

Registration number: 06567194

Omnisend Ltd

Annual Report and Consolidated Financial Statements

for the Year Ended 31 December 2021

Walden Way & Company
Chartered Certified Accountants & Registered Auditors

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Omnisend Ltd

Contents

Company Information	1
Strategic Report	2 to 3
Director's Report	4 to 5
Statement of Director's Responsibilities	6
Independent Auditor's Report	7 to 9
Consolidated Income Statement	10
Consolidated Statement of Comprehensive Income	11
Consolidated Balance Sheet	12
Balance Sheet	13
Consolidated Statement of Changes in Equity	14
Statement of Changes in Equity	15
Consolidated Statement of Cash Flows	16
Notes to the Financial Statements	17 to 26
Ultimate Controlling Party	26

Omnisend Ltd

Company Information

Director	Mr. Rytis Laurinavicius
Registered office	Unit A3, Gateway Tower 32 Western Gateway London England E16 1YL
Bankers	Payoneer (EU) Ltd 10 Devonshire Square London EC2M 4YP
Auditors	Walden Way & Company Chartered Certified Accountants & Registered Auditors

Omnisend Ltd

Strategic Report for the Year Ended 31 December 2021

The director presents the strategic report for the year ended 31 December 2021.

Principal activity

The principal activity of the company is continuing to be that of software services.

Fair review of the business

Omnisend group has enjoyed a very impressive year with an unprecedented rise in trading turnover in comparison to the previous corresponding period. During the year, the group continued to expand at a rapid rate in its primary market, the US, by actively seeking and securing further partnerships with small and medium e-commerce businesses. Customer satisfaction remains the group's focus going forward and with ever-increasing standing in its market, the company is very optimistic about its ability to continue growing at a similar rate.

Omnisend group started as an email marketing platform called Soundest Ltd and made it its priority to put e-commerce marketers first. At the time where simple but powerful email marketing tools were mostly uncommon, developing and then being able to empower the customers with such instruments had proven to be a masterstroke.

After a fairly successful first couple of years, Omnisend set out to offer more substantial tools to the increasing number of customers, whose growing businesses also meant they required more powerful marketing measures. Following the launch of its new mission statement "To Make Marketing Relevant", the group expanded from an email service provider to an omnichannel marketing automation platform. By serving thousands of e-commerce marketers through allowing them to send relevant marketing messages to the right people at the right time and using the right channel, the group built lasting relationships with their customers.

Going from email-only to omnichannel has helped Omnisend revolutionise their business and the e-commerce marketers they enjoy a fruitful partnership with to transform theirs.

Key Performance Indicators:

At Omnisend, it's their mission to help e-commerce businesses make their marketing relevant by sending personalised and targeted messages to the right people. For shoppers, that means tailored messaging and a uniquely satisfying online shopping experience. And for marketers, the ability to reach the type of consumer they're looking for and grow their core customer base.

The quality of financial management and internal controls has substantially improved through various initiatives around the automation of financial processes and through establishing strong internal financial control across all activities.

Covid Impact:

For the period of the Covid-19 pandemic, the Omnisend group reported a positive impact on the growth in trading volume in the financial year 2020 and the trend continued during 2021. Revenue has increased exponentially, as due to various local restrictions, the majority of trade had to be conducted online and retailers not willing to be left behind had to adapt and move to an e-commerce platform. Combined with the growth of various small businesses or individuals looking for a "side hustle", 2021 proved to be an excellent opportunity for online marketing service providers that Omnisend took full advantage of.

Omnisend Ltd

Strategic Report for the Year Ended 31 December 2021

Principal risks and uncertainties

The group's main financial risks and policies are as follows:

Exchange risk:

Exchange risk involves fluctuation of the future cash flow of a financial instrument due to changes in foreign exchange rates. The group's conducts its activities in Euro and most revenue is earned in US dollar which is then translated to Euro. The group funds certain foreign currency transactions by buying the foreign currency at the spot rate when required. Consequently, some assets and liabilities are exposed to foreign exchange fluctuation.


Liquidity risk:

Management maintains a sufficient amount of cash to meet commitments mainly in respect of its accounts payable and long-term debt.

