

# Hood & Strong

Advisory, Tax  
and Assurance

# Mozilla Foundation and Subsidiaries

**December 31, 2024 and 2023**

Consolidated Financial Statements

# Mozilla Foundation and Subsidiaries

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## Independent Auditors' Report

AUDIT COMMITTEE  
MOZILLA FOUNDATION AND SUBSIDIARIES  
San Francisco, California

### Opinion

We have audited the consolidated financial statements of **MOZILLA FOUNDATION AND SUBSIDIARIES (Mozilla)**, which comprise the consolidated statement of financial position as of December 31, 2024 and 2023, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Mozilla as of December 31, 2024 and 2023, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Mozilla and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Mozilla's ability to continue as a going concern for one year from the date of this report.

## **Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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 Mozilla's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Mozilla's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Hood & Strong LLP*

San Jose, California  
September 26, 2025

# Mozilla Foundation and Subsidiaries

## Consolidated Statement of Financial Position (In thousands)

<i>December 31,</i>	2024	2023
<b>Assets</b>		
<b>Cash and cash equivalents</b>		
Cash and cash equivalents	\$ 241,840	\$ 263,323
Receivables, net of allowance for credit losses \$77 and \$69, respectively	57,664	55,317
Prepaid expenses and other assets	20,600	17,317
Investments	1,089,377	1,006,854
Prepaid income taxes	4,611	17,783
Deferred taxes	117,514	78,328
Property and equipment, net	544	1,481
Goodwill, net	42,020	28,649
Intangible assets, net	10,930	6,456
<b>Total assets</b>	<b>\$ 1,585,100</b>	<b>\$ 1,475,508</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 15,253	\$ 22,550
Accrued liabilities	4,935	4,112
Accrued compensation and benefits	140,125	94,697
Deferred revenue	4,306	3,893
Other liabilities	14,942	14,270
<b>Total liabilities</b>	<b>179,561</b>	<b>139,522</b>
<b>Net Assets:</b>		
Without donor restrictions	1,403,190	1,331,123
With donor restrictions	2,349	4,863
<b>Total net assets</b>	<b>1,405,539</b>	<b>1,335,986</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,585,100</b>	<b>\$ 1,475,508</b>

See accompanying notes to the consolidated financial statements.

# Mozilla Foundation and Subsidiaries

## Consolidated Statement of Activities and Changes in Net Assets (In thousands)

<i>Years Ended December 31,</i>	2024	2023
<b>Net Assets Without Donor Restrictions:</b>		
Revenues and other support:		
Royalties	\$ 498,218	\$ 494,874
Subscription and advertising revenue	66,396	64,775
Other revenue	872	295
Interest and dividend income	95,397	47,322
Net realized and unrealized gain on investments	274	24,127
Contributions	15,782	12,888
Other income, net	(180)	3,261
Foreign currency exchange gain (loss), net	61	(1,913)
Net assets released from restrictions	3,589	7,383
 Total revenue and support	 680,409	 653,012
 <b>Expenses:</b>		
Program:		
Software development	290,448	260,678
Other program services	43,037	40,085
Management and general:		
Branding and marketing	86,328	68,339
General and administrative	163,516	123,923
Fundraising:		
Fundraising and development	4,886	3,698
 Total expenses	 588,215	 496,723
 <b>Change in Net Assets Without Donor Restrictions before Provision for Income Taxes</b>	 92,194	 156,289
Provision for income tax expense	20,127	14,362
 <b>Change in Net Assets Without Donor Restrictions</b>	 72,067	 141,927
 <b>Change in Net Assets With Donor Restrictions:</b>		
Contributions	1,075	3,595
Net assets released from restriction	(3,589)	(7,383)
 <b>Change in Net Assets With Donor Restrictions</b>	 (2,514)	 (3,788)
 <b>Change in Net Assets</b>	 69,553	 138,139
 <b>Net Assets - beginning of year</b>	 1,335,986	 1,197,847
 <b>Net Assets - end of year</b>	 \$ 1,405,539	 \$ 1,335,986

See accompanying notes to the consolidated financial statements.

# Mozilla Foundation and Subsidiaries

## Consolidated Statement of Functional Expenses (In thousands)

Years Ended December 31, 2024 and 2023

	2024				2023					
	Program		Management and General	Fundraising	Total	Program		Management and General	Fundraising	Total
	\$		\$		\$		\$		\$	
Salaries and benefits	\$ 240,064		\$ 174,017	\$ 2,923	\$ 417,004	\$ 202,386		\$ 123,357	\$ 2,378	\$ 328,121
Information technology	36,358		5,104	86	41,548	34,198		3,667	84	37,949
Consultants	20,258		8,569	271	29,098	28,271		13,837	426	42,534
Advertising and promotion	1,395		32,685	1,389	35,469	1,170		30,161	596	31,927
Staff development	396		198	34	628	441		190	26	657
Occupancy	948		537	7	1,492	2,673		1,355	8	4,036
Grants and fellowships	2,192		-	-	2,192	6,388		-	-	6,388
Events	1,667		261	-	1,928	1,160		582	-	1,742
Travel	9,573		5,165	141	14,879	7,254		3,641	159	11,054
Professional services	-		7,605	8	7,613	14		7,424	-	7,438
Depreciation and amortization	6,868		3,893	-	10,761	4,683		2,376	-	7,059
Other expenses	13,766		11,810	27	25,603	12,125		5,672	21	17,818
Expenses before income tax provision	333,485		249,844	4,886	588,215	300,763		192,262	3,698	496,723
Provision for income tax expense	12,792		7,080	255	20,127	9,294		4,946	122	14,362
Total expenses	\$ 346,277		\$ 256,924	\$ 5,141	\$ 608,342	\$ 310,057		\$ 197,208	\$ 3,820	\$ 511,085

See accompanying notes to the consolidated financial statements.

