

Monotype Limited

Strategic Report, Directors' Report and Financial Statements

31 December 2018



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Monotype Limited

Company number 02663485 for the year ended 31 December 2018

Directors

J H McCallum
J Maxwell
S E Landers
Jan Christopher Kollat

Secretary

S Ahmed

Auditors

Deloitte LLP
Statutory Auditor
Abbots House
Abbey Street
Reading
RG1 3BD

Bankers

Lloyds Bank plc
1-5 The Broadway
Crawley
West Sussex RH10 1DU

Solicitors

Downs Commercial
156 High Street
Dorking
Surrey RH4 1BQ

Registered Office

Unit 2
Perrywood Business Park
Honeycrock Lane
Salfords
Redhill
Surrey RH1 5DZ

Strategic report

The directors present their strategic report for the year ended 31 December 2018.

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 17.94% to £19,789,719 (2017 – £16,778,597). The business shows sustained performance in both its Enterprise sales (ES) and Original Equipment Manufacturer (OEM) markets and has the benefit of intercompany revenue from the recharge of Olapic Opex costs. Gross margin was 76.08% in 2018 (2017 – 77.3%).

Results

The profit for the year after taxation amounted to £204,694 (2017 - £589,486).

Key performance indicators

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

	2018	2017	% Change
Turnover (£)	19,789,719	16,778,597	17.94%
Gross profit (£)	15,056,996	12,972,484	16.08%
Gross margin (%)	76.08%	77.3%	-0.015%
Operating profit (£)	951,353	323,721	193.89%
Operating margin (%)	4.81%	2.0%	139.5%

Turnover: Non intercompany revenue increased by 30.5% mainly driven by Enterprise sales during the year and adoption of IFRS 15 effective from January 1st 2018. Revenue increased by £1,542,317 as result of adopting IFRS 15 in 2018.

Gross Profit: 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 SaaS based service revenue is substantially higher than the cost of our other revenue. The relative cost of our Enterprise sales revenue has decreased in recent periods, as efforts to sell license rights to more fonts that we own have been successful.

Operating Profit: Our operating profit is mainly driven due to personnel costs and transfer pricing adjustments during the year. As part of restructuring beginning of 2018 we have reduced staff costs significantly which is the one of the main reasons for increase in operating profit margin.

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

Monotype Limited

Company number 02663485 for the year ended 31 December 2018

Strategic report (continued)

Pricing risk

We derive a substantial majority of our revenue from a limited number of licensees, and if we are unable to maintain these customer relationships or attract additional customers, our revenue will be adversely affected.

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.

Technological risk

Our success depends on the existence of a market for products that incorporate our text imaging solutions.

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 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.

Exposure to foreign currency risk

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.

UK exit from the European Union ("Brexit")

Although uncertainty remains as to the outcome of the Brexit negotiation between the UK and the EU, the company has considered the impact to the business and does not foresee a material adverse impact on day to day operations.

Cyber risk

While the business risk of being connected to the Internet is exposed to Internet-related (cyber-) risk in terms of location, degree, and visibility. We have an internal team in the US which monitors and protects our systems against such threats across the group.

Climate change

The company has considered the impact to the climate change and does not foresee impact.

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. They remain optimistic about the company's longer term prospects and growth potential and ability to win new contracts.

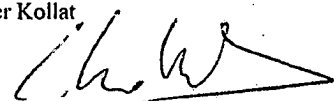
Details of significant events since the balance sheet date are contained in note 17 to the financial statements.

Approved by the Board and signed on its behalf by:

Jan Christopher Kollat

Director

Date 17/6/19



Unit 2, Perrywood Business Park, Honeycrock Lane, Salfords, Redhill, Surrey, RH1 5DZ

Directors' report

The directors present their report and audited financial statements for the year ended 31 December 2018.

Dividends

The company did not declare a dividend from retained earnings during the year (2017 – £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 pages 3-4. The company, and the group of which it is part, has considerable financial resources, together with long-term contracts and relationships with customers and suppliers across different geographic areas. Furthermore, the company has no external debt and has positive net current assets £15,516,376 and positive shareholders' funds £6,572,303 at the year-end date. As a consequence, the directors believe the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

Directors

The directors who served the company during the year up to the date of signing were as follows:

J H McCallum (retired 30th June 2019)

J Maxwell (resigned 9th March 2018)

J C Kollat (appointed 25th March 2019)

S E Landers

Future developments

Details of future developments can be found in the Strategic Report on page number 3.

