

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended March 28, 2025
or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Transition Period From To
Commission File Number: 001-32431



DOLBY LABORATORIES, INC.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)		90-0199783 (I.R.S. Employer Identification No.)
1275 Market Street (Address of principal executive offices)	San Francisco	California
		94103-1410 (Zip Code)

(415) 558-0200
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Class A common stock, \$0.001 par value	DLB	The New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	☒	Accelerated Filer	☐
Non-accelerated Filer	☐	Smaller Reporting Company	☐
		Emerging Growth Company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

On April 25, 2025, the registrant had 61,405,584 shares of Class A common stock, par value \$0.001 per share, and 34,660,604 shares of Class B common stock, par value \$0.001 per share, outstanding.

DOLBY LABORATORIES, INC.
FORM 10-Q
For the Fiscal Quarter Ended March 28, 2025
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[Signature](#)

GLOSSARY OF TERMS

The following table summarizes certain terms and abbreviations that may be used within the text of this report:

Abbreviation	Term
AAC	Advanced Audio Coding
AFS	Available-For-Sale (Securities)
AOCI	Accumulated Other Comprehensive Income (Loss)
API	Application Programming Interface
APIC	Additional Paid In-Capital
ARPU	Average Revenue Per Unit
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
AVC	Advanced Video Coding
AVR	Audio/Video Receiver
CE	Consumer Electronics
CES	Consumer Electronics Show
CODM	Chief Operating Decision Maker
COSO	Committee Of Sponsoring Organizations (Of The Treadway Commission)
DD	Dolby Digital®
DD+	Dolby Digital Plus™
DMA	Digital Media Adapter
DTV	Digital Television
DVD	Digital Versatile Disc
EPS	Earnings Per Share
ESP	Estimated Selling Price
ESPP	Employee Stock Purchase Plan
FASB	Financial Accounting Standards Board
FCPA	Foreign Corrupt Practices Act
G&A	General and Administrative
HDR	High-Dynamic Range
HE-AAC	High Efficiency Advanced Audio Coding
HEVC	High Efficiency Video Coding
IC	Integrated Circuit
IBR	Incremental Borrowing Rate
IP	Intellectual Property
LP	Limited Partner/Partnership
NOL	Net Operating Loss
OECD	Organization For Economic Co-Operation & Development
OEM	Original Equipment Manufacturer
OTT	Over-The-Top
PC	Personal Computer
PCS	Post-Contract Support
PLF	Premium Large Format
PP&E	Property, Plant, and Equipment
PSO	Performance-Based Stock Option
PSU	Performance-Based Restricted Stock Unit
R&D	Research and Development
ROU	Right-Of-Use
RSU	Restricted Stock Unit
S&M	Sales and Marketing
SEC	U.S. Securities and Exchange Commission
SERP	Supplemental Executive Retirement Plan
STB	Set-Top Box
TSR	Total Stockholder Return
U.S. GAAP	Generally Accepted Accounting Principles In The United States
VVC	Versatile Video Coding

PART I – FINANCIAL INFORMATION

ITEM 1. UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

DOLBY LABORATORIES, INC. INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS *(in thousands, except share and per share amounts)* *(unaudited)*

	March 28, 2025	September 27, 2024
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 626,551	\$ 482,047
Restricted cash	123,791	95,705
Accounts receivable, net of allowance for credit losses of \$6,523 and \$5,361	314,114	315,465
Contract assets, net of allowance for credit losses of \$96 and \$106	230,352	197,478
Inventories, net	34,594	33,728
Prepaid expenses and other current assets	59,878	69,994
Total current assets	1,389,280	1,194,417
Long-term investments	73,757	89,267
Property, plant, and equipment, net	472,663	479,109
Operating lease right-of-use assets	34,086	39,046
Intangible assets, net	412,059	434,514
Goodwill	525,024	533,208
Deferred taxes	223,410	219,758
Other non-current assets	98,757	120,609
Total assets	\$ 3,229,036	\$ 3,109,928
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 17,288	\$ 17,380
Accrued liabilities	376,498	347,529
Income taxes payable	13,309	9,045
Contract liabilities	39,615	31,644
Operating lease liabilities	10,775	12,238
Total current liabilities	457,485	417,836
Non-current contract liabilities	29,664	34,593
Non-current operating lease liabilities	29,656	34,754
Other non-current liabilities	129,212	135,852
Total liabilities	646,017	623,035
Commitments and Contingencies (See Note 15)		
Stockholders' equity:		
Class A, \$0.001 par value, one vote per share, 500,000,000 shares authorized: 61,399,034 shares issued and outstanding as of March 28, 2025 and 59,722,442 as of September 27, 2024	55	53
Class B, \$0.001 par value, ten votes per share, 500,000,000 shares authorized: 34,660,604 shares issued and outstanding as of March 28, 2025 and 35,670,779 as of September 27, 2024	40	41
Retained earnings	2,601,552	2,496,255
Accumulated other comprehensive loss	(27,978)	(19,187)
Total stockholders' equity – Dolby Laboratories, Inc.	2,573,669	2,477,162
Noncontrolling interest	9,350	9,731
Total stockholders' equity	2,583,019	2,486,893
Total liabilities and stockholders' equity	\$ 3,229,036	\$ 3,109,928

See accompanying notes to unaudited interim condensed consolidated financial statements

DOLBY LABORATORIES, INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)
(unaudited)

	Fiscal Quarter Ended		Fiscal Year-To-Date Ended	
	March 28, 2025	March 29, 2024	March 28, 2025	March 29, 2024
Revenue:				
Licensing	\$ 346,006	\$ 338,240	\$ 676,485	\$ 632,007
Products and services	23,555	26,283	50,075	48,090
Total revenue	369,561	364,523	726,560	680,097
Cost of revenue:				
Cost of licensing	19,685	15,318	40,795	31,054
Cost of products and services	16,152	23,459	35,816	39,783
Total cost of revenue	35,837	38,777	76,611	70,837
Gross profit	333,724	325,746	649,949	609,260
Operating expenses:				
Research and development	61,707	62,493	128,345	129,526
Sales and marketing	89,629	90,038	184,028	169,041
General and administrative	70,415	66,742	140,507	131,908
Restructuring charges/(credits)	4,210	(2,495)	9,426	3,596
Total operating expenses	225,961	216,778	462,306	434,071
Operating income	107,763	108,968	187,643	175,189
Other income/(expense):				
Interest income/(expense), net	3,559	8,597	6,205	17,784
Other income, net	8,928	4,183	12,453	9,608
Total other income	12,487	12,780	18,658	27,392
Income before income taxes	120,250	121,748	206,301	202,581
Provision for income taxes	(28,024)	(23,534)	(46,005)	(36,786)
Net income including noncontrolling interest	92,226	98,214	160,296	165,795
Less: net income attributable to noncontrolling interest	(433)	(384)	(681)	(984)
Net income attributable to Dolby Laboratories, Inc.	\$ 91,793	\$ 97,830	\$ 159,615	\$ 164,811
Net income per share:				
Basic	\$ 0.95	\$ 1.02	\$ 1.66	\$ 1.72
Diluted	\$ 0.94	\$ 1.01	\$ 1.64	\$ 1.69
Weighted-average shares outstanding:				
Basic	96,329	95,718	95,972	95,547
Diluted	97,471	96,856	97,581	97,397
Related party rent expense:				
Included in net income attributable to noncontrolling interest	\$ 71	\$ 71	\$ 142	\$ 142
Cash dividend declared per common share	\$ 0.33	\$ 0.30	\$ 0.66	\$ 0.60
Cash dividend paid per common share	\$ 0.33	\$ 0.30	\$ 0.66	\$ 0.60

See accompanying notes to unaudited interim condensed consolidated financial statements

DOLBY LABORATORIES, INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)
(unaudited)

	Fiscal Quarter Ended		Fiscal Year-To-Date Ended	
	March 28, 2025	March 29, 2024	March 28, 2025	March 29, 2024
Net income including noncontrolling interest	\$ 92,226	\$ 98,214	\$ 160,296	\$ 165,795
Other comprehensive income/(loss):				
Currency translation adjustments gains/(losses), net of tax benefit/(expense) of \$0, \$0, \$0, and \$0	6,575	(6,265)	(8,590)	5,384
Unrealized gains/(losses) on investments, net of tax benefit/(expense) of (\$166), (\$8), \$0, and \$4	(309)	(184)	(8)	1,772
Unrealized gains/(losses) on cash flow hedges, net of tax benefit/(expense) of \$89, \$332, \$79, and (\$352)	1,394	(1,252)	(274)	839
Total other comprehensive income/(loss), net of tax	7,660	(7,701)	(8,872)	7,995
Total comprehensive income	99,886	90,513	151,424	173,790
Less: comprehensive income attributable to noncontrolling interest	(529)	(323)	(600)	(1,063)
Comprehensive income attributable to Dolby Laboratories, Inc.	\$ 99,357	\$ 90,190	\$ 150,824	\$ 172,727

See accompanying notes to unaudited interim condensed consolidated financial statements

DOLBY LABORATORIES, INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands)
(unaudited)

Dolby Laboratories, Inc.							
	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Total Stockholders' Equity - Dolby Laboratories, Inc.	Noncontrolling Interest	Total Stockholders' Equity
Balance as of December 27, 2024	\$ 95	\$ —	\$ 2,543,413	\$ (35,542)	\$ 2,507,966	\$ 9,062	\$ 2,517,028
Net income	—	—	91,793	—	91,793	433	92,226
Other comprehensive income, net of tax	—	—	—	7,564	7,564	96	7,660
Distributions to noncontrolling interest	—	—	—	—	—	(241)	(241)
Stock-based compensation expense	—	30,664	—	—	30,664	—	30,664
Capitalized stock-based compensation expense	—	53	—	—	53	—	53
Repurchase of common stock	(1)	(33,173)	(1,825)	—	(34,999)	—	(34,999)
Cash dividends declared and paid on common stock	—	—	(31,829)	—	(31,829)	—	(31,829)
Common stock issued under employee stock plans	1	3,966	—	—	3,967	—	3,967
Tax withholdings on vesting of restricted stock	—	(1,510)	—	—	(1,510)	—	(1,510)
Balance as of March 28, 2025	\$ 95	\$ —	\$ 2,601,552	\$ (27,978)	\$ 2,573,669	\$ 9,350	\$ 2,583,019

Dolby Laboratories, Inc.							
	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity - Dolby Laboratories, Inc.	Noncontrolling Interest	Total Stockholders' Equity
Balance as of September 27, 2024	\$ 94	\$ —	\$ 2,496,255	\$ (19,187)	\$ 2,477,162	\$ 9,731	\$ 2,486,893
Net income	—	—	159,615	—	159,615	681	160,296
Other comprehensive loss, net of tax	—	—	—	(8,791)	(8,791)	(81)	(8,872)
Distributions to noncontrolling interest	—	—	—	—	—	(981)	(981)
Stock-based compensation expense	—	66,734	—	—	66,734	—	66,734
Capitalized stock-based compensation expense	—	151	—	—	151	—	151
Repurchase of common stock	(1)	(59,074)	9,076	—	(49,999)	—	(49,999)
Cash dividends declared and paid on common stock	—	—	(63,377)	—	(63,377)	—	(63,377)
Common stock issued under employee stock plans	2	26,122	—	—	26,124	—	26,124
Tax withholdings on vesting of restricted stock	—	(33,933)	(17)	—	(33,950)	—	(33,950)
Balance as of March 28, 2025	\$ 95	\$ —	\$ 2,601,552	\$ (27,978)	\$ 2,573,669	\$ 9,350	\$ 2,583,019

Dolby Laboratories, Inc.								
	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity - Dolby Laboratories, Inc.	Noncontrolling Interest	Total Stockholders' Equity	
Balance as of December 29, 2023	\$ 94	\$ —	\$ 2,367,182	\$ (21,428)	\$ 2,345,848	\$ 16,462	\$ 2,362,310	
Net income	—	—	97,830	—	97,830	384	98,214	
Other comprehensive loss, net of tax	—	—	—	(7,640)	(7,640)	(61)	(7,701)	
Stock-based compensation expense	—	28,915	—	—	28,915	—	28,915	
Capitalized stock-based compensation expense	—	110	—	—	110	—	110	
Repurchase of common stock	—	(38,577)	13,580	—	(24,997)	—	(24,997)	
Cash dividends declared and paid on common stock	—	—	(28,716)	—	(28,716)	—	(28,716)	
Common stock issued under employee stock plans	—	11,044	—	—	11,044	—	11,044	
Tax withholdings on vesting of restricted stock	—	(1,492)	—	—	(1,492)	—	(1,492)	
Balance as of March 29, 2024	\$ 94	\$ —	\$ 2,449,876	\$ (29,068)	\$ 2,420,902	\$ 16,785	\$ 2,437,687	

Dolby Laboratories, Inc.								
	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Total Stockholders' Equity - Dolby Laboratories, Inc.	Noncontrolling Interest	Total Stockholders' Equity	
Balance as of September 29, 2023	\$ 94	\$ —	\$ 2,391,990	\$ (36,984)	\$ 2,355,100	\$ 17,084	\$ 2,372,184	
Net income	—	—	164,811	—	164,811	984	165,795	
Other comprehensive income, net of tax	—	—	—	7,916	7,916	79	7,995	
Distributions to noncontrolling interest	—	—	—	—	—	(1,047)	(1,047)	
Stock-based compensation expense	—	60,809	—	—	60,809	—	60,809	
Capitalized stock-based compensation expense	—	205	—	—	205	—	205	
Repurchase of common stock	(1)	(54,664)	(50,334)	—	(104,999)	—	(104,999)	
Cash dividends declared and paid on common stock	—	—	(57,268)	—	(57,268)	—	(57,268)	
Common stock issued under employee stock plans	1	29,344	—	—	29,345	—	29,345	
Tax withholdings on vesting of restricted stock	—	(36,054)	—	—	(36,054)	—	(36,054)	
Deconsolidation of subsidiary	—	—	677	—	677	(677)	—	
Equity issued in connection with business combination	—	360	—	—	360	362	722	
Balance as of March 29, 2024	\$ 94	\$ —	\$ 2,449,876	\$ (29,068)	\$ 2,420,902	\$ 16,785	\$ 2,437,687	

See accompanying notes to unaudited interim condensed consolidated financial statements

DOLBY LABORATORIES, INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Fiscal Year-To-Date Ended	
	March 28, 2025	March 29, 2024
Operating activities:		
Net income including noncontrolling interest	\$ 160,296	\$ 165,795
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	43,899	35,890
Stock-based compensation	66,734	60,809
Amortization of operating lease right-of-use assets	5,725	5,847
Amortization of premium on investments	—	(1,757)
Provision for/(benefit from) credit losses	1,967	(1,454)
Deferred income taxes	(3,741)	(6,779)
Other non-cash items affecting net income	(13,844)	(2,500)
Changes in operating assets and liabilities:		
Accounts receivable, net	(420)	(18,509)
Contract assets, net	(32,864)	(61,008)
Inventories	(1,155)	(7,836)
Operating lease right-of-use assets	(1,608)	(7,848)
Prepaid expenses and other assets	38,653	33,527
Accounts payable and accrued liabilities	27,267	3,923
Income taxes, net	5,906	5,215
Contract liabilities	3,282	2,651
Operating lease liabilities	(5,682)	1,028
Other non-current liabilities	(12,739)	(17,176)
Net cash provided by operating activities	281,676	189,818
Investing activities:		
Purchases of marketable securities	—	(104,135)
Proceeds from sales of marketable securities	15,911	4,451
Proceeds from maturities of marketable securities	—	97,459
Proceeds from sale of assets held for sale	16,881	—
Purchases of property, plant, and equipment	(13,676)	(15,015)
Business combinations, net of cash and restricted cash acquired, and other related payments	(1,362)	—
Net cash provided by/(used in) investing activities	17,754	(17,240)
Financing activities:		
Proceeds from issuance of common stock	26,124	29,345
Repurchase of common stock	(49,999)	(104,999)
Payment of excise tax on repurchase of common stock	(261)	—
Payment of cash dividend	(63,377)	(57,268)
Distributions to noncontrolling interest	(981)	(1,047)
Shares repurchased for tax withholdings on vesting of restricted stock	(33,950)	(36,054)
Equity issued in connection with business combination	—	722
Net cash used in financing activities	(122,444)	(169,301)
Effect of foreign exchange rate changes on cash, cash equivalents, and restricted cash	(4,396)	3,113
Net increase in cash, cash equivalents, and restricted cash	172,590	6,390
Cash, cash equivalents, and restricted cash at beginning of period	577,752	817,966
Cash, cash equivalents, and restricted cash at end of period	\$ 750,342	\$ 824,356
Supplemental disclosure:		
Cash paid for income taxes, net of refunds received	\$ 43,554	\$ 38,582
Non-cash investing activities and financing activities:		
Change in property, plant, and equipment purchased, unpaid at period-end	\$ 2,399	\$ 7,957

See accompanying notes to unaudited interim condensed consolidated financial statements

DOLBY LABORATORIES, INC.
NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation

Unaudited Interim Condensed Consolidated Financial Statements

We have prepared the accompanying unaudited interim condensed consolidated financial statements in accordance with U.S. GAAP, and with SEC rules and regulations, which allow for certain information and footnote disclosures that are normally included in annual financial statements prepared in accordance with U.S. GAAP to be condensed or omitted. In our opinion, these unaudited interim condensed consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements for the fiscal year ended September 27, 2024 and include all adjustments necessary for fair presentation. The accompanying unaudited interim condensed consolidated financial statements should be read in conjunction with our consolidated financial statements for the fiscal year ended September 27, 2024, which are included in our Annual Report on Form 10-K filed with the SEC.

The results for the fiscal quarter and fiscal year-to-date period ended March 28, 2025 are not necessarily indicative of the results to be expected for any subsequent quarterly or annual financial period, including the fiscal year ending September 26, 2025.

Principles of Consolidation

The unaudited interim condensed consolidated financial statements include the accounts of Dolby Laboratories, Inc. and our wholly-owned and majority-owned subsidiaries. In addition, we have consolidated the financial results of jointly owned affiliated companies in which our principal stockholder or other entities have a noncontrolling interest. We report these noncontrolling interests as a separate line in our unaudited interim condensed consolidated statements of operations as net income attributable to noncontrolling interest and in our unaudited interim condensed consolidated balance sheets as a noncontrolling interest. We eliminate all intercompany accounts and transactions upon consolidation.

Operating Segments

Since we operate as a single reportable segment, all required financial segment information is included in our unaudited interim condensed consolidated financial statements. This reflects the fact that our CODM, our CEO, evaluates our financial information and resources, and assesses the performance of these resources on a consolidated basis.

Use of Estimates

The preparation of our financial statements in accordance with U.S. GAAP requires management to make certain estimates and assumptions that affect the amounts reported and disclosed in our unaudited interim condensed consolidated financial statements and accompanying notes.

Significant items subject to such estimates and assumptions include estimated shipments by our licensees for which we are owed a sales-based royalty. These estimates involve the use of historical data and judgment for several key attributes including industry estimates of expected shipments, the percentage of markets using our technologies, and average sale prices. Our estimates of royalty-based revenue also take into consideration the macroeconomic effect of global events that may impact our licensees' supply chain activities as well as demand for shipments.

Additional significant items subject to such estimates and assumptions include ESPs for performance obligations within revenue arrangements; allowance for credit losses for accounts receivable; carrying values of inventories and certain PP&E, goodwill and intangible assets; fair values of investments; accrued liabilities including unrecognized tax benefits, deferred income tax assets and liabilities, and contingent liabilities; and stock-based compensation. Actual results could differ from our estimates.

Fiscal Year

Our fiscal year is a 52 or 53 week period ending on the last Friday in September. The fiscal periods presented herein include the 13 week period ended March 28, 2025 and March 29, 2024. Our fiscal years ending September 26, 2025 (fiscal 2025) and September 27, 2024 (fiscal 2024) each consist of 52 weeks.

2. Summary of Significant Accounting Policies

Concentration of Credit Risk

Our financial instruments that are exposed to concentrations of credit risk principally consist of cash, cash equivalents, restricted cash, investments, accounts receivable, and contract assets. We maintain cash, cash equivalents, and investments with multiple financial institutions that have high credit standing, and that we believe are financially sound and have minimal credit risk exposure, although at times our balances may exceed the applicable insurance coverage limits. We monitor and manage the overall counterparty credit risk exposure of our cash balances to individual financial institutions on an ongoing basis. Our investment portfolio consists of investment-grade securities diversified amongst security types, industries, and issuers. All of our securities are held in custody by large national financial institutions. Our investment policy limits the amount of credit exposure to a maximum of 5% of our total portfolio to any one issuer, except for the U.S. Treasury, and we believe no significant concentration risk exists with respect to these investments. We also mitigate counterparty risk through entering into derivative contracts with high-credit-quality financial institutions. Actual or potential defaults of one or more financial institutions could impact our results of operations or financial position, and make it challenging to find alternative qualified counterparties.

The majority of our licensing revenue is generated from customers outside of the United States ("U.S."). We manage the credit risk posed by non-U.S. customers by performing regular evaluations of the creditworthiness of our licensing customers and recognize revenue in accordance with U.S. GAAP.

Recently Issued Accounting Standards

Standards Not Yet Effective

Segment Reporting. In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which enhances the disclosures required for operating segments by requiring disclosure of significant segment expenses that are regularly provided to the CODM and included within each reported measure of segment profit or loss, among other expanded disclosures. This standard is effective for Dolby's annual period for fiscal 2025 and will be effective for interim periods beginning September 27, 2025, and will be applied retrospectively to all periods presented in the financial statements. We are currently in the process of evaluating the impact of the standard's adoption on our consolidated financial statements and related disclosures.

Income Taxes. In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which requires further enhancement of income tax disclosures, primarily through standardization and disaggregation of rate reconciliation categories and income taxes paid by jurisdiction. This standard is effective for Dolby beginning September 27, 2025 on a prospective basis, but early adoption is permitted. We are currently in the process of evaluating the impact of the standard's adoption on our consolidated financial statements and related disclosures.

Income Statement. In November 2024, the FASB issued ASU 2024-03, *Income Statement — Reporting Comprehensive Income — Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*, which requires public companies to disclose, in interim and annual reporting periods, additional information about certain expenses in notes to financial statements, including purchases of inventory, employee compensation, depreciation, amortization of intangible assets, and selling expenses. In January 2025, the FASB issued ASU 2025-01, *Income Statement — Reporting Comprehensive Income — Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date*, which clarified the effective date of ASU 2024-03. This standard will be effective for Dolby's annual period beginning September 25, 2027 and interim periods beginning September 30, 2028, with early adoption permitted. We are currently in the process of evaluating the impact of the standard's adoption on our consolidated financial statements and related disclosures.

3. Revenue Recognition

We enter into revenue arrangements with our customers to license technologies, trademarks and patents for sound and imaging solutions, and to sell products and services. We recognize revenue when we satisfy a performance obligation by transferring control over the use of a license, product, or service to a customer.

A. Identification of the Contract or Contracts with Customers

We generally determine that a contract with a customer exists upon the execution of an agreement and after consideration of collectability, which could include an evaluation of the customer's payment history, the existence of a standby letter of credit between the customer's financial institution and our financial institution, public financial information, and other factors. At contract inception, we also evaluate whether two or more non-standard agreements with a customer should be combined and accounted for as a single contract.

B. Identification of Performance Obligations in a Contract

We generate revenue principally from the following sources, which represent performance obligations in our contracts with customers:

- *Licensing.* We license our technologies, including patents, to a range of customers who incorporate them into their products for enhanced audio and imaging functionality across broadcast, mobile, CE, PC, gaming, and other markets.
- *Product Sales.* We design and provide audio and imaging products for the cinema, television, broadcast, and entertainment industries.
- *Services.* We provide various services to support theatrical and television production for cinema exhibition, broadcast, and home entertainment, including equipment training, mixing room alignment, equalization, as well as audio, color and light image calibration. We also offer solutions through our platform Dolby OptiView (previously named Dolby.io) to companies building real-time digital experiences that increase audience engagement. Our solution provides the capability to stream high-quality audiovisual content in ultra-low latency, which reduces the delay between the action and the viewer.
- *PCS.* We provide PCS for products sold and for equipment leased, and we support the implementation of our licensing technologies in our licensees' products.
- *Equipment Leases.* We collaborate with established cinema exhibitors to offer Dolby Cinema, a branded premium cinema offering for movie audiences by leasing equipment and licensing our IP.
- *Licensing Administration Fees.* We generate administrative fees for managing patent pools on behalf of third party patent owners through our subsidiary, Via Licensing Alliance LLC ("Via LA").

Some of our revenue arrangements include multiple performance obligations, such as hardware, software, support and maintenance, and extended warranty services. We evaluate whether promised products and services are distinct performance obligations.

The majority of our arrangements with multiple performance obligations pertain to our digital cinema server and processor sales that include the following distinct performance obligations to which we allocate portions of the transaction price based on their stand-alone selling price:

- Digital cinema server hardware and embedded software, which is dependent on and interrelated with the hardware. Accordingly, the hardware and embedded software represent a single performance obligation.
- The right to support and maintenance, which is included with the purchase of the digital cinema server hardware, is a distinct performance obligation.
- The right to receive commissioning services is a distinct performance obligation within the sale of the Dolby Atmos Cinema Processor. These services consist of the review of venue designs specifying proposed speaker placement as well as calibration services performed for installed speakers to ensure optimal playback.

C. Determination of Transaction Price for Performance Obligations in a Contract

After identifying the distinct performance obligations, we determine the transaction price in accordance with the terms of the underlying executed contract which may include variable consideration such as discounts, rebates, refunds, rights of returns, and incentives. We assess and update, if necessary, the amount of variable consideration to which we are entitled for each reporting period. At the end of each reporting period, we estimate and accrue a liability for returns and adjustments as a reduction to revenue based on several factors, including past return history.

With the exception of our sales-based royalties, we evaluate whether a significant financing component exists

when we recognize revenue in advance of customer payments that occur over time. For example, some of our licensing arrangements include payment terms greater than one year from when we transfer control of our IP to a licensee and the receipt of the final payment for that IP. If a significant financing component exists, we classify a portion of the transaction price as interest income, instead of recognizing all of the transaction price as revenue. We do not adjust the transaction price for the effects of financing if, at contract inception, the period between the transfer of control to a customer and final payment is expected to be one year or less.

D. Allocation of Transaction Price to Distinct Performance Obligations in a Contract

For our sales-based royalties where the license is the predominant item to which the royalties relate, we present all revenue as licensing.

For revenue arrangements that include multiple performance obligations, we determine the stand-alone selling price for each distinct performance obligation based on the actual selling prices made to customers. If the performance obligation is not sold separately, we estimate the stand-alone selling price. We do so by considering market conditions such as competitor pricing strategies, customer specific information and industry technology lifecycles, internal conditions such as cost and pricing practices, or applying the residual approach method when the selling price of the good, most commonly a license, is highly variable or uncertain.

Once the transaction price, including any variable consideration, has been determined, we allocate the transaction price to the performance obligations identified in the contract and recognize revenue as or when control is transferred for each distinct performance obligation.

