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MZ Denmark ApS

Oslo Plads 2
2100 Copenhagen Ø
CVR No. 31252741

Annual report 2023

The Annual General Meeting adopted the annual report on 29.04.2024

Eric Wilson Muhlheim
Chairman of the General Meeting

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Entity details

Entity

MZ Denmark ApS
Oslo Plads 2
2100 Copenhagen Ø

Business Registration No.: 31252741
Date of foundation: 31.01.2008
Registered office: Copenhagen
Financial year: 01.01.2023 - 31.12.2023

Executive Board

Eric Wilson Muhlheim
Carlos Torres

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management on the annual report

The Executive Board has today considered and approved the annual report of MZ Denmark ApS for the financial year 01.01.2023 - 31.12.2023.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2023 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2023 - 31.12.2023.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

San Francisco, 29.04.2024

Executive Board

Eric Wilson Muhlheim

Carlos Torres

Independent auditor's report

To the shareholders of MZ Denmark ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of MZ Denmark ApS for the financial year 01.01.2023 - 31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2023 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2023 - 31.12.2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 and the additional requirements applicable in

Denmark 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 consolidated financial statements and parent financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Copenhagen, 29.04.2024

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Jan Larsen
State Authorised Public Accountant
Identification No (MNE) mne16541

Management commentary

Financial highlights

	2023 DKK'000	2022 DKK'000	2021 DKK'000	2020 DKK'000	2019 DKK'000
Key figures					
Revenue	320,109	299,421	240,321	282,579	302,508
Gross profit/loss	290,107	270,013	218,195	235,783	254,274
Operating profit/loss	24,482	22,501	18,915	12,234	18,609
Net financials	(2,890)	1,754	(2,029)	1,028	(1,233)
Profit/loss for the year	30,451	28,912	14,532	25,481	23,981
Balance sheet total	305,858	281,214	228,976	227,388	192,695
Investments in property, plant and equipment	0	0	0	3,271	8,596
Equity	242,676	210,639	183,333	166,796	143,221
Cash flows from operating activities	(2,681)	(941)	(30,829)	41,949	(15,604)
Cash flows from investing activities	409	0	599	(3,225)	(13,230)
Average number of employees	206	168	150	205	227
Ratios					
Gross margin (%)	90.63	90.18	90.79	83.44	84.06
Net margin (%)	9.51	9.66	6.05	9.02	7.93
Return on equity (%)	13.43	14.68	8.30	16.44	18.23
Equity ratio (%)	79.34	74.90	80.07	73.35	74.33

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Gross margin (%):
Gross profit/loss * 100
Revenue

Net margin (%):
Profit/loss for the year * 100
Revenue

Return on equity (%):
Profit/loss for the year * 100
Average equity

Equity ratio (%):

$$\frac{\text{Equity} * 100}{\text{Balance sheet total}}$$

Primary activities

The Group provides internet-based open source software and services (Mozilla Products) which are made available to hundreds of millions of users worldwide to fulfill Mozilla's worldwide mission to make the internet and the web open and accessible to all.

Development in activities and finances

Profit for 2023 amounts to DKK 30,451 thousand, which is in line with the expectations for the development.

Profit/loss for the year in relation to expected developments

Profit for 2023 amounts to DKK 30,451 thousand, which is in line with the expectations for the year.

Uncertainty relating to recognition and measurement

There has been no uncertainty relating to recognition and measurement.

Outlook

The Group expects a profit in line with this years profit.

Group relations

The Company has a subsidiary in Germany - MZ Denmark GmbH. The MZ Denmark GmbH makes use of exemption rules of sec. 264 (3) of German Commercial Code (HGB) – which relates to preparation of audited financial statements.

