Monotype Limited

Annual Report and Financial Statements

For the financial year ended 31 December 2023

Registered in England and Wales number 02663485

Contents

Directors
Jan Christopher Kollat
Matthew Theakstone
Ninan Chacko

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Strategic report

The directors present their strategic report for the year ended 31 December 2023.

Review of the business

The company's principal activity is the design, manufacture and marketing of typefaces and other type related products. There have been no changes in these activities during the year.

The company's turnover increased by 73.72% to £49,533,756 (2022 – £28,513,756). The gross profit increased by 52.23% to £35,830,541 (2022 – to £23,537,278 as restated). The business shows sustained performance in both its Enterprise sales (ES) and had the benefit of intercompany revenue from the Mosaic. The rise in revenue is mainly related to increase in non-intercompany revenue due normalisation of demand and geographical expansion and a few seven-figure value deals closed in 2023. Gross margin was 72.34% in 2023 (2022 – 82.54% as restated) The rise in gross profit is related to increase in non- intercompany revenue & product mix of fonts sold during the year. The directors are therefore satisfied with the financial position of the company as at 31 December 2023.

Acquisitions

In December 2023, the company acquired 100% of AS & EH Industries Limited ("Colophon"), a foundry known for its bespoke type design for global brands, and team of creatives and technology tools. With the purchase of Colophon, the company acquired a library of type IP which include approximately 85 new and popular typeface families.

Results

The profit for the year after taxation amounted to £3,232,144 (2022 – profit of £3,418,544).

Key performance indicators

The company's key financial indicators during the year were as follows:

	2023	*2022 (restated)*	*% Change*
	000's	*000's*	
Turnover (£)	49,533	28,513	73.72%
Gross profit* (£)	35,830	23,537	52.23%
Gross margin* (%)	72.34%	82.55%	-12.37%
Operating profit (£)	5,196	3,060	58.31%
Operating margin (%)	10.49%	10.73%	-0.28%

*See note 26 on page 32 for details of the restatement.

Turnover: Non-intercompany revenue increased by 61.54% mainly driven by Enterprise sales during the year. This is due to demand in recurring EXT licenses, web fonts and geographical expansion into other territories mainly EMEA and APAC.

Gross profit: Gross profit has increased by 52.23% due to an increase in revenue. Our gross profit percentage is influenced by a number of factors including product mix, pricing and volume at any particular time. However, our cost of OEM revenue is typically lower than our cost of Enterprise sales revenue because we own a higher percentage of the fonts licensed to our OEM customers. In addition, within our Enterprise sales business the cost of our custom font design and software as a solution based service revenue is substantially higher than the cost of our other revenue. The relative cost of our Enterprise solutions revenue has decreased in recent periods, as efforts to sell licence rights to more fonts that we own have been successful.

Operating profit: Our operating profit has increased by 58.31% mainly due to higher value deals revenue being generated by sales staff.

Strategic report (continued)

Principal risks and uncertainties

In relation to the financial risk management and policies of the company, the directors have concluded that the company will be able to continue funding its activities through its cash reserves and retained profits.

At the reporting date a net current liability position is recorded due to intercompany transfer pricing charges and payable due to Colophon at acquisition but the directors have a reasonable expectation that company has adequate resources to continue in operational existence for the foreseeable future based on the letter of support provided by the group that they would not demand immediate repayment from us in order to meet our obligations.

The company's ultimate parent has established a risk and financial management framework whose primary objectives are to protect the company from events that hinder the achievement of the company's performance. The objectives aim to limit undue counterparty exposure, ensure sufficient working capital exists and monitor the management of risk at a Company level.

These risk factors are in constant review and assessed for changes year on year. An example of the steps taken by the executive team include an Enterprise Risk Management questionnaire being sent to key management within the company to identify such risks and to evaluate the level of exposure to each factor.

The risks identified that could affect the financial performance of the company include the following:

Pricing risk

We face pressure from our customers to lower our licence fees and, to the extent we lower them in the future, our revenue may be adversely affected.

To mitigate any impact here a centralised team based in the US is in charge of reviewing our pricing calculator to ensure it remains commercially viable based on our overall company goals and the products and services that are being offered. See further comments regarding competitive risk below.

Technological risk

Our success depends on the existence of a market for products that incorporate our text imaging solutions. The company also subject to technological changes in font industry and competition from substitute products and services.

The risk is deemed minimal to our operations as ultimately all companies require the use of type to convey their message to customers, whether that be branding, marketing, internal or online and a consistent brand experience across the board requires a quality product which is why we are able to have these collaborative and recurring relationships with our customers. The choice they have is between vendors but see further comments regarding competitive risk below.

Competitive risk

We face significant competition in various markets, and if we are unable to compete successfully, our ability to generate revenue from our business could suffer.

Open source software may make us more vulnerable to competition because new market entrants and existing competitors could potentially introduce similar products quickly and cheaply.

Our business is dependent in part on technologies and fonts we license from third parties, and these licence rights may be inadequate for our business.