# Mozilla Foundation and Subsidiaries

## Consolidated Statement of Cash Flows (In thousands)

<i>Years Ended December 31,</i>	<b>2024</b>	<b>2023</b>
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ 69,553	\$ 138,139
Adjustments to reconcile change in net assets to net cash provided by operations:		
Depreciation and amortization	10,761	7,058
Net realized and unrealized (gain) loss on investments	(60,294)	(59,365)
Foreign currency exchange loss, net	1,818	43
Unrecognized tax positions	789	2,072
Deferred income taxes	(36,730)	(9,121)
Loss on disposal of assets	650	194
Changes in assets and liabilities:		
Receivables	(2,260)	5,139
Prepaid expenses and other assets	(2,827)	9,632
Prepaid income taxes	13,172	(13,587)
Accounts payable and accrued expenses	(6,487)	(11,416)
Accrued compensation and benefits	45,328	11,283
Deferred revenue	373	(932)
Other liabilities	(118)	(30)
Net cash provided by operating activities	33,728	79,109
<b>Cash Flows from Investing Activities:</b>		
Purchases of property and equipment	(225)	(542)
Purchases of investments	(661,004)	(1,124,004)
Proceeds from maturities and sales of investments	638,777	807,639
Acquisition of a business, net of cash and cash equivalents acquired	(31,014)	(23,052)
Net cash used by investing activities	(53,466)	(339,959)
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	<b>(1,745)</b>	<b>10,393</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(21,483)</b>	<b>(250,457)</b>
<b>Cash and Cash Equivalents - beginning of year</b>	<b>263,323</b>	<b>513,780</b>
<b>Cash and Cash Equivalents - end of year</b>	<b>\$ 241,840</b>	<b>\$ 263,323</b>

### Supplemental Disclosure:

Cash paid for taxes, net of refunds	\$ 41,445	\$ 39,960
Right-of-use assets recognized in exchange for lease liabilities	\$ 131	\$ 4,129

See accompanying notes to the consolidated financial statements.

# Mozilla Foundation and Subsidiaries

## Notes to the Consolidated Financial Statements

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### Note 1 - Nature of the Organization:

Established in July 2003, Mozilla Foundation (the Foundation) is a California not-for-profit corporation that exists to improve and protect the internet as a public resource by working with thousands of volunteers to 1) keep the internet a universal open platform and 2) promote continued innovation on the internet. The Foundation supports the development of open-source, standards-compliant, free internet applications useable free of charge to hundreds of millions of users. It also a) develops foundational technologies that can be used to build the values of openness and interoperability into the internet; and b) fuels the movement for an open internet through educational work that connects open internet leaders with each other and mobilizes grassroot activities around the world. The Foundation is headquartered in San Francisco, California and has operations in Canada, Germany, and the United Kingdom.

The Foundation has several wholly-owned for-profit subsidiaries that operate independently (together with the Foundation, collectively Mozilla) that serve its non-profit, public benefit goals and the vast Mozilla community. Mozilla Corporation (the Corporation) provides internet based open-source software and services (Mozilla Products) that are made available to hundreds of millions of users worldwide to fulfill Mozilla's mission to make the internet open and accessible to all. The Corporation is headquartered in San Francisco, California and has operations in Australia, Canada, China, New Zealand, Netherlands, Germany, France, United Kingdom and other European countries. MZLA Technologies Corporation (MZLA) promotes choice and innovation on the internet. MZLA is headquartered in San Francisco, California. Mozilla Ventures (Ventures) invests in startups pushing the internet – and the tech industry – in a better direction. MZL.AI (AI), is building a trustworthy open-source artificial intelligence ecosystem.

### Note 2 - Summary of Significant Accounting Policies:

#### Basis of Accounting and Principles of Consolidation

The accompanying consolidated financial statements of Mozilla have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). All significant intercompany accounts and transactions have been eliminated. Certain accounts in the 2023 consolidated financial statements have been reclassified for comparative purposes to conform with the 2024 presentation. These reclassifications had no effect on net assets or change in net assets.

#### Basis of Presentation

Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

# Mozilla Foundation and Subsidiaries

## Notes to the Consolidated Financial Statements

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*Net Assets Without Donor Restrictions* – Net assets that are not subject to time or donor-imposed restrictions and may be expended for any purpose in achieving the primary objectives of the Foundation.

*Net Assets With Donor Restrictions* – Net assets that are limited in use by Mozilla in accordance with donor-imposed stipulations. These stipulations may expire with time or may be satisfied and removed by the actions of Mozilla according to the terms of the contribution. Net assets with donor restrictions also include net assets to be retained in perpetuity, of which Mozilla has none as of December 31, 2024 and 2023.

### Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues, support and expenses reported during the reporting period. Mozilla bases its estimates on historical experience and on other assumptions that its management believes are reasonable under the circumstances. Actual results could differ from those estimates.

### Foreign Currency

Other than China, effective January 1, 2023, the functional currency of Mozilla's foreign subsidiaries is the U.S. dollar. The local currency financial statements of Mozilla's foreign subsidiaries are remeasured into U.S. dollars with monetary assets and liabilities remeasured using exchange rates at the balance sheet date and nonmonetary assets and liabilities are remeasured using the exchange rate at the date the item was initially recognized with the resulting foreign currency gain or loss on remeasurement included in foreign currency exchange gain (loss) in the consolidated statement of activities and changes in net assets.

In addition, Mozilla incurs foreign currency transaction gains and losses, including those related to intercompany agreements between Mozilla and its subsidiaries, which are recorded as foreign currency exchange gain (loss) in the consolidated statement of activities and changes in net assets, were not material for the years ended December 31, 2024 or 2023.

Mozilla translates the financial statements of its China subsidiaries to U.S. dollars using balance sheet date exchange rates for assets and liabilities, and average rates for the annual period derived from month-end exchange rates for revenue and expenses. Mozilla records translation gains and losses in foreign currency exchange gain (loss) in the consolidated statement of activities and changes in net assets. The Company records net foreign exchange transaction gains and losses resulting from the conversion of the transaction currency to functional currency as a component of foreign currency exchange gain (loss).

# Mozilla Foundation and Subsidiaries

## Notes to the Consolidated Financial Statements

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### Cash and Cash Equivalents

For purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash on hand and highly liquid investments with original maturities of three months or less from the date of purchase. Cash equivalents generally consist of investments in money market funds and commercial paper. The carrying value of cash and cash equivalents approximate their fair value as of December 31, 2024 and 2023.

### Receivables

Receivables consist primarily of amounts due from contracts with multiple search engine and information providers, and grantors. Receivables are carried at original invoice amount or accrued based on contractual agreements or grant agreements with each search provider or grantor. An allowance for credit losses is appropriately considered depending upon current economic conditions, prior history and a reasonable forecast of collections. As of December 31, 2024 and 2023, Mozilla had an allowance of \$0.1 million and \$0.1 million, respectively.

Mozilla has \$0.7 million and \$2.9 million in grants receivable as of December 31, 2024 and 2023, respectively. Mozilla expects grants receivable as of year-end to be received in 2025.

### Investments

Investments consist of marketable securities and non-marketable investments and are recorded at fair value.