E. Revenue Recognition as Control is Transferred to a Customer

We generate our licensing revenue by licensing our technologies and patents to various types of licensees, such as chip manufacturers ("implementation licensees"), consumer product manufacturers, software vendors, and communications service providers. Our revenue recognition policies for each of these arrangements are summarized below.

Initial fees from implementation licensees. Implementation licensees incorporate our technologies into their chipsets that, once approved by Dolby, are available for purchase by OEMs for use in end-user products. Implementation licensees only pay us a nominal initial fee on contract execution as consideration for the ongoing services that we provide to assist in their implementation process. Revenue from these initial fees is recognized ratably over the contractual term as a component of licensing revenue.

Sales-based licensing fees. In our royalty bearing licensing agreements with OEMs, control is transferred upon the later of contract execution or the contract's effective date. We apply the royalty exception, which requires that we recognize sales-based royalties when the sales occur based on our estimates. These estimates involve the use of historical data and judgment for several key attributes including industry estimates of expected shipments, the percentage of markets using our technologies, and average sale prices. Generally, our estimates represent the current period's shipments to which we expect our licensees to submit royalty statements within the following two quarters. Upon receipt of royalty statements from the licensees with the actual reporting of sales-based royalties that we estimated previously, we record a favorable or unfavorable adjustment based on the difference, if any, between estimated and actual sales. In the second quarter of fiscal 2025, we recorded a favorable adjustment of approximately \$1 million, primarily related to shipments that occurred in the prior two quarters, and is largely based on actual royalty statements received from licensees that differed from our estimates.

Fixed and guaranteed licensing fees. In certain cases, our arrangements require the licensee to pay fixed, non-refundable fees. In these cases, control is transferred and fees are recognized upon the later of contract execution or the effective date. Additionally and separate from initial fees from implementation licensees, our sales- and usage-based licensing agreements include a nominal fee, which is also recognized at a point in time in which control of the IP has been transferred. Revenue from these arrangements is included as a component of licensing revenue.

Recoveries. Through compliance efforts, we identify misreported licensed activity related to non-current periods. We may record a favorable or unfavorable revenue adjustment in connection with the findings from these compliance efforts generally upon resolution with the licensee through agreement of the findings, or upon receipt of the licensee's correction statement. Revenue from these arrangements is included as a component of licensing revenue.

We undertake activities aimed at identifying potential unauthorized uses of our technologies, which, when successful, result in the recognition of revenue. Recoveries stem from third parties who agree to remit payments to us based on past use of our technology. In these scenarios, a legally binding contract did not exist at the time of use of our technology, and therefore, we recognize revenue recoveries upon execution of the agreement as that is the point in time at which a contract exists and control is transferred. This revenue is classified as licensing revenue.

In general, we classify legal costs associated with activities aimed at identifying potential unauthorized uses of our technologies, auditing existing licensees, and on occasion, pursuing litigation as S&M in our unaudited interim condensed consolidated statements of operations.

We recognize licensing revenue gross of withholding taxes, which our licensees remit directly to their local tax authorities, and for which we receive a partial foreign tax credit in our income tax provision.

In addition to our licensing arrangements, we also enter into arrangements to deliver products and services.

Product Sales. Revenue from the sale of products is recognized when the customer obtains control of the promised good or service, which is generally upon shipment. Payments are generally made within 90 days of sale.

Services. We provide various services, such as engineering services related to movie soundtrack print mastering, equipment training and maintenance, mixing room alignment, equalization, and image calibration, which we bill on a fixed fee and time and materials basis. Most of these services are of a short duration and are recognized as control of the performance obligations are transferred which is when the related services are performed.

Cloud Services. We provide access to audio and video APIs through our developer platform as well as cloud encoding services, generally, on either a consumption or subscription basis. Revenue related to cloud services provided on a consumption basis is recognized when the customer utilizes the services, based on the quantity of services consumed. Revenue related to cloud services provided on a subscription basis is recognized ratably over the contract term as the customer receives and consumes the benefits of the cloud services.

Collaborative Arrangements. We collaborate with established cinema exhibitors to offer Dolby Cinema, a branded premium cinema offering for movie audiences. Under such collaborations, Dolby and the exhibitor are both active participants, and share the risks and rewards associated with the business. Accordingly, these collaborations are governed by revenue sharing arrangements under which Dolby receives revenue based on box office receipts, in exchange for our proprietary designs and trademarks as well as for the use of our equipment at the exhibitor's venue. The use of our product solution meets the definition of a lease, and for the related portion of Dolby's share of revenue, we apply ASC 842, *Leases*, and recognize revenue based on monthly, or quarterly, box office reports from exhibitors. Our revenue share is recognized as licensing revenue in our unaudited interim condensed consolidated statements of operations.

In addition, we also enter into hybrid agreements where a portion of our revenue share involves guaranteed payments, which in some cases result in classifying the arrangement as a sales-type lease. In such arrangements, we consider control to transfer at the point in time to which we have installed and tested the equipment, at which point we record such guaranteed payments as product revenue.

Licensing Administration Fee. We generate administrative fees for managing patent pools on behalf of third party patent owners through our subsidiary, Via LA. As an agent to licensors in the patent pool, Via LA receives a share of the sales-based royalty that the patent pool licensors earn from licensees. As such, we apply the sales-based royalty exception as the service provided is directly related to the patent pool licensors' provision of IP, which results in recognition based on estimates of the licensee's quarter shipments that use the pool's patents. In addition to sales-based royalties, Via LA also has contracts where the fees are fixed. The revenue share Via LA receives from licensors on fixed fee contracts is recognized over the term in which we are providing services associated with the fixed fee contract. We recognize our administrative fees net of the consideration paid to the patent licensors in the pool as licensing revenue.

Deferred revenue, which is a component of contract liabilities, represents amounts that are ultimately expected to be recognized as revenue, but for which we have yet to satisfy the performance obligation. As of March 28, 2025, we had \$69.3 million of remaining performance obligations, 38% of which we expect to recognize as revenue in fiscal 2025, 28% in fiscal 2026, and the balance of 34% in fiscal years beyond 2026.

F. Disaggregation of Revenue

The following table presents a summary of the composition of our revenue for all periods presented (in thousands, except percentage amounts):

	Fiscal Quarter Ended				Fiscal Year-To-Date Ended				
Revenue	March 28, 2025		March 29, 2024		March 28, 2025		March 29, 2024		
Licensing	\$	346,006	94 %	\$	338,240	93 %	\$	632,007	93 %
Products and services		23,555	6 %		26,283	7 %		48,090	7 %
Total revenue	\$	369,561	100 %	\$	364,523	100 %	\$	726,560	100 %

The following table presents the composition of our licensing revenue for all periods presented (in thousands, except percentage amounts):

Market	Fiscal Quarter Ended				Fiscal Year-To-Date Ended				
	March 28, 2025		March 29, 2024		March 28, 2025		March 29, 2024		
Broadcast	\$	94,249	27 %	\$	105,480	31 %	\$	217,896	34 %
Mobile		100,123	29 %		88,690	26 %		123,977	20 %
CE		38,140	11 %		42,221	12 %		95,441	15 %
PC		58,402	17 %		49,938	15 %		79,617	13 %
Other		55,092	16 %		51,911	16 %		115,076	18 %
Total licensing revenue	\$	346,006	100 %	\$	338,240	100 %	\$	632,007	100 %

We license our technologies in approximately 60 countries, and our licensees distribute products that incorporate our technologies throughout the world. We generate the majority of our revenue from outside the U.S. Geographic data for our licensing revenue is based on the location of our licensees' headquarters, products revenue is based on the destination to which we ship our products, and services revenue is based on the location where services are performed. The following table presents the composition of our revenue by geographic location for all periods presented (in thousands, except percentage amounts):

Geographic Location	Fiscal Quarter Ended				Fiscal Year-To-Date Ended				
	March 28, 2025		March 29, 2024		March 28, 2025		March 29, 2024		
United States	\$	161,537	44 %	\$	146,638	40 %	\$	261,823	38 %
International		208,024	56 %		217,885	60 %		418,274	62 %
Total revenue	\$	369,561	100 %	\$	364,523	100 %	\$	726,560	100 %

G. Contract Balances

Our contract assets represent rights to consideration from licensees for the use of our IP that we have estimated in a given period in the absence of receiving actual royalty statements from licensees. These estimates reflect our best judgment at that time, and are developed using a number of inputs, including historical data, industry estimates of expected shipments, anticipated sales price and performance, and third party data supporting the percentage of markets using our technologies. In the event that our estimates differ from actual amounts reported, we record an adjustment in the quarter in which the royalty statement is received, which is typically the quarter following our estimate. Actual amounts reported are typically paid within 60 days following the end of the quarter of shipment. The main drivers for change in the contract assets account are variances in quarterly estimates, and to a lesser degree, timing of receipt of actual royalty statements.

Our contract liabilities consist of advance payments and billings in advance of performance, typically satisfied within one year. The non-current portion of contract liabilities is separately disclosed in our unaudited interim condensed consolidated balance sheets. We present the net contract asset or liability when we have both contract assets and contract liabilities for a single contract. We recognized \$7.5 million in the second quarter of fiscal 2025 and \$21.0 million in the fiscal year-to-date period ended March 28, 2025 from prior period deferred revenue.

The following table presents a summary of the balances to which contract assets and liabilities related to revenue are recorded for all periods presented (in thousands, except percentage amounts):

	March 28, 2025	September 27, 2024	Change (\$)	Change (%)
Accounts receivable, net	\$ 314,114	\$ 315,465	\$ (1,351)	— %
Contract assets, net	230,352	197,478	32,874	17 %
Contract liabilities - current	39,615	31,644	7,971	25 %
Contract liabilities - non-current	29,664	34,593	(4,929)	(14) %

4. Composition of Certain Financial Statement Captions

The following tables present detailed information from our unaudited interim condensed consolidated balance sheets as of March 28, 2025 and September 27, 2024 (in thousands).

Accounts Receivable and Contract Assets

	March 28, 2025	September 27, 2024
Trade accounts receivable	\$ 178,661	\$ 170,574
Accounts receivable from patent administration program licensees	141,976	150,252
Contract assets	230,448	197,584
Accounts receivable and contract assets, gross	551,085	518,410
Less: allowance for credit losses on accounts receivable and contract assets	(6,619)	(5,467)
Total accounts receivable and contract assets, net	\$ 544,466	\$ 512,943

Accounts receivable as of March 28, 2025 and September 27, 2024, respectively, includes unbilled accounts receivable balances of \$148.2 million and \$173.8 million, related to amounts that are contractually owed. The unbilled balance represents our unconditional right to consideration related to fixed fee contracts which we are entitled to as a result of satisfying, or partially satisfying, performance obligations, as well as Via LA's unconditional right to consideration related to its patent administration programs.

Allowance for Credit Losses	Beginning Balance	Charges/(Credits) to S&M and G&A	Deductions	Ending Balance
For fiscal year-to-date period ended:				
September 27, 2024	\$ 10,969	\$ (2,256)	\$ (1,877)	\$ 6,836
March 28, 2025	6,836	1,967	(828)	7,975

Allowance for credit losses includes the provision for estimated credit losses on our sales-type leases, which was not material as of March 28, 2025 and September 27, 2024.

Inventories

	March 28, 2025	September 27, 2024
Raw materials	\$ 6,872	\$ 3,079
Work in process	4,616	4,791
Finished goods	23,106	25,858
Total inventories	\$ 34,594	\$ 33,728

Inventories are stated at the lower of cost and net realizable value. Inventory with a consumption period expected to exceed twelve months is recorded within other non-current assets in our unaudited interim condensed consolidated balance sheets. We have included \$11.1 million and \$10.4 million of inventory within non-current assets as of March 28, 2025 and September 27, 2024, respectively. Based on anticipated inventory consumption rates, and aside from existing write-downs due to excess inventory, we do not believe that material risk of obsolescence exists prior to ultimate sale.

Prepaid Expenses and Other Current Assets

	March 28, 2025	September 27, 2024
Prepaid expenses	\$ 32,333	\$ 29,745
Other current assets	27,545	40,249
Total prepaid expenses and other current assets	\$ 59,878	\$ 69,994

Other current assets includes certain assets that are classified as held for sale valued at \$24.5 million as of September 27, 2024. In the second quarter of fiscal year 2025, we sold \$15.8 million of the assets classified as held for sale. \$8.7 million of assets classified as held for sale remain, which we plan to sell within the current fiscal year. Refer to Note 16, "*Business Combinations*" for more information.

Accrued Liabilities

	March 28, 2025	September 27, 2024
Amounts payable to patent administration program partners	\$ 198,800	\$ 156,472
Accrued compensation and benefits	83,143	97,179
Accrued professional fees	20,022	16,568
Unpaid property, plant, and equipment additions	13,020	17,055
Accrued customer refunds	2,032	2,988
Accrued market development funds	10,554	2,522
Other accrued liabilities	48,927	54,745
Total accrued liabilities	\$ 376,498	\$ 347,529

Other Non-Current Liabilities

	March 28, 2025	September 27, 2024
Supplemental retirement plan obligations	\$ 4,932	\$ 4,946
Non-current tax liabilities ⁽¹⁾	85,508	78,355
Other liabilities	38,772	52,551
Total other non-current liabilities	\$ 129,212	\$ 135,852

(1) Refer to Note 12 "*Income Taxes*" for additional information related to our tax liabilities.

5. Investments and Fair Value Measurements

In general, we use cash holdings to purchase investment-grade securities diversified among security types, industries, and issuers. With the exception of our mutual fund investments held in our SERP and classified as trading securities and our other long-term investments, all of our investments are classified as AFS securities. Derivative contracts are used to hedge currency risk, and these are carried at fair value and classified as other current assets and accrued liabilities in the unaudited interim condensed consolidated balance sheets.

Our cash and cash equivalents consist of highly-liquid money market funds. Our cash and investment portfolio consisted of the following (in thousands):

	March 28, 2025							
	Cost	Unrealized		Total	Estimated Fair Value			
		Gains	Losses		Level 1	Level 2	Level 3	
Cash and cash equivalents:								
Cash	\$ 625,993	\$ —	\$ —	\$ 625,993	\$ 625,993	\$ —	\$ —	\$ —
Cash equivalents:								
Money market funds	558	—	—	558	558	—	—	—
Cash and cash equivalents	626,551	—	—	626,551	626,551	—	—	—
Long-term investments:								
Other investments ⁽¹⁾	73,757	—	—	73,757	—	—	—	—
Long-term investments	73,757	—	—	73,757	—	—	—	—
Total cash, cash equivalents, and investments	\$ 700,308	\$ —	\$ —	\$ 700,308	\$ 626,551	\$ —	\$ —	\$ —
Investments held in supplemental retirement plan:								
Assets	\$ 5,030	\$ —	\$ —	\$ 5,030	\$ 5,030	\$ —	\$ —	\$ —
Included in prepaid expenses and other current assets and other non-current assets								
Liabilities	\$ 5,030	\$ —	\$ —	\$ 5,030	\$ 5,030	\$ —	\$ —	\$ —
Included in accrued liabilities and other non-current liabilities								
Currency derivatives as hedge instruments:								
Assets: Included in other current assets	\$ —	\$ 277	\$ —	\$ 277	\$ —	\$ 277	\$ —	\$ —
Liabilities: Included in other accrued liabilities	—	—	(582)	(582)	—	(582)	—	—

(1) Other investments as of March 28, 2025 is primarily comprised of our equity method investment in Access Advance LLC ("Access Advance") of \$68.4 million and an equity security without a readily determinable fair value, valued at \$5.0 million. The equity method investment is assessed for impairment, if any, and adjusted for our proportionate share of the investee's net income or loss. Our share of the equity method investee's net income or loss is included in other income/(expense), net on the unaudited interim condensed consolidated statements of operations. Our share of the equity method investee's net income was \$9.1 million in the second quarter of fiscal 2025 and was \$3.6 million in the second quarter of fiscal 2024. Our share of the equity method investee's net income was \$13.4 million in the fiscal year-to-date period ended March 28, 2025 and was \$6.9 million in the fiscal year-to-date period ended March 29, 2024.

	September 27, 2024							
	Cost	Unrealized		Total	Estimated Fair Value			
		Gains	Losses		Level 1	Level 2	Level 3	
Cash and cash equivalents:								
Cash	\$ 482,047	\$ —	\$ —	\$ 482,047	\$ 482,047	\$ —	\$ —	\$ —
Cash and cash equivalents	482,047	—	—	482,047	482,047	—	—	—
Long-term investments:								
Other investments ⁽¹⁾	89,267	—	—	89,267	—	—	—	76,000
Long-term investments	89,267	—	—	89,267	—	—	—	76,000
Total cash, cash equivalents, and investments	\$ 571,314	\$ —	\$ —	\$ 571,314	\$ 482,047	\$ —	\$ —	\$ 76,000
Investments held in supplemental retirement plan:								
Assets	\$ 5,044	\$ —	\$ —	\$ 5,044	\$ 5,044	\$ —	\$ —	\$ —
Included in prepaid expenses and other current assets and other non-current assets								
Liabilities	\$ 5,044	\$ —	\$ —	\$ 5,044	\$ 5,044	\$ —	\$ —	\$ —
Included in accrued liabilities and other non-current liabilities								
Currency derivatives as hedge instruments:								
Assets: Included in other current assets	\$ —	\$ 299	\$ —	\$ 299	\$ —	\$ 299	\$ —	\$ —

(1) Other investments as of September 27, 2024 is primarily comprised of our equity method investment in Access Advance of \$83.9 million and an equity security without a readily determinable fair value, valued at \$5.0 million.

Fair Value Hierarchy. Fair value is the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability, in an orderly transaction between market participants at the measurement date. We minimize the use of unobservable inputs and use observable market data, if available, when determining fair value. We classify our inputs to measure fair value using the following three-level hierarchy:

Level 1: Quoted prices in active markets at the measurement date for identical assets and liabilities. We base the fair value of our Level 1 financial instruments, which are traded in active markets, using quoted market prices for identical instruments.

Level 2: Prices may be based upon quoted prices in active markets or inputs not quoted on active markets but are corroborated by market data. We obtain the fair value of our Level 2 financial instruments from a professional pricing service, which may use quoted market prices for identical or comparable instruments, or model driven valuations using observable market data or inputs corroborated by observable market data. To validate the fair value determination provided by our primary pricing service, we perform quality controls over values received which include comparing our pricing service provider's assessment of the fair values of our investment securities against the fair values of our investment securities obtained from another independent source, reviewing the pricing movement in the context of overall market trends, and reviewing trading information from our investment managers. In addition, we assess the inputs and methods used in determining the fair value in order to determine the classification of securities in the fair value hierarchy. The fair value of the currency derivatives are calculated from market spot rates, forward rates, interest rates, and credit ratings at the end of the period.

Level 3: Unobservable inputs are used when little or no market data is available and reflect management's estimates of assumptions that market participants would use in pricing the asset or liability.

Securities In Gross Unrealized Loss Position. We periodically evaluate our investments for impairment by comparing the fair value with the cost basis for each of our investment securities. We had no securities that were in an unrealized loss position as of March 28, 2025 and September 27, 2024, respectively.

Investment Maturities. The following table summarizes the amortized cost and estimated fair value of the AFS securities within our investment portfolio based on stated maturities as of March 28, 2025, which are recorded within cash equivalents in our unaudited interim condensed consolidated balance sheets (in thousands):

Range of maturity	Amortized Cost	Fair Value
Due within 1 year	\$ 558	\$ 558
Due in 1 to 2 years	—	—
Due in 2 to 5 years	—	—
Total	\$ 558	\$ 558

6. Property, Plant, and Equipment

PP&E are recorded at cost, with depreciation expense included in cost of licensing, cost of products and services, R&D, S&M, and G&A expenses in our unaudited interim condensed consolidated statements of operations.

As of March 28, 2025 and September 27, 2024, PP&E consisted of the following (in thousands):

Property, Plant, and Equipment	March 28, 2025	September 27, 2024
Land	\$ 41,974	\$ 42,010
Buildings and building improvements	290,588	288,908
Leasehold improvements	83,113	86,613
Machinery and equipment	157,675	138,425
Computer equipment and software	244,391	240,930
Furniture and fixtures	31,239	31,581
Equipment provided under operating leases	230,833	244,327
Construction-in-progress	26,881	25,091
Property, plant, and equipment, gross	1,106,694	1,097,885
Less: accumulated depreciation	(634,031)	(618,776)
Property, plant, and equipment, net	\$ 472,663	\$ 479,109

7. Leases

As Lessee

As a lessee, we enter into contracts to access and utilize office space, including those payable to our principal stockholder and portions attributable to the noncontrolling interests in our consolidated subsidiaries. The following table presents the maturity analysis of lease liabilities (in thousands):

	March 28, 2025	
	Operating Leases	
Remainder of Fiscal 2025	\$	6,579
Fiscal 2026		10,320
Fiscal 2027		7,603
Fiscal 2028		7,014
Fiscal 2029		5,657
Thereafter		9,661
Total undiscounted lease payments		46,834
Less: imputed interest		(6,403)
Total lease liabilities	\$	40,431

As Lessor

As a lessor, we lease our Dolby Cinema product solution to exhibitors. The terms of these leases are typically 10 years. Lease components consist of fixed payments and/or variable lease payments based on contracted percentages of revenue. Generally, leases do not grant any right to the lessee to purchase the underlying asset at the end of the lease term. Dolby Cinema lease arrangements have options to extend the lease term at expiration by increments ranging from 1 to 5 years.

Assets provided under an operating lease are carried at cost within property, plant, and equipment, net on the unaudited interim condensed consolidated balance sheets, and depreciated over the useful life of the asset using the straight-line method. Fixed operating lease payments are recognized on a straight-line basis over the lease term to revenue. Variable lease payments received under our Dolby Cinema operating leases are computed as shares of lessees' box office revenue and recognized to revenue in the period that box office sales occur. Lease incentive payments we make to lessees are amortized as a reduction in revenue over the lease term. The components of lease income were as follows (in thousands):

	Fiscal Quarter Ended		Fiscal Year-To-Date Ended	
	March 28, 2025	March 29, 2024	March 28, 2025	March 29, 2024
Operating Lease Income				
Variable operating lease income	\$ 6,318	\$ 7,023	\$ 14,765	\$ 13,338
Fixed operating lease income	982	795	1,940	1,607

If a lease is classified as a sales-type lease, the carrying amount of the asset is derecognized from property, plant, and equipment, net, and a net investment in the lease is recorded. The net investment in the lease is measured at commencement date as the sum of the lease receivable and the estimated residual value of the equipment. The unguaranteed residual value of the equipment is determined as the estimated carrying value of the asset at the end of the lease term had the asset been depreciated on a straight-line basis. The unguaranteed residual value of sales-type leases was \$0.6 million and \$0.9 million as of March 28, 2025 and September 27, 2024, respectively. Selling profit or loss arising from a sales-type lease is recorded at lease commencement and presented on a gross basis. Over the term of the lease, we recognize interest income on the net investment in the lease, and variable lease payments, which are not included in the net investment in the lease. The variable lease payments are not material.

The following table presents the maturity analysis of fixed lease payments due to Dolby (in thousands):

	March 28, 2025	
	Operating Leases	Sales-Type Leases
Remainder of Fiscal 2025	\$ 200	\$ 620
Fiscal 2026	932	220
Fiscal 2027	—	220
Fiscal 2028 and thereafter	—	220
Total undiscounted cash flows	\$ 1,132	1,280
Less: Carrying value of lease receivables		(181)
Difference		\$ 1,099

8. Goodwill and Intangible Assets

Goodwill

The following table outlines changes to the carrying amount of goodwill (in thousands):

	Goodwill
Balance as of September 27, 2024	\$ 533,208
Translation adjustments	(2,860)
Measurement period adjustments	(5,324)
Balance as of March 28, 2025	\$ 525,024

Intangible Assets

Intangible assets are stated at their original cost less accumulated amortization, and principally consist of acquired patents, technology, and customer relationships and contracts. Intangible assets subject to amortization consisted of the following (in thousands):

	March 28, 2025			September 27, 2024		
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Intangible Assets, Net						
Acquired patents and technology	\$ 580,164	\$ (308,125)	\$ 272,039	\$ 579,768	\$ (293,389)	\$ 286,379
Customer relationships	219,769	(79,996)	139,773	220,200	(72,374)	147,826
Other intangible assets	23,101	(22,854)	247	23,125	(22,816)	309
Total	\$ 823,034	\$ (410,975)	\$ 412,059	\$ 823,093	\$ (388,579)	\$ 434,514

The purchase of intangible assets during the second quarter of fiscal 2025 and during the fiscal year-to-date period ended March 28, 2025 was not material. There were no purchases of intangible assets during the second quarter of fiscal 2024 and during the fiscal year-to-date period ended March 29, 2024.

Amortization expense for our intangible assets is included in cost of licensing, cost of products and services, R&D, S&M, and G&A expenses in our unaudited interim condensed consolidated statements of operations. Amortization expense was \$11.1 million and \$7.4 million in the second quarter of fiscal 2025 and 2024, respectively, and \$22.8 million and \$15.0 million in the fiscal year-to-date periods ended March 28, 2025 and March 29, 2024, respectively. As of March 28, 2025, expected amortization expense of our intangible assets in future fiscal periods was as follows (in thousands):

Fiscal Year	Amortization Expense
Remainder of 2025	\$ 22,313
2026	44,268
2027	43,568
2028	41,531
2029	41,405
Thereafter	218,974
Total	\$ 412,059

9. Stockholders' Equity and Stock-Based Compensation

We provide stock-based awards as a form of compensation for employees, officers, and directors. We issue stock-based awards in the form of stock options and RSUs under our equity incentive plans, as well as shares under our ESPP.

Common Stock - Class A and Class B

Our Board of Directors has authorized two classes of common stock, Class A and Class B. As of March 28, 2025, we had authorized 500,000,000 Class A shares and 500,000,000 Class B shares. As of March 28, 2025, we had 61,399,034 shares of Class A common stock and 34,660,604 shares of Class B common stock issued and outstanding. Holders of our Class A and Class B common stock have identical rights, except that holders of our Class A common stock are entitled to one vote per share and holders of our Class B common stock are entitled to ten votes per share. Shares of Class B common stock can be converted to shares of Class A common stock at any time at the option of the stockholder and automatically convert upon sale or transfer, except for certain transfers specified in our amended and restated certificate of incorporation.

Stock Incentive Plans

Our 2020 Stock Plan originally was adopted by our Board of Directors and shareholders in 2005 (when the 2020 Stock Plan was called the 2005 Stock Plan). Our stockholders last approved amendments to the 2020 Stock Plan at our 2023 annual meeting of stockholders. Our 2020 Stock Plan, as amended and restated, provides for the ability to grant incentive stock options, non-qualified stock options, restricted stock, RSUs, stock appreciation rights, deferred stock units, performance units, performance bonus awards, and performance shares. A total of 64.0 million shares of our Class A common stock have been authorized for issuance under the 2020 Stock Plan in total since inception of the plan. Any shares subject to an award with a per share price less than the fair market value of our Class A common stock on the date of grant and any shares subject to an outstanding RSU award will be counted against the authorized share reserve as 1.6 shares for every one share subject to the award, and if returned to the 2020 Stock Plan, such shares will be counted as 1.6 shares for every one share returned.