Foreign branches

The Company has branches in the following countries:
France
Sweden
The Netherlands
United Kingdom
Spain
Finland
Belgium
Poland

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Consolidated income statement for 2023

	Notes	2023 DKK	2022 DKK
Revenue		320,108,757	299,421,116
Other operating income		2,231,169	547,984
Other external expenses		(32,232,834)	(29,956,219)
Gross profit/loss		**290,107,092**	**270,012,881**
Staff costs	1	(258,642,079)	(239,108,711)
Depreciation, amortisation and impairment losses	2	(6,983,133)	(8,403,421)
Operating profit/loss		**24,481,880**	**22,500,749**
Other financial income		190,327	2,232,105
Other financial expenses		(3,080,261)	(478,546)
Profit/loss before tax		**21,591,946**	**24,254,308**
Tax on profit/loss for the year	3	(3,479,551)	(7,325,916)
Other taxes	4	12,338,278	11,983,561
Profit/loss for the year	5	**30,450,673**	**28,911,953**

Consolidated balance sheet at 31.12.2023

Assets

	Notes	2023 DKK	2022 DKK
Other fixtures and fittings, tools and equipment		391,787	807,038
Leasehold improvements		6,017,813	12,553,751
Property, plant and equipment	6	**6,409,600**	**13,360,789**
Deposits		1,161,993	1,567,378
Deferred tax	8	665,892	743,966
Financial assets	7	**1,827,885**	**2,311,344**
Fixed assets		**8,237,485**	**15,672,133**
Receivables from group enterprises		222,756,385	179,113,073
Other receivables		1,671,271	911,314
Tax receivable	9	42,505,383	48,059,288
Prepayments	10	2,518,401	8,568,101
Receivables		**269,451,440**	**236,651,776**
Cash		**28,168,717**	**28,889,794**
Current assets		**297,620,157**	**265,541,570**
Assets		**305,857,642**	**281,213,703**

Equity and liabilities

	Notes	2023 DKK	2022 DKK
Contributed capital		125,000	125,000
Retained earnings		242,550,755	210,513,621
Equity		**242,675,755**	**210,638,621**
Other provisions	11	2,301,735	3,895,157
Provisions		**2,301,735**	**3,895,157**
Trade payables		1,921,279	8,354,978
Tax payable		365,807	437,006
Other payables	12	58,593,066	57,887,941
Current liabilities other than provisions		**60,880,152**	**66,679,925**
Liabilities other than provisions		**60,880,152**	**66,679,925**
Equity and liabilities		**305,857,642**	**281,213,703**
Unrecognised rental and lease commitments	14		
Assets charged and collateral	15		
Transactions with related parties	16		
Group relations	17		
Subsidiaries	18		

Consolidated statement of changes in equity for 2023

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	125,000	210,513,621	210,638,621
Exchange rate adjustments	0	1,586,461	1,586,461
Profit/loss for the year	0	30,450,673	30,450,673
Equity end of year	**125,000**	**242,550,755**	**242,675,755**

Consolidated cash flow statement for 2023

	Notes	2023 DKK	2022 DKK
Operating profit/loss		24,481,880	22,500,749
Amortisation, depreciation and impairment losses		6,983,133	8,405,771
Working capital changes	13	(45,675,565)	(51,989,942)
Cash flow from ordinary operating activities		**(14,210,552)**	**(21,083,422)**
Financial income received		190,048	2,232,105
Financial expenses paid		(3,080,262)	(478,546)
Taxes refunded/(paid)		14,419,507	18,388,972
Cash flows from operating activities		**(2,681,259)**	**(940,891)**
Repayment of deposits		409,120	0
Cash flows from investing activities		**409,120**	**0**
Free cash flows generated from operations and investments before financing		**(2,272,139)**	**(940,891)**
Increase/decrease in cash and cash equivalents		**(2,272,139)**	**(940,891)**
Cash and cash equivalents beginning of year		28,889,794	31,509,325
Currency translation adjustments of cash and cash equivalents		1,551,062	(1,678,640)
Cash and cash equivalents end of year		**28,168,717**	**28,889,794**
Cash and cash equivalents at year-end are composed of:			
Cash		28,168,717	28,889,794
Cash and cash equivalents end of year		**28,168,717**	**28,889,794**

Notes to consolidated financial statements

1 Staff costs

	2023 DKK	2022 DKK
Wages and salaries	232,875,326	211,040,562
Pension costs	12,957,196	16,305,978
Other social security costs	10,402,513	9,335,579
Other staff costs	2,407,044	2,426,592
	258,642,079	**239,108,711**

Average number of full-time employees	206	168

The Executive board has not received remuneration.

