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Presentation

Operator

Ladies and gentlemen, thank you for standing by. Welcome to the Dolby Laboratories conference call discussing fourth quarter fiscal year 2025 results. [Operator Instructions] As a reminder, this call is being recorded Tuesday, November 18, 2025. I would now like to turn the conference over to Mr. Peter Goldmacher, Vice President of Investor Relations. Peter, please go ahead.

Peter L. Goldmacher
Vice President of Investor Relations

Good afternoon. Welcome to Dolby Laboratories Fourth Quarter 2025 Earnings Conference Call. Joining me today are Kevin Yeaman, Dolby Laboratories CEO; and Robert Park, our CFO.

As a reminder, today's discussion will include forward-looking statements, including our fiscal 2026 first quarter and full year outlook, management's expectations for our future performance and other statements regarding our plans, opportunities and expectations. These statements are subject to risks and uncertainties that may cause actual results to differ materially from the statements made today, including, among other things, changes in customer demand, changes in law and regulation and the impact of macroeconomic events on our business. A discussion of these and additional risks and uncertainties can be found in our earnings press release as well as in the Risk Factors section of our Forms 10-K and 10-Q. Dolby assumes no obligation to update any forward-looking statements.

During today's call, we will discuss non-GAAP financial measures. These measures should be considered in addition to and not as a substitute for GAAP measures. A reconciliation between GAAP and non-GAAP financial measures is available in our earnings press release and in the Interactive Analyst Center on the Investor Relations section of our website.

With that, I'd like to turn the call over to Kevin.

Kevin J. Yeaman
President, CEO & Director

Thank you, Peter, and thanks to everyone for joining the call today. I'd like to share a brief overview of our financial results and a few highlights for the quarter, and then I'd like to talk about our unique position in the market and our opportunities heading into FY '26 and beyond. After that, I'll turn the call over to Robert to cover the financials before we get to Q&A.

We wrapped up Q4 and the full year in line with the expectations we provided on the last earnings call. In FY '25, we grew revenue by 6%, aided by the acquisition of GE Licensing, and we expanded our operating margins by 1.8 percentage points. Robert will walk through the results in more detail in just a moment.

I'll start by walking through some of the Q4 highlights as it relates to Dolby Atmos, Dolby Vision and Imaging Patents. For Dolby Atmos and Dolby Vision, we continue to see strong engagement from our ecosystem of content creators, content distributors and device OEMs as they increasingly embrace the value of content created in Dolby Atmos and Dolby Vision across sports, music, TV and movies.

In September, we announced Dolby Vision 2, which will dramatically improve picture quality and unleash the full capabilities of modern TVs from mainstream sets to the top-of-the-line models. Some of the benefits of Dolby Vision 2 include automatically adjusting contrast via ambient light detection, motion control to optimize sports and gaming content and features that enable creators to take full advantage of the latest advancements in higher-end TV displays.

By bringing 2 distinct offerings to market, Dolby Vision 2 will allow TV OEMs to bring Dolby Vision deeper into their lineups by improving their midrange offerings, while Dolby Vision 2 Max will offer important differentiation at the high end. Dolby Vision 2 is receiving a strong reception from the industry. Hisense and TCL, 2 of the top 3 global TV OEMs are the first TV makers to announce support with release dates yet to be announced.

This quarter, we had several TV launches with Dolby Atmos and/or Dolby Vision with device partners, including TCL, Samsung, Hisense, Xiaomi and Amazon. And Peacock is now streaming at Sunday Night Football games and the season's NBA games in Dolby Atmos.

Moving on to Automotive. The value proposition for Dolby Atmos and increasingly Dolby Vision continues to resonate in the auto world. This past quarter, we signed agreements with Maruti Suzuki, the top passenger vehicle brand in India with over 40% market

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share, Deepal in China and VinFast in Vietnam. Also, the first in-car game featuring Dolby Atmos, Loner, officially launched on Li Auto vehicles as more content creators are looking to add value by taking advantage of Dolby Atmos in the car. A number of partners recently announced new models with Dolby Technologies, including Li Auto, Mahindra, Cadillac, Zeekr and Mercedes.

