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MZ Denmark ApS

Oslo Plads 2
2100 Copenhagen Ø
CVR No. 31252741

Annual report 2024

The Annual General Meeting adopted the annual report on 09.05.2025

Eric Wilson Muhlheim
Chairman of the General Meeting

Contents

Entity details	2
Statement by Management on the annual report	3
Independent auditor's report	4
Management commentary	7
Consolidated income statement for 2024	10
Consolidated balance sheet at 31.12.2024	11
Consolidated statement of changes in equity for 2024	13
Consolidated cash flow statement for 2024	14
Notes to consolidated financial statements	15
Parent income statement for 2024	19
Parent balance sheet at 31.12.2024	20
Parent statement of changes in equity for 2024	22
Notes to parent financial statements	23
Accounting policies	26

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: 01.01.2024 - 31.12.2024

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 01.01.2024 - 31.12.2024.

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 31.12.2024 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2024 - 31.12.2024.

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, 09.05.2025

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 01.01.2024 - 31.12.2024, 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 31.12.2024 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2024 - 31.12.2024 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements and the parent financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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, 09.05.2025

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

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

Management commentary

Financial highlights

	2024 DKK'000	2023 DKK'000	2022 DKK'000	2021 DKK'000	2020 DKK'000
Key figures					
Revenue	417,368	320,109	299,421	240,321	282,579
Gross profit/loss	350,442	287,360	270,013	218,195	235,783
Operating profit/loss	26,276	24,142	22,501	18,915	12,234
Net financials	(5,147)	(2,550)	1,754	(2,029)	1,028
Profit/loss for the year	29,874	30,451	28,912	14,532	25,481
Balance sheet total	358,852	305,858	281,214	228,976	227,388
Investments in property, plant and equipment	276	0	0	0	3,271
Equity	275,600	242,676	210,639	183,333	166,796
Cash flows from operating activities	9,390	(2,681)	(941)	(30,829)	41,949
Cash flows from investing activities	(13)	409	0	599	(3,225)
Average number of employees	213	206	168	150	205
Ratios					
Gross margin (%)	83.96	89.77	90.18	90.79	83.44
Net margin (%)	7.16	9.51	9.66	6.05	9.02
Return on equity (%)	11.53	13.43	14.68	8.30	16.44
Equity ratio (%)	76.80	79.34	74.90	80.07	73.35

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 2024 amounts to DKK 29,874 thousand, which is in line with the expectations for the development.

Profit/loss for the year in relation to expected developments

Profit for 2024 amounts to DKK 29,874 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. 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.

Furthermore, the Company has a subsidiary in the Netherlands - MZ Netherlands B.V. MZ Netherlands B.V. makes use of exemption rules of Article 403.1(b) Book 2 of the Dutch Civil Code -- which relates to preparation of audited financial statements.

Foreign branches

The Company has branches in the following countries:
France
Sweden
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 2024

	Notes	2024 DKK	2023 DKK
Revenue		417,367,633	320,108,757
Other operating income		189,386	2,231,169
Other external expenses		(67,115,133)	(34,980,243)
Gross profit/loss		**350,441,886**	**287,359,683**
Staff costs	1	(317,824,529)	(256,235,035)
Depreciation, amortisation and impairment losses	2	(3,467,977)	(6,983,133)
Other operating expenses		(2,873,496)	0
Operating profit/loss		**26,275,884**	**24,141,515**
Other financial income		22	190,327
Other financial expenses		(5,146,595)	(2,739,896)
Profit/loss before tax		**21,129,311**	**21,591,946**
Tax on profit/loss for the year	3	(9,490,540)	(3,479,551)
Other taxes	4	18,234,814	12,338,278
Profit/loss for the year	5	**29,873,585**	**30,450,673**