Customer data protection risk:

Omnisend group provides its services internationally and therefore it's subject to different laws and regulations depending on the country, economic unions or states its customers are located. While at this moment in time, the UK and EU follow the same data protection regulations i.e. GDPR, this may be subject to change following Brexit. Likewise, at Omnisend's primarily market which is the US, each state sets out its own laws that companies operating in are required to follow. As Omnisend continues to grow and it's reaching more customers from different areas around the globe such as Asia and Oceania, the group must remain vigilant to protect the data of its clients within the requirements of local authorities.

The financial statements were approved by the Board of Directors and authorized for issue on ~~29/09/22~~ ^{29/09/22} and were signed on its behalf by:


Mr. Rytis Laurinavicius
Director

Omnisend Ltd

Director's Report for the Year Ended 31 December 2021

The director presents the report and the consolidated financial statements for the year ended 31 December 2021.

Director of the group

The director who held office during the year was as follows:

Mr. Rytis Laurinavicius

Dividends

During the year the Omnisend Ltd paid the total dividend of £1,107,810 which was distributed equally among the shareholders of Omnisend Ltd. £953,810 dividend was received from the subsidiaries during the year.

Financial instruments

The Company's and Group's financial instruments include bank balances, trade creditors and inter-company financing. Day to day operation continue to be funded through cashflow and from reserves within the business.

Objectives and policies

The director is responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has selected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director 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 of the profit or loss of the company for that period. In preparing the financial statements the director is required to: select suitable accounting policies and then apply them consistently; make judgments and accounting estimates that are reasonable and prudent; prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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. He is 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.

Going concern

The directors have not identified any material uncertainties related to Brexit, COVID-19 or due to current economic downturn that may cast significant doubt about the company's ability to continue as a going concern.

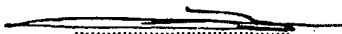
Omnisend Ltd

Director's Report for the Year Ended 31 December 2021

Disclosure of information to the auditor

The director has taken steps that ought to have taken as a director in order to make aware of any relevant audit information and to establish that the company's auditor is aware of that information. The director confirms that there is no relevant information that of and of which the auditor is unaware.

The financial statements were approved by the Board of Directors and authorized for issue on 29/09/22 and were signed on its behalf by:


Mr. Rytis Laurinavicius
Director

Omnisend Ltd

Statement of Director's Responsibilities

The responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and apply them consistently;
- make judgements 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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 to ensure that the financial statements comply with the Companies Act 2006. 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.

Omnisend Ltd

Independent Auditor's Report to the Members of Omnisend Ltd

Opinion

We have audited the financial statements of Omnisend Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021, which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2021 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's 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 original financial statements were 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.

Other information

The director is 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 this regard.

Responsibilities of the director

As explained more fully in the Statement of Director's Responsibilities [set out on page 6], the director is 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 director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Omnisend Ltd

Independent Auditor's Report to the Members of Omnisend Ltd

In preparing the financial statements, the director is responsible for assessing the group's and the parent 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 director either intends to liquidate the group or the parent 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.

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:

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatements in respect of irregularities, including fraud and non-compliance and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of company's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets.
- results of our enquiries of management about their own identification and assessment of the risks and irregularities;
- any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified that greatest potential for fraud is revenue recognition. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context include the UK Companies Act, pension legislation and tax legislation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

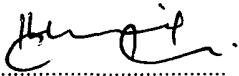
A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Omnisend Ltd

Independent Auditor's Report to the Members of Omnisend Ltd

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.



.....
K. Aamir Qadri - (Senior Statutory Auditor)
For and on behalf of Walden Way & Company, Statutory Auditor

Date: 29/09/22

Omnisend Ltd

Consolidated Profit and Loss Account for the Year Ended 31 December 2021

	Note	2021 £	2020 £
Turnover	3	17,194,409	10,702,742
Cost of sales		<u>(8,027,792)</u>	<u>(1,428,178)</u>
Gross profit		9,166,617	9,274,564
Distribution costs		(61,459)	(55,731)
Administrative expenses		(8,912,999)	(7,175,659)
Other operating income	4	<u>17,926</u>	<u>-</u>
Operating profit		210,085	2,043,174
Interest payable and similar expenses		<u>(33,157)</u>	<u>530,154</u>
Profit before tax		176,928	2,573,328
Tax on profit	9	<u>(186,101)</u>	<u>(350,579)</u>
(Loss)/profit for the financial year		<u><u>(9,173)</u></u>	<u><u>2,222,749</u></u>
Profit/(loss) attributable to:			
Owners of the company		(8,164)	1,977,210
Minority interests		<u>(1,009)</u>	<u>(245,539)</u>
		<u><u>(9,173)</u></u>	<u><u>1,731,671</u></u>