In Mobile, we are very happy to share that Instagram is now distributing content in Dolby Vision with initial support for iOS. In a blog post, Instagram concluded that content in Dolby Vision increased the time spent in app. The blog post also noted that Meta intends to expand Dolby Vision to other Meta apps and corresponding operating systems. Additionally, Douyin, known in many parts of the world as TikTok, has made Dolby Vision available to its users in China, joining other Chinese social media companies, including Xiaohongshu, Kuaishou and Bilibili in offering their users the ability to capture, share and edit content in Dolby Vision.

We've seen how support on social media platforms and video sharing sites in China drives demand for Dolby Vision on mobile devices. These new partnerships with Instagram and Douyin are another important catalyst to further penetrating the mobile device ecosystem.

In wearables, Meta announced that the Meta Quest will have Dolby Atmos and Dolby Vision and Samsung announced that its Galaxy XR comes with Dolby Atmos. The wearables market is still early days, and we are working with the ecosystem to ensure that we are able to offer all device makers the technology to help them create the most immersive and connected experience possible.

Turning to Imaging Patents, where we participate in patent pools, which help device makers license critical imaging technology. The primary growth driver to date has been growth in OEM licensees. In FY '25, we helped launch a new patent pool focused on providing critical imaging technology to content streaming providers using a consumption-based pricing model. This Video Distribution Program significantly expands the TAM for Imaging Patents beyond devices. The pool signed its first licensees in the second half of fiscal '25, and we will start recognizing revenue in fiscal '26. The progress we've made in FY '25 gives us confidence that we can grow Dolby Atmos, Dolby Vision and Imaging Patents at a growth rate of about 15% to 20% per year over the next 3 to 5 years.

Now before I wrap up, I'd like to take a few minutes to talk about Dolby and where we're going. Today, we are at the beginning of an opportunity to expand our total addressable market by delivering value to new sets of customers via consumption-based revenue models. We currently have 2 such offerings. We just discussed the first, which is the Video Distribution Program for content streamers. The second is Dolby OptiView. Dolby OptiView is our Software-as-a-Service solution that is focused on delivering real-time, personalized and interactive streaming experiences in sports, sports betting and iGaming.

Dolby OptiView combines very low latency video streaming with the ability to optimize advertising and integrate additional content. For example, highlights of another game that's happening to engage viewers and drive higher revenue through subscriptions and advertising. We see a significant opportunity in reinventing the fan experience for live sports, aligning with content owners to increase the value of their content. The NFL has been delivering RedZone to the NFL+ app using Dolby OptiView streaming since the start of the season, and they've seen significant increases in the quality of the streaming experience while delivering content at half the previous latency. All of these improvements contribute to longer viewing time.

While our focus in the near term is on scaling these 2 new offerings, Dolby OptiView and the Video Distribution Program for content distributors, we believe that there will be opportunities in the future to deliver new value to trusted partners and new customers, expanding into new verticals with consumption-based revenue models. And this is increasingly an important focus of our innovation pipeline.

Dolby has maintained its leadership position for 60 years by innovating and raising the bar on the quality and efficiency of entertainment. We do this by working with each part of the ecosystem: creatives, content distributors, device makers and earning their trust. This gives us a unique connection to their needs, challenges and opportunities, enabling us to deliver experiences that come to life in the highest possible quality.

As we look to the next chapter of the Dolby story, our expansion into consumption-based models is a natural extension of our work to date. We have always delivered value to the distributors in our ecosystem and the opportunity to bring new experiences to life through the power of streaming is an opportunity to create new revenue streams.

The world is changing fast, and we are, too. In the last 3 years, we have transformed our research and innovation capabilities in our advanced technology group, bringing in new capabilities aligned with the future, particularly as it relates to AI. This team is focused on AI-powered innovations to enhance our current and future offerings. So what does this mean for Dolby going forward? We are very excited about where we are, where the world is going and our ability to work with our customers and partners to grow our ecosystems.