Foreign currency risk

To mitigate this risk, we focus in on providing a quality product which provides a consistent brand experience across all media for all stakeholders and a platform which enables the customer to easily manage these assets accordingly. Monotype is the leading font company in the world and hold some of the most desirable intellectual property within the group which is why customers keep coming back to us.

Strategic report (continued)

We conduct a substantial portion of our business outside the United Kingdom and in several currencies including Euros and US Dollars and, as a result, we face foreign currency risks related to engaging in international business.

The directors will continue to monitor these risks. For example, due to an increase in currency repatriations to Monotype Imaging Inc., we plan to meet with our banking partners to discuss any financial instruments that may be suitable to mitigate foreign currency exposure on those trades.

Cyber risk

We have an internal team in the US which monitors and protects our systems against Internet related threats across the group such as cyber-attacks which could impact our customer confidence. As contracts are concluded 'offline' with customers via DocuSign versus via a website the risk is deemed minimal.

Climate change

The company has considered the impact of climate change and does not foresee any significant impact on its operations.

Impact of inflation

The impact of inflation has been minimal as significant portion of cost of sales are intercompany and other costs are in line with budget. In terms of revenue, we have attained 110% of enterprise solutions revenue budget for H1 2024 and there is a strong pipeline for H2 2024 due to nature of the font business.

Future developments

Given the continuing uncertain economic conditions the directors are focusing on controlling costs while developing new products so that the business is well placed to take advantage of the rapid technological changes in the industries in which it operates. As part of protecting future value and expansion in the group, a key decision was taken in December 2023 to acquire 100% of AS & EH Industries Limited ("Colophon"), a foundry known for its bespoke type design and team of creative and technology tools. With the purchase of Colophon, the Company acquired a library of type IP which include approximately 85 new and popular typeface families as well as expertise in securing custom contracts with global brands. Due to this and the continued expansion into identified key markets the directors expect the general level of activity to increase in the forthcoming year.

We have benefited from customers being forced to expedite plans to digitise and we are able to assist on both the marketing and branding side with our products.

We also have strong agency relationships who continue to serve the enterprise during these unprecedented times. They remain optimistic about the company's longer-term prospects and growth potential and ability to win new contracts.

Section 172 statement

The Board of directors confirm that during the year under review, it has acted in good faith to promote the long-term success of the Company for the benefits of its stakeholders as a whole, whilst having due regard to the matters set out in section 172 (1) to (f) of the Companies Act 2006, being the:

(a) Likely consequences of any decision in the long-term;
(b) Interests of the Company's employees;
(c) Need to foster the Company's business relationships with suppliers, customers and others;
(d) Impact of the Company's operations on the community and the environment;
(e) Desirability of the Company maintaining a reputation of high standards of business conduct; and
(f) Need to act fairly between members of the Company.

Strategic report (continued)

All decisions that are taken by the Board of directors are done so on the basis of whether they will benefit the company and its stakeholders in the long term. A good example of this was the decision to acquire "Colophon" which will provide the group with a broader range of intellectual property as well as expertise in custom work contracts. The idea is to create future growth whilst strengthening the groups competitive position, thus delivering value to our stakeholders.

To maintain relationships with customers, suppliers, employees and other stakeholders, it is seen as critical by the Board of directors that we maintain a reputation of high standards of business conduct which we manage via our business practices both internally & externally to form long term, meaningful and reliable relationships that benefit all going forward. A good example is the internal process around non sales contracts whereby a review is made by the business, legal and finance teams prior to committing the Company to ensure any contracts that are being entered into are linked to our strategic goals.

In terms of impact on the community and environment, we see the progression of the development of high-quality digital font assets a benefit to both marketers and consumers alike, encouraging the use of multi-faceted online materials with he same user experience on every device. In addition, the Monotype Cares program provides a forum for community days and donations alike.

Approved by the Board and signed on its behalf by:

Jan Christopher Kollat

Director

20 December 2024

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Christopher Kollat
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Directors' report

The directors present their annual report on the affairs of Company Limited ('the Company'), together with the financial statements and auditor's report, for the year ended 31 December 2023.

Dividends

The company did not declare a dividend from retained earnings during the year (2022 – £nil).

Going concern

The company's business activities, together with the risk factors likely to affect its future development, its financial position and its exposure to price, foreign exchange movement, technological risk and competitive risks are described in the Strategic report on page 4. The company, and the group of which it is part, have considerable financial resources, together with long-term contracts and relationships with customers and suppliers across different geographic areas. The company has net current liabilities of £12,946k as a result of intercompany transfer pricing but has net assets of £27,375k at the year-end date. The directors believe the company is well placed to manage its business risks successfully. The company's Enterprise sales revenues were £39.3m at the end of Q3 2024 representing 104% attainment to budget and there is a strong pipeline identified for Q4 2024. The company had a cash balance of £1.58m at the end of Q3 2024. Should additional financial resources be needed, the company is in possession of a letter of financial support from its parent company for at least the 12 months from the date of signing these financial statements. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. They have therefore continued to prepare the accounts on a going concern basis.

