are recognized once delivery is complete.

In those instances in which arrangements include significant customization, contractual milestones, acceptance criteria or other contingencies, we account for the arrangements using contract accounting, as follows:

when customer acceptance can be estimated, but reliable estimated costs to complete cannot be determined, expenditures are capitalized as work-in process and deferred until completion of the contract at which time the costs and revenues are recognized; and
• when customer acceptance cannot be estimated based on historical evidence, costs are expensed as incurred and revenue is recognized at the completion of the contract when customer acceptance is obtained

We record amounts collected from customers in excess of recognizable revenue as deferred revenue in the accompanying consolidated balance sheets.

Revenues for maintenance agreements, software support, online services and information products are recognized ratably over the term of the service agreement.

We recognize revenue on a net basis, which excludes sales tax collected from customers and remitted to governmental authorities.

Cost of Revenues

Cost of revenues primarily consists of expenses related to delivering our service and providing support, amortization expense associated with capitalized software related to our services and acquired developed technologies and certain fees paid to various third parties for the use of their technology, services and data. Included in costs of revenues are cost of professional services, which consists primarily of employee-related costs associated with these services, the cost of subcontractors, certain third-party fees, and allocated overhead.

As we continue to invest in new products and services, the amortization expense associated with these capitalizable activities will be included in cost of revenues. Additionally, as we enter into new contracts with third parties for the use of their technology, services or data, or as our sales volume grows, the fees paid to use such technology or services may increase. The timing of these additional expenses will affect our cost of revenues, both in terms of absolute dollars and as a percentage of revenues, in the affected periods.

Stock-Based Compensation

For valuing stock options awards, we have elected to use the Black-Scholes Merton option pricing valuation model (“Black-Scholes”). For the expected term, we use a simple average of the vesting period and the contractual term of the option. Volatility is a measure of the amount by which our stock price is expected to fluctuate during the expected term of the option. For volatility we consider our own volatility as applicable for valuing its options and warrants. With the adoption of ASU 2016-09 during the year ended June 30, 2017, forfeitures will be accounted for prospectively as they are incurred, rather than estimated at time of grant. The risk-free interest rate is based on the relevant US Treasury Bill Rate at the time of each grant. The dividend yield represents the dividend rate expected to be paid over the option’s expected term; we currently have no plans to pay dividends.

Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period the enactment occurs. Deferred taxation is provided in full in respect of timing differences between the treatment of certain items for taxation and accounting purposes. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

Comprehensive Income

Comprehensive income includes all changes in equity (net assets) during the period from non-owner sources. For the years ended June 30, 2018 and June 30, 2017, the components of comprehensive income consisted of foreign currency translation gains (losses).

Recent Accounting Pronouncements

In May 2017, the FASB issued ASU 2017-09, *Compensation - Stock Compensation (Topic 718): Scope of Modification Accounting*, which provides guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in ASC Topic 718. Under the new guidance, modification accounting is required only if the fair value, the vesting conditions, or the classification of the award (as equity or liability) changes as a result of the change in terms or conditions. ASU 2017-09 will be effective for the Company for the fiscal year ending June 30, 2019 and interim reporting periods within that year. Early adoption is permitted. The Company expects the adoption of this guidance will not have a material effect on the Company's consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04, *Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*. This update simplifies the subsequent measurement of goodwill by eliminating step two from the goodwill impairment test. Under the new guidance, an entity performs its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and recognizes an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value, not to exceed the carrying amount of goodwill allocated to the reporting unit. ASU 2017-04 is effective for annual reporting periods, including interim periods within those periods, beginning after December 15, 2019, with early adoption permitted. The Company does not expect the adoption of ASU 2017-04 to have a significant impact on its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases*. The update requires lessees to present right-of-use assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. The guidance is to be applied using a modified retrospective approach at the beginning of the earliest comparative period in the financial statements and is effective for years beginning after December 15, 2019. We are currently assessing the impact the adoption of ASU 2016-02 will have on our consolidated financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), which amends the existing accounting standards for revenue recognition. ASU 2014-09 is based on principles that govern the recognition of revenue at an amount an entity expects to be entitled when products are transferred to customers. In July 2015, the FASB provided a one-year delay in the effective date of ASU 2014-09, to be effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period, and a permission to early adopt for annual and interim periods beginning after December 15, 2016. The Company has performed a review of the new revenue standard and is monitoring the activity of the FASB and the transition resource group as it relates to specific interpretative guidance. The Company plans to adopt ASU 2014-09 on July 1, 2018. The Company has not yet determined whether it will adopt the provisions of ASU 2014-09 on a retrospective basis or

through a cumulative adjustment to retained earnings. The new standard could change the amount and timing of revenue and costs under certain arrangement types and could increase the administrative burden on Company operations to properly account for customer contracts and provide the more expansive required disclosures. The Company is currently completing its review of contracts, and therefore has not completed its quantification yet to know the impact the adoption will have on its consolidated financial position, results of operation or cash flows.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

We are not required to provide the information required by this Item 7A as we are a smaller reporting company.

Item 8. Financial Statements and Supplementary Data

The consolidated financial statements, notes to the consolidated financial statements and report of MAM's independent registered public accounting firm required to be filed in response to this Item 8 begin on page F-1.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined in Rule 13a-15(e) under the Exchange Act, as amended (the "Exchange Act"), as of June 30, 2018. Based on this evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosures.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of June 30, 2018 based on the criteria set forth in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the criteria set forth in Internal Control—Integrated Framework, our management concluded that our internal control over financial reporting was effective as of June 30, 2018.

This Report does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by MAM's independent registered public accounting firm as we are a smaller reporting company and not required to provide the report.

Inherent Limitations on Internal Control

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple errors. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Changes in Internal Control over Financial Reporting

There were no changes in MAM's internal control over financial reporting in our fourth fiscal quarter of the fiscal year ended June 30, 2018 covered by this Report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this Item 10 is incorporated into this Report by reference from our proxy statement to be issued in connection with our 2019 Annual Meeting of Stockholders under the headings “Information about Director Nominees,” “Corporate Governance,” and “Section 16(a) Beneficial Ownership Reporting Compliance,” which proxy statement is expected to be filed with the U.S. Securities and Exchange Commission (“SEC”) not later than 120 days after June 30, 2018.

Item 11. Executive Compensation

The information required by this Item 11 is incorporated into this Report by reference from our proxy statement to be issued in connection with our 2019 Annual Meeting of Stockholders under the heading “Executive Compensation,” which proxy statement is expected to be filed with the SEC not later than 120 days after June 30, 2018.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this Item 12 is incorporated into this Report by reference from our proxy statement to be issued in connection with our 2019 Annual Meeting of Stockholders under the headings “Security Ownership of Certain Beneficial Owners and Management,” which proxy statement is expected to be filed with the SEC not later than 120 days after June 30, 2018.

Securities Authorized for Issuance Under the Equity Compensation Plans

The following summarizes information regarding the number of units that are available for issuance under all of the Company's equity compensation plans as of June 30, 2018:

Plan Category	Number of Securities to be Issued	Weighted Average Exercise	Number of Securities Remaining
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	Upon Exercise of Outstanding Unit Options, Warrants and Rights	Price of Outstanding Unit Options, Warrants and Rights	Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	68,224	\$ 1.30	689,740
Equity compensation plans not approved by security holders	-	-	-
	68,224	\$ 1.30	689,740

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this Item 13 is incorporated into this Report by reference from our proxy statement to be issued in connection with our 2019 Annual Meeting of Stockholders under the headings “Corporate Governance,” and “Certain Relationships and Related Transactions,” which proxy statement is expected to be filed with the SEC not later than 120 days after June 30, 2018.

Item 14. Principal Accounting Fees and Services

The information required by this Item 14 is incorporated into this Report by reference from our proxy statement to be issued in connection with our 2019 Annual Meeting of Stockholders under the heading “Ratification of Appointment of Our Independent Registered Public Accounting Firm,” which proxy statement is expected to be filed with the SEC not later than 120 days after June 30, 2018.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) The following documents are filed as part of this Report:

(1) Financial Statements:

The audited balance sheets of MAM Software Group, Inc. as of June 30, 2018 and 2017, the related statements of comprehensive income, stockholders' equity and cash flows for the years then ended, the footnotes thereto, and the report of KMJ Corbin & Company LLP, an independent registered public accounting firm, are filed herewith.

(2) Financial Schedules:

None.

Financial statement schedules have been omitted because they are either not applicable or the required information is included in the financial statements or notes hereto.

(3) Exhibits:

The exhibits listed in the accompanying index to exhibits are filed or incorporated by reference as part of this Report.

(b) The following are exhibits to this Report and, if incorporated by reference, we have indicated the document previously filed with the SEC in which the exhibit was included.

Certain of the agreements filed as exhibits to this Report contain representations and warranties by the parties to the agreements that have been made solely for the benefit of the parties to the agreement. These representations and

warranties:

- may have been qualified by disclosures that were made to the other parties in connection with the negotiation of the agreements, which disclosures are not necessarily reflected in the agreements;

- may apply standards of materiality that differ from those of a reasonable investor; and

- were made only as of specified dates contained in the agreements and are subject to subsequent developments and changed circumstances.

