



Mensch und Maschine at a glance

All amounts in million EUR (unless stated otherwise)	2013	2014	2015	2016	2017	2018
Revenue	125.8	140.0 +11%	160.4 +14.5%	167.1 +4.2%	160.85 -3.7%	185.40 +15%
Germany	60.6 48.2%	66.9 47.8%	74.7 46.6%	74.9 44.8%	75.85 47.2%	83.32 44.9%
International	65.2 51.8%	73.1 52.2%	85.7 53.4%	92.2 55.2%	85.00 52.8%	102.05 55.1%
Gross margin	67.5	74.7 +11%	84.5 +13%	91.4 +8.2%	94.82 +3.7%	103.91 +9.6%
M+M Software	32.5 48.2%	36.6 49.0%	39.6 46.8%	44.7 48.9%	48.94 51.6%	54.36 52.3%
VAR Business	34.9 51.8%	38.1 51.0%	44.9 53.2%	46.7 51.1%	45.88 48.4%	49.55 47.7%
Operating profit EBITDA	7.8*	10.9* +39%	12.8 +18%	15.8 +23%	18.04 +14.5%	22.75 +26%
EBITDA return from revenue	6.2%	7.8%	8.0%	9.4%	11.2%	12.3%
Net profit	2.6	3.7 +42%	3.9 +4.0%	6.6 +70%	8.55 +30%	11.69 +37%
Net return from revenue	2.1%	2.7%	2.4%	3.9%	5.3%	6.3%
per share in EUR	0.17	0.24	0.24	0.40	0.525	0.715
Operating cash flows	3.8	6.3 +66%	14.7 +134%	14.6 -0.1%	15.22 +4.0%	15.23 +0.2%
per share in EUR	0.25	0.40	0.91	0.90	0.935	0.93
Dividend in EUR	0.20	0.20	0.25 +25%	0.35 +40%	0.50 +43%	0.65 +30%
Total assets	102.7	104.2 +1%	102.5 -2%	100.5 -2%	101.79 +1%	106.11 +4%
Shareholders' equity	36.3	39.2 +8%	39.6 +1%	40.6 +2%	43.92 +8%	51.28 +17%
Equity ratio	35.4%	37.7%	38.6%	40.4%	43.1%	48.3%
Number of shares in million	15.346	15.439 +0.6%	16.127 +4.5%	16.306 +1.1%	16.281 -0.2%	16.351 +0.4%
Number of employees	705	718 +2%	731 +2%	759 +4%	784 +3%	821 +5%

* EBITDA purely operating, excluding contribution from Distribution sale: 2013 EUR 3.81 Mio
2014 EUR 7.87 Mio

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Dear reader,

M+M has achieved its ambitious 2018 goals with new profit records. Growth drivers were both M+M's proprietary Software around its flagship CAM offerings as well as the VAR segment, which after the temporary retarding effect of Autodesk's sales to subscription transition in 2016/17 has strongly rebounded.

EBITDA climbed to EUR 22.75 Mio / +26%, with the higher absolute contribution again coming from Software - amounting to EUR 14.68 mln (PY: 12.70 / +16%), while the VAR Business at EUR 8.07 mln (PY: 5.35 / +51%) caught up due to clearly stronger profit growth.

EBITDA return continued to increase to 12.3% (PY: 11.2%), while EBIT margin at 10.6% (PY: 9.5%) was double digit for the first time.

Record EUR 11.69 mln (PY: 8.55 / +37%) or 71.5 Cents/share net profit, combined with even higher 93 Cents/share operating cash flows, allow for a dividend increase to 65 Cents (PY: 50 / +30%).

It goes without saying that we do not want to rest on our 2018 laurels in the future, but plan to continue the sustainable growth and profit record path.

Therefore we are strengthening our own Software portfolio now, increasing our long standing strategic shareholding in the structural analysis and reinforcement software provider SOFISTiK AG from 13.3% to 51% as of Jan 1, 2019 - read more on page 9.

Combined with continuing healthy organic growth we expect our 2019 sales to grow to EUR 215-220 mln (+15-20%), EBIT to EUR 24-26 mln (+22-33%) and EPS to 89-95 Cents (+25-34%), aiming for a 2019 dividend increase to 77-83 Cent (+18-28%).

As you can see, our long term goal to achieve one Euro EPS in 2020 is finally within reach.

Wessling, March 2019
The Managing Directors

2018 at a glance

- Sales: EUR 185.40 mln / +15%
 - M+M Software: EUR 55.73 mln / +10.4%
 - VAR Business: EUR 129.67 mln / +17.5%
- Record gross margin: EUR 103.91 mln / +9.6%
 - M+M Software: EUR 54.36 mln / +11%
 - VAR Business: EUR 49.55 mln / +8.0%
- Record EBITDA: EUR 22.75 mln / +26%
 - M+M Software: EUR 14.68 mln / +16%
 - VAR Business: EUR 8.07 mln / +51%
 - EBITDA margin 12.3% (PY: 11.2%)
- Record EBIT: EUR 19.66 mln / +29%
- Record net profit: EUR 11.69 mln / +37%
 - Per share: 71.5 Cents (PY: 52.5)
- High cash flows: EUR 15.23 mln (PY: 15.22)
 - Per share: 93 Cents (PY: 93.5)
- Dividend proposal: 65 Cents (PY: 50)
- Group headcount: 821 (PY: 784)

Adi Drotleff
CEO



Christoph Aschenbrenner
COO



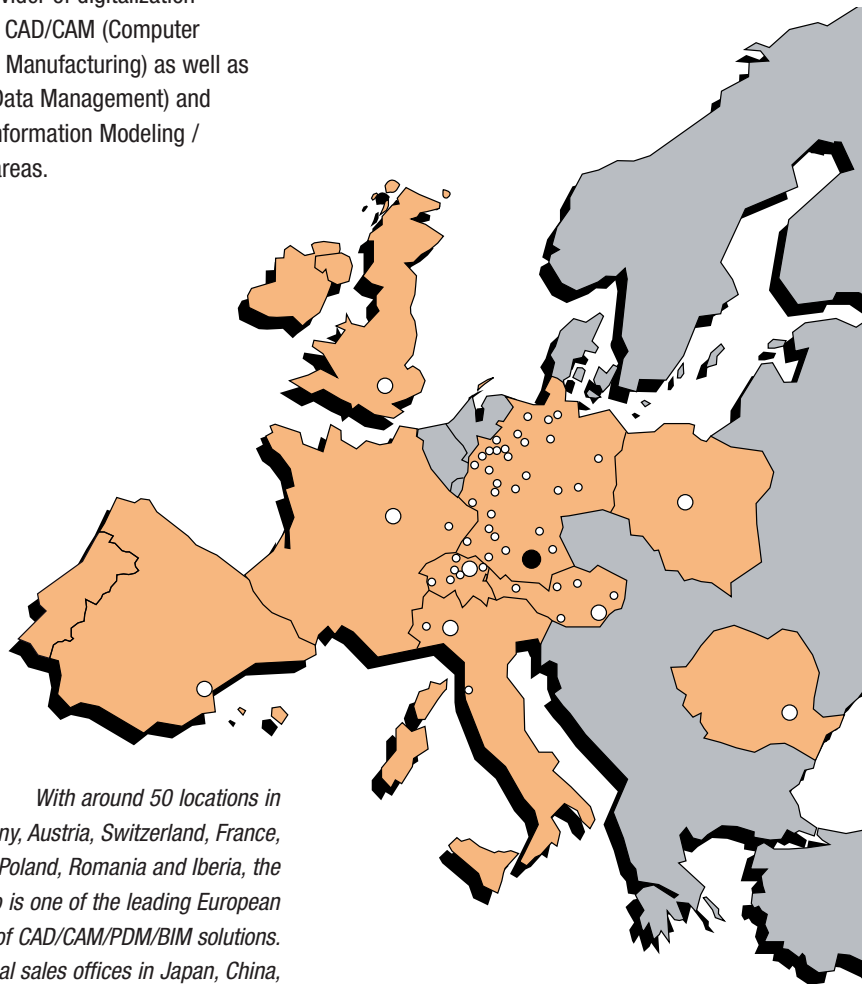
Markus Pech
CFO



Management report 2018

Enterprise and market position

Mensch und Maschine Software SE (M+M) is a leading provider of digitalization solutions in the CAD/CAM (Computer Aided Design & Manufacturing) as well as PDM (Product Data Management) and BIM (Building Information Modeling / Management) areas.



With around 50 locations in Germany, Austria, Switzerland, France, Italy, UK, Poland, Romania and Iberia, the M+M group is one of the leading European providers of CAD/CAM/PDM/BIM solutions. Additional sales offices in Japan, China, India, Asia-Pacific, the USA and Brazil provide global presence for M+M's self-developed CAD/CAM Software.



Broad sector coverage

Two thirds of the M+M business is achieved in the Industrial sector, e.g. Mechanical Engineering, Automotive/Aerospace/Shipbuilding, Tool/Mold/Die Making, Electrical Engineering or Industrial Design.

The remaining third comes from AEC, e.g. Architecture, Building Services, Structural and Civil Engineering, Infrastructure or Gardening & Landscaping.

This breakdown is quite similar to the global CAD/CAM/PDM/BIM market. The broad sector coverage, compared to the competition, allows M+M to offer interdisciplinary solutions such as Simulation, Visualization/Animation, Plant or 'Digital Factory'.

Large customer and installation base

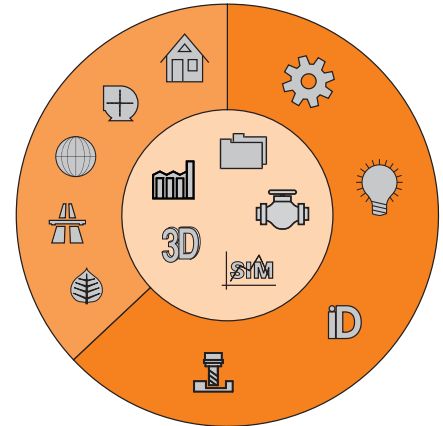
Altogether, Mensch und Maschine's active installed base consists of far more than 100,000 CAD/CAM/PDM/BIM seats at over 25,000 end customer sites of all size categories - from small engineer's or architect's offices up to international large-scale enterprises. M+M is a pure B2B (Business-to-Business) vendor without any B2C (Business-to-Consumer) activities.

Wide price/performance range

The M+M product portfolio covers a wide price/performance range from quite simple 2D drawing software for approx. 1,000 Euros through midprice 3D design solutions in the 5,000 Euro range up to high end systems for manufacturing and production control with software investment levels from 10,000 to 100,000 Euros and more per seat. The majority of CAD/PDM/BIM sales are generated in the midprice range, while the self-developed CAM software as well as customer specific infrastructure and 'Digital Factory' solutions are in the high end range.

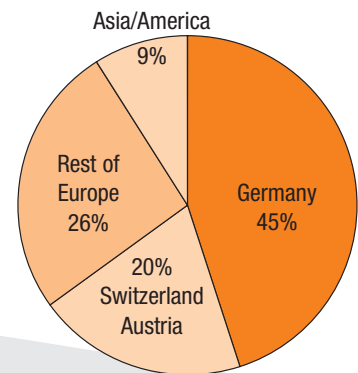
Focus on German speaking countries

In 2018 the German speaking countries contributed about two third (approx. 45% Germany, approx. 20% Austria/Switzerland) to the approx. EUR 185 mln group sales, while about 26% came from other European markets. Roughly 9% of sales (more than EUR 16 mln) were achieved in Asia, North and South America, exclusively with M+M's self-developed CAM Software.



Two thirds of the M+M business is achieved in the Industrial sector, e.g. Mechanical Engineering, Automotive/Aerospace/Shipbuilding, Tool/Mold/Die Making, Electrical Engineering or Industrial Design. The remaining third comes from AEC, e.g. Architecture, Building Services, Structural and Civil Engineering, Infrastructure or Gardening&Landscaping. In addition, there is a number of interdisciplinary solutions such as Simulation, Visualization/Animation, Plant or 'Digital Factory'.

Geographically, Germany, Austria, Switzerland and Europe are dominating, but a noticeable 9% of sales, more than EUR 16 mln, are achieved with M+M's self-developed CAM Software in Asia and America.



M+M business model in transition

The M+M business model has since 2009 been going through a transition process which strengthened M+M's proprietary part on the one hand and significantly reduced the trading component on the other.

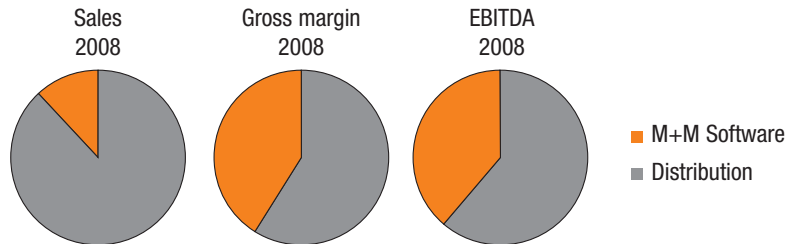
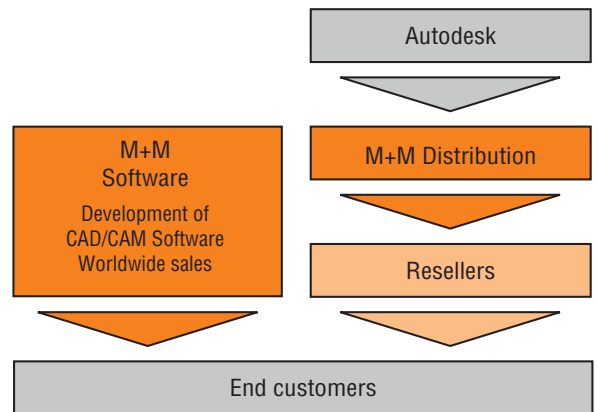
Until 2008: Software and Distribution

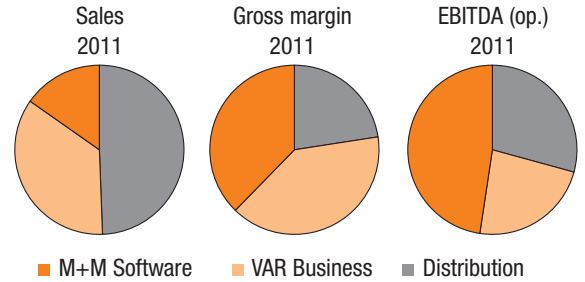
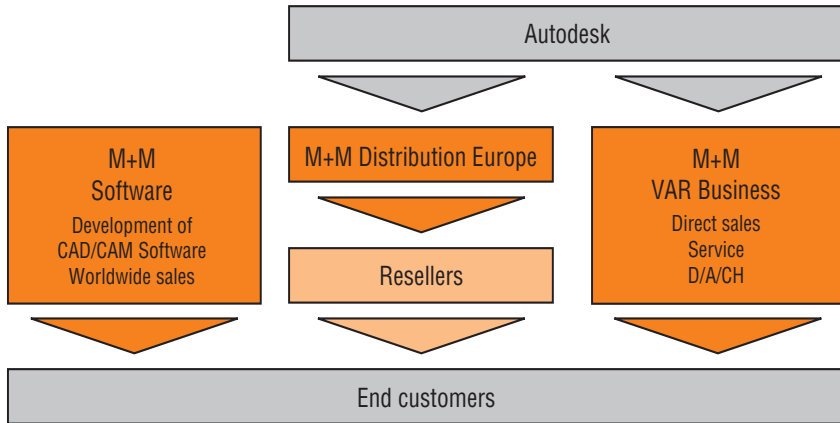
Since 1984, the year of foundation, M+M acted as a Value Added Distributor (VAD) for Autodesk software, while continuously increasing the development of our own CAD/CAM solutions, in order to build up an individual market profile and to be clearly distinguishable from the competition.

In this two-segment model, the Distribution volume business naturally dominated group sales, while in the year 2008, the high margin Software segment already contributed nearly half of gross margin and EBITDA, with 210 of the 388 group employees.

In 2008 group gross yield was 25%, EBITDA margin had reached 5.8%, and M+M was in a constant head-to-head race with the Tech Data Group for the title of largest Autodesk Distributor in Europe.

The M+M business model until 2008: Distribution was dominating sales, while M+M Software contributed nearly half to gross margin and EBITDA.





The M+M business model from 2009 to 2011:
For 2011 group gross margin and EBITDA (operating) the lion's share was already contributed by the value segments Software and VAR Business.

2009: VAD to VAR transition in D/A/CH

In 2009, a third segment 'VAR Business' (Value Added Reselling) was formed. In the course of the 'Market Offensive', the M+M subsidiaries in Germany, Austria and Switzerland were transitioned from indirect business to direct selling to end customers, and more than a dozen former reselling partners were acquired.

In 2011, the third year after the start, the VAR segment contributed nearly 40% to group gross margin and achieved a positive operating result EBITDA.

Thus the stage was set for completing the VAD/VAR transition groupwide. As a first step, the European Distribution business was sold to the Tech Data Group by the end of 2011, while M+M kept the subsidiaries in France, Italy, UK, Poland and Romania with approx. 70 employees.

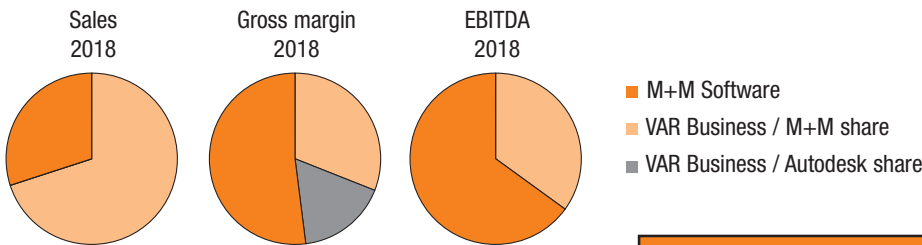
Since 2012: VAD to VAR transition in Europe

On this foundation the European M+M VAR Business was built up, accompanied by reselling partner acquisitions in I, F and RO ('Market offensive II').

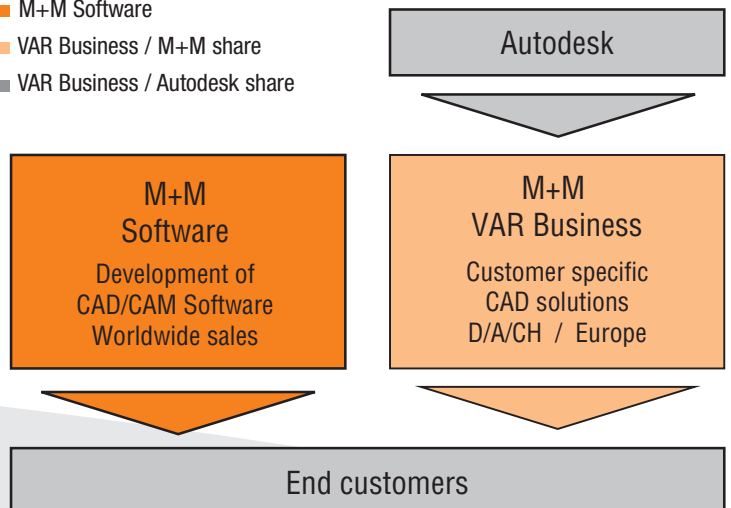
12.3% EBITDA margin - target >16%

Due to the concentration on the high margin Software and VAR segments and the reduced weight of the reselling business, the group gross yield since grew to more than 55% (2008: 25%). The EBITDA margin grew to 12.3% in 2018 (2008: 5.8%) - in the mid term more than 16% should be achievable.