Stock Options. Stock options are granted at fair market value on the date of grant. Options generally vest over four years, with 25% of the options becoming exercisable on the one-year anniversary of the date of grant and the balance of the shares vesting in equal monthly installments over the following 36 months. These options expire on the earlier of ten years after the date of grant or three months after termination of service. All options granted vest over the requisite service period and upon the exercise of stock options, we issue new shares of Class A common stock under the 2020 Stock Plan. Our 2020 Stock Plan also allows us to grant stock awards which vest based on the satisfaction of specific performance criteria.

Performance-Based Stock Options. From fiscal 2016 through fiscal 2019, we granted PSOs to certain officers with shares of our Class A common stock underlying such options. The contractual term for the PSOs was seven years, with vesting contingent upon market-based performance conditions, representing the achievement of specified Dolby annualized TSR targets at the end of a three-year measurement period following the date of grant. Anywhere from 0% to 125% of the shares subject to a PSO vested based on achievement of the performance conditions at the end of the three-year performance period.

In valuing the PSOs, which are recognized as compensation cost, we used a Monte Carlo valuation model. Aside from the use of an expected term for the PSOs commensurate with their shorter contractual term, the nature of the valuation inputs used in the Monte Carlo valuation model were consistent with those used to value our non-performance based options granted under the 2020 Stock Plan. Compensation cost was amortized on a straight-line basis over the requisite service period.

As of March 28, 2025, an aggregate of 99,750 shares of PSOs were exercisable and outstanding.

The following table summarizes information about stock options, including PSOs, issued under our 2020 Stock Plan:

	Shares (in thousands)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value ⁽¹⁾ (in thousands)
Options outstanding as of September 27, 2024	3,470	\$ 69.04		
Grants	327	77.91		
Exercises	(352)	54.50		
Options outstanding as of March 28, 2025	3,445	71.42	5.37	\$ 36,786
Options vested and expected to vest as of March 28, 2025	3,288	71.22	5.27	36,632
Options exercisable as of March 28, 2025	2,610	\$ 68.93	4.36	\$ 34,833

(1) Aggregate intrinsic value is based on the closing stock price of our Class A common stock on March 28, 2025 of \$79.91 and excludes the impact of options that were not in-the-money.

Restricted Stock Units. In fiscal 2008, we began granting RSUs to certain directors, officers and employees. RSU awards granted to employees and officers generally vest over four years, with cliff-vesting. Awards granted to ongoing non-employee directors generally vest over approximately one year. Awards granted to new non-employee directors from fiscal 2014 onward vest on the earlier of the first anniversary of the award's date of grant, or the day immediately preceding the date of the next annual meeting of stockholders that occurs after the award's date of grant. At each vesting date, the holder of the award is issued shares of our Class A common stock. Compensation expense from these awards is equal to the adjusted fair market value of our Class A common stock on the date of grant, discounted to account for dividend payments forgone during the vesting period, and is recognized on a straight-line basis over the requisite service period. Certain grants may have other vesting conditions or other award terms as approved by the Compensation Committee of our Board of Directors. Our 2020 Stock Plan also allows us to grant RSUs that vest based on the satisfaction of specific performance criteria.

Performance-Based Restricted Stock Units. In fiscal 2020, we began granting PSUs to certain officers with shares of our Class A common stock underlying such awards. The terms of the PSU Agreement adopted in the first quarter fiscal 2020 provide for the grant of PSUs to certain officers contingent on Dolby's achievement of annualized TSR targets measured against a comparator index over a three-year performance period following the date of grant. Anywhere from 0% to 200% of eligible restricted stock units may vest based on achievement of the performance conditions at the end of the three-year performance period. The value of the PSUs, which is recognized as compensation cost, is calculated using a Monte Carlo valuation model. Compensation cost is being amortized on a straight-line basis over the requisite service period. Certain grants may have other vesting conditions or other award terms as approved by the Compensation Committee of our Board of Directors.

The following table summarizes information on PSUs granted to our officers that have not vested as of March 28, 2025:

Grant date	Aggregate Shares Granted	Potential Shares at Vest Date (at 200% of Target)
December 15, 2022	90,613	181,226
December 15, 2023	77,283	154,566
December 16, 2024	92,971	185,942

On December 15, 2020, we granted PSUs to our executive officers for an aggregate of 66,138 shares, which vested in December 2023 at 80% of the target award amount. On December 15, 2021, we granted PSUs to our executive officers for an aggregate of 60,301 shares, which vested in December 2024 at 70% of the target award amount. As of March 28, 2025, PSUs which would vest for an aggregate of 255,589 shares at the target award amount (511,178 shares at 200% of the target award amount) were outstanding.

The following table summarizes information about RSUs, including PSUs, issued under our 2020 Stock Plan:

	Shares	Weighted-Average Grant Date Fair Value
	(in thousands)	
Non-vested as of September 27, 2024	3,846 \$	80.33
Granted	1,813	74.81
Vested	(1,245)	82.37
Forfeitures	(197)	80.52
Non-vested as of March 28, 2025	<u>4,217 \$</u>	<u>77.35</u>

Employee Stock Purchase Plan. Our ESPP originally was adopted by our Board of Directors and shareholders in 2005. Our stockholders last approved amendments to the ESPP at our 2023 annual meeting of stockholders. The ESPP allows eligible employees to have up to 10 percent of their eligible compensation withheld and used to purchase Class A common stock, subject to a maximum of \$25,000 worth of stock purchased in a calendar year or no more than 1,000 shares in an offering period, whichever is less. An offering period consists of successive six-month purchase periods, with a look back feature to our stock price at the commencement of a one-year offering period. The plan provides for a discount equal to 15 percent of the lower of the closing price of our Class A common stock on the NYSE on the first day of the offering period and the last day of the purchase period. The plan also includes an automatic reset feature that provides for an offering period to be reset and recommenced to a new lower-priced offering if the offering price of a new offering period is less than that of the immediately preceding offering period. A total of 5.5 million shares of our Class A common stock have been authorized for issuance under the ESPP since inception of the plan.

Stock Option Valuation Assumptions

We use the Black-Scholes option pricing model to determine the estimated fair value of employee stock options at the date of the grant. The Black-Scholes model includes inputs that require us to make certain estimates and assumptions regarding the expected term of the award, as well as the future risk-free interest rate, and the volatility of our stock price over the expected term of the award.

Expected Term. The expected term of an award represents the estimated period of time that options granted will remain outstanding, and is measured from the grant date to the date at which the option is either exercised or canceled. Our determination of the expected term involves an evaluation of historical terms and other factors such as the exercise and termination patterns of our employees who hold options to acquire our Class A common stock, and is based on certain assumptions made regarding the future exercise and termination behavior.

Risk-Free Interest Rate. The risk-free interest rate is based on the yield curve of U.S. Treasury instruments in effect on the date of grant. In determining an estimate for the risk-free interest rate, we use average interest rates based on these instruments' constant maturities with a term that approximates and corresponds with the expected term of our awards.

Expected Stock Price Volatility. The expected volatility represents the estimated volatility in the price of our Class A common stock over a time period that approximates the expected term of the awards. The expected volatility has historically been determined using a blended combination of historical and implied volatility, but is currently being determined using historical volatility only. Historical volatility is representative of the historical trends in our stock price for periods preceding the measurement date for a period that is commensurate with the expected term. Implied volatility is based upon externally traded option contracts of our Class A common stock.

Dividend Yield. The dividend yield is based on our anticipated dividend payout over the expected term of our option awards. Dividend declarations and the establishment of future record and payment dates are subject to the Board of Directors' continuing determination that the dividend policy is in the best interests of our stockholders. The dividend policy may be changed or canceled at the discretion of the Board of Directors at any time.

The weighted-average assumptions used in the determination of the fair value of our stock options were as follows:

	Fiscal Year-To-Date Ended	
	March 28, 2025	March 29, 2024
Expected term (in years)	4.89	4.86
Risk-free interest rate	4.3 %	3.9 %
Expected stock price volatility	29.5 %	29.4 %
Dividend yield	1.7 %	1.4 %

There were no stock options granted during the second quarters of fiscal 2025 and fiscal 2024, and therefore no weighted average assumptions were used to calculate fair values.

Stock-Based Compensation Expense

Stock-based compensation expense for equity awards granted to employees is determined by estimating their fair value on the date of grant, and recognizing that value as an expense on a straight-line basis over the requisite service period in which our employees earn the awards. Compensation expense related to these equity awards is recognized net of estimated forfeitures, which reduce the expense recorded in the unaudited interim condensed consolidated statements of operations. The selection of applicable estimated forfeiture rates is based on an evaluation of trends in our historical forfeiture data with consideration for other potential driving factors. If in subsequent periods actual forfeitures significantly differ from our initial estimates, we will revise such estimates accordingly.

The following two tables separately present stock-based compensation expense both by award type and classification in our unaudited interim condensed consolidated statements of operations (in thousands):

Expense - By Award Type

	Fiscal Quarter Ended		Fiscal Year-To-Date Ended	
	March 28, 2025	March 29, 2024	March 28, 2025	March 29, 2024
Compensation expense				
Stock options	\$ 1,668	\$ 1,505	\$ 3,418	\$ 3,630
Restricted stock units ^{(1) (2)}	27,898	26,331	60,827	55,347
Employee stock purchase plan	1,098	1,079	2,489	1,832
Total stock-based compensation	30,664	28,915	66,734	60,809
Estimated benefit from income taxes	(4,882)	(4,143)	(10,584)	(9,142)
Total stock-based compensation, net of tax	\$ 25,782	\$ 24,772	\$ 56,150	\$ 51,667

(1) Stock-based compensation expense incurred by restricted stock units includes expense from PSUs.

(2) Excludes \$0.1 million and \$0.1 million of capitalized stock-based compensation related to internal-use software in the second quarter of fiscal 2025 and in the second quarter of fiscal 2024, respectively, and excludes \$0.2 million and \$0.2 million in the fiscal year-to-date periods ended March 28, 2025 and March 29, 2024, respectively.

Expense - By Income Statement Line Item Classification

	Fiscal Quarter Ended		Fiscal Year-To-Date Ended	
	March 28, 2025	March 29, 2024	March 28, 2025	March 29, 2024
Compensation expense				
Cost of products and services	\$ 414	\$ 356	\$ 901	\$ 766
Research and development	9,043	8,949	20,027	19,055
Sales and marketing	10,640	9,927	23,285	20,408
General and administrative	10,567	9,683	22,521	20,580
Total stock-based compensation	30,664	28,915	66,734	60,809
Estimated benefit from income taxes	(4,882)	(4,143)	(10,584)	(9,142)
Total stock-based compensation, net of tax	\$ 25,782	\$ 24,772	\$ 56,150	\$ 51,667

The tax benefit that we recognize from shares issued under our ESPP is excluded from the tables above. The tax benefit recognized was not material in the second quarters of fiscal 2025 and fiscal 2024, or in the fiscal year-to-date periods ended March 28, 2025 and March 29, 2024.

Unrecognized Compensation Expense. As of March 28, 2025, total unrecognized compensation expense associated with employee stock options expected to vest was approximately \$14.1 million, which is expected to be recognized over a weighted-average period of 2.8 years. As of March 28, 2025, total unrecognized compensation expense associated with RSUs expected to vest was approximately \$246.1 million, which is expected to be recognized over a weighted-average period of 2.8 years.

Common Stock Repurchase Program

In November 2009, we announced a stock repurchase program, providing for the repurchase of our Class A common stock. The following table summarizes the initial amount of authorized repurchases as well as additional repurchases approved by our Board of Directors as of March 28, 2025 (in thousands):

Date of Authorization	Authorization Amount
Fiscal 2010: November 2009	\$ 250,000
Fiscal 2010: July 2010	300,000
Fiscal 2011: July 2011	250,000
Fiscal 2012: February 2012	100,000
Fiscal 2015: October 2014	200,000
Fiscal 2017: January 2017	200,000
Fiscal 2018: July 2018	350,000
Fiscal 2019: July 2019	350,000
Fiscal 2021: July 2021	350,000
Fiscal 2022: February 2022	250,000
Fiscal 2022: August 2022	350,000
Fiscal 2024: August 2024	350,000
Total	\$ 3,300,000

Stock repurchases under the program may be made through open market transactions, negotiated purchases, or otherwise, at times and in amounts that we consider appropriate. The timing of repurchases and the number of shares repurchased depend upon a variety of factors, including price, regulatory requirements, the rate of dilution from our equity compensation plans, and other market conditions. The program does not have a specified expiration date, and can be limited, suspended, or terminated at our discretion at any time without prior notice. Shares repurchased under the program will be retired and returned to the status of authorized but unissued shares of Class A common stock. As of March 28, 2025, the remaining authorization to purchase additional shares was \$351.6 million.

The following table provides information regarding share repurchase activity under the program during fiscal 2025:

Quarterly Repurchase Activity	Shares Repurchased	Cost ⁽¹⁾	Average Price Paid Per Share ⁽²⁾
		(in thousands)	
Q1 - Quarter ended December 27, 2024	186,322	\$ 15,000	\$ 80.51
Q2 - Quarter ended March 28, 2025	428,565	34,999	81.67
Total	614,887	\$ 49,999	

(1) Cost of share repurchases includes the price paid per share, and excludes commission costs.

(2) Average price paid per share excludes commission costs.

Dividend Program

The following table summarizes dividends declared under the program during fiscal 2025:

Fiscal Period	Announcement Date	Record Date	Payment Date	Cash Dividend Per Common Share	Dividend Payment
Q1 - Quarter ended December 27, 2024	November 19, 2024	December 3, 2024	December 10, 2024	\$ 0.33	\$31.5 million
Q2 - Quarter ended March 28, 2025	January 29, 2025	February 11, 2025	February 19, 2025	\$ 0.33	\$31.8 million
Q3 - Quarter ended June 27, 2025	May 1, 2025	May 13, 2025	May 21, 2025	\$ 0.33	\$31.7 million

- (1) The dividend payment amount for the dividend declared in the third quarter of fiscal 2025 is estimated based on the number of shares of our Class A and Class B common stock that we estimate will be outstanding as of the record date. ⁽¹⁾

10. Accumulated Other Comprehensive Loss

Other comprehensive income/loss consists of three components: unrealized gains or losses on our AFS marketable investment securities, gains and losses on derivatives in cash flow hedge relationships not yet recognized in earnings, and the gains and losses from the translation of assets and liabilities denominated in non-U.S. dollar functional currencies. Until realized and reported as a component of net income, these comprehensive income items accumulate and are included within accumulated other comprehensive loss, a subsection within stockholders' equity in our unaudited interim condensed consolidated balance sheets. Unrealized gains and losses on our investment securities are reclassified from AOCI into earnings when realized upon sale, and are determined based on specific identification of securities sold. Unrealized gains and losses on our cash flow hedges are reclassified from AOCI into earnings when the hedged operating expenses are recognized, which is also when the gains and losses are realized.

The following table summarizes the changes in the accumulated balances during the period, and includes information regarding the manner in which the reclassifications out of AOCI into earnings affect our unaudited interim condensed consolidated statements of operations (in thousands):

	Fiscal Quarter Ended March 28, 2025				Fiscal Year-To-Date Ended March 28, 2025			
	Investment Securities	Cash Flow Hedges	Currency Translation Adjustments	Total	Investment Securities	Cash Flow Hedges	Currency Translation Adjustments	Total
Beginning Balance	\$ 218	\$ (1,668)	\$ (34,092)	\$ (35,542)	\$ (83)	\$ —	\$ (19,104)	\$ (19,187)
Other comprehensive income/(loss) before reclassifications:								
Unrealized gains/(losses)	(282)	1,941	—	1,659	(147)	207	—	60
Foreign currency translation gains/(losses) ⁽¹⁾	—	—	6,479	6,479	—	—	(8,509)	(8,509)
Income tax effect - expense ⁽³⁾	(166)	—	—	(166)	—	—	—	—
Net of tax	(448)	1,941	6,479	7,972	(147)	207	(8,509)	(8,449)
Amounts reclassified from AOCI into earnings:								
Realized gains/(losses) ⁽²⁾	139	(636)	—	(497)	139	(560)	—	(421)
Income tax effect - benefit ⁽³⁾	—	89	—	89	—	79	—	79
Net of tax	139	(547)	—	(408)	139	(481)	—	(342)
Net current-period other comprehensive income/(loss)	(309)	1,394	6,479	7,564	(8)	(274)	(8,509)	(8,791)
Ending Balance	\$ (91)	\$ (274)	\$ (27,613)	\$ (27,978)	\$ (91)	\$ (274)	\$ (27,613)	\$ (27,978)

	Fiscal Quarter Ended March 29, 2024				Fiscal Year-To-Date Ended March 29, 2024			
	Investment Securities	Cash Flow Hedges	Currency Translation Adjustments	Total	Investment Securities	Cash Flow Hedges	Currency Translation Adjustments	Total
Beginning Balance	\$ (902)	\$ 1,894	\$ (22,420)	\$ (21,428)	\$ (2,858)	\$ (197)	\$ (33,929)	\$ (36,984)
Other comprehensive income/(loss) before reclassifications:								
Unrealized gains/(losses)	(295)	(2,425)	—	(2,720)	1,716	162	—	1,878
Foreign currency translation gains/(losses) ⁽¹⁾	—	—	(6,204)	(6,204)	—	—	5,305	5,305
Income tax effect - benefit/(expense)	—	467	—	467	—	(181)	—	(181)
Net of tax	(295)	(1,958)	(6,204)	(8,457)	1,716	(19)	5,305	7,002
Amounts reclassified from AOCI into earnings:								
Realized gains ⁽²⁾	119	841	—	960	52	1,029	—	1,081
Income tax effect - benefit/(expense)	(8)	(135)	—	(143)	4	(171)	—	(167)
Net of tax	111	706	—	817	56	858	—	914
Net current-period other comprehensive income/(loss)	(184)	(1,252)	(6,204)	(7,640)	1,772	839	5,305	7,916
Ending Balance	\$ (1,086)	\$ 642	\$ (28,624)	\$ (29,068)	\$ (1,086)	\$ 642	\$ (28,624)	\$ (29,068)

- (1) The foreign currency translation gains during the second quarter of fiscal 2025 and during the fiscal year-to-date period ended March 29, 2024 were primarily due to the strengthening of other foreign currencies as compared to the U.S. dollar. The foreign currency translation losses during the fiscal year-to-date period ended March 28, 2025 and during the second quarter of fiscal 2024 were primarily due to the weakening of other foreign currencies as compared to the U.S. dollar.
- (2) Realized gains or losses, if any, from the sale of our AFS investment securities or from foreign currency translation adjustments are included within other income/(expense), net in our unaudited interim condensed consolidated statements of operations. Realized gains or losses on foreign currency contracts designated as cash flow hedges are included in operating expenses in the unaudited interim condensed consolidated statements of operations.
- (3) The income tax benefit or expense is included within provision for income taxes in our unaudited interim condensed consolidated statements of operations.

11. Earnings Per Share

Basic EPS is computed by dividing net income attributable to Dolby Laboratories, Inc. by the number of weighted-average shares of Class A and Class B common stock outstanding during the period. Through application of the treasury stock method, diluted EPS is computed in the same manner, except that the number of weighted-average shares outstanding is increased by the number of potentially dilutive shares from employee incentive plans during the period.

Basic and diluted EPS are computed independently for each fiscal quarter and year-to-date period, which involves the use of different weighted-average share count figures relating to quarterly and annual periods. As a result, and after factoring the effect of rounding to the nearest cent per share, the sum of all four quarter-to-date EPS figures may not equal year-to-date EPS.

Potentially dilutive shares represent the hypothetical number of incremental shares issuable under the assumed exercise of outstanding stock options (both vested and unvested) and vesting of outstanding RSUs. The calculation of dilutive shares outstanding excludes securities that would have an antidilutive effect on EPS.

The following table sets forth the computation of basic and diluted EPS attributable to Dolby Laboratories, Inc. (in thousands, except per share amounts):

	Fiscal Quarter Ended		Fiscal Year-To-Date Ended	
	March 28, 2025	March 29, 2024	March 28, 2025	March 29, 2024
Numerator:				
Net income attributable to Dolby Laboratories, Inc.	\$ 91,793	\$ 97,830	\$ 159,615	\$ 164,811
Denominator:				
Weighted-average shares outstanding—basic	96,329	95,718	95,972	95,547
Potential common shares from options to purchase common stock	458	639	435	695
Potential common shares from restricted stock units	632	495	1,125	1,143
Potential common shares from employee stock purchase plan	52	4	49	12
Weighted-average shares outstanding—diluted	97,471	96,856	97,581	97,397
Net income per share attributable to Dolby Laboratories, Inc.:				
Basic	\$ 0.95	\$ 1.02	\$ 1.66	\$ 1.72
Diluted	\$ 0.94	\$ 1.01	\$ 1.64	\$ 1.69
Antidilutive awards excluded from calculation:				
Stock options	1,173	1,217	1,380	1,129
Restricted stock units	3	8	3	4
Employee stock purchase plan	1	101	2	72

12. Income Taxes

Our income tax expense, deferred tax assets and liabilities, and unrecognized tax benefits reflect management's best assessment of estimated current and future liabilities. We are subject to income taxes in the U.S. and numerous foreign jurisdictions. Significant judgments and estimates are required in determining the consolidated income tax expense.

Unrecognized Tax Benefits

As of March 28, 2025, the total amount of gross unrecognized tax benefits was \$88.1 million, of which \$53.6 million, if recognized, would reduce our effective tax rate. As of September 27, 2024, the total amount of gross unrecognized tax benefits was \$81.6 million, of which \$49.9 million, if recognized, would reduce our effective tax rate. The fiscal year-to-date period ended March 28, 2025 increase was primarily due to current year reserves for transfer pricing and interest accruals. Our liability for unrecognized tax benefits is classified within other non-current liabilities in our unaudited interim condensed consolidated balance sheets.

Effective Tax Rate

Each period, the combination of multiple different factors can impact our effective tax rate. These factors include recurring items such as tax rates and the relative amount of income earned in foreign jurisdictions, as well as discrete items that may occur in, but are not necessarily consistent between periods.

Our effective tax rate in the second quarter of fiscal 2025 was 23.3% or a tax expense of \$28.0 million and our effective tax rate in the second quarter of fiscal 2024 was 19.3% or a tax expense of \$23.5 million. The increase in our effective tax rate was primarily due to the mix of earnings favoring jurisdictions with higher tax rates and lower tax benefits related to U.S federal research and development tax credits.

Our effective tax rate in the fiscal year-to-date period ended March 28, 2025 was 22.3% or a tax expense of \$46.0 million and our effective tax rate in the fiscal year-to-date period ended March 29, 2024 was 18.2% or a tax expense of \$36.8 million. The increase in our effective tax rate was primarily due to the mix of earnings favoring jurisdictions with higher tax rates and lower tax benefits related to settlement of stock-based awards.

Compared to the Federal statutory rate of 21%, our effective tax rate for the second quarter of fiscal 2025 and fiscal year-to-date period ended March 28, 2025 were higher, primarily due to the mix of earnings favoring jurisdictions with higher tax rates.

13. Restructuring

Restructuring charges recorded as operating expenses in our unaudited interim condensed consolidated statements of operations represent costs associated with separate individual restructuring plans implemented in various fiscal periods. The extent of our costs arising as a result of these actions, including fluctuations in related balances between fiscal periods, is based on the nature of activities under the various plans.

Fiscal 2025 Restructuring Events. In November 2024, we initiated restructuring actions with the purpose of aligning our R&D resources, and to a lesser extent our S&M resources, with our highest strategic priorities. In connection with this plan, we recorded expenses in the second quarter of fiscal 2025 of \$3.9 million and in the fiscal year-to-date period ended March 28, 2025 of \$9.7 million in severance and other related benefits. The remaining components of this plan are expected to be completed by June 2025, resulting in an additional charge of approximately \$1.1 million in severance and other termination benefits. Cash payment of the severance and other termination benefits are expected to be substantially completed by the end of the fourth quarter of fiscal 2025. These activities are expected to result in estimated gross pre-tax operating income savings of approximately \$20 million in fiscal 2025. The impact of these estimated savings on our operating expenses will be mostly offset by increased investment in our strategic priorities and the effects of inflation on our remaining expenses.

Fiscal 2024 Restructuring Events. In April 2024, we initiated restructuring actions with the purpose of focusing our resources with our highest strategic priorities. Cash payment of the severance and other termination benefits were substantially completed by the end of fiscal 2024. These activities resulted in gross pre-tax operating income savings of approximately \$3 million in fiscal 2024 and are expected to result in savings of approximately \$11 million within fiscal 2025. The impact of these estimated savings on our operating expenses have been and will be mostly offset by increased investment in our strategic priorities and the effects of inflation on our remaining expenses.

Fiscal 2023 Restructuring Events. In September 2023, we initiated a restructuring plan with the purpose of focusing our resources with our highest strategic priorities. In continuation with this plan, we recorded an expense in the first quarter of fiscal 2024 of \$7.4 million in severance and other related benefits. Cash payment of the severance and other termination benefits were substantially completed by the end of the second quarter of fiscal 2024. These activities resulted in gross pre-tax operating income savings of approximately \$40 million within fiscal 2024, which was consistent with our expectations. The impact of these savings on our operating expenses was offset by increased investment in our strategic priorities and the effects of inflation on our remaining expenses.

In June 2023, we implemented a focused restructuring plan, primarily consisting of workforce reductions and facility consolidations to improve execution in alignment with our strategy and to reduce our cost structure through improved utilization of our global infrastructure. Actions and expenses related to this plan were substantially completed by the end of the second quarter of fiscal 2024. These activities resulted in gross pre-tax operating income savings of approximately \$20 million in fiscal 2024, which was consistent with our expectations. The impact of these savings on our operating expenses was mostly offset by increased investment in our strategic priorities and the effects of inflation on our remaining expenses.

The table presented below summarizes the changes in our restructuring accruals (in thousands):

	Severance	Leased facility exit costs and other costs	Total
Balance at September 29, 2023	\$ 20,352	\$ —	\$ 20,352
Restructuring charges	6,413	(29)	6,384
Cash payments and adjustments	(24,000)	29	(23,971)
Balance at September 27, 2024	2,765	—	2,765
Restructuring charges	8,803	623	9,426
Cash payments and adjustments	(5,309)	(623)	(5,932)
Balance at March 28, 2025	\$ 6,259	\$ —	\$ 6,259

Accruals for restructuring charges/(credits) incurred for the restructuring plan described above are included within accrued liabilities in our unaudited interim condensed consolidated balance sheets, while restructuring charges are included within restructuring charges in our unaudited interim condensed consolidated statements of operations.

14. Legal Matters

We are involved in various legal proceedings that occasionally arise in the normal course of business. These can include claims of alleged infringement of IP rights, commercial, employment, and other matters. In our opinion, resolution of these proceedings is not expected to have a material adverse impact on our operating results or financial condition. On a quarterly basis, we evaluate based on the known facts and circumstances whether a potential loss or range of losses is considered probable and reasonably estimable in accordance with U.S. GAAP. We record a provision for a liability relating to these legal proceedings when a loss is both probable and the amount of the loss can be reasonably estimated. Legal costs associated with these legal proceedings are expensed as incurred.