Financial risk management objectives

Details of financial risk management objectives can be found in the Strategic Report on pages 3 & 4.

Directors' Indemnities

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

Events after the balance sheet date

Details of significant events since the balance sheet date are contained in note 17 to the financial statements.

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.

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

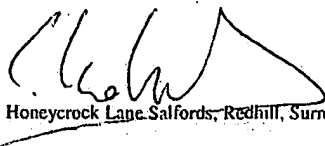
Approved by the Board and signed on its behalf by;

Jan Christopher Kollat

Director

Date

17/9/19



Unit 2, Perrywood Business Park, Honeycrock Lane, Salfords, Redhill, Surrey, RH1 5DZ.

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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Monotype Limited

Company number 02663485 for the year ended 31 December 2018

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 the company Monotype Limited

- give a true and fair view of the state of the company's affairs as at 31st December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework" "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Income statement;
- the statement of comprehensive income;
- the statement of changes in equity;
- the balance sheet; and;
- the related notes 1 to 21.

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" applicable in the UK and Republic of Ireland" (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

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Monotype Limited

Company number 02663485 for the year ended 31 December 2018

Independent audit report to the members of Monotype Limited (Continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 respect of these matters.

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.

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.

Monotype Limited

Company number 02663485 for the year ended 31 December 2018

Independent audit 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

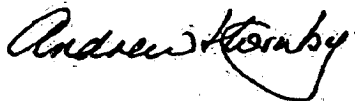
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.



Andrew Hornby (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Reading, United Kingdom

19 September 2019

Income Statement

for the year ended 31 December 2018

	Notes	2018 £	2017 £
Revenue	3	19,789,719	16,778,597
Cost of sales		(4,732,723)	(3,806,113)
Gross profit		15,056,996	12,972,484
Distribution costs		(11,352,366)	(10,573,083)
Administrative expenses		(2,753,277)	(2,075,680)
Operating profit	4	951,353	323,721
Finance costs	8	(634,248)	332,078
Profit before taxation		317,105	655,799
Tax on profit	9	(112,411)	(66,313)
Profit for the financial year attributable to the owners of the company		204,694	589,486

Revenue and operating profit are all derived from continuing operations.

Statement of comprehensive income
for the year ended 31 December 2018

	2018 £	2017 £
Profit for the financial year	204,694	589,486
Deferred tax on share based payments	(26,057)	(118,918)
Total comprehensive income attributable to the owners of the company	178,637	470,568

Statement of changes in equity

For the year ended 31 December 2018

	Share capital £	Capital contribution reserve £	Retained earnings £	Total Equity £
At 1 January 2017		4,547,339	5,513,847	10,061,286
Comprehensive income for the year				
Deferred tax on share based payments			(118,918)	(118,918)
Profit for the year			589,486	589,486
Total comprehensive income for the year			470,568	470,568
Share option charge		1,995,025		1,995,025
At 1 January 2018		6,542,364	5,984,415	12,526,879
Changes in Accounting policy – Note 1			409,251	409,251
Comprehensive income for the year				
Deferred tax on share based payments			(26,057)	(26,057)
Profit for the year			204,694	204,694
Total comprehensive income for the year			178,637	178,637
Share option charge		2,510,759		2,510,759
At 31 December 2018		9,053,123	6,572,303	15,625,526

- Capital contribution relates to the employee share based expense which are listed in the US stock exchange.