Accordingly, these representations and warranties may not describe the actual state of affairs as of the date that these representations and warranties were made or at any other time. Investors should not rely on them as statements of fact.

Exhibit No.	Description of Exhibit
3(i)	Certificate of Incorporation of MAM Software Group, Inc., as amended (incorporated by reference to Exhibit 3(i) to the Company's Annual Report on Form 10-K filed with the SEC on September 25, 2013).
3(ii)	Bylaws (incorporated by reference to Exhibit 3(ii) to the Company's Registration Statement on Form 10-KSB filed with the SEC on February 16, 2007).
4.1	Form of Certificate of Common Stock (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form SB-2 filed with the SEC on February 16, 2007).
4.2	Certificate of Designation for Series A Convertible Preferred Stock (incorporated by reference to Exhibit 4.2 to the Company's Annual Report on Form 10-K filed with the SEC on September 25, 2013).
4.3	Term Note dated March 2, 2017, in the principal amount of \$8,750,000 (incorporated by reference to Exhibit 10.3 to our Form 8-K filed with the SEC on March 8, 2017).
10.1	Credit Agreement dated as of March 2, 2017, among MAM Software Group, Inc. and Univest Bank and Trust Co. (incorporate by reference to Exhibit 10.1 to our Form 8-K filed with the SEC on March 8, 2017).
10.2	Revolving Credit Note dated March 2, 2017, in the principal amount of \$2,750,000 (incorporate by reference to Exhibit 10.2 to our Form 8-K filed with the SEC on March 8, 2017).
10.3	Pledge and Security Agreement dated as of March 2, 2017, by and between MAM Software Group, Inc., Borrower, and Univest Bank and Trust Co., on behalf of Lender and the other Secured Parties (incorporated by reference to Exhibit 10.4 to our Form 8-K filed with the SEC on March 8, 2017).
10.4	Pledge and Security Agreement dated as of March 2, 2017, by and between MAM Software, Inc., Grantor, and Univest Bank and Trust Co., on behalf of Lender and the other Secured Parties (incorporated by reference to Exhibit 10.5 to our Form 8-K filed with the SEC on March 8, 2017).
10.5	Deed of Negative Pledge Agreement dated as of March 2, 2017, by and between MAM Software Group, Inc. and MAM Software Limited and Univest Bank and Trust Co. (incorporated by reference to Exhibit 10.6 to our Form 8-K dated March 8, 2017).
10.6	Guaranty of Payment Agreement dated as of March 2, 2017, by MAM Software Group, Inc., a Guarantor, in favor of Univest Bank and Trust Co., as Lender (incorporated by reference to Exhibit 10.7 to our Form 8-K filed with the SEC on March 8, 2017).
10.7	2007 Long-Term Stock Incentive Plan (incorporated by reference to Appendix D of the Company's revised Definitive Proxy Statement filed with the SEC on May 19, 2008).
10.8	2017 Equity Incentive Plan (incorporate by reference to Appendix D of the Company's Definitive Proxy Statement filed with the SEC on October 28, 2017).
10.9†	Employment Agreement effective as of July 1, 2010 between the Company and Michael Jamieson (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on July 21, 2010).
10.10†	Employment Agreement effective as of April 1, 2017 between the Company and Michael Jamieson (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on March 28, 2017).
10.11†	

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	Employment Agreement effective as of October 16, 2015 between the Company and Brian H. Callahan (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on October 19, 2015).
10.12‡	Employment Agreement effective as of July 1, 2013 between the Company and Lee Broad (incorporated by reference to Exhibit 10.4 to the Company's Annual Report on Form 10-K filed on with the SEC on September 24, 2015).
10.13‡	Separation Agreement effective as of October 19, 2015 between the Company and Charles F. Trapp (incorporated by reference to Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q filed with the SEC on February 16, 2016).
10.14‡	MAM Software Group, Inc. Employee Stock Purchase Plan, effective as of December 16, 2011 (incorporated by reference to Exhibit 10.12 to the Company's Annual Report on Form 10-K filed with the SEC on September 26, 2016).
10.15	First Amendment to Credit Agreement, dated as of September 26, 2016, by and among MAM Software Group, Inc. and J.P. Morgan Chase Bank, N.A. (incorporated by reference to Exhibit 10.13 to the Company's Annual Report on Form 10-K filed with the SEC on September 26, 2016).
14.1	Code of Ethics (incorporated by reference to Exhibit 14 to the Company's Annual report on Form 10KSB/A for the fiscal year ended June 30, 2007 filed with the SEC on October 15, 2007).
21.1	List of Subsidiaries (filed herewith).
23.1	Consent of KMJ Corbin & Company LLP (filed herewith).
31.1	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
31.2	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
32.1	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).
32.2	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Schema
101.CAL	XBRL Taxonomy Calculation Linkbase
101.DEF	XBRL Taxonomy Definition Linkbase
101.LAB	XBRL Taxonomy Label Linkbase
101.PRE	XBRL Taxonomy Presentation Linkbase

In accordance with SEC Release 33-8238, Exhibits 32.1 and 32.2 are being furnished and not filed.

‡ Management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MAM Software Group, Inc.

Date: September 14, 2018 By: /s/ Michael G. Jamieson
Michael G. Jamieson
Chief Executive Officer
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Date: September 14, 2018 By: /s/ Michael G. Jamieson
Michael G. Jamieson
Chief Executive Officer and Director
(Principal Executive Officer)

Date: September 14, 2018 By: /s/ Brian H. Callahan
Brian H. Callahan
Chief Financial Officer
(Principal Financial Officer and
Principal Accounting Officer)

Date: September 14, 2018 By: /s/ Frederick Wasserman
Frederick Wasserman
Chairman of the Board of Directors

Date: September 14, 2018 By: /s/ Dwight Mamanteo
Dwight Mamanteo
Director

Date: September 14, 2018 By: /s/ W. Austin Lewis IV
W. Austin Lewis IV

Director

Date: September 14, 2018 By: / S / Peter H. Kamin

Peter H. Kamin

Director

FINANCIAL STATEMENTS

MAM SOFTWARE GROUP, INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

Index to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm	<u>F-2</u>
Consolidated Balance Sheets as of June 30, 2018 and 2017	<u>F-3</u>
Consolidated Statements of Comprehensive Income for the years ended June 30, 2018 and 2017	<u>F-4</u>
Consolidated Statements of Stockholders' Equity for the years ended June 30, 2018 and 2017	<u>F-5</u>
Consolidated Statements of Cash Flows for the years ended June 30, 2018 and 2017	<u>F-6</u>
Notes to Consolidated Financial Statements	<u>F-8</u>

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
MAM Software Group, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of MAM Software Group, Inc. and subsidiaries (the “Company”) as of June 30, 2018 and 2017, the related consolidated statements of comprehensive income, stockholders’ equity, and cash flows for the years then ended, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ KMJ Corbin & Company LLP

We have served as the Company's auditor since 2005.

Costa Mesa, California

September 14, 2018

F-2

MAM SOFTWARE GROUP, INC.**Consolidated Balance Sheets***(In thousands, except per share data)*

	June 30, 2018	June 30, 2017
ASSETS		
Current Assets		
Cash and cash equivalents	\$4,171	\$1,260
Accounts receivable, net of allowance of \$224 and \$332, respectively	5,010	4,873
Inventories	170	154
Prepaid expenses and other current assets	1,270	1,260
Income tax receivable	-	168
Total Current Assets	10,621	7,715
Property and Equipment, Net	480	511
Other Assets		
Goodwill	8,280	8,191
Intangible assets, net	568	639
Software development costs, net	8,889	7,634
Deferred income taxes	1,251	1,679
Other long-term assets	545	283
TOTAL ASSETS	\$30,634	\$26,652
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$1,318	\$1,334
Accrued expenses and other liabilities	1,201	1,137
Accrued payroll and related expenses	2,146	1,605
Current portion of long-term debt	1,811	1,734
Current portion of deferred revenue	1,885	1,477
Sales tax payable	910	761
Income tax payable	669	506
Total Current Liabilities	9,940	8,554
Long-Term Liabilities		

Deferred revenue, net of current portion	1,146	772
Deferred income taxes	789	682
Income tax payable, net of current portion	232	-
Long-term debt, net of current portion	4,581	6,386
Other long-term liabilities	426	583
Total Liabilities	17,114	16,977

Commitments and Contingencies

Stockholders' Equity

Preferred stock: Par value \$0.0001 per share; 2,000 shares authorized, none issued and outstanding	-	-
Common stock: Par value \$0.0001 per share; 18,000 shares authorized, 12,593 shares issued and 12,588 shares outstanding at June 30, 2018, and 12,313 shares issued and 12,308 shares outstanding at June 30, 2017	1	1
Additional paid-in capital	14,768	14,180
Accumulated other comprehensive loss	(3,236)	(3,283)
Retained earnings (accumulated deficit)	2,003	(1,207)
Treasury stock at cost, 5 shares at June 30, 2018 and June 30, 2017	(16)	(16)
Total Stockholders' Equity	13,520	9,675
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$30,634	\$26,652

The Accompanying Notes are an Integral Part of these Consolidated Financial Statements.