Directors

The directors who served the company during the year ended 31 December 2023 and up to the date of signing these financial statements are as follows:

Jan Christopher Kollat
Matthew Theakstone
Ninan Chacko

Financial risk management objectives

Details of financial risk management objectives can be found in the Strategic Report on pages 3 and 4 which addresses principal risks and uncertainties in the business.

Directors' indemnities

The company has no policy of indemnities for the benefit of its directors.

Political and charitable contributions

The company made no such contributions in either year.

Events after the balance sheet date

Details of significant events since the balance sheet date are contained in note 22 to the financial statements.

Future developments

Details of future developments can be found in the Strategic Report on page 5.

Directors' report (continued)

Statement of disclosures to the auditor

Each of the persons who is the director at the date of approval of this report confirms that:

- So far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that they ought have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor's appointment

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 20 December 2024 and signed on its behalf by:

Jan Christopher Kollat

Director

20 December 2024

DocuSigned by:
Christopher Kollat
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Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the Strategic report and Directors' report which comply with the requirements of the Companies Act 2006; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MONOTYPE LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Monotype Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 26.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical 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 opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MONOTYPE LIMITED (CONTINUED)

Other information

The other information comprises the information included in the strategic report and director's report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the strategic report and director's report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MONOTYPE LIMITED (CONTINUED)

regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities including those relevant to the company's business sector.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. This included company's operating license.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

- To address our fraud risk over revenue we performed the following procedures: obtained detailed understanding of the management process to identify revenue transactions and Company's detailed accounting assessment of the transactions and supporting information including relevant contracts/agreements/supporting documentation and assessed that the transaction has occurred and recorded in the correct period and has been accurately recorded.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MONOTYPE LIMITED (CONTINUED)

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

N. Pickering

Nicki Pickering, FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Reading, United Kingdom

20 December 2024

Statement of comprehensive income

For the year ended 31 December 2023

	Notes	2023 £	2022 (restated*) £
Revenue	5	49,533,756	28,513,756
Cost of sales		(13,703,215)	(4,976,478)
Gross profit		35,830,541	23,537,278
Distribution costs		(9,775,178)	(7,340,258)
Administrative expenses		(20,858,442)	(13,136,257)
Operating profit	6	5,196,921	3,060,763
Finance income	10	180,441	60,610
Finance costs	11	(736,812)	(253,142)
Foreign exchange (losses)/gains		(403,478)	1,466,624
Profit before taxation		4,237,072	4,334,855
Tax on profit	12	(1,004,928)	(916,310)
Profit and total comprehensive income for the year attributable to the owners of the company		3,232,144	3,418,544

All of the Company's results relate to continuing activities. There were no items of other comprehensive income to report.

*Details of the restatement of comparative information can be found in the note 26.

Statement of changes in equity

For the year ended 31 December 2023

	Share capital	*Capital contribution reserve*	*Retained earnings*	*Total Equity*
	£	**£**	**£**	**£**
At 1 January 2022	100	9,954,045	10,761,601	20,715,746
Share option charge	-	8,188	-	8,188
Profit for the year	-	-	3,418,544	3,418,544
Total comprehensive income for the year	-	-	14,180,145	24,142,478
At 31 December 2022	100	9,962,233	14,180,145	24,142,478
Profit for the year		-	3,232,144	3,232,144
Total comprehensive income for the year	-	-	17,412,289	27,374,622
At 31 December 2023	100	9,962,233	17,412,289	27,374,622

Statement of financial position
As at 31 December 2023

	Notes	**2023** £	**2022** £
Fixed assets			
Intangible assets - Goodwill	13	1,595,870	1,595,870
Intangible assets - Other	14	37,292	63,327
Tangible assets	15	594,508	736,131
Investments	16	23,116,739	-
Debtors – amounts due in more than one year	18	15,860,047	6,829,588
		41,204,456	9,224,916
Current assets			
Cash at bank and in hand		2,791,556	5,927,593
Debtors – amounts due within one year	18	36,221,469	23,400,414
		39,013,025	29,328,007
Current liabilities			
Creditors - amounts falling due within one year	19	(51,937,107)	(13,564,113)
Provisions	19	(21,600)	(7,202)
		(51,958,707)	(13,571,315)
Net current (liabilities)/assets		(12,945,682)	15,756,692
Total assets less current liabilities		28,258,774	24,981,608
Non-current liabilities			
Creditors: amounts falling due after more than one year	20	(884,152)	(839,130)
Net assets		27,374,622	24,142,478
Equity			
Called up share capital	21	100	100
Capital contribution reserve		9,962,233	9,962,233
Retained earnings		17,412,289	14,180,145
Total equity attributable to the owners of the company		27,374,622	24,142,478

The notes from page 16 to page 34 form part of these financial statements of Monotype Limited, registered number 02663485, were approved by the board of directors and authorised for issue on 20 December 2024 and signed on its behalf by:

Jan Christopher Kollat

Director

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Christopher Kollat
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Notes to the financial statements

1. General information

Monotype Limited (the Company) is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on page 2.