Marketable securities consisting of marketable debt and government issued securities, mutual funds, equities and alternatives, are recorded at fair value. The fair value of marketable debt and government issued securities is based upon models that maximize the use of observable inputs for similar assets. The fair value of mutual funds is based on their quoted prices for identical assets in active or inactive markets. The fair value of equities and alternatives are determined using either their readily available prices and / or use of observable inputs for similar assets, or estimated using the net asset value (NAV) per share or ownership interest of the investment. Changes in fair value are recognized on a current basis in the consolidated statement of activities and change in net assets. Gains and losses on investments are determined on the specific identification method.

# Mozilla Foundation and Subsidiaries

## Notes to the Consolidated Financial Statements

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Non-marketable investments include direct and indirect investments into various early stages, high growth technology companies. The fair value of the non-marketable investments has been estimated using either 1) valuation techniques that are consistent with the market or income approach used to measure fair value or 2) the NAV per share of ownership interest in the investment. Changes in fair value, including any distributions, are recognized on a current basis in the consolidated statement of activities and change in net assets. If an investment has no readily available information to determine the investment's respective fair value, under the measurement alternative, the carrying value is measured at cost, less any impairment, plus or minus changes resulting from observable price changes in orderly transactions for identical or similar investments of the same issuer. Adjustments are determined primarily based on a market approach as of the transaction date in the consolidated statement of activities and changes in net assets.

Non-marketable investments are included within "Investments" in the consolidated statement of financial position and were \$23.9 million and \$21.2 million as of December 31, 2024 and 2023, respectively.

### Fair Value of Financial Instruments

The carrying value of financial instruments not otherwise disclosed herein, approximates fair value due to the short-term nature of these financial instruments.

Mozilla carries certain assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Mozilla classifies its financial assets and liabilities according to three levels and maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value.

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date.

Level 2: Inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable inputs for the asset or liability that are not corroborated by market data.

# Mozilla Foundation and Subsidiaries

## Notes to the Consolidated Financial Statements

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In determining the appropriate levels, Mozilla performed an analysis of the assets and liabilities. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the investments existed. Accordingly, the degree of judgment exercised by Mozilla in determining fair value is greatest for investments categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement.

### Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation is calculated over the estimated useful lives of the related assets, generally one to seven years, using the straight-line method. Leasehold improvements are amortized over the useful life or the term of the lease, whichever is shorter.

Mozilla recognizes asset retirement obligations (AROs) in the period in which it has an existing legal obligation associated with the retirement of a tangible long-lived asset, and the amount of the liability can be reasonably estimated. The ARO is recognized at fair value when the liability is incurred with a corresponding increase in the carrying amount of the related long-lived asset. Mozilla depreciates the tangible asset over its estimated useful life. The liability is adjusted in subsequent periods through accretion expense, if any, which represents the increase in the present value of the liability due to the passage of time. Such depreciation and accretion expenses are included in depreciation expense.

Mozilla's AROs are primarily the result of requirements under facility lease agreements which generally have *returned to original condition* clauses which would require Mozilla to remove or restore items such as demising walls and office buildouts, among other items.

The significant assumptions used in estimating the aggregate ARO are the timing of removals, the probability of a requirement to perform, estimated cost and associated expected inflation rates that are consistent with historical rates and credit-adjusted risk-free rates that approximate Mozilla's incremental borrowing rate.

# Mozilla Foundation and Subsidiaries

## Notes to the Consolidated Financial Statements

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### Business Combinations

When Mozilla acquires a business, the purchase price is allocated to the net tangible and identifiable assets acquired. Any residual purchase price is recorded as goodwill. The allocation of the purchase price requires management to make estimates in determining the fair value of assets acquired and liabilities assumed, especially with respect to intangible assets. These estimates can include but are not limited to: the cash flows that an asset is expected to generate in the future, the approximate weighted-average cost of capital and the cost savings expected to be derived from acquiring the asset. These estimates are inherently uncertain and unpredictable. During the measurement period, which may be up to one year from the acquisition date, adjustments to the fair value of these tangible and intangible assets acquired and liabilities assumed may be recorded with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the fair value of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded to the consolidated statement of activities and changes in net assets.

### Leases

Mozilla determines whether an arrangement is or includes a lease and categorizes leases as either operating or finance leases at their commencement. Right-of-use (ROU) assets are included within *prepaid expenses and other assets*, and lease liabilities are included within *other liabilities* on the consolidated statement of financial position. Mozilla does not have any finance leases.

Operating lease ROU assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. As Mozilla's leases do not typically provide an implicit rate, Mozilla uses a risk-free discount rate at the commencement date in determining the present value of future payments. The lease ROU asset also includes any lease payments made minus any lease incentives received and initial direct costs incurred. Mozilla accounts for lease and non-lease components, to the extent they are fixed, as a single lease component. Additionally, the lease term may include options to extend or terminate the lease when it is reasonably certain Mozilla will exercise that option. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term.

Mozilla previously subleased portions of its unoccupied leased office space. Similar to other long-lived assets discussed below, management tests ROU assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. For leased assets, such circumstances would include the decision to leave a leased facility prior to the end of the minimum lease term or subleases for which estimated cash flows do not fully cover the costs of the associated lease. As of November 30, 2023, Mozilla no longer has any subleases.

### Goodwill and Intangible Assets

Goodwill represents the excess of the cost of net assets acquired over the fair value of identifiable net assets at the date of acquisition. Intangible assets consist of acquired user base, trade names and trademarks, and developed technology.

# Mozilla Foundation and Subsidiaries

## Notes to the Consolidated Financial Statements

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Mozilla follows the private company alternative accounting for goodwill. Goodwill is amortized over a 10-year estimated useful life and impairment is assessed at the reporting unit level. Mozilla evaluates the facts and circumstances as of the end of the reporting period to determine whether it is more likely than not that goodwill is impaired. There were no impairments to goodwill for the years ended December 31, 2024 and 2023. In May 2024, Mozilla shut down the Hubs program and donated the related existing assets to the Hubs Foundation, an unrelated non-profit organization. Mozilla incurred an immaterial impairment loss on the associated intangible assets as a result.

### Long-Lived Assets

Mozilla evaluates its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. Mozilla recognized no impairment losses on long-lived assets for the years ended December 31, 2024 and 2023.

### Recognition of Revenue

Mozilla accounts for revenue from contracts with customers by applying the requirements of Topic 606, which includes the following steps:

- *Identification of the contract, or contracts, with a customer* - A contract with a customer exists when (i) Mozilla enters into an enforceable contract with a customer that defines each party's rights regarding the services to be transferred and identifies the payment terms related to these services, (ii) the contract has commercial substance, and (iii) Mozilla determines that collection of substantially all consideration for services that are transferred are probable based on the customer's intent and ability to pay the promised consideration when it is due.
- *Identification of the performance obligations in the contract* - Performance obligations promised in a contract are identified based on the services that will be transferred to the customer that are both capable of being distinct, whereby the customer can benefit from the services either on their own or together with other resources that are readily available from third parties or from Mozilla, and are distinct within the context of the contract, whereby the transfer of the services is separately identifiable from the other promises in the contract.