MAM SOFTWARE GROUP, INC.**Consolidated Statements of Comprehensive Income***(In thousands, except per share data)*

	For the Years Ended June 30,	
	2018	2017
Net revenues	\$35,777	\$31,596
Cost of revenues	16,088	14,193
Gross Profit	19,689	17,403
Operating Expenses		
Research and development	4,734	3,791
Sales and marketing	3,458	3,659
General and administrative	6,366	5,505
Depreciation and amortization	237	231
Total Operating Expenses	14,795	13,186
Operating Income	4,894	4,217
Other Income (Expense)		
Interest expense, net	(411)	(559)
Total other expense, net	(411)	(559)
Income before provision (benefit) for income taxes	4,483	3,658
Provision (benefit) for income taxes	1,273	(920)
Net Income	\$3,210	\$4,578
Earnings per share attributed to common stockholders - basic	\$0.27	\$0.39
Earnings per share attributed to common stockholders - diluted	\$0.27	\$0.39
Weighted average common shares outstanding – basic	11,849	11,732
Weighted average common shares outstanding – diluted	11,906	11,786
Net Income	\$3,210	\$4,578
Foreign currency translation gain (loss)	47	(298)
Total Comprehensive Income	\$3,257	\$4,280

The Accompanying Notes are an Integral Part of these Consolidated Financial Statements.

F-4

MAM SOFTWARE GROUP, INC.**Consolidated Statements of Stockholders' Equity***(In thousands)*

	Preferred Stock		Common Stock		Additional Paid-in Capital		Treasury Stock		Accumulated Other Comprehensive Loss	Retained Earnings (Accumulated Deficit)	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount			
Balance July 1, 2016	-	\$ -	13,199	\$ 1	\$ 16,162	(790)	\$ (2,374)	\$ (2,985)		\$ (5,785)	\$ 5,019
Common stock issued as compensation – Includes amortization of unvested shares (See Note 7)	-	-	68	-	510	-	-	-	-	-	510
Forfeiture of restricted stock	-	-	(187)	-	-	-	-	-	-	-	-
Common stock surrendered to pay for tax withholding	-	-	(26)	-	(150)	-	-	-	-	-	(150)
Common stock issued for options exercised	-	-	44	-	16	-	-	-	-	-	16
Retirement of treasury stock	-	-	(785)	-	(2,358)	785	2,358	-	-	-	-
Foreign currency translation	-	-	-	-	-	-	-	(298)	-	-	(298)
Net income	-	-	-	-	-	-	-	-	-	4,578	4,578
Balance June 30, 2017	-	-	12,313	1	14,180	(5)	(16)	(3,283)		(1,207)	9,675
Common stock issued as compensation – Includes amortization of unvested shares (See Note 7)	-	-	290	-	668	-	-	-	-	-	668
Common stock surrendered to pay for tax withholding	-	-	(4)	-	(33)	-	-	-	-	-	(33)
Repurchase of common stock for treasury	-	-	-	-	-	(6)	(47)	-	-	-	(47)

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Retirement of treasury stock	-	-	(6)	-	(47)	6	47	-	-	-
Foreign currency translation	-	-	-	-	-	-	-	47	-	47
Net income	-	-	-	-	-	-	-	-	3,210	3,210
Balance June 30, 2018	-	\$ -	12,593	\$ 1	\$ 14,768	(5)	\$(16)	\$(3,236)	\$ 2,003	\$13,520

The Accompanying Notes are an Integral Part of these Consolidated Financial Statements.

F-5

MAM SOFTWARE GROUP, INC.**Consolidated Statements of Cash Flows***(In thousands)*

	For the Years Ended June 30, 2018 2017	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$3,210	\$4,578
Adjustments to reconcile net income to net cash provided by operating activities:		
Bad debt expense	89	283
Depreciation and amortization	554	537
Amortization of debt issuance costs	41	139
Deferred income taxes	526	(1,523)
Stock-based compensation expense	564	375
Changes in assets and liabilities:		
Accounts receivable	(188)	(386)
Inventories	(13)	(169)
Prepaid expenses and other assets	(259)	(6)
Income tax receivable	174	352
Accounts payable	(29)	(264)
Accrued expenses and other liabilities	214	514
Income tax payable	316	593
Accrued payroll and related expenses	534	(314)
Deferred revenue	771	816
NET CASH PROVIDED BY OPERATING ACTIVITIES	6,504	5,525
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(110)	(96)
Capitalized software development costs	(1,542)	(2,729)
NET CASH USED IN INVESTING ACTIVITIES	(1,652)	(2,825)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Common stock surrendered to pay for tax withholding	(33)	(150)
Repurchase of common stock for treasury	(47)	-
Payment for acquisition of debt	-	(144)
Proceeds from long-term debt	-	9,519

Repayment of long-term debt	(1,776)	(11,081)
Proceeds from exercise of stock options	-	16
NET CASH USED IN FINANCING ACTIVITIES	(1,856)	(1,840)
Effect of exchange rate changes	(85)	(91)
Net change in cash and cash equivalents	2,911	769
Cash and cash equivalents at beginning of year	1,260	491
Cash and cash equivalents at end of year	\$4,171	\$1,260

The Accompanying Notes are an Integral Part of these Consolidated Financial Statements.

F-6

MAM SOFTWARE GROUP, INC.

Consolidated Statements of Cash Flows (Continued)

(In thousands)

	For the Years Ended June 30, 2018 2017	
Supplemental disclosures of cash flow information		
Cash paid during the year for:		
Interest	\$364	\$413
Income taxes	\$242	\$11
Supplemental disclosures of non-cash investing and financing activities:		
Issuance of common stock in settlement of accrued liabilities	\$112	\$154
Retirement of treasury stock	\$47	\$2,358
Acquisition of equipment under capital lease	\$7	\$-

The Accompanying Notes are an Integral Part of these Consolidated Financial Statements.

MAM SOFTWARE GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2018 and 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

MAM Software Group, Inc. ("MAM" or the "Company") is a leading provider of integrated information management solutions and services and a leading provider of cloud-based software solutions for the automotive aftermarket sector. The Company conducts its businesses through wholly owned subsidiaries with operations in Europe and North America. MAM Software Ltd. ("MAM Ltd.") is based in Tankersley, Barnsley, United Kingdom ("UK"), Origin Software Solutions, Ltd. ("Origin") is based in the UK (MAM Ltd. and Origin are collectively referred to as "MAM UK"), and MAM Software, Inc. ("MAM NA") is based in the United States of America ("US") in Blue Bell, Pennsylvania.

Principles of Consolidation

The consolidated financial statements of the Company include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in the consolidated financial statements.

Concentrations of Credit Risk

The Company has *no* significant off-balance-sheet concentrations of credit risk such as foreign exchange contracts, options contracts or other foreign hedging arrangements.

Cash and Cash Equivalents

In the US, the Company maintains cash balances at financial institutions that are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times deposits held with financial institutions in the US *may* exceed the \$250,000 limit.

In the UK, the Company maintains cash balances at financial institutions that are insured by the Financial Services Compensation Scheme up to 85,000GBP. At times deposits held with financial institutions in the UK *may* exceed the 85,000GBP limit.

The Company maintains its cash accounts at financial institutions which it believes to be credit worthy. The Company considers all highly liquid debt instruments purchased with original maturities of *three* months or less to be cash equivalents to the extent the funds are *not* being held for investment purposes.

Customers

The Company performs periodic evaluations of its customers and maintains allowances for potential credit losses as deemed necessary. The Company generally does *not* require collateral to secure its accounts receivable. Credit risk is managed by discontinuing sales to customers who are delinquent. The Company estimates credit losses and returns based on management's evaluation of historical experience and current industry trends. Although the Company expects to collect amounts due, actual collections *may* differ from the estimated amounts.

No customers accounted for more than 10% of the Company's revenues for each of the years ended *June 30, 2018* and *2017*. *No* customers accounted for more than 10% of the Company's accounts receivable at *June 30, 2018* and *2017*.

Segment Reporting

The Company operates in *one* reportable segment. Though the Company has *two* operational segments (MAM UK and MAM NA), the Company evaluated these segments in accordance with ASC 280-10-50, *Segment Reporting*, and determined that the segments have the same economic characteristics, are similar in the following areas and can therefore be aggregated into *one* reportable segment:

1. The products and services are software and professional services

2. The products are produced through professional services
3. The customers for these products are primarily for the automotive aftermarket
4. The method to distribute these products are via software that the customer can host locally or the Company will host
5. They both operate in a non-regulatory environment

F-8

Geographic Concentrations

The Company conducts business in the US and Canada (US and Canada are collectively referred to as the “NA Market”), and the UK and Ireland (UK and Ireland are collectively referred to as the “UK Market”). For customers headquartered in their respective countries, the Company derived approximately 64% of its revenues from the UK, 34% from the US, 1% from Ireland, and 1% from Canada during the year ended *June 30, 2018*, compared to 63% of its revenues from the UK, 35% from the US, 1% from Ireland, and 1% from Canada during the year ended *June 30, 2017*.

At *June 30, 2018*, the Company maintained 76% of its net property and equipment in the UK and the remaining 24% in the US. At *June 30, 2017*, the Company maintained 76% of its net property and equipment in the UK and the remaining 24% in the US.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the US requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates made by the Company’s management include, but are *not* limited to, the collectability of accounts receivable, the realizability of inventories, the determination of the fair value of acquired intangible assets, the recoverability of goodwill and other long-lived assets, valuation of deferred tax assets and liabilities and the estimated fair value of stock options, warrants and shares issued for compensation and non-cash consideration. Actual results could materially differ from those estimates.