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I'm proud of the progress and confident in our strategy to grow Dolby Atmos, Dolby Vision and Imaging Patents at 15% to 20% per year over the next several years. And now that Dolby Atmos, Dolby Vision and Imaging Patents is approaching 50% of our Licensing revenue, its impact on our overall growth rate is more meaningful. And while it's still early days, there is a significant opportunity to expand our total addressable market with consumption-based revenue models by serving the providers of audio/video content that are looking to deliver more engaging and interactive entertainment experiences.

With that, I'd like to turn the call over to Robert to review our Q4 and FY '25 results and our guidance for FY '26.

Robert J. Park
Senior VP & CFO

Thank you, Kevin. Revenue for the quarter came in at $307 million, above the midpoint of guidance we shared last quarter, and non-GAAP earnings per share of $0.99 was above the high-end guidance due to a $0.28 discrete tax benefit this quarter. Excluding this discrete tax item, non-GAAP earnings per share came in at $0.71, which was above the midpoint of guidance, primarily due to higher revenue and better gross margins, partially offset by higher operating expenses. Licensing revenue was $282 million and Products and Services revenue was $25 million.

We generated approximately $123 million in operating cash flow, repurchased $35 million of common stock and have approximately $277 million remaining on our share repurchase authorization. We declared a $0.36 dividend, up 9% from a dividend a year ago and ended the quarter with cash and investments of approximately $783 million. We recorded a $6 million restructuring charge in the quarter as we continue to streamline operations and adjust resources towards the most impactful areas.

For the full fiscal '25, we reported revenues of $1.35 billion, which was above the midpoint of guidance and up 6% year-over-year and non-GAAP earnings per share of $4.24 or $3.97, excluding the previously mentioned discrete tax benefit, within the range of our annual earnings guidance. As Kevin mentioned, we expanded our full year non-GAAP operating margins by 180 basis points. For the year, Dolby Atmos, Dolby Vision and Imaging Patents grew just over 14%, in line with our expectations of roughly 15% growth and represented 45% of Licensing revenue. Foundational Audio Technology revenue came in just under negative 1%, again, close to our expectations of roughly flat growth.

Detailed Licensing performance by end market and other components are on the IR portion of our website. And as we share with you every quarter, while trends are typically smoother on an annual basis, the timing of recoveries, minimum volume commitments and true-ups can drive quarterly volatility. In terms of end market performance for the full year, we saw strong growth in Mobile, driven by the GE Licensing acquisition and Other revenue due to Auto and Dolby Cinema. PC and Broadcast grew mid-single digits and CE was down, in line with expectations coming into the year.

Moving on to guidance. For the full year, we expect revenue between $1.39 billion and $1.44 billion or up about 3% to 7% year-over-year. We expect Licensing revenue to be between $1.285 billion and $1.335 billion, with revenue from Foundational Audio Technologies expected to be down low single digits due to timing of deals in Mobile and lower expected unit shipments in PC and CE. We expect Dolby Atmos, Dolby Vision and Imaging Patents' revenue to grow approximately 15%.

We are targeting non-GAAP operating expenses to be between $780 million and $800 million. This guidance implies operating margin improvement of between 50 and 100 basis points. We expect non-GAAP earnings per share to be between $4.19 and $4.34. As a reminder, fiscal '25 non-GAAP EPS was $3.97, excluding the discrete tax benefit in Q4. From an end market perspective, for the full year, we expect Other revenue to be up high teens, Broadcast and Mobile to be up mid-single digits and Consumer Electronics and PCs to be down high single digits.

Imaging Patents revenue from content distributors, which we call the Video Distribution Program, or VDP for short, will be reported in the Other category given that these patents aren't licensed to a specific device. For Q1 fiscal '26, we expect revenue to be between $315 million and $345 million. Within that, we expect licensing revenue to be between $290 million and $320 million. Gross margin should be approximately 90% on a non-GAAP basis, and we expect non-GAAP operating expenses to be between $195 million and $205 million. Non-GAAP earnings per share is expected to be between $0.79 and $0.94.