The nature of the Company's operations and its principal activities are set out in the strategic report on page 3.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS101) and in accordance with applicable accounting standards.

These financial statements are separate financial statements. Under section 401 of the Companies Act 2006, the Company is exempt from the preparation and delivery of consolidated financial statements, because it's results are included in the group accounts of 'Marvel Parent LLC', incorporated in the United States of America. A copy of the Group financial statements can be requested from Marvel Parent LLC, 1950 University Avenue - Suite 350, Palo Alto, CA 94303

The Company's financial statements are presented in Pound Sterling which is the currency of the primary economic environment in which the Company operates.

The material accounting policies adopted by the Company are set out in note 3.

2. Adoption of new and revised standards

The Company has applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8);
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12);
- International Tax reform – Pillar Two model rules (Amendments to IAS 12); and
- IFRS 17 Insurance contracts (including the June 2020 and December 2022 amendments to IFRS 17).

None of the standards or amendments which became effective in the year had a significant impact on the Company.

3. Material accounting policies

a) Basis of accounting

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, certain disclosure in respect of revenue from contracts with customers, impairment of assets, certain related party transactions, certain disclosure requirements in respect of leases, and certain disclosures in respect of Pillar Two income taxes.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties, financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

b) Going concern

The financial statements have been prepared using the going concern basis of accounting.

The company's business activities, together with the risk factors likely to affect its future development, its financial position and its exposure to price, foreign exchange movement, technological risk and competitive risks are described in the Strategic report on page 4. The company, and the group of which it is part, have considerable financial resources, together with long-term contracts and relationships with customers and suppliers across different geographic areas. The company has net current liabilities of £12,946k as a result of intercompany transfer pricing but has net assets of £27,375k at the year-end date. The directors believe the company is well placed to manage its business risks successfully. The company Enterprise sales revenues were £39.3m at the end of Q3 2024 representing 104% attainment to budget and there is a strong pipeline identified for Q4 2024. The company had a cash balance of £1.58m at the end of Q3 2024. Should additional financial resources be needed, the company is in possession of a letter of financial support from its parent company for at least the 12 months from the date of signing these financial statements. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. They have therefore continued to prepare the accounts on a going concern basis.

c) Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less, where appropriate, provisions for impairment.

d) Foreign currency translation

The Company's financial statements are presented in pound sterling, which is also the company's functional currency.

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

e) Intangible assets and goodwill

Business combinations 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. The choice of measurement of non- controlling interest, either at fair value or at the proportionate share of the acquiree's identifiable net assets, is determined on a transaction-by-transaction basis. Acquisition costs incurred are expensed and included in administrative expenses.

Paragraph 22 of Schedule 1 to the Regulations requires goodwill to be reduced by provisions for amortisation on a systematic basis over a period chosen by the directors, its useful economic life. However, under IFRS 3 Business Combinations, goodwill is not amortised. Consequently, the company does not amortise goodwill, but reviews it for impairment on an annual basis or whenever there are indicators of impairment.

Goodwill is initially measured at cost being the excess of the aggregate of the acquisition-date fair value of the consideration transferred and the amount recognised for the non-controlling interest (and where the business combination is achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree) over the net identifiable amounts of the assets acquired and the liabilities assumed in exchange for the business combination. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but reviewed for impairment annually, or more frequently if events or changes in circumstances indicate the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the one relevant cash-generating unit and tested for impairment by comparing carrying value of cash-generating unit against value in use.

When the Company 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.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Amortisation is recognised on a straight-line basis over their estimated useful lives for finite intangible assets. Intangible assets with finite lives are amortised over the useful economic life (nine years unless otherwise stated) and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is de-recognised.

f) Tangible fixed assets

Plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended. Borrowing costs directly attributable to assets under construction and which meet the recognition criteria in IAS 23 are capitalised as part of the cost of that asset.

Depreciation is provided on all property, plant and equipment, other than land, on a straight-line basis over its expected useful life as follows:

Short-term leasehold improvements	– Over the term of the lease
Computer equipment	– 33% per annum
Office Equipment	– 20% per annum

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the de-recognition of the asset is included in the income statement in the period of de-recognition.

g) Provisions for liabilities

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. If the effect is material, expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to unwinding the discount is recognised as a finance cost.

h) Leases

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. This is the rate of interest that a lessee would have to pay to borrow, over a similar term and with security funds necessary to obtain an asset of a similar value to the cost of the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the balance sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.
The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and

conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset.

i) Financial instruments

The Company's financial assets and liabilities include cash, trade and other receivables, trade payables and other liabilities, and intercompany loans. All financial assets and liabilities are recognised initially at fair value. A liability is generally de-recognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Trade and other debtors
Trade and other debtors mainly comprise of trade debtors, including unbilled receivables/contract assets, which generally have 30-90 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount and contract assets which are carried at their net realizable value. Where the time value of money is material, receivables are carried at amortised cost. Provision for impairment is recognised based on a simplified approach using a provision matrix in the determination of lifetime expected credit losses. During this process, the probability of the non-payment of the trade debtors is assessed. This probability is then multiplied by the amount of expected loss arising from default to determine credit loss for the trade debtors.