Fair Value of Financial Instruments

The Company’s financial instruments consist principally of cash and cash equivalents, accounts receivable, accounts payable, accrued expenses, and other liabilities, and long-term debt. Financial assets and liabilities that are remeasured and reported at fair value at each reporting period are classified and disclosed in *one* of the following *three* categories:

- Level 1 – Fair value based on quoted prices in active markets for identical assets or liabilities.
- Level 2 – Fair value based on significant directly observable data (other than Level 1 quoted prices) or significant indirectly observable data through corroboration with observable market data. Inputs would normally be (i) quoted prices in active markets for similar assets or liabilities, (ii) quoted prices in inactive markets for identical or similar assets or liabilities or (iii) information derived from or corroborated by observable market data.
- Level 3 – Fair value based on prices or valuation techniques that require significant unobservable data inputs. Inputs would normally be a reporting entity's own data and judgments about assumptions that market participants would use in pricing the asset or liability.

Determining which category an asset or liability falls within the hierarchy *may* require significant judgment. The Company evaluates its hierarchy disclosures each quarter. The Company believes that the carrying values of all financial instruments, except long-term debt, approximate their values due to their nature and respective durations. The carrying value of long-term debt approximates fair value based on borrowing rates currently available to the Company.

The Company classified its contingent acquisition consideration liability in connection with the acquisition of Origin within the Level 3 category, as factors used to develop the estimated fair value are unobservable inputs that are *not* supported by market activity. At the time of the acquisition, the Company estimated the fair value of the contingent consideration liability, which consisted of net income based milestones, using assumptions including estimated revenues (based on internal budgets and long-range strategic plans), discount rates, probability of payment and projected payment dates. Any change in these assumptions could result in a significantly higher (lower) fair value measurement. The fair value of the contingent consideration was remeasured each reporting period. The contingent consideration liability totaled \$0.5 million as of *June 30, 2018* and *2017*.

Allowance for Doubtful Accounts

The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of our customers to make required payments. The allowance for doubtful accounts is based on specific identification of customer accounts and its best estimate of the likelihood of potential loss, taking into account such factors as the financial condition and payment history of major customers. The Company evaluates the collectability of its receivables at least quarterly. The allowance for doubtful accounts is subject to estimates based on the historical actual costs of bad debt experienced, total accounts receivable amounts, age of accounts receivable and any knowledge of the customers' ability or inability to pay outstanding balances. If the financial condition of the Company's customers were to deteriorate, resulting in impairment of their ability to make payments, additional allowances *may* be required. The differences could be material and could significantly impact cash flows from operating activities.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined using the *first-in, first-out* method. Inventories consist primarily of hardware that will be sold to customers. The Company periodically reviews its inventories and records a provision for excess and obsolete inventories based primarily on the Company's estimated forecast of product demand. Once established, write-downs of inventories are considered permanent adjustments to the cost basis of the obsolete or excess inventories.

F-9

Property and Equipment

Property and equipment are stated at cost, and are depreciated using the straight-line method over the estimated useful lives of the related assets, ranging from *three* to *five* years. Leasehold improvements are amortized using the straight-line method over the lesser of the estimated useful lives of the assets or the related lease terms. Equipment under capital lease obligations is depreciated over the shorter of the estimated useful lives of the related assets or the term of the lease. Maintenance and routine repairs are charged to expense as incurred. Significant renewals and betterments are capitalized. At the time of retirement or other disposition of property and equipment, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the consolidated statements of comprehensive income.

Software Development Costs

Costs incurred to develop computer software products to be sold or otherwise marketed are charged to expense until technological feasibility of the product has been established. Once technological feasibility has been established, computer software development costs (consisting primarily of internal labor costs) are capitalized and reported at the lower of amortized cost or estimated realizable value. Purchased software development cost is capitalized and recorded at its estimated fair market value. When a product is ready for general release, its capitalized costs are amortized on a product-by-product basis. The annual amortization is the greater of the amounts of: the ratio that current gross revenues for a product bear to the total of current and anticipated future gross revenues for that product and, the straight-line method over the remaining estimated economic life (a period of *three* to *ten* years) of the product including the period being reported on. Amortization of capitalized software development costs are included in the cost of revenues line on the consolidated statements of comprehensive income. If the future market viability of a software product is less than anticipated, impairment of the related unamortized development costs could occur, which could significantly impact the Company's results of operations.

Amortizable Intangible Assets

Amortizable intangible assets consist of completed software technology, customer contracts/relationships, automotive data services, and acquired intellectual property and are recorded at cost. Completed software technology and customer contracts/relationships are amortized using the straight-line method over their estimated useful lives of 9 to 10 years, automotive data services are amortized using the straight-line method over their estimated useful lives of 20 years and acquired intellectual property is amortized over the estimated useful life of 10 years.

Goodwill

Goodwill is *not* amortized, but rather is tested at least annually for impairment.

Goodwill is subject to impairment reviews by applying a fair-value-based test at the reporting unit level, which generally represents operations *one* level below the segments reported by the Company. As of *June 30, 2018*, the Company does *not* believe there is an impairment of its goodwill. There can be *no* assurance, however, that market conditions will *not* change or demand for the Company's products and services will continue, which could result in impairment of goodwill in the future.

Goodwill activity for the years ended *June 30, 2018* and *2017* was as follows (in thousands):

Balance, July 1, 2016	\$8,363
Effect of exchange rate changes	(172)
Balance, June 30, 2017	\$8,191
Effect of exchange rate changes	89
Balance, June 30, 2018	\$8,280

Long-Lived Assets

The Company's management assesses the recoverability of long-lived assets (other than goodwill discussed above) upon the occurrence of a triggering event by determining whether the carrying value of long-lived assets can be recovered through projected undiscounted future cash flows over their remaining useful lives. The amount of long-lived asset impairment, if any, is measured based on fair value and is charged to operations in the period in which long-lived asset impairment is determined by management. At *June 30, 2018*, the Company's management believes there is *no* impairment of its long-lived assets. There can be *no* assurance, however, that market conditions will *not* change or demand for the Company's products and services will continue, which could result in impairment of long-lived assets in the future.

Debt Issuance Costs

Debt issuance costs represent costs incurred in connection with the issuance of long-term debt. Debt issuance costs are amortized over the term of the financing instrument using the effective interest method. Debt issuance costs are presented in the consolidated balance sheets as an offset against the current and non-current portions of long-term debt.

Issuance of Equity Instruments to Non-Employees

All issuances of the Company's equity instruments to non-employees are measured at fair value based upon either the fair value of the equity instruments issued or the fair value of consideration received, whichever is more readily determinable. The majority of stock issuances for non-cash consideration pertains to services rendered by consultants and others and has been valued at the fair value of the equity instruments on the dates issued.

The measurement date for the fair value of the equity instruments issued is determined at the earlier of (i) the date at which a commitment for performance by the consultant or vendor is reached or (ii) the date at which the consultant or vendor's performance is complete. In the case of equity instruments issued to consultants, the fair value of the equity instrument is recognized over the term of the consulting agreement. Assets acquired in exchange for the issuance of fully vested, non-forfeitable equity instruments are *not* presented or classified as an offset to equity on the grantor's balance sheet once the equity instrument is granted for accounting purposes.

Stock-Based Compensation

The Company accounts for stock-based compensation under the provisions of ASC No. 718, *Compensation - Stock Compensation* ("ASC 718"). ASC 718 requires the recognition of the fair value of the stock-based compensation in net income. Compensation expense associated with market-based restricted stock is determined using a Monte-Carlo valuation model, and compensation expense associated with time-based restricted stock is determined based on the number of shares granted and the fair value on the date of grant. For valuing stock options awards, the Company has elected to use the Black-Scholes model. For the expected term, the Company uses a simple average of the vesting period and the contractual term of the option. Volatility is a measure of the amount by which the Company's stock price is expected to fluctuate during the expected term of the option. For volatility the Company considers its own volatility as applicable for valuing its options and warrants. With the adoption of ASU 2016-09 during the year ended

June 30, 2017, forfeitures are accounted for as they are incurred, rather than estimated at time of grant. The risk-free interest rate is based on the relevant US Treasury Bill Rate at the time of each grant. The dividend yield represents the dividend rate expected to be paid over the option's expected term; the Company currently has *no* plans to pay dividends. The fair value of stock-based awards is amortized over the vesting period of the award or expected vesting date of the market-based restricted shares and the Company elected to use the straight-line method for awards granted.

Revenue Recognition

Software license revenue is recognized when persuasive evidence of an arrangement exists, delivery of the product component has occurred, the fee is fixed and determinable, and collectability is reasonably assured. If any of these criteria are *not* met, revenue recognition is deferred until such time as all of the criteria are met.

The Company accounts for delivered elements in accordance with the selling price when arrangements include multiple product components or other elements and vendor-specific objective evidence exists for the value of all undelivered elements. Revenues on undelivered elements are recognized once delivery is complete.