The main transition target to significantly grow the proprietary part of gross margin has been convincingly achieved: While the contribution of M+M Software and services had been less than 50% until 2008 (and less than 25% in 2001), it reached a remarkable 83% in 2017/18.



The actual M+M business model since 2012:
Segment contribution to gross margin is already in balance, with the Autodesk share reduced to 17%. Software is actually dominating EBITDA, but the VAR Business in 2018 began to catch up.



The M+M segments in detail

The following pages give an overview across the Software and VAR Business segments forming the actual M+M business model.

Segment M+M Software

Around 85% of 2018 M+M Software sales came from CAM Software, while around 15% were contributed by Gardening, Landscaping & Earthworks and Electrical Engineering.

Economically, the Software segment is a standard software developer with 55.7 Million Euro sales (2018), 97.5% gross yield and more than 26% EBITDA margin. As a result, the segment pulls a relatively high added value from its just 30% share in group sales. In fiscal year 2018, about 52% of group gross margin and nearly 65% of operating profit EBITDA were achieved by self developed software technology.

High development investment

M+M in 2018 spent EUR 16.3 mln or 29.2% of segment sales on maintenance and development of the proprietary software.



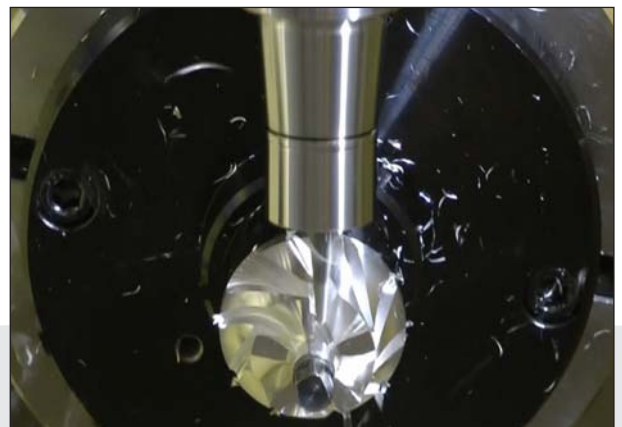
We push machining to the limit

Software solutions from the wholly owned subsidiary OPEN MIND are used for the process control of milling, drilling and turning in various industries such as mechanical engineering, tool, mold and die making, automotive and aerospace industry, medical technology, toy industry, as well as watch, clock and jewellery manufacturing.

The M+M group belongs to the first tier of vendors in the important niche market of CAM solutions. Around one third of sales comes each from the German speaking area, from other European markets (mainly Italy, UK, France, Spain, Netherlands and Eastern Europe) and from the rest of world (mainly Japan, USA, China, Taiwan, Korea, Singapore, Brazil, Turkey and India).

Particularly in the highly complex 5-axis milling process, the hyperMILL and hyper-CAD S product lines from OPEN MIND hold

*Innovative
CAM strategies
enable high savings
for the design cycle
and machining time:
Impeller milling
using hyperMILL*



a technologically leading position and allow the customers quick payback of their high machine tool investments.

A variety of innovative applications for specific products like tyre molds, turbine blades and impellers enable and simplify the programming of complex handling, lower the machining time and improve finished quality.

The MILITURN module enables the use of modern combined milling/turning machine tools. The complete handling, including turning and milling on the same machine, reduces manufacturing and machining times. It minimises set-up times by means of reduced clamping, rechuck and unload operations and results in higher machining precision.

The product portfolio is rounded up by the highly innovative hyperMILL MAXX Machining package enabling up to 500% productivity gain by radical reduction of machining time. This is one of the reasons why CAM solutions from OPEN MIND are used for prototype manufacturing by renowned automotive companies, several engine tuners and Formula 1 race teams.

**CAM meets 3D printing:
Hybrid additive and subtractive manufacturing**

Project: Repair of engine blades, injection molds or forging dies

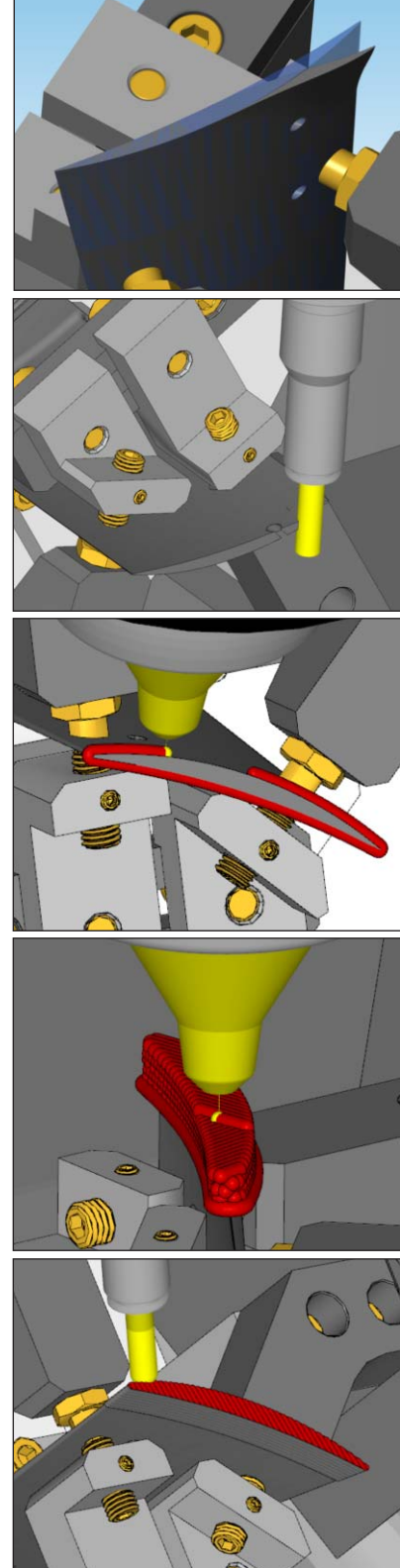
Industries: e.g. Power Generation, Aerospace, Tooling and Mold Making

New hybrid 5-axis machine tools combine the advantages of 3D metal printing (building parts from scratch) and 5-axis milling (finishing defined surfaces with high accuracy) without re-clamping. M+M's CAM Software hyperMILL now supports this process holistically.

The repair of an engine blade starts by a subtractive process where the damaged edge is cut-off. Subsequently new material is built-up on the clean edge by a controlled LMD (Laser Metal Deposition) device. Once the additive process is completed, the part is milled to its final geometry. Damage over larger regions can require several sequences of additive LMD deposition and subtractive milling, restoring the blade step by step.

This hybrid technology is also used in other industrial sectors, e.g. tooling and mold making for repair of large injection molds or forging dies, occurring in the automotive model development process, which provides high return on investment compared to the very expensive and time-consuming process of making a new component.

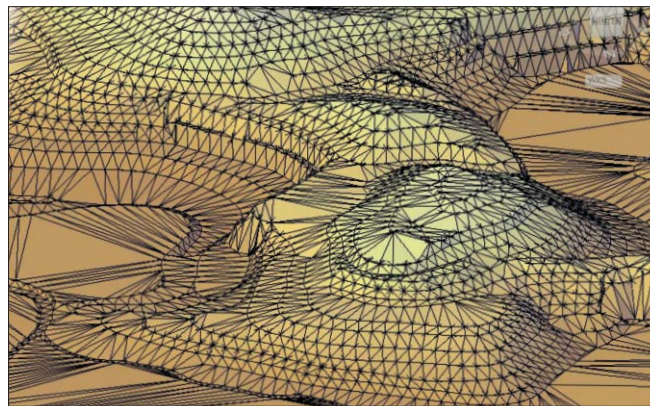
The Open Mind CAD/CAM Software customer base consists of more than 6,000 companies (here is a selection) not only located in the German speaking countries and across Europe, but also in Japan, China, India, APAC, North and South America.



DATAflor

DATAflor has a strong position in the German-speaking gardening and landscaping market. The proffered solutions not only contain a graphical planning section but also tools for complete financial calculation and billing of such projects. DATAflor was founded in 1982 and maintains evolved customer relationships which are carefully nurtured.

DATAflor software specializes on the organic forms, the special structures and the core competencies of landscape architects' offices as well as gardening and landscaping enterprises. Any functionality is focussed on the plants and the landscaping. Recently DATAflor software has been made additionally available for the earthworks and civil engineering market.



Two examples from the extensive DATAflor Software functionality:

The digital terrain model module enables convenient three dimensional landscape design. The software can read terrain data from 3D scanners or drone cameras and calculate excavation and filling material volumes for different landscape variants.

The GRÜNSTUDIO 3D module creates a live representation of the planned garden on screen or via VR glasses, thanks to an extensive plant catalog and the 'flowering calendar' across the seasons. The time of day is also selectable, in order to show the customer different sun angles or the effects of lighting concepts by night.



ecs cad

From the beginning of 2014, M+M has licensed back the Electrical Engineering software ecscad, which had been sold to Autodesk 5 years before, re-entering development of the product within the subsidiary MuM Mechatronik GmbH.

ecscad allows for quick and exact digital design of electrical engineering plans with hundreds or even thousands of individual pages. Specific electrical functions and extensive symbol libraries increase productivity, reduce errors and supply precise production information.



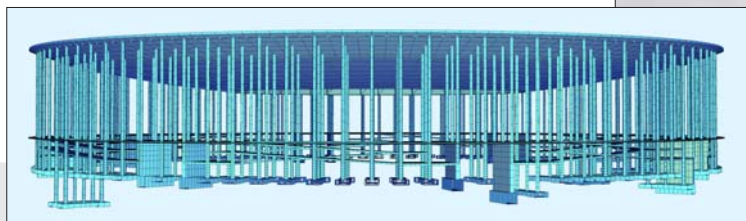
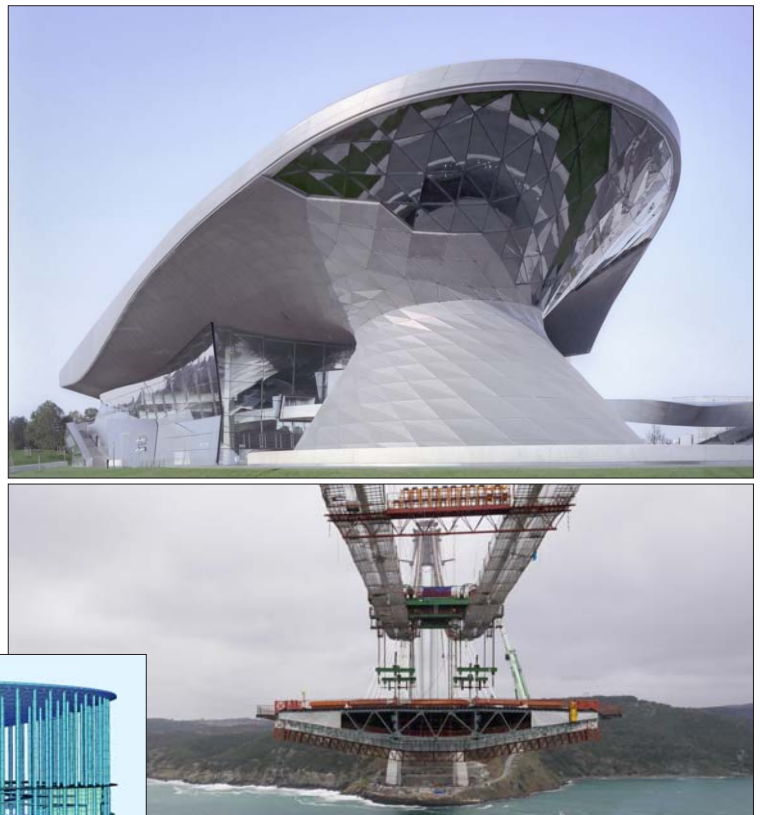
Many of the more than thousand ecscad customers are from the Mechanical and Electrical industry. On the Website mum.de many fascinating references can be found.

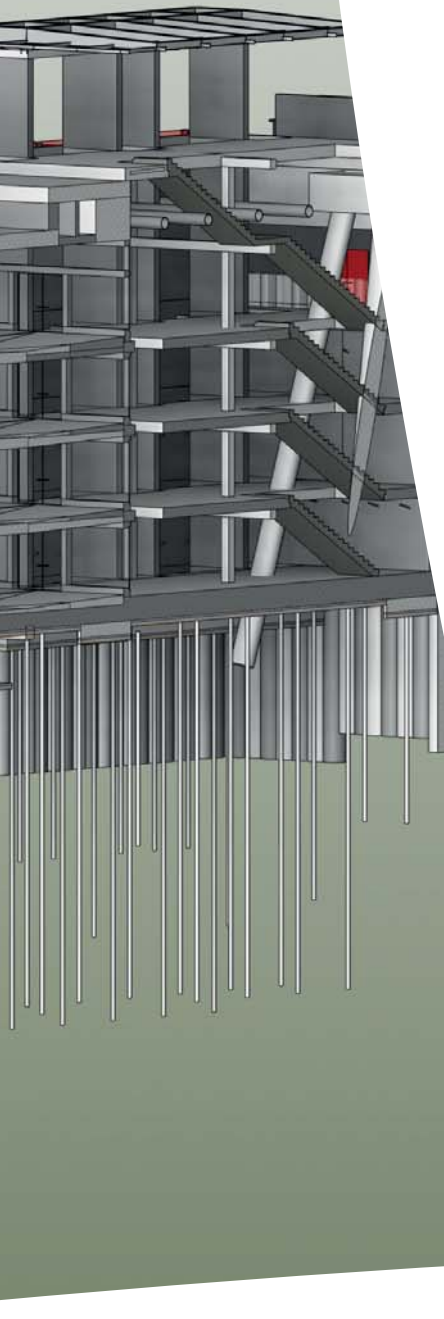
SOFiSTiK

From 2019: SOFiSTiK

As of Jan 1, 2019, M+M increases its long standing strategic shareholding in SOFiSTiK AG, Oberschleissheim near Munich and Nuremberg from 13.3% to 51%, significantly strengthening our BIM software offerings.

SOFiSTiK is a leading technology provider of structural analysis and reinforcement software for bridge, tunnel and construction design with impressive references around the world, e.g. BMW-Welt in Munich, the new Bosphorus bridge and the Brasilia National Stadium, naming just three out of thousands of construction projects realized and calculated with SOFiSTiK software over more than 30 years.





Segment VAR Business

With approx. 40 locations in Germany, Austria and Switzerland, Autodesk Platinum Partner M+M provides full area coverage and can serve their customers interdisciplinary solutions with the highest quality. Since the beginning of 2012, nearly 10 locations in Italy, France, UK, Poland and Romania were added by the transition to VAR (Value Added Reseller) business in Europe. The total M+M VAR segment today employs about 460 people in approx. 50 locations, being the largest European Autodesk VAR.

Dynamic growth

In 2009, more than EUR 35 mln sales had been achieved from scratch. In the following nine years the segment continued to grow very dynamically to nearly EUR 130 mln in 2018.

Distribution sale financed VAR transition in Europe

More than half of the EUR 28 mln total Distribution sale amount closed in October 2011 was used to finance the setup process of the European VAR business. Therefore EUR 9/4/3 mln have been booked to other operating income in the years 2012/13/14. Since 2015 the VAR segment is back to a purely operating profit generation.

Steadily growing proprietary business

The gross margin in the VAR business is made up from proprietary M+M business (e.g. customizing, own software, training, support) and from reselling Autodesk software. The proprietary M+M contribution to segment gross margin, which had been 49% in 2015, climbed to around 65% in 2017/18. In the group the proprietary part 2017/18 thus rose to 83% compared to 73% back in 2015.

The M+M VAR segment customer list (here a small selection) includes all sectors and company size categories across Europe



Growth drivers: Training ...

The strong growth in proprietary business is based on highly increased demand for training in the Industry and - even more - Construction sector, where M+M created a training series called BIMready to make all stakeholders in construction projects - from draftsman to project manager - familiar with the unprecedented new BIM project development.



With far over 16,000 invoiced participant days per year, the training business contributes roughly 40% to service gross margin.

... and customer specific projects

The second growth driver is customer specific projects, in which standard software modules are connected to individually tailor-made project solutions, adding functionality where necessary.

In order to avoid re-inventing the wheel in each project, M+M has developed a growing library of application software and content to adopt the Autodesk product portfolio, which is developed for global use, to the specific

requirements in Germany, Austria, Switzerland and other European countries, e.g.:

- Data management for Industry 4.0



- Solution for Architecture/Construction



- Solution for plant engineering/construction



- Solution for GIS/Infrastructure



- Variant construction/configurator software



- Facility management system G-Info

- Extensive M+M symbol libraries for many sectors

M+M's customer specific projects can range from a few man-days to several man-years. Large projects are usually cut into several smaller project segments.

With far over 100 man-years invoiced service per year, project development is contributing about 60% to service gross margin in the VAR Business.

CAD in practice: BIM – Building Information Modeling / Management

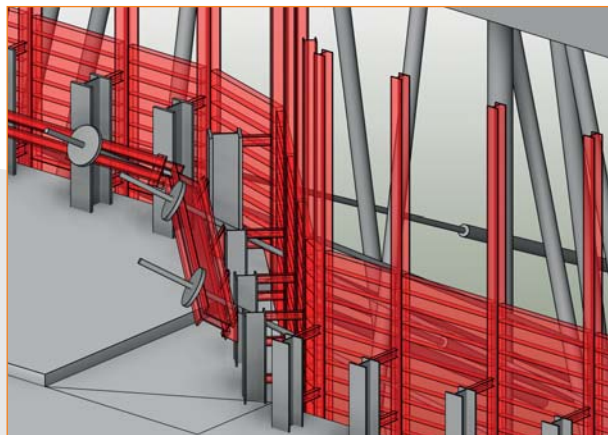
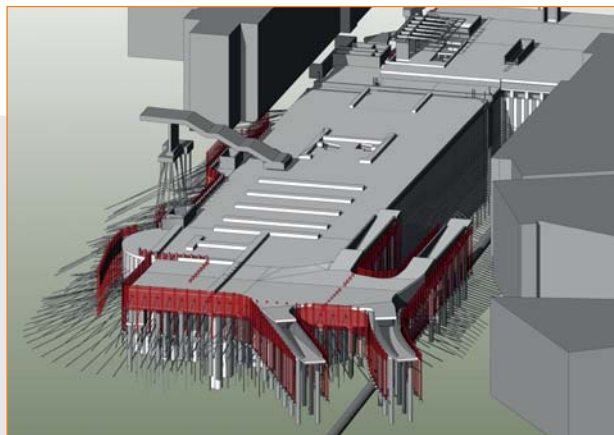
Project: General planning of large building projects

Customer: Scherr + Klimke AG, Ulm, Germany

All disciplines of a building project working together in 3D, collaborating, and sharing information via a common database, that's BIM - also known as 5D, as time and cost dimensions are usually additionally attributed to the model.