Balance sheet

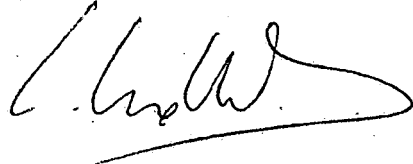
As at 31 December 2018

	Notes	2018 £	2017 £
Non-current assets			
Intangible assets - Goodwill	10,9	1,595,870	1,595,870
Intangible assets - Other	11	886,075	1,181,391
Plant, property & equipment	12	268,145	371,533
		<u>2,750,090</u>	<u>3,148,794</u>
Current assets			
Cash and bank balances		4,998,656	4,081,664
Trade and other receivables	13	21,232,194	12,003,290
Deferred tax	9	2,456	161,910
		<u>26,233,306</u>	<u>16,246,864</u>
Current liabilities			
Creditors - amounts falling due within one year	14	(10,902,404)	(4,354,898)
Provisions	14	(157,500)	(114,500)
Income tax payable		342,974	31,476
Net current assets		<u>15,516,376</u>	<u>11,808,942</u>
Total assets less current liabilities		<u>18,266,466</u>	<u>14,957,736</u>
Non-current liabilities			
Creditors: amounts falling due after more than one year	15	(2,640,940)	(2,430,857)
Net Assets		<u>15,625,526</u>	<u>12,526,879</u>
Equity			
Called up share capital		100	100
Capital contribution reserve		9,053,123	6,542,364
Retained earnings		6,572,303	5,984,415
Total Equity attributable to the owners of the company		<u>15,625,526</u>	<u>12,526,879</u>

These financial statements of Monotype Limited, registered number 02663485, were approved by the board of directors and authorised for issue on 17 September 2019 and signed on its behalf by:

Jan Christopher Kollat

Director



Notes to the financial statements

at 31 December 2018

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 United Kingdom in which Company is incorporated 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.

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 Company has taken advantage of the exemption under s.400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of a listed US Group. The results of Monotype Limited are included in the consolidated financial statements of Monotype Imaging Holdings Inc, 600 Unicorn Park Drive Woburn, MA 01801 which is listed on the NASDAQ with consolidated financial statements available from the Monotype website www.monotype.com.

The principal accounting policies adopted by the Company are set out in section 2.

Adoption of new and revised Standards

Impact of application of IFRS 15 Revenue from Contracts with Customers.

In the current year, the company has applied IFRS 15 Revenue from Contracts with Customers (as amended in April 2016) which is effective for an annual period that begins on or after 1 January 2018. IFRS 15 introduced a 5-step approach to revenue recognition which replaces virtually all existing revenue recognition rules under IAS 18 and which requires revenue to be recognized in a manner to depict the transfer of promised goods or services to a customer at an amount that reflects the consideration expected to be received in exchange for those goods or services.

Under the new standard the company allocates revenue to each performance obligation in the contract and each performance obligation accounted separately; the license revenue is recognized at the time of delivery and the service revenue is recognized over time based on their relative standalone selling prices. The application of this provision is particularly impactful to our new Mosaic product offering which was renamed and launched in the first quarter of 2018. This new offering bundles our traditional font licenses as SaaS based portal, this provision resulted in some revenue from contracts signed prior to 2018 being accelerated and recorded to retained earnings instead of in our operating results in 2018.

We have a limited number of contracts in which we offered extended payment terms for term licenses to our customers, including cases in which the license is delivered in full at the beginning of the contract. Revenue related to such arrangements is accelerated, with revenue related to the license recognized at the time of delivery, less a financing component (Interest income) to be recognized over time based on payment terms.

We adopted IFRS 15 with effect from 1 January 2018 using the modified retrospective approach, where by information for prior periods has not been restated but a cumulative effect adjustment was

General Information (continued)

made to the opening balance of retained earnings which represented the cumulative effect of the earlier recognition of revenue.

As at 1 January 2018, we recognised a credit to equity of £409,252 on adoption of IFRS 15, which may be analysed as follows:

	£
Deferred revenue	409,251
Revenue recognised in equity	(409,251)

Cost of sales are recognized upfront and netted off against profit.

Tax effects of the above recognition are £1,617.

There is no impact of IFRS 9 in the current year.

2. Significant Accounting policies

2.1 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, impairment of assets and certain related party transactions

Where relevant, equivalent disclosures have been given in the group accounts of Monotype Imaging Holdings Inc.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties, financial instruments and investment property 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.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36

2.2 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.

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Judgements

a) Development costs

Development costs are capitalised in accordance with the accounting policy given below. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised management makes assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. Refer note 11 for cost and amortisation details of development costs

Estimates

- a) Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 8.
- b) 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.