In those instances, in which arrangements include significant customization, contractual milestones, acceptance criteria or other contingencies, the Company accounts for the arrangements using contract accounting, as follows:

- when customer acceptance can be estimated, but reliable estimated costs to complete cannot be determined, expenditures are capitalized as work-in process and deferred until completion of the contract at which time the costs and revenues are recognized.
- when customer acceptance cannot be estimated based on historical evidence, costs are expensed as incurred and revenue is recognized at the completion of the contract when customer acceptance is obtained.

The Company records amounts collected from customers in excess of recognizable revenue as deferred revenue in the accompanying consolidated balance sheets. Revenues for maintenance agreements, software support, online services and information products are recognized ratably over the term of the service agreement.

The Company recognizes revenue on a net basis, which excludes sales tax collected from customers and remitted to governmental authorities.

Cost of Revenues

Cost of revenues primarily consists of expenses related to delivering our service and providing support, amortization expense associated with capitalized software related to our services and acquired developed technologies and certain fees paid to various *third* parties for the use of their technology, services and data. Included in costs of revenues are cost of professional services, which consists primarily of employee-related costs associated with these services, the cost of subcontractors, certain *third*-party fees, and allocated overhead.

As we continue to invest in new products and services, the amortization expense associated with these capitalizable activities will be included in cost of revenues. Additionally, as we enter into new contracts with *third* parties for the use of their technology, services or data, or as our sales volume grows, the fees paid to use such technology or services *may* increase. The timing of these additional expenses will affect our cost of revenues, both in terms of absolute dollars and as a percentage of revenues, in the affected periods.

Advertising Expense

The Company expenses advertising costs as incurred. For the years ended *June 30, 2018* and *2017*, advertising expense totaled \$0.4 million and \$0.4 million, respectively.

Foreign Currency

Management has determined that the functional currency of its subsidiaries is the local currency. Assets and liabilities of the UK subsidiaries are translated into US dollars at the year-end exchange rates. Income and expenses are translated at an average exchange rate for the year and the resulting translation gain (loss) adjustments are accumulated as a separate component of stockholders' equity. The translation gain (loss) adjustment totaled \$47,000 and \$(0.3) million for the years ended *June 30, 2018* and *2017*, respectively.

Foreign currency gains and losses from transactions denominated in other than respective local currencies are included in income. The Company had *no* material foreign currency transaction gains (losses) for all periods presented.

Comprehensive Income

Comprehensive income includes all changes in equity (net assets) during a period from non-owner sources. For the years ended *June 30, 2018* and *2017*, the components of comprehensive income consist of foreign currency translation gains (losses).

Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period the enactment occurs. Deferred taxation is provided in full in respect of timing differences between the treatment of certain items for taxation and accounting purposes. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

The calculation of the Company's tax liabilities involves dealing with uncertainties in the application of complex tax laws and regulations. ASC 740 states that a tax benefit from an uncertain tax position *may* be recognized when it is more likely than *not* that the position will be sustained upon examination on the basis of the technical merits. The Company records unrecognized tax benefits as liabilities in accordance with ASC 740 and adjusts these liabilities based on new information *not* previously available. Because of the complexity of some of these uncertainties, the ultimate resolution *may* result in a payment that is materially different from our current estimate of the unrecognized tax benefit liabilities. As of *June 30, 2018*, the Company accrued unrecognized tax benefits totaling \$0.2 million.

The Company's practice is to recognize interest and/or penalties related to income tax matters in income tax expense.

Basic and Diluted Earnings Per Share

Basic earnings per share ("BEPS") is computed by dividing the net income by the weighted average number of common shares outstanding for the period. Diluted earnings per share ("DEPS") is computed giving effect to all dilutive potential

common shares outstanding during the period. Dilutive potential common shares consist of incremental shares issuable upon the exercise of stock options and warrants using the “treasury stock” method. The computation of DEPS does *not* assume conversion, exercise or contingent exercise of securities that would have an anti-dilutive effect on earnings. For the years ended *June 30, 2018* and *2017* there were common share equivalents of *56,626* and *54,008*, respectively, included in the computation of the DEPS. For the years ended *June 30, 2018* and *2017*, *450,178* and *503,951* shares of common stock, respectively, vest based on the market price of the Company’s common stock and were excluded from the computation of DEPS because the shares have *not* vested, but *no* stock options were excluded from the computation of DEPS.

F-12

The following is a reconciliation of the numerators and denominators of the basic and diluted earnings per share computations for the years ended *June 30* (in thousands, except for per share amounts):

	2018	2017
Numerator:		
Net income	\$3,210	\$4,578
Denominator:		
Basic weighted-average shares outstanding	11,849	11,732
Effect of dilutive securities	57	54
Diluted weighted-average diluted shares	11,906	11,786
Earnings per share attributed to common stockholders - basic	\$0.27	\$0.39
Earnings per share attributed to common stockholders - diluted	\$0.27	\$0.39

Reclassifications

Certain assets were reclassified from inventories to other current assets and other long-term assets and reclassified from other current assets to accounts receivable and certain liabilities were reclassified from accrued expenses to accrued payroll and related expenses and deferred revenues, net of current portion, as of *June 30, 2017* in order to conform to the current period presentation in the accompanying consolidated balance sheets and cash flows with *no* net effect on the previously reported net income.

Recent Accounting Pronouncements

Recently Adopted Accounting Standards

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230), Classification of Certain Cash Receipts and Cash Payments*. The Company did *not* have additional disclosures or changes in cash flow presentation in its consolidated financial statements as a result of the adoption of this standard on July 1, 2017.

In August 2014, the FASB issued ASU 2014-15, *Presentation of Financial Statements-Going Concern*. Currently, there is *no* guidance in accounting principles generally accepted in the US about management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern or to provide related footnote disclosures. The update requires management to assess the Company's ability to continue as a going concern by incorporating and expanding upon certain US accounting principles. Specifically, the amendments in the update (1) provide a definition of the term "substantial doubt," (2) require an evaluation every reporting period (including interim periods), (3) provide principles for considering the mitigating effect of management's plans, (4) require certain disclosures when substantial doubt is alleviated as a result of consideration of management's plans, (5) require an express statement and other disclosures when substantial doubt is *not* alleviated, and (6) require an assessment for a period of *one* year after the date that the financial statements are issued (or available to be issued). Based on the Company's evaluation as of June 30, 2018, there is *not* substantial doubt about the Company's ability to continue as a going concern and *no* additional disclosures are required at this time.

Accounting Standards Not Yet Adopted

In May 2017, the FASB issued ASU 2017-09, *Compensation - Stock Compensation (Topic 718): Scope of Modification Accounting*, which provides guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in ASC Topic 718. Under the new guidance, modification accounting is required only if the fair value, the vesting conditions, or the classification of the award (as equity or liability) changes as a result of the change in terms or conditions. ASU 2017-09 will be effective for the Company for the fiscal year ending June 30, 2019 and interim reporting periods within that year. Early adoption is permitted. The Company expects the adoption of this guidance will *not* have a material effect on the Company's consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04, *Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*. This update simplifies the subsequent measurement of goodwill by eliminating step two from the goodwill impairment test. Under the new guidance, an entity performs its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and recognizes an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value, *not* to exceed the carrying amount of goodwill allocated to the reporting unit. ASU 2017-04 will be effective for the Company for the fiscal year ending June 30, 2021. Early adoption is permitted. The Company does *not* expect the adoption of ASU 2017-04 to have a significant impact on its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases*. The update requires lessees to present right-of-use assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. The guidance is to be applied using a modified retrospective approach at the beginning of the earliest comparative period in the financial statements and will be effective for the Company for the fiscal year ending June 30, 2021. The Company is currently assessing the impact the adoption of ASU 2016-02 will have on its consolidated financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which amends the existing accounting standards for revenue recognition. ASU 2014-09 is based on principles that govern the recognition of revenue at an amount an entity expects to be entitled when products are transferred to customers. In July 2015, the FASB provided a *one-year* delay in the effective date of ASU 2014-09, to be effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period, and a permission to early adopt for annual and interim periods beginning after December 15, 2016. The Company has performed a review of the new revenue standard and is monitoring the activity of the FASB and the transition resource group as it relates to specific interpretative guidance. The Company plans to adopt ASU 2014-09 on July 1, 2018. The Company has *not* yet determined whether it will adopt the provisions of ASU 2014-09 on a retrospective basis or through a cumulative adjustment to retained earnings. The new standard could change the amount and timing of

revenue and costs under certain arrangement types and could increase the administrative burden on Company operations to properly account for customer contracts and provide the more expansive required disclosures. The Company is currently completing its review of contracts, and therefore has *not* completed its quantification yet to know the impact the adoption will have on its consolidated financial position, results of operation or cash flows.

F-14

NOTE 2. PROPERTY AND EQUIPMENT

Property and equipment consist of the following (in thousands):

	As of June 30,	
	2018	2017
Leasehold improvements	\$403	\$396
Computer and office equipment	1,000	928
Equipment under capital leases	17	10
Furniture and equipment	525	476
Total property, plant and equipment	1,945	1,810
Less: accumulated depreciation and amortization	(1,465)	(1,299)
Total property, plant and equipment, net	\$480	\$511

Depreciation expense on property and equipment for the years ended *June 30, 2018* and *2017* was \$0.2 million and \$0.1 million, respectively.