Cash and cash equivalents
Cash and short-term deposits in the balance sheet comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less.

Interest bearing loans and borrowings
Obligations for loans and borrowings are recognised when the Company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method including the intercompany loan from the gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

j) Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.
Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

k) Revenue recognition

The Company allocates revenue to each performance obligation in the contract and each performance obligation is accounted for, separately; the license revenue is recognised at the time of delivery and the service revenue from creative professional is recognised over time based on their relative standalone selling prices.

Enterprise revenue

Our enterprise revenue is derived from font licences, font related services and from custom font design services. We license fonts directly to end users through our portal, via e-mail and indirectly through third-party resellers. We also license fonts and provide custom font design services to graphic designers, advertising agencies, media organisations and corporations. We refer to direct, indirect and custom revenue, as non-web revenue. Revenue from font licenses to customers is recognised upon shipment of the software embodying the font and when all other revenue recognition criteria have been met. Revenue from resellers is recognised upon notification from the reseller that our font product has been licensed and when all other revenue recognition criteria have been met. Custom font design services are generally recognised upon delivery. Font related service revenue is mainly subscription based and, from time to time, it may contain software as a service. The subscription revenue is recognised rateably over the subscription period. Web server and commercial rights to online fonts is recurring revenue and is recognised upon payment by the customer and proof of font delivery, and when all other revenue recognition criteria have been met.

OEM revenue

Our OEM revenue is derived substantially from per-unit royalties received for printer imaging and printer driver, or printer products and display imaging products. Under our licensing arrangements we typically receive a royalty for each product unit incorporating our fonts and technology that is shipped by our OEM customers. We also receive OEM revenue from fixed fee licenses with certain of our OEM customers. Fixed fee licensing arrangements are not based on units the customer ships, but instead, customers pay us on a periodic basis for the right to embed our fonts and technology.

Although significantly less than royalties from per-unit shipments and fixed fees from OEMs, we also receive revenue from software application and operating systems vendors who include our fonts and technology in their products, and for font development. Many of our per-unit royalty licences continue for the duration that our OEM customers ship products that include our technology, unless terminated for breach. Other licenses have terms that typically range from one to five years, and usually provide for automatic or optional renewals. Revenue from per-unit royalties is recognised in the period during which we receive a royalty report from a customer, typically one quarter after royalty-bearing units are shipped, as we do not have the ability to estimate the number of units shipped by our customers. Revenue from fixed fee licenses is generally recognised when it is billed to the customer, so long as the product has been delivered, the licence fee is fixed and non-refundable and collection is probable. OEM revenue also includes project-related agreements for which contract accounting, completed contract for short-term projects and percentage-of-completion for long-term projects, may be used.

Intercompany revenue

Company recognises intercompany revenue based on 25% of total portal cost in the deals across the group.

l) Share-based payments

The cost of equity settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period. Fair value is determined using an appropriate pricing model.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where a new award is designated as replacing a cancelled award, the cost based on the original award terms continues to be recognised over the original vesting period. An expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification.

m) Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

4. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

Judgements

The Directors consider that there are no critical judgements impacting the financial statements.

Estimates

a) Impairment of non-financial, non-monetary non-current assets- Where there are indicators of impairment of individual assets, the Company performs impairment tests based on a value-in-use calculation. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the future budget and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes. For there to be an impairment of non-financial assets, the discount rate would increase from 12% to 60% or forecasted growth in revenues would reduce by more than 50% over the forecast period. The Directors consider these events unlikely.

b) Calculation of loss allowance- When measuring ECL the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

The loss allowance on trade debtors as of December 2023 is £73,833 (2022: £43,522).

5. Revenue

Turnover, which is stated net of value added tax, represents amounts invoiced or billable to third parties and is attributable to one continuing activity, as stated in the strategic report.

An analysis of turnover by geographical market is given below:	*2023*	*2022*
	£	£
UK	18,165,194	11,003,454
Europe	15,256,622	7,405,774
North America	4,542,684	1,725,807
Australia	3,930,477	3,436,960
APAC	2,441,370	1,763,661
South Africa	1,344,931	432,223
Other	3,852,478	2,745,877
	49,533,756	28,513,756

An analysis of turnover by revenue stream is given below:	*2023*	*2022*
	£	£
OEM revenue	283,903	443,091
Enterprise revenue	45,904,007	27,508,435
Intercompany revenue	3,345,846	656,860
	49,533,756	28,513,756

6. Operating profit

This is stated after charging

	2023	*2022*
	£	£
Amortisation of intangibles	26,035	64,269
Depreciation	248,514	338,103
Travel	503,712	185,892
Third party commissions	222,606	-
Bad debt expense	205,833	43,522
Employee costs (note 9)	10,984,462	7,203,203
Intercompany recharges	18,069,546	12,103,917

Intercompany recharges relate to transfer pricing adjustments.