Q1 revenue is expected to be down approximately 8% year-over-year at the midpoint due to 2 main factors. The first is a tough comparison against Q1 of fiscal '25 when we had a large favorable true-up and the second is the timing of recoveries and minimum volume commitments. The composition of revenue between the first half and the second half of the year will be likely more evenly distributed this year than it was last year.

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In closing, the creation and distribution of Dolby-enabled content continues to grow, and we are on the cusp of a significant opportunity to expand our offering and to expand our future market opportunities and grow our customer base. Our financials remain solid with high gross margins, healthy cash flows and a strong balance sheet.

With that, I'd like to turn it back to Peter, and we'll open the line for your questions. Peter?

Peter L. Goldmacher
Vice President of Investor Relations

Thanks, Robert. Before I turn the call back to the operator to open up the lines for Q&A, I'd like to announce that we're going to have a casual event for investors at CES on Wednesday, January 7, from 8:00 a.m. to 9:00 a.m. at the Dolby Live Theater in the Park MGM. We will be in quiet period, so there won't be any formal remarks or commentary on the business, but we always appreciate the opportunity to show off our technology. If you'd like to join us, please reach out to me for details or send a note to ir@dolby.com. With that, operator, can we please open up the call for Q&A?

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Question and Answer

Operator

[Operator Instructions]

Your first question comes from the line of Ralph Schackart with William Blair.

Ralph Edward Schackart
William Blair & Company L.L.C., Research Division

Kevin, maybe if you could provide a little bit more color on what seems like a pretty interesting opportunity to expand the TAM on the new consumption models you talked about. I think you talked about Video Distribution for streamers. I think that came primarily from the GE patents. If you could sort of confirm that and sort of provide an update there? And then OptiView and maybe just kind of taking a step back, give us a sense of the contribution in the 2026 guidance? And will this be something that will build throughout the year? Or just sort of if you can sort of frame that opportunity? And then I have a follow-up.

Kevin J. Yeaman
President, CEO & Director

Yes. Thanks, Ralph. So if you put this in the context of Dolby's journey for 60 years, we've been leading the way in the quality and efficiency of experience, and we've been doing that by providing the services, the technologies, the know-how to not just our paying customers, the device licensees, but also to content creators and to distributors of content.

And so as we look to where that future is going, we believe that we have significant opportunities to begin to add new value to the content streamers to bring that future to life. It's a future where streaming services are more aware of what engages audiences. They're able to respond to that in the form of not just which content they show them, but actually having the content itself be personalized to that audience and to introduce interactive features. That's, of course, what we are doing with Dolby OptiView for sports, sports betting and iGaming.

We talked about -- I talked about on the call just a moment ago about how the NFL is now utilizing Dolby OptiView for its RedZone service. And I think we've been in market for about 2 years with Dolby OptiView. And over that time, we brought on a fantastic roster of customers. And many of them are still in the early stages of scaling. For some of them, these are new offerings. For others, they're testing the offerings on a percentage of the user base before they go bigger. So we think that as we look forward, scaling the customers we've won is a big opportunity to increase revenue. And also Dolby OptiView is becoming known in these circles compared to a year ago. So that is healthy for our pipeline.

And then more recently, you asked about the video patent distribution program. So I mean, as you know, Imaging Patent Licensing has always been driven by licensing per device. And what's new is that the pool has now established a pool for content streamers. That's a combination, Ralph, of the patents that we've always had in the imaging patent pools and the GE licensing patents. The significance is that it completely -- it significantly expands the addressable market by opening up the world of these content streamers. And that's one of the things that gives us confidence in sustaining growth in our Dolby Atmos, Dolby Vision and Imaging Patents because that's still part of Patent Licensing revenue. Dolby OptiView is a part of Product and Services.

Yes, we're continuing to look to drive growth faster, but we're optimistic about the midterm. And we think that between those 2 programs in 3 years, we could have probably 10% of our revenue coming from service provider customers as opposed to device customers, and we'll be looking for opportunities to introduce new offerings and do everything we can to accelerate that.