Consolidated balance sheet at 31.12.2024

Assets

	Notes	2024 DKK	2023 DKK
Other fixtures and fittings, tools and equipment		16,967	391,787
Leasehold improvements		330,350	6,017,813
Property, plant and equipment	6	**347,317**	**6,409,600**
Deposits		898,972	1,161,993
Deferred tax	8	610,453	665,892
Financial assets	7	**1,509,425**	**1,827,885**
Fixed assets		**1,856,742**	**8,237,485**
Receivables from group enterprises		249,536,841	222,756,385
Other receivables		3,922,891	1,671,271
Tax receivable	9	60,019,321	42,505,383
Prepayments	10	2,922,615	2,518,401
Receivables		**316,401,668**	**269,451,440**
Cash		**40,593,619**	**28,168,717**
Current assets		**356,995,287**	**297,620,157**
Assets		**358,852,029**	**305,857,642**

Equity and liabilities

	Notes	2024 DKK	2023 DKK
Contributed capital		125,000	125,000
Retained earnings		275,475,211	242,550,755
Equity		**275,600,211**	**242,675,755**
Other provisions	11	2,462,035	2,301,735
Provisions		**2,462,035**	**2,301,735**
Trade payables		3,637,756	1,921,279
Tax payable		138,575	365,807
Other payables	12	77,013,452	58,593,066
Current liabilities other than provisions		**80,789,783**	**60,880,152**
Liabilities other than provisions		**80,789,783**	**60,880,152**
Equity and liabilities		**358,852,029**	**305,857,642**
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 2024

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	125,000	242,550,755	242,675,755
Exchange rate adjustments	0	3,050,871	3,050,871
Profit/loss for the year	0	29,873,585	29,873,585
Equity end of year	**125,000**	**275,475,211**	**275,600,211**

Consolidated cash flow statement for 2024

	Notes	2024 DKK	2023 DKK
Operating profit/loss		26,275,884	24,141,515
Amortisation, depreciation and impairment losses		6,341,473	6,983,133
Working capital changes	13	(9,139,127)	(45,675,565)
Cash flow from ordinary operating activities		**23,478,230**	**(14,550,917)**
Financial income received		22	190,048
Financial expenses paid		(5,146,595)	(2,739,897)
Taxes refunded/(paid)		(8,941,457)	14,419,507
Cash flows from operating activities		**9,390,200**	**(2,681,259)**
Acquisition etc. of property, plant and equipment		(276,378)	0
Repayment of deposits		263,021	409,120
Cash flows from investing activities		**(13,357)**	**409,120**
Free cash flows generated from operations and investments before financing		**9,376,843**	**(2,272,139)**
Increase/decrease in cash and cash equivalents		**9,376,843**	**(2,272,139)**
Cash and cash equivalents beginning of year		28,168,717	28,889,794
Currency translation adjustments of cash and cash equivalents		3,048,059	1,551,062
Cash and cash equivalents end of year		**40,593,619**	**28,168,717**
Cash and cash equivalents at year-end are composed of:			
Cash		40,593,619	28,168,717
Cash and cash equivalents end of year		**40,593,619**	**28,168,717**

Notes to consolidated financial statements

1 Staff costs

	2024 DKK	2023 DKK
Wages and salaries	290,943,178	232,875,326
Pension costs	18,558,413	12,957,196
Other social security costs	8,322,938	10,402,513
	317,824,529	**256,235,035**

Average number of full-time employees	213	206

The Executive board has not received remuneration.

2 Depreciation, amortisation and impairment losses

	2024 DKK	2023 DKK
Depreciation on property, plant and equipment	3,467,977	6,983,133
	3,467,977	**6,983,133**

3 Tax on profit/loss for the year

	2024 DKK	2023 DKK
Current tax	7,362,051	4,796,366
Change in deferred tax	85,774	95,423
Adjustment concerning previous years	2,042,715	(1,412,238)
	9,490,540	**3,479,551**