Omnisend Ltd

Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2021

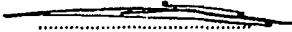
	2021 £	2020 £
(Loss)/profit for the year	(9,171)	2,222,749
Foreign currency translation gains/(losses)	<u>(30,474)</u>	<u>(12,882)</u>
Total comprehensive income for the year	<u>(39,645)</u>	<u>2,209,867</u>
Total comprehensive income attributable to:		
Owners of the company	(32,670)	1,964,328
Minority interests	<u>(6,975)</u>	<u>245,539</u>
	<u>(39,645)</u>	<u>2,209,867</u>

Omnisend Ltd

(Registration number: 06567194)
Consolidated Balance Sheet as at 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	10	62,854	44,957
Tangible assets	11	145,802	115,609
		<u>208,656</u>	<u>160,566</u>
Current assets			
Debtors	12	1,121,481	1,605,879
Cash at bank and in hand		721,945	1,177,647
		1,843,426	2,783,526
Creditors: Amounts falling due within one year	14	<u>(1,436,866)</u>	<u>(1,199,068)</u>
Net current assets		<u>406,560</u>	<u>1,584,458</u>
Total assets less current liabilities		615,216	1,745,024
Creditors: Amounts falling due after more than one year	14	-	(15,743)
Net assets		<u>615,216</u>	<u>1,729,281</u>
Capital and reserves			
Called up share capital	15	150	150
Share premium reserve		45,291	45,291
Other reserves		(9,167)	(12,082)
Profit and loss account		455,365	1,419,446
		<u>491,639</u>	<u>1,452,805</u>
Equity attributable to owners of the company		491,639	1,452,805
Minority interests		123,577	276,476
Shareholders' funds		<u>615,216</u>	<u>1,729,281</u>

The financial statements were approved by the Board of Directors and authorized for issue on 29/09/22 and were signed on its behalf by:

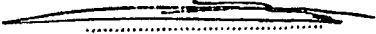

 Mr. Rytis Laurinavicius
 Director

Omnisend Ltd

(Registration number: 06567194)
Balance Sheet as at 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	10	54,524	16,670
Current assets			
Debtors	12	925,851	1,523,961
Cash at bank and in hand		<u>523,345</u>	<u>882,029</u>
		1,449,196	2,405,990
Creditors: Amounts falling due within one year	14	<u>(2,220,567)</u>	<u>(2,995,016)</u>
Net current liabilities		<u>(771,371)</u>	<u>(589,026)</u>
Net liabilities		<u>(716,847)</u>	<u>(572,356)</u>
Capital and reserves			
Called up share capital	15	150	150
Profit and loss account		<u>(716,997)</u>	<u>(572,506)</u>
Shareholders' deficit		<u>(716,847)</u>	<u>(572,356)</u>

The financial statements were approved by the Board of Directors and authorized for issue on 29/09/22 and were signed on its behalf by:


Mr. Rytis Laurinavicius
Director

Omnisend Ltd

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2021
Equity attributable to the parent company

	Share capital £	Share premium £	Foreign currency translation £	Other reserves £	Profit and loss account £	Total £	Non-controlling interests £	Total equity £
At 1 January 2021	150	45,291	(12,882)	800	1,565,371	1,598,730	130,552	1,729,282
Loss for the year	-	-	-	-	(2,196)	(2,196)	(6,975)	(9,171)
Other comprehensive income	-	-	(30,474)	-	-	(30,474)	-	(30,474)
Total comprehensive income	-	-	(30,474)	-	(2,196)	(32,670)	(6,975)	(39,645)
Dividends	-	-	-	-	(1,107,810)	(1,107,810)	-	(1,107,810)
Other movements on reserves	-	-	-	33,389	-	33,389	-	33,389
At 31 December 2021	150	45,291	(43,356)	34,189	455,365	491,639	123,577	615,216

The notes on pages 17 to 26 form an integral part of these financial statements.