Ralph Edward Schackart
William Blair & Company L.L.C., Research Division

Great. And maybe just to double-click on the Imaging Patents. I think you had mentioned there's 4 new content streamers, if I heard that correctly. Is that you sort of approaching the market with the patents in combination with GE and looking for opportunities to work with the streamers? Or are there -- are you bringing sort of, I guess, revenue-enhancing opportunities to them versus, I guess, IP in terms of monetization?

Kevin J. Yeaman
President, CEO & Director

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Yes. Thank you. So we -- most of our Patent Licensing revenue, we license through patent pools. So the patent pools are a structure where many licensors contribute their patents for a particular purpose. In this case, the content streaming industry has obviously grown, and there's also a growing recognition of the critical nature of this imaging patent technology to what they do. And so it is -- we participate in those pools. It's via the pool that the decisions are made to establish new programs, and that's what led to the opening of this pool. There's -- 5 licensees have signed up. We didn't have any -- that was all in the second half of '25. So it will first start generating revenues in FY '26.

And going forward, what we -- one of the natures of these pools is that it incents licensors to innovate into those pools. And so we would expect to see opportunities to innovate into those pools to meet the future needs of content streamers and any markets that those pools decide to focus on in the future.

Ralph Edward Schackart
William Blair & Company L.L.C., Research Division

Great. Just one last one, if I could, Kevin. I think you had mentioned that in the second half of 2025 fiscal year that the licensees signed that you'll generate revenue in 2026. Can you just sort of bridge the gap from signing to monetization in that time period and sort of what's taking place in between?

Kevin J. Yeaman
President, CEO & Director

Well, the patent pool side of the business still operates somewhat like what you're used to in the early Dolby days, where we recognize that revenue when we get the reports from the pools. And so that is the -- that's the -- probably the most important thing to understand as it relates to Patent Licensing is when we sign someone up, we are then waiting for that first royalty report.

Operator

Your next question comes from the line of Steven Frankel with Rosenblatt.

Steven Bruce Frankel
Rosenblatt Securities Inc., Research Division

And I want to follow up on Ralph's questions around this new model. And I'm just trying to fundamentally understand whether the pool is selling new capabilities to the streamers? Or are we enforcing patents from the pool on activities and technologies that they're already deploying?

Kevin J. Yeaman
President, CEO & Director

So on day 1, Steve, it's essentially the same patents that were in the pool that was established for device licensees. That is the pool for content streamers. As I said, going forward, the purpose of these pools is to establish a mechanism to incent licensors to continue to collaborate and innovate into the future needs of the licensees. So the second part of your question was, why now? It really is just that the industry has grown significantly, and there is a recognition that these imaging patent technologies are essential to the way they generate value.

Steven Bruce Frankel
Rosenblatt Securities Inc., Research Division

Let me ask it a different way. So were they using these patents with the understanding that at some point, they would have to pay for what they're using? Or are you approaching them saying you should be using this now going forward? That's what I'm -- basically trying to understand what your go-to-market motion is, enforcement or upselling?

Kevin J. Yeaman
President, CEO & Director

Yes. Got you. So again, it's the pool that we participate in, which is approaching the customers. We sometimes approach bilaterally or participate in that. Generally speaking, these are technologies that have been being used. And I would say it's a combination. I mean, first and foremost, we look to -- the pool looks to bring licensees on board. And it also, like I said, provides value going forward. You have the certainty of having the ability to operate against this growing number of patents from innovation across a growing number of licensors. And sometimes there is enforcement. That's the last resort, but it's always -- when it's used, it's to ensure a level playing field across all licensees.

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Steven Bruce Frankel
Rosenblatt Securities Inc., Research Division

Okay. And we've had some past discussion on Atmos Music in Automobiles kind of approaching a level where it might have to be broken out as a subsegment like you break out these other markets. Kind of where did you exit the year? And do you think that's something that could happen in fiscal '26?