NOTE 3. INTANGIBLE ASSETS

Intangible assets consist of the following at *June 30, 2018* (dollars in thousands):

	Average Estimated Useful Life (in years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Completed software technology	9 to 10	\$ 1,077	\$ (1,077)) \$ -
Customer contracts / relationships	10	535	(535)) -
Automotive data services	20	259	(259)) -
Acquired intellectual property	10	810	(242)) 568
Software development costs	3 to 10	11,513	(2,624)) 8,889

Total \$ 14,194 \$ (4,737) \$ 9,457

Intangible assets consist of the following at *June 30, 2017* (dollars in thousands):

	Average Estimated Useful Life (in years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Completed software technology	9 to 10	\$ 1,061	\$ (1,061)) \$ -
Customer contracts / relationships	10	527	(527)) -
Automotive data services	20	255	(255)) -
Acquired intellectual property	10	798	(159)) 639
Software development costs	3 to 10	10,331	(2,697)) 7,634
Total		\$ 12,972	\$ (4,699)) \$ 8,273

For the years ended *June 30, 2018* and *2017*, the Company recognized amortization expense on its software development costs and other amortizable intangible assets of \$0.4 million and \$0.4 million, respectively.

Estimated future amortization of software development costs and intangibles for the next *five* years is as follows (in thousands):

Years Ending June 30,	
2019	\$ 656
2020	1,056
2021	1,031
2022	1,031
2023	1,030

F-15

NOTE 4. LONG-TERM DEBT

<i>(dollars in thousands)</i>	As of June 30,	
	2018	2017
Debt obligations:		
Revolving loan facility	\$-	\$-
Term loan	6,441	8,217
Equipment financing	7	-
Less: unamortized debt issuance cost	(56)	(97)
Total	6,392	8,120
Less current portion	(1,811)	(1,734)
Long-term debt	\$4,581	\$6,386

On *March 2, 2017*, the Company entered into a credit facility ("Credit Facility") with Univest Bank and Trust Co. ("Univest"). In connection with the Credit Facility, the parties entered into ancillary agreements, including a credit agreement, a revolving credit note and a term note (collectively, the "Credit Agreements"). The Credit Facility allows for borrowings up to \$11.5 million consisting of an \$8.75 million term loan and a \$2.75 million revolver. The Company used the initial proceeds of the Credit Facility to repay all of its obligations under its prior credit facility. The borrowings under the Credit Agreements bear interest at a variable rate based on either LIBO Rate (as defined in the Credit Agreements) or the Univest Float Rate (as defined in the Credit Agreements), plus an applicable margin of 2.75% to 3.25%, based upon financial covenants. The term note requires monthly payments of \$133,333 through *December 1, 2017*, then \$158,333 through *December 1, 2018*, and \$175,000 thereafter through maturity. The maturity date under the Credit Agreements is *August 1, 2021*.

As of *June 30, 2018*, the Company did *not* have any borrowings under its revolving credit note. Under the terms of the Credit Agreements, the Company is required to comply with certain loan covenants, which include, but are *not* limited to, the maintenance of certain financial ratios as well as certain financial reporting requirements and limitations. The Company's obligations under the Credit Agreements are secured by all of the Company's US assets and are guaranteed by the Company's US wholly-owned subsidiary, MAM Software Inc. Additionally, the Company pledged 65% of the stock of MAM Software Limited, its UK subsidiary. As of *June 30, 2018*, the Company was in compliance with its loan covenants.

Future minimum payments under long-term debt outstanding at *June 30, 2018* are as follows (in thousands):

For the years ending June 30,	
2019	\$1,846
2020	2,102
2021	2,101
2022	399
Total debt payments	\$6,448

NOTE 5. INCOME TAXES

The Company is subject to taxation in the US, UK and various US state jurisdictions. The Company's tax years for 1999 and forward are subject to examination by the US and state tax authorities due to losses incurred since inception. The Company is currently *not* under any material examination by any taxing authorities.

The Company follows the provisions of ASC 740-10, *Income Taxes*, that defines a recognition threshold and measurement attributes for the financial recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC 740-10 also provides guidance on the de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. Under ASC 740-10, the impact of an uncertain income tax position on the income tax return must be recognized at the largest amount that is more-likely-than-*not* to be sustained upon audit by the relevant taxing authority. An uncertain income tax position will *not* be recognized if it has less than a 50% likelihood of being sustained.

The Company has \$0.2 million of unrecognized tax benefits that, if recognized, would affect the effective tax rate.

The Company's practice is to recognize interest and/or penalties related to income matters in income tax expense. During the year ended *June 30, 2017*, the Company recognized penalties of \$0.1 million. The Company did *not* recognize any penalties for the year ended *June 30, 2018*.

The aggregate changes in the balance of unrecognized tax benefits were as follows (in thousands):

	For the year ended <i>June</i> <i>30,</i> 2018	2017
--	---	------

Balance, beginning of the year	\$88	\$-
Increases for tax positions related to the current year	10	-
Increases for tax positions related to prior years	167	88
Decreases due to lapsed statutes of limitations	(33)	-
Balance, end of year	232	88

F-16

Income before income taxes for the years ended *June 30, 2018* and *2017* was taxed under the following jurisdictions (in thousands):

	As of June 30,	
	2018	2017
United States of America	\$734	\$935
United Kingdom	3,749	2,723
Total	\$4,483	\$3,658

The provision (benefit) for income taxes consists of the following for the years ended *June 30, 2018* and *2017* (in thousands):

	US Federal	US State	UK Corporate	Total
2018				
Current	\$273	\$75	\$ 399	\$747
Deferred	477	(50)	99	526
Total	\$750	\$25	\$ 498	\$1,273
2017				
Current	\$473	\$111	\$ 19	\$603
Deferred	(1,550)	(129)	156	(1,523)
Total	\$(1,077)	\$(18)	\$ 175	\$(920)

On *July 1, 2016*, the Company adopted ASU 2016-09, Improvements to Employee Shared-Based Payment Accounting. Prior to the adoption of ASU 2019-09, the Company had excess tax benefits for which benefits could *not* be previously recognized of approximately \$0.7 million, due to net operating loss carryforwards resulting from the windfall tax benefits. On *July 1, 2016*, upon the effective date of the adoption, the Company recognized the previously unrecognized excess tax benefits of \$0.7 million with an offsetting increase in the Company's valuation allowance using a modified retrospective method through a cumulative effect adjustment to the accumulated deficit, with *no* net impact on the Company's financial statements.

At *June 30, 2018*, the Company had net US deferred tax assets of approximately \$1.6 million. Due to uncertainties surrounding the Company's ability to generate future capital gains, a valuation allowance has been established to offset

carry-forwards of its capital losses due to investments previously written off. Additionally, the future utilization of the Company's federal and state NOLs to offset future taxable income have been determined to be subject to annual limitation pursuant to Internal Revenue Code ("IRC") Sections 382 and 383 as a result of ownership changes that have previously occurred.

Through its Section 382 study, the Company has analyzed any NOLs from its acquired subsidiaries to determine the maximum potential future tax benefit that might be available, and the corresponding limitation imposed based on IRC Section 382. As a result, by the year ended *June 30, 2011*, the Company adjusted the aforementioned net operating losses previously estimated. The outcome resulted in a determination that it could utilize, annually, approximately \$0.4 million of previously incurred NOLs; presuming, however, there is taxable income in future periods affording utilization prior to expiration.

At *June 30, 2018*, the Company had combined federal and state NOLs of approximately \$4.0 million and \$1.3 million, respectively. The federal and state tax loss carry-forwards will begin to expire in *2019* and *2024*, respectively, unless previously utilized.

Significant components of the Company's net deferred tax assets at *June 30, 2018* and *2017* are shown below. A valuation allowance of \$1.2 million and \$1.7 million has been established to offset the net deferred tax assets as of *June 30, 2018* and *2017*, respectively. The net decrease in the valuation allowance of \$3.9 million for the year ended *June 30, 2017* is primarily attributable to the partial release of the valuation allowance during the *three* months ended *June 30, 2017*. The Company released the valuation allowance on all of its domestic deferred tax assets, except for capital loss carry-forwards that are *not* more likely than *not* to be realized. The net decrease in the valuation allowance for the year ended *June 30, 2018* was \$0.5 million, related to the change in federal tax rate discussed below.