# Mozilla Foundation and Subsidiaries

## Notes to the Consolidated Financial Statements

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- *Determination of the transaction price* - The transaction price is determined based on the consideration to which Mozilla will be entitled in exchange for transferring services to the customer. Such amounts are typically stated in the customer contract and to the extent that Mozilla identifies variable consideration, Mozilla estimates the variable consideration at the onset of the arrangement as long as it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.
- *Allocation of the transaction price to the performance obligations in the contract* - If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. Mozilla noted that contracts will only contain a single performance obligation and therefore no standalone selling price determination is necessary.
- *Recognition of revenue when, or as, performance obligations are satisfied* - For each performance obligation identified, Mozilla determines at contract inception whether it satisfies the performance obligation over time or at a point in time. For performance obligations that are satisfied at a point in time Mozilla recognizes revenue at the time that control is transferred, and for performance obligations satisfied over time Mozilla recognizes revenue as services are provided typically over the contract term.

Revenue consists of the following:

- *Royalties* - Mozilla provides the Firefox web browser, which is a free and open-source web browser initially developed by Mozilla Foundation and the Corporation. Mozilla incorporates search engines of its partners as a default status or an optional status available in the Firefox web browser. Mozilla generally receives royalties at a certain percentage of revenues earned by its partners through their search engines incorporated in the Firefox web browser.
- *Subscription Revenues* - Mozilla's subscription revenues primarily consist of revenue from subscriptions to a service known as Pocket Premium and VPN.
  - *Pocket Premium* - Pocket is a mobile and web application that enables users to save, manage and consume articles, videos, and other content from the internet. Pocket offers free and paid subscription (Pocket Premium) versions of its product. Customers who subscribe to Pocket Premium unlock access to additional Pocket features. Included in a Pocket Premium subscription are features like full text search on saved articles, removal of advertising from Pocket properties, the ability to create unlimited highlights and the ability to create a permanent library of everything a user has saved. Pocket Premium subscription is available on a month-to-month or annual basis.

# Mozilla Foundation and Subsidiaries

## Notes to the Consolidated Financial Statements

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- VPN - Mozilla VPN offers a virtual private network (VPN) allowing users to create a secure private internet connection for added security and to maintain privacy online. The VPN creates a “tunnel” between the customer’s device and the internet at large, concealing the IP address and obscures the customer’s location. It also encrypts the internet traffic so others on the same local network cannot decipher or modify it. The VPN subscription is available on a month-to-month, semi-annual or annual basis.
- *Advertising Revenues* - Mozilla also offers advertising services in three formats. The first is the New Tab / Tiles advertising service, which places links to sponsored content when a new tab is opened in the Firefox web browser. The second format is through Pocket’s email product, Pocket Hits. Pocket Hits may include paid advertisements, which are placed in email newsletters that get delivered to global Pocket users. Lastly, Mozilla also sells web advertisement spots on content that Mozilla licenses and syndicates from publisher partners across the web.
- *Deferred Revenue* - Mozilla records contract liabilities to deferred revenue when amounts are invoiced in advance of performance. Deferred revenue consists of contract billings in excess of amounts recognized as revenue in a customer contract. Deferred revenue is separately disclosed on Mozilla’s consolidated statement of financial position.

Payment terms and conditions vary by contract type. Financial information for the search engine and information providers with whom Mozilla contracts is generally publicly available and as such Mozilla assesses credit risk prior to entering into contracts with new customers and does not enter into contracts if collection is not probable. For Subscription and Advertising, contracts are typically only cancellable within a short notice period, and therefore the consideration to which Mozilla is entitled for which Mozilla must assess probability of collection is not significant. In instances where the timing of revenue recognition differs from the timing of invoicing, Mozilla has determined the contracts do not contain a significant financing component.

### Contributions

Contributions are recorded at fair value when the donor makes an unconditional promise to give. Contributions collected by third parties are recorded as revenue when an unconditional promise is received by a third party. Contributions are recorded depending on the existence and/or nature of any donor restrictions. When donor restrictions expire, that is, when a stipulated time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the consolidated statement of activities and change in net assets as net assets released from restrictions.

Conditional promises, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend are substantially met. Mozilla received \$16.9 million and \$16.5 million in contributions during the years ended December 31, 2024 and 2023, respectively, and has \$3.2 million and \$1.5 million in conditional promises as of December 31, 2024 and 2023, respectively, that are not recorded in these financial statements.

# Mozilla Foundation and Subsidiaries

## Notes to the Consolidated Financial Statements

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### Software Development Costs

Mozilla primarily develops open-source web-based solutions which are available free of charge to users. In addition, due to the open-source nature of the development, there is generally no passage of time between achievement of technological feasibility and the availability for general release. Therefore, Mozilla expenses the cost of software development as incurred.

### Advertising Costs

Mozilla expenses and advertising costs as incurred. Amounts paid in advance of services provided are recorded as a prepaid expense. Advertising expense for the years ended December 31, 2024 and 2023 amounted to \$20.3 million and \$18.5 million, respectively, and is included in advertising and promotion on the statement of functional expenses.

### Income Taxes

The Foundation qualifies as a public benefit charitable organization exempt from income taxes on income related to its charitable purpose under Section 501(c)(3) of the Internal Revenue Code and applicable sections of the California Revenue and Taxation Code and is not classified as a private foundation. The Foundation provides for tax, if any, on unrelated business income.

The Corporation, MZLA, and AI are C corporations. Income taxes are accounted for using an asset and liability approach, which requires the recognition of deferred tax liabilities and assets for the expected future tax consequences of temporary differences between the financial statement and tax basis of assets and liabilities at the applicable enacted tax rates. Differences relate primarily to state taxes, property and equipment, prepaid and accrued expenses and net operating losses and credits. Valuation allowances are established, when necessary, to reduce deferred tax assets to amounts that are more likely than not to be realized. The remaining subsidiaries are pass-through entities whose tax attributes are passed-through to the Foundation.

In accordance with the accounting standard on accounting for uncertainty in income taxes, no portion of an uncertain tax position will be recognized if the position has less than a 50% likelihood of being sustained upon audit by the relevant taxing authority. Also, interest expense, if any, is recognized on the full amount of deferred benefits for uncertain tax positions.