2.3 Significant accounting policies

a) 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.

b) 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 depreciation 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. Had the company amortised goodwill a period of 9 years would have been chosen as the useful life for goodwill. The profit for the year would have been £177,319 (2017: £177,319) lower had goodwill been amortised in the year.

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 (9 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 derecognition 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 derecognised.

Research and development costs

Research costs are expensed as incurred. Development expenditure on an individual project is recognised as an intangible asset when the Company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability

Research and development costs (continued)

of resources to complete the asset and the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised evenly over the period of 9 years. During the period of development, the asset is tested for impairment annually.

b) Investments

Investments in subsidiaries are held at historical cost less any applicable provision for impairment.

c) 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
Office equipment, fittings and computer equipment	—	Between 25% and 33% 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 derecognised 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 derecognition of the asset is included in the income statement in the period of derecognition.

d) 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.

e) Leases

Company as a lessee

Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged in the income statement on a straight line basis over the lease term.

Leases (continued)

New IFRS Standards effective from January 1st 2019:

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessees and lessors. IFRS 16 will supersede the current guidance on leases including IAS 17 and related interpretations when it becomes effective for the company's financial year commencing 1 January 2019.

Under IFRS 16, the distinction between operating leases (off balance sheet) and finance leases (on balance sheet) are removed for accounting purposes and replaced with a model where a right-of-use asset and a corresponding liability are recognised for leases by lessees. As a result, all leases will be on balance sheet except for short term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost less accumulated depreciation. The lease liability is initially measured at the present value of lease payments. Subsequently, the lease liability is adjusted for interest and lease payments. As consequence adjusted earnings before interest, tax, depreciation and amortisation (EBITDA) will increase because operating lease expenses are currently included in adjusted EBITDA will be recognised instead as amortisation of right-of-use asset and interest expense on the lease liability. However, there may be an overall reduction in profit before tax in the early years of lease because depreciation and interest charges will likely exceed the current straight line expense incurred under IAS 17.

As at December 2018, the company has operating lease commitments of £67,500 for Salfords, £264,296 for Holborn and £280,523 for Shoreditch office. The company will recognise a right-of-use assets £653,089 and corresponding lease liability of £641,068. The impact on profit and loss during 2018 would have been to decrease rent expense by £674,337 and to increase depreciation expense by £682,129 and to increase interest expense by £45,348. As such, reported earnings would be £53,140 lower.

h) 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 derecognised 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 debtors, which generally have 30-90 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision for impairment is made through profit or loss when there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

Cash at bank and in hand

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.

Financial instruments (continued)

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

company's parent Monotype Imaging Inc. which carries interest at 1% and is repayable after 8 years. See equity statement.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

g) 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 enforceable 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.

h) Revenue recognition

Under the new standard the company allocates revenue to each performance obligation in the contract and each performance obligation accounted separately; the license revenue is recognized at the time of delivery and the service revenue is recognized over time based on their relative standalone selling prices. The application of this provision is particularly impactful to our new Mosaic product offering which was launched in the first quarter of 2018. This new offering bundles our traditional font licenses as SaaS based portal, this provision resulted in some revenue from contracts signed prior to 2018 being accelerated and recorded to retained earnings instead of in our operating results in 2018.

Revenue recognition (continued)

Creative Professional Revenue

Our Creative Professional revenue is derived from font licenses, font related services and from custom font design services. We license fonts directly to end users through our e-commerce websites, via telephone, e-mail and indirectly through third-party resellers. We also license fonts and provide custom font design services to graphic designers, advertising agencies, media organizations and corporations. We refer to direct, indirect and custom revenue, as non-web revenue, and refer to revenue that is derived from our websites, as web revenue. Revenue from font licenses to our e-commerce customers is recognised upon payment by the customer and the software embodying the font is shipped or made available. Revenue from font licenses to other 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 licenses 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 license 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.

j) 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.

k) 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.