As a general planning provider, Scherr + Klimke AG hosts all Construction disciplines under one roof, developing future-proof and sustainable solutions for customers from automotive and cement industries, food science, pharmaceutical industry and trade, as well as from the public area. In order to optimize the interdisciplinary collaboration, Scherr + Klimke had decided to use BIM as early as 2003, thus being among the pioneers of this innovative method.

At M+M, we support our BIM customers not only by supplying the global leading Revit technology from Autodesk, but have also developed an extensive application for the particular European needs of architecture, building technology and calculation, known as BIM Booster, which is highly valued by the users inside the Scherr + Klimke organization. In addition, M+M's certified 'BIM Ready' training concept makes all participants involved in construction projects familiar with this new working method.

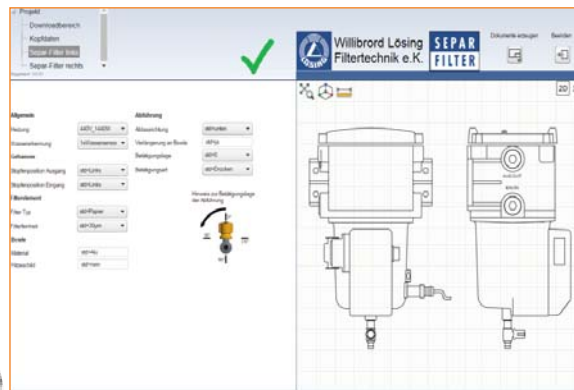


Three M+M competence teams: Industry, AEC and Infrastructure

To provide optimal professional consulting quality to customers from different sectors, the M+M VAR organisation has competence teams for Industry, Architecture/Engineering/Construction (AEC) and Infrastructure.

On the Website mum.de there are a lot of interesting reference stories about customers and projects from these teams.

Three examples are displayed here in short. On the previous page one AEC reference on BIM, on this page two examples for fully automated variant design in the area of Industry and on the right page a large Infrastructure project under the top-actual headline 'Digital Factory'.



CAD in practice: Fully automated variant design

Project examples: Electric distribution boxes and diesel filters

Customers: Bals Elektrotechnik and Willibrord Lösing Filterproduktion, Germany
M+M's configuration software customX enables automated variant product design of any complexity. After Web entry of the customer requirements, all necessary production documents - the calculated offer, all bill of materials and a full set of manufacturing drawings - are generated automatically and correctly.

Example 1: Bals Elektrotechnik configure individual customer specific electric distribution boxes through customX, including an interface to their ERP system SAP HANA. The internal workflow from offer through order entry to production has been accelerated to the extent that even single-item production is absolutely economical.

Example 2: Willibrord Lösing Filterproduktion have reduced the time for design and documentation of new filter variants from 4 hours to 20 minutes by using customX – more than 90% productivity gain!

In addition, the system offers 24/7 availability: Even when a new order has been discussed and placed just before closing time, the customer promptly gets the complete electronic documentation via E-Mail.

CAD in practice: Steel plant becoming 'Digital Factory'

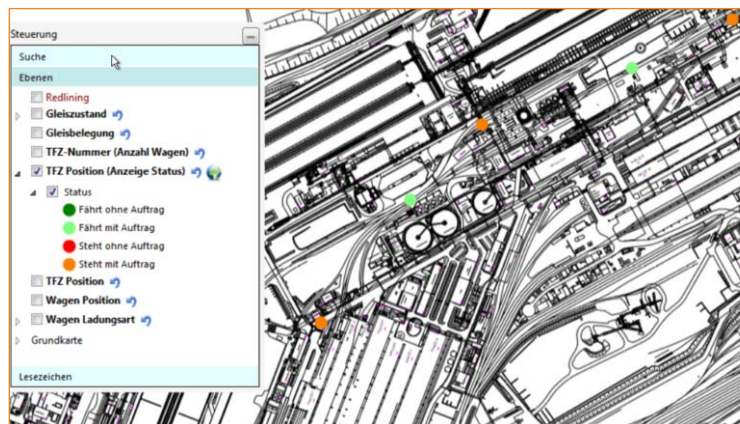
Project: GPS aided locomotive tracking on the factory premises

Customer: HKM Hüttenwerk Krupp Mannesmann, Duisburg, Germany

Hüttenwerk Krupp Mannesmann (HKM) in Duisburg-Huckingen is one of the leading steel manufacturers in Europe. On the 2.5 square kilometer factory premises, there are office buildings, production facilities and warehouses, streets, railways and green areas, as well as, pipes and cables of all kinds, above and under ground.

Formerly the extensive information was mostly only available for the staff of the respective department, and digital information was stored in various systems and formats. Under normal conditions this was no problem, but for rebuilding and modernisation investment decisions, nobody was able to access and collect all relevant data in an acceptable timeframe.

Since 2010 M+M has been supporting HKM in the development of an 'Information System Digital Factory ISyDiF' based on the M+M software MapEdit and connecting geodata with SAP, 2D geometries, 3D design models, point clouds and panoramas. Very soon after the project start the first version was put into operation and has since been completed by more than a dozen project modules in total representing several man-years of development time. The latest module is a GPS aided locomotive tracking system assisting the responsible department to better control and optimize the conveyance of goods on the factory premises' rail network measuring 95km in total.



Group headcount moderately increased

The group employed 821 people on average (full time equivalent) during fiscal year 2018 (PY: 784 / +4.7%), thereof 364 / 44% (PY: 335 / 43%) in the Software segment and 457 / 56% (PY: 449 / 57%) in the VAR segment.

Employees are co-entrepreneurs

Traditionally, there is a very high focus on good corporate culture at M+M. During the 35 years since the foundation of the company in 1984, the employees were always seen as 'Co-Entrepreneurs' and fully integrated in the decision making process. Whenever acquiring companies in and outside Germany in the course of the intensive expansion since IPO in 1997, M+M always cared for and respected the specific culture of the companies acquired and encouraged them to adopt the M+M corporate culture very gently.

The decision making structures in the M+M group are as decentralised as possible. The individual entities have a high degree of autonomy in order to be able to optimally meet the customers' requirements and to achieve the best possible results in the individual markets.

Experienced management team

This corporate culture generates a high degree of continuity. Staff turnover in the M+M group is very low, which even during the hype phases of the IT industry prevented a drain of qualified specialists from which other similar companies in IT suffered. As a result, M+M has an experienced management team down to the second and third management level, with team members mostly looking back on an employment period of more than 15 years.

Trading under 'European SE'

In 2006, Mensch und Maschine Software AG was converted to a 'Societas Europaea' SE. In parallel, a pure holding structure was realized, with the parent company Mensch und Maschine Software SE acting as a finance holding. Central management and service functions for the group are executed by the subsidiary Mensch und Maschine Management AG, while all operating business is performed by German and international subsidiaries.



The step to the SE was combined with a streamlining of the management structure to a 'monistic' board system. The founder and main shareholder Adi Drotleff serves as chairman to the Administrative Board ('Verwaltungsrat'), together with two external members.

The Administrative Board combines the functions of the Advisory Board of an AG with those of an administrative body ('Organ').

The Board of Managing Directors ('Geschäftsführende Direktoren'), equalling the 'Vorstand' of a German AG without being a legal body ('Organ'), consists of Adi Drotleff (CEO), Christoph Aschenbrenner (COO) and Markus Pech (CFO).

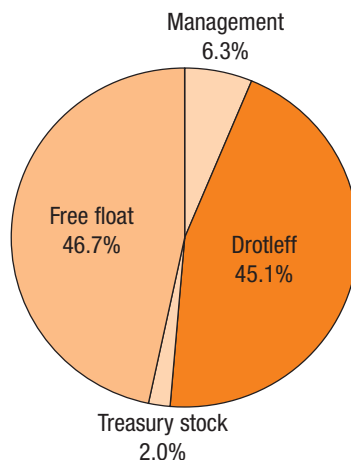
Public and private company

Though M+M shares have been listed on the stock market for 22 years, a large portion of the shares are still in the hands of the management. Adi Drotleff held about 7.52 Million shares or 45.1% of the approx. 16.68 Million shares outstanding on Dec 31, 2018. Other management members hold approx. 1.05 Million M+M shares (approx. 6.3%), which formally belong to free float, as nobody holds a package of 3% or more.

A package of slightly more than 328,000 shares (~2.0%) was held by M+M SE in treasury stock at Dec 31, 2018. It was bought through the stock repurchase program started by the Administrative Board in October 2008. By Dec 31, 2018, over 1.5 Million shares have been repurchased, of which a large part was re-issued in the course of acquisitions, for share dividends and for employee stock programs.

The free float at Dec 31, 2018, contained about 7.79 Million shares / 46.7%. Including the 6.3% shares in packages below 3% held by the management, the free float contained approx. 8.84 Million shares / 53.0%.

All in all, M+M SE can be seen as a public and a private company in one.



Listed in scale and m:access

Since March 31, 2010, the M+M share has been listed in the m:access trading segment of Munich stock exchange, since Jan 2, 2012, additionally in the Entry Standard segment of Frankfurt Stock exchange, which since March 1, 2017 has been replaced by a listing in the premium SMB segment scale. The M+M share is member of the scale30 selection index since its start in 2018.

Both segments prescribe, for admission, consequential duties above and beyond legal requirements, guaranteeing a high degree of transparency. In M+M's view, they are ideal market segments for achieving a reasonable cost-benefit ratio of a stock exchange listing in relation to the market capitalisation, protecting the legitimate interests in transparency of the shareholders.

Due to the requirements for disclosure and transparency these market segments represent fully operational markets with protective mechanisms that are very close to that of the regulated market and that guarantee the marketability of the shares including the tradability through Xetra.

In addition, M+M is highly overfulfilling the scale and m:access rules by publishing full quarterly reports and German/English IFRS reporting.

Risks and Opportunities

The operations and activities of the M+M group are subject to various risks.

In our risk management system, sources of uncertainty are systematically identified, documented, evaluated and as far as possible controlled.

In all business units there are so called risk owners, responsible for the description, evaluation and control of risks in their fields. All units' risks are documented in a risk inventory together with the initiated counteractions, and the remaining risk is evaluated. The evaluation takes into account the likelihood of occurrence and the impact on the group.

The risk inventory with its documentation of counteractions, together with the monitoring of various early indicators, allows control of the development of a risk. The reduced risk impacts and likelihoods of occurrence after successful counteractions, are duly monitored and reported to the Managing Directors.

The remaining risks, particularly, are taken into account in business planning.

The accounting is integrated into the risk management, which allows identification and evaluation of risks which are in conflict with the compliance of the group financial statements. At this stage, we cannot see any such risks.

The whole accounting is subject to efficient control mechanisms. These particularly include extensive monthly reporting and liquidity planning, which are controlled in detail. Additionally, there is a regular review concerning specific items.

In addition, the financial transactions are supervised continuously. Within finance and accounting, there is additional protection by the principle of dual control. Systematic limit controls (e.g. for open sales orders or for capital expenditure invoices) supplement the control mechanisms.



In detail, the following risk categories exist:

Credit risks:

Bad debt risks are counteracted with customer credit insurance, individual bad debt provisions, and streamlined receivables management. Also favourable in this respect, is the fact that sales are divided among many individual customers each of which carries less than 1% of the total group revenue.

Warehouse and transport risks:

These risks are generally covered by corresponding insurance contracts. A risk of loss in value during warehousing can be considered virtually non-existent since the suppliers' software product contracts always include a price, update and stock rotation clause.

Sales and market risks:

As with every other supplier of standard software, M+M is subject to software market and product cycles, especially those of the CAD/CAM market. Such risks are generally counteracted, as far as possible, by the vertical and regional division of the M+M Group and by the spread across several product lines, but risk may not always be fully compensated by these actions.

Personnel risks:

As an enterprise in the software industry, M+M is, in principle, dependent on individuals with special skills. M+M's distinctive corporate culture, so far, has been instrumental in keeping employee turnover exceptionally low. The risk of dependence upon key top management people has been counteracted by appointing several Managing Directors and by strengthening the secondary management level.

Supplier risks:

Concentration on the main supplier Autodesk in the VAR segment represents a certain risk through dependency on this supplier's product development, market competence and operational policy.

Losses at subsidiaries and shareholdings:

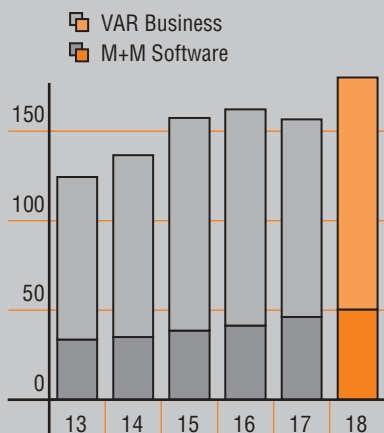
In all shareholding or subsidiary relationships, it is recognised that there is a risk that, contrary to positive expectations, a negative development may occur possibly proceeding to total loss. This would not only cause an appropriate impairment of goodwill or investment value but also lead to a corresponding writedown of deferred tax assets (if capitalized) in case of fully consolidated subsidiaries with loss carryovers.

Financing and liquidity risk:

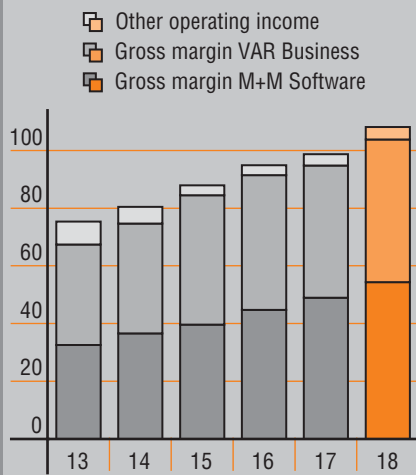
As in any business model not exclusively financed by equity, there is a dependency risk for the debt financed part due to the refinancing capabilities of the financial market. This risk is counteracted by distribution of credit lines at several banks inside and outside Germany. It cannot be excluded, however, that the refinancing interest rate payable by M+M may develop negatively or the refinancing by debt may fail in parts or in total. In this respect, internal as well as external influences play a role. Internal influences are mainly the earnings and financial status impacting the M+M market rating, as well as the management's ability in handling relationships with existing and potential creditors. External influences are for example the general interest rate level on the market, the credit policy of banks and other creditors, as well as the legal framework conditions.

Opportunities result from the successful execution of our general strategic concept. These are detailed in the 'Outlook' chapter.

Group revenue (in million EUR)



Group added value (in million EUR)



Course of business 2018 and situation of the group

M+M has achieved its ambitious 2018 goals with new profit records. Growth drivers were both M+M's proprietary Software around its flagship CAM offerings as well as the VAR segment, which after the temporary retarding effect of Autodesk's sales to subscription transition in 2016/17 has strongly rebounded.

Double digit sales growth

Sales significantly grew to EUR 185.40 mln (PY: 160.85 / +15%), with contributions of solid EUR 55.73 mln (PY: 50.47 / +10.4%) from Software and strong EUR 129.67 mln (PY: 110.38 / +17.5%) from the VAR Business.

Record 1: Gross margin over EUR 100 mln

Gross margin climbed to a new record amount of EUR 103.91 mln (PY: 94.82 / +9.6%), with EUR 54.36 mln (PY: 48.94 / +11%) from the M+M Software segment and EUR 49.55 mln (PY: 45.88 / +8.0%) from the VAR Business.

Gross yield amounted to 56.0% (PY: 59.0%). Total added value, defined as gross margin plus EUR 4.43 mln (PY: 3.92 / +13%) other operating income, grew to EUR 108.34 mln (PY: 98.74 / +9.7%).

Moderate cost increase

Personnel expenses rose to EUR 65.23 mln (PY: 60.98 / +7.0%), with an increase to EUR 29.87 mln (PY: 27.06 / +10.4%) in the Software segment and to EUR 35.36 mln (PY: 33.92 / +4.2%) in the VAR segment.

Other operating expenses increased to EUR 20.36 mln (PY: 19.72 / +3.3%), with EUR 10.60 mln (PY: 9.87 / +7.4%) contribution from the Software segment and EUR 9.76 mln (PY: 9.85 / -0.9%) from the VAR Business.

Total group operating expenses increased to EUR 85.59 mln (PY: 80.70 / +6.1%).

Record 2: Operating profit EBITDA +26%

Operating profit EBITDA before depreciation, amortization, interest and taxes amounting to EUR 22.75 mln (PY: 18.05 / +26%) marked a new record level, again with the lion's share from Software at EUR 14.68 mln (PY: 12.70 / +16%), but the VAR Business at EUR 8.07 mln (PY: 5.35 / +51%) caught up a bit due to stronger growth.

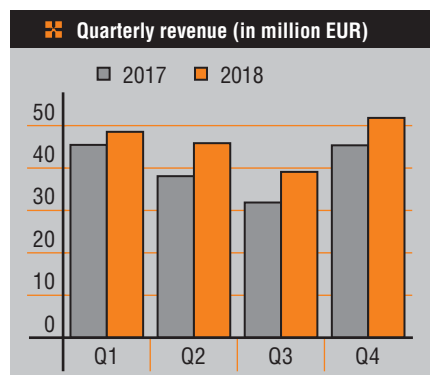
EBITDA margin climbed to 12.3% (PY: 11.2%) in the group, to 26.3% (PY: 25.2%) in the Software segment and to 6.2% (PY: 4.8%) in the VAR Business.

Continuing normal quarterly seasonality

As in the previous year, quarterly seasonality showed the pattern typical for M+M with strong starting and ending quarters and slower Q3 (holiday period), with strong growth in Q2/Q3 leading to a more steady profile.