Kevin J. Yeaman
President, CEO & Director

I don't anticipate doing it in fiscal '26, but I do anticipate that Automotive will become a separate end market. We're still in the early days. It's still one of the fastest growers. And we continue to make great progress bringing Dolby Atmos Music to cars. And we're even earlier days, bringing Dolby Vision to cars. So Automotive continues to be one of the areas that gives us confidence in our ability to continue to grow Dolby Atmos, Dolby Vision and Imaging Patents.

Steven Bruce Frankel
Rosenblatt Securities Inc., Research Division

Okay. We don't want to leave Robert out. So what were true-ups in the quarter?

Robert J. Park
Senior VP & CFO

Thanks, Steve, for not leaving me out. I appreciate that. True-ups for the quarter was really not a factor. It's minus $1 million for the quarter.

Steven Bruce Frankel
Rosenblatt Securities Inc., Research Division

Okay. Great. And then maybe one more time back on Auto. Kevin, how do you feel in your progress of going deeper into some of the brands that you've already been with? And what's your visibility into maybe going in the North American brands getting into some lower price points and more aggressively priced cars in a lot of the high-end vehicles so far?

Kevin J. Yeaman
President, CEO & Director

Yes. We continue to make progress getting deeper into lineups. You're aware of what we've done with Mercedes, obviously, a higher-end brand, but getting deeper in lineups; Cadillac throughout an entire EV lineup. Across our portfolio, we see a number of our partners bringing Dolby Atmos to additional models. We also feel very good about the pipeline activity around bringing it even deeper. And so we still believe that Dolby Atmos is an experience that should be the standard way to listen to music in the car, just as Stereo has been for a very, very long time.

Operator

Question comes from Patrick Sholl with Barrington Research.

Patrick William Sholl
Barrington Research Associates, Inc., Research Division

Just another follow-up on your -- the new model that you're rolling out with the content distributors. I was just wondering just in terms of the Imaging Patent Licensing, is any -- is there any like overlap between like the technologies that you're licensing there and the services being able to distribute content like in Dolby Vision and Dolby Atmos?

Kevin J. Yeaman
President, CEO & Director

Separate things. Dolby Vision actually is not dependent on video codec. We implement Dolby Vision across a range of video codecs. And Dolby Atmos is implemented with the branded Dolby Audio codec.

Patrick William Sholl
Barrington Research Associates, Inc., Research Division

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Okay. And then with Dolby Vision 2, is there -- I guess, when you produce an update to Dolby Vision, is there any sort of process to updating the content pipeline or the service distribution pipeline in order to get adoption from device manufacturers? Is that more accelerated from other technology rollouts? Or is it similar in that area?

Kevin J. Yeaman
President, CEO & Director

Yes. So yes, good question. I mean, first of all, we're always introducing new features and functionality as it relates to our core offerings. But what's significant about Dolby Vision 2 is this is a significant upgrade. So it really -- I hope you can join us. And yes, it's a noticeable difference across all TV -- the entire TV range. And that's why we think we've gotten such good engagement.

And Hisense and TCL announced right along with us announcing Dolby Vision 2 that they plan to adopt it. And yes, this does include providing new tools to creators to take advantage of the full range of capabilities. And we expect that the first TVs will be in market by the end of '26. We expect to have content -- we're working the content pipeline at the same time. And I would say compared -- if your question is compared to when we first brought Dolby Vision to life, I would say it can go -- it's faster than that because of the general -- the broad adoption of Dolby Vision and because, like I said, this makes a significant difference. So we have good engagement across the ecosystem.

Patrick William Sholl
Barrington Research Associates, Inc., Research Division

Okay. And then just on the 3-year growth outlook for Atmos and Vision and the Image Patenting. I think if I heard you correctly, like the top end of that kind of 3-year CAGR has brought down a little bit from what it had been. Is that just sort of a law of large numbers or just the -- kind of just the a macro kind of view of just how things have been trending more recently and like the potential macro impacts from trade issues and things like that?