Omnisend Ltd

Statement of Changes in Equity for the Year Ended 31 December 2021

	Share capital	Profit and loss	Total
	£	account	£
		£	
At 1 January 2021	150	(572,506)	(572,356)
Profit for the year	-	963,319	963,319
Total comprehensive income	-	963,319	963,319
Dividends	-	(1,107,810)	(1,107,810)
At 31 December 2021	150	(716,997)	(716,847)

Omnisend Ltd

Consolidated Statement of Cash Flows for the Year Ended 31 December 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
(Loss)/profit for the year		(9,173)	2,222,749
Adjustments to cash flows from non-cash items			
Depreciation and amortisation		84,230	136,831
Other non-cash adjustment		9,607	3
Profit from disposals of investments	5	(28,801)	-
Finance costs	6	622	9,289
Income tax expense	9	186,101	350,579
Foreign exchange (gains) / losses		<u>(30,474)</u>	<u>(12,882)</u>
		212,112	2,706,569
Working capital adjustments			
Decrease/(increase) in trade debtors	12	484,398	(1,605,879)
Increase in trade creditors	14	457,029	925,434
Increase in deferred income, including government grants		<u>1,034</u>	<u>-</u>
Cash generated from operations		1,154,573	2,026,124
Income taxes paid	9	<u>(447,124)</u>	<u>(89,556)</u>
Net cash flow from operating activities		<u>707,449</u>	<u>1,936,568</u>
Cash flows from investing activities			
Acquisitions of tangible assets		(90,309)	-
Proceeds from sale of tangible assets		1,394	-
Acquisition of intangible assets	10	(61,997)	-
Proceeds from sale of intangible assets		<u>37,789</u>	<u>-</u>
Net cash flows from investing activities		<u>(113,123)</u>	<u>-</u>
Cash flows from financing activities			
Interest paid	6	(622)	(9,289)
Proceeds from bank borrowing draw downs		(15,743)	15,743
Proceeds from other borrowing draw downs		-	138,506
Repayment of other borrowing		40,758	12,611
Dividends paid		(1,107,810)	(1,345,569)
Other Reserves issues in Sub		<u>33,389</u>	<u>-</u>
Net cash flows from financing activities		<u>(1,050,028)</u>	<u>(1,187,998)</u>
Net (decrease)/increase in cash and cash equivalents		(455,702)	748,570
Cash and cash equivalents at 1 January		<u>1,177,647</u>	<u>429,077</u>
Cash and cash equivalents at 31 December		<u>721,945</u>	<u>1,177,647</u>

The notes on pages 17 to 26 form an integral part of these financial statements.

Omnisend Ltd

Notes to the Financial Statements for the Year Ended 31 December 2021

1 General information

The company is a private company limited by share capital, incorporated in United Kingdom.

The address of its registered office is:

Unit A3, Gateway Tower
32 Western Gateway
London
England
E16 1YL

Omnisend UAB (a subsidiary, registered in Lithuania) assigned to Omnisend Ltd (parent, registered in the UK) an unlimited, exclusive, worldwide licence, permitting Omnisend Ltd to use the product and grant sublicense to its clients. license fees charged by Omnisend UAB.

Omnisend Ltd has 100% ownership of Omnisend Inc. (a subsidiary, registered in USA) and provides sales and marketing services

Omnisend Ltd has 69% ownership of Omnisend UAB. Omnisend Inc has 20% ownership of Omnisend UAB, therefore the Minority Interest is 11%.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 December 2021.

Omnisend Ltd

Notes to the Financial Statements for the Year Ended 31 December 2021

A subsidiary is an entity controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Profit and Loss Account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The company and group recognise revenue when:
The amount of revenue can be reliably measured;
it is probable that future economic benefits will flow to the entity;
and specific criteria have been met for each of the company's activities.

Foreign currency transactions and balances

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

The Group account's presentational currency is GBP. The functional currency is as follows:

Omnisend Limited - GBP
UAB Omnisend - Euro
Omnisend Inc - US Dollar

Omnisend Ltd

Notes to the Financial Statements for the Year Ended 31 December 2021

Tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the group operates and generates taxable income.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Furniture fitting & equipment	8 years straight line
Motor vehicles	6-10 years straight line
Other tangible asset	3 years straight line

Intangible assets

Separately acquired trademarks and licences are shown at historical cost.