3. Revenue

Turnover, which is stated net of value added tax, represents amounts invoiced 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:

	2018 £	2017 £
UK	6,367,302	5,858,623
Europe	4,053,236	2,856,562
North America	7,768,741	7,768,677
Other	1,600,440	294,735
	<u>19,789,719</u>	<u>16,778,597</u>

4. Operating profit

This is stated after charging / (crediting)

	2018 £	2017 £
Amortisation of intangibles	295,316	227,300
Loss on disposal of fixed assets	-	10,704
Depreciation	149,342	160,934
Operating leases—land and buildings	741,641	715,570
Foreign exchange loss / (gain)	336,576	(544,058)

5. Auditor's remuneration

Fees payable to Deloitte and their associates for the audit of the company's annual accounts were £80,000 (2017: £57,535 to E&Y). There were no other services provided in current year and last year

6. Directors' remuneration

	2018 £	2017 £
Aggregate remuneration in respect of qualifying services	393,256	543,376
Directors' long term incentive scheme	286,753	1,109,479
Pension contributions to defined contribution pension scheme	12,293	35,632
	<u>692,302</u>	<u>1,688,487</u>
	No.	No.
Number of directors who are members of defined contribution pension scheme	2	3
Number of directors who exercised share options	1	2
Number of directors who received shares in respect of qualifying services	<u>2</u>	<u>3</u>

	2018 £	2017 £
In respect of highest paid director:		
Aggregate remuneration	647,642	1,467,887
Pension contributions to defined contribution pension scheme	9,815	16,133
	<u>657,457</u>	<u>1,484,020</u>

7. Staff costs

	2018 £	2017 £
Wages and salaries	10,054,667	10,113,369
Social security costs	1,600,920	1,227,596
Pension costs	297,301	312,290
	<u>11,952,888</u>	<u>11,653,255</u>

Included in wages and salaries is an expense of £2,510,759 (2017 - £1,995,025) arising from share based payment transactions. The average monthly number of employees during the year was made up as follows:

	2018 No.	2017 No.
Administration	14	15
Sales	68	15
Production and development	10	81
	<u>92</u>	<u>111</u>

8. Finance costs

	2018 £	2017 £
Exchange movements on intercompany loan	336,576	(557,932)
Interest on intercompany loan	297,672	225,854
	<u>634,248</u>	<u>(332,078)</u>

9. Tax

(a) Tax on loss

The tax is made up as follows:

	2018	2017
	£	£
Current tax:		
UK corporation tax for the year	-	122,517
Adjustments in respect of prior years	(37,775)	(15,317)
Foreign tax	16,790	18,122
Total current tax (note 9(b))	(20,985)	125,322
Deferred tax:		
Origination and reversal of timing differences	133,056	(65,387)
Adjustments in respect of prior years	340	6,378
Total deferred tax	133,396	(59,009)
Tax (credit)/charge	112,411	66,313

(b) Reconciliation of total tax charge

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19 % (2017–19.25%). The differences are explained below:

	2018	2017
	£	£
Profit before tax	317,105	655,799
Profit multiplied by standard rate of corporation tax in the UK of 19% (2017–19.25%)	60,250	126,219
Effects of:		
Expenses not deductible for tax purposes	71,081	26,748
Adjustment in respect of prior year – Deferred tax	340	6,378
Share scheme deduction	46,501	48,263
Foreign tax credit	16,790	-
Impact of changes in tax rates	(18,719)	(7,060)
Deferred tax (charged)/credited directly to equity	(26,057)	(118,918)
Adjustment in respect of prior year	(37,775)	(8,939)
Total tax (note 8(a))	112,411	66,313

(c) Deferred tax

A deferred tax asset is recognised on the basis that future taxable profits will be available to enable all deferred tax to be utilised. Deferred tax recognised is based on a tax rate of 17% (2017–17%) in the financial statements.

9 Tax (continued)

	£
At 1 January 2018	161,910
Movements through the Statement of comprehensive income	(26,057)
Origination and reversal of temporary differences	(133,056)
Adjustments in respect of prior years	(341)
Effect of changes in tax rates	-
At 31 December 2018	<u>2,456</u>

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

	2018 £	2017 £
Temporary differences on unclaimed capital allowances	(177,572)	(179,764)
Share based payment expenses	123,078	298,202
Other temporary differences	56,950	43,472
	<u>2,456</u>	<u>161,910</u>

(d) Factors that may affect future tax charges

The main rate of corporation tax reduced from 19.25% to 19%, effective from 1 April 2017 and is proposed to reduce to 18%, effective from 1 April 2020. The Finance Act 2016 substantively enacted on 6 September 2016, includes legislation that will further reduce the main rate of corporation tax to 17%, effective from 1 April 2020. The deferred tax in the accounts has been recognised at the rate at which timing differences are expected to reverse, based on the rates substantively enacted as at the balance sheet date.