### Functional Expenses

The costs of providing various programs and activities have been summarized on a functional basis in the consolidated statement of activities and change in net assets. Expenses such as salaries and benefits, facilities, certain staff travel, certain office supplies and computer and technology, taxes, depreciation and amortization, and other indirect costs are allocated among program, management and general, and fundraising based on time estimates determined by Mozilla's management. All other costs are allocated directly to the functions they benefit.

# Mozilla Foundation and Subsidiaries

## Notes to the Consolidated Financial Statements

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### Concentrations of Risk and Significant Customers

Mozilla's financial instruments that are exposed to concentration of credit risk consist primarily of cash and cash equivalents, investments, and receivables.

Approximately 86% and 85% of Mozilla's revenues from customers with contracts were derived from one customer for the years ended December 31, 2024 and 2023, respectively. Receivables from that one customer represented 72% and 70% of the December 31, 2024 and 2023 outstanding receivables, respectively.

Mozilla has defined its financial instruments which are potentially subject to credit risk as cash and cash equivalents and investments. As of December 31, 2024 and 2023, essentially all of the cash is in excess of the federally insured limits. In addition, cash equivalents and investments in general are exposed to various risks, such as interest rate, credit and overall market volatility. To address these risks, Mozilla maintains an investment policy that sets out performance criteria, investment, and asset allocation guidelines, and actively manages the investments to these policies.

### Accounting Pronouncements

#### *Recently Adopted:*

In October 2021, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*, which requires contract assets and contract liabilities acquired in a business combination to be recognized and measured by the acquirer on the acquisition date in accordance with Topic 606 as if the acquirer had originated the contracts. ASU 2021-08 is effective for fiscal years, and interim reporting periods within those fiscal years, beginning after December 15, 2023. Mozilla adopted this standard on January 1, 2024. The adoption of this guidance did not have a material impact on these consolidated financial statements.

#### *Not Yet Adopted*

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which requires that an entity, on an annual basis, disclose additional income tax information, primarily related to the rate reconciliation and income taxes that are paid. The amendment in the ASU is intended to enhance the transparency and decision usefulness of income tax disclosures. The update is effective for fiscal years beginning after December 15, 2025 and can be applied either prospectively or retrospectively. Mozilla is currently evaluating the impact of this standard.

# Mozilla Foundation and Subsidiaries

## Notes to the Consolidated Financial Statements

### Note 3 - Cash Equivalents, Investments and Fair Value Measurements:

The tables below present cash equivalents and investments measured at fair value on a recurring basis by level within the valuation hierarchy as of December 31 (in thousands):

2024	Total	Level 1	Level 2	Level 3	NAV
Cash equivalents:					
Money market funds	\$ 169,806	\$ 169,806			
Total cash equivalents	169,806	169,806			
Investments:					
Mutual funds					
Money market	18,690	18,690			
Domestic	25,445	25,445			
ETF: Minerals	865	865			
Municipal bonds	3,235		\$ 3,235		
Governmental and agency securities	369,006		369,006		
Corporate debt securities	3,756		2,695	\$ 1,061	
Asset-backed securities	595		595		
Equities	217,169	202,754		14,415	
Alternatives	450,616			440,157	\$ 10,459
Total investments	1,089,377	247,754	375,531	455,633	10,459
Total assets measured at fair value	\$ 1,259,183	\$ 417,560	\$ 375,531	\$ 455,633	\$ 10,459

# Mozilla Foundation and Subsidiaries

## Notes to the Consolidated Financial Statements

<b>2023</b>	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>NAV</b>
<b>Cash equivalents:</b>					
Money market funds	\$ 175,666	\$ 175,666			
Commercial paper	382	382			
<b>Total cash equivalents</b>	<b>176,048</b>	<b>176,048</b>			
<b>Investments:</b>					
Mutual funds					
Money market	22,539	22,539			
Domestic	21,782	20,792	\$ 990		
ETF: Minerals	683	683			
Municipal bonds	3,127		3,127		
Governmental and agency securities					
404,819		404,819			
Corporate debt securities	23,496		22,438	\$ 1,058	
Asset-backed securities	574		574		
Equities	246,328	237,350		8,978	
Alternatives	283,506			270,235	\$ 13,271
<b>Total investments</b>	<b>1,006,854</b>	<b>281,364</b>	<b>431,948</b>	<b>280,271</b>	<b>13,271</b>
<b>Total assets measured at fair value</b>	<b>\$ 1,182,902</b>	<b>\$ 457,412</b>	<b>\$ 431,948</b>	<b>\$ 280,271</b>	<b>\$ 13,271</b>

An investment's categorization within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement. There has been no change in the methodology used for the years ended December 31, 2024 and 2023.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while Mozilla believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

# Mozilla Foundation and Subsidiaries

## Notes to the Consolidated Financial Statements

The following table provides information for investments using NAV as representing fair value as of December 31 (in thousands):

	2024		2023		Redemption Frequency	Notice Period
	# of Funds	Valuation	# of Funds	Valuation		
Global macro fund (a)	1	\$ 1,851	1	\$ 1,756	Monthly	90 Days
Feeder fund (b)	1	206	1	315	None	N/A
Specific investments (c)	13	4,173	14	6,671	None	N/A
Venture funds (d)	3	4,229	4	4,529	None	N/A
Total	18	\$ 10,459	20	\$ 13,271		

There were \$0.2 million and \$0.5 million in unfunded commitments as of December 31, 2024 and 2023, respectively.

- (a) This fund invests in its affiliated Master Fund LP, whose investment strategy is comprised of global investment strategies and a number of long and short strategies that may have directional risk.
- (b) This fund invests in its affiliated Master Fund LP, whose objective is to invest on a leveraged basis, in whole or in part, in collateralized and unsecured commercial loans and debt securities of corporations, partnerships, companies or other securities.
- (c) These are direct investments in various open source and security / privacy focused pre-seed funding round / early-stage companies, which are accounted for on a historical cost basis, less any impairments, as there is not readily available public information to determine fair value.
- (d) These venture funds make investments in various early-stage technology companies. Mozilla is a limited partner with no significant influence on the funds' investment strategies.

# Mozilla Foundation and Subsidiaries

## Notes to the Consolidated Financial Statements

### Note 4 - Property and Equipment:

Property and equipment were as follows as of December 31 (in thousands):

	<u>2024</u>	<u>2023</u>	<u>Useful Life (Years)</u>
Computer equipment	\$ 3,318	\$ 3,464	2 - 3
Furniture and office equipment	659	858	3 - 7
Leasehold improvements	4,439	7,132	3 - 5
Software	51	54	1 - 3
 Gross property and equipment	 8,467	 11,508	
Less accumulated depreciation	(7,923)	(10,027)	
 Net property and equipment	 \$ 544	 \$ 1,481	

Depreciation and amortization expense, excluding amortization of goodwill and intangibles, amounted to \$0.8 million and \$1.2 million for the years ended December 31, 2024 and 2023, respectively.