2 Depreciation, amortisation and impairment losses

	2023 DKK	2022 DKK
Depreciation on property, plant and equipment	6,983,133	8,403,421
	6,983,133	**8,403,421**

3 Tax on profit/loss for the year

	2023 DKK	2022 DKK
Current tax	4,796,366	4,379,245
Change in deferred tax	95,423	2,474,273
Adjustment concerning previous years	(1,412,238)	472,398
	3,479,551	**7,325,916**

4 Other taxes

Other taxes is relating to R&D tax credit of DKK 12.3 million (2022: DKK 11.9 million).

5 Proposed distribution of profit/loss

	2023 DKK	2022 DKK
Retained earnings	30,450,673	28,911,953
	30,450,673	**28,911,953**

6 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	18,837,410	46,745,507
Exchange rate adjustments	335,966	112,024
Disposals	(3,503,060)	(6,620,305)
Cost end of year	**15,670,316**	**40,237,226**
Depreciation and impairment losses beginning of year	(18,030,372)	(34,191,756)
Exchange rate adjustments	(334,039)	(82,005)
Depreciation for the year	(417,176)	(6,565,957)
Reversal regarding disposals	3,503,058	6,620,305
Depreciation and impairment losses end of year	**(15,278,529)**	**(34,219,413)**
Carrying amount end of year	**391,787**	**6,017,813**

7 Financial assets

	Deposits DKK	Deferred tax DKK
Cost beginning of year	1,567,378	743,966
Exchange rate adjustments	3,735	17,349
Disposals	(409,120)	(95,423)
Cost end of year	**1,161,993**	**665,892**
Carrying amount end of year	**1,161,993**	**665,892**

8 Deferred tax

	2023	2022
Changes during the year	**DKK**	**DKK**
Beginning of year	743,966	3,260,409
Recognised in the income statement	(95,423)	(2,474,273)
Exchange rate adjustment	17,349	(42,170)
End of year	**665,892**	**743,966**

Deferred tax assets
Deferred tax relates to intangible assets, property, plant and equipment, inventories and other provisions.

9 Tax receivable

The tax receivables consists of receivables relating to R&D taxes in France.

10 Prepayments

Prepayments comprise incurred and other costs relating to subsequent financial years.

11 Other provisions

Other provision relates to an asset retirement obligations relating to lease in Berlin.

12 Other payables

	2023 DKK	2022 DKK
Wages and salaries, personal income taxes, social security costs, etc. payable	43,161,356	40,576,404
Holiday pay obligation	10,423,979	13,225,065
Other costs payable	5,007,731	4,086,472
	58,593,066	**57,887,941**

13 Changes in working capital

	2023 DKK	2022 DKK
Increase/decrease in receivables	(38,353,569)	(74,923,206)
Increase/decrease in trade payables etc.	(5,728,574)	22,933,359
Other changes	(1,593,422)	(95)
	(45,675,565)	**(51,989,942)**

14 Unrecognised rental and lease commitments

	2023 DKK	2022 DKK
Total liabilities under rental or lease agreements until maturity	4,200,000	9,700,000

15 Assets charged and collateral

One of the Group's leases is secured by way of deposited cash of approx. DKK 0.75 million (EUR 100,000).

16 Transactions with related parties

Only non-arm's length related party transactions are disclosed in the annual report.
No such transactions were conducted during the financial year.

17 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallets and largest group:
Mozilla Corporation, 149 New Montgomery Street, 4th Floor, San Francisco, CA 94105 USA

18 Subsidiaries

	Registered in	Corporate form	Ownership %
MZ Denmark GmbH	Berlin, Germany	GmbH	100,0

Parent income statement for 2023

	Notes	2023 DKK	2022 DKK
Revenue		171,106,898	146,564,363
Other operating income		1,403,356	52,646
Other external expenses		(13,751,337)	(11,448,000)
Gross profit/loss		**158,758,917**	**135,169,009**
Staff costs	1	(144,479,796)	(121,836,127)
Depreciation, amortisation and impairment losses	2	(1,153,383)	(2,142,119)
Operating profit/loss		**13,125,738**	**11,190,763**
Income from investments in group enterprises		8,357,775	4,849,945
Other financial income		189,283	2,225,979
Other financial expenses		(2,902,698)	(278,762)
Profit/loss before tax		**18,770,098**	**17,987,925**
Tax on profit/loss for the year	3	(657,703)	(1,059,533)
Other taxes	4	12,338,278	11,983,561
Profit/loss for the year	5	**30,450,673**	**28,911,953**