7. Auditor's remuneration

Fees payable to Deloitte LLP and their associates for the audit of the company's annual accounts were £85,664 (2022: £81,585). There were no other services provided in current year and last year.

8. Directors' remuneration

The Company has three directors, two of whom are remunerated by a related party company, and they are not remunerated in respect of qualifying services provided to the Company.

	2023	*2022*
	£	*£*
Aggregate remuneration in respect of qualifying services	148,487	131,225
Directors' long-term incentive scheme	-	6,479
Pension contributions to defined contribution pension scheme	6,364	10,960
	154,851	148,664

Number of directors who are members of defined contribution pension scheme are one (2022: one).

	2023	*2022*
	£	*£*
In respect of highest paid director:		
Aggregate remuneration	148,487	137,704
Pension contributions to defined contribution pension scheme processed through monthly payroll	6,364	10,960
	154,851	148,664

Above director compensation is also part of staff costs in note 9 below.

9. Staff costs

	2023	*2022*
	£	*£*
Wages and salaries	9,210,434	6,052,010
Social security costs	1,406,190	907,161
Pension costs	367,838	244,032
	10,984,462	7,203,203

Included in wages and salaries is an expense of £nil (2022: £8,188) arising from share-based payment transactions. Outstanding amount payable to the defined contribution scheme is £41,708 (2022: £29,122).

The average monthly number of employees during the year was made up as follows:

	2023	2022
	No.	No.
Administration	11	10
Sales	71	54
Production and development	5	5
	87	69

10. Finance income

	2023	2022
	£	£
Bank interest	80,442	-
Other financial assets measured at amortised cost	99,599	60,610
	180,441	60,610

11. Finance costs

	2023	2022
	£	£
Interest on intercompany borrowings and lease liabilities	736,812	253,142
	736,812	253,142

12. Tax

(a) Tax on profit

The tax is made up as follows:

	2023	2022
	£	£
Current tax:		
UK corporation tax for the year	1,055,121	827,516
Adjustments in respect of prior years	6,913	(4,121)
Foreign tax	-	50,787
Total current tax (note 12(b))	1,062,034	874,182
Deferred tax:		
Origination and reversal of timing differences	(57,106)	25,321
Adjustments in respect of prior years	-	16,807
Total deferred tax	(57,106)	42,128
Tax charge	1,004,928	916,310

(b) Reconciliation of total tax charge

The reasons for the difference between the actual tax expense for the year and the standard rate of corporation tax in the United Kingdom applied to the result for the year, are as follows:

	2023	2022
	£	£
Profit before tax	4,237,072	4,334,854
Profit before tax multiplied by standard rate of corporation tax in the UK of 23.52% (2022: 19%)*	996,582	823,622
Effects of:		
Expenses not deductible for tax purposes	629	13,865
Income not taxable for tax purposes	-	(949)
Adjustment in respect of prior year – Deferred tax	-	16,807
Fixed asset differences	15,087	19,871
Foreign tax credit	-	50,787
Temporary differences not recognised in the computation	(10,904)	-
Foreign tax deduction	-	(9,650)
Remeasurement of deferred tax for changes in tax rates	(3,379)	6,078
Adjustments to tax charge in respect of previous periods	6,913	(4,121)
Total tax (note 9(a))	1,004,928	916,310

* The Finance Act 2022 included legislation to increase the main rate of UK corporation tax from 19% to 25% from 1 April 2023. The change to the main UK corporation tax rate was substantively enacted on 24 May 2021 and by the balance sheet date. Therefore, the impact is included in these financial statements with temporary differences remeasured using the enacted tax rates that are expected to apply when the liability is settled, or the asset realised.

(c) Deferred tax

A deferred tax liability is recognised on the basis that transactions or events that give the entity an obligation to pay more tax in future. Deferred tax recognised is based on a tax rate of 25% (2022: 25%) in the financial statements.

	2023	2022
	£	£
At 1 January	145,229	103,101
Origination and reversal of temporary differences	(57,106)	25,321
Adjustments in respect of prior years	-	16,807
At 31 December	88,123	145,229

The deferred taxation liability recognised in the financial statements is as follows:

	2023 £	2022 £
Temporary differences on unclaimed capital allowances	1,454	165,294
Short term temporary differences	(58,560)	(20,064)
Other temporary differences		(1)
	(57,106)	145,229

The Company is not within the scope of the OECD Pillar Two model rules since the entity has no overseas subsidiaries or branches and has not met the threshold that would trigger any UK qualifying minimum domestic taxes. The entity's investment in subsidiary as disclosed in Note 16 is incorporated in the United Kingdom.

13. Intangible assets - Goodwill

Per FRS 101 goodwill is considered to have an indefinite life in accordance with IAS 38, and is tested annually for impairment using a discount factor of 12% (2022: 9.25%) to calculate value in use in accordance with IAS 36. After having carried out the impairment test as at 31 December 2023 recoverable amount is higher than carrying value hence no impairment charge recorded.