10. Intangible assets- Goodwill

Per FRS101 Goodwill is considered to have an indefinite life in accordance with IAS38, and is tested annually for impairment in accordance with IAS36. The carrying value of Goodwill remains unchanged on 31st December 2018 at £1,595,870 (2017: £1,595,870)

11. Intangible assets – other

	<i>Customer lists</i>	<i>Trademarks</i>	<i>Development Technology</i>	<i>Non-compete agreements</i>	<i>DBF sub total</i>	<i>Capitalised development</i>	<i>Other intangibles</i>	<i>Total</i>
	£	£	£	£	£	£	£	£
Cost or valuation:								
At 1 January 2018	94,267		1,179,603	96,339	1,407,301	865,023	44,671	2,317,195
Additions								
At 31 December 2018	94,267		1,179,603	96,339	1,407,301	865,023	44,671	2,317,195
Amortisation:								
At 1 January 2018	94,267		629,884	96,339	820,400	290,311	25,018	1,135,804
Charge for the year			137,429		137,429	152,889	498	285,316
At 31 December 2018	94,267		767,313	96,339	957,919	443,200	30,001	1,431,120
Net book value:								
At 31 December 2018			412,290		449,382	421,823	14,670	886,075
At 1 January 2018			549,719		587,011	574,712	19,668	1,181,391

Development costs of £Nil (2017 - £Nil) were capitalised in 2018. There are no contractual commitments related to the acquisition of intangible assets.

12. Tangible fixed assets

	<i>Leasehold improvement</i>	<i>Office equipment and fitting</i>	<i>Computer equipment</i>	<i>Total</i>
	£	£	£	£
Cost or valuation:				
At 1 January 2018	406,991	135,639	493,376	1,036,006
Additions	6,684	-	39,270	45,954
At 31 December 2018	413,675	135,639	532,646	1,081,960
Depreciation:				
At 1 January 2018	196,606	98,028	369,839	664,473
Charge for the year	65,004	19,981	64,357	149,342
At 31 December 2018	261,610	118,009	434,196	813,815
Net book value:				
At 31 December 2018	152,065	17,630	98,450	268,145
At 1 January 2018	210,385	37,611	123,537	371,533

The Company also capitalised all software costs as tangible fixed assets which have been reclassified to intangibles. There are no contractual commitments related to the acquisition of tangible assets.

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13. Debtors

	2018	2017
	£	£
Trade debtors	5,096,995	3,737,769
Amounts owed by immediate parent undertaking	15,444,987	7,864,776
Other debtors	492,904	216,438
Prepayments and accrued income	197,308	184,307
	<u>21,232,194</u>	<u>12,003,290</u>

All debtors are due within one year with the exception of a long-term prepayment of £195,058 (2017 – £195,058) secured by rent deposit deeds in favour of the landlords in the event of default by the company.

14. Creditors: Amounts falling due within one year

	2018	2017
	£	£
Trade creditors	300,045	67,336
Amounts owed to fellow subsidiaries	7,883,185	1,918,831
Other taxes and social security costs	342,466	440,336
Accruals and deferred income	2,376,708	1,928,395
Provision	157,500	114,500
	<u>11,059,904</u>	<u>4,469,398</u>

Provision of £157,500 (2017 £114,500) of office dilapidation accruals including £121,400 (2017 £96,500) for Salfords, will be settled in 2020, and £36,000 (2017 £18,000) for Shoreditch, will be settled in 2021.

Amounts owed to fellow subsidiaries are unsecured, interest free and repayable on demand.

15. Creditors: Amounts falling due after more than one year

	2018	2017
	£	£
Amounts owed to immediate parent undertaking Monotype Imaging Inc.	2,583,368	2,403,671
Deferred Revenue	57,572	27,186
	<u>2,640,940</u>	<u>2,430,857</u>

The amounts owed to immediate parent relates to an unsecured intercompany loan repayable after 8 years with 1% interest rate.