Given the unpredictable nature of legal proceedings, it is possible that an unfavorable resolution of one or more such proceedings could materially affect our future operating results or financial condition in a particular period, including as a result of required changes to our licensing terms, monetary penalties, and other potential consequences. However, based on the information known by us as of the date of this filing and the rules and regulations applicable to the preparation of our unaudited interim condensed consolidated financial statements, any such amounts are either immaterial, or it is not probable that a potential loss has been incurred or the amount of loss cannot be reasonably estimated.

15. Commitments and Contingencies

In the ordinary course of business, we enter into contractual agreements with third parties that include non-cancelable payment obligations, for which we are liable in future periods. These arrangements can include terms binding us to minimum payments and/or penalties if we terminate the agreement for any reason other than an event of default as described by the agreement. The following table presents a summary of our contractual obligations and commitments as of March 28, 2025 (in thousands):

	Payments Due By Fiscal Period						Total
	Remainder of Fiscal 2025	Fiscal 2026	Fiscal 2027	Fiscal 2028	Fiscal 2029	Thereafter	
Naming rights	\$ 6,563	\$ 13,472	\$ 8,534	\$ 8,642	\$ 8,751	\$ 26,923	\$ 72,885
Purchase obligations	13,313	29,974	28,178	19,585	19,208	19,208	129,466
Donation commitments	—	183	153	153	153	586	1,228
Total	\$ 19,876	\$ 43,629	\$ 36,865	\$ 28,380	\$ 28,112	\$ 46,717	\$ 203,579

Naming Rights. We are party to agreements for naming rights of certain facilities, most significantly for naming rights and related benefits with respect to the Dolby Theatre in Hollywood, California, the location of the Academy Awards®. The term of this agreement is 20 years, over which we will make payments on a semi-annual basis until fiscal 2032. Our ongoing annual payment obligations are conditioned in part on the Academy Awards being held and broadcast from the Dolby Theatre. Our payment obligations may be suspended or reduced in certain circumstances, including the protracted closure of the Dolby Theatre. We also hold the naming rights to Dolby Live at the Park MGM in Las Vegas, Nevada. Dolby Live is a fully integrated performance venue offering live concerts in Dolby Atmos.

Purchase Obligations. Purchase obligations primarily consist of our commitments made under agreements to purchase goods and services related to Dolby Cinema and for purposes that include information technology and telecommunications, marketing and professional services, and manufacturing and other R&D activities. Also included in purchase obligations are non-cancelable commitments to contract manufacturers, including potentially variable obligations related to inventory based on demand forecasts we provide to the contract manufacturers.

Donation Commitments. Our donation commitments relate to non-cancelable obligations that consist of maintenance services and installation of imaging and audio products in exchange for various marketing, branding, and publicity benefits. These donation agreements either transfer title of our audio and imaging products to the donees or offer use of the products free of charge for a specified period of time via a leasing arrangement. The recipients of these donations participate in or promote the cinema and entertainment industry, and our commitments vary in length, lasting up to 15 years.

Indemnification Clauses. On a limited basis, our contractual agreements contain a clause under which we agree to provide indemnification to the counterparty, most commonly to licensees in connection with licensing arrangements that include our IP. We have also entered into indemnification agreements with our officers, directors, and certain employees, and our certificate of incorporation and bylaws contain similar indemnification obligations. Additionally, and although not a contractual requirement, we have at times elected to defend our licensees from third

party IP infringement claims. Since the terms and conditions of our contractual indemnification clauses do not explicitly specify our obligations, we are unable to reasonably estimate the maximum potential exposure for which we could be liable.

16. Business Combinations

Fiscal 2025

There were no business combinations entered into during the second quarter of fiscal 2025 or during the fiscal year-to-date period ended March 28, 2025.

Fiscal 2024

GE Licensing

On August 19, 2024, we acquired 100% of the issued and outstanding equity interests of GE Intellectual Property Licensing, LLC and GE Technology Development, Inc., which, collectively with each of their subsidiaries, comprised General Electric's intellectual property licensing business that primarily targeted the consumer digital media and electronics sectors ("GE Licensing" or the "acquiree"). The acquisition is an extension of our existing licensing businesses and is expected to strengthen and expand the scale of our intellectual property portfolio. The total consideration for the acquisition is comprised as the following (in thousands):

	Amount
Total amount paid for consideration	\$ 444,882
Less: Noncontrolling interest in Via LA	(9,921)
Settlement of pre-existing relationship	(750)
Total consideration transferred for acquisition of GE Licensing	434,211
Less: Cash acquired	(2,232)
Total consideration, net of cash acquired	\$ 431,979

We have accounted for the taxable transaction under the acquisition method of accounting for business combinations, and the results of operations of GE Licensing have been included in our consolidated statements of operations from the date of acquisition. Additionally, we have estimated the fair values of the net tangible and intangible assets acquired, and liabilities assumed as of the acquisition date, with any amounts paid in excess of the net assets recorded as goodwill. The fair values assigned to assets acquired and liabilities assumed are based on management's estimates and assumptions and may be subject to change as additional information is received and certain tax returns are finalized, including potential changes to income tax-related accounts. In the first quarter of fiscal 2025, we increased the estimated fair value of the assets held for sale by \$8.4 million. In the second quarter of fiscal 2025, we decreased the estimated fair value of the assets held for sale by \$2.1 million resulting in a net change of \$6.3 million. We expect to finalize the valuation within the one year measurement period.

The following table summarizes the preliminary acquisition date fair values of the assets acquired and liabilities assumed (in thousands):

Recognized Identifiable Assets Acquired and Liabilities Assumed	Purchase Price Allocation (Preliminary)
Cash and cash equivalents	\$ 2,232
Accounts receivable	20,171
Other current assets	9,636
Assets held for sale, current	24,494
Long-term investments	76,000
Intangible assets	274,197
Goodwill	75,387
Other non-current assets	3,503
Other current liabilities	(15,370)
Contingent liabilities	(14,199)
Other non-current liabilities	(21,840)
Purchase Consideration	\$ 434,211

We initially acquired certain assets valued at \$24.5 million as part of the acquisition which we planned to sell shortly after the acquisition date. These assets are classified as held for sale within prepaid expenses and other current assets on the consolidated balance sheets and are measured at fair value less cost to sell. In the second

quarter of fiscal year 2025, we sold \$15.8 million of the assets classified as held for sale and \$8.7 million of assets classified as held for sale remain.

Goodwill is representative of our expectation of the benefits and synergies from the integration of GE Licensing operations and the associated assembled workforce, which does not qualify for separate recognition as an intangible asset. All of the goodwill recognized is expected to be deductible for income tax purposes.

The preliminary value of acquired intangibles was determined based on the present value of estimated future cash flows using the multi-period excess earnings method with inputs such as projected revenue attributable to licensors in the patent pools, revenue retention rate, maintenance sales and marketing expenses, income tax rate, post-tax returns for contributory assets, and discount rate.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with our unaudited interim condensed consolidated financial statements and the related notes that appear elsewhere in this Quarterly Report on Form 10-Q. This discussion contains forward-looking statements reflecting our current expectations that are subject to risks and uncertainties, including, but not limited to statements regarding: operating results and underlying measures and the effect of acquisitions; demand and acceptance for our technologies and products; the effect of macroeconomic factors on our business; market growth opportunities and trends, including artificial intelligence and new technologies; the development and launch of new products, features, and platforms; our ability to maintain key partnership relationships; our plans, strategies and expected opportunities, including for our licensing business; future competition; our stock repurchase plan; and our dividend policy. Use of words such as "may," "will," "should," "expect," "plan," "anticipate," "believe," "estimate," "predict," "potential," "continue," "intend," "could," "can," "would," "target," "goal," "outlook," "project," "contemplate," "future," or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans, or intentions indicates a forward-looking statement. Such forward-looking statements are based on management's reasonable and current assumptions and expectations, but such statements inherently involve substantial risks and uncertainties. Actual results may differ materially from those discussed in these forward-looking statements due to a number of factors, including but not limited to the risks set forth in Part II, Item 1A, "Risk Factors" and key challenges set forth in Part I, Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations." Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements. We may not actually achieve the plans, intentions, or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements.

In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this Quarterly Report on Form 10-Q, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements. We disclaim any duty to update any of the forward-looking statements after the date of this Quarterly Report on Form 10-Q to conform our prior statements to actual results.

Investors and others should note that we disseminate information to the public about our company, our products, services, and other matters through various channels, including our website (www.dolby.com), our investor relations website (<http://investor.dolby.com>), SEC filings, press releases, public conference calls, and webcasts, in order to achieve broad, non-exclusionary distribution of information to the public. We encourage investors and others to review the information we make public through these channels, as such information could be deemed to be material information.

OVERVIEW

Founded in 1965, we are in the business of improving entertainment experiences by inventing and innovating technologies that advance audio and video capture, transmission and playback. We enable highly compelling experiences in movies and TV shows, music, sports and more by meeting the needs of content creators, distributors and consumer electronics manufacturers. We have been at the forefront of multiple audio and video revolutions over the last sixty years including the transitions from mono to stereo then surround, analog to digital, and terrestrial broadcasting to streaming. Our strength and durability stem from our ability to combine our expertise in signal processing with our close relationships with artists and other industry experts to continually bring to the creative community technology that allows them to express themselves in new and compelling ways.

Dolby is synonymous with high-quality entertainment from a consumer perspective and has become critical to makers of consumer electronic devices as our technology is an important component in the creation and delivery of audio and video content. While some of our technology represents relatively elemental functions like audio signal compression that enable playback, we also offer technology that is innovating in emerging categories including spatial audio and high contrast video. We derive the majority of our revenue from licensing audio and video technology to electronics manufacturers, and a lesser portion of our revenue by offering premium audio and video technologies to cinema exhibitors.

STRATEGY

Key elements of our strategy include:

Advancing the Science of Sight and Sound. We apply our understanding of the human senses, audio, and imaging engineering by collaborating with music, TV and movie creators, and innovating in emerging categories like user-generated content, sports and podcasts, to develop and update technologies aimed at enabling and improving how people experience and interact with entertainment content.

Delivering Superior Creative Experiences. We promote the use of our solutions as creative tools that allow filmmakers, musical artists, sound mixers, and other content creators and providers to fully express their creative intent to their audiences. Our technologies and solutions significantly improve delivery and playback so that consumers may enjoy richer, clearer, and immersive sound and sight experiences.

Building Ecosystems that Benefit from and Sustain Demand for our Solutions. We work closely with content creators, content distributors, and device makers to enable them to deliver great experiences to their audiences, creating a virtuous cycle of product development, improved experiences, and sustained demand for our solutions. We also work closely with technology developers to create and promote standardized technologies that enable content to be enjoyed any place, any time on a broad range of devices.

Expanding the Reach of our Technologies. We look for new and innovative ways to apply our expertise in the science of sight and sound to expand the reach of our technologies to new content, media, devices, and audiences.

PRODUCTS AND REVENUE GENERATION

We generate most of our revenue by licensing technology, our brand, and patents to device manufacturers, and selling cinema hardware and services to movie exhibitors.

The following table presents a summary of the composition of our revenue for all periods presented (in thousands, except percentage amounts). Refer to Note 3 "Revenue Recognition" for further detail.

	Fiscal Quarter Ended				Fiscal Year-To-Date Ended				
Revenue	March 28, 2025		March 29, 2024		March 28, 2025		March 29, 2024		
Licensing	\$	346,006	94 %	\$	338,240	93 %	\$	676,485	93 %
Products and services		23,555	6 %		26,283	7 %		48,090	7 %
Total revenue	\$	369,561	100 %	\$	364,523	100 %	\$	726,560	100 %

LICENSING

The two primary components of our licensing business are Branded Technologies which include Branded Audio Codecs, Dolby Atmos & Dolby Vision, and Patents, which include Audio Patents and Imaging Patents.

We generated over 90% of our revenue in the second quarters of fiscal 2025 and fiscal 2024, and the fiscal year-to-date periods ended March 28, 2025 and March 29, 2024 from agreements to license branded technology and patents that enable approximately 1,000 electronic device manufacturers to enhance the audio and visual capabilities of their products by incorporating our technology. As of March 28, 2025, we had approximately 26,700 issued patents relating to technologies, that are licensed to third parties and comprise a significant portion of our licensing revenue. We have approximately 1,500 trademark registrations throughout the world for a variety of wordmarks, logos, and slogans. These trademarks are an integral part of our technology licensing program as licensees typically place them on their products that incorporate our technologies to inform consumers that they have met our quality specifications.

Branded Technology Licensing

Dolby branded technologies enable compelling audio and video experiences for consumers and offer seamless integration and reliability in devices in which they are incorporated. Dolby branded technologies enjoy widespread adoption, are occasionally mandated as standards, and are frequently considered fundamental to a wide variety of devices and types of entertainment content, including movies, TV shows, sports and music.

Our branded technology solutions are complete solutions. We provide licensees with software, patent rights, and know how to enable content creation, delivery, and playback. Our branded offerings are distinguished by a focus on ease of adoption and deployment. Additionally, our device partners derive value from the use of the Dolby brand, which is synonymous with high quality entertainment.

Dolby branded technologies are part of a unique and broad ecosystem that includes content creators, distributors (such as streaming media companies and broadcasters) and device manufacturers. Initial ecosystem adoption of these technologies yields a virtuous cycle. The more content made available using our branded technologies, the higher the likelihood that more devices embed our technology to facilitate the playback of that content. The more device manufacturers include our technology, the more content creators and distributors want to make content available in Dolby formats.

Branded Audio Codecs

A significant portion of our branded licensing is centered on audio codecs: compression and decompression technologies for audio. The most important of these are the following:

- **DD+.** DD+ is an advanced surround sound audio codec technology that enables the Dolby audio experience across home theaters, smartphones, operating systems, and browsers. A versatile, bandwidth efficient and scalable home theater grade audio codec for A/V content, DD+ is designed to deliver up to 7.1 channels of surround sound across multiple platforms and content types.
- **Dolby AC-4.** Dolby AC-4 is an audio codec that uses cutting edge compression to deliver equivalent experiences at half the bitrate of DD+, its predecessor. Dolby AC-4 matches the delivery method with the optimal configuration, enabling encodes tailored for broadcast or streaming and catering for headphone or speaker playback. It is also capable of delivering enhanced, user-configurable, and accessible experiences. The Dolby AC-4 coding system utilizes new aspects of object audio for features like dialogue enhancement or commentator substitution.

Dolby Atmos and Dolby Vision

Dolby Atmos and Dolby Vision are Dolby's next generation of branded licensing products. They represent significant innovations, and enable consumers to enjoy increasingly immersive audio and video experiences. Dolby Atmos and Dolby Vision include encoding technologies that artists use to create more compelling and immersive audio and video experiences, as well as a set of decoding technologies that device manufacturers include on their devices to decode the content the artists have created.

- **Dolby Atmos.** Dolby Atmos is the evolution of surround sound technology that creates a three-dimensional audio experience with object-based sound technology with up to 128 audio objects that can be positioned anywhere to allow for precise placement and movement of sound in a three-dimensional space. This is achieved by adding height channels and spatially encoded digital signals. Dolby Atmos can adapt to varied playback environments and devices, including stereo headphones, speakers, receivers, TVs, soundbars, AVRs and automotive systems.
- **Dolby Vision.** Dolby Vision is a visual technology that uses HDR to improve the quality of images in movies, TV shows, sports and games. Dolby Vision is designed to make images appear more realistic by enhancing details in both dark and bright areas, and by increasing brightness, increasing the range of colors, and depicting deep blacks. It includes dynamic metadata that adjusts the picture based on a display's capabilities on a per-frame or per-shot basis.

A device must support Dolby Atmos and Dolby Vision to fully experience content in Dolby Atmos and Dolby Vision. Ecosystems for these products flourish because creatives appreciate that creating content using Dolby Atmos and Dolby Vision tools enables them to express their creativity in unique and compelling ways. Distributors see value in distributing this differentiated content. Device manufacturers understand that consumers want to enjoy content in the highest quality possible and will express a preference for devices with Dolby Atmos and Dolby Vision playback.

The amount of content created in Dolby Atmos and Dolby Vision is large and growing. In addition to strong momentum in music, TV shows and movies, we are also seeing strong global momentum in user-generated content, audio books and live sports. We believe that this growing body of Dolby Atmos and Dolby Vision content provides device manufacturers with an incentive to license our technology in order to make it available to their customers.

Revenue Generation

We license our branded technologies via a direct sales force that works with approximately 1,000 consumer electronics manufacturers all over the globe. Licensing usually occurs in two stages. First, we license to semiconductor manufacturers who incorporate our technologies in ICs that they sell to OEMs of consumer entertainment devices. These semiconductor licensees pay us a nominal initial fee for use of our technology and the

services that we provide in their implementation process. Second, we license OEMs, who are then authorized to purchase chips from the chip makers, and incorporate those chips into Dolby-approved products. In addition to the two-stage model, we also license directly to integrated chip and device makers.

Our branded licensing customers typically enter into a per unit royalty arrangement whereby they pay us for each unit they sell. In accordance with U.S. GAAP, we estimate the number of units each customer sells every quarter and record it as revenue, and then true up that estimate when we get the actual unit sales data, typically one quarter in arrears. This method can lead to variability in revenue in any given quarter.

Some of our customers choose to enter into a minimum volume commitment where they commit to a certain minimum number of devices in exchange for a lower price per unit. If the customer sells more than the number of units they committed to, they pay a set per unit royalty for each incremental unit. These are annual and sometimes multiyear deals, where the value of the committed volume is generally recognized as revenue up front. These contract structures, as well as the occasional fixed fee contract whereby a licensee pays for unlimited units, are often selected by large customers and can also lead to variability in quarterly revenue.

We price our products based on value and volume, among other factors.

With respect to value, the advanced features of Dolby Atmos and Dolby Vision enhance the audio and video capabilities of our consumer electronics OEM partners' products and many of those partners can charge a premium for devices that include these technologies. Branded audio codecs can be implemented standalone but are necessary components for an effective Dolby Atmos implementation. Generally, the more technologies a customer licenses, the higher the total royalty per device.

Higher volumes generally equate to lower prices. This dynamic manifests at a market level for device families that represent significant volume. For example, in 2024, there were over one billion mobile devices, approximately 200 million TVs and, according to Wards Intelligence, an Auto Research firm, approximately 90 million cars sold. Accordingly, ARPU for cars is higher than ARPU for TVs, which is higher than ARPU for mobile phones.

Patent Licensing

We generate patent licensing revenue primarily from licensing Dolby-owned patents essential to standardized audio and video technologies. These technologies are fundamental to the capture, storage, transmission and playback of audio and video, and are embodied in billions of products sold each year throughout the world, including streaming devices, televisions, gaming consoles, automotive media consoles and security cameras.

Technology Standards

The standardized technologies at the core of our patent licenses are generally developed in an open, collaborative process under the auspices of international standard-setting organizations like ETSI, ISO, IEC and/or ITU. Active participants are leaders in the field, and often include businesses (large and small), research institutes, and universities. Participants, including Dolby, contribute specialized expertise and/or technology with the goal of creating common industry solutions to address technical challenges. Given the collaborative and meritocratic nature of the standardization process, the resulting technology solution is both state-of-the-art and designed to meet the requirements of the market, increasing the likelihood of industry adoption.

For audio and video codecs, the standardization process is centered on creating interoperable solutions that work in a uniform manner despite increasingly complex device requirements. The resulting standardized technologies are intended to connect billions of disparate devices worldwide in a way that allows for seamless communication. These technology standards have played an essential role in advancing the technology of media capture, storage, transmission and playback through multiple generations of technological development. For example, the AVC codec helped enable standard-definition streaming over the internet, while the next-generation HEVC codec optimized streaming for higher-definition formats like 4K.

Looking forward, Dolby intends to continue to actively participate (both in standards bodies and independently) in the development of next-generation standardized audio and video technologies, and has begun in particular to explore the use of artificial intelligence in the development and use of audio and video codecs.

Key Current Programs

The majority of revenue from Dolby's patent licensing comes from licensing standard essential patents associated with standardized AAC, AVC and HEVC codecs, each of which is described below.

- *AAC, HE-AAC and Extended HE-AAC.* The AAC family of audio codecs comprises some of the most efficient audio coding technologies available today. These codecs are designed to provide high quality audio at lower bitrates than prior coding formats. The AAC family of codecs is widely deployed across most consumer media playback devices.
- *AVC.* The AVC digital video codec is highly efficient and is widely implemented in video playback devices including STBs, mobile devices, cameras, and broadcast television services and other products. AVC is the most widely deployed video codec used by broadcasters and video streaming companies.
- *HEVC.* HEVC is a next-generation digital video codec that compresses video more efficiently than AVC, leading to an average bitrate reduction of up to 50%. HEVC enables the distribution of higher-quality video, such as 4K streaming. HEVC is especially useful for streaming video on mobile devices, where data usage and processing power are often limited.

In addition, we also license patents essential to other audio, video, and communications codec technologies, such as AV1, MPEG H, Opus, and VVC. These technologies and licensing programs are in earlier phases of technology adoption and licensing program maturity.

Revenue Generation

Given the collaborative nature of the standardization process, Dolby generally owns only a portion of the patent rights in the resulting standard. As such, patent licensing solutions are not Dolby-branded, and we can directly offer licensees only a portion of the rights necessary to practice the relevant standard.

Our preferred solution to these ownership dynamics is the patent pool.

A patent pool is a collaborative structure administered by a patent pool administrator and comprised of multiple patent owners (referred to as licensors) who agree to jointly license their patents relevant to a particular technology. There can be dozens of licensors contributing IP to a patent pool for a standardized technology.

By bringing together multiple patent owners to offer a combined solution, pools offer a number of advantages over direct licensing, including the following:

- Pools dramatically decrease transaction costs for most licensees and, to a lesser extent, for most licensors;
- Pools offer licensees relatively simple access to fundamental technology in a simplified 'one-stop shop,' enabling licensees to focus their resources on developing their own products and technologies;
- Pools enable widespread, rapid adoption of a technology, which accelerates research into subsequent technologies and catalyzes downstream competition;
- Pools allow licensors like Dolby to focus on innovation rather than sales, marketing, and licensing activities; and
- The pool structure naturally leads to more transparent and consistent licensing terms.

Patent pools employ a variety of licensing revenue models, including per-unit and fixed-fee royalties, and sometimes include royalty caps or committed volume arrangements in exchange for a lower price per unit. The fees charged for licensing pooled patents are initially determined by market forces - a careful balance of the need to compensate innovators with the desire to develop an active licensee base. This balance of licensor and licensee interests is also a core consideration in the development of non-fee licensing terms.

Licensing fees collected from companies implementing the technology are distributed to the licensors by the patent pool administrator after deducting an administration fee. Royalty share among the pool licensors is determined based on the value of the patents each licensor contributes to the pool, as governed by allocation rules negotiated among the pool licensors.

We operate as licensors in patent pools administered by several patent pool administrators including Access Advance, Sisvel, Via LA and Vectis. We are a majority stockholder and licensor in Via LA, which we co-own with Philips and Mitsubishi. We hold a minority ownership interest in Access Advance. Patent pool administration fees are

paid as a percentage of royalties collected for services rendered by the pool administrator such as royalty collection, allocation and compliance, financial reporting, and tax planning and preparation.

The vast majority of our patent licensing revenue comes from patent pools in the form of royalties, and a minority of our patent licensing revenue is generated from bilateral licensing agreements between Dolby and licensees, with licensing fees negotiated directly with the licensee. We also generate revenue from Via LA administration fees.

Recoveries

We also generate licensing revenue via recoveries, which is revenue attributable to unlicensed or under-reported distribution of products incorporating our technologies in prior periods. Recoveries arise in the context of both branded technology licensing and patent licensing, and usually result from a settlement following a licensee audit under an existing license agreement, or as part of back-royalties paid in connection with a license agreement with a new licensee. Within the Results of Operations section of Part I, Item 2 "Management's Discussion and Analysis of Financial Condition and Results of Operations," revenue attributable to previous periods' usage including settlements are collectively referred to as "recoveries." Recoveries are a recurring element of our business and are subject to fluctuation and unpredictability.

Dolby Cinema

We leverage our universe of creative talent to bring the highest quality experiences to our exhibitor partners. Dolby Cinemas are PLF cinemas that deliver a Dolby branded premium cinema offering with Dolby Vision, Dolby Atmos, and a proprietary Dolby theater design. We typically provide Dolby Cinema exhibitors with the requisite Dolby technology at minimal or no upfront cost and generate revenue from these sites through a share of box office receipts, which we recognize as licensing revenue. Dolby Cinemas deliver a unique, high-end theatre experience, that is different from competing PLFs as well as our exhibitor partner's other theaters that use Dolby manufactured and distributed cinema hardware, including those that may utilize Dolby Atmos and/or Dolby Vision.

PRODUCTS AND SERVICES

We design and manufacture audio, imaging, accessibility, and other hardware and software solutions primarily for the cinema, with occasional applications in the television, broadcast, and live entertainment industries.

Cinema Imaging Products include digital cinema servers used to load, store, decrypt, decode, watermark and playback digital film files for presentation on cinema projectors. It also includes software used to encrypt, encode, and package digital media files for distribution.

Cinema Audio Products include cinema processors, amplifiers and loudspeakers used to decode, render and optimally play back digital cinema soundtracks, including those using Dolby Atmos.

In addition, we offer various services to support theatrical and television production for cinema, broadcast, and home entertainment, including equipment training and maintenance, mixing room alignment, equalization, as well as audio, color, and light image calibration. We also provide PCS for products sold and equipment installed at Dolby Cinema theaters operated by exhibitor partners, and we support the implementation of our technologies into products manufactured by our licensees.

Revenue Generation

We generate revenue from Dolby Cinema Products by selling and leasing products to exhibitors, excluding Dolby Cinemas, and offering PCS to exhibitors.

Dolby OptiView

Dolby OptiView (previously named Dolby.io) is powering immersive, interactive, and social experiences with real-time engagement for live events, especially sports. Dolby OptiView leverages Dolby's six decades of experience in the science of sight and sound to deliver 4K video with clarity, depth and detail via our unique content delivery architecture that ensures a high quality, synchronized viewer experience across the globe. This enables our customers to engage viewers effectively with near real time interaction tools that will strengthen connections and drive participation.

Revenue Generation

Dolby OptiView is a software as a service (SaaS) product licensed directly to enterprises via a consumption-based revenue model.