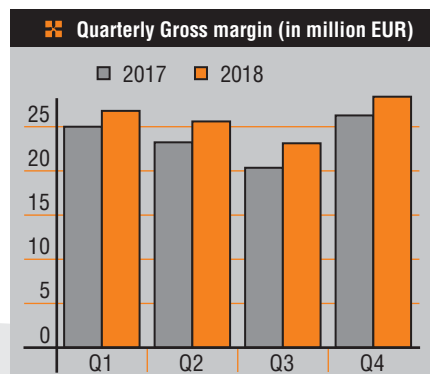
Quarterly revenue:

Q1: EUR 48.58 mln (PY: 45.47 / +6.8%)
 Q2: EUR 45.87 mln (PY: 38.12 / +20%)
 Q3: EUR 39.10 mln (PY: 31.88 / +23%)
 Q4: EUR 51.85 mln (PY: 45.38 / +14%)



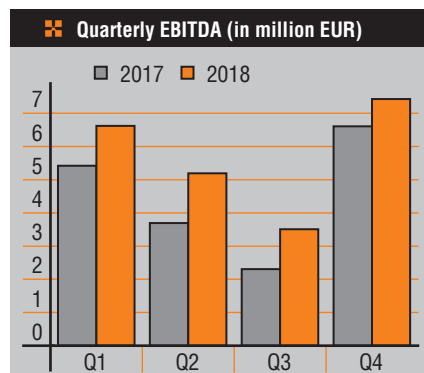
Quarterly gross margin:

Q1: EUR 26.79 mln (PY: 24.98 / +7.2%)
 Q2: EUR 25.60 mln (PY: 23.22 / +10%)
 Q3: EUR 23.13 mln (PY: 20.35 / +14%)
 Q4: EUR 28.39 mln (PY: 26.27 / +8.1%)



Quarterly EBITDA:

Q1: EUR 6.62 mln (PY: 5.42 / +22%)
 Q2: EUR 5.19 mln (PY: 3.70 / +40%)
 Q3: EUR 3.51 mln (PY: 2.31 / +52%)
 Q4: EUR 7.43 mln (PY: 6.61 / +12%)



Depreciation and amortisation increased

Depreciation of fixed assets increased to EUR 2.69 mln (PY: 2.40 / +12%), while amortisation on purchase price allocation (PPA) slipped to EUR 0.40 mln (PY: 0.43 / -6.8%). Total depreciation and amortisation grew to EUR 3.09 mln (PY: 2.83 / +9.2%).

Record 3: EBIT +29% / Margin 10.6%

Operating profit EBIT before interest and taxes rose to a new record EUR 19.66 mln (PY: 15.21 / +29%), with EUR 13.21 mln (PY: 11.45 / +15%) from Software and EUR 6.45 mln (PY: 3.76 / +72%) from VAR. Group EBIT margin at 10.6% (PY: 9.5%) was double digit for the first time.

Record 4: Pretax profit +34%

Pretax profit amounted to EUR 18.16 mln (PY: 13.59 / +34%), also marking a new company record.

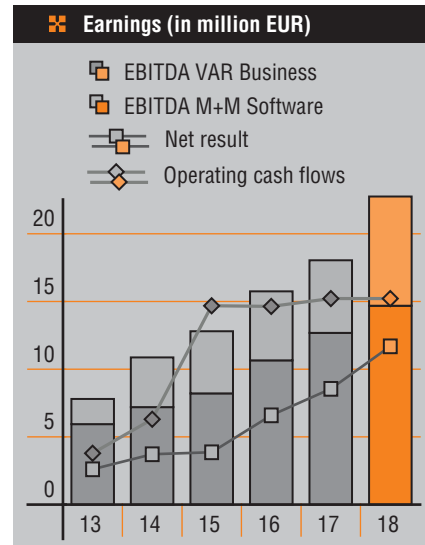
Income tax rate sank to 31.3% (PY: 33.9%), resulting in a dampened increase of the tax charge to EUR -5.69 mln (PY: -4.61).

Record 5: Eight digit net profit

After tax and minority shares amounting to EUR 0.78 mln (PY: 0.43), net profit for the first time exceeded EUR 10 mln, coming in at EUR 11.69 mln (PY: 8.55 / +37%) or 71.5 Cents (PY: 52.5) per share.

Cash flows equaled PY record

Operating cash flows at EUR 14.73 mln or 93 Cents per share almost exactly equaled previous year's record EUR 15.22 mln or 93.5 Cents. Thus cash flows per share has been north of 90 Cents for the fourth year in a row, way ahead of earnings per share.



Dividend proposal 65 Cents (+30%)

Management will propose to the annual shareholders' meeting on May 8, 2019 to pay 65 Cents (PY: 50) dividend per share. The maximum total payout is EUR 10.84 mln, the exact amount depends on the then actual number of shares in treasury stock.

Investing activities

As in the M+M business model the main future investment is in the area of software development, the expenses for which are mostly not capitalized, there is only relatively small capital expenditure necessary to keep the fixed assets on an actual status.

In 2018, EUR 2.40 mln (PY: 3.81) was invested, mainly in IT infrastructure. The significant reduction results from lower capitalization of development cost after completion of a large new software development project in the CAM area.

Total assets slightly higher

Total assets increased slower than business to EUR 106.11 mln (PY: 101.79 / +4%), and the basic balance sheet structure remains unchanged.

Shareholders' equity significantly higher

Shareholders' equity as of Dec 31, 2018 increased significantly to EUR 51.28 mln (PY: 43.92 / +17%), with equity ratio improving to 48.3% (PY: 43.1%).

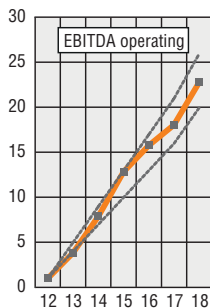
The M+M headquarters in Wessling near Munich



Review and Outlook

During the past five years since 2013, gross margin has gained EUR +36.4 mln or +54%, resulting in an organic 9.0% p.a. growth, within a bandwidth from 3.7% (2017) to 13% (2015). Hence M+M is actually not much below the internal long term target of 10% organic top line growth per year.

On a purely operating base, EBITDA was increased by a total of EUR +18.9 mln or EUR +3.8 mln per year. Here the bandwidth was between EUR 2.3 mln (2017) and EUR 4.9 mln



(2015). The M+M target to gain EUR 3-4 mln EBITDA per year until 2017 and EUR 4-5 mln for 2018 (combined EUR +3.7 mln p.a.) was slightly overfulfilled.

The relation between EBITDA and gross margin gain over these five years was approx. 52 percent, meaning that each Euro gross margin surplus created an average EBITDA surplus of 52 Cents.

This shows that M+M's cost management, optimized for sustainably profitable growth, is working successfully.

Starting 2019: Sales / EBIT guidance replacing Gross margin / EBITDA

According to IFRS 16, the majority of leasing expenses have to be shifted to depreciation beginning 2019, creating a virtual EBITDA increase (for M+M by approx. EUR 3-4 mln), while EBIT and net profit remain comparable. Therefore we change our guidance from Gross margin / EBITDA to Sales / EBIT.

2019: Organic growth + SOFiSTiK

We see further healthy organic growth and are getting additional push by the majority takeover in SOFiSTiK AG, so we expect 2019 sales to grow +15-20% to EUR 215-220 mln, EBIT +22-33% to EUR 24-26 mln and EPS +25-34% to 89-95 Cents.

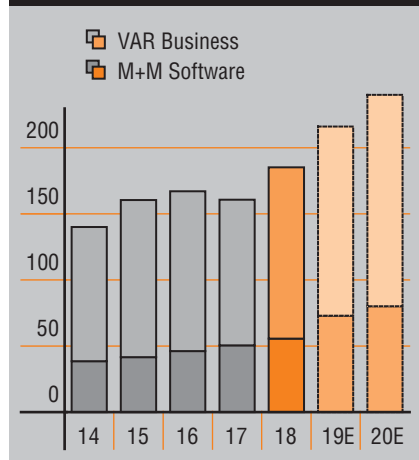
From 2020: EPS +18-24 Cents expected

From 2020 onwards an annual sales growth by +10-12% is expected, combined with EUR +3.5-5.0 mln for EBIT and +18-24 Cents for earnings per share (EPS).

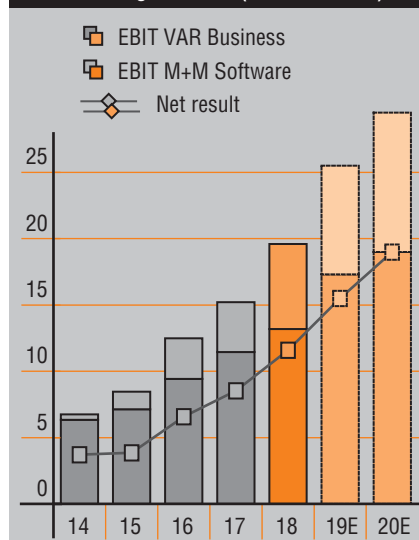
Annual dividend increase planned

Assuming we achieve these targets we plan to raise the dividend for the year 2019 by +18-28% to 77-83 Cents and from 2020 onwards annually by 15-20 Cents.

Revenue forecast (in million EUR)



Earnings forecast (in million EUR)



All estimates subject to error

All forward looking statements and targets mentioned herein are subject to market conditions occurring in line with estimations in the planning models set up by the management. Therefore no guarantee can be undertaken for meeting the estimates.

Target achievement 2018

The 'EUR 104-106 mln' gross margin target for 2018 from the previous year's annual report was slightly undershot.

The EBITDA target 'EUR 22-23 mln' as well as the 'EUR 11-12 mln or 67-73 Cents/share' net profit target have been met.

Events after the balance sheet date

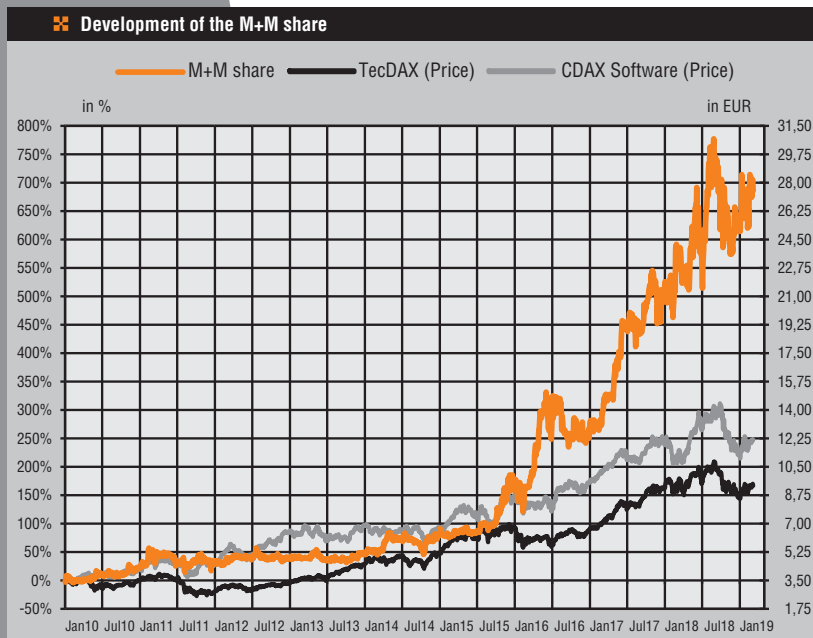
There were no material events after the balance sheet date.

Expression of thanks

We would like to take the opportunity to thank all employees for their engaged work during the past fiscal year, which helped M+M to achieve new earnings records.

In addition, we would like to express our thanks to our customers, suppliers and shareholders for their continued loyalty to M+M. We will do our very best to keep deserving this loyalty in the future.

Wessling, March 2019
 Mensch und Maschine Software SE
 The Managing Directors



The M+M share rose significantly recently, since 2010 up to 750% share price increase was achieved. In addition, total dividends amounting to 200 Cents have been paid out during this period, so the total value for the shareholder has improved tremendously. The share price performance was clearly better than that of the TecDAX index over the entire period, and an intermediate underperformance to the CDAX Software index has meanwhile turned into a solid lead.



Statement of income						
Amounts in KEUR	Note*	2018		Δ%	2017	
Revenues	1	185,397	100%	+15%	160,850	100%
Cost of materials	2	-81,489	-44.0%	+23%	-66,027	-41.0%
Gross margin		103,908	56.0%	+9.6%	94,823	59.0%
Personnel expenses	3	-65,228	-35.2%	+7.0%	-60,978	-37.9%
Other operating expenses	4	-20,365	-11.0%	+3.3%	-19,723	-12.3%
Other operating income	6	4,433	2.4%	+13%	3,919	2.4%
Operating result EBITDA		22,748	12.3%	+26%	18,041	11.2%
Depreciation	5	-2,692	-1.5%	+12%	-2,400	-1.5%
Amortisation	5	-399	-0.2%	-6.8%	-428	-0.3%
Operating result EBIT		19,657	10.6%	+29%	15,213	9.5%
Financial result	7	-1,499	-0.8%	-7.5%	-1,621	-1.0%
Result before taxes		18,158	9.8%	+34%	13,592	8.5%
Taxes on income	8	-5,686	-3.1%	+23%	-4,609	-2.9%
Net result after taxes		12,472	6.7%	+39%	8,983	5.6%
thereof attributable to M+M shareholders		11,687	6.3%	+37%	8,550	5.3%
thereof attributable to minority shareholders		785	0.4%	+81%	433	0.3%
Net income per share in EUR (basic)		0.7147		+36%	0.5252	
Net income per share in EUR (diluted)	9	0.7147		+36%	0.5252	
Weighted average shares outstanding in million (basic)		16.351		+0.4%	16.281	
Weighted average shares outstanding in million (diluted)	9	16.351		+0.4%	16.281	

* see notes on pages 45 to 48

Consolidated statement of comprehensive income			
Amounts in KEUR		2018	2017
Net result after taxes		12,472	8,983
thereof attributable to M+M shareholders		11,687	8,550
thereof attributable to minority shareholders		785	433
Currency conversion difference		265	-170
Other comprehensive income that may be reclassified subsequently to profit or loss		265	-170
Actuarial gains / losses on pension obligations		64	175
Deferred taxes thereof		-19	-53
Other comprehensive income that will not be reclassified subsequently to profit or loss		45	122
Total other result		310	-48
Total comprehensive income		12,782	8,935
thereof attributable to M+M shareholders		11,997	8,502
thereof attributable to minority shareholders		785	433

 Balance sheet

Amounts in KEUR	Note*	Dec 31, 2018	△%	Dec 31, 2017
Cash and cash equivalents		9,588	+24%	7,745
Trade accounts receivable	10	27,683	+12%	24,822
Inventories	11	2,417	-14%	2,802
Prepaid expenses and other current assets	12	2,671	-23%	3,456
Total current assets		42,359 39.9%	+9%	38,825 38.1%
Property, plant and equipment		2,635	+7%	2,467
Real estate		10,567	-2%	10,744
Intangible assets		9,363	-11%	10,482
Goodwill	13	33,286	0%	33,286
Other investments	14	4,248	+354%	936
Deferred taxes	8	3,649	-28%	5,050
Total non current assets		63,748 60.1%	+1%	62,965 61.9%
Total assets		106,107 100%	+4%	101,790 100%
Short term debt and current portion of long term debt	15	2,014	-26%	2,711
Trade accounts payable		12,851	-3%	13,267
Accrued expenses	16	8,568	+13%	7,592
Deferred revenues		1,182	-16%	1,414
Income tax payable		2,050	-24%	2,711
Other current liabilities	17	5,738	+13%	5,082
Total current liabilities		32,403 30.5%	-1%	32,777 32.2%
Long term debt, less current portion	18	15,622	-10%	17,289
Mortgage-secured real estate financing long term	18	3,175	-22%	4,065
Deferred taxes	8	1,833	-3%	1,892
Pension accruals	19	1,704	-3%	1,757
Other accruals	17	88	-1%	89
Total non current liabilities		22,422 21.1%	-11%	25,092 24.7%
Share capital	20	16,683	0%	16,683
Capital reserve and other reserves	21	24,859	+7%	23,184
Treasury stock	22	-3,891	+19%	-3,258
Retained earnings / accumulated deficit		13,118	+75%	7,506
Other comprehensive income / loss		-1,251	+1%	-1,238
Equity attributable to non-controlling (minority) interest		1,443	+38%	1,043
Currency conversion		321	>+999%	1
Total shareholders' equity		51,282 48.3%	+17%	43,921 43.1%
Total liabilities and shareholders' equity		106,107 100%	+4%	101,790 100%

* see notes on pages 46/47, 49 to 55

Statement of cash flows
Development of shareholders' equity

Statement of cash flows		
Amounts in KEUR	2018	2017
Net result	12,472	8,983
Interest result	517	577
Depreciation and amortization	3,091	2,828
Other non cash income / expenses	-228	183
Increase/decrease in provisions and accruals	896	766
Gains/losses from the disposal of fixed assets	-26	-14
Change in net working capital	-1,496	1,898
Net cash provided by (used in) operating activities	15,226	15,221
Purchase of subsidiaries, net of cash	-500	-706
Purchase of other fixed assets	-2,086	-3,280
Sale of other fixed assets	183	181
Net cash provided by (used in) investing activities	-2,403	-3,805
Proceeds from issuance of share capital	1,675	1,189
Interest proceeds/payments	-439	-649
Purchase/disposal of treasury stock	-632	621
Dividend payment to M+M shareholders	-8,146	-5,672
Dividend payment to minority shareholders	-386	-516
Proceeds from short or long term borrowings	-3,253	-5,078
Net cash provided by (used in) financing activities	-11,181	-10,105
Net effect of currency translation in cash and cash equivalents	201	83
Net increase / decrease in cash and cash equivalents	1,843	1,394
Cash and cash equivalents at beginning of period	7,745	6,351
Cash and cash equivalents at end of period	9,588	7,745

see notes on page 56

Development of shareholders' equity										
Amounts in KEUR	Subscribed Capital	Capital-Reserve	Other Reserves	Profit/-Loss	Other comprehensive income/loss	Own shares	Currency conversion	attributable to M+M SE shareholders	Minority interest	Total equity
As of Dec 31, 2016	16,683	23,031	0	4,630	-1,504	-3,879	315	39,276	1,297	40,573
Purchase of own shares						-513		-513		-513
Dividend		1,188		-5,674		1,134		-3,352	-516	-3,868
Net result				8,550				8,550	433	8,983
Minority interest change		-1,035						-1,035	-171	-1,206
Other comprehensive income from pension assessment					122			122		122
Currency conversion					144		-314	-170		-170
As of Dec 31, 2017	16,683	23,184	0	7,506	-1,238	-3,258	1	42,878	1,043	43,921
Purchase of own shares						-1,771		-1,771		-1,771
Delivery of own shares		176				149		325		325
Dividend		1,499		-8,146		989		-5,658	-385	-6,043
Net result				11,687				11,687	785	12,472
Fair value measurement in accordance with IFRS 9				2,071				2,071		2,071
Other comprehensive income from pension assessment					45			45		45
Currency conversion					-58		320	262		262
As of Dec 31, 2018	16,683	24,859	0	13,118	-1,251	-3,891	321	49,839	1,443	51,282

Notes

Segment reporting

According to IFRS 8, reportable operating segments are identified based on the 'management approach'. This approach stipulates external segment reporting based on the Group's internal organizational and management structure and on internal financial reporting to the chief operating decision maker.

The measurement principles for the segment reporting structure are based on the IFRS principles adopted in the consolidated financial statements. M+M evaluates the segments' performance based on their profit/loss from operations (EBIT), among other factors. Revenue generated and goods and services exchanged between segments are calculated on the basis of market prices.