Trademarks, licences (including software) and customer-related intangible assets acquired in a business combination are recognised at fair value at the acquisition date.

Trademarks, licences and customer-related intangible assets have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Internally generated software development cost	3 years straight line
Other intangible assets	3 years straight line

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Omnisend Ltd

Notes to the Financial Statements for the Year Ended 31 December 2021

Debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

Creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases

Rental payable under operating lease is charged to profit or loss on straight line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the group recognises annual rent expense equal to owed to the lessor.

The aggregate benefit of lease incentives is recognised as a reduction to the expense recognised over the lease term on a straight line basis.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Omnisend Ltd

Notes to the Financial Statements for the Year Ended 31 December 2021

Defined contribution pension obligation

Subsidiary in Lithuania operates a defined Pension plan, the regular costs of providing benefits under the defined benefits plan are attributed to individual years.

Share based payments

When Employee has rendered services to the company during an accounting period, short-term benefits expected to be paid in exchange for those services are recognised in the same accounting period.

The company's wholly own subsidiary in the USA, Omnisend Inc, introduced a plan where employees are motivated with a fully compliant share-based scheme.

Financial instruments

Recognition and measurement

The group initially measures the financial assets and liabilities at fair value, except for certain arm's length transactions. The group subsequently all financial assets and liabilities at amortised cost. Financial assets measured at amortised cost includes cash and short-term investments. Trade debtors, prepayments, other receivables and receivable from shareholder corporation are included at cost. Financial liabilities measured at amortized cost includes accounts payables, accrued and other liabilities, loans payable and long-term debts.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators for impairment. The amount of write-down is recognised in net profit for the year. The previously recognised impairment loss maybe reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is not greater than the amount that would have been reported at the date of reversal had the impairment not been recognised previously. The amount of reversal is recognised in the income statement.

3 Revenue

The analysis of the group's revenue for the year from continuing operations is as follows:

	2021	2020
	£	£
Rendering of services	<u>17,194,409</u>	<u>10,702,742</u>

4 Other operating income

The analysis of the group's other operating income for the year is as follows:

	2021	2020
	£	£
Miscellaneous other operating income	<u>17,926</u>	<u>-</u>

5 Other gains and losses

The analysis of the group's other gains and losses for the year is as follows:

	2021	2020
	£	£
Gain (loss) from disposals of investments	<u>28,801</u>	<u>-</u>

Omnisend Ltd

Notes to the Financial Statements for the Year Ended 31 December 2021

6 Interest payable and similar expenses

	2021	2020
	£	£
Interest expense on other finance liabilities	622	9,289
Foreign exchange (gains) / losses	32,535	(539,443)
	<u>33,157</u>	<u>(530,154)</u>

7 Staff costs

The aggregate payroll costs (including director's remuneration) were as follows:

	2021	2020
	£	£
Wages and salaries	6,158,655	3,179,901
Other employee expense	148,130	411,881
	<u>6,306,785</u>	<u>3,591,782</u>

The directors' remuneration (included in the Wages and salaries above) was as follows:

	2021	2020
	£	£
Directors' Remuneration	<u>142,495</u>	<u>39,914</u>

The average number of persons employed by the group (including the director) during the year, analysed by category was as follows:

	2021	2020
	No.	No.
Administration and support	<u>121</u>	<u>79</u>

8 Auditors' remuneration

	2021	2020
	£	£
Audit of these financial statements	<u>18,500</u>	<u>15,000</u>

Auditor's remuneration includes the audit fees for the parent and consolidated financial statements. Audit fees for subsidiaries are included in the other services.

Omnisend Ltd

Notes to the Financial Statements for the Year Ended 31 December 2021

9 Taxation

Tax charged/(credited) in the income statement

	2021 £	2020 £
Current taxation		
UK corporation tax	-	2,660
Foreign tax	186,101	347,919
Tax expense in the income statement	<u>186,101</u>	<u>350,579</u>