END MARKETS

We generated 94% and 93% of our revenue in the second quarter of fiscal 2025 and the fiscal year-to-date period ended March 28, 2025, respectively, through licensing our technology, brand, and patents, primarily to device manufacturers. The following table presents the end market composition of revenue from our licensing business for all periods presented:

Market	Fiscal Quarter Ended		Fiscal Year-To-Date Ended		Main Components of Each Category
	March 28, 2025	March 29, 2024	March 28, 2025	March 29, 2024	
Broadcast	27%	31%	31%	34%	Televisions and STBs
Mobile	29%	26%	24%	20%	Smartphones and Tablets
CE	11%	12%	13%	15%	DMAs, Blu-ray Disc devices, AVRs, Soundbars, and DVDs
PC	17%	15%	13%	13%	Windows and macOS operating systems and devices
Other	16%	16%	19%	18%	Dolby Cinema, Gaming consoles, Automotive, and Patent pool administrative fees
Total	100%	100%	100%	100%	

MACROECONOMIC CONDITIONS

Our revenue can be negatively impacted by macroeconomic conditions, including but not limited to, the financial health of our licensees, inflation, heightened interest rates, foreign exchange rates, rising costs of material, increased shipping costs, tariffs and trade barriers, international conflicts, labor disputes, reduced discretionary consumer spending, and reduced new product investment by our customers. In particular, the U.S. has recently implemented tariffs on certain imports and some U.S. trading partners have implemented or announced retaliatory tariffs or other trade barriers. The situation is highly dynamic and the potential impacts are impossible to predict with certainty. For example, any increases in tariffs or other trade barriers may, directly or indirectly, increase the cost of producing or delivering our products, increase the costs to our licensees of licensing our technology for licensees, and may decrease demand for our products and services. If the costs incurred by our licensees in exporting their products, such as consumer electronics products and cars, results in higher prices to end consumers, sales of those products may decrease and thus royalty payments payable to Dolby that are based on unit shipments may decrease. Any of the foregoing impacts could negatively impact our revenue from licensing and product sales.

Macroeconomic conditions also impart substantial uncertainty into our operating environment and may lead to follow-on negative economic effects like recession or heightened inflation, each of which presents additional challenges for our business. Uncertainty or an adverse economic climate may cause delays or a decrease in the adoption of our technologies into new products by partners and licensees, or lead manufacturers to discontinue including our technology in their products or to seek price reductions. These conditions may impact consumer demand for our licensees' products that incorporate our technology and for our own products and services. Further, the noted macroeconomic conditions and related uncertainty may negatively impact transaction cycles and our recovery of revenue associated with past unauthorized or unreported usage.

The future implications of these macroeconomic conditions on our business, results of operations and overall financial position remain uncertain. We continue to monitor the evolving macroeconomic environment, including the imposition of tariffs and other trade barriers, and the impact on our business. Further discussion of the potential impacts of these macroeconomic effects on our business can be found in Part II, Item 1A "Risk Factors."

LICENSING

The majority of our revenue is derived from two licensing models: Branded Technology Licensing, and Patent Licensing. While each has had successes, they share certain challenges. In particular, factors such as global supply constraints or device lifecycles may impact licensing revenue. Further, in certain countries, we and other IP owners face difficulties enforcing contractual and IP rights, including instances in which our licensees fail to accurately report the shipment of products using our technologies. Finally, we face geopolitical challenges including changes in diplomatic and trade relationships, trade protection measures including the imposition of tariffs, and import or export licensing requirements. Further discussion of the potential impacts of the key challenges on our business can be found in Part II, Item 1A "Risk Factors."

Branded Technology Licensing

Dolby's branded technology licensing offers complete technology solutions to our licensees, primarily device manufacturers. Licenses include rights to software, patent rights, know-how, and the relevant Dolby brand. Our branded technologies are primarily comprised of Branded Audio Codecs (DD+ and AC-4) and Dolby Atmos and Dolby Vision (Dolby Atmos for audio, and Dolby Vision for imaging). Licensing revenue is primarily driven by the adoption of our technologies on devices and the number of devices shipped by licensees. Our branded audio codecs have broad penetration across a diverse set of devices and end markets. Revenue from these technologies is primarily driven by device shipments from licensees, and as such, is impacted by consumer spending. The remaining portion of our branded licensing revenue is derived from Dolby Vision and Dolby Atmos. Dolby Vision and Dolby Atmos have not been in the market as long as our branded audio codecs, thus revenue growth is driven by device shipments, increased adoption and the addition of new licensees.

We are focused on expanding our leadership in audio and imaging solutions for premium entertainment content by increasing the number of Dolby experiences that people can enjoy, which will drive revenue growth across the markets we serve. We work across our ecosystem of partners including creators, distributors and device manufacturers to increase the number of Dolby experiences that people can enjoy by enhancing content, including movies and TV, music and live sports, using Dolby branded technologies. Increased content in these areas increases our value proposition across our end markets. In movies and TV, thousands of movie titles and tens of thousands of TV episodes have been created and released in Dolby Atmos and/or Dolby Vision. Major streaming partners and

services such as Netflix, Disney+, Apple TV+, Amazon, Max, Paramount+, and other streaming partners and services internationally, continue to enhance content in Dolby Vision and Dolby Atmos. In social media, Xiaohongshu, which goes by the name RedNote in the U.S., and Kuaishou, a Chinese social media platform specializing in short-form video content, both support Dolby Vision. In the video editing, CapCut supports Dolby Vision on both Android and iOS, and Filmora supports Dolby Vision on iOS with plans to support Android by the end of the calendar year. Also during the second quarter of fiscal 2025, the Super Bowl and March Madness were available in Dolby Atmos and Dolby Vision.

Patent Licensing

Our patents are incorporated into the AAC, HE-AAC, and Extended HE-AAC standards for audio, and the AVC and HEVC standards for imaging. The licensing of these patents forms the core of our patent licensing. Revenue generated through our patent licensing model is driven primarily by our royalty share within patent pools, licensee penetration, device shipments, and the introduction of new standardized technologies and patent programs.

In fiscal 2024, we completed the acquisition of GE Licensing, which will strengthen our position in existing programs, most notably the HEVC video program. The GE Licensing transaction also yielded an increased ownership interest in Access Advance, a patent pool administrator. Income from our ownership interest in Access Advance is reflected as other income, net, in our unaudited interim condensed consolidated statements of operations. In the second quarter of fiscal 2025, we completed the disposition of most of the non-core assets acquired as part of the GE Licensing transaction to Dominion Harbor, an IP investment firm.

In the second quarter of fiscal 2025, Access Advance, in which we have a minority interest, announced the launch of its new Video Distribution Patent Pool. Also in the second quarter, Panasonic took a license to Sisvel's AV1 program, in which we are a licensor. In addition, Adobe and Ricoh were recently added as new licensees in Access Advance's HEVC Advance patent pool, in which we are a licensor. They join HP, TCL, Ford, and Panasonic Auto who were added earlier this fiscal year.

Revenue from our patent licensing depends on the adoption and use of the standardized technologies in which we participate by device manufacturers. As in any technology licensing business, it is possible that changing partner preferences, consumer preferences, or other market dynamics could lead to adoption and use of alternative technologies.

Revenue derived from our patent licensing programs also depends on the success of the patent pools in which we participate, which is driven by licensee, licensor, and program renewals. The revenue we derive from patent pools also depends significantly on the patent pool administrators' success in negotiating licenses with companies already using the relevant standard (i.e. licensee penetration). Additionally, our revenue from patent pools is also impacted by the royalty share among pool licensors, which is determined based on the value of the patents each licensor contributes to the pool, as governed by allocation rules negotiated among the pool licensors.

The standardized technologies at the core of our patent licensing are intended for broad use across all device categories that play back audio and visual content. OEMs typically negotiate and acquire the patent rights for these technologies for implementation across all their device categories and product lines in their applicable end markets.

Licensing End Markets

The following are highlights from our second quarter of fiscal 2025 and key challenges related to Dolby's licensing businesses, by market.

Broadcast

Highlights: We have an established global presence and broad adoption of our branded audio and patent licensing technologies in broadcast services and devices, which primarily include TVs and STBs. We work with many TV OEMs and strategic partners to enable and promote Dolby Vision and Dolby Atmos experiences within their TV lineups. We have strong attach rates for Dolby Atmos and Dolby Vision with high end TVs and continue to grow adoption on mid-range TVs. Many partners continue to expand their support of the combined Dolby Vision and Dolby Atmos experience. At CES in January 2025, Hisense, TCL, Panasonic, Sharp, and RCA announced new TVs and TV-related devices that support our technologies. Also in the second quarter of fiscal 2025, in the UK, Sky released the Sky Glass Gen 2 TV that supports Dolby Vision and a Dolby Atmos soundbar built into the TV. Additionally, LG announced the evo C5 and G5 TVs with Dolby Atmos and Dolby Vision, Sharp released 55GR8 TV with Dolby Vision IQ, and Hisense launched its flagship new LED TV product series, the E8Q and E8Q Pro – the first in the industry to

be certified by both Dolby Vision and Pantone. Finally, Waipu.tv, a market leader in IPTV/OTT in Germany announced support for Dolby Atmos and Dolby Vision, and TOD, a leading streaming platform for sports and entertainment in the Middle East and Northern Africa, launched a 4K STB supporting Dolby Atmos and Dolby Vision.

Key Challenges: Our pursuit of new licensees and further adoption of our technologies by existing licensees may be impacted by a number of factors. We must continue to present compelling reasons for consumers to demand our audio and video technologies, including ensuring that there is a breadth of available content in our formats and such content is being widely distributed. To the extent that OEMs do not incorporate our technologies in current and future products or our technology is not included in future broadcast industry standards, our revenue could be negatively impacted. Changing trends in the way that video content is distributed and consumed may impact our business and future growth in the broadcast market, such as the trend away from subscription-based cable and satellite television providers toward streaming services.

Mobile

Highlights: We continue to promote adoption of our technologies across major mobile ecosystems, including Apple and Android. Our patent licensing technologies are adopted broadly throughout the mobile device ecosystem. Dolby Atmos and Dolby Vision are included throughout the Apple device line-up and in Apple TV+, and Dolby Atmos is included in Apple Music. Dolby Vision Capture has been supported on all iPhones since the iPhone 12 and the release of the iOS 18 unlocked support for higher frame rates. We have strong adoption of Dolby Atmos and our branded audio codecs across high-end Android mobile devices and are focused on growing our presence on low and mid-tier phones. An increasing number of Android device manufacturers have adopted Dolby Vision and Dolby Vision Capture on high end devices and we are focused on the opportunity to significantly increase our adoption. The breadth of mobile devices supporting Dolby technologies continues to increase globally. Recently, OPPO launched the Find X8 Ultra, Find X8s, and Find X8s+, all supporting Dolby Vision capture and playback.

Key Challenges: Growth in this market is dependent on several factors. Due to short product life cycles, mobile device OEMs can readily add or remove certain of our technologies from their devices. Our success depends on our ability to address the rapid pace of change in mobile devices, and we must continuously collaborate with mobile device OEMs to incorporate our technologies. We rely on a small number of partnerships with key participants in this market. If we are unable to maintain these key relationships, we may experience a decline in mobile devices incorporating our technologies. To the extent that OEMs do not incorporate our technologies in current and future products or our technology is not included in future mobile industry standards, our revenue could be impacted. We must also continue to support the development and distribution of Dolby-enabled content via various ecosystems.

Consumer Electronics

Highlights: We have an established presence in the home entertainment market across devices such as wireless and smart speakers, soundbars, DMAs (devices that connect a computer to a home media system), and AVRs, through the inclusion of our branded audio codecs, and increasingly through the inclusion of Dolby Atmos and Dolby Vision. Our patent licensing technologies also have broad adoption in the home entertainment market. We continue to focus on expanding the availability of Dolby technologies to new devices. At CES in January 2025, Harman Kardon announced its new Enchant soundbar series that supports Dolby Atmos, and Samsung announced that its soundbars would support Dolby Atmos. Also recently, Sonos, Vizio, and Teufel released soundbars with Dolby Atmos.

Key Challenges: We must continue to present compelling reasons for consumers to demand our technologies wherever they enjoy entertainment content, while promoting creation and broad availability of content in our formats. With relatively short product life cycles for many consumer electronics, OEMs can add or remove certain of our technologies from their products which could impact our revenue. In addition, to the extent that our technology is not included in future industry standards, our revenue could be impacted.

Personal Computers

Highlights: DD+ enhances audio playback in Mac computers through the operating system with native support in the Safari browser, and Windows-based PCs through PC OEM implementations and native support in the Microsoft Edge browser. Dolby's presence in these browsers enables us to reach more users through various types of content, including streaming video entertainment. A number of personal computers from partners such as Apple, Lenovo, Dell, Samsung, Microsoft, and ASUS also support Dolby Vision and/or Dolby Atmos, with continued expansion of applications through music, streaming, and gaming. At CES in January 2025, ASUS, Dell, Lenovo, and Samsung

announced a variety of new PCs, laptops, and monitors across a range of consumer, gaming, and laptop supports, many of which support Dolby Vision and/or Dolby Atmos.

Key Challenges: Demand for personal computers has fluctuated significantly in recent years. We must continuously collaborate and maintain our key partnerships with personal computer manufacturers to incorporate our technologies, and we must continue to support the development and distribution of Dolby-enabled content via various ecosystems. To the extent that personal computer manufacturers do not incorporate our technologies in current and future products, our revenue could be impacted.

Other Markets

Highlights: We generate revenue from the automotive industry primarily through the adoption of Dolby Atmos in cars. For example, one of our earliest partners, Mercedes, had over 15 Atmos-enabled models in market by the end 2024. At CES in January 2025, Pioneer, the biggest manufacturer of after-market car audio systems, demonstrated how Dolby Atmos could be used in an aftermarket solution using a 4-channel speaker system. We also demonstrated Dolby Vision in the car with Li Auto. Also at CES, Samsung Display announced they will be working with Dolby to pre tune its cutting edge OLED displays for autos to ease manufacturers' adoption of Dolby Vision, and Texas Instruments announced that it would support Dolby Atmos in its new family of chips for automakers. In the second quarter of fiscal 2025, Porsche announced that Dolby Atmos will be supported in the Taycan, the Panamera, the Cayenne and the 911 in the 2026 models, and Cadillac announced that its entire EV lineup in 2026 will support Dolby Atmos. Volvo, Xiaomi, Hyundai, NIO, and Zeekr also recently announced new vehicle models that support our technologies.

Gaming consoles such as the Sony PlayStation and the Microsoft Xbox use DD+ to support gaming content and streaming for movie and television content. The PlayStation 5 supports compatible Dolby Atmos-enabled living room devices. The Xbox Series X and Series S gaming consoles support Dolby Vision and Dolby Atmos for streaming and gaming content. Additionally, our technologies continue to be incorporated into the latest headphones by various OEMs.

Key Challenges: Our automotive-related revenue growth will be impacted if OEMs do not incorporate our technologies in their latest products. The long development cycle of the automotive industry reduces the frequency of our opportunities to be incorporated into additional products. Additionally, the automotive industry is cyclical, so our revenue from the auto market is affected by the broader cycles of the industry. Consumer demand for gaming devices is impacted by anticipation of console refresh cycles, which could result in fluctuations in our revenue. In addition, the gaming console market has competition from mobile devices and gaming PCs, which have faster refresh cycles and appeal to a broader consumer base.

Included within Other Markets is also licensing revenue from audio and video technologies used to create Dolby experiences through Dolby Cinema.

Dolby Cinema

Highlights: We continue to expand our global presence for Dolby Cinema, with sites located in the U.S. and internationally. In the second quarter of fiscal 2025, we announced with AMC that we will add an additional 40 Dolby Cinemas at AMC locations in the United States through the end of calendar year 2027. The breadth of movie content for Dolby Cinema continues to grow with films available in Dolby Atmos and/or Dolby Vision accounting for over 85% of U.S. Box Office revenue during the second quarter of fiscal 2025. Subsequent to the second quarter of fiscal 2025, we announced that we are launching Dolby Cinema in India this year, beginning with six exhibitors in major cities in India, and we also increased the number of Dolby Atmos and Dolby Vision theaters in South Korea. Additionally, we announced an expansion of our partnership with AMC Entertainment that will add 40 Dolby Cinema screens at select locations nationwide by 2027.

Key Challenges: Although the premium large format market for the cinema industry has been growing, Dolby Cinema competes with other existing offerings. Our success depends on our partners and their success, and our ability to differentiate our offering and deploy new sites. In addition, the success of our Dolby Cinema offering is tied to global movie production and box office performance generally.

PRODUCTS AND SERVICES

A majority of our products and services revenue is derived from the sale of audio and imaging products for the cinema industry. Revenue from Dolby OptiView is also included in products and services.

Cinema Products and Services

Highlights: To help enable the playback of content in Dolby formats, we offer a range of servers, which include the IMS3000 (an integrated imaging and audio server with Dolby Atmos), and audio processors, such as the CP950, to cinema exhibitors globally. Dolby Atmos has been adopted broadly across studios, content creators, post-production facilities, and exhibitors. As of the end of the second quarter of fiscal 2025, there are over 8,300 Dolby Atmos screens installed or committed and over 3,800 Dolby Atmos theatrical titles have been announced or released.

We also offer a variety of other cinema products, such as the Dolby Multichannel Amplifier and our high-power flexible line of speakers. These products allow us to offer exhibitors a more complete Dolby Atmos solution that is often more cost-effective than other commercially available options.

Key Challenges: Demand for our cinema products is dependent upon our partners and their success in the market, industry and economic cycles, box office performance, and our ability to develop and introduce new technologies, further our relationships with content creators, and promote new cinematic audio and video experiences. A significant portion of our growth opportunity lies in international markets, which are subject to geopolitical risks. Additionally, weakness in general economic conditions due to inflation, recession, the imposition of tariffs and other trade barriers, pandemic or other worsening economic conditions could have a negative impact on our cinema-related revenue due to reduced consumer discretionary spending. We may also be faced with pricing pressures or competing technologies, which would affect our revenue. In addition, supply chain constraints may impact our ability to provide cinema products and services to our customers. Long lead times and increased cost of materials due to the macroeconomic conditions, including higher interest rates have also negatively impacted the financial health of our cinema customers and partners, leading to reduced new product investment and lower demand.

Dolby OptiView

Highlights: Our strategy for Dolby OptiView is to bring Dolby's audio and video technologies to a broader range of media content and digital experiences. We are expanding our addressable market by offering solutions to companies building real-time digital experiences that increase audience engagement. For instance, our solution can provide the capability to stream high quality audiovisual content with ultra-low latency that reduces the delay between the action and the viewer. In the second quarter of fiscal 2025, Hudl, a leader in sports technology, video and data analysis, and a long-standing customer of the Dolby OptiView Player, expanded their product usage to include Dolby OptiView Ads, our intelligent ad insertion platform. Hudl intends to use Dolby OptiView Ads across all its platforms.

Content being delivered with almost no delay enables our customers to create real-time interaction in their apps and services. This near instantaneous interaction is essential to the experiences companies, particularly in sports and entertainment, are creating.

Over time, we believe this way of delivering and engaging with content will be used more broadly, thereby increasing their business opportunity.

Key Challenges: Dolby OptiView is an early-stage business, and it is uncertain when or if it will be a material revenue driver. Our success in this market will depend on adoption by companies building real-time digital experiences that increase audience engagement, the volume of usage of the services and our ability to monetize our services. In addition, the development and maintenance needed to provide a reliable and scalable platform may require us to incur additional costs to develop new skills within our existing employee base or hire external specialized talent. Although the market for real-time experiences has been growing, Dolby OptiView competes with other offerings from third parties.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

There have been no material changes to the critical accounting policies from those included in our fiscal 2024 Annual Report on Form 10-K filed with the SEC, as per Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates included therein.

RESULTS OF OPERATIONS

For each line item included on our unaudited interim condensed consolidated statements of operations described and analyzed below, the significant factors identified as the leading drivers contributing to the overall fluctuation are presented in descending order of their impact on the overall change (from an absolute value perspective). This discussion and analysis highlights comparisons of material changes in the unaudited interim condensed consolidated financial statements for the quarters ended March 28, 2025 and March 29, 2024. Note that adjustments related to sales-based royalties that were misreported by licensees as well as unlicensed settlement activity, are collectively referred to as "recoveries." Amounts displayed, except percentages, are in thousands.

Revenue and Gross Margin

Licensing

Licensing revenue consists of fees earned from licensing our technologies to customers who incorporate them into their products and services to enable and enhance audio and imaging capabilities. The technologies that we license are either internally developed, acquired, or licensed from third parties. We also generate administrative fees for managing patent pools on behalf of third party patent owners through our subsidiary, Via LA. A significant portion of our licensing revenue pertains to customer-shipment royalties that we recognize based on estimates of our licensees' shipments. To the extent that shipment data reported by licensees differs from estimates we made and recorded, we recognize an adjustment to revenue for such difference in the period we receive the reported shipment data.

Our cost of licensing consists mainly of amortization of certain purchased intangible assets and intangible assets acquired in business combinations, depreciation, third party royalty obligations, and patent pool fees.

	Fiscal Quarter Ended		Change		Fiscal Year-To-Date Ended		Change	
	March 28, 2025	March 29, 2024	\$	%	March 28, 2025	March 29, 2024	\$	%
Licensing								
Revenue	\$346,006	\$338,240	\$7,766	2%	\$676,485	\$632,007	\$44,478	7%
Percentage of total revenue	94%	93%			93%	93%		
Cost of licensing	19,685	15,318	4,367	29%	40,795	31,054	9,741	31%
Gross margin	326,321	322,922	3,399	1%	635,690	600,953	34,737	6%
Gross margin percentage	94%	95%			94%	95%		

Licensing Revenue By Market	Fiscal Quarter Ended				Fiscal Year-To-Date Ended			
	March 28, 2025		March 29, 2024		March 28, 2025		March 29, 2024	
Broadcast	\$ 94,249	27 %	\$ 105,480	31 %	\$ 210,011	31 %	\$ 217,896	34 %
Mobile	100,123	29 %	88,690	26 %	161,647	24 %	123,977	20 %
CE	38,140	11 %	42,221	12 %	87,597	13 %	95,441	15 %
PC	58,402	17 %	49,938	15 %	89,658	13 %	79,617	13 %
Other	55,092	16 %	51,911	16 %	127,572	19 %	115,076	18 %
Total licensing revenue	\$ 346,006	100 %	\$ 338,240	100 %	\$ 676,485	100 %	\$ 632,007	100 %

Current Quarter: Q2 2025 vs. Q2 2024

Factor	Licensing Revenue		Gross Margin	
Mobile	↑	Higher revenue primarily from imaging patent programs	↑	Higher revenue offset by higher amortization of acquired intangible assets
Broadcast	↓	Lower revenue primarily due to timing of Dolby Atmos and Dolby Vision minimum volume commitments and lower recoveries, partially offset by timing of minimum volume commitments in our foundational technologies and higher revenue from our imaging patent programs		
PC	↑	Higher revenue from recoveries and imaging patent programs		
CE	↓	Lower revenue primarily due to lower recoveries partly offset by Atmos adoption and higher revenue from imaging patent programs		
Other	↑	Higher automotive revenue driven by adoption of Dolby Atmos and Dolby Vision		

Year-To-Date: Q2 2025 vs. Q2 2024

Factor	Licensing Revenue		Gross Margin	
Mobile	↑	Higher revenue from our imaging patent programs and timing of minimum volume commitments in our audio patent programs	↑	Higher revenue offset by higher amortization of acquired intangible assets
Other	↑	Higher automotive revenue driven by adoption of Dolby Atmos and Dolby Vision and higher Dolby Cinema revenue due to higher box office receipts, partially offset by lower revenue from game consoles due to lower unit shipments and timing of minimum volume commitments		
PC	↑	Higher revenue from our imaging patent programs partially offset by lower unit shipments in our foundational technologies		
Broadcast	↓	Lower revenue primarily due to lower recoveries, partially offset by a higher true-up, timing of minimum volume commitments and higher revenue from our imaging patent programs		
CE	↓	Lower revenue primarily due to lower recoveries, partially offset by Atmos adoption and higher revenue from imaging patent programs		

Products and Services

Products revenue is generated from the sale of audio and imaging hardware and software products for the cinema, television, broadcast and entertainment industries. Also included in products revenue are amounts relating to certain Dolby Cinema arrangements that are considered sales-type leases that involve fixed or minimum fees. Cost of products includes materials, labor, manufacturing overhead, amortization of certain intangible assets, and certain third party royalty obligations.

Services revenue consists of fees charged to support theatrical and television production for cinema exhibition, broadcast, and home entertainment, including equipment training and maintenance, mixing room alignment, equalization, as well as audio, color, and light image calibration. Services revenue also includes PCS for products sold and equipment installed at Dolby Cinema theaters operated by exhibitor partners and support for the implementation of our technologies into products manufactured by our licensees. Also included in services revenue are amounts generated through Dolby OptiView. Cost of services consists of personnel and personnel-related costs for providing our professional services, software maintenance and support, external contractors, and other direct expenses incurred on behalf of customers.

	Fiscal Quarter Ended		Change		Fiscal Year-To-Date Ended		Change	
	March 28, 2025	March 29, 2024	\$	%	March 28, 2025	March 29, 2024	\$	%
Products and Services								
Revenue	\$23,555	\$26,283	\$(2,728)	(10)%	\$50,075	\$48,090	\$1,985	4%
Percentage of total revenue	6%	7%			7%	7%		
Cost of products and services	16,152	23,459	(7,307)	(31)%	35,816	39,783	(3,967)	(10)%
Gross margin	7,403	2,824	4,579	162%	14,259	8,307	5,952	72%
Gross margin percentage	31%	11%			28%	17%		

Current Quarter: Q2 2025 vs. Q2 2024

Factor	Products and Services Revenue		Gross Margin	
Products	↓	Lower cinema product sales compared to prior year	↑	Higher gross margin primarily due to lower inventory reserve provision than prior year
Services	↑	Higher services revenue primarily driven by streaming services	↔	No significant fluctuations

Year-To-Date: Q2 2025 vs. Q2 2024

Factor	Products and Services Revenue		Gross Margin	
Products	↔	No significant fluctuations	↑	Higher gross margin primarily due to lower inventory reserve provision than prior year
Services	↑	Higher services revenue driven by streaming services	↑	Higher gross margin due to higher services revenue

Operating Expenses

Research and Development

R&D expenses consist primarily of employee compensation and benefits expenses, stock-based compensation, external contractor costs, depreciation and amortization, facilities costs, costs for outside materials, and information technology expenses.

	Fiscal Quarter Ended		Change		Fiscal Year-To-Date Ended		Change	
	March 28, 2025	March 29, 2024	\$	%	March 28, 2025	March 29, 2024	\$	%
Research and development	\$61,707	\$62,493	\$(786)	(1)%	\$128,345	\$129,526	\$(1,181)	(1)%
Percentage of total revenue	17%	17%			18%	19%		

Current Quarter: Q2 2025 vs. Q2 2024

Category	Key Drivers	
Research and Development	↔	No significant fluctuations

Year-To-Date: Q2 2025 vs. Q2 2024

Category	Key Drivers	
Legal, Professional, & Consulting	↑	Higher costs of \$1.9 million primarily due to acquisition-related costs
Other	↓	Lower incentive compensation and payroll salaries

Sales and Marketing

S&M expenses consist primarily of employee compensation and benefits expenses, stock-based compensation, marketing and promotional expenses for events such as trade shows and conferences, marketing campaigns, travel-related expenses, contractor fees, facilities costs, depreciation and amortization, information technology expenses, and legal costs associated with unreported or underreported use of our IP.