Assumptions used are as follows:

1. The Monotype Fonts portal (membership and enterprise portal) subset is continued to be sold as a separate product
2. The ICO royalty % continues to be 25% for technology (the TP rates have not changed from prior year)
3. We have used a rate of 12%.

14. Intangible assets – other

	Customer lists	*Trademarks*	*Development technology*	*Non-compete agreements*	***Sub total***	*Capitalised development*	*Other intangibles*	***Total***
	£	£	£	£	**£**	£	£	**£**
Cost or valuation:								
At 1 January 2023	94,267	37,292	1,179,603	96,339	**1,407,501**	865,023	44,671	**2,317,195**
At 31 December 2023	94,267	37,292	1,179,603	96,339	**1,407,501**	865,023	44,671	**2,317,195**
Amortisation:								
At 1 January 2023	94,267	-	1,179,603	96,339	**1,370,209**	838,988	44,671	**2,253,868**
Charge for the year	-	-		-	-	26,035		**26,035**
At 31 December 2023	94,267	-	1,179,603	96,339	**1,370,209**	865,023	44,671	**2,279,903**
Net book value:								
At 31 December 2023	-	37,292	-	-	**37,292**	-	-	**37,292**
At 31 December 2022	-	37,292	-	-	**37,292**	26,035	-	**63,327**

15. Tangible fixed assets

	Leasehold improvement	*Office equipment and fitting*	*Computer equipment*	*Right of use asset*	*Total*
	£	£	£	£	£
Cost or valuation:					
At 1 January 2023	36,354	65,664	200,106	714,248	1,016,372
Additions	-	7,994	98,896	-	106,890
At 31 December 2023	36,354	73,658	299,002	714,248	1,123,262
Deprecation:					
At 1 January 2023	36,354	47,695	106,910	89,282	280,241
Charge for the year		4,240	65,712	178,562	248,514
At 31 December 2023	36,354	51,935	172,622	267,844	528,755
Net book value:					
At 31 December 2023	-	21,723	126,380	446,404	594,507
At 31 December 2022		17,969	93,196	624,966	736,131

16. Investments

Investment in subsidiary	2023 £	2022 £
Balance as of January	-	-
Additions during the year	23,116,739	-
Balance as of December	23,116,739	-

On 18 December 2023, the Company acquired 100% shareholding of AS & EH Industries Limited (Colophon), which is incorporated in England and Wales, with registered office at 141-143 Shoreditch High Street, 3rd Floor, London, United Kingdom, E1 6JE.

17. Contract balances

Contract assets

	2023 £	2022 £
At 1 January	11,792,575	4,231,739
Released to receivables during the year	(5,881,353)	(2,277,278)
Additions during the year	17,588,817	9,838,188
At 31 December	23,500,039	11,792,649

Amounts relating to contract assets are balances due from customers under instalment billing plans that arise when the Company has transferred services to the customer but is yet to establish an unconditional right to consideration. Any amount previously recognised as a contract asset is reclassified to trade debtors at the point at which it is invoiced to the customer. Contract assets are treated as financial assets for impairment purposes. In instances where the timing of release of contract assets differs from the respective payment terms, we have considered whether such contracts include a significant financing component, subject to the applicable practical expedient. The purpose of these payment structures is to align with industry and market standards, not to provide customers with financing.

Contract liabilities

	2023 £	2022 £
At 1 January	713,476	628,819
Released to revenue during the year	(287,983)	(255,535)
Deferrals during the year	1,456,798	340,192
At 31 December	1,882,291	713,476

Contract liabilities represent the Company's obligation to transfer services to a customer and are recognised when a customer pays consideration or when the company recognises a receivable to reflect its unconditional right to consideration (whichever is earlier),before the Company has transferred the services to the customer.

18. Debtors

Amounts due after more than one year	2023 £	2022 £
Contract assets (see note 17)	13,706,146	5,725,427
Deferred commissions	1,953,901	1,104,161
Other long term assets	200,000	-
	15,860,047	6,829,588

Amounts due within one year	2023 £	2022 £
Trade debtors	7,186,203	5,260,654
Amounts owed by immediate parent undertaking*	17,460,353	11,016,463
Contract assets (see note 17)	9,793,893	6,067,222
Other debtors**	101,924	82,538
Corporation tax repayable	112,889	147,994
Prepayments and accrued income	1,566,207	825,543
	36,221,469	23,400,414

*Amounts owed by immediate parent undertaking are interest free, unsecured and repayable on demand. Balances disclosed are net of ECL provision of £132,000 (2022: £nil).

**Other debtors include a long-term deposit of £67,800 (2022: £67,800) in favour of the landlords in the event of default by the company.

Trade debtors

The average credit period for customers is 30 days. No interest is charged on outstanding trade debtors.