Mozilla has recorded an asset retirement obligation liability of \$0.6 million and \$0.6 million as of December 31, 2024 and 2023, respectively. Mozilla recognized \$0.0 million and \$0.1 million in depreciation expense associated with the asset retirement obligation for the years ended December 31, 2024 and 2023, respectively.

Mozilla recorded a loss of \$0.4 million related to the disposal of fixed assets when a portion of its Berlin office lease expired in November 2024 and Mozilla chose not to renew it.

### Note 5 - Business Combination:

On June 14, 2024, Mozilla acquired 100% of the outstanding stock of Anonym, Inc. (Anonym) in exchange for cash in an amount less than 5% of total assets as of the date of the acquisition. The results of Anonym are included in Mozilla's consolidated financial statements since the date of acquisition. Anonym was previously headquartered in San Mateo, CA and provides privacy-preserving digital advertising services enabling scalable, privacy-safe measurement and optimization of advertiser campaigns to lead a shift toward a more sustainable advertising ecosystem. The goodwill arising from the acquisition will create growth opportunities and expected synergies and enhancements with Firefox integration. None of the goodwill recognized is expected to be deductible for income tax purposes.

# Mozilla Foundation and Subsidiaries

## Notes to the Consolidated Financial Statements

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To retain certain Anonym employees, the Company held back \$44.4 million of the cash purchase price, which will vest based on continued employment over a three-year period. The cash holdback amount was excluded from the purchase consideration and is recorded as a post-combination expense over the service period.

Assets acquired, and liabilities assumed at the date of acquisition consisted of (in thousands):

Assets acquired and liabilities assumed	
Cash and cash equivalents	\$ 153
Working capital	390
Identifiable intangible assets	9,040
Deferred tax assets	2,456
Goodwill	19,129
 Purchase consideration	 \$ 31,168

Acquisitions costs of \$0.9 million were expensed as incurred separately from the business combination, and are classified as General and Administrative within the consolidated statement of changes in net assets.

On April 26, 2023, Mozilla acquired 100% of the outstanding stock of Fakespot, Inc. (Fakespot) in exchange for cash and deferred contingent consideration in an amount less than 5% of total assets as of the date of acquisition. The results of Fakespot are included in Mozilla's consolidated financial statements since the date of acquisition. Fakespot was previously headquartered in New York and provides consumers a service to identify fake reviews on e-commerce sites using machine learning technology which will be integrated into the Firefox web browser to provide Firefox users a better user experience. The goodwill arising from the acquisition will create growth opportunities and expected synergies and enhancements with Firefox integration. None of the goodwill recognized is expected to be deductible for income tax purposes.

Assets acquired, and liabilities assumed at the date of acquisition consisted of (in thousands):

Assets acquired and liabilities assumed	
Cash and cash equivalents	\$ 197
Working capital	21
Identifiable intangible assets	6,600
Deferred tax assets	963
Goodwill	19,614
 Purchase consideration	 \$ 27,395

# Mozilla Foundation and Subsidiaries

## Notes to the Consolidated Financial Statements

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Acquisitions costs of 1.2 million were expensed as incurred separately from the business combination, and are classified as General and Administrative within the consolidated statement of activities and changes in net assets.

### Note 6 - Goodwill:

Goodwill is amortized over an estimated useful life of 10 years. Amortization expense for the years ended December 31, 2024 and 2023 was \$5.8 million and \$4.0 million, respectively. Goodwill was as follows as of December 31 (in thousands):

	<u>2024</u>	<u>2023</u>	Estimated Useful Life (Years)
Goodwill	\$ 64,760	\$ 45,631	10
Less accumulated amortization	(22,740)	(16,982)	
Total goodwill, net	<u>\$ 42,020</u>	<u>\$ 28,649</u>	

### Note 7 - Intangible Assets:

Intangible assets are amortized over their estimated useful lives on a straight-line basis. No residual value is estimated for the intangible assets.

# Mozilla Foundation and Subsidiaries

## Notes to the Consolidated Financial Statements

The components of intangible assets were as follows, including those acquired via the business combination (Note 5), as of December 31 (in thousands):

	<u>2024</u>	<u>2023</u>	<u>Estimated Useful Life (Years)</u>
User base	\$ 2,000	\$ 2,000	3
Trade names and trademark	2,290	1,600	3
Developed technology	15,636	7,934	3
Domain rights	801	801	15
 Gross intangible assets	 20,727	 12,335	
 Less accumulated amortization	 (9,797)	 (5,879)	
 Total intangible assets, net	 \$ 10,930	 \$ 6,456	

Amortization expense for the years ended December 31, 2024 and 2023 was \$4.2 million and \$1.9 million, respectively.

As of December 31, 2024, estimated remaining amortization expense relating to intangible assets for each calendar year is as follows (in thousands):

Year Ending December 31,	
2025	\$ 5,351
2026	3,707
2027	1,351
2028	191
2029	111
Thereafter	219
 Total	 \$ 10,930

# Mozilla Foundation and Subsidiaries

## Notes to the Consolidated Financial Statements

### Note 8 - Net Assets With Donor Restrictions:

Net assets with donor restrictions consisted of the following as of December 31 (in thousands):

	2024	2023
Leadership Development: Responsible Computer Science Challenge	\$ 207	\$ 678
Leadership Development: Mozilla Open Web Fellowships	204	841
Leadership Development: Mozilla Tech and Society Fellowships	1,629	1,914
Leadership Development: Data Futures Lab		338
Leadership Development: Catalyst Fund	99	367
Movement Building: Common Voice	210	725
	<hr/>	<hr/>
	\$ 2,349	\$ 4,863

Net assets were released from donor restrictions by incurring expenses satisfying the purpose of the restriction, by the passage of time, or by the occurrence of other specific events as follows during the years ended December 31 (in thousands):

	2024	2023
Leadership Development: Responsible Computer Science Challenge	\$ 472	\$ 2,532
Leadership Development: Mozilla Open Web Fellowships	638	909
Leadership Development: Mozilla Tech and Society Fellowships	685	109
Leadership Development: Coil Open Internet		175
Leadership Development: Data Futures Lab	338	1,322
Leadership Development: MozFest 2024	74	314
Leadership Development: Catalyst Fund	342	223
Movement Building: Africa Innovation Mradi		94
Movement Building: Common Voice	1,018	1,543
Movement Building: Policy Change	22	85
Other	77	
	<hr/>	<hr/>
	\$ 3,589	\$ 7,383