Parent balance sheet at 31.12.2023

Assets

	Notes	2023 DKK	2022 DKK
Other fixtures and fittings, tools and equipment		0	2
Leasehold improvements		0	1,148,730
Property, plant and equipment	6	**0**	**1,148,732**
Investments in group enterprises		44,431,082	35,990,364
Deposits		56,743	464,767
Deferred tax	8	665,892	743,966
Financial assets	7	**45,153,717**	**37,199,097**
Fixed assets		**45,153,717**	**38,347,829**
Receivables from group enterprises		225,174,149	179,113,073
Other receivables		467,227	533,558
Tax receivable	9	42,556,267	46,269,785
Prepayments	10	342,930	143,509
Receivables		**268,540,573**	**226,059,925**
Cash		**20,219,650**	**19,240,156**
Current assets		**288,760,223**	**245,300,081**
Assets		**333,913,940**	**283,647,910**

Equity and liabilities

	Notes	2023 DKK	2022 DKK
Contributed capital		125,000	125,000
Reserve for net revaluation according to equity method		44,207,159	35,781,861
Retained earnings		198,343,596	174,731,760
Equity		**242,675,755**	**210,638,621**
Other provisions	11	0	1,598,914
Provisions		**0**	**1,598,914**
Trade payables		1,055,364	1,099,326
Payables to group enterprises		52,122,452	38,258,930
Tax payable		365,807	530,198
Other payables	12	37,694,562	31,521,921
Current liabilities other than provisions		**91,238,185**	**71,410,375**
Liabilities other than provisions		**91,238,185**	**71,410,375**
Equity and liabilities		**333,913,940**	**283,647,910**
Unrecognised rental and lease commitments	13		
Assets charged and collateral	14		
Related parties with controlling interest	15		
Relation to commercial enterprise or another foundation	16		
Transactions with related parties	17		

Parent statement of changes in equity for 2023

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Total DKK
Equity beginning of year	125,000	35,781,861	174,731,760	210,638,621
Exchange rate adjustments	0	82,943	1,518,938	1,601,881
Other entries on equity	0	(15,420)	0	(15,420)
Profit/loss for the year	0	8,357,775	22,092,898	30,450,673
Equity end of year	**125,000**	**44,207,159**	**198,343,596**	**242,675,755**

Notes to parent financial statements

1 Staff costs

	2023 DKK	2022 DKK
Wages and salaries	131,051,495	110,543,013
Pension costs	7,289,865	5,842,234
Other social security costs	4,377,654	3,941,853
Other staff costs	1,760,782	1,509,027
	144,479,796	**121,836,127**

Average number of full-time employees	98	71

The Executive board has not received remuneration.

2 Depreciation, amortisation and impairment losses

	2023 DKK	2022 DKK
Depreciation on property, plant and equipment	1,153,383	2,142,119
	1,153,383	**2,142,119**

3 Tax on profit/loss for the year

	2023 DKK	2022 DKK
Current tax	1,017,274	470,302
Change in deferred tax	95,423	116,833
Adjustment concerning previous years	(454,994)	472,398
	657,703	**1,059,533**

4 Other taxes

Other taxes is relating to R&D tax credit of DKK 12.3 million (2022: DKK 11.9 million).