Segment assets and liabilities include all assets and liabilities that are attributable to operations and whose positive or negative results determine profit/loss from operations. Segment assets include, in particular, intangible assets; property, plant and equipment; trade and other receivables; and inventories. Segment liabilities include, in particular, trade and other payables, and significant provisions.

Segment investments include additions to intangible assets and property, plant and equipment. Deferred tax assets and liabilities are not included in the segment assets and segment liabilities.

The M+M business model is based on the segments VAR Business and M+M Software. The VAR Business segment covers direct selling of CAD software to end users and associated services. The M+M Software segment contains the own development of CAD/CAM software.

The sum of the operating results (EBIT), determined at the level of the segments, agrees with the operating result in the statement of income. The financial result and the taxes on income are not controlled at segment level. Therefore the representation of reconciliation to the net result after taxes is not shown.

According to the regulations of IFRS 8 the revenues are also differentiated in Germany, the domicile of Mensch und Maschine Software SE, and business in foreign countries.



Segmentation										
Amounts in KEUR	M+M Software						VAR Business			
	2018		Δ%	2017		2018		Δ%	2017	
Total revenue	56,850		+10.5%	51,459		152,719		+11.5%	136,955	
Internal revenue	-1,123			-994		-23,049			-26,570	
External revenue share in percent	55,727	100%	+10.4%	50,465	100%	129,670	100%	+17.5%	110,385	100%
	30.1%			31.4%		69.9%			68.6%	
Cost of materials	-1,366	-2.5%	+10.2%	-1,521	-3.0%	-80,123	-61.8%	+24%	-64,507	-58.4%
Gross margin share in percent	54,361	97.5%	+11%	48,944	96.7%	49,547	38.2%	+8.0%	45,878	41.6%
	52.3%			51.6%		47.7%			4.4%	
Personnel expenses	-29,869	-53.6%	+10.4%	-27,059	-53.6%	-35,359	-27.3%	+4.2%	-33,919	-30.7%
Other operating expenses	-10,603	-19.0%	-7.4%	-9,870	-19.6%	-9,762	-7.5%	-0.9%	-9,853	-8.9%
Other operating income	787	1.4%	+16%	678	1.3%	3,646	2.8%	+12%	3,241	2.9%
Operating result EBITDA share in percent	14,676	26.3%	+16%	12,693	25.2%	8,072	6.2%	+51%	5,347	4.8%
	64.5%			70.4%		35.5%			29.6%	
Depreciation	-1,471	-2.6%	+18%	-1,243	-2.5%	-1,221	-0.9%	+5.5%	-1,157	-1.0%
Amortisation	0	0.0%		0	0.0%	-399	-0.3%	-6.8%	-428	-0.4%
Opwrating result EBIT	13,205	23.7%	+15%	11,450	22.7%	6,452	5.0%	+72%	3,762	3.4%
Segment assets	36,606			34,250		65,852			62,490	
Fixed assets	19,141			18,945		40,958			38,970	
Investments	1,741			1,333		845			1,947	
Liabilities	15,629			15,961		39,196			41,908	

Geographical segmentation				
Amounts in KEUR	2018		2017	
	Germany	International	Germany	International
Total revenue	106,663	102,906	102,590	85,824
Internal revenue	-23,340	-832	-26,744	-820
External revenue share in percent	83,323	102,074	75,846	85,004
	44.9%	55.1%	47.2%	52.8%
Fixed assets	37,408	22,691	34,157	23,758
Investments	2,145	441	2,039	1,241

General remarks

Basis of the group financial statements

The consolidated financial statements of Mensch und Maschine Software SE, Wessling, Germany have been drawn up in compliance with International Financial Reporting Standards (IFRS) according to the specifications as defined in the currently valid guidelines of the International Accounting Standards Board (IASB). All IFRS and International Accounting Standards (IAS) as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC) which have been in effect at the closing date, and accepted by the EU, have been considered.

In addition to that, the regulations of Article 315e of the German Commercial Code and §160 of the German Stock Corporation Act have been considered.

M+M SE is a global enterprise based in Germany, headquartered at Argelsrieder Feld 5, 82234 Wessling and registered in the Commercial Register of the Munich Local Court under the number HRB 165230. Its business activities are concentrated in the fields of CAD and CAM.

The Managing Directors of M+M SE approved the consolidated financial statements on February 22, 2019 for submission to the company's Administrative Board.

The Administrative Board approved the consolidated financial statements at its meeting on March 1, 2019 and approved for publication on March 11, 2019.

The consolidated financial statements have been prepared in Euros. Unless otherwise specified, all amounts are stated in thousand Euros (KEUR).

These consolidated financial statements were prepared for the 2018 fiscal year (January 1 to December 31).



Changes in accounting policies

The IASB has approved a number of changes to the existing IFRS and adopted several new IFRS, which became effective as of January 1, 2018. M+M is applying the following IFRSs in the reporting period for the first time:

IFRS 9	Financial Assets
IFRS 15	Revenue from Contracts with Customers
IFRIC 22	Foreign currency transactions and advance consideration

Changes to standards

IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
IAS 28	Investments in Associates and Joint Ventures
IAS 40	Investment Property under Construction
IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 2	Classification and Measurement of Share-based Payment Transactions
IFRS 4	Accounting for Insurance Contracts
IFRS 15	Clarifications to Revenue from Contracts with Customers

Except for IFRS 9, the application of these changes had no material impact on the M+M consolidated financial statements.

M+M applies IFRS 9 as of January 1, 2018.

The prior-year figures have not been adjusted and aggregate conversion effects are accounted by way of an adjustment to Retained earnings.

The new standard contains amended regulations on the classification and measurement of financial instruments, the impairment of financial assets and hedge accounting. In accordance with IFRS 9, the classification and measurement of financial assets is determined by the business model of the reporting entity and the cash flow characteristics of the respective financial assets. The requirements for classifying and measuring financial liabilities in accordance with IFRS 9 are largely identical to those in IAS 39.

The first-time application resulted in the following conversion effects for MuM: The classification and valuation rules related to the investment in SOFISTiK AG previously classified as “available-for-sale assets” (AFS) in accordance with IAS 39. Subsequent measurement was previously at cost, as it was not possible to reliably determine an attributable fair value.

MuM exercised its option under IFRS 9.4.1.4 to measure this investment at fair value through profit or loss in net income for the period at the time of conversion. This led to an increase in the carrying amount of KEUR 2,071 in equity at the time of initial application and an increase in the carrying amount of KEUR 1,235 in other operating income in the current financial year.

The first-time application of IFRS 9 did not have any further effects on the classification and measurement of financial receivables and liabilities, nor on the first-time application of the new expected credit loss model.

New accounting policies

The IASB and IFRIC have adopted further standards and interpretations, which were endorsed by the European Union but not yet effective in the 2018 financial year:

IFRS 16	Leasing Contracts
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Changes to standards

IAS 28	Long Term Investments in Associates and Joint Ventures
IFRS 9	prepayment feature with negative compensation
IFRIC 23	Uncertainty over Income Tax Treatments

The following standards and interpretations have not yet been endorsed by the European Union:

- IFRS 3 Definition of a Business or Group of Assets
- IFRS 17 Insurance Contracts
- IAS 1 / 8 Definition of Material
- IAS 19 Remeasurement at a plan amendment, curtailment or settlement
- IFRS 10 and IAS 28
Sale or Contribution of Assets between an Investor and its Associate or Joint venture.
- Improvements to IFRSs 2015-2017

These Standards and Interpretations have to be applied for annual periods beginning after January 1, 2019. These regulations have not been early adopted by the M+M group. Except for IFRS 16, the application of these standards is not expected to have a material impact on the Group's financial statement 2019.

MuM will apply IFRS 16 for the first time as of 1 January 2019. In line with the transitional provisions, the previous year's figures have not been adjusted and the modified retrospective approach with optional practical simplification rules has been chosen.

For leases previously classified as operating leases in accordance with IAS 17, the lease liability is recognised at the present value of the outstanding lease payments. The associated right of use is generally recognised at the amount of the lease liability. All transition effects are reported cumulatively in retained earnings.

Group-wide preparation for the first time implementation of IFRS 16 has shown that with the changeover as of 1 January 2019, rights of use and lease liabilities of approximately KEUR 7,900 will be recorded in the consolidated balance sheet for the first time. The Retained Earnings will change to a minor extent only at the moment of first-time application. Group EBIT is not expected to improve significantly in 2019.



Valuation methods and accounting policies applied

Consolidated companies and closing date

In addition to the parent company, the consolidated financial statement comprises all directly and indirectly owned domestic and international subsidiaries, at which M+M SE holds directly or indirectly the majority of the voting rights or the control of the economic power, which are included in accordance with the principles of full consolidation. They are deconsolidated when the parent ceases to have control.

In addition to the parent company, the following companies were fully consolidated in the group financial statements of December 31, 2018:

In fiscal year 2018, Mensch und Maschine Infrastruktur GmbH, Wessling, Germany was founded.

The balance sheet closing date for the subsidiaries included in the group consolidated financial statement is December 31.

The financial statements of all group companies were drawn up on the basis of common accounting principles. As far as there is an obligation to examine, they are audited by independent auditors and endorsed by an unqualified audit opinion.

The following domestic subsidiaries made use in 2018 of certain exemptions granted under Sections 264, paragraph 3 of the German Commercial Code regarding the release from the publication of financial statements:

- Mensch und Maschine Management AG, Wessling, Germany
- OPEN MIND Technologies AG, Wessling, Germany

M+M group consolidated companies

Mensch und Maschine Management AG, Wessling, Germany	100%	Mensch und Maschine Mechatronik GmbH, Donzdorf, Germany	100%
Mensch und Maschine Germany GmbH, Wessling, Germany	100%	DATAflor Software AG, Göttingen, Germany	67,2%
Mensch und Maschine Infrastruktur GmbH, Stuttgart, Germany	100%	OPEN MIND Technologies AG, Wessling, Germany	100%
Mensch und Maschine At Work GmbH, Osnabrück, Germany	80%	and 100% shareholdings:	
Mensch und Maschine benCon 3D GmbH, Neu Wulmstorf, Germany	100%	OPEN MIND Technologies USA Inc., Needham, MA, USA	
Mensch und Maschine Haberzettl GmbH, Nürnberg, Germany	100%	OPEN MIND Technologies PTE Ltd., Singapore	
Mensch und Maschine Integra GmbH, Limburg, Germany	75,1%	OPEN MIND Technologies S.r.l., Rho, Italy	
customX GmbH, Limburg, Germany	58,1%	OPEN MIND CAD-CAM Technologies S.r.l., Rho, Italy	
Mensch und Maschine Scholle GmbH, Velbert, Germany	75%	OPEN MIND Technologies France S.a.r.l., Saverne Cedex, France	
Mensch und Maschine CAD-praxis GmbH, Düren, Germany	100%	OPEN MIND Technologies UK Limited, Bicester, UK	
Mensch und Maschine acadGraph GmbH, München, Germany	82,75%	OPEN MIND Technologies Japan Inc., Tokyo, Japan	
Mensch und Maschine Tedikon GmbH, Weißenhorn, Germany	50,1%	OPEN MIND Technologies China Co.Ltd, Shanghai, China	
Mensch und Maschine Schweiz AG, Winkel (Zürich), Switzerland	100%	OPEN MIND Technologies Taiwan Inc., Chungli City, Taiwan	
Mensch und Maschine Austria GmbH, Großwilfersdorf, Austria	100%	OPEN MIND Technologies Schweiz GmbH, Bassersdorf, Switzerland	
Man and Machine Visiograph S.a.r.l., Paris, France	100%	OPEN MIND CAD-CAM Technologies India Private Ltd, Bangalore, India	
Man and Machine Software s.r.l., Vimercate (Mailand), Italy	100%	OPEN MIND Technologies Iberia S.L., Valencia, Spain	
Man and Machine Software Sp. z o.o., Lodz, Poland	100%	OPEN MIND Technologia Brasil LTDA, Sao Paulo, Brazil	
Man and Machine Ltd., Thame, UK	100%		
Man and Machine Romania SRL, Bukarest, Romania	100%		
Mensch und Maschine Medienzentrum AG, Wessling, Germany	99,7%		

Principles of consolidation

The consolidated financial statements include subsidiaries. Subsidiaries are companies over which M+M is currently able to exercise power by virtue of existing rights. Power means the ability to direct the activities that significantly influence a company's profitability. Control is therefore only deemed to exist if M+M is exposed, or has rights, to variable returns from its involvement with a company and has the ability to use its power over that company to affect the amount of that company's returns. The ability to control another company generally derives from M+M direct or indirect ownership of a majority of the voting rights.

Inclusion of an entity's accounts in the consolidated financial statements begins when the Group is able to exercise control over the entity and ceases when it is no longer able to do so.

Business combinations after January 1, 2010 are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss. Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date.

The purchase of shares (participation rate increase) after the initial consolidation is accounted for as an equity transaction.



Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

For business combinations prior to January 1, 2010 in comparison to the above-mentioned requirements, the following differences applied:

Business combinations were accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Any additional acquired share of interest did not affect previously recognized goodwill.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognized if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognized as part of goodwill.

The differences arising from the consolidation of capital, to the extent that they are assets, are indicated as goodwill under non-current assets.

Non-controlling interests are valued at closing time with their share in shareholders' equity respective earnings of the year of the particular subsidiary.

Receivables, reserves, liabilities, accruals and deferrals resulting from intra-group transactions are mutually offset. Differences from the consolidation of debt are treated with effect on earnings. Contingent liabilities were consolidated to the required extent. Interim profits and losses resulting from intra-group supply and service trading were likewise eliminated as were investment returns from companies included in the consolidation. Intra-group sales revenues as well as other intra-group earnings were offset by the appropriate expenditures.

With regard to the consolidation measures affecting results, tax deferrals pursuant to IAS 12 were carried out to the extent that the deviation in tax expenditure would conceivably be balanced in future fiscal years.

Management judgements in the application of accounting policies

The presentation of the results of operations, financial position or cash flows in the consolidated financial statements is dependent upon and sensitive to the accounting policies, assumptions and estimates. The actual amounts may differ from those estimates.

The following critical accounting estimates and related assumptions and uncertainties inherent in accounting policies applied are essential to understand the underlying financial reporting risks and the effects that these accounting estimates, assumptions and uncertainties have on the consolidated financial statements.

Measurement of property, plant and equipment, and intangible assets involves the use of estimates for determining the fair value at the acquisition date, in particular in the case of such assets acquired in a business combination. Furthermore, the expected useful lives of these assets must be estimated. The determination of the fair values of assets and liabilities, as well as of the useful lives of the assets is based on management's judgement.



The determination of impairments of property, plant and equipment as well as intangible assets involves the use of estimates that include, but are not limited to, the cause, timing and amount of the impairment.

Impairment is based on a large number of factors, such as changes in current competitive conditions, expectations of growth, increased cost of capital, changes in the future availability of financing, technological obsolescence, discontinuance of services, current replacement costs, prices paid in comparable transactions and other changes in circumstances that indicate an impairment exists. The recoverable amount and the fair values are typically determined using a discounted cash flow method which incorporates reasonable market participant assumptions. The identification of impairment indicators, as well as the estimation of future cash flows and the determination of fair values for assets require management to make significant judgements concerning the identification and validation of impairment indicators, expected cash flows, applicable discount rates, useful lives and residual values.

If the demand for these products and services does not materialize as expected, this would result in less revenue, less cash flow and potential impairment to write down these investments to their fair values, which could adversely affect future operating results.

The determination of the recoverable amount of a cash-generating unit involves the use of estimates by management. To determine the fair value less costs to sell include discounted cash flow-based methods.

Key assumptions on which management has based its determination of fair value less costs to sell include earning development, capital expenditure and market share. These estimates, including the methodologies used, can have a material impact on the fair value and ultimately the amount of any goodwill impairment.

Management maintains an allowance for doubtful accounts to account for estimated losses resulting from the inability of customers to make required payments. When evaluating the adequacy of an allowance for doubtful accounts, management bases its estimates on the aging of accounts receivable balances and historical write-off experience, customer credit worthiness and changes in customer payment terms.

If the financial condition of customers were to deteriorate, actual write offs might be higher than expected.

Income taxes must be estimated for each of the jurisdictions in which the Group operates, involving a specific calculation of the expected actual income tax exposure for each tax object and an assessment of temporary differences resulting from the different treatment of certain items for IFRS consolidated financial and tax reporting purposes. Any temporary differences will generally result in the recognition of deferred tax assets and liabilities in the consolidated financial statements. Management judgement is required for the calculation of actual and deferred taxes.

Deferred tax assets are recognized to the extent that their utilization is probable. The utilization of deferred tax assets will depend on whether it is possible to generate sufficient taxable income in the respective tax type and jurisdiction, taking into account any legal restrictions on the length of the loss carry-forward period. Various factors are used to assess the probability of the future utilization of deferred tax assets, including past operating results, operational plans, loss carry forward periods, and tax planning strategies.

If actual results differ from these estimates or if these estimates must be adjusted in future periods, the financial position, results of operations and cash flows may be negatively affected. In the event that the assessment of future utilization of deferred tax assets changes, the recognized deferred tax assets must be reduced and this reduction be recognized in profit or loss. The only tax loss carry forwards capitalized by M+M are those which can presumably be used within the following five years.

Pension obligations for benefits are generally satisfied by plans which are classified and accounted for as defined benefit plans. Pension benefit costs are determined in accordance with actuarial valuation, which rely on assumptions including discount rates, life expectancies and expected return on plan assets. In the event that further changes in assumptions are required with respect to discount rates and expected returns on invested assets, the future amounts of the pension benefit costs may be affected materially.

The Management exercises considerable judgment in measuring and recognizing provisions and the exposure to contingent liabilities related to litigation or outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent liabilities. Judgment is necessary in assessing the likelihood that a claim will succeed, or a liability will arise, and to quantify the possible range of the final settlement.

Provisions are recorded for liabilities when losses are expected from pending contracts, a loss is considered probable and can be reasonably estimated. Because of the inherent uncertainties in this evaluation process, actual losses may be different from the originally estimated provision.



In addition, significant estimates are involved in the determination of provisions related to taxes and litigation risks. These estimates are subject to change as new information becomes available, primarily with the support of internal specialists, if available, or with the support of outside consultants, such as actuaries or legal counsel. Revisions to the estimates of these losses from executory contracts may significantly affect future operating results.

Currency conversion

The annual financial statements of the group's international subsidiaries were converted into Euro in accordance with the principle of functional currency in compliance with IAS 21. This refers to the respective national currency for all companies since these international companies are financially, economically and organizationally independent with respect to their operations. Accordingly, equity was converted at the historical exchange rate, the other balance sheet items were converted at the exchange rate on closing date, and income and expenditures as well as year end results were converted using a mean exchange rate for the year. In compliance with IAS 21, differences arising from currency conversion of both capital consolidation and transfer of the annual earnings to the balance sheet at the mean annual exchange rate were treated as having no effect on earnings and are included within equity. Newly acquired Goodwill is translated as an asset of the economically autonomous foreign entity at the exchange rate in effect on the balance sheet date.