Omnisend Ltd

Notes to the Financial Statements for the Year Ended 31 December 2021

10 Intangible assets

Group

	Trademarks, patents and licenses £	Internally generated software development costs £	Other intangible assets £	Total £
Cost or valuation				
At 1 January 2021	-	73,020	42,205	115,225
Additions acquired separately	15,155	-	46,842	61,997
Disposals	-	-	(8,988)	(8,988)
Foreign exchange movements	-	(1,679)	(705)	(2,384)
At 31 December 2021	<u>15,155</u>	<u>71,341</u>	<u>79,354</u>	<u>165,850</u>
Amortisation				
At 1 January 2021	-	47,644	22,624	70,268
Amortisation charge	1,263	23,696	7,769	32,728
At 31 December 2021	<u>1,263</u>	<u>71,340</u>	<u>30,393</u>	<u>102,996</u>
Carrying amount				
At 31 December 2021	<u>13,892</u>	<u>1</u>	<u>48,961</u>	<u>62,854</u>
At 31 December 2020	<u>-</u>	<u>25,376</u>	<u>19,581</u>	<u>44,957</u>

Company

	Other intangible assets £	Total £
Cost or valuation		
At 1 January 2021	16,670	16,670
Additions acquired separately	46,842	46,842
Disposals	(8,988)	(8,988)
At 31 December 2021	<u>54,524</u>	<u>54,524</u>
Amortisation		
Carrying amount		
At 31 December 2021	<u>54,524</u>	<u>54,524</u>
At 31 December 2020	<u>16,670</u>	<u>16,670</u>

Omnisend Ltd

Notes to the Financial Statements for the Year Ended 31 December 2021

11 Tangible assets

Group

	Land and buildings £	Furniture, fittings and equipment £	Motor vehicles £	Other tangible assets £	Total £
Cost or valuation					
At 1 January 2021	-	10,001	68,049	132,036	210,086
Additions	1,121	10,822	46,799	31,567	90,309
Disposals	-	-	(14,355)	-	(14,355)
Foreign exchange movements	-	69	(2,209)	(5,079)	(7,219)
At 31 December 2021	<u>1,121</u>	<u>20,892</u>	<u>98,284</u>	<u>158,524</u>	<u>278,821</u>
Depreciation					
At 1 January 2021	-	4,541	34,665	55,271	94,477
Charge for the year	67	7,902	12,091	31,443	51,503
Eliminated on disposal	-	-	(12,961)	-	(12,961)
At 31 December 2021	<u>67</u>	<u>12,443</u>	<u>33,795</u>	<u>86,714</u>	<u>133,019</u>
Carrying amount					
At 31 December 2021	<u>1,054</u>	<u>8,449</u>	<u>64,489</u>	<u>71,810</u>	<u>145,802</u>
At 31 December 2020	<u>-</u>	<u>5,460</u>	<u>33,384</u>	<u>76,765</u>	<u>115,609</u>

Included within the net book value of land and buildings above is £1,054 (2020 - £Nil) in respect of short leasehold land and buildings.

12 Debtors

	Group		Company	
	2021 £	2020 £	2021 £	2020 £
Trade debtors	379,263	411,073	378,103	411,074
Other debtors	597,703	1,146,998	546,858	1,105,387
Prepayments	144,515	47,808	890	-
Accrued income	-	-	-	7,500
	<u>1,121,481</u>	<u>1,605,879</u>	<u>925,851</u>	<u>1,523,961</u>

Omnisend Ltd

Notes to the Financial Statements for the Year Ended 31 December 2021

13 Cash and cash equivalents

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Cash at bank	721,945	1,177,647	523,345	882,029

14 Creditors

	Note	Group		Company	
		2021	2020	2021	2020
		£	£	£	£
Due within one year					
Loans and borrowings		53,369	12,611	-	-
Trade creditors		585,941	392,940	2,045,210	1,647,161
Social security and other taxes		230,984	174,330	111,737	85,487
Other payables		299,514	183,943	-	-
Accruals		266,024	174,221	63,620	1,262,368
Income tax liability	9	-	261,023	-	-
Deferred income		1,034	-	-	-
		1,436,866	1,199,068	2,220,567	2,995,016
Due after one year					
Loans and borrowings		-	15,743	-	-

15 Share capital

Allotted, called up and fully paid shares

	2021		2020	
	No.	£	No.	£
Allotted, Called up and fully paid of £1 each	150	150	150	150

16 Ultimate Controlling Party

The group is controlled by the parent company Omnisend Limited registered in England, United Kingdom and Omnisend Limited is jointly owned by Mr. Laurinavicius and Ms. Venckute.