	Fiscal Quarter Ended		Change		Fiscal Year-To-Date Ended		Change	
	March 28, 2025	March 29, 2024	\$	%	March 28, 2025	March 29, 2024	\$	%
Sales and marketing	\$89,629	\$90,038	\$(409)	—%	\$184,028	\$169,041	\$14,987	9%
Percentage of total revenue	24%	25%			25%	25%		

Current Quarter: Q2 2025 vs. Q2 2024

Category	Key Drivers	
Marketing Programs	↓	Lower costs of \$7.3 million primarily due to timing of marketing programs
Legal, Professional, & Consulting	↑	Higher costs of \$4.0 million to support litigation-related activities and acquired costs from recent business combinations activities

Year-To-Date: Q2 2025 vs. Q2 2024

Category	Key Drivers	
Legal, Professional, and Contractors	↑	Higher costs of \$9.1 million primarily due to litigation-related activities and acquired costs from recent business combinations activities
Marketing Programs	↓	Lower costs of \$5.1 million in marketing spend due to timing of marketing programs
Stock-based Compensation	↑	Higher costs of \$2.9 million primarily due to increase in RSU share count and lower benefit from forfeitures due to restructuring activities in the prior year
Compensation & Benefits	↑	Higher costs of \$2.5 million in bonus and commissions due to higher incentive compensation and acquired costs from recent business combinations
Travel & Entertainment	↑	Higher costs of \$1.7 million primarily due to increased travel

General and Administrative

G&A expenses consist primarily of employee compensation and benefits expenses, stock-based compensation, depreciation and amortization, facilities and information technology costs, as well as professional fees and other costs associated with external contractors.

	Fiscal Quarter Ended		Change		Fiscal Year-To-Date Ended		Change	
	March 28, 2025	March 29, 2024	\$	%	March 28, 2025	March 29, 2024	\$	%
General and administrative	\$70,415	\$66,742	\$3,673	6%	\$140,507	\$131,908	\$8,599	7%
Percentage of total revenue	19%	18%			19%	19%		

Current Quarter: Q2 2025 vs. Q2 2024

Category	Key Drivers	
General and Administrative	↔	No significant fluctuations

Year-To-Date: Q2 2025 vs. Q2 2024

Category	Key Drivers	
Legal, Professional, and Contractors	↑	Higher costs of \$3.5 million primarily due to patent development activity and acquired costs from recent business combinations activities
Credit Loss Expense	↑	Higher costs of \$3.4 million primarily due to lower credit loss expense in prior year

Restructuring Charges

Restructuring charges recorded as operating expenses in our unaudited interim condensed consolidated statements of operations represent costs associated with separate individual restructuring plans implemented in various fiscal periods. The extent of our costs arising as a result of these actions, including fluctuations in related balances between fiscal periods, is based on the nature of activities under the various plans.

	Fiscal Quarter Ended		Change		Fiscal Year-To-Date Ended		Change	
	March 28, 2025	March 29, 2024	\$	%	March 28, 2025	March 29, 2024	\$	%
Restructuring charges	\$4,210	\$(2,495)	\$6,705	(269)%	\$9,426	\$3,596	\$5,830	162%
Percentage of total revenue	1%	(1)%			1%	1%		

Fiscal 2025 Restructuring Events. In November 2024, we initiated restructuring actions with the purpose of aligning our R&D resources, and to a lesser extent our S&M resources, with our highest strategic priorities. In connection with this plan, we recorded expenses in the second quarter of fiscal 2025 of \$3.9 million and in the fiscal year-to-date period ended March 28, 2025 of \$9.7 million in severance and other related benefits. The remaining components of this plan are expected to be completed by June 2025, resulting in an additional charge of approximately \$1.1 million in severance and other termination benefits. Cash payment of the severance and other termination benefits are expected to be substantially completed by the end of the fourth quarter of fiscal 2025. These activities are expected to result in estimated gross pre-tax operating income savings of approximately \$20 million in fiscal 2025. The impact of these estimated savings on our operating expenses will be mostly offset by increased investment in our strategic priorities and the effects of inflation on our remaining expenses.

Fiscal 2024 Restructuring Events. In April 2024, we initiated restructuring actions with the purpose of focusing our resources with our highest strategic priorities. Cash payment of the severance and other termination benefits were substantially completed by the end of fiscal 2024. These activities resulted in gross pre-tax operating income savings of approximately \$3 million in fiscal 2024 and are expected to result in savings of approximately \$11 million within fiscal 2025. The impact of these estimated savings on our operating expenses have been and will be mostly offset by increased investment in our strategic priorities and the effects of inflation on our remaining expenses.

Fiscal 2023 Restructuring Events. In September 2023, we initiated a restructuring plan with the purpose of focusing our resources with our highest strategic priorities. In continuation with this plan, we recorded an expense in the first quarter of fiscal 2024 of \$7.4 million in severance and other related benefits. Cash payment of the severance and other termination benefits were substantially completed by the end of the second quarter of fiscal 2024. These activities resulted in gross pre-tax operating income savings of approximately \$40 million within fiscal 2024, which was consistent with our expectations. The impact of these savings on our operating expenses was offset by increased investment in our strategic priorities and the effects of inflation on our remaining expenses.

In June 2023, we implemented a focused restructuring plan, primarily consisting of workforce reductions and facility consolidations to improve execution in alignment with our strategy and to reduce our cost structure through improved utilization of our global infrastructure. Actions and expenses related to this plan were substantially completed by the end of the second quarter of fiscal 2024. These activities resulted in gross pre-tax operating income savings of approximately \$20 million in fiscal 2024, which was consistent with our expectations. The impact of these savings on our operating expenses was mostly offset by increased investment in our strategic priorities and the effects of inflation on our remaining expenses.

For additional information on our Restructuring programs, see Note 13 "Restructuring" to our unaudited interim condensed consolidated financial statements.

Other Income/Expense

Other income/expense primarily consists of interest income earned on cash and investments and the net gains or losses from foreign currency transactions, derivative instruments, our proportionate share of net income or losses from our equity method investment in Access Advance, and gains and losses on the sales of marketable securities from our investment portfolio.

	Fiscal Quarter Ended		Change		Fiscal Year-To-Date Ended		Change	
	March 28, 2025	March 29, 2024	\$	%	March 28, 2025	March 29, 2024	\$	%
Other income	\$12,487	\$12,780	\$(293)	(2)%	\$18,658	\$27,392	\$(8,734)	(32)%
Percentage of total revenue	3%	4%			3%	4%		

Current Quarter: Q2 2025 vs. Q2 2024

Category	Key Drivers	
Other Income	↑	Higher income due to higher proportional share of net income in our equity method investment Access Advance
Interest Income	↓	Lower yields on lower invested cash balances

Year-To-Date: Q2 2025 vs. Q2 2024

Category	Key Drivers	
Interest Income	↓	Lower yields on lower invested cash balances
Other Income	↑	Higher income due to higher proportional share of net income in our equity method investment Access Advance
Interest Expense	↑	Higher interest expense on our obligations acquired through the GE Licensing acquisition

Income Taxes

Our effective tax rate is based on our annual fiscal year results and is affected each period-end by several factors. These factors include changes in our projected fiscal year results, recurring items such as tax rates and relative income earned in our foreign jurisdictions, as well as discrete items such as changes to our unrecognized tax benefits that may occur in but are not necessarily consistent between periods. For additional information related to

effective tax rates, see Note 12 "*Income Taxes*" to our unaudited interim condensed consolidated financial statements.

	Fiscal Quarter Ended		Fiscal Year-To-Date Ended	
	March 28, 2025	March 29, 2024	March 28, 2025	March 29, 2024
Provision for income taxes	\$(28,024)	\$(23,534)	\$(46,005)	\$(36,786)
<i>Effective tax rate</i>	23.3%	19.3%	22.3%	18.2%

Current Quarter: Q2 2025 vs. Q2 2024

Factor	Impact On Effective Tax Rate	
Foreign Operations	↑	<i>Lower benefit from earned income in lower tax jurisdictions</i>
Research and Development	↑	<i>Lower benefit from R&D tax credits</i>

Year-To-Date: Q2 2025 vs. Q2 2024

Factor	Impact On Effective Tax Rate	
Foreign Operations	↑	<i>Lower benefit from earned income in lower tax jurisdictions</i>
Stock-based Compensation	↑	<i>Lower benefit related to the settlement of stock-based awards</i>

LIQUIDITY, CAPITAL RESOURCES, AND FINANCIAL CONDITION

Our principal sources of liquidity are cash, cash equivalents, and investments, as well as cash flows from operations. We also have additional access to liquidity under a revolving credit facility, as noted in our Current Report on Form 8-K filed with the SEC on November 19, 2024. We believe that these sources will be sufficient to satisfy our currently anticipated cash requirements through at least the next twelve months.

As of March 28, 2025, we had cash and cash equivalents of \$626.6 million, which consisted of cash and highly liquid money market funds. In addition, we had long-term investments of \$73.8 million, which primarily consisted of an equity method investment.

The following table presents selected financial information as of March 28, 2025 and September 27, 2024 (in thousands):

	March 28, 2025	September 27, 2024
Cash and cash equivalents	\$ 626,551	\$ 482,047
Long-term investments	73,757	89,267
Accounts receivable, net	314,114	315,465
Accounts payable and accrued liabilities	393,786	364,909
Working capital	931,795	776,581

Capital Expenditures and Uses of Capital

Our capital expenditures consist of purchases of land, building, building fixtures, laboratory equipment, office equipment, computer hardware and software, leasehold improvements, and production and test equipment. Additionally, included in capital expenditures are amounts associated with Dolby Cinema locations. We continue to invest in S&M and R&D to promote the overall growth of our business and technological innovation.

During fiscal 2024, we acquired 100% of the issued and outstanding equity interests of GE Intellectual Property Licensing, LLC and GE Technology Development, Inc., which, collectively with each of their subsidiaries, comprised General Electric's intellectual property licensing business that primarily targeted the consumer digital media and electronics sectors. Our cash and cash equivalents, short-term and long-term investments declined significantly as result of this acquisition, but we increased our cash and cash equivalent balances in fiscal 2025 through normal operations.

We continue to retain sufficient cash holdings to support our operations and we also have historically purchased investment-grade securities diversified among security types, industries, and issuers. We have used cash generated from our operations to fund a variety of activities related to our business in addition to our ongoing operations, including business expansion and growth, acquisitions, and repurchases of our Class A common stock. We have historically generated significant cash from operations. However, these cash flows and the value of our investment portfolio could be affected by various risks and uncertainties, as described in Part II, Item 1A "Risk Factors."

Shareholder Return

We have returned cash to stockholders through both repurchases of Class A common stock under our repurchase program initiated in fiscal 2010 and our quarterly dividend program initiated in fiscal 2015. Refer to Note 9 "Stockholders' Equity and Stock-Based Compensation" to our unaudited interim condensed consolidated financial statements for a summary of dividend payments made under the program during fiscal 2025 and additional information regarding our stock repurchase program.

Stock Repurchase Program. Our stock repurchase program was approved in fiscal 2010, and since then we have completed approximately \$2.9 billion of stock repurchases under the program.

Quarterly Dividend Program. During fiscal 2015, we initiated a recurring quarterly cash dividend program for our stockholders. In the second quarter of fiscal 2025, a quarterly dividend of \$0.33 per share was paid on our Class A and Class B common stock to eligible stockholders of record.

Cash Flows Analysis

For the following comparative analysis performed for each of the sections of the unaudited interim condensed consolidated statement of cash flows, the significant factors identified as the leading drivers contributing to the fluctuation are presented in descending order of their impact relative to the overall change (in thousands).

Operating Activities

	Fiscal Year-To-Date Ended	
	March 28, 2025	March 29, 2024
Net cash provided by operating activities	\$ 281,676	\$ 189,818

Net cash provided by operating activities increased \$91.9 million in the fiscal year-to-date period ended March 28, 2025 as compared to the fiscal year-to-date period ended March 29, 2024, primarily due to the following:

Factor	Impact On Cash Flows	
Operating assets and liabilities	↑	Higher inflows due to lower contract assets, higher accounts payable and accrued liabilities, and lower accounts receivable

Investing Activities

	Fiscal Year-To-Date Ended	
	March 28, 2025	March 29, 2024
Net cash provided by/(used in) investing activities	\$ 17,754	\$ (17,240)

Net cash provided by (used in) investing activities was \$35.0 million higher in the fiscal year-to-date period ended March 28, 2025 as compared to the fiscal year-to-date period ended March 29, 2024, primarily due to the following:

Factor	Impact On Cash Flows	
Purchase of Investments	↑	Lower outflows from the purchase of marketable investment securities
Proceeds from Investments	↓	Lower inflows from the sale and maturity of marketable investment securities
Proceeds from Sale of Assets Held for Sale	↑	Higher inflows from sale of held for sale assets
Proceeds from Redemption of Equity Securities	↑	Higher inflows from sale of a portion of our ownership interest in Access Advance

Financing Activities

	Fiscal Year-To-Date Ended	
	March 28, 2025	March 29, 2024
Net cash used in financing activities	\$ (122,444)	\$ (169,301)

Net cash used in financing activities was \$46.9 million lower in the fiscal year-to-date period ended March 28, 2025 as compared to the fiscal year-to-date period ended March 29, 2024, primarily due to the following:

Factor	Impact On Cash Flows	
Share Repurchases	↑	Lower outflows due to lower common stock repurchases in the current year

Contractual Obligations and Commitments

Since the end of our fiscal year ended September 27, 2024, there have been no material changes in either our off-balance sheet financing arrangements or contractual obligations outside the ordinary course of business. For additional details regarding our contractual obligations, see Note 7 "Leases" and Note 15 "Commitments and Contingencies" to our unaudited interim condensed consolidated financial statements.

In the second quarter of fiscal 2025, we did not enter into any off-balance sheet arrangements that are expected to have a material effect on Dolby's liquidity or the availability of capital resources.

Indemnification Clauses

We are party to certain contractual agreements under which we have agreed to provide indemnification of varying scope and duration to the other party relating to our licensed IP. Since the terms and conditions of the indemnification clauses do not explicitly specify our obligations, we are unable to reasonably estimate the maximum potential exposure for which we could be liable. In addition, we have entered into indemnification agreements with our officers, directors, and certain employees, and our certificate of incorporation and bylaws contain similar indemnification obligations. For additional details regarding indemnification clauses within our contractual agreements, see Note 15 “*Commitments and Contingencies*” to our unaudited interim condensed consolidated financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Sensitivity

As of March 28, 2025, we had cash and cash equivalents of \$626.6 million, which consisted of cash and highly-liquid money market funds. In addition, we had long-term investments of \$73.8 million, which primarily consisted of an equity method investment. Our investment policy is focused on the preservation of capital and support for our liquidity requirements. Under the policy, we invest in highly rated securities with a minimum credit rating of A- while limiting the amount of credit exposure to any one issuer other than the U.S. government. We do not invest in financial instruments for trading or speculative purposes, nor do we use leveraged financial instruments. We utilize external investment managers who adhere to the guidelines of our investment policy. The investments within our fixed-income portfolio are subject to fluctuations in interest rates, which could affect our financial position, and to a lesser extent, results of operations.

Foreign Currency Exchange Risk

We maintain business operations in foreign countries, most significantly in Australia, China, Germany, Ireland, Poland, and the United Kingdom ("U.K."). Additionally, a portion of our business is conducted outside of the U.S. through subsidiaries with functional currencies other than the U.S. dollar, most notably:

- Australian Dollar
- British Pound
- Chinese Yuan
- Euro
- Polish Zloty

As a result, we face exposure to adverse movements in currency exchange rates as the financial results of our international operations are translated from local currency into U.S. dollars upon consolidation. The majority of our revenue generated from international markets is denominated in U.S. dollars, while the operating expenses of our foreign subsidiaries are predominantly denominated in local currencies. Therefore, our operating expenses will increase when the U.S. dollar weakens against the local currency and decrease when the U.S. dollar strengthens against the local currency. Additionally, foreign exchange rate fluctuations on transactions denominated in currencies other than the functional currency result in gains or losses that are reflected in our unaudited interim condensed consolidated statements of operations. Our foreign operations are subject to the same risks present when conducting business internationally, including, but not limited to, changes in economic conditions and geopolitical climate, differing tax structures, foreign exchange rate volatility and other regulations and restrictions.

We also enter into forward currency contracts exclusively designated as cash flow hedges, which have a maturity of thirteen months or less, to reduce the impact of currency volatility on U.S. dollar operating expenses. The gains and losses from the effective portions of cash flow hedges are recorded at fair value as a component of AOCI, until the hedged transaction affects earnings. In the period when the hedged transaction affects earnings, the corresponding gains or losses of the cash flow hedge are recognized in the same line item in our unaudited interim condensed consolidated statements of operations.

The pre-tax gains attributed to the effective portion of cash flow hedges recognized in AOCI was a \$1.9 million gain in the second quarter of fiscal 2025 and was not material in the fiscal year-to-date period ended March 28, 2025. The pre-tax gains or losses attributed to the effective portion of cash flow hedges recognized in AOCI was a \$2.4 million loss in the second quarter of fiscal 2024 and was not material in the fiscal year-to-date period ended March 29, 2024.

The pre-tax effective portion of the gains or losses reclassified to the unaudited interim condensed consolidated statements of operations was not material in the second quarter of fiscal 2025, in the fiscal year-to-date period ended March 28, 2025, and in the second quarter of fiscal 2024, and was a \$1.0 million gain in the fiscal year-to-date period ended March 29, 2024.

We also enter into foreign currency forward contracts to hedge against assets and liabilities for which we have foreign currency exchange rate exposure and selected anticipated expenses. The contracts hedging receivables and payables are carried at fair value with changes in the fair value recorded to other income/(expense), net, in our unaudited interim condensed consolidated statements of operations.

As of March 28, 2025 and September 27, 2024, the total notional amounts of outstanding contracts were \$138.6 million and \$111.7 million, respectively. As of March 28, 2025, the outstanding derivative instruments had maturities of equal to or less than 6 months.

A sensitivity analysis was performed on all of our foreign currency forward contracts as of March 28, 2025. This sensitivity analysis was based on a modeling technique that measures the hypothetical market value resulting from a 10% shift in the value of exchange rates relative to the U.S. dollar. For these forward contracts, duration modeling was used where hypothetical changes were made to the spot rates of the currency. A 10% increase in the value of the U.S. dollar would lead to a decrease in the fair value of our financial instruments by \$0.6 million. Conversely, a 10% decrease in the value of the U.S. dollar would result in an increase in the fair value of these financial instruments by \$0.6 million.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain "disclosure controls and procedures," as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended ("Exchange Act"), that are designed to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our CEO and CFO, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, management recognizes that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Additionally, in designing disclosure controls and procedures, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any disclosure controls and procedures also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Subject to the limitations noted above, our management, with the participation of our CEO and CFO, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the fiscal period covered by this Quarterly Report on Form 10-Q. Based on that evaluation, the CEO and CFO have concluded that, as of such date, our disclosure controls and procedures were effective to meet the objective for which they were designed and operate at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the fiscal quarter ending March 28, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are involved in various legal proceedings that occasionally arise in the normal course of business activities, including claims of alleged infringement of IP rights, commercial, employment, and other matters. In our opinion, resolution of these proceedings is not expected to have a material adverse impact on our operating results or financial condition. Given the unpredictable nature of legal proceedings, it is possible that an unfavorable resolution of one or more such proceedings could materially affect our future operating results or financial condition in a particular period; however, based on the information known by us as of the date of this filing and the rules and regulations applicable to the preparation of our unaudited interim condensed consolidated financial statements, any such amounts are either immaterial, or it is not probable that a potential loss has been incurred or the amount of loss cannot be reasonably estimated.

ITEM 1A. RISK FACTORS

The following risk factors and other information included in this Quarterly Report on Form 10-Q should be carefully considered. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not currently known to us or that we currently deem less significant may also affect our business operations or financial results. If any of the following risks actually occur, our stock price, business, operating results and financial condition could be materially adversely affected.

REVENUE GENERATION

Markets We Target

Changing trends in content distribution and consumption may negatively impact our business. Changing trends in the way that content is distributed and consumed may impact our existing business and future opportunities for growth. One such trend has been the shift by consumers in certain markets away from subscription-based cable and satellite television providers toward streaming services, commonly referred to as "cord-cutting." While cable and satellite television often require a STB, consumers can also access streaming media through smart TVs or DMA devices. As consumers have trended toward canceling subscriptions to these traditional cable and satellite providers in favor of streaming media, we have observed declines in demand for STBs in certain regions. Other changes to the way content is distributed and consumed may impact our licensing and other businesses in a similar fashion, and we may not be able to anticipate and respond effectively to such future changes.

The mobile device market is concentrated and susceptible to competition and rapid change, which may negatively affect our penetration and pricing in that market. Successful penetration of the mobile device market is important to our future growth. The mobile device market, particularly smartphones and tablets, is characterized by rapidly changing market conditions, frequent product introductions and intense competition based on features and price. Our technologies usually are not mandated as an industry standard for mobile devices. We must continually convince mobile device OEMs and end users of mobile devices of the value of our technologies. With shorter product lifecycles, it is easier for mobile device OEMs to add or remove our technologies from mobile devices than it is for TV OEMs and other hardware OEMs. In addition, because the mobile industry is concentrated, we rely on a small number of partnerships with key participants in the mobile market. If we are unable to maintain these key relationships, we may experience a decline in mobile devices incorporating our technologies.

In order to increase the value of our technologies in the mobile market and increase OEM and software vendor demand for our decoding technologies, we have worked with online and mobile media content service providers to encode their content with our technologies. However, the online and mobile media content services markets are also characterized by intense competition, evolving industry standards and business and distribution models, disruptive software and hardware technology developments, frequent product and service introductions and short life cycles, and price sensitivity on the part of consumers, all of which may result in downward pressure on pricing or the removal of our technologies by these providers and may result in decreased revenue from our mobile market. Further, macroeconomic conditions such as inflation, geopolitical instability, global health risks, and other factors may adversely impact the ability of our partners to manufacture and distribute mobile devices and consumer demand for mobile devices.

Our revenue from the PC market is reliant on key partnerships and is vulnerable to macroeconomic risks. Our revenue from the PC market depends on several factors, including underlying PC unit shipments, the extent to which

our technologies are included on computers, including through operating systems and various subsystems, and the terms of any royalties or other payments we receive. For example, beginning with PCs shipping with the 24H2 version of Windows 11, Microsoft changed the way Dolby's DD and DD+ decoders are provided to third party PC OEMs. For such devices, Dolby now distributes those codecs directly to PC OEMs instead of through Microsoft's Windows operating system. To the extent that PC manufacturers do not incorporate our technologies in current and future products, our revenue could be impacted. Further, we rely on a small number of partnerships with key participants in the PC market. If we are unable to maintain these key relationships, we may experience a decline in PCs incorporating our technologies. Demand for PCs has also fluctuated significantly in recent years. Macroeconomic conditions may also adversely impact PC manufacturing, supply chain and distribution, the timing of the adoption of our technologies into products by partners and licensees, and the timing of launches for new products.

The success of Dolby Cinema and cinema product sales are subject to a number of factors beyond our control, such as the production of films in Dolby formats and broader cinema industry conditions. Revenue from Dolby Cinema and cinema product sales is subject to our ability to develop and implement new technologies, the pace of construction or upgrade of screens, the financial stability of exhibitors, the advent of new or competing technologies, and the willingness of movie studios to produce films in our Dolby Atmos and Dolby Vision formats. Although we have invested a substantial amount of time and resources developing Dolby Cinema, and expect to continue to invest and build partnerships in connection with the launch of Dolby Cinema locations, we may not continue to recognize a meaningful amount of revenue from these efforts in the near future. Additionally, we collaborate with multiple exhibitors in foreign markets, including Asia, Europe, and the Middle East, and we may face a number of risks in expanding Dolby Cinema in these and other new international markets. The revenue we receive from Dolby Cinema exhibitors is based on a portion of box-office receipts from the installed theaters, and the timing of such theater installations is dependent upon a number of factors beyond our control. In addition, the success of our Dolby Cinema offering will be tied to the pipeline and success of motion pictures available at Dolby Cinema locations generally. The success of Dolby Cinema and cinema products depends in large part on our ability to differentiate our offering, deploy new sites and installations in accordance with plans, provide a compelling experience, and attract and retain a viewing audience. A decrease in our ability to develop and introduce new cinema products and services successfully could affect licensing of our consumer technologies, because the strength of our brand and our ability to leverage professional product developments to introduce new consumer technologies could be negatively impacted. To the extent that we do not make progress in these areas or are faced with pricing pressures or competing technologies, our revenue may be adversely impacted.

Our revenue and associated demand for Dolby Cinema and cinema products are affected by cinema industry and macroeconomic conditions, which are subject to risks including consumer trends and box office performance in general, delays in cinematic releases, the seasonality of film releases and associated moviegoing attendance, potential tariffs and other trade barriers, and other events or conditions in the cinema industry. As an example, the COVID-19 pandemic and the restrictions related to the pandemic resulted in reduced cinema attendance and revenue. Additionally, the strikes by the Writers Guild of America and SAG-AFTRA in 2023 effectively halted the production, release, and promotion of certain films for an extended period, resulting in decreased box office receipts, which directly impacted the revenue generated by Dolby Cinema theaters. Such disruptions in the past have impacted, and potential similar disruptions in the future could potentially impact exhibitors' willingness and ability to invest in Dolby Cinema and cinema products. Also, a portion of our opportunity lies in the China market, which is subject to unique economic and geopolitical risks. Furthermore, future growth of our cinema products offerings also depends upon new theater construction and entering into an equipment replacement cycle whereby previously purchased cinema products are upgraded or replaced. To the extent that such cinema industry and macroeconomic challenges constrain the growth of our Dolby Cinema and cinema products offerings, our revenue may be adversely impacted.

Customers

Our licensing business depends on the incorporation of our technologies into products and the sales of such products, which are, in large part, not within our control. Our licensing businesses depend on OEMs and other licensees to incorporate our technologies into their products. Our license agreements are typically non-exclusive, and frequently do not mandate use of our technologies. Our revenue will decline if our licensees choose not to incorporate our technologies into their products or if they sell fewer products incorporating our technologies.

The loss of a key licensee or customer may materially impact our revenue. A small number of our licensees or other customers may represent a significant percentage of our licensing, products, or services revenue. Customer demand for our technologies and products can shift quickly as many of our markets are rapidly evolving. In consumer electronic device markets, our technologies are not mandated and are subject to significant competition, so there is a risk that a large consumer electronic device licensee may reduce or eliminate its use of our technologies.

Our licensing business depends, in part, on semiconductor manufacturers and the availability of semiconductor components. Our licensing revenue from OEM system licensees depends in large part upon the availability of ICs that implement our technologies. IC manufacturers incorporate our technologies into these ICs, which are then incorporated in consumer entertainment products. We do not manufacture these ICs, but rather depend on IC manufacturers to develop, produce, and then sell them to system licensees in accordance with their agreements. We do not control the IC manufacturers' decisions on whether or not to incorporate our technologies into their ICs, and we do not control their product development or commercialization efforts. Further, demand levels may result in shortages of semiconductor components and other key materials that may adversely impact the ability of our implementation and system licensees and other customers to meet product demand in a timely fashion.