Structure of statement of income and balance sheet

In keeping with the international practice of consolidated financial statements, the report begins with the statement of income (profit and loss), itemized according to the nature of expense method.

In accordance with IAS 1, the balance sheet is apportioned into current and non-current assets and into current and non-current liabilities. Assets and liabilities are regarded as current if they mature within one year. To improve the clarity in the balance sheet the mortgage-backed real estate loans are shown separately.

Exchange rates				
Average	Year end		Dec 31. 2018	Dec 31. 2017
	2018	2017		
1 Swiss Franc	0.8661	0.8997	0.8874	0.8546
1 British Pound	1.1304	1.1415	1.1179	1.1271
1 Polish Zloty	0.2348	0.2350	0.2325	0.2394
1 Romania Ron	0.2149	0.2189	0.2144	0.2147
1 US Dollar	0.8472	0.8857	0.8734	0.8338
1 Singapore Dollar	0.6279	0.6419	0.6414	0.6241
100 Japanese Yen	0.7670	0.7885	0.7946	0.7407
1 Taiwan Dollar	0.0285	0.0282	0.0285	0.0281
1 Renminbi Chinese Yuan	0.1276	0.1311	0.1270	0.1281
1 India Rupie	0.0124	0.0136	0.0125	0.0131
1 Brazilia Real	0.2328	0.2775	0.2250	0.2517

Accounting and valuation methods

Cash and cash equivalent

M+M shows credit balances at banks under cash and cash equivalents. Foreign currency credit balances are converted by exchange rate at closing date.

Property, plant and equipment

Property, plant and equipment is reported at cost of acquisition less regular depreciation. These assets are depreciated over the useful economic life of 3 to 50 years.

Business combinations

Business combinations are accounted for using the purchase method. Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

According to IFRS 3 (business combinations) goodwill is not amortized, instead it is subjected to an impairment test, at least once every year.

In the context of the impairment test, the recoverable amount of the cash generating units is determined by the current value less sales costs or the value in use. The individual subsidiaries of M+M were defined as cash generating units. The current value reflects the best estimation of the amount, for which an independent third party would acquire the cash generating units as of balance-sheet date. Sale costs are taken off. The value in use is determined on the basis of DCF methods. To calculate this, cash flow projections are based on financial budgets approved by the Administrative Board covering a five-year period. This planning is based on experiences from the past as well as on expectations over the future market development.



The discount rate is determined on the basis of market data and considers credit and market risks. For the cash generating units the after-tax basis discount rate amounts between 5.19% and 9.40%.

If this results in the carrying amount of a cash-generating unit to which goodwill was allocated exceeding the recoverable amount, the allocated goodwill is initially written down by the difference. Impairment losses which must be recognized in addition to this are taken into account by reducing the carrying amount of the other assets of the cash-generating unit on a prorated basis. If the reason for an impairment loss recognized in prior years has ceased to exist, a write-back is performed, whereby the increased carrying amount resulting from the write-back may not exceed the amortized cost. Impairment losses on goodwill are not reversed.

Other intangible assets

Intangible assets are reported at cost of acquisition less regular depreciation. These assets are depreciated over the useful economic life of 3 to 10 years and are included in the depreciation.

Intangible assets, acquired in the context of a business combination, are capitalized at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets. The useful lives of these intangible assets are assessed to be either finite or indefinite. Where amortisation is charged on assets with finite lives, the useful economic life is up to 10 years. The amortization period for an intangible asset with a finite useful life is reviewed regularly. The expense for the amortization is taken to the income statement through the amortizations.

Intangible assets with an indefinite useful life are tested for impairment once a year at the cash-generating unit level. Intangible assets created within the business are not capitalized and expenditure is charged against profits in the year in which the expenditure is incurred. Development expenditure on an individual project is capitalized if their future recoverability can reasonably be regarded as assured.

Research costs are expensed as incurred.

Financial instruments

A financial instrument is a contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

As of 1 January 2018, the Group classifies its financial assets into the following evaluation categories:

- those subsequently measured at fair value (either directly in equity or through profit or loss), and
- those measured at amortized cost.

The classification is dependent on the company's business model for managing financial assets and on the contractual cash flows. In the case of assets measured at fair value, gains and losses are recognised either in profit or loss or directly in equity. For investments in equity instruments that are not held for trading, this depends on whether the Group has irrevocably decided at the time of initial recognition to measure the equity instruments at fair value through equity.

A normal market purchase or sale of financial assets is recognised on the trade date, i.e. the date on which the Group undertakes to buy or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On initial recognition, the Group measures a financial asset at fair value plus, in the case of a subsequent financial asset not measured at fair value through profit or loss, the transaction costs directly attributable to the acquisition of that asset. Transaction costs of financial assets at fair value through profit or loss are recognised as an expense in profit or loss.

Subsequent measurement depends on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- About amortized costs:

Assets that are held to collect the contractual cash flows, and for which these cash flows represent exclusively interest and principal payments, are measured at amortized cost. Interest income from these financial assets is reported under financial income using the effective interest method. Gains or losses from derecognition are recorded directly in the income statement.

- Financial assets assessed at fair value through profit or loss:
Assets that are held to collect the contractual cash flows and sell the financial assets, and for which the cash flows represent exclusively interest and principal payments, are measured at fair value through equity. Changes in the carrying amount are recognised in other comprehensive income, except for impairment gains or losses, interest income and foreign exchange gains or losses that are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other operating income/expense. Interest income from these financial assets is reported under financial income using the effective interest method.



- Financial assets assessed at fair value through profit or loss:
Assets that do not meet the other criteria are classified as at fair value through profit or loss and gains or losses are recognised in other operating income/expense in the period in which they arise.

As of 1 January 2018, the Group assesses on a forward-looking basis the expected credit losses associated with its assets measured at amortized cost or at fair value through profit or loss. The impairment method depends on whether there is a significant increase in credit risk.

In the case of trade receivables, the Group applies the simplified approach permitted by IFRS 9, according to which expected credit losses over the term are to be recognised from the initial recognition of the receivables.

Financial liabilities

All financial liabilities are initially measured at fair value, in the case of loans and liabilities less directly attributable transaction costs. After initial recognition, financial liabilities measured at amortized cost are measured at amortized cost using the effective interest method.

In the case of financial liabilities, the Group has not yet made use of the option to designate these as financial liabilities at fair value through profit or loss upon initial recognition.

MuM does not use derivative financial instruments.

Inventory

The valuation of the inventory depends on the regulations of IAS 2. This position contains mainly finished goods which are capitalized at cost. If necessary, an inventory valuation adjustment is made due to a reduced usability. All recognizable risks are considered by appropriate adjustments.

Income taxes

Income taxes include current income taxes payable as well as deferred taxes. Tax liabilities mainly comprise liabilities for domestic and foreign income taxes. They include liabilities for the current period as well as for prior periods. The liabilities are measured based on the applicable tax law in the countries where M+M operates and include all facts of which the Company is aware.

Deferred tax assets and liabilities are recognized for temporary differences between the carrying amounts in the consolidated balance sheet and the tax base, as well as for tax loss carry forwards. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred tax is not recognized if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax liabilities are recognized on planned dividend payments by subsidiaries. Where a dividend payment is not planned for the long term, no deferred tax liability is recognized on the difference between the proportionate net assets according to IFRS and the tax base of the investment in the subsidiary.

Currently enacted tax laws and tax laws that have been substantively enacted as of the balance sheet date are used as the basis for measuring deferred taxes.

Borrowing costs

In accordance with IAS 23, borrowing costs are charged to expenditure.

If the construction phase of property, plant or equipment extends over a long period, the interest incurred on borrowed capital up to the date of completion is capitalized as part of the cost of acquisition or construction (Borrowing Costs).

Equity costs

According to IAS 32 the costs for the capital increase are offset with the additional paid in capital.

Accruals

Pursuant to IAS 37, accruals are to be reported at the amount resulting from the best estimate of the financial outflow required to meet current obligations as at the balance sheet date.

The value stated for other accruals takes into account all identifiable risks based on past experience and where the scope and maturity is uncertain.



Pension accruals

The pension accruals mainly exist at the parent company and refer to a defined benefit plan for the Managing Directors. The pension commitment contains a retirement pay, a widow's pension as well as a disablement pension. In the case of pension the payments are made monthly in advance. Pursuant to the Projected Unit Credit Method according to IAS 19 the pension accruals are measured at the present value of the defined benefit liability and cover all benefits after termination of employment.

The calculations were based on the following assumptions:

	2018	2017
Discount rates	1.90%	1.70%
Estimated return on plan assets	2.00%	2.00%
Future changes in Remunerations	1.64%-3.00%	1.64%-3.00%

The amount of the pension obligations was determined using actuarial principles using biometric data. The provision is reduced by the amount of the plan assets which consist of pension liability insurances.

The service cost is disclosed in staff costs and other comprehensive income.

The actuarial gains and losses arising from two defined benefit plans are recognized in other comprehensive income.

Other assets and liabilities

For all identifiable risks of other assets, appropriate allowances are taken.

Liabilities are valued at their repayment value.

Foreign currency assets and liabilities

In the individual financial statements, assets and liabilities are translated at the rate on the balance sheet date. Profits and losses from the translation of foreign currency receivables and liabilities are reported in the Statement of Income under the financial result. As the income and expenses are not substantial, there are no notes relating to this position.

Principles of revenue recognition

Revenue from the sale of products (software) and other related services is recognised when the customer obtains control of them.

MuM recognises revenues from services, especially maintenance contracts, over a specific period of time, since the customer receives the benefit from the Group's services and simultaneously utilises this benefit. Revenue from the sale of software is recognised at a specific point in time, generally upon delivery.

M+M usually issues invoices with payment terms of less than 60 days.

For sales transactions with several partial services, such as the sale of products and related services or maintenance agreements, sales are allocated to the various services mainly on the basis of their estimated relative individual sales prices.

The Group pays its employees sales commissions for each contract they win for the bundled sale of software and services. These additional costs of initiating a contract are recognised immediately as an expense when they are incurred if the amortisation period would not exceed one year.

Deferred revenue

If a customer pays a consideration before the Group transfers goods or services to it, a deferred revenue item is recognised when the payment is made or becomes due. Deferred revenues are recognised as revenue as soon as the Group meets its contractual obligations.

Related Parties

M+M's principal, CEO and Chairman of the Board Adi Drotleff and members of his family granted M+M loans amounting to KEUR 1,622 (PY: 789) at Dec 31, 2018 and therefore received interest in 2018 of KEUR 27 (PY:23).



Notes on the statement of income

1. Revenues

Group sales are generated exclusively from contracts with customers within the meaning of IFRS 15.

Revenues from contracts with customers in the reporting period consisted of service obligations fulfilled at a specific point in time of KEUR 166,187 and service obligations fulfilled over a specific period of KEUR 19,210. In the current year revenue amounting to KEUR 1,414 is recognized that was included in Deferred revenues balance as of Jan 1, 2018.

2. Cost of materials

Amounts in KEUR	2018	2017
Cost of materials from Autodesk products	-62,466	-48,125
Cost of materials from other vendors	-13,698	-12,534
Cost of outstanding services	-2,643	-2,762
Licenses in other production costs for proprietary Software	-2,682	-2,606
	-81,489	-66,027

3. Personnel expenses

Amounts in KEUR	2018	2017
Wages and salaries	-54,806	-51,422
Social security	-10,257	-9,397
Pension costs and welfare	-165	-159
	-65,228	-60,978

4. Other operating expenses

Amounts in KEUR	2018	2017
Insurance	-432	-427
Costs of building	-3,099	-3,118
Travel costs	-3,235	-3,165
Car expenses	-4,104	-3,929
Advertising and promotion	-3,289	-3,253
Communication	-897	-890
IT costs	-1,279	-1,104
Consulting and Lawyer fees	-1,401	-1,156
Rest of other operating expenses	-2,629	-2,681
	-20,365	-19,723

The item 'Rest of other operating expenses' consist of various items, all of which are less than KEUR 300.

5. Depreciation and Amortization

Amounts in KEUR	2018	2017
Depreciation of property, plant and equipment	-1,336	-1,357
Amortization due to purchase price allocated intangible assets	-399	-428
Amortization of other financial assets	-1,356	-1,043
	-3,091	-2,828

6. Other operating income

Amounts in KEUR	2018	2017
Return from private use of cars and telephones	1,554	1,481
Rents received	168	217
Fair value measurement in accordance with IFRS 9	1,235	0
Marketing funds	901	1,010
Other income	575	1,211
	4,433	3,919

The item 'Other income' consist of various items, all of which are less than KEUR 300.

7. Financial result

Amounts in KEUR	2018	2017
Interest income	91	97
Interest expenses	-608	-674
Income from investments and participations	176	164
Minority interest in VAR business partners	-358	-341
Other income and expenses	-370	-263
Foreign currency exchange gains / losses	-430	-604
Financial result	-1,499	-1,621

8. Taxes on income

This item encompasses actual tax expenses amounting to KEUR 4,365 (PY: 4,486), a charge amounting to KEUR 1,382 (PY: relief of 222) from further development and revaluation of deferred tax assets, as well as a relief of KEUR 59 (PY: charge of 364) from deferred tax liabilities.

In total there are realizable tax loss carry forwards amounting to KEUR 39,564 (PY: 19,313).

This creates gross tax credits of KEUR 3,816 (PY: 5,238). The realization of the tax loss carry forward has been proved by planning forecasts and flexible tax models of optimization. The only tax loss carry forwards capitalized are those which can presumably be used within the following five years, resulting in deferred tax assets with an amount of KEUR 2,578 (PY: 4,219). This means 67.56% (PY: 80.56%) of the total gross tax credits are capitalized.

At the moment there are no significant time restrictions for the utilization of the tax assets in the M+M group.

The non permanent differences include deferred tax assets amounting to KEUR 1,071 (PY: 831) resulting from different valuations of accruals, as well as deferred tax liabilities amounting to KEUR 1,833 (PY: 1,892), mainly resulting from the capitalization of development costs.

The average domestic tax rate contains the corporate income tax ("Körperschaftsteuer") plus solidarity surcharge ("Solidaritätszuschlag") as well as the trade tax ("Gewerbesteuer").

The transition between the expected taxes and the actual tax proceeds are explained by the reconciliation in the following table:



✘ Tax reconciliation		
Amounts in KEUR	2018	2017
Result before income tax	18,158	13,592
Legal tax rate	30%	30%
Expected tax charge	-5,447	-4,078
Tax rate variances		
Foreign tax rate differential	-76	-46
Deviation of the taxable base from		
Non-period income taxes	134	-591
Non deductible expenses	-319	-311
Tax free income from investments	53	49
Taxable depreciation of intangible assets	70	70
Valuation of deferred tax assets		
Non-recognition of deferred tax assets	-41	-124
Subsequent recognition of deferred tax assets	0	514
Other	-59	-92
Actual tax charge	-5,686	-4,609
Effective tax rate in percent	31.32%	33.91%

9. Calculation of shares outstanding and earnings per share

In accordance with IAS 33, a weighted average was calculated for shares outstanding.

The diluted number of shares does not only include the original subscribed capital shares, but also all option rights from the employee option program which were exercisable at the statement closing date, but which had not yet been exercised.

The number of shares in treasury stock are included in the calculation of earnings per share.

	2018	2017
Net result in KEUR	11,687	8,550
Weighted number of shares	16,352,207	16,280,509
Earnings per share EUR	0.7147	0.5252

The diluted and undiluted number of shares as well as the net result is identical.

Notes on the balance sheet

Assets

Current assets

10. Trade accounts receivable

Trade accounts receivable comprised in the group's individual companies include reasonable adjustments and generally have a remaining term of less than one year.

The receivables are reduced by allowance amounting to KEUR 1,165 (PY: 760).

With respect to the trade receivables that are neither impaired nor past due, there are no indications as of the reporting date that the debtors will not meet their payment obligations.

The following table shows the development of allowances on trade receivables:

Amounts in KEUR	2018	2017
Allowances as of Jan 1	760	1.073
Translation differences	5	-14
Disposal deconsolidation	0	-70
Addition	517	274
Disposal	-78	-126
Reversing	-39	-377
Allowances as of Dec 31	1,165	760

In the current and the prior year no material expenses for the full write-off of trade receivables as well as income from recoveries on trade receivables written off occurred.

All income and expenses relating to allowances and write-offs of trade receivables are reported under other operating expenses.

Trade receivables							
Amounts in KEUR	Book value	of which neither impaired nor past due on the reporting date	of which not impaired on the reporting date and past due in the following periods				
			30 < 60	60 < 90	90 < 180	180 < 360	> 360
As of Dec 31, 2018	27,683	24,312	1,384	392	784	161	650
As of Dec 31, 2017	24,822	21,508	1,158	419	878	803	56

 Fixed assets register 2017

	Acquisition costs						Accumulated depreciation						Net book value	
	Jan 01, 17	Others	Currency	Addition	Disposal	Dec 31, 17	Jan 01, 17	Others	Currency	Addition	Disposal	Dec 31, 17	Jan 01, 17	Dec 31, 17
I. Tangible assets	9,060	-36	-177	1,066	-584	9,329	6,445	-81	-102	1,086	-486	6,862	2,615	2,467
II. Property	12,790	-50	27	0	0	12,767	2,180	-428	0	271	0	2,023	10,610	10,744
III. Other intangible assets	29,631	998	-59	2,212	-246	32,536	19,991	873	-29	1,471	-252	22,054	9,640	10,482
1. Development costs	8,138	0	0	1,530	0	9,668	1,438	0	0	659	0	2,097	6,700	7,571
2. Purchase price allocation	15,647	0	0	0	0	15,647	14,665	0	0	428	0	15,093	982	554
3. Other	5,846	998	-59	682	-246	7,221	3,888	873	-29	384	-252	4,864	1,958	2,357
IV. Goodwill	42,307	-2,710	0	0	0	39,597	9,021	-2,710	0	0	0	6,311	33,286	33,286
V. Financial assets	2,834	-1,170	0	2	-5	1,661	1,895	-1,170	0	0	0	725	939	939
1. Financial assets	2,800	-1,170	0	1	0	1,631	1,895	-1,170	0	0	0	725	905	906
2. Other	34	0	0	1	-5	30	0	0	0	0	0	0	34	30
(all amounts in KEUR)	96,622	-2,968	-209	3,280	-835	95,890	39,532	-3,516	-131	2,828	-738	37,975	57,090	57,915

11. Inventories

This position predominantly contains purchased goods amounting to KEUR 2,096 (PY: 2,608), software licenses amounting to KEUR 7 (PY: 6) and work in process amounting to KEUR 314 (PY: 188). As in the previous year allowances have not been made.

12. Other current assets

This position primarily comprises tax credits, loans and creditor receivables from pending reimbursements.

Non current assets

The development of the non current assets is indicated in the fixed assets register.

The column 'Others' includes reclassifications, write-ups as well as consolidation effects.