The company review the recoverability of trade debtors and in line with IFRS 9 Financial Instruments, it estimates a credit loss provision based on the ageing of debtors together with the factors that are specific to the debtors financial position and economic conditions in which the debtors operate. For 2023, specific provision has been created for debtors with debt aged more than 90 days. The company expects all other debts to be 100% recoverable.

Ageing of trade debtors (including contract assets)

	2023 £	2022 £
Not due-current	15,087,790	9,923,045
Past due 0-30 days-current	1,267,888	947,610
Past due 31-60 days	79,705	329,452
Past due 61-90 days	469,684	10,719
Past due more than 90 days	75,029	117,050
Total	16,980,096	11,327,876

Movement in the allowance for doubtful debts

	2023 £	2022 £
Balance as of January	43,522	-
Provisions made during the year	30,311	43,522
Balance as of December	73,833	43,522

19. Creditors: amounts falling due within one year

	2023 £	2022 £
Trade creditors	186,566	324,692
Amounts owed to fellow subsidiaries	35,544,289	7,197,988
Other taxes and social security costs	679,818	354,694
Accruals and deferred income	15,384,448	5,474,111
Short term lease liability	141,987	212,628
Provision	21,600	7,202
	51,958,707	13,571,315

Accruals and deferred income include £1,365,016 (2022: £440,316) of contract liabilities due within one year.

Provision of £21,600 (2022: £7,202) relates to office dilapidation accruals for the 141-143 Shoreditch lease (to be settled in 2026).

20. Creditors: amounts falling due after more than one year

	2023 £	2022 £
Long term lease liability	278,754	420,740
Contract liabilities (see note 17)	517,275	273,160
Deferred tax liability	88,123	145,230
	884,152	839,130

Long-term lease liability relates to property leases due to adoption of IFRS 16.

21. Issued share capital

Allotted, called up and fully paid	2023 No.	£	2022 No.	£
Ordinary shares of £1 each	100	100	100	100

22. Events since the balance sheet date

New entity Monotype SAS was incorporated in France in June 2024. Revenues and expenses will move to new entity from January 2025.

23. Leases

	£
Cost:	
At 1 January 2023	714,248
At 31 December 2023	714,248
Deprecation:	
At 1 January 2023	89,282
Charge for the year	178,562
At 31 December 2023	267,844
Net book value:	
At 31 December 2023	446,404
At 31 December 2022	624,966

The lease relates to building used for office space in Shoreditch. The lease term remaining is 2.5 years.

The total outflow in respect of the leases for the year was £226,000 (2022: £94,167).

Amounts recognised in profit and loss	2023	2022
	£	£
Depreciation expense on right-of-use assets	178,562	265,944
Interest expense on lease liabilities	14,792	24,161

The maturity of lease liabilities at 31 December 2023 were as follows:

	2023
	£
Within one year	150,667
More than one year	282,500
Effect of discounting	(12,426)
Total discounted lease liability	420,741
Aged as:	
Short-term lease liability	141,987
Long-term lease liability	278,754
Total	420,741

24. Related party transactions

Advantage has been taken of the exemption available under IAS 24 from disclosing transactions with other members of the group since 100% of the voting rights are held by the group and consolidated accounts for the ultimate parent company are filed in the United States.

There were no related party transactions, other than transactions with wholly owned members of the group.

25. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Monotype Imaging Inc, 600 Unicorn Park Drive - Woburn, MA 01801, a company incorporated in Delaware, USA. The ultimate parent and controlling party undertaking of the largest group including the company is Marvel Parent LLC, 1950 University Avenue - Suite 350, Palo Alto, CA 94303, incorporated in USA. The registered address is same as the address of the controlling party.

26. Restatement of comparative information

Restatement in relation to reclassification of COS and OPEX due to duplication of COS and under accrual of COS.

System issue: It was recently discovered intercompany royalties were being calculated twice for some Monotype Font subscription deals. The initial billing of a subscription for Monotype Fonts was included in the intercompany royalty expense calculations where an accrual was booked on an estimate basis as the fonts are unknown at the time of execution of the contract. Secondarily, the royalty system ('Alliant') calculated intercompany royalty expense when the actual billings from SAP were allocated the font IP which it should not have, as the intercompany royalties for Monotype fonts subscription deals are calculated by a separate process, i.e. the company reaches out to the customers to confirm the fonts that have been named and then that data is run through Alliant to calculate actual intercompany royalties and reverse the accrual booked. In essence, monotype fonts billings were run through the intercompany royalty calculation process twice. This leads to an adjustment to reverse excess COS booked in 2022 and 2023.

Duplication of cost of sales is netted off by the same amount of administrative expenses due to transfer pricing policy of group and as such, there is no impact on the balance sheet, operating profit, profit for the year or opening retained earnings of FY22.

Income statement	**2022**	**Prior period adjustment**	**2022 restated**
	£	£	£
Cost of sales	7,568,178	(2,591,700)	4,976,478
Gross profit	20,945,578	2,591,700	23,537,278
Administrative expenses	10,544,557	2,591,700	13,136,257