5 Proposed distribution of profit and loss

	2023 DKK	2022 DKK
Retained earnings	30,450,673	28,911,953
	30,450,673	**28,911,953**

6 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	3,494,702	6,604,511
Exchange rate adjustments	8,358	15,794
Disposals	(3,503,060)	(6,620,305)
Cost end of year	**0**	**0**
Depreciation and impairment losses beginning of year	(3,494,700)	(5,455,781)
Exchange rate adjustments	(8,358)	(11,141)
Depreciation for the year	0	(1,153,383)
Reversal regarding disposals	3,503,058	6,620,305
Depreciation and impairment losses end of year	**0**	**0**
Carrying amount end of year	**0**	**0**

7 Financial assets

	Investments in group enterprises DKK	Deposits DKK	Deferred tax DKK
Cost beginning of year	223,923	464,767	743,966
Exchange rate adjustments	0	1,096	17,349
Disposals	0	(409,120)	(95,423)
Cost end of year	**223,923**	**56,743**	**665,892**
Revaluations beginning of year	35,766,441	0	0
Exchange rate adjustments	82,943	0	0
Share of profit/loss for the year	8,357,775	0	0
Revaluations end of year	**44,207,159**	**0**	**0**
Carrying amount end of year	**44,431,082**	**56,743**	**665,892**

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

8 Deferred tax

	2023 DKK	2022 DKK
Property, plant and equipment	665,892	743,966
Deferred tax	**665,892**	**743,966**

Changes during the year	2023 DKK	2022 DKK
Beginning of year	743,966	903,039
Recognised in the income statement	(95,423)	(116,833)
Exchange rate adjustments	17,349	(42,240)
End of year	**665,892**	**743,966**

Deferred tax assets
Deferred tax relates to intangible assets, property, plant and equipment, inventories and other provisions.

9 Tax receivable
The tax receivables consists of receivables relating to R&D taxes in France.

10 Prepayments
Prepayments comprise incurred and other costs relating to subsequent financial years.

11 Other provisions
Other provision relates to an asset retirement obligations relating to lease in Berlin.

12 Other payables

	2023 DKK	2022 DKK
Wages and salaries, personal income taxes, social security costs, etc. payable	27,971,035	21,857,321
Holiday pay obligation	8,033,029	9,664,600
Other costs payable	1,690,498	0
	37,694,562	**31,521,921**

13 Unrecognised rental and lease commitments

	2023 DKK	2022 DKK
Total liabilities under rental or lease agreements until maturity	0	500,000

14 Assets charged and collateral
One of the Company's leases is secured by way of deposited cash of approx. DKK 0.75 million (EUR 100,000).

15 Related parties with controlling interest
Mozilla Corporation transferred ownership to Moz 2008 Corporation on 1 January 2021. Moz 2008 Corporation is a wholly owned subsidiary of Mozilla Corporation.

The ultimate owner of Mozilla Corporation is Mozilla Foundation.

Moz 2008 Corporation, 149 New Montgomery Street, 4th Floor, San Francisco, CA 94105, USA. owns all shares in the Entity, thus exercising control.

16 Relation to commercial enterprise or another foundation

The MZ Denmark GmbH makes use of exemption rules of sec. 264 (3) of German Commercial Code (HGB), which relates to preparation of audited financial statmeents.

17 Transactions with related parties

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

Accounting policies

Reporting class
This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

Changes in accounting policies
The presentation of a few comparative figures has been restated. However, the restatement does neither affect the Company's results nor its equity.

Apart from the areas mentioned above, the accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Recognition and measurement
Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements
The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are regarded as associates.

Basis of consolidation
The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority

interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in Management's proposal for the distribution of net profit/loss and equity, respectively.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in the translation reserve in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are recognised directly in the translation reserve in equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Income statement

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including rental income and gains from the sale of intangible assets and property, plant and equipment.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for

premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs
Staff costs comprise wages and salaries, and social security contributions, pension contributions, etc. for entity staff.

Depreciation, amortisation and impairment losses
Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Income from investments in group enterprises
Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income
Other financial income comprises dividends etc. received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Other taxes
The item includes tax amounts calculated on a basis other than income for the year, which are not refunded to the Entity.

Balance sheet

Property, plant and equipment
Other fixtures and fittings, tools and equipment as well as leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	Useful life
Other fixtures and fittings, tools and equipment	1-7 years
Leasehold improvements	7 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises
Investments in group enterprises are recognised and measured in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Tax payable or receivable
Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash
Cash comprises cash in hand and bank deposits.

Other provisions
Other provisions comprise anticipated costs relating to the asset retirement obligation.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Operating leases
Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities
Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, inception of finance leases, repayments of interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.