Consumer spending weakness may impact our licensees and licensing revenue generally. Weakness in general economic conditions due to inflation, elevated interest rates, lower consumer confidence, tariffs and non-tariff trade barriers, a potential recession, pandemic or other adverse economic conditions, may suppress consumer demand in our markets and consumers going to the movies. Many of the products in which our technologies are incorporated are discretionary goods, such as PCs, TVs, STBs, video game consoles, AV Receivers, mobile devices, in-car entertainment systems, and home-theater systems, which makes revenue generated by such technologies vulnerable to weakness in consumer spending. Prolonged weakness in consumer spending may also lead to licensees and other customers becoming delinquent on their obligations to us or being unable to pay, resulting in a higher level of write-offs. Weakness in consumer spending may also increase underreporting and non-reporting of royalty-bearing revenue by our licensees as well as increase the unauthorized use of our technologies.

Marketing and Branding

If we fail to promote and maintain the Dolby brand, our business will suffer. Maintaining and strengthening the Dolby brand is critical to maintaining and expanding our licensing, products, and services business, as well as our ability to offer technologies for new markets. Our continued success depends on our reputation for providing high quality technologies, products, and services across a wide range of entertainment markets, including the consumer electronics, PC, broadcast, and gaming markets. If we fail to promote and maintain the Dolby brand successfully in licensing, products or services, our business will suffer. Furthermore, we believe that the strength of our brand may affect the likelihood that our technologies are adopted as industry standards in various markets and for various applications. Our ability to maintain and strengthen our brand will depend heavily on our ability to develop innovative technologies for the entertainment industry, to enter into new markets successfully, and to provide high quality products and services in these new markets. In addition, our practices and public disclosures related to environmental, social and governance (ESG) matters could impact our brand and reputation. If our ESG practices do not meet evolving investor or other stakeholder expectations and societal and regulatory standards, or if we are unable to make progress on or achieve our goals and objectives in this area, then our reputation, our ability to attract or retain employees, and our attractiveness as an investment or business partner could be negatively impacted, which could adversely affect our operating results.

Industry Standards

Certain parts of our business are dependent on the inclusion of our technologies in industry standards, the adoption and development of which are not fully within our control. Standards-setting organizations establish technology standards for use in a wide range of products and solutions. The entertainment industry in particular has historically depended upon industry standards to ensure compatibility and interoperability across delivery platforms and a wide variety of consumer entertainment products. We make significant efforts to design our products and technologies to address capability, quality, and cost considerations so that they either meet or, more importantly, are adopted as industry standards across the broad range of entertainment industry markets in which we participate, as well as the markets in which we plan to compete in the future. We are also active in standards development where many contributing members work together to come up with next-generation technology standards in media, entertainment, and communications technologies. Nonetheless, it can be difficult to have our technologies and products adopted as industry standards. To do so, we must convince a broad spectrum of standards-setting organizations throughout the world, as well as our major customers and licensees who are members of such organizations, to adopt them as such. Multiple companies, including ones that typically compete against one another,

are involved in the development of new technology standards for use in consumer products. Furthermore, some standards-setting organizations choose to adopt a set of optional standards or a combination of mandatory and optional standards; in such cases, our technologies may be adopted only as an optional standard and not a mandatory standard. Standards may also change in ways that are unfavorable to Dolby.

The market for broadcast technologies in particular has traditionally been heavily based on industry standards, in some cases mandated by governments choosing from among alternative standards. The continued advancement of OTT media delivery and consumption is altering the landscape for broadcast standards. The importance of broadcast standards in the entertainment technology ecosystem has been gradually diminishing over the recent years. This trend is reducing the importance of the inclusion of our technology in certain broadcast standards while increasing the importance of inclusion within internet and mobile industry standards. We cannot predict the extent to which this trend may impact our revenue.

Participants may choose alternative technologies within standards. Even when a standards-setting organization incorporates our technologies in an industry standard for a particular market or geographic region, our technologies may not be the sole technologies adopted for that market. Furthermore, different standards may be adopted within a single market or region, and across different markets and regions. Our operating results depend upon participants in that market choosing to adopt our technologies instead of competitive technologies that also may be acceptable under such standard. For example, the continued growth of our revenue from the broadcast market will depend upon both the continued global adoption of DTV generally, including in emerging markets, and the choice to use our technologies where it is one of several accepted industry standards.

Being part of a standard may limit our licensing practices. When a standards-setting organization mandates our technologies, we generally must agree to license such technologies on a fair, reasonable, and non-discriminatory basis, which could limit our control over the use of these technologies. In these situations, we must often limit the royalty rates we charge for these technologies, and we may be unable to limit to whom we license such technologies or to restrict many terms of the license. We have in the past, and may in the future, be subject to claims that our licensing of industry standard technologies may not conform to the requirements of the standards-setting organization. Allegations such as these could be asserted in private actions seeking monetary damages and injunctive relief, or in regulatory actions. Claimants in such cases could seek to restrict or change our licensing practices or our ability to license our technologies. Additionally, where our technologies are incorporated into a standard, our licensing practices may become subject to additional regulatory requirements. For example, the European Union (EU) legislature is considering regulation that would impose a number of requirements on standard essential patent (SEP) licensing practices in the EU. Such regulation could, if it comes into effect, impose additional costs and disclosure requirements on our SEP licensing business and potentially reduce associated revenue.

Royalty Reporting

Reporting practices and uncertainty may result in fluctuations in our royalty revenue from period to period. Our operating results fluctuate based on the risks set forth in this section, as well as, among other factors, on:

- Royalty reports including positive or negative corrective adjustments;
- Retroactive royalties that cover extended periods of time; and
- Timing of revenue recognition under licensing agreements and other contractual arrangements, including recognition of unusually large amounts of revenue in any given quarter.

We recognize a material portion of our licensing revenue based on our estimate of sales of royalty-bearing products. Upon receipt of actual reporting of sales-based royalties, we record a favorable or unfavorable adjustment based on the difference, if any, between estimated and actual sales. Our sales estimates may be based on reports or studies from third parties may turn out to be inaccurate or incomplete, and that risk may increase when macroeconomic conditions are highly dynamic, which could result in significant variation in the amount of revenue we recognize in a quarter. Additionally, our results of operations could be impacted to the extent that we are required to accelerate recognition of revenue under certain arrangements, potentially causing the amount of revenue we recognize to vary materially from quarter to quarter. While our reporting practices do not change the cash flows or total revenue we ultimately receive from our contracts with customers, they could result in changes to the timing of our reported revenue and income, which in turn could cause volatility in the price of our Class A common stock.

Royalty reporting by our licensees may be inaccurate or understated. We generate licensing revenue primarily from OEMs who license our technologies and incorporate those technologies into their products. Our license

agreements generally obligate our licensees to pay us a specified royalty for every product they ship that incorporates our technologies, and we rely on our licensees to report their shipments accurately. However, it is inherently difficult to independently determine whether our licensees are reporting shipments accurately, particularly with respect to software incorporating our technologies because unauthorized copies of such software can be made relatively easily. A licensee may disagree with our interpretation of the terms of a license agreement or, as a result of an audit, a licensee could challenge the accuracy of our calculation. We are regularly involved in discussions with licensees regarding license terms. Most of our license agreements permit us to audit our licensees' records, and we routinely exercise these rights, typically by using an independent third party auditor. Such audits are generally expensive, time-consuming, and potentially detrimental to our ongoing business relationships with our licensees. In the past, some licensees have understated or failed to report the number of products incorporating our technologies that they shipped, and we have not been able to collect and recognize revenue to which we were entitled. We expect that we will continue to experience understatement and non-reporting of royalties by our licensees. We have been able to obtain certain recovery payments from licensees (either in the form of back payments or settlements), and such recoveries have become a recurring element of our business; however, we are unable to predict with certainty the revenue that we may recover in the future or our ability to continue to obtain such recoveries at all.

The amount of royalties we owe others may be disputed. In some cases, the products we sell and the technologies we license include IP that we have licensed from third parties. Our agreements with these third parties generally require us to pay them royalties for that use, and to give the third parties the right to audit our calculation of those royalties. A third party may disagree with our interpretation of the terms of a license agreement or, as a result of an audit, a third party could challenge the accuracy of our calculation. A successful challenge by a third party could result in the termination of a license agreement or an increase in the amount of royalties we have to pay to the third party.

TECHNOLOGY TRENDS AND DEVELOPMENTS

Developing new and enhanced technologies is inherently difficult and our revenue growth may be impacted if we are unsuccessful in our efforts. Our revenue growth will depend upon our success in new and existing markets for our technologies, such as digital broadcast, mobile devices, online and mobile media distribution, cinema, and cloud services. The markets for our technologies and products are influenced by:

- Rapid technological change;
- New and improved technology and frequent product introductions;
- Changing consumer and licensee demands;
- Evolving industry standards; and
- Technology and product obsolescence.

Our future success depends on our ability to enhance our technologies and products and to develop new technologies and products that address market needs in a timely manner, including the development of technologies and products that incorporate rapidly developing generative artificial intelligence and other artificial intelligence and machine learning technologies ("AI/ML"). Technology development is a complex, uncertain process requiring high levels of innovation, highly-skilled engineering and development personnel, and the accurate anticipation of technological and market trends. We may not be able to identify, develop, acquire, market, or support new or enhanced technologies or products on a timely basis, if at all. If we are unable to develop technologies and related intellectual property that are accepted into technology standards, or are unable to do so at the same rate as other technology developers, our royalty share within patent pools that we participate in may decline.

Our efforts to expand into new markets may not be successful. Our future growth will depend, in part, upon our continued expansion into areas beyond our audio licensing business. As we enter into new markets, we will face new sources of competition, new business models, and new customer relationships. In order to be successful in these markets, we will need to cultivate new industry relationships and strengthen existing relationships to bring our products, services, and technologies to market. Our limited experience in new markets could limit our ability to successfully execute on our growth strategy.

The success of our existing products and newer initiatives is dependent on the use of Dolby formats in, and commercial success of, products and content. The success of many of our initiatives, such as Dolby Atmos, Dolby Vision, and Dolby Cinema, is dependent upon the availability and success of (i) products that incorporate Dolby formats and (ii) content produced in Dolby formats. However, there is no guarantee that device makers will continue to

incorporate Dolby formats into their products, that content creators will continue to release content in Dolby formats, or that either those products or that content will be commercially successful.

For instance, to broaden adoption of Dolby Vision and Dolby Atmos, we will need to continue to expand the array of products and consumer devices that incorporate Dolby Atmos and Dolby Vision, expand the pipeline of Dolby Atmos and Dolby Vision content available from content creators, and encourage consumer adoption in the face of competing products and technologies. Similarly, the success of Dolby Cinema and cinema products is dependent on our ability to partner with movie theater exhibitors to launch new Dolby Cinema locations and screens using cinema products and to deploy new sites in accordance with plans, and on the continued release and box-office success of new films in the Dolby Vision and Dolby Atmos formats.

Further, the commercial success of products incorporating Dolby formats, content released in Dolby formats, and Dolby Cinemas generally, depends upon a number of factors outside of our control, including, but not limited to, consumer preferences, critical reception, timing of release, marketing efforts of third parties, and general market conditions. Moreover, release and distribution of such products and content can be subject to delays in production or changes in release schedule, which can negatively impact the quantity, timing and quality of such products and content released in Dolby formats and available at Dolby Cinema theaters.

INTELLECTUAL PROPERTY

Our business is dependent on protecting our intellectual property rights. Our business is dependent upon protecting our patents, trademarks, trade secrets, copyrights, and other IP rights, the loss or expiration of which may significantly impact our results of operations and financial condition. Effective IP rights protection, however, may not be available under the laws of every country in which our products and those of our licensees are distributed. The efforts we have taken to protect our proprietary rights may not be sufficient or effective. We also seek to maintain select IP as trade secrets, and third parties or our employees could intentionally or accidentally compromise the IP that we maintain as trade secrets. In addition, protecting our IP rights is costly and time consuming. We have taken steps in the past to enforce our IP rights and expect to do so in the future. However, it may not be practicable or cost effective for us to enforce our IP rights fully, particularly in some countries or where the initiation of a claim might harm our business relationships.

We generally seek patent protection for our innovations. However, our patent program faces a number of challenges, including:

- Possibility that innovations may not be protectable;
- Failure to protect innovations that later turn out to be important;
- Insufficient patent protection to prevent third parties from designing around our patent claims;
- Our pending patent applications may not be approved; and
- Possibility that an issued patent may later be found to be invalid or unenforceable.

Our revenue could decline if we are unable to maintain patent coverage for our technologies. Many of the technologies that we license to our system licensees are covered by patents, and the licensing revenue that we receive from those licenses depends in part upon the life of such patents. In general, our agreements with our licensees require them to pay us a full royalty with respect to a particular technology only until there are no patents or, in some cases, no patent applications covering that technology in countries where applicable products are made and sold. As of March 28, 2025, we had approximately 26,700 issued patents in addition to approximately 5,900 pending patent applications in more than 200 jurisdictions throughout the world. Our currently issued patents expire at various times through December 2047. If we are unable to refresh our technology with new patented inventions or expand our patent portfolio, our revenue could decline. In addition to patents covering technology we license directly, if patents we license through patent pool arrangements expire or we are otherwise unable to maintain our share of pool royalties, then our revenue could be impacted. Additionally, if the patents licensed through a patent pool arrangement are deemed not to be valuable in the aggregate by the licensees of such patent pool, they may not renew their licenses, which could impact our revenue.

We seek to mitigate this risk in a variety of ways. We regularly look for opportunities to expand our patent portfolio through organic development and acquisitions. We develop technologies to replace licensing revenue from technologies covered by expiring patents with licensing revenue supported by patents with a longer remaining life. And we develop and license our intellectual property in a manner designed to promote the continued use and

licensing of our technology. The continued success of these risk mitigation strategies is not guaranteed, including the risk that such technologies will not achieve widespread adoption or be licensed at a rate sufficient to replace licensing revenue from technologies covered by expiring patents.

In the case of our patent coverage related to DD, some of our relevant patents have expired, but others continue to apply. DD is our solution that includes technology necessary to implement AC-3 as it has been updated over time. We have continued to innovate and develop IP to support the standard and its implementation. Our customers use our DD implementation for quality, reliability, and performance, even in locations where we have not had applicable patent coverage. While in the past, we derived a significant portion of our licensing revenue from our DD technologies, this is no longer the case as revenue attributed to DD technologies has declined and is expected to continue to decline.

Many of our partners have adopted newer generations of our offerings such as DD+, and the range of products incorporating DD solutions is now limited to DVD players (but not Blu-ray players) and some TVs, STBs and soundbars. To continue to be successful in our audio licensing business, we must keep transitioning our DD licensees to our newer technologies, including our DD+ and Dolby AC-4 technologies.

Unauthorized use of our intellectual property has occurred and will likely continue to occur. We have often experienced, and expect to continue to experience, problems with non-licensee OEMs and software vendors, particularly in certain emerging economies, incorporating our technologies and trademarks into their products without authorization and without paying licensing fees. Unauthorized IP use occurs in the context of both branded products and technology offered through open standards. Manufacturers of ICs containing our technologies occasionally sell these ICs to third parties who are not our system licensees. These sales, and the failure of such manufacturers to report the sales, facilitate the unauthorized use of our IP. As emerging economies have transitioned from analog to digital content, such as the transition from analog to digital broadcast, we have observed an increase in problems with this form of piracy.

Our business may be negatively impacted by intellectual property litigation. Companies in the technology and entertainment industries frequently engage in litigation based on allegations of infringement or other violations of IP rights. We have faced such claims in the past, and we expect to face similar claims in the future. Any IP claims, with or without merit, could be time-consuming, expensive to litigate or settle, and could divert management resources and attention. In the past, we have settled claims relating to infringement allegations and agreed to make payments in connection with such settlements. An adverse determination in any IP claim could require that we pay damages or stop using technologies found to be in violation of a third party's rights and could prevent us from offering our products and services to others. In order to avoid these restrictions, we may have to seek a license for the technology, which may not be available on reasonable terms or at all. Licensors could also require us to pay significant royalties. As a result, we may be required to develop alternative non-infringing technologies, which could require significant effort and expense. If we cannot license or develop technologies for any aspects of our business found to be infringing, we may be forced to limit our product and service offerings and may be unable to compete effectively.

In some instances, we have contractually agreed to provide indemnifications to licensees relating to our IP. Additionally, at times we have chosen to defend our licensees from third party IP infringement claims even where such defense was not contractually required, and we may choose to take on such defense in the future.

Our business may be negatively impacted by disputes involving the licensing of our IP. At times, we are engaged in disputes regarding the licensing of our IP rights, including matters related to our royalty rates, whether products are royalty-bearing, and other terms of our licensing arrangements. These types of disputes can be asserted by our customers or prospective customers or by other third parties as part of negotiations with us or in private actions seeking monetary damages or injunctive relief, or in regulatory actions. In the past, licensees have threatened to initiate litigation against us based on potential antitrust claims or regarding our licensing royalty rate practices. Damages and requests for injunctive relief asserted in claims like these could be significant, and could be disruptive to our business.

Maintaining and enforcing our IP rights in the U.S. and abroad presents challenges to our business. Our licensing business depends in part on the uniform and consistent treatment of patent rights in the U.S. and abroad. Changes to the patent and intellectual property laws and regulations in the U.S. and abroad, including the regulation regarding SEP licensing in the EU referenced above, may limit our ability to obtain, license, and enforce our rights. Additionally, court and administrative rulings may interpret existing patent laws and regulations in ways that hurt our ability to obtain, license, and enforce our patents. We face challenges protecting our IP in foreign jurisdictions, including that our ability to enforce our contractual and IP rights, especially in countries that do not recognize and enforce IP rights to the same extent as the U.S., Japan, Korea, and European countries do, which increases the risk

of unauthorized use of our technologies. Also, because of limitations in the legal systems in many countries, our ability to obtain and enforce patents in many countries is uncertain, and we must strengthen and develop relationships with entertainment industry participants worldwide to increase our ability to enforce our IP and contractual rights without relying solely on the legal systems in the countries in which we operate.

OPERATIONS

Reliance on key suppliers presents certain risks to our business, many of which are beyond our control. Our reliance on suppliers for some of the key materials and components we use in manufacturing our products involves risks, including limited control over the price, timely delivery, and quality of such components, as well as delays caused by military conflicts, including those between Russia and Ukraine and in the Middle East, and other potential interruptions to the supply chain. Due to the relatively small volume of components we purchase for use in manufacturing, we purchase such components primarily through distributors. As such, we have relatively limited influence over the suppliers of such components to, for example, ensure continuity of supply. Although we have identified alternate suppliers for most of our key materials and components, any required changes in our suppliers could cause delays in our operations and increase our production costs. In addition, our suppliers may not be able to meet our production demands as to volume, quality, or timeliness. Avoiding the potential inclusion of “conflict minerals” in the materials used in our products could also affect the sourcing, availability and pricing of such materials as well as the companies we use to manufacture our products.

Due to the bespoke nature of some of the components and products we purchase and relatively low quantities needed, sourcing multiple suppliers for every item we purchase is not practicable. Some of the components that we use to manufacture our products are sole-sourced, including specific charged coupled devices, light emitting diodes, and digital signal processors. Also, the projectors offered as part of our cinema offerings are provided by a single supplier. These sole source suppliers may become unable or unwilling to deliver their products to us at an acceptable cost or at all, which could force us to redesign certain products or locate alternative suppliers. Our inability to obtain timely delivery of key components or projectors of acceptable quality, any significant increases in the prices of such products, or the redesign of our products could result in production delays, increased costs, and reductions in shipments of our offerings.

Ensuring the quality of our products and the products in which our technology is incorporated is inherently difficult, and product quality failures can be costly. Our products, and products that incorporate our technologies, are complex and sometimes contain software or hardware errors that are not detected during testing, particularly when first introduced or when new versions are released. In addition, we have limited control over manufacturing performed by contract manufacturers, which could result in quality problems. Furthermore, our products and technologies are sometimes combined with or incorporated into products from other vendors, sometimes making it difficult to identify the source of a problem or, in certain instances, making the quality of our implementation dependent in part upon the quality of such other vendors' products. Any negative publicity or impact relating to these product problems could affect the perception of our brand and market acceptance of our products or technologies. These errors could result in a loss of or delay in market acceptance of our products or cause delays in delivering them and meeting customer demands, any of which could reduce our revenue and raise significant customer relations issues. In addition, if our products or technologies contain errors, we could be required to replace or reengineer them or rely upon parties who have incorporated our technologies into their products to implement updates to address such issues, which could cause delays or increase our costs. Moreover, if any such errors cause unintended consequences, we could incur substantial costs in defending and settling product liability claims. Although we generally attempt to contractually limit our liability, if these contract provisions are not enforced, or are unenforceable for any reason, or if liabilities arise that are not effectively limited, we could incur substantial costs in defending and settling product liability claims.

Production processes for our products are subject to interruption, delay, and other risks. Production difficulties or inefficiencies can interrupt production, resulting in our inability to deliver products on time or in a cost-effective manner, which could harm our competitive position. We rely on contract manufacturers to manufacture our products and such reliance involves risks, including limited control over timely delivery and quality of such products. If production of our products is interrupted, we may not be able to manufacture products on a timely basis. A shortage of manufacturing capacity for our products could negatively impact our operating results and damage our customer relationships. We may be unable to quickly adapt manufacturing capacity to rapidly changing market conditions, such as fluctuations in customer demand. Supply chain disruptions and extended lead times for semiconductor and electrical components may limit the availability of products and result in difficulty meeting demand.

We face threats to the confidentiality, integrity, and availability of our information systems, which could result in the misappropriation of sensitive information, disruption of our business, reputational damage, legal exposure, and

financial losses. We rely on information technology systems in the conduct of our business, including systems designed and managed by third parties. Many of these systems contain sensitive and confidential information, including our trade secrets and proprietary business information, and personal data, as well as content and information owned by or pertaining to our customers, suppliers and business partners. Protecting this information is important to our operations and business strategy. Increasingly, companies are subject to a wide variety of attacks on their networks and systems on an ongoing basis. Our information technology systems, applications and infrastructure may be vulnerable to attacks by malicious actors including, but not limited to, nation-states and cyber criminals, malware, software defects or other technical malfunctions, ransomware attacks, or other disruptions. This sensitive, confidential or proprietary information may be misappropriated by third-party service providers or others who may inappropriately access or exfiltrate that information from a third-party service provider's system.

The number and sophistication of cyber attacks and disruptions that companies have experienced has increased in recent years, including computer viruses, malware, ransomware, cyber extortion, social engineering, denial of service, supply chain attacks, and other similar attacks and disruptions. These risks could be elevated in connection with geopolitical conflicts. Measures we have undertaken to protect our information systems may be unsuccessful in deterring or repelling malicious actors. Since techniques used by malicious actors (many of whom are highly sophisticated and well-funded) to access or sabotage networks and computer systems change frequently and often are not recognized until after they are used, we may be unable to anticipate or immediately detect these techniques. This could delay our detection and response, or impede the effectiveness of our response, our operations and ability to limit our exposure to third-party claims and other potential liability. Attacks on our systems have occurred in the past and may occur, and be successful, in the future. Such risks are also faced by our third-party service providers and others, which forms another vector for malicious attacks on our systems.

We also may suffer data security breaches and the unauthorized access to, misuse or acquisition of, personal data or other sensitive and confidential information as the result of intentional or inadvertent breaches or other compromises, including by our employees or service providers. Any data security breach or other incident, whether external or internal in origin, could compromise our networks and systems, create system disruptions or slowdowns and exploit security vulnerabilities of our products. Furthermore, any such breach or other incident can result in the information stored on our networks and systems, or our vendors' networks and systems, being improperly accessed or acquired, publicly disclosed, lost, stolen, modified, made unavailable, or otherwise processed without authorization, and any such breach or other incident, or the perception any has occurred, could subject us to demands, litigation, and liability to our customers, suppliers, business partners and others, as well as regulatory investigations and other proceedings, fines, penalties, and other liabilities, and brand and reputational damage. We make efforts to detect and investigate such attempts and incidents and to prevent their recurrence where practicable through changes to our internal processes and tools, but in some cases preventive and remedial action might not be sufficient or successful. Disruptions to our information technology systems, due to outages, security breaches or other causes, could also have severe consequences to our business, including financial loss and reputational damage.

We must comply with a variety of data privacy regulations. Compliance with such regulations can be costly and failure to comply may affect our operations, financial performance, and business. A variety of provincial, state, national, and international laws and regulations apply to the collection, use, retention, protection, disclosure, transfer and other processing of personal data. These laws and regulations are evolving, including with respect to the development and use of AI/ML technologies, and may result in ever-increasing obligations and regulatory and public scrutiny and escalating levels of enforcement and sanctions. For example, the California Privacy Rights Act (CPRA), as well as obligations under other recently-enacted and forthcoming privacy laws, including those in other states, may require us to further modify certain of our information practices and could subject us to additional compliance costs and expenses. Our actual or perceived failure to adequately comply with applicable laws and regulations relating to privacy and data protection (including regimes such as the California Consumer Privacy Act, as amended and supplemented by the CPRA, and continuing developments in the European Union, U.K., and U.S. data privacy frameworks that are rapidly evolving) could result in regulatory fines, investigations and other proceedings, penalties and other liabilities, claims for damages by affected individuals, and damage to our reputation, any of which could have a material adverse effect on our operations, financial performance, and business. Our commercial and cybersecurity insurance policies may be insufficient to insure us against these risks, and future escalations in premiums and deductibles under these policies may render them uneconomical.

COMPETITION

The markets for our technologies are highly competitive. The markets for our technologies are highly competitive, and we face competitive threats and pricing pressure in our markets. Consumers may perceive the

quality of the visual and audio experiences produced by some of our competitors' technologies to be equivalent or superior to the sight and sound experiences produced by our technologies. Some of our current or future competitors may have significantly greater financial, technical, marketing, and other resources than we do, or may have more experience or advantages in the markets in which they compete. These competitors may also be able to offer integrated systems in markets for entertainment technologies on a royalty-free basis or at a lower price than our technologies, including audio, imaging, and other technologies, which could make competing technologies that we develop less attractive. These competitors may also be able to develop and market new technologies that render our existing or future products less competitive. For example, disruptive technologies such as AI/ML may significantly alter the market for our products in unpredictable ways and reduce customer demand.

Many of the markets for our products and for products in which our technologies are incorporated are price sensitive. The markets for the consumer entertainment products in which our technologies are incorporated are intensely competitive and price sensitive. We expect to face increased royalty pricing pressure for our technologies as we seek to increase the adoption of our technologies in online content and portable devices, such as tablets and smartphones. Such pricing pressures may be exacerbated by elevated rates of inflation, tariffs and other trade barriers, which may cause device manufacturers to take additional steps to limit costs. Retail prices for consumer entertainment products that include our audio technologies, such as home theater systems, have decreased significantly, and we expect prices to decrease for the foreseeable future. In response, OEMs have sought to reduce their product costs, which can result in additional downward pressure on the licensing fees we charge. Further, Dolby OptiView faces pricing pressure from other platforms offering similar solutions that may be able to offer competing services at lower prices.