The tax effects of temporary differences and carry-forwards that give rise to significant portions of deferred tax assets (liabilities) consist of the following at *June 30, 2018* and *2017* (in thousands):

	June 30, 2018	June 30, 2017
Deferred tax assets:		
State taxes	\$34	\$36
Net operating loss carry-forwards	902	1,549
Write-down of investments	1,183	1,716
Deferred revenue	116	-
Equity-based compensation	87	63
Reserves and accruals	278	329
Deferred rent	1	4
Tax credits	42	9
Total deferred tax assets	2,643	3,706
Deferred tax liabilities:		
Foreign intangible and other long-lived assets	(872)	(718)
Domestic intangible and other long-lived assets	(56)	(110)
Unremitted foreign earnings	(70)	(165)
Total deferred tax liabilities	(998)	(993)
Valuation allowance	(1,183)	(1,716)
Net deferred tax assets (liabilities)	\$462	\$997

The provision (benefit) for income taxes for the years ended *June 30, 2018* and *2017* differs from the amount computed by applying the US federal income tax rates to net income from continuing operations before taxes as a result of the following (in thousands):

	June 30, 2018	2017
Taxes at federal statutory rates	\$1,236	\$1,244
State taxes, net of federal benefit	98	93
Rate changes	785	289
Unrecognized tax benefits	141	88
Permanent items and other	(360)	116

Research and development	(272)	(333)
NOL expiration	-	3
Differential in UK corporate tax rate	(322)	(388)
Unremitted foreign earnings	279	164
Deemed repatriation tax	217	-
Stock compensation	5	(237)
Foreign dividends	-	9,452
Foreign tax credits	-	(7,522)
Change in valuation allowance	(534)	(3,889)
(Benefit) provision for income taxes	\$1,273	\$(920)

A provision had *not* been made at *June 30, 2017*, for US for additional foreign withholding taxes on undistributed earnings of its UK subsidiaries because it was intention of management to reinvest the undistributed earnings indefinitely in foreign operations. Generally, such earnings become subject to U.S. tax upon the remittance of dividends and under certain other circumstances. It is *not* practicable to estimate the amount of deferred tax liability on such undistributed earnings. On *December 22, 2017*, new U.S. federal tax legislation, the Tax Cuts and Jobs Act (the "Tax Act") was enacted. The Tax Act significantly revises the U.S corporate tax by implementing a territorial system and imposing a repatriation on deemed repatriated earnings of foreign subsidiaries. The Company derived that the enactment of the Tax Act will result in a tax of approximately \$0.2 million.

The Tax Act was a significant modification of existing U.S. federal tax law and contained several provisions which impacted the provision of the Company in fiscal year end *June 30, 2018* and will impact the Company's tax position in future years. Among other things, the Tax Act permanently lowered the federal corporate tax rate to 21% from the existing maximum tax rate of 35%, effective for years including or commencing *January 1, 2018*. Due to the Company's fiscal year ending *June 30, 2018*, the federal tax rate is adjusted on a per-day computation based on the number of days in 2017 and 2018 with the old and new federal tax rates (the "blended tax rate"). For the fiscal year ended *June 30, 2018*, the Company recorded tax expense of approximately \$0.8 million primarily due to the remeasurement of deferred tax assets at the reduced federal corporate tax rate of 21%.

Beginning for tax years starting after *December 31, 2017*, the Tax Act eliminates the previous net operating loss carryback period of *two* years and permits an indefinite carryforward period. The net operating loss deduction is limited to *80%* of taxable income. The net operating losses arising in tax years beginning on or after *January 1, 2018* are subject to the *80%* limitations. The net operating losses arising in tax years beginning before *January 1, 2018* are *not* subject to the *80%* limitation. The net operating losses arising in tax years ending after *December 31, 2017* may *not* be carried back to prior years and *may* be carried forward indefinitely.

For tax years commencing after *December 31, 2017*, the Tax Act repealed the alternative minimum tax and taxpayers with alternative minimum tax credit carryforwards that have *not* been used *may* claim a refund in future years for those credits even though *no* income tax liabilities exist. Business expense deductions are eliminated for most entertainment costs and commuting benefits. Certain employer-provided meals expenses will also be eliminated after the year 2025. The bonus depreciation expensing provision increased from *50%* to *100%* for assets placed in service after *September 27, 2018* and before 2023.

The Tax Act also subjects U.S. corporations to tax on Global Intangible Low-Taxed Income (“GILTI”), which imposes tax on foreign earnings in excess of a deemed return on tangible assets. Due to the complexity of the new GILTI tax rules, the Company is continuing to evaluate this provision for which *no* provisional amounts have been recorded in the Company’s Consolidated Financial Statements. An accounting policy election can be made to either record deferred taxes related to GILTI or to record the related taxes in the period in which they occur. The Company has *not* yet elected an accounting policy related to GILTI and will only do so after completion of further evaluation and analysis. The provisions related to GILTI are subject to adjustment during the measurement period ending *December 2018*.

In addition, the Tax Act substantially eliminates any element of deferred taxation of foreign income with a US parented multinational group and retains Subpart F income to provide full and immediate taxation of the classes of income under the pre-enactment law and subjects a new broad class of income under Subpart F as well creates new base erosion provisions.

NOTE 6. COMMITMENTS AND CONTINGENCIES

Legal Matters

From time to time, the Company is subject to various legal claims and proceedings arising in the ordinary course of business. The ultimate disposition of such a proceeding if initiated could have material adverse effects on the consolidated financial position or results of operations of the Company. There are currently *no* pending material legal proceedings.

Indemnities and Guarantees

The Company has made certain indemnities and guarantees, under which it *may* be required to make payments to a guaranteed or indemnified party, in relation to certain actions or transactions. The Company indemnifies its directors, officers, employees and agents, as permitted under the laws of the State of Delaware. In connection with its Credit Facility (see Note 4), the Company indemnified the lender for certain losses, claims, and other liabilities that are standard for this type of agreement. In connection with its facility leases, the Company has indemnified its lessors for certain claims arising from the use of the facilities. In connection with its customers' contracts the Company indemnifies the customer that the software provided does *not* violate any US patent. The duration of the guarantees and indemnities varies, and is generally tied to the life of the agreement. These guarantees and indemnities do *not* provide for any limitation of the maximum potential future payments the Company could be obligated to make. Historically, the Company has *not* been obligated to make nor incurred any payments for these obligations and, therefore, *no* liabilities have been recorded for these indemnities and guarantees in the accompanying consolidated balance sheets.

Operating Leases

The Company leases its facilities and certain equipment pursuant to month-to-month and non-cancelable operating lease agreements that expire on various dates through *March 2028*. Terms of the leases provide for monthly payments ranging from \$720 to \$19,800. The Company incurred rent expense totaling approximately \$0.5 million for the both years ended *June 30, 2018* and *2017*, respectively. Future annual minimum payments under non-cancelable operating leases are as follows (in thousands):

For the years ended June 30,	
2019	\$749
2020	688
2021	490
2022	403
2023	236
Thereafter	1,107
Total operating lease obligations	\$3,673

NOTE 7. STOCKHOLDERS' EQUITY

Common Stock

The Company issues shares of common stock to the non-management members of the Board of Directors under the Company's 2007 Long Term Incentive Plan ("2007 LTIP") and 2017 Equity Incentive Plan ("2017 EIP") in respect of quarterly compensation. The shares vest over a *three*-year period and are issued quarterly. The Company also gives the non-management members of the Board of Directors the option to receive shares of common stock in lieu of cash compensation.

On *July 1, 2015*, the Company approved the issuance of 47,663 shares of common stock to the non-management members of the Board of Directors under the Company's 2007 LTIP in respect of quarterly compensation. The shares vest over a *three*-year period and are issued quarterly. The shares were valued at approximately \$255,000, based on the closing market price of the Company's common stock on the date of the grant.

On *January 6, 2017*, the Company approved the issuance of 37,795 shares of common stock to the non-management members of the Board of Directors under the Company's 2017 EIP in respect of quarterly compensation. The shares vest over a *three*-year period and are issued quarterly. The shares were valued at approximately \$241,000, based on the closing market price of the Company's common stock on the day of the grant.

On *July 3, 2017*, the Company approved the issuance of 34,592 shares of common stock to the non-management members of the Board of Directors under the Company's 2017 EIP in respect of quarterly compensation. The shares vest over a *three*-year period and are issued quarterly. The shares were valued at approximately \$220,000, based on the closing market price of the Company's common stock on the day of the grant.

During the years ended *June 30, 2018* and *2017*, the Company issued 30,571 and 55,010 shares of common stock, respectively, for the vesting of shares granted to the non-management members of the Board of Directors under the Company's 2007 LTIP and 2017 EIP and in lieu of cash compensation.

Treasury Stock

During the year ended *June 30, 2018*, the Company repurchased and retired 5,599 shares of common stock in treasury, at a cost of \$47,000. During the year ended *June 30, 2017*, the Company retired 785,000 shares of common stock in treasury, with an original cost of \$2.4 million.

Stock-Based Compensation

Stock-based compensation expense for restricted stock and stock issuances of \$0.6 million and \$0.4 million was recorded in the years ended *June 30, 2018* and *2017*, respectively, and was recorded primarily in general and administrative expenses in the statements of comprehensive income. As of *June 30, 2018*, \$1.3 million of total unrecognized stock-based compensation expense related to restricted stock is expected to be recognized over approximately 5.8 years.

A summary of the Company's common stock option activity is presented below (shares in thousands):

	Options Outstanding			Aggregate Intrinsic Value (in thousands)
	Number of Shares (in thousands)	Weighted- Average Exercise Price (in thousands)	Weighted- Average Remaining Contractual Life (in years)	
Options outstanding - July 1, 2017	68	\$ 1.30		
Options granted	-	-		
Options exercised	-	-		
Options cancelled	-	-		
Options outstanding - June 30, 2018	68	\$ 1.30	3.0	\$ 434
Options exercisable - June 30, 2018	68	\$ 1.30	3.0	\$ 434
Options exercisable and vested - June 30, 2018	68	\$ 1.30	3.0	\$ 434

The aggregate intrinsic value represents the total pre-tax amount of proceeds, net of the exercise price, which would have been received by the option holders if all option holders had exercised and immediately sold all options with an exercise price lower than the market price of the Company's common stock on *June 30, 2018*.