13. Goodwill

The development of goodwill is shown in the Goodwill register

All acquired companies within the 'market offensive' in Germany, Austria and Switzerland are summarized under 'VAR Business D/A/CH'.

Fixed assets register 2018

	Acquisition costs						Accumulated depreciation						Net book value	
	Jan 01, 18	Others	Currency	Addition	Disposal	Dec 31, 18	Jan 01, 18	Others	Currency	Addition	Disposal	Dec 31, 18	Jan 01, 18	Dec 31, 18
I. Tangible assets	9,329	-374	-30	1,336	-376	9,945	6,862	-374	11	1,093	-282	7,310	2,467	2,635
II. Property	12,767	374	-4	66	0	13,203	2,023	374	-4	243	0	2,636	10,744	10,567
III. Other intangible assets	32,536	0	30	684	-63	33,187	22,054	0	16	1,755	-1	23,824	10,482	9,363
1. Development costs	9,668	0	0	500	0	10,168	2,097	0	0	904	0	3,001	7,571	7,167
2. Purchase price allocation	15,647	0	0	0	0	15,647	15,093	0	0	399	0	15,492	554	155
3. Other	7,221	0	30	184	-63	7,372	4,864	0	16	452	-1	5,331	2,357	2,041
IV. Goodwill	39,597	0	0	0	0	39,597	6,311	0	0	0	0	6,311	33,286	33,286
V. Financial assets	1,661	0	0	3,313	-1	4,973	725	0	0	0	0	725	936	4,248
1. Financial assets	1,631	0	0	3,308	0	4,939	725	0	0	0	0	725	906	4,214
2. Other	30	0	0	5	-1	34	0	0	0	0	0	0	30	34
(all amounts in KEUR)	95,890	0	56	5,399	-440	100,905	37,975	0	23	3,091	-283	40,806	57,915	60,099

14. Other investments

Other investments include one shareholding in SOFISTIK AG. In 2018 a dividend amounting to KEUR 175 (PY: 164) was recognized. The maximum loss risk is the amount of the respective net book value. As of Dec 31, 2018, there are no receivables.

With the first-time application of IFRS 9, the investment in SOFISTIK AG was measured at fair value. This resulted in an increase of KEUR 3,308 in the carrying amount in the fiscal year, of which KEUR 2,071 was recognised in equity at the date of first-time application and KEUR 1,235 is reported in other operating income. The valuation is based on the expected purchase price of the additional shares.

Goodwill development

Amounts in KEUR	Dec 31, 2017	Addition / Impairment	Currency	Dec 31, 2018
VAR Business D/A/CH	16,214			16,214
OPEN MIND	9,341			9,341
M+M UK	2,982			2,982
M+M Romania	1,610			1,610
DATAflor	1,216			1,216
M+M Italy	1,116			1,116
M+M Poland	474			474
M+M France	333			333
Total	33,286			33,286

Liabilities

Current liabilities

15. Short term debt and current portion of long term debt

This position almost exclusively contains bank loans at principal banks in Germany and abroad in the context of credit lines. They are partly secured by assignments of receivables.

In the balance sheet, the bank liabilities classified as current are those which have to be paid back within the next 12 months. Fixed credit lines with indefinite durations are classified as non current, even if they are refinanced on a short term base (low interest rates). This increases the clarity of the financing structure, and avoids the wrong impression that most of the bank debt would be short-term.

A liquidity reserve in the form of credit lines and, where necessary, cash is maintained to guarantee the solvency and financial flexibility of M+M at all times. For this purpose, the Company entered into credit agreements with various international and domestic banks amounting to a total of EUR 47.6 million (PY: 48.5). M+M does not pay commitment fees on unused credit lines.

16. Accrued expenses

Accruals are calculated by taking all identifiable risks into account and always represent the expected repayment amount.

The development of the accruals in the reporting period is shown in the table of accrual development.

The other non current accruals mainly include provisions for archiving.

 Table of accrual development

Amounts in KEUR	Dec 31, 2017	Disposal	Addition	Dec 31, 2018
Personnel accruals	5,748	-4,257	5,333	6,824
Outstanding bills	670	-670	893	893
Other	1,174	-995	672	851
Total current accruals	7,592	-5,922	6,898	8,568
Other accruals	89	-1	0	88
Total non current accruals	89	-1	0	88
Total accruals	7,681	-5,923	6,898	8,656

17. Other current liabilities

This position includes debts from VAT and tax on wages and salaries, outstanding social security costs and deferred income.

Non current liabilities**18. Long term debt, less current portion**

This position contains the fixed and unsecured credit lines with indefinite period of redemption, shareholder loans as well as bank loans for financing properties secured by mortgages.

Debt				
Amounts in KEUR	Total	within 1 year	due > 1 year < 5 years	due > 5 years
As of Dec 31, 2018				
Bank debt	15,123	1,123	14,000	0
Shareholders' loan	1,622	0	1,622	0
Real estate financing secured by mortgage	4,065	890	3,175	0
Financial liability	20,810	2,013	18,797	0
As of Dec 31, 2017				
Bank debt	18,133	1,633	16,500	0
Shareholders' loan	789	0	789	0
Real estate financing secured by mortgage	5,143	1,078	3,315	750
Financial liability	24,065	2,711	20,604	750

Changes in liabilities arising from financing activities					
Amounts in KEUR	As of	Cash Flow	Currency	Other	As of
	Jan 1, 2018				Dec 31, 2018
Short term debt and current portion of long term debt	2,711	-696	-1	0	2,014
Long term debt, less current portion	17,289	-1,667	0	0	15,622
Real estate financing secured by mortgage	4,065	-890	0	0	3,175
Financial liability	24,065	-3,253	-1	0	20,811
	Jan 1, 2017				Dec 31, 2017
Short term debt and current portion of long term debt	3,004	-297	4	0	2,711
Long term debt, less current portion	20,625	-3,863	0	500	17,289
Real estate financing secured by mortgage	5,010	-945	0	0	4,065
Financial liability	28,639	-5,078	4	500	24,065

19. Pension accruals

The pension accruals essentially exist at the parent company and refer to a defined benefit plan for the Managing Directors. The pension commitment contains a retirement pay, a widow's pension as well as a disability pension.

The pension accruals are determined according to actuarial principles of the projected unit credit method in accordance with IAS 19.

The pension accruals at the balance sheet date amount to KEUR 1,704 (PY: 1,757), of which an amount of KEUR 1,704 (PY: 1,757) represents the determined cash value of the performance-oriented obligation not financed via funding.

The cash value determined as at the balance sheet date of the performance-oriented obligations financed via funds amounts to KEUR 2,783 (PY: 2,681). This figure also corresponds to the fair value of the plan assets as at the balance sheet date. The Statement of Income includes income from plan assets amounting to KEUR 46 (PY: 42), interest expenses amounting to KEUR 75 (PY: 71) and current time of service expenditure amounting to KEUR 41 (PY: 59).

The stated expenses and income are included in the personnel expenses and the financial result.

The recognition of actuarial gains and losses are shown in total in other comprehensive income (see notes to the pension accruals on page 43).

In the financial year, pension has been paid in the amount of KEUR 59 (PY: 59). No contribution to the plan asset for the financial year 2019 is expected.

The reconciliation to the net recognized liability is as follows:

Amounts in KEUR	2018	2017
Benefit obligation at start of the year	4,438	4,495
Interest cost	75	71
Service cost	41	59
Benefits paid	-59	-59
Net actuarial gain	-8	-128
Benefit obligation at end of year	4,487	4,438
Plan assets at start of year	2,681	2,593
Received contributions	-59	-59
Insurance contributions	59	59
Actual return on plan assets	46	42
Net actuarial gain	56	46
Plan assets at end of year	2,783	2,681
Net recognized liability	1,704	1,757

Pension benefits payable in the future are estimated as follows:

<u>Year</u>	<u>Amounts in KEUR</u>
2019	77
2020	79
2021	80
2022	82
2023	83
2024 - 2029	1,294

The benefit obligation has an average statistical expected remaining life of 18 years (PY: 19).

The table below shows the sensitivity of pension accruals on changes in the parameters:

<u>Amounts in KEUR</u>	<u>2018</u>	<u>2017</u>
Change in discount rate +0.5%	-294	-308
Change in discount rate -0.5%	327	341
Change in projected future benefit increases +0.5%	41	41
Change in projected future benefit increases -0.5%	-77	-39
Change in life expectancy + 1 year	133	135

When calculating the sensitivity of the DBO to significant assumptions, the same method has been applied as when calculating the pension liability recognised in the statement of financial position. The above sensitivity analysis are based on a change in one assumption while holding all other assumptions constant.

Shareholders' equity

20. Share capital

The subscribed capital of M+M SE as of Dec 31, 2018, comprised 16,683,174 (PY: 16,683,174) shares, with a calculated stake of EUR 1.00 per share.

As of Dec 31, 2018 the approved capital amounts to 8,341 (PY: 7,064). It was authorized by the general meeting on May 9, 2018 and expires on May 8, 2023.

21. Capital reserve

The development of the capital reserve is shown by the following table:

<u>Amounts in KEUR</u>	<u>2018</u>	<u>2017</u>
Capital reserve as of Jan 1	23,184	23,031
Share dividend	1,499	1,188
Delivery of own shares	176	0
Acquisition of additional shares of already fully consolidated companies	0	-1,035
Capital reserve as of Dec 31	24,859	23,184

22. Treasury stock

The board of administration of M+M SE resolved to start the share buyback program at October 9, 2008. In 2017 M+M acquired 77,286 (PY: 27,310) M+M shares at a total amount of KEUR 1,770 (PY: 513) or EUR 22.90 (PY: 18.80) per share. In the financial year, 100,809 (PY: 139,222) treasury shares were used to service the stock dividend and 12,542 (PY: 0) treasury shares for the employee participation program. As of Dec 31, 2018, M+M held 328,270 (PY: 364,335) shares of treasury stock. This is 1.97% (PY: 2.18%) of the issued capital.

Treasury shares are carried at cost amounting to KEUR 3,891 (PY: 3, 258) or EUR 11.85 (PY: 8.94) per share.

Notes on the cash flow statement

The cash flow statement classifies cash flows according to operating, investing and financing activities. Cash and cash equivalents in the cash flow statement correspond to total cash and cash equivalents on the balance sheet. This position contains cash in form of liquid funds and sight deposit accounts as well as cash equivalents consisting of fixed term deposits and money market papers, which can be transferred into cash at any time and therefore are suspended from substantial interest or currency risks.

Flows of funds from the acquisition and sale of consolidated companies are included in cash flows from investing activities. Effects of foreign exchange rate changes are stated separately.

Among other items, cash flows from operating activities include:

- KEUR 4,945 (PY: 2,565) paid for taxes on income (net of income tax refunds)
- cash flows from investments (dividends) amounting to KEUR 175 (PY: 164)

The other non cash expenses / income are mainly the change of the deferred taxes amounting to KEUR 1,341 (PY: 177), the change of deferred revenues of KEUR 240 (PY: 157) and the change of the other comprehensive income of KEUR 13 (PY: 266).

In the cash flows from financing activities dividends paid out to M+M shareholders amounting to KEUR 8,146 (PY: 5,672) or EUR 0.50 (PY 0.35) per share are included of which KEUR 1,499 (PY: 1,188) was contributed back to equity since the option share dividend was chosen.

There are no restrictions on the disposal of cash and cash equivalents.



Other supplementary information

Other financial obligations and contingent liabilities

The other financial obligations are mainly the result of long term rental and operating lease contracts for the group as a whole. The minimum financial obligation for non discounted rental and lease payments is KEUR 8,202 (PY: 7,973). In the current financial year, rent and leasing payments are contained amounting to KEUR 3,942 (PY: 3,822).

The due dates of payments are as following:

	Amounts in KEUR
2019	3,658
2020	2,347
2021	1,200
2022	557
following years	441
Total	8,202

Material leasing contracts mainly apply to office buildings at several locations, software licenses and company cars.

Risk management

Principles of risk management

M+M is exposed in particular to risks from movements in exchange and interest rates, as well as liquidity, other price and credit risks that affect its assets, liabilities, and forecast transactions.

Financial risk management aims to limit these risks through ongoing operational and finance activities.

Currency risk

M+M is exposed to currency risks from its investing and operating activities. Usually foreign currencies are not hedged. The individual Group entities predominantly execute their operating activities in their respective functional currencies. This is why the assessment of exchange rate risk from ongoing operations is low.

The following table demonstrates the sensitivity to a reasonable possible change in the EURO exchange rate to all other currencies, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities).

Amounts in KEUR	2018	2017
Increase of 5%	-62	-160
Decrease of 5%	62	160

Interest risk

Interest rate risks are presented by way of sensitivity analyses in accordance with IFRS 7. These show the effects of changes in market interest rates on interest payments, interest income and expense.

Changes in the market interest rates of non-derivative financial instruments with fixed interest rates only affect income if these are measured at their fair value. As such, all financial instruments with fixed interest rates that are carried at amortized cost are not subject to interest rate risk as defined in IFRS 7.

The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, of the Group's profit before tax and shareholders equity (through the impact on floating rate borrowings).

Amounts in KEUR	2018	2017
Increase of 25 basis points	-18	-14
Decrease of 25 basis points	18	14

Liquidity risks

The following tables show contractually agreed (undiscounted) interest payments and maximum possible repayments of the non-derivative financial liabilities:

The variable interest payments arising from the financial instruments were calculated using the last interest rates fixed before the balance sheet date. Financial liabilities that can be repaid at any time are always assigned to the earliest possible time period. The expected

Liquidity risk 2018

Amounts in KEUR	Book value Dec 31, 2018	Cash flows 2019		Cash flows 2020		Cash flows from 2021	
		Interest rate	Repayment	Interest rate	Repayment	Interest rate	Repayment
Bank debt	19,188	76	16,013	58	890	76	2,285
Shareholders' loan	1,622		1,622				
Trade accounts payable	12,851		12,851				
Other current liabilities	2,314		2,314				

Liquidity risk 2017

Amounts in KEUR	Book value Dec 31, 2017	Cash flows 2018		Cash flows 2019		Cash flows from 2020	
		Interest rate	Repayment	Interest rate	Repayment	Interest rate	Repayment
Bank debt	23,276	147	19,211	76	890	134	3,175
Shareholders' loan	789		789				
Trade accounts payable	13,267		13,267				
Other current liabilities	2,214		2,214				

All instruments held at balance sheet date were included. Planning data for future, new liabilities is not included. Amounts in foreign currency were each translated at the closing rate at the reporting date.

future outflow of cash is covered by the operating business, the trade accounts receivables as well as the available credit lines.

The following table shows the carrying amounts and fair values of financial assets and liabilities by category of financial instrument and reconciliation to the corresponding line item in the balance sheet. Since the line items 'Other receivables' and 'Other liabilities' contain both

financial instruments and non-financial assets and liabilities (such as other tax receivables or advance payments for services to be received in the future), the reconciliation is shown in the column headed 'Non-financial assets / liabilities'.

As a matter of principle the fair value is determined on the hierarchic level 2 with consideration of prices not noted or indirectly derived from prices noted on active markets.

Fair Values 2018						
Amounts in KEUR						
	Category in accordance with IFRS 9	Book value Dec 31, 2018	Fair Value Dec 31, 2018	Amounts recognized in balance sheet according to IFRS9 Amortized cost	non-financial assets / liabilities	Book value on balance sheet Dec 31, 2018
Assets						
Other investments	FVPL	4,214	4,214			4,214
Cash and cash equivalents	AC	9,588	9,588	9,588		9,588
Trade accounts receivables	AC	27,683	27,683	27,683		27,683
Other current assets	AC	1,247	1,247	1,247	1,424	2,671
Liabilities						
Bank debt	AC	19,188	19,398	19,188		19,188
Shareholders' loan	AC	1,622	1,622	1,622		1,622
Trade accounts payable	AC	12,851	12,851	12,851		12,851
Other current liabilities	AC	2,314	2,314	2,314	3,426	5,740
Of which aggregated by category in accordance with IFRS 9						
Financial assets measured at fair value through profit or loss	FVPL	4,214	4,214			
Loans and Receivables (LaR)	AC	38,518	38,518	38,518		
Financial Liabilities Measured at Amortised Cost (FLAC)	AC	35,975	36,185	35,975		

Fair Values 2017						
Amounts in KEUR						
	Category in accordance with IAS 39	Book value Dec 31, 2017	Fair Value Dec 31, 2017	Amounts recognized in balance sheet according to IAS39 Amortized cost	non-financial assets / liabilities	Book value on balance sheet Dec 31, 2017
Assets						
Cash and cash equivalents	LaR	7,745	7,745	7,745		7,745
Trade accounts receivables	LaR	24,822	24,822	24,822		24,822
Other current assets	LaR	1,793	1,793	1,793	1,633	3,456
Liabilities						
Bank debt	FLAC	23,276	23,619	23,276		23,276
Shareholders' loan	FLAC	789	789	789		789
Trade accounts payable	FLAC	13,267	13,267	13,267		13,267
Other current liabilities	FLAC	2,214	2,214	2,214	2,868	5,082
Of which aggregated by category in accordance with IAS 39						
Loans and Receivables (LaR)		34,360	34,360	34,360		
Financial Liabilities Measured at Amortised Cost (FLAC)		39,546	39,889	39,546		

Cash and cash equivalents, and trade and other receivables mainly have short times to maturity. For this reason, their carrying amounts at the reporting date approximate the fair values.

Trade and other payables, as well as other liabilities, generally have short times to maturity; the values reported approximate to the fair values.

The fair values of unquoted bonds, liabilities to banks, promissory notes, and other financial liabilities are calculated as the present values of the payments associated with the debts, based on the applicable yield curve.

Other price risks

As part of the presentation of market risks, IFRS 7 also requires disclosures on how hypothetical changes in risk variables affect the price of financial instruments. Important risk variables are stock exchange prices or indexes. As of December 31, 2018, M+M did not hold any material investments to be classified as 'available-for-sale'.

Credit risk

M+M trades only with recognized, credit-worthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the exposure to bad debts is not significant. The maximum exposure is the carrying amount.

There are no significant concentrations of credit risk. With respect to credit risk arising from the other financial assets, which comprise cash and cash equivalents, available-for-sale financial investments, loan notes and certain derivative instruments, the exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Credit risks are handled with specific and lump-sum allowances as well as a credit sale insurance. The credit sale insurance covers 90% of the insured receivable in the case of loss of receivables outstanding. Because of the structure of our customers there are no significant concentrations of credit risk.



Capital management

The primary objective of the capital management of M+M was to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximize shareholder value. M+M's policy is to keep an equity ratio of at least 30%. Above that the gearing ratio should be below 3 times EBITDA. The gearing ratio improved from 0.68 to 0.35 and the equity ratio increased from 43.15% to 48.33%.

To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. No changes were made to the objectives, policies and methods as of December 31, 2018.