16. Issued share capital

	No.	2018	No.	2017
		£		£
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	100	<u>100</u>	100	<u>100</u>

17. Events since the balance sheet date

On August 31st 2019 the Holborn lease was terminated, with no impact on 2018 accounts and going concern.

The Salfords lease will be terminated on December 31st 2019, with no impact on 2018 accounts and going concern.

On July 5th 2019 a new 4.5 years lease was signed for the office in Tea building in Shoreditch to accommodate all UK staff at one location. Total lease commitment for the new lease is £1,779,904.

On July 26th private equity firm HGGC based in California expressed interest in acquiring Monotype Inc, parent of Monotype Limited. The deal is expected to close in Q4 2019.

18. Share-based payments

Eligible employees of Monotype Limited are entitled to participate in two share based payment arrangements offered by the company's (ultimate) parent undertaking, Monotype Imaging Holdings Inc.

The two current arrangements are:

Stock Option Scheme

Awards vest over a four-year period and expire ten years from the date of grant.

The expense recognised for the stock option scheme in respect of employees' services received by the company during the year to 31 December 2018 was £50,587 (2017 – £81,438).

No options were granted in 2018.

The weighted average exercise price (WAEP) of, and movements in, share options during the year was as follows:

	<i>Number of shares</i>	<i>Weighted- average exercise price per share</i>
Outstanding at 1 January 2018	60,004	\$20.08
Granted	-	-
Transferred	-	-
Exercised	(20,028)	\$23.81
Cancelled	(1,163)	-
Outstanding at 31 December 2018	38,813	\$20.78
Exercisable at 31 December 2018	38,279	\$20.64

Restricted Stock Awards

Restricted stock is granted at nil cost and vests over a four-year period. Holders of restricted stock are entitled to dividends on unvested holdings but may not dispose of stock until vesting.

The expense recognised for the Restricted Stock Award scheme in respect of employees' services received by the company during the year to 31 December 2018 was £2,473,494 (2017 – £1,903,798).

The movements in restricted stock awards during the year were as follows:

Share based payments (continued)

	<i>Number of shares</i>
Outstanding at 1 January 2018	228,353
Granted	26,569
Vested	(265,600)
Cancelled	(21,157)
Transferred	104,656
Outstanding at 31 December 2018	<u>72,821</u>

Restricted Stock Units

Restricted stock is granted at nil cost and vests over a four year period. Holders of restricted stock are entitled to dividends on unvested holdings but may not dispose of stock until vesting.

The expense recognised for the Restricted Stock Unit scheme in respect of employees' services received by the company during the year to 31 December 2018 was £13,483 (2017 – £40,640).

The movements in restricted stock awards during the year were as follows:

	<i>Number of shares</i>
Outstanding at 1 January 2018	31,148
Granted	
Vested	(6,451)
Cancelled	(19,923)
Transferred	
Outstanding at 31 December 2018	<u>4,774</u>

19. Other financial commitments

At 31 December 2018 the company had future minimum commitments under non-cancellable operating leases as set out below:

	<i>Land and buildings</i>	
	<i>2018</i>	<i>2017</i>
	<i>£</i>	<i>£</i>
Within one year	277,893	261,018
After one year but not more than five years	280,523	490,916
More than five years	-	-
	<u>558,416</u>	<u>751,934</u>

In January 2019 the company exercised its break clause in the contract for Holborn lease and agreed to terminate the contract by August 31st 2019. The commitments for 8 months in 2019 is £264,296

On 6th September 2018 the Salfords lease was extended to 31st December 2019. The annual commitment is £67,500.

20. 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 publicly available from the company's website.

21. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Monotype Imaging Inc, a company incorporated in Delaware, USA. The ultimate parent and controlling party undertaking of the largest group including the company is Monotype Imaging Holdings Inc, 600 Unicorn Park Drive Woburn, MA 01801 incorporated in USA and listed on NASDAQ. The registered address is same as the address of controlling party. The financial statements of Monotype Imaging Holdings Inc are publicly available on the company's website at: <http://ir.monotype.com/>.