During the year ended *June 30, 2018*, the Company granted a total of 240,000 restricted shares of common stock to employees under the 2017 EIP, valued at \$1.5 million. The restricted stock vests when the Company's volume weighted average price ("VWAP") per share is at or above certain levels.

A summary of the Company's restricted common stock activity is presented below (shares in thousands):

	Number of Shares (in thousands)	Weighted Average Initial Value Price Per Share
Restricted stock outstanding - July 1, 2017	504	\$ 0.94
Issuance of restricted stock	240	6.19
Vesting	(294)	0.48
Forfeitures	-	-
Restricted stock outstanding - June 30, 2018	450	\$ 4.25

The fair value of the restricted stock awards vested was \$2.4 million for the fiscal year ended *June 30, 2018*.

A summary of the vesting levels of the Company's restricted common stock is presented below (shares in thousands):

	Number of Shares	Weighted Average Initial Value Price Per Share
30 day VWAP per share vesting level (1):		
\$9.00 per share	130	\$ 3.22
\$10.00 per share	120	\$ 4.68
\$11.00 per share	120	\$ 4.68
\$12.00 per share	80	\$ 4.68

(1) The outstanding restricted stock becomes vested when the Company's 30-day volume weighted average price ("VWAP") per share is at or above these levels.

During the years ended *June 30, 2018* and *2017*, the Company withheld *4,531* and *26,535* shares of common stock at a cost of *\$33,000* and *\$0.2* million, respectively, for the payment of taxes on shares that vested during the year.

Employee Stock Purchase Plan

The Company has established Employee Stock Purchase Plans ("ESPP Plans"). Under the ESPP Plans, the Company will grant eligible employees the right to purchase common stock through payroll deductions. US employees purchase stock at a price equal to the lesser of 85 percent of the fair market value of a share of the Company's common stock on the Exercise Date (as defined under the ESPP Plans) of the current Offering Period (as defined under the ESPP Plans) or 85 percent of the fair market value of the Company's common stock on the Grant Date (as defined under the ESPP Plans) of the Offering Period. UK employees purchase at a price equal to the lesser of 100 percent of the fair market value of a share of the Company's common stock on the Exercise Date of the current Offering Period or 100 percent of the fair market value of the Company's common stock on the Grant Date of the Offering Period, but receive a 15 percent matching contribution from the Company.

During the years ended *June 30, 2018* and *2017*, the Company issued *14,712* and *13,835* shares of common stock, respectively, to employees, including executive officers, under the ESPP in lieu of compensation, which shares of

common stock were valued at approximately \$0.1 million based on the closing market price of the Company's common stock on *January 1, 2017* and *July 1, 2017* and \$0.1 million based on the closing market price of the Company's common stock on *June 30, 2016* and *July 1, 2016*, respectively.

NOTE 8. EMPLOYEE BENEFIT PLANS

The Company has a retirement plan that complies with Section 401(k) of the Internal Revenue Code. All US employees are eligible to participate in the plan. The Company's contribution to the 401(k) Plan is at the discretion of the Board of Directors. The Company matches 100% of elective deferrals subject to a maximum of 3% of the participant's eligible earnings. The Company's matching contributions to the 401(k) for the years ended *June 30, 2018* and *2017* were \$0.1 million and \$0.1 million, respectively.

The Company has a defined contribution retirement plan ("UK Plan") that all UK employees are eligible to participate in. The Company's contribution to the UK Plan is at the discretion of the Board of Directors. The Company matches 100% of elective deferrals subject to a maximum of 3% of the participant's eligible earnings. The Company's matching contributions to the UK Plan for the years ended *June 30, 2018* and *2017* were \$0.2 million and \$0.2 million, respectively.

NOTE 9. SUBSEQUENT EVENTS

The Company has performed an evaluation of events occurring subsequent to *June 30, 2018*, through the filing date of this Annual Report on Form 10-K. Based on its evaluation, there are *no* events that are required to be disclosed herein.

INDEX TO EXHIBITS

Exhibit No.	Description of Exhibit
3(i)	<u>Certificate of Incorporation of MAM Software Group, Inc., as amended (incorporated by reference to Exhibit 3(i) to the Company's Annual Report on Form 10-K filed with the SEC on September 25, 2013).</u>
3(ii)	<u>Bylaws (incorporated by reference to Exhibit 3(ii) to the Company's Registration Statement on Form 10-KSB filed with the SEC on February 16, 2007).</u>
4.1	<u>Form of Certificate of Common Stock (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form SB-2 filed with the SEC on February 16, 2007).</u>
4.2	<u>Certificate of Designation for Series A Convertible Preferred Stock (incorporated by reference to Exhibit 4.2 to the Company's Annual Report on Form 10-K filed with the SEC on September 25, 2013).</u>
4.3	<u>Term Note dated March 2, 2017, in the principal amount of \$8,750,000 (incorporated by reference to Exhibit 10.3 to our Form 8-K filed with the SEC on March 8, 2017).</u>
10.1	<u>Credit Agreement dated as of March 2, 2017, among MAM Software Group, Inc. and Univest Bank and Trust Co. (incorporate by reference to Exhibit 10.1 to our Form 8-K filed with the SEC on March 8, 2017).</u>
10.2	<u>Revolving Credit Note dated March 2, 2017, in the principal amount of \$2,750,000 (incorporate by reference to Exhibit 10.2 to our Form 8-K filed with the SEC on March 8, 2017).</u>
10.3	<u>Pledge and Security Agreement dated as of March 2, 2017, by and between MAM Software Group, Inc., Borrower, and Univest Bank and Trust Co., on behalf of Lender and the other Secured Parties (incorporated by reference to Exhibit 10.4 to our Form 8-K filed with the SEC on March 8, 2017).</u>
10.4	<u>Pledge and Security Agreement dated as of March 2, 2017, by and between MAM Software, Inc., Grantor, and Univest Bank and Trust Co., on behalf of Lender and the other Secured Parties (incorporated by reference to Exhibit 10.5 to our Form 8-K filed with the SEC on March 8, 2017).</u>
10.5	<u>Deed of Negative Pledge Agreement dated as of March 2, 2017, by and between MAM Software Group, Inc. and MAM Software Limited and Univest Bank and Trust Co. (incorporated by reference to Exhibit 10.6 to our Form 8-K dated March 8, 2017).</u>
10.6	<u>Guaranty of Payment Agreement dated as of March 2, 2017, by MAM Software Group, Inc., a Guarantor, in favor of Univest Bank and Trust Co., as Lender (incorporated by reference to Exhibit 10.7 to our Form 8-K filed with the SEC on March 8, 2017).</u>
10.7	<u>2007 Long-Term Stock Incentive Plan (incorporated by reference to Appendix D of the Company's revised Definitive Proxy Statement filed with the SEC on May 19, 2008).</u>
10.8	<u>2017 Equity Incentive Plan (incorporate by reference to Appendix D of the Company's Definitive Proxy Statement filed with the SEC on October 28, 2017).</u>
10.9†	<u>Employment Agreement effective as of July 1, 2010 between the Company and Michael Jamieson (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the</u>

	<u>SEC on July 21, 2010).</u>
10.10‡	<u>Employment Agreement effective as of April 1, 2017 between the Company and Michael Jamieson (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on March 28, 2017).</u>
10.11‡	<u>Employment Agreement effective as of October 16, 2015 between the Company and Brian H. Callahan (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on October 19, 2015).</u>
10.12‡	<u>Employment Agreement effective as of July 1, 2013 between the Company and Lee Broad (incorporated by reference to Exhibit 10.4 to the Company's Annual Report on Form 10-K filed on with the SEC on September 24, 2015).</u>
10.13‡	<u>Separation Agreement effective as of October 19, 2015 between the Company and Charles F. Trapp (incorporated by reference to Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q filed with the SEC on February 16, 2016).</u>
10.14‡	<u>MAM Software Group, Inc. Employee Stock Purchase Plan, effective as of December 16, 2011 (incorporated by reference to Exhibit 10.12 to the Company's Annual Report on Form 10-K filed with the SEC on September 26, 2016).</u>
10.15	<u>First Amendment to Credit Agreement, dated as of September 26, 2016, by and among MAM Software Group, Inc. and J.P. Morgan Chase Bank, N.A. (incorporated by reference to Exhibit 10.13 to the Company's Annual Report on Form 10-K filed with the SEC on September 26, 2016).</u>
14.1	<u>Code of Ethics (incorporated by reference to Exhibit 14 to the Company's Annual report on Form 10KSB/A for the fiscal year ended June 30, 2007 filed with the SEC on October 15, 2007).</u>
21.1	<u>List of Subsidiaries (filed herewith).</u>
23.1	<u>Consent of KMJ Corbin & Company LLP (filed herewith).</u>
31.1	<u>Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).</u>
31.2	<u>Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).</u>
32.1	<u>Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).</u>
32.2	<u>Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).</u>
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Schema
101.CAL	XBRL Taxonomy Calculation Linkbase
101.DEF	XBRL Taxonomy Definition Linkbase
101.LAB	XBRL Taxonomy Label Linkbase
101.PRE	XBRL Taxonomy Presentation Linkbase

In accordance with SEC Release 33-8238, Exhibits 32.1 and 32.2 are being furnished and not filed.

‡ Management contract or compensatory plan or arrangement.