We face competitive risks in situations where our customers are also current or potential competitors. We face competitive risks in situations where our customers are also current or potential competitors. For example, Samsung is a significant customer, but some of its technologies are competitive with some of our consumer and cinema technologies. Our customers may choose to use competing technologies they have developed or in which they have an interest rather than use our technologies. The existence of important customer relationships may influence which strategic opportunities we pursue, as we may forgo some opportunities in the interests of preserving a critical customer relationship.

We face competition from other audio formats, imaging solutions, and integrated system offerings. We believe that the success we have had licensing our audio and imaging technologies is due, in part, to the high quality of the solutions that our technologies provide, our success in fostering content and device ecosystems, and to the strength of our brand. However, both free and proprietary sound and imaging technologies are becoming increasingly prevalent, and we expect competitors to continue to enter these fields with other offerings. Furthermore, to the extent that customers perceive our competitors' products as providing the same or similar advantages as our technologies at a lower or comparable price, there is a risk that these customers may treat sound and video encoding technologies as commodities, resulting in loss of status of our technologies, decline in their use, and significant pricing pressure. For example, we face competition with respect to our HDR imaging technology, Dolby Vision, and there can be no assurance that additional consumers will adopt Dolby Vision in the near future, or at all, or that we will maintain our existing customers.

In addition, some of our current or potential competitors may be able to offer integrated systems in certain markets for entertainment technologies, including audio and imaging, which could make competing technologies that we develop or acquire obsolete. By offering an integrated system solution, these potential competitors may also be able to offer competing technologies at lower prices than we can, which could adversely affect our operating results.

STRATEGIC ACTIVITIES

The success of our business depends on strong industry relationships. To be successful, we must maintain and grow our relationships with a broad range of industry participants, including:

- Content creators, such as film directors, studios, mobile and online content producers, and music producers;
- Content distributors, such as studios, film exhibitors, broadcasters, operators, streaming providers, and OTT video service providers and video game publishers;
- Companies building real-time digital experiences that increase audience engagement;
- Device manufacturers; and

- Standards-setting organizations and other participants in the development of industry standards.

Industry relationships have historically played an important role in the markets that we serve, particularly in the entertainment market. For example, sales of our products and services are particularly dependent upon our relationships with major film studios and broadcasters, and licensing of our technologies is particularly dependent upon our relationships with system licensees and IC manufacturers. Industry relationships also play an important role in other markets we serve; for instance, our relationships with companies building real-time digital experiences support the adoption of Dolby OptiView solutions. If we fail to maintain and strengthen our industry relationships, industry participants may be less likely to purchase and use our technologies, products, and services, create content incorporating our technologies, or develop standards that incorporate our technologies.

Our M&A activity is subject to certain risks, including risks associated with integrating acquired businesses. We evaluate a wide array of possible strategic transactions, including acquisitions. We consider these types of transactions in connection with, among other things, our efforts to strengthen our audio and cinema businesses and expand beyond audio technologies. Although we cannot predict whether or not we will complete any such acquisitions or other transactions in the future, any of these transactions could be significant in relation to our market capitalization, financial condition, or results of operations. Foreign acquisitions involve unique risks in addition to those mentioned above, including those related to integration of operations across different geographies, cultures, and languages; currency risks; and risks associated with the economic, political, and regulatory environment in specific countries. Future acquisitions could result in potentially dilutive issuances of our equity securities, the incurrence of debt, contingent liabilities, amortization expenses, and write-offs of goodwill. Future acquisitions may also require us to obtain additional equity or debt financing, which may not be available on favorable terms or at all, particularly during times of market volatility, elevated interest rates, and general economic instability. Also, the anticipated benefits of our acquisitions may not materialize.

The process of integrating an acquired company, business, or technology into our organization may create challenges to our business, including:

- Diversion of management time and focus from operating our business to acquisition integration challenges;
- Cultural and logistical challenges associated with integrating employees from acquired businesses into our organization and integrating acquired businesses' accounting, human resources, and other administrative systems with existing systems;
- Retaining employees, suppliers and customers from businesses we acquire;
- The need to implement or improve internal controls, procedures, and policies appropriate for a public company at businesses that prior to the acquisition may have lacked effective controls, procedures, and policies;
- Possible write-offs or impairment charges resulting from acquisitions; and
- Unanticipated or unknown liabilities relating to acquired businesses.

LEGAL AND REGULATORY COMPLIANCE

Conducting business internationally presents a number of risks to our business, including trade restrictions and changing, unpredictable, and/or inconsistent laws in the jurisdictions in which we operate. We are dependent on international sales for a substantial amount of our total revenue. Approximately 58% and 62% of our revenue was derived outside of the U.S. in the fiscal year-to-date periods ended March 28, 2025 and March 29, 2024, respectively. We are subject to a number of risks related to conducting business internationally, including:

- U.S. and foreign government trade restrictions or sanctions, including those which may impose restrictions on the importation or exportation of products, equipment, materials, software, technologies, services, on technology transfers, or on the receipt or collection of payments and distribution of royalties, and any political or economic responses or counter-responses to such restrictions or sanctions, including any such restrictions, sanctions, responses, or counter-responses related to global military conflicts, a trade war or changes in US export controls related to China and other countries;
- Changes in global trade or trade relationships, including new and retaliatory tariffs, trade protection measures, import or export licensing requirements, trade agreements, trade embargoes and other trade barriers imposed by the U.S., China, or by other countries;
- Compliance with applicable international laws and regulations, including antitrust and other competition

laws and laws and regulations that relate to environmental, social, and governance matters, that may change unexpectedly, differ, or conflict with laws in other countries where we conduct business, or are otherwise not harmonized with one another;

- Foreign government taxes, regulations, and permit requirements, including foreign taxes that we may not be able to offset against taxes imposed upon us in the U.S., and other laws limiting our ability to repatriate funds to the U.S.;
- Potential adverse changes in the political, social, and/or economic stability of or conflicts within the regions in which we operate or in diplomatic relations between governments, including policy changes, turmoil or disruptions resulting from elections or other leadership changes;
- Difficulty in establishing, staffing, and managing foreign operations, including but not limited to restrictions on the ability to obtain or retain licenses required for operation, relationships with local labor unions and works councils, investment restrictions and/or requirements, and restrictions on foreign ownership of subsidiaries;
- Adverse fluctuations in foreign currency exchange rates and interest rates, including risks related to any interest rate swap or other hedging activities we undertake;
- Poor recognition and enforcement of IP rights;
- Difficulties in enforcing contractual rights;
- Multi-jurisdictional data protection and privacy laws, including, for example, the European Union's General Data Protection Regulation and restrictions on transferring personal data outside of a jurisdiction and potential legislation such as the Artificial Intelligence Act under consideration in the EU potentially impacting our development of products incorporating AI/ML or the use of AI/ML tools in our business; and
- The global macroeconomic environment and potential slowing of key markets we serve.

Any or all of these factors, and the uncertainties associated with them, may impact our ability to operate in foreign countries and our ability to develop, the demand for, and profitability of, our technologies and products, as well as our customers' products that incorporate our technologies.

Certain foreign governments and industry participants have advanced arguments under competition laws that exert downward pressure on royalties for IP. The regulatory enforcement activities in such jurisdictions can be unpredictable, in some cases because these jurisdictions have only recently implemented competition laws. From time to time, we are the subject of requests for information, market conduct examinations, inquiries or investigations by industry groups and/or regulatory agencies in these jurisdictions. In the event that we are involved in significant disputes or are the subject of a formal action by a regulatory agency, our results could be negatively impacted and we could be exposed to costly and time-consuming legal proceedings.

In many foreign countries, particularly in those with developing economies, it is common to engage in business practices that are prohibited by U.S. regulations applicable to us such as the FCPA and U.S. export controls. Although we implement policies and procedures designed to ensure compliance with the FCPA and U.S. export controls, such measures can not guarantee that all of our employees, distributors, dealers, and agents will not take actions in violation of our policies or these regulations, which could subject us to criminal or civil penalties as well as potential stockholder litigation.

Environmental laws and regulations may pose additional costs on and otherwise impact our products and operations. Our products and operations may be regulated under federal, state, local, and international laws governing the environment, including those governing the discharge of pollutants into the air and water, the management, disposal, and labeling of hazardous substances and wastes, the achievement of certain energy performance criteria, and the cleanup of contaminated sites. In addition, future environmental laws and regulations have the potential to affect our operations, increase our costs, decrease our revenue, or change the way we design or manufacture our products. We face increasing complexity in our product design as we adjust to requirements relating to the materials composition of our products. In some products, the use or avoidance of particular components that contain regulated hazardous substances may be more difficult or costly, and additional redesign efforts could result in production delays. We could incur costs, fines, and civil or criminal sanctions, third party property damage or personal injury claims, or could be required to incur substantial investigation or remediation costs, if we were to violate or become liable under environmental laws.

We are subject to complex and changing tax laws which may impact our financial results. We are a U.S. multi-

national company that is subject to tax in multiple U.S. and foreign jurisdictions. We must use judgment to determine our worldwide tax provision. We earn a significant amount of our income outside the U.S. and receive tax benefits from a portion of these foreign sales. Realizability of these benefits are contingent upon existing current tax laws and regulations in the U.S. and countries where we operate. The following could materially affect our effective tax rate:

- Changes in geographic mix of earnings, where earnings are lower than anticipated in countries with lower tax rates and higher than anticipated in countries with higher tax rates;
- Changes in the valuation of our deferred tax assets and liabilities;
- Changes in transfer pricing arrangements;
- Outcomes of tax audits;
- Changes in accounting principles;
- Changes in tax laws and regulations in the countries in which we operate, including an increase in tax rates, or an adverse change in the treatment of an item of income or expense; or
- Our ability to effectively implement changes to our corporate structure in response to changes in applicable tax laws and regulations in the countries in which we operate.

Changes in U.S. tax law, including the Tax Cuts and Jobs Act and the Inflation Reduction Act, may affect our business. These provisions, their interpretations, and other proposed changes to law could further impact our corporate trading structure and adversely affect our tax rate and cash flow in future years.

In addition, the Organization of Economic Cooperation and Development ("OECD"), an international association of many countries including the U.S., has made changes to many long-standing transfer pricing and cross-border taxation rules that affect our operations. The OECD has introduced a framework to implement a 15% global minimum corporate tax, referred to as Pillar 2 or the minimum tax directive. The minimum tax directive has been adopted by the EU for implementation by its Member States into national legislation, several foreign jurisdictions, and may be adopted by other jurisdictions. Further, the OECD, European Commission, EU Member States and other individual countries have made and could make additional competing jurisdictional claims over the taxes owed on earnings of multinational companies in their respective countries or regions. To the extent these actions take place in the countries that we operate, it is possible that these law changes and efforts may increase uncertainty and have an adverse impact on our effective tax rates or operations.

We are subject to the periodic examination of our income tax returns by tax authorities. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes and to consider potential responsive actions, but an adverse decision by tax authorities exceeding our reserves could significantly impact our financial results.

STOCK-RELATED ISSUES

The Dolby family has control over stockholder decisions as a result of the control of a majority of the voting power of our outstanding common stock by them and their affiliates. At March 28, 2025, the Dolby family and their affiliates owned 289,795 shares of our Class A common stock and 34,587,733 shares of our Class B common stock. As of March 28, 2025, the Dolby family and their affiliates had voting power of 99.8% of our outstanding Class B common stock, which combined with their shares of our Class A common stock, represented 84.8% of the combined voting power of our outstanding Class A and Class B common stock. Under our certificate of incorporation, holders of Class B common stock are entitled to ten votes per share while holders of Class A common stock are entitled to one vote per share. Generally, shares of Class B common stock automatically convert into shares of Class A common stock upon transfer of such Class B common stock, other than transfers to certain specified persons and entities, including the spouse and descendants of Ray Dolby and the spouses and domestic partners of such descendants.

As a result of this dual class structure, the Dolby family and their affiliates will, for the foreseeable future, have significant influence over our management and affairs, and will be able to control virtually all matters requiring stockholder approval, including the election of directors and significant corporate transactions such as mergers or other sales of our company or assets, even if they come to own considerably less than 50% of the total number of outstanding shares of our Class A and Class B common stock. Absent a transfer of Class B common stock that would trigger an automatic conversion as described above, there is no threshold or time deadline at which the shares of Class B common stock will automatically convert into shares of Class A common stock.

Moreover, the Dolby family and their affiliates may take actions in their own interests that our other stockholders do not view as beneficial.

Sales of substantial amounts of our Class A common stock in the public markets could reduce the price of our Class A common stock. If our large shareholders, officers, directors or employees sell, or indicate an intention to sell, substantial amounts of our Class A common stock in the public market, including shares of Class A common stock issuable upon conversion of shares of Class B common stock, the trading price of our Class A common stock could decline.

There are risks associated with our stock repurchase program. Our stock repurchase program may reduce the public float of shares available for trading on a daily basis. Such purchases may be limited, suspended, or terminated at any time without prior notice. There can be no assurance that we will buy additional shares of our Class A common stock under our stock repurchase program or that any future repurchases will have a positive impact on our stock price or EPS. Important factors that could cause us to discontinue or decrease our share repurchases include, among others, unfavorable market conditions, the market price of our Class A common stock, the nature of other investment or strategic opportunities presented to us, the rate of dilution of our equity compensation programs, our ability to make appropriate, timely, and beneficial decisions as to when, how, and whether to purchase shares under the stock repurchase program, the tax consequences of any repurchases (including the potential impact of the 1% excise tax on certain stock repurchases), and the availability of funds necessary to continue purchasing stock. If we curtail our repurchase program, our stock price may be negatively affected.

There are risks associated with our dividend program. In October 2014, we announced a quarterly cash dividend program for our stockholders that was initiated by our Board of Directors. Although we anticipate paying regular quarterly dividends for the foreseeable future, we are not obligated to, and cannot provide assurance that we will, continue to pay dividends. Dividend declarations are subject to the Board of Directors' continuing determination that the dividend policy is in the best interests of our stockholders. The dividend policy may be changed or canceled at the discretion of the Board of Directors at any time. If we do not pay dividends, the market price of our Class A common stock must appreciate for investors to realize a gain on their investment. This appreciation may not occur and our Class A common stock may in fact depreciate in value.

GENERAL RISK FACTORS

Macroeconomic conditions, including inflation, elevated interest rates, and supply chain constraints have impacted and may continue to impact the markets we serve and our business and results of operations. Our revenue and operations and the markets we serve have been, and may continue to be, impacted by macroeconomic conditions, including but not limited to, inflation, elevated interest rates, supply chain constraints, increased shipping costs, tariffs and changes in international trade relations, international conflicts, reduced discretionary consumer spending, and reduced new product investment by our customers caused by elevated interest rates and lower demand. The current macroeconomic environment has negatively impacted, and may continue to negatively impact, many of our licensees and that directly impacts, and may continue to impact, our financial results. The impacts of the current macroeconomic environment on our partners have resulted in, and may continue to cause, the disruption of consumer products' supply chains, shortages of certain semiconductor components, and delays in shipments, product development, and product launches. The macroeconomic conditions also impart substantial uncertainty into our operating environment, which presents additional challenges for our business. These factors and the related uncertainty may cause delays or a decrease in the adoption or implementation of our technologies into new products by partners and licensees. These conditions may impact consumer demand for devices and services and our partners' ability to manufacture devices. Further, we may be negatively impacted by delays in transaction cycles and our recoveries efforts due to the noted macroeconomic conditions and related uncertainty. The future implications of these macroeconomic conditions on our business, the markets we serve, results of operations and overall financial position remain uncertain.

Adverse changes to tariffs, trade agreements, and trade policies may have a negative effect on our business and results of operations. The United States and other countries in our supply chain or in which we have sales have imposed and may impose additional tariffs and other trade regulations, or may adversely adjust prevailing tariff levels and other trade restrictions. We rely on contract manufacturers and component suppliers, some of which are located outside of the United States, and we export our products to and license our technology in foreign countries. As such, newly implemented tariffs and potential future tariffs or other trade barriers could, directly or indirectly, increase the cost of producing or delivering our products and may increase the costs associated with licensing our technology. Our results may also be impacted indirectly by the imposition of tariffs and other trade barriers on our customers and

licensees. If the cost to manufacture products that incorporate our technology, such as consumer electronics or cars, is increased as a result of tariffs, it may exert general pricing pressure which could lead manufacturers to discontinue including our technology in their products or to seek price reductions. If the costs of exporting licensees' products results in higher prices to end consumers, sales of those products may decrease and thus royalty payments to us based on unit shipments may decrease. More generally, the imposition of tariffs and the outbreak of a trade war may lead to general negative economic effects, such as decreased consumer demand, recession or the elevated risk of recession, or higher inflationary pressures, which could adversely impact our business and results of operations.

Our results may be impacted by fluctuations in foreign currency exchange rates. We earn revenue, pay expenses, own assets and incur liabilities in foreign countries using several currencies other than the U.S. dollar. As a result, we face exposure to adverse movements in currency exchange rates as the financial results of our international operations are translated from local currency into U.S. dollars upon consolidation. The majority of our revenue generated from international markets is denominated in U.S. dollars, while the operating expenses of our foreign subsidiaries are predominantly denominated in local currencies. Therefore, our operating expenses will increase when the U.S. dollar weakens against the local currency and decrease when the U.S. dollar strengthens against the local currency. Additionally, foreign exchange rate fluctuations on transactions denominated in currencies other than the functional currency result in gains or losses that are reflected in our unaudited interim condensed consolidated statements of operations. Further, our hedging programs may not be effective to offset any, or more than a portion, of the adverse impact of currency exchange rate movements. Additional risks related to fluctuations in foreign currency exchange rates are described in the Foreign Currency Exchange Risk section of Part I, Item 3 "*Quantitative and Qualitative Disclosures About Market Risk.*"

Maintaining a credit facility and future debt obligations could adversely affect our business and financial condition. We maintain a revolving credit facility (the "Credit Facility") with Bank of America, N.A. which is currently undrawn. The Credit Facility provides us with an additional source of capital and liquidity, but maintaining a debt facility inevitably presents certain risks. We are subject to certain covenants and other obligations under the Credit Facility, such as maintaining a required gross leverage ratio, avoiding certain liens and paying commitment fees. Our failure to comply with these covenants could result in the declaration of an event of default and cause us to be unable to borrow under the Credit Facility or result in the acceleration of the maturity of any indebtedness thereunder. In the event we draw on the Credit Facility, our debt obligations could adversely impact us by, for example, requiring us to use a large portion of our cash flow to service the debt, which would reduce the amount of cash flow available to fund working capital, capital expenditures, and other business activities. Borrowing under the Credit Facility would also increase our exposure to interest rate risk from variable rate indebtedness.

Business interruptions by natural disasters and other events beyond our control could adversely impact our business. Although we maintain crisis management plans, our business operations are subject to interruption by natural disasters and catastrophic events beyond our control, including, but not limited to, earthquakes, hurricanes, typhoons, tropical storms, floods, tsunamis, fires, droughts, tornadoes, public health issues and pandemics, severe changes in climate, war, terrorism, and geopolitical unrest and uncertainties. Further, outbreaks of pandemic diseases, or the fear of such events, could provoke (and, in the case of COVID-19, did provoke) responses, including government-imposed travel restrictions and limits on access to entertainment venues. These responses could negatively affect consumer demand and our business, particularly in international markets. War, including the military conflicts between Russia and Ukraine and in the Middle East, as well as any related political or economic responses and counter-responses or otherwise by various global actors or the general effect on the global economy and supply chain, could also affect our business. For example, we have R&D facilities and a large number of employees in Eastern Europe, and any business interruptions or other spillover effects from the Russia-Ukraine conflict could adversely impact our business.

Additionally, several of our offices, including our corporate headquarters in San Francisco, are located in seismically active regions. Because we do not carry earthquake insurance for earthquake-related losses and significant recovery time could be required to resume operations, our financial condition and operating results could be materially adversely affected in the event of a major earthquake or catastrophic event.

We face intense competition for employees. In order to be successful, we must attract, develop, and retain employees, including employees to work on our growth initiatives where our current employees may lack experience with the business models and markets we are pursuing. Competition for experienced employees in our markets can be intense. In order to attract and retain employees, we must provide competitive compensation packages, including cash and equity compensation. Our equity awards include stock options, RSUs and performance-based RSUs. The future value of these awards is uncertain and depends on our stock price performance over time. In order for our

compensation packages to be viewed as competitive, prospective employees must perceive our equity awards to be a valuable benefit.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Sales of Unregistered Securities

None.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Our Board of Directors announced a \$250.0 million stock repurchase program on November 3, 2009. The program, which has no expiration date, approved the repurchase of shares of our Class A common stock, \$0.001 par value per share. The authorized maximum was subsequently increased by \$300.0 million, \$250.0 million, \$100.0 million, \$200.0 million, \$200.0 million, \$350.0 million, \$350.0 million, \$350.0 million, \$250.0 million, \$350.0 million, and \$350.0 million as announced on July 29, 2010, August 4, 2011, February 8, 2012, October 23, 2014, January 25, 2017, July 25, 2018, August 1, 2019, July 29, 2021, February 3, 2022, August 9, 2022, and August 7, 2024 respectively. Stock repurchases under this program may be made through open market transactions, negotiated purchases, or otherwise, at times and in amounts that we consider appropriate.

The following table provides information regarding our share repurchases made under the program during the second quarter of fiscal 2025:

Repurchase Activity	Total Shares Repurchased	Average Price Paid Per Share ⁽¹⁾	Total Shares Purchased As Part Of Publicly Announced Programs	Remaining Authorized Share Repurchases ⁽²⁾
December 28, 2024 - January 24, 2025	—	\$ —	—	\$386.6 million
January 25, 2025 - February 21, 2025	—	\$ —	—	\$386.6 million
February 22, 2025 - March 28, 2025	428,565	\$ 81.67	428,565	\$351.6 million
Total	428,565		428,565	

(1) Average price paid per share excludes commission costs.

(2) Amounts represent the approximate dollar value of the maximum remaining number of shares that may yet be purchased under the stock repurchase program as of the end of the applicable period and excludes commission costs.

ITEM 5. OTHER INFORMATION

Securities Trading Plans of Directors and Executive Officers

During the fiscal quarter ending March 28, 2025, the following directors and officers, as defined in Rule 16a-1(f), adopted a "Rule 10b5-1 trading arrangement" as defined in Regulation S-K Item 408, as follows:

On February 14, 2025, Emily Rollins, a member of our Board of Directors, adopted a Rule 10b5-1 trading arrangement providing for the sale from time to time of an aggregate of up to 1,000 shares of our Class A common stock. The trading arrangement is intended to satisfy the affirmative defense in Rule 10b5-1(c). The duration of the trading arrangement is until April 30, 2026, or earlier if all transactions under the trading arrangement are completed.

On February 28, 2025, Andy Sherman, our Executive Vice President, General Counsel, and Corporate Secretary, adopted a Rule 10b5-1 trading arrangement providing for the sale from time to time of an aggregate of up to 266,416 shares of our Class A common stock. This figure includes an estimate of the number of shares to be acquired under our ESPP that may be sold under the trading arrangement; however, the actual number of shares that will be acquired through the ESPP may vary. In addition, the number of shares that may be sold under the trading arrangement includes the maximum number of shares issuable under Mr. Sherman's PSU award vesting during the term of the trading arrangement; however, the actual number of shares to be vested will depend on the achievement of applicable performance conditions under such PSU award, as described in Note 9 "Stockholders' Equity and Stock-Based Compensation – Stock Incentive Plans" to our unaudited interim condensed consolidated financial statements. The number of shares that may be sold under the trading arrangement that are subject to the vesting of RSUs and PSUs will be reduced by the number of shares (not yet determinable) withheld to satisfy tax obligations upon the vesting and settlement of such equity awards. The trading arrangement is intended to satisfy the affirmative defense in Rule 10b5-1(c). The duration of the trading arrangement is until February 28, 2026, or earlier if all transactions under the trading arrangement are completed.

On February 28, 2025, Kevin Yeaman, our Chief Executive Officer, President, and a member of our Board of Directors, adopted a Rule 10b5-1 trading arrangement providing for the sale from time to time of an aggregate of up to 531,580 shares of our Class A common stock. The trading arrangement is intended to satisfy the affirmative defense in Rule 10b5-1(c). The number of shares that may be sold under the trading arrangement includes the maximum number of shares issuable under Mr. Yeaman's PSU award vesting during the term of the trading arrangement;

however, the actual number of shares to be vested will depend on the achievement of applicable performance conditions under such PSU award, as described in Note 9 " Stockholders' Equity and Stock-Based Compensation – Stock Incentive Plans" to our unaudited interim condensed consolidated financial statements. The number of shares that may be sold under the trading arrangement that are subject to the vesting of RSUs and PSUs will be reduced by the number of shares (not yet determinable) withheld to satisfy tax obligations upon the vesting and settlement of such equity awards. The trading arrangement is intended to satisfy the affirmative defense in Rule 10b5-1(c). The duration of the trading arrangement is until February 28, 2026, or earlier if all transactions under the trading arrangement are completed.

No other directors or officers, as defined in Rule 16a-1(f), adopted and/or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," each as defined in Regulation S-K Item 408, during the fiscal quarter ending March 28, 2025.

ITEM 6. EXHIBITS

Exhibit Number	Description	Incorporated By Reference Herein			Provided Herewith
		Form	File Number	Date	
3.1	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Dolby Laboratories, Inc.	Form 8-K	001-32431	February 7, 2025	
31.1	Certification of Chief Executive Officer pursuant to Exchange Act Rule 13a-14(a) or 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act				X
31.2	Certification of Chief Financial Officer pursuant to Exchange Act Rule 13a-14(a) or 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act				X
32.1+	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act				X
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document				X
101.SCH	XBRL Taxonomy Extension Schema Document				X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document				X
101.DEF	XBRL Extension Definition				X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document				X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document				X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)				X

* Denotes a management contract or compensatory plan or arrangement.

+ Furnished herewith.

SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: May 1, 2025

DOLBY LABORATORIES, INC.

By: _____ /S/ ROBERT PARK

Robert Park
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

CERTIFICATION

I, Kevin J. Yeaman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Dolby Laboratories, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 1, 2025

/s/ KEVIN J. YEAMAN

Kevin J. Yeaman
President and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION

I, Robert Park, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Dolby Laboratories, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 1, 2025

/s/ ROBERT PARK

Robert Park
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Dolby Laboratories, Inc. (the "Company"), on Form 10-Q for the fiscal quarter ended March 28, 2025, as filed with the Securities and Exchange Commission (the "Report"), Kevin J. Yeaman, President and Chief Executive Officer of the Company and Robert Park, Senior Vice President and Chief Financial Officer of the Company, respectively, do each hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- The information in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 1, 2025

/s/ KEVIN J. YEAMAN

Kevin J. Yeaman
President and Chief Executive Officer
(Principal Executive Officer)

/s/ ROBERT PARK

Robert Park
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)