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

	2024 DKK	2023 DKK
Retained earnings	29,873,585	30,450,673
	29,873,585	**30,450,673**

6 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	15,670,316	40,237,226
Exchange rate adjustments	6,874	17,651
Additions	0	276,378
Disposals	(3,743,482)	(19,015,007)
Cost end of year	**11,933,708**	**21,516,248**
Depreciation and impairment losses beginning of year	(15,278,529)	(34,219,413)
Exchange rate adjustments	(6,710)	(15,003)
Depreciation for the year	(266,093)	(3,201,884)
Reversal regarding disposals	3,634,591	16,250,402
Depreciation and impairment losses end of year	**(11,916,741)**	**(21,185,898)**
Carrying amount end of year	**16,967**	**330,350**

7 Financial assets

	Deposits DKK	Deferred tax DKK
Cost beginning of year	1,161,993	665,892
Exchange rate adjustments	3,063	30,335
Additions	165,475	0
Disposals	(431,559)	(85,774)
Cost end of year	**898,972**	**610,453**
Carrying amount end of year	**898,972**	**610,453**

8 Deferred tax

Changes during the year	2024 DKK	2023 DKK
Beginning of year	665,892	743,966
Recognised in the income statement	(85,774)	(95,423)
Exchange rate adjustment	30,335	17,349
End of year	**610,453**	**665,892**

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

	2024 DKK	2023 DKK
Wages and salaries, personal income taxes, social security costs, etc. payable	59,019,211	43,161,356
Holiday pay obligation	9,844,657	10,423,979
Other costs payable	8,149,584	5,007,731
	77,013,452	**58,593,066**

13 Changes in working capital

	2024 DKK	2023 DKK
Increase/decrease in receivables	(29,436,292)	(38,353,569)
Increase/decrease in trade payables etc.	20,136,865	(5,728,574)
Other changes	160,300	(1,593,422)
	(9,139,127)	**(45,675,565)**

14 Unrecognised rental and lease commitments

	2024 DKK	2023 DKK
Total liabilities under rental or lease agreements until maturity	8,900,000	4,200,000

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
MZ Netherlands B.V.	Amsterdam, Netherlands	BV	100.00

Parent income statement for 2024

	Notes	2024 DKK	2023 DKK
Revenue		213,338,474	171,106,898
Other operating income		116,490	1,403,356
Other external expenses		(28,953,173)	(15,717,604)
Gross profit/loss		**184,501,791**	**156,792,650**
Staff costs	1	(169,698,705)	(142,719,014)
Depreciation, amortisation and impairment losses	2	0	(1,153,383)
Operating profit/loss		**14,803,086**	**12,920,253**
Income from investments in group enterprises		4,861,715	8,357,775
Other financial income	3	22	189,005
Other financial expenses	4	(4,567,710)	(2,696,935)
Profit/loss before tax		**15,097,113**	**18,770,098**
Tax on profit/loss for the year	5	(3,458,342)	(657,703)
Other taxes	6	18,234,814	12,338,278
Profit/loss for the year	7	**29,873,585**	**30,450,673**

Parent balance sheet at 31.12.2024

Assets

	Notes	2024 DKK	2023 DKK
Investments in group enterprises		55,894,082	44,431,082
Deposits		224,803	56,743
Deferred tax	9	610,453	665,892
Financial assets	8	**56,729,338**	**45,153,717**
Fixed assets		**56,729,338**	**45,153,717**
Receivables from group enterprises		254,687,116	225,174,149
Other receivables		941,284	467,227
Tax receivable	10	57,633,057	42,556,267
Prepayments	11	579,621	342,930
Receivables		**313,841,078**	**268,540,573**
Cash		**21,715,485**	**20,219,650**
Current assets		**335,556,563**	**288,760,223**
Assets		**392,285,901**	**333,913,940**