# Mozilla Foundation and Subsidiaries

## Notes to the Consolidated Financial Statements

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### Note 9 - Income Taxes:

The following is a geographical breakdown of consolidated income before income taxes by tax jurisdiction for the years ended December 31 (in thousands):

	2024	2023
United States	\$ 93,735	\$ 133,836
Foreign	(4,055)	18,665
<b>Income before provision for income taxes</b>	<b>\$ 89,680</b>	<b>\$ 152,501</b>

Mozilla's provision for (benefit from) income taxes were as follows for the years ended December 31 (in thousands):

	2024			
	<u>Federal</u>	<u>State</u>	<u>Foreign</u>	<u>Total</u>
Current provision				
Foundation	\$ 367	\$ 107		\$ 474
Corporation	47,219	5,616	\$ 912	53,747
MZLA	841	67		908
Other	93	10		103
Deferred benefit				
Corporation	(33,902)	(1,485)	282	(35,105)
<b>Total</b>	<b>\$ 14,618</b>	<b>\$ 4,315</b>	<b>\$ 1,194</b>	<b>\$ 20,127</b>

	2023			
	<u>Federal</u>	<u>State</u>	<u>Foreign</u>	<u>Total</u>
Current provision				
Foundation	\$ 408	\$ 191		\$ 599
Corporation	25,131	1,838	\$ 681	27,650
MZLA	444	2		446
Other	5	2		7
Deferred benefit				
Corporation	(13,215)	(1,320)	195	(14,340)
<b>Total</b>	<b>\$ 12,773</b>	<b>\$ 713</b>	<b>\$ 876</b>	<b>\$ 14,362</b>

# Mozilla Foundation and Subsidiaries

## Notes to the Consolidated Financial Statements

The provision for income taxes differs from taxes calculated at the federal statutory rate primarily due to the activity related to Mozilla's unrecognized tax positions, nondeductible expenses, research and development credits, foreign operations, and state income taxes net of federal tax benefit.

The tax effects of temporary differences and related deferred tax assets and liabilities were as follows as of December 31 (in thousands):

	2024	2023
<b>Deferred tax assets:</b>		
Net operating loss	\$ 5,524	\$ 3,851
Credits	9,714	10,251
Accrued expenses and other reserves	31,143	19,955
Right-of-use liability	482	509
R&D capitalization	84,526	58,956
Capital loss carryforward	6,852	7,254
Other	2,950	2,469
 Total gross deferred tax assets	 141,191	 103,245
 Less valuation allowance	 (9,556)	 (10,093)
 <b>Net deferred tax assets</b>	 131,635	 93,152
 <b>Deferred tax liabilities:</b>		
Prepaid expense	(1,180)	(1,016)
Property and equipment	(1,948)	(537)
Right-of-use asset	(473)	(227)
Non-marketable equity securities basis difference	(3,527)	
Unrealized gain	(6,964)	(13,049)
Foreign deferred tax liabilities	(29)	5
 Total gross deferred tax liabilities	 (14,121)	 (14,824)
 <b>Net deferred tax assets</b>	 \$ 117,514	 \$ 78,328

As of December 31, 2024, Mozilla had approximately \$17.0 million of federal and \$29.4 million of state net operating loss carryforwards available to offset future taxable income. If not utilized, the federal and state operating loss carryforwards will begin to expire in 2036 for federal and 2033 for state.

# Mozilla Foundation and Subsidiaries

## Notes to the Consolidated Financial Statements

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As of December 31, 2024, Mozilla has federal and state research and development credit carryforwards of \$0.4 million and \$15.6 million, respectively, available to offset future tax liabilities. If not utilized, the carryforwards will begin to expire in 2034 for federal and will not expire for state.

Financial Interpretation (FIN) 48, now codified as ASC 740-10, provides that a tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits. Income tax positions must meet a more-likely-than-not recognition threshold at the effective date to be recognized. FIN 48 also provides guidance on measurement, derecognition, classification, interest and penalties, accounting in interim periods, and disclosure.

Mozilla's unrecognized tax benefits, which are all with the Corporation, were as follows as of December 31 (in thousands):

	2024	2023
Unrecognized tax benefits	\$ 15,707	\$ 14,426

Mozilla also accrued potential penalties and interest of \$0.5 million and \$0.4 million related to these unrecognized tax benefits during the years ended December 31, 2024 and 2023, respectively, and in total, has recorded a liability for potential penalties and interest of \$0.8 million and \$0.8 million, as of December 31, 2024 and 2023, respectively. Mozilla recognizes interest and penalties related to unrecognized tax benefits within the income tax expense line in the accompanying consolidated statement of activities and changes in net assets. Accrued interest and penalties are included within the accrued liabilities line in the consolidated statement of financial position. Mozilla does not expect its unrecognized tax benefits to change significantly over the next 12 months.

As of December 31, 2024, the unrecognized tax benefit was \$15.7 million, of which \$8.6 million, if recognized, would affect the effective tax rate.

Mozilla files U.S., state, and foreign income tax returns in jurisdictions with varying statutes of limitations. In U.S. jurisdictions, the 2020 through 2023 tax years generally remain subject to examination by their respective authorities. In state jurisdictions, the 2020 through 2023 tax years generally remain subject to examination by their respective authorities. In foreign jurisdictions, the 2012 through 2023 tax years generally remain subject to examination by their respective tax authorities.

# Mozilla Foundation and Subsidiaries

## Notes to the Consolidated Financial Statements

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### Note 10 - Employee Benefit Plans:

The Foundation and the Corporation sponsor defined contribution plans covering substantially all employees in the United States and Canada. The Foundation and the Corporation contribute an amount equal to 3% of the employee's qualified salary plus an additional discretionary 4% of their qualified salary. Contributions to the plans totaled \$11.3 million and \$10.1 million for the years ended December 31, 2024 and 2023, respectively.

For certain other foreign locations, Mozilla contributes employee benefits due in accordance with local labor regulations. Contributions totaled \$3.2 million and \$2.2 million for the years ended December 31, 2024 and 2023, respectively.

### Note 11 - Commitments and Contingencies:

#### *Leases*

Mozilla leases its various office spaces under operating leases, which require it to pay base rent, real estate taxes, insurance, general repairs and maintenance. Mozilla's leases are located in Canada and Germany with various expiration dates through 2027. Mozilla previously had leases in San Francisco, CA (expired in August 2023) and France (expired in April 2023). Some leases have options to renew. Lease expense for the years ended December 31, 2024 and 2023 totaled \$1.4 million and \$4.0 million, respectively.