Research and development expenses

The research and development expenses for the financial year amounted to KEUR 16,317 (PY: 15,052) concerning the subsidiaries OPEN MIND, MuM Mechatronik, customX and DATAflor. Thereof KEUR 15,817 was expensed (PY: 13,522) and KEUR 500 (PY: 1,530) was capitalized as development cost for individual projects under other intangible assets, because their future recoverability could reasonably be assured.

Employees

The group's average number of employees (full time equivalent) during the fiscal year was 821 (PY: 784).

Administrative Board

The Administrative Board consist of the following persons:

Adi Drotleff, Diplom-Informatiker, Munich (Chairman)

Thomas Becker, Diplom-Kaufmann, Neuss, Tax consultant (Deputy Chairman) until January 31, 2019

Heike Lies, Magister Artium, Munich, (Deputy Chairwoman from March 1, 2019) Municipal employee

Dr. Johannes Harl, Diplom-Kaufmann, Nuremberg from February 1, 2019

According to article 23 and 24 of the SE implementing law in connection with article 10, para 1, of the articles of association of Mensch und Maschine Software SE, the Administrative Board is made up of three members and is elected for 5 years.

The last election was on May 3, 2016.

By resolution of the Munich District Court as of January 31, 2019 Mr. Thomas Becker was recalled as a member of the Administrative Board and Dr. Johannes Harl was appointed new Board member simultaneously.

Mrs. Heike Lies was elected Deputy Chairwoman by the Administrative Board on March 1, 2019.

Managing Directors

The following gentlemen were appointed Managing Directors during fiscal year 2018:

Adi Drotleff, Diplom-Informatiker, Munich (CEO)

Christoph Aschenbrenner, Diplom-Ingenieur (FH) Eresing (COO)

Markus Pech, Betriebswirt (FH), Schrobenhausen (CFO)

The company is legally represented by two Managing Directors or by one Managing Director together with a person authorized to sign. Mr. Adi Drotleff has sole representation authorization.

Remuneration of Managing Directors and Administrative Board

The remuneration for the Managing Directors in 2017 amounted to KEUR 987 (PY: 778). It was composed of fixed salaries of KEUR 432 (PY: 429), variable components of KEUR 354 (PY: 240) and non-cash salary components of KEUR 111 (PY: 109).

The pension obligation for the Managing Directors amounted to KEUR 2,087 (PY: 1,948) as of December 31, 2018.

Remuneration for the Administrative Board in 2017 totaled to KEUR 16 (PY: 16).

Audit fees

The required disclosure of the group auditor's fee volume is as follows:

Amounts in KEUR	2018	2017
Audit	207	206
Tax consulting	81	61
Total	288	267

Appropriation of retained earnings of Mensch und Maschine Software SE

Mensch und Maschine Software SE has unappropriated retained earnings amounting to KEUR 11,746 as of December 31, 2018.

The administrative board will propose to the shareholders meeting a dividend of EURO 0.65 per share for fiscal year 2018. With consideration of the 328,270 shares in treasury stock acquired till March 1, 2019, the total dividend payment amounts to KEUR 10,631. The remaining balance of KEUR 1,115 is carried forward. If the number of shares in treasury stock should change before the shareholders' meeting on May 8, 2019, the dividend payment will be adapted accordingly.

"INDEPENDENT AUDITOR'S REPORT

To Mensch und Maschine Software SE, Wessling

Audit Opinions

We have audited the consolidated financial statements of Mensch und Maschine Software SE and its subsidiaries (the Group) - consisting of consolidated balance sheet as at December 31, 2018, the consolidated profit and loss statement and the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement for the financial year from January 1 to December 31, 2018, and the notes to the consolidated financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the group management report of Mensch und Maschine Software SE for the financial year from January 1 to December 31, 2018.

In our opinion, on the basis of the knowledge obtained in the audit

- the accompanying consolidated financial statements comply, in all material respects, with the requirements of IFRS, as adopted by the EU, and the additional requirements of German commercial law pursuant to Article 315e HGB ('Handelsgesetzbuch': German Commercial Code) and give a true and fair view of the assets, liabilities and financial position of the Group as at December 31, 2018 and of its financial performance for the financial year from January 1 to December 31 and

- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Article 322 Paragraph 3 Clause 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Article 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the Group Companies in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Other Information

The legal representatives are responsible for the other information. The other information comprises the remaining components of the annual report, with the exception of the audited consolidated financial statements and the management report and our Auditor's Report. Our audit opinions on the consolidated financial statements and the combined management report do not extend to cover the other information, and accordingly we do not issue an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in doing so, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, the combined management report or our knowledge obtained in the audit, or
- otherwise appears to be substantially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this information, we are required to report on that fact. We have nothing to report in this regard.

Responsibilities of the Legal Representatives and the Administrative Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with the requirements of IFRS, as adopted by the EU, and the additional requirements of German commercial law pursuant to Article 315e Paragraph 1 HGB, and that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with these accounting principles. In addition, the legal representatives are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for using the going concern basis of accounting, unless the intention is to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the legal representatives are responsible for the preparation of the group management report that as a whole provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies

with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The administrative board is responsible for overseeing the Company's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Article 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in



order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the

Group in compliance with IFRS, as adopted by the EU, and the additional requirements of German commercial law pursuant to Article 315e Paragraph 1 HGB.

- Obtain sufficient suitable audit evidence for the accounting information of the Companies or business activities within the Group to express an opinion on the consolidated financial statements and the group management report. We are responsible for the direction, monitoring, and performance of the audit of the consolidated financial statements. We are solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence, we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.“

Stuttgart, March 1 2019

RSM GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Hahn
Wirtschaftsprüfer (Auditor)

Riedhammer
Wirtschaftsprüfer (Auditor)

Report from the Administrative Board of Mensch und Maschine Software SE, Wessling, according to section 47 para 3, SE implementing law (SE-IL) in conjunction with section 171 para 2, AktG (German Companies act)

The Administrative Board (Verwaltungsrat) will report to the shareholders' meeting according to section 47 para 3, SE implementing law (SE-IL) in conjunction with section 171 para 2, AktG (German Companies act) as follows:

The Administrative Board fulfilled all its obligations as incumbent, pursuant to the corresponding statutes and by-laws, and including the ongoing advice and supervision of the company's Managing Directors. The Administrative Board was involved in all decisions of principal importance for the company. The strategic direction of the M+M group was closely aligned between the Managing Directors and the Administrative Board.

The Managing Directors informed the Administrative Board, orally or in writing, in a regular, timely and extensive manner about all essential matters concerning the short term planning, the actual course of business as well as the financial and earnings situation.

Based on detailed management reports, all business cases significant and essential for the M+M group have been discussed in depth, also concerning the development of the individual subsidiaries. Discrepancies in the course of business from the plan have been discussed intensively.

During fiscal year 2018, four Administrative Board meetings took place on March 7, May 9, July 20 and December 12.

In particular, the following matters were discussed between the Administrative Board and the Managing Directors:

- Development and maintenance of the group's own software technology
- Impact of the Autodesk transition from software sales to a rental model
- Improvement of the individual subsidiaries' operating profitability
- Use of existing tax loss carryovers and tax optimisation
- Dividend policy



The Administrative Board received reports about the development of the risk management system; existing risks and their provision were explained by the Managing Directors.

The Administrative Board was also informed in detail about events of material importance in between the regular meetings.

Due to the size of the Board, there were no additional committees. An efficiency test for the activities of the Administrative Board was not explicitly conducted, because improvement processes are constantly discussed and translated into action.

The annual report of Mensch und Maschine Software SE as of December 31, 2018, as well as the group annual report as of December 31, 2018, including the management report for the group was set up by the Managing Directors and audited by RSM GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft (auditing firm), Stuttgart, and endorsed with an unqualified audit opinion.

The Managing Directors' set up and the auditing reports from the auditing firm were available to all members of the Administrative Board.

The auditor took part in the annual fiscal year report meeting on March 1, 2019, and reported upon all significant results of the audit.

The Administrative Board reviewed the annual report and group annual report, the management and group management report and the Managing Directors' suggestion for the use of the net income for the year, and agreed to the annual report and group annual report, raising no objections after its own review.

The Administrative Board has approved the annual report and group annual report, and agreed the Managing Directors' suggestion for the use of the net income for the year.


The Administrative Board would like to thank all employees for their engagement in fiscal year 2018.

Wessling, March 2019
The Administrative Board

Adi Drotleff
Chairman

 Addresses

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Mensch und Maschine Software SE	Argelsrieder Feld 5	D-82234 Wessling	+49 (0) 81 53 / 9 33 - 0	+49 (0) 81 53 / 9 33 - 100	www.mum.de
Mensch und Maschine Deutschland GmbH	Argelsrieder Feld 5	D-82234 Wessling	+49 (0) 81 53 / 9 33 - 0	+49 (0) 81 53 / 9 33 - 100	www.mum.de
	Karnapp 25	D-21079 Hamburg	+49 (0) 40 / 89 90 1 - 0	+49 (0) 40 / 89 90 1 - 111	
	Donnerschweer Straße 210	D-26123 Oldenburg	+49 (0) 4 41 / 93 65 60 - 0	+49 (0) 4 41 / 93 65 60 - 22	
	Rotenburger Straße 3	D-30659 Hannover	+49 (0) 5 11 / 22 06 17 - 70	+49 (0) 5 11 / 22 06 17 - 99	
	Crottorfer Straße 49	D-51580 Reichshof	+49 (0) 22 97 / 91 14 - 0	+49 (0) 22 97 / 91 14 - 22	
	Neue Jülicher Straße 60	D-52353 Düren	+49 (0) 24 21 / 3 88 90 - 0	+49 (0) 24 21 / 3 88 90 - 11	
	Lohbachstraße 12	D-58239 Schwerte	+49 (0) 23 04 / 9 45 - 5 20	+49 (0) 23 04 / 9 45 - 5 29	
	Wandersmannstraße 68	D-65205 Wiesbaden	+49 (0) 6 11 / 97 49 18 - 0	+49 (0) 6 11 / 97 49 18 - 19	
	Heinrich-Barth-Straße 1	D-66115 Saarbrücken	+49 (0) 6 81 / 97 05 96 - 0	+49 (0) 6 81 / 97 05 96 - 10	
	Christophstraße 7	D-70178 Stuttgart	+49 (0) 7 11 / 93 34 83 - 0	+49 (0) 7 11 / 93 34 83 - 80	
	Schülestraße 18	D-73230 Kirchheim/Teck	+49 (0) 70 21 / 9 34 88 - 20	+49 (0) 70 21 / 9 34 88 - 99	
	Burkheimer Straße 13	D-79111 Freiburg	+49 (0) 7 61 / 40 13 61 - 0	+49 (0) 7 61 / 40 13 61 - 10	
	Gabelweg 6	D-88046 Friedrichshafen	+49 (0) 75 41 / 38 14 - 0	+49 (0) 75 41 / 38 14 - 14	
Mensch und Maschine Infrastruktur GmbH	Christophstraße 7	D-70178 Stuttgart	+49 (0) 7 11 / 93 34 83 - 0	+49 (0) 7 11 / 93 34 83 - 80	www.mum.de
Mensch und Maschine acadGraph GmbH	Fritz-Hommel-Weg 4	D-80805 München	+49 (0) 89 / 3 06 58 96 - 0	+49 (0) 89 / 3 06 58 96 - 20	www.acadgraph.de
	Ludwig-Erhard-Straße 57a	D-04103 Leipzig	+49 (0) 3 41 / 30 85 47 - 0	+49 (0) 3 41 / 30 85 47 - 20	
	Charlottenstraße 65	D-10117 Berlin	+49 (0) 30 / 8 91 10 08	+49 (0) 30 / 8 93 17 08	
	Oststraße 88	D-22844 Norderstedt	+49 (0) 40 / 43 25 79 - 0	+49 (0) 40 / 43 25 79 - 79	
	Otto-Brenner-Straße 196	D-33604 Bielefeld	+49 (0) 5 21 / 2 81 - 63	+49 (0) 5 21 / 2 81 - 64	
	Neuer Zollhof 3	D-40221 Düsseldorf	+49 (0) 2 11 / 1 57 91 77	+49 (0) 2 11 / 1 59 63 65	
	Stockumer Straße 475	D-44227 Dortmund	+49 (0) 2 31 / 56 03 10 - 40	+49 (0) 2 31 / 7 75 77 38	
	Industriestraße 11	D-46342 Velen	+49 (0) 28 63 / 92 95 - 0	+49 (0) 28 63 / 92 95 - 20	
Goetheplatz 5	D-99423 Weimar	+49 (0) 36 41 / 6 35 52 - 5	+49 (0) 36 41 / 6 35 52 - 4		
Mensch und Maschine At Work GmbH	Averdiekstraße 5	D-49078 Osnabrück	+49 (0) 5 41 / 4 04 11 - 0	+49 (0) 5 41 / 4 04 11 - 4	www.work-os.de
Mensch und Maschine benCon 3D GmbH	Friesenweg 4 (Haus 20)	D-22763 Hamburg-Bahrenfeld	+49 (0) 40 / 89 80 78 - 0	+49 (0) 40 / 89 80 78 - 22	www.mum-bencon.de
Mensch und Maschine Habertzettl GmbH	Hallerweiherstraße 5	D-90475 Nürnberg	+49 (0) 9 11 / 35 22 63	+49 (0) 9 11 / 35 22 02	www.habertzettl.de
Mensch und Maschine Integra GmbH	In den Fritzenstücker 2	D-65549 Limburg	+49 (0) 64 31 / 92 93 - 0	+49 (0) 64 31 / 92 93 - 29	www.mum-integra.de
	Am Hohenwiesenweg 1	D-63679 Schotten	+49 (0) 60 44 / 98 91 98	+49 (0) 60 44 / 95 11 73	
customX GmbH	In den Fritzenstücker 2	D-65549 Limburg	+49 (0) 64 31 / 49 86 - 0	+49 (0) 64 31 / 49 86 - 29	www.customx.de
Mensch und Maschine Scholle GmbH	Rheinlandstraße 24	D-42549 Velbert	+49 (0) 20 51 / 9 89 00 - 20	+49 (0) 20 51 / 9 89 00 - 29	www.scholle.de
Mensch und Maschine Tedikon GmbH	Memminger Straße 29	D-89264 Weißenhorn	+49 (0) 73 09 / 92 97 - 0	+49 (0) 73 09 / 92 97 - 19	www.tedikon.de
Mensch und Maschine Austria GmbH	Argentinierstraße 64/1	A-1040 Wien	+43 (0) 1 / 5 04 77 07 - 0	+43 (0) 1 / 5 04 77 07 - 27	www.mum.at
	Löfflerweg 20	A-6060 Hall in Tirol	+43 (0) 52 23 / 4 20 08	+43 (0) 52 23 / 4 20 08 20	
	St. Veiter Ring 51A	A-9020 Klagenfurt	+43 (0) 4 63 / 50 02 97 - 0	+43 (0) 4 63 / 50 02 97 - 10	
	Großwilfersdorf 102/1	A-8263 Großwilfersdorf	+43 (0) 33 85 / 6 60 01	+43 (0) 33 85 / 6 60 01 33	
	Mühlgasse 26/4/16	A-8200 Gleisdorf	+43 (0) 31 12 / 3 84 84	+43 (0) 31 12 / 3 84 85	
Mensch und Maschine Schweiz AG	Zürichstrasse 25	CH-8185 Winkel	+41 (0) 44 / 8 64 19 00	+41 (0) 44 / 8 64 19 01	www.mum.ch
	Route du Simplon 16	CH-1094 Paudex	+41 (0) 21 / 7 93 20 32	+41 (0) 21 / 7 93 20 39	
	Ettingerstrasse 393	CH-4153 Reinach	+41 (0) 61 / 6 43 00 90	+41 (0) 61 / 6 43 00 91	
	Reiherweg 2	CH-5034 Suhr	+41 (0) 62 / 8 55 60 60	+41 (0) 62 / 8 55 60 00	
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Man and Machine UK	Unit 8 Thame 40 Jane Morbey Road, Thame,	Oxfordshire, OX9 3RR	+44 (0) 18 44 /26 18 72	+44 (0) 18 44 /21 67 37	www.manandmachine.co.uk
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Man and Machine Polen	ul. Zeromskiego 52	90-626 Lodz	+48 (0) 42 /2 91 33 39	+48 (0) 42 /2 91 33 34	www.mum.pl
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OPEN MIND Technologies Iberia, S.L.	Edificio Albufera Center – Oficina 903 Plaza Alquería de la Culla 4	46910 Alfafar – Valencia	+34 (0) 960 04 55 02		www.openmind-tech.com
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 Events	
April 29, 2019	Quarterly report Q1/2019
May 8, 2019	Annual shareholders' meeting
July 22, 2019	Half year report 2019
October 21, 2018	Quarterly report Q3/2019
March 16, 2020	Annual report 2019
March 16, 2020	Analysts' conference

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Planning and construction with BIM: Integration of all disciplines

Project: New SOFiSTiK company building in Nuremberg / Germany

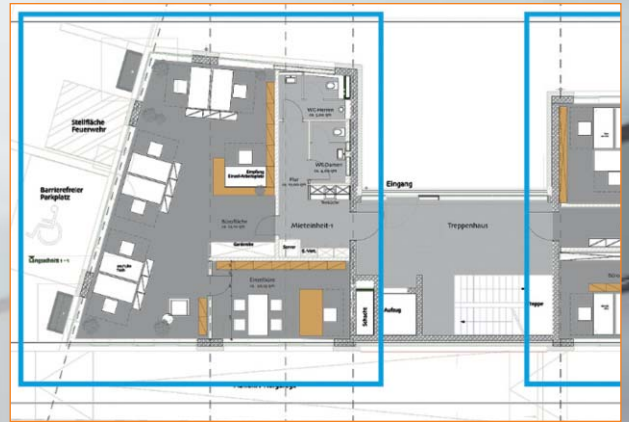
Disciplines: Architecture, Engineering, Building Services

All disciplines of a building project working together in 3D, collaborating, and sharing information via a common database, that's BIM - also known as 5D, as time and cost dimensions are usually additionally attributed to the model. BIM either stands for Building Information Modeling during the planning phase or for Building Information Management, if the construction phase or the later utilisation of a building or civil engineering project is meant.

BIM in the planning phase helps for early detection of conflicts between the disciplines, BIM in the construction phase avoids the widespread chaos and mismanagement on site, and BIM during utilisation allows for efficient lease and facility management as well as current actualization of the data model during renovation and reconstruction.

With competence teams for Industry, Architecture/Engineering/Construction (AEC) and Infrastructure, M+M can extensively provide architectural and building service support for building and civil engineering customers.

Through the majority takeover in the structural analysis and reinforcement software provider SOFiSTiK, the civil engineering capabilities are significantly extended. During construction of the new company building in Nuremberg the SOFiSTiK team is actually collecting practical BIM experience in the role of a building developer. With just one year construction time from ground-breaking to completion and by keeping within the original cost frame, the possible productivity gains by using BIM could be largely confirmed.



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