Equity and liabilities

	Notes	2024 DKK	2023 DKK
Contributed capital		125,000	125,000
Reserve for net revaluation according to equity method		55,670,151	44,207,159
Retained earnings		219,805,060	198,343,596
Equity		**275,600,211**	**242,675,755**
Trade payables		856,304	1,055,364
Payables to group enterprises		68,444,875	52,122,452
Tax payable		3,917	365,807
Other payables	12	47,380,594	37,694,562
Current liabilities other than provisions		**116,685,690**	**91,238,185**
Liabilities other than provisions		**116,685,690**	**91,238,185**
Equity and liabilities		**392,285,901**	**333,913,940**
Assets charged and collateral	13		
Related parties with controlling interest	14		
Relation to commercial enterprise or another foundation	15		
Transactions with related parties	16		

Parent statement of changes in equity for 2024

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Total DKK
Equity beginning of year	125,000	44,207,159	198,343,596	242,675,755
Exchange rate adjustments	0	82,228	2,968,643	3,050,871
Transfer to reserves	0	6,519,049	(6,519,049)	0
Profit/loss for the year	0	4,861,715	25,011,870	29,873,585
Equity end of year	**125,000**	**55,670,151**	**219,805,060**	**275,600,211**

Notes to parent financial statements

1 Staff costs

	2024 DKK	2023 DKK
Wages and salaries	156,169,942	131,051,495
Pension costs	8,858,218	7,289,865
Other social security costs	4,670,545	4,377,654
	169,698,705	**142,719,014**

Average number of full-time employees	93	98

The Executive board has not received remuneration.

2 Depreciation, amortisation and impairment losses

	2024 DKK	2023 DKK
Depreciation on property, plant and equipment	0	1,153,383
	0	**1,153,383**

3 Other financial income

	2024 DKK	2023 DKK
Other financial income	22	189,005
	22	**189,005**

4 Other financial expenses

	2024 DKK	2023 DKK
Other interest expenses	14,279	811,379
Exchange rate adjustments	4,316,088	1,770,796
Other financial expenses	237,343	114,760
	4,567,710	**2,696,935**

5 Tax on profit/loss for the year

	2024 DKK	2023 DKK
Current tax	3,337,028	1,017,274
Change in deferred tax	85,774	95,423
Adjustment concerning previous years	35,540	(454,994)
	3,458,342	**657,703**

6 Other taxes

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

7 Proposed distribution of profit and loss

	2024 DKK	2023 DKK
Retained earnings	29,873,585	30,450,673
	29,873,585	**30,450,673**

8 Financial assets

	Investments in group enterprises DKK	Deposits DKK	Deferred tax DKK
Cost beginning of year	223,923	56,743	665,892
Exchange rate adjustments	0	2,585	30,335
Additions	8	165,475	0
Disposals	0	0	(85,774)
Cost end of year	**223,931**	**224,803**	**610,453**
Revaluations beginning of year	44,207,159	0	0
Exchange rate adjustments	82,228	0	0
Share of profit/loss for the year	4,861,715	0	0
Other adjustments	6,519,049	0	0
Revaluations end of year	**55,670,151**	**0**	**0**
Carrying amount end of year	**55,894,082**	**224,803**	**610,453**

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

9 Deferred tax

	2024 DKK	2023 DKK
Property, plant and equipment	610,453	665,892
Deferred tax	**610,453**	**665,892**

Changes during the year	2024 DKK	2023 DKK
Beginning of year	665,892	743,966
Recognised in the income statement	(85,774)	(95,423)
Exchange rate adjustments	30,335	17,349
End of year	**610,453**	**665,892**

Deferred tax assets

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

10 Tax receivable

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

11 Prepayments

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

12 Other payables

	2024 DKK	2023 DKK
Wages and salaries, personal income taxes, social security costs, etc. payable	36,087,947	27,971,035
Holiday pay obligation	7,578,560	8,033,029
Other costs payable	3,714,087	1,690,498
	47,380,594	**37,694,562**

13 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).

14 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.

15 Relation to commercial enterprise or another foundation

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.

MZ Netherlands B.V. makes use of exemption rules of Article 403.1(b) Book 2 of the Dutch Civil Code -- which relates to preparation of audited financial statements.

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.

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).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Non-comparability
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.

Other operating expenses
Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities, including loss 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 leashold 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.