Lease right-of-use assets and liabilities are recognized at the lease commencement date based on the present value of the remaining minimum lease payments over the lease term, with certain adjustments as described in Note 2. As Mozilla's leases do not provide an implicit rate, and in accordance with the private company exemptions available under ASC 842, Mozilla uses a risk-free interest rate based on the information available at commencement date in determining the present value of lease payments.

As of December 31, 2024 and 2023, Mozilla had right-of-use assets of \$2.1 million and \$2.3 million, respectively, and lease liabilities related to its operating leases of \$2.1 million and \$2.3 million, respectively. Right-of-use assets are included in *prepaid expenses and other assets*, and lease liabilities are included within *other liabilities* on the consolidated statement of financial position. During the fiscal years ended December 31, 2024 and 2023, Mozilla paid \$1.3 million and \$4.1 million, respectively, in cash related to its operating leases. As of December 31, 2024 and 2023, the weighted-average remaining lease term was 2.3 years and 2.0 years, respectively, and the weighted-average discount rate related to Mozilla's operating leases was 2.78% and 1.5%, respectively.

# Mozilla Foundation and Subsidiaries

## Notes to the Consolidated Financial Statements

Future minimum lease commitments are as follows and include all base rent and operating expenses (in thousands):

Year Ending December 31,	
2025	\$ 1,042
2026	728
2027	380
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Total scheduled payments	2,150
<hr/>	
Less discount to present value	(75)
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Present value of lease liability	\$ 2,075

Operating lease amounts above do not include sublease income. Mozilla entered into various sublease agreements with third parties for portions of its unused office spaces, in prior years. As of November 30 2023, Mozilla no longer has any sublease income. Mozilla currently does not expect to receive any future sublease income. Sublease income was \$1.1 for the year ended December 31, 2023.

### *Long-Term Service Arrangements*

Mozilla has entered into service agreements with initial minimum commitments for cloud hosting services. In addition to the initial term, Mozilla has the option to extend the terms of the service agreements. Mozilla has also entered into a service agreement with a vendor for various professional services like quality assurance, test automation, and development work to meet Mozilla's needs.

Future minimum purchase obligations under these long-term arrangements are as follows (in thousands):

Year Ending December 31,	
2025	\$ 29,672
2026	11,250
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Total contractual obligations	\$ 40,922

# Mozilla Foundation and Subsidiaries

## Notes to the Consolidated Financial Statements

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### *Legal Matters*

From time to time, Mozilla may be party or subject to various legal proceedings and claims, either asserted or unasserted, which arise in the ordinary course of business. Some of these proceedings involve claims that are subject to substantial uncertainties and unascertainable damages. Mozilla makes a provision for a liability when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated.

In May 2023, Mozilla filed legal claims against Beijing Mozilla Firefox Information Technology, Ltd. (Mozilla Online) with the long-term intent to wind down Mozilla Online's operations in China. The contract between Mozilla Corporation and Mozilla Online recently expired. Although both parties attempted to negotiate a renewal in good faith, an agreement has not been reached. The litigation was still in process as of December 31, 2024.

Unless otherwise specifically disclosed in this note, Mozilla has determined that no provision for liability nor disclosure is required related to any claim against Mozilla because: (a) there is not a reasonable possibility that a loss exceeding amounts already recognized (if any) may be incurred with respect to such claim; (b) a reasonably possible loss or range of loss cannot be estimated; or (c) such estimate is immaterial.

### **Note 12 - Related Party Transactions:**

The Corporation and MZLA pay license fees per trademark license agreements with the Foundation. The Corporation pays the Foundation a royalty payment based on the Corporation's annual royalties revenue. The Corporation incurred \$22.6 million and \$18.4 million in license fees to the Foundation for the years ended December 31, 2024 and 2023, respectively.

The trademark license agreement between MZLA and the Foundation stipulates that MZLA will pay the Foundation a royalty payment based upon the revenue generated from certain products. MZLA paid \$0.415 million and \$0.267 million in license fees to the Foundation for the years ended December 31, 2024 and 2023, respectively.

The Corporation provides basic administrative services, IT support and legal services to the Foundation under a service agreement between the Corporation and the Foundation.

The Foundation and Corporation also provide basic administrative services, IT support and legal services to MZLA, Ventures and AI under separate service agreements between the Foundation and MZLA, Ventures and AI and the Corporation and MZLA.

As noted in Note 2, all significant intercompany transactions have been eliminated in the preparation of these financial statements.

# Mozilla Foundation and Subsidiaries

## Notes to the Consolidated Financial Statements

### Note 13 - Availability of Financial Assets and Liquidity:

Mozilla's financial assets available for general expenditures within one year are as follows as of December 31 (in thousands):

	2024	2023
Financial assets at year end		
Cash and cash equivalents	\$ 241,840	\$ 263,323
Receivables	57,664	55,317
Investments	<u>1,089,377</u>	<u>1,006,854</u>
Total financial assets	<u>1,388,881</u>	<u>1,325,494</u>
Less amounts not available to be used within one year:		
Investments with liquidity restrictions	(10,459)	(13,515)
Net assets with donor restrictions	(2,349)	(4,863)
Add net assets with purpose restrictions to be met in less than a year	<u>720</u>	<u>1,602</u>
Total amounts not available to be used within one year	<u>(12,088)</u>	<u>(16,776)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,376,793</u>	<u>\$ 1,308,718</u>

Mozilla has certain donor-restricted assets limited to use which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the quantitative information above for financial assets to meet general expenditures within one year. Donor-restricted assets that are not available for general expenditure within the next year, are more fully described in Note 8.

As part of Mozilla's liquidity management plan, cash in excess of daily requirements is invested in a managed portfolio of fixed income and equity securities.

### Note 14 - Subsequent Events:

Mozilla evaluated subsequent events from December 31, 2024 through September 26, 2025, the date these financial statements were available to be issued. In March 2025, an arbitrator in the Mozilla Online matter awarded Mozilla a portion of the amount Mozilla initially claimed. Given that Mozilla's litigation is still in process, any potential gain or loss remains unknown. In April 2025, Mozilla elected to shut down the operations of Fakespot. As a result, Mozilla estimates to recognize a \$13.7 million impairment loss on the related acquired assets.

# Mozilla Foundation and Subsidiaries

## Notes to the Consolidated Financial Statements

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There were no other material subsequent events that required recognition or additional disclosure in these financial statements.