Kevin J. Yeaman
President, CEO & Director

Yes, I would say law of numbers. We were -- when we first started providing this construct, we were at about -- just over 20% of our revenue was Atmos Vision Imaging Patents. Today, it's approaching 50%. And I would say today, we've -- on the Q&A, we've talked about auto. We just talked about Dolby Vision 2. We talked about the Video Distribution Program. All of those are things that are in the early stages of growth and can contribute to this growth rate going forward. And we haven't yet talked about the fact that Instagram is now including support for Dolby Vision for iOS, which is a partnership we're also very excited about.

We're on their -- we're on the Quest with Dolby Atmos and Dolby Vision. Now we're on Instagram. And that's important because the social media is the most prominent use case on mobile devices. And so we've seen in China how when we get included on social media and video distribution sites, we mentioned -- I mentioned on the call that Douyin has now adopted us. That drives demand for Dolby Vision Capture and Dolby Vision Playback on mobile devices. And so we think this is also a good driver.

So what we're seeing is quite a few important wins that are early growth drivers for us to keep driving that forward. And now that it's approaching 50%, it has a much greater impact on the overall top line growth.

Operator

Your next question comes from Vikram Kesavabhotla with Baird.

Vikram Kesavabhotla
Robert W. Baird & Co. Incorporated, Research Division

Maybe just a follow-up to some of the comments you made on the last response. Just -- could you talk more about your observations around the macro environment right now? What is your latest thinking in terms of the potential impacts from the tariffs as well as just the state of the consumer? And how have you gone about incorporating that into the outlook for '26?

Kevin J. Yeaman
President, CEO & Director

Yes. Thanks for the question, Vikram. So first, I would say that over this last year, we haven't seen any specific identifiable impact of the tariffs. If anything, I think what we're seeing is that our device partners have been dealing with supply chain issues for quite some time beginning with the pandemic, and they've invested a lot in resiliency, and I think they've proven to be quite resilient.

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At the same time, I would say the overall device market is flattish, sluggish. And so as it relates to foundational, Robert said, we're planning for low single digits. But we are seeing a big improvement from '22 to '24 when one of the biggest reasons for our larger declines was because we were coming off those really strong purchasing years in 2021, where everybody went out to buy a TV and a PC.

So in that respect, we see it stabilizing relative to that period of time. We don't think it will be sluggish forever. We think our partners are hard at work doing exciting things. But -- and I guess I would also add that we have been able to grow Dolby Atmos, Dolby Vision and Imaging Patents at about 20% a year through all of that. So we're really focusing on what we can control, and that is all the things we just talked about that we think will drive continued growth in Dolby Atmos, Dolby Vision, Imaging Patents. And we are, of course, excited that we see new paths to expanding our addressable market by adding value to new customers, some of whom are already partners.

Vikram Kesavabhotla
Robert W. Baird & Co. Incorporated, Research Division

Okay. Great. And then maybe a follow-up on the '26 outlook. I think you called out a couple of drivers that are affecting the first quarter year-over-year trend here. But curious if there's anything else to call out as we think about the cadence throughout the rest of the year?

Robert J. Park
Senior VP & CFO

Yes. Vikram, this is Robert. Our quarterly results can fluctuate widely due to timing of true-ups, minimum volume commitments and recoveries. And Q1 is no -- not any different than the previous past where we've had -- Q1 is depressed due to a Q1 true-up of last year and then timing of some minimum volume commitments. And I think this year, we expect our revenue to be more evenly distributed between the first half and second half versus what it was last year.

Vikram Kesavabhotla
Robert W. Baird & Co. Incorporated, Research Division

Okay. Great. And then maybe just the last one for me. It'd be great to get your latest thoughts around capital allocation here. It looks like you saw some share repurchase authorization left. Balance sheet looks like it's in good shape. What is your latest thinking on how you plan to approach repurchase activity going forward?

Kevin J. Yeaman
President, CEO & Director

Yes. We do have just over $270 million of repurchase authorization remaining. Our policy, of course, is to -- as I'm sure you know, is we do offset dilution on a regular basis from equity comp. We have a regular dividend that we announced an increase today. We've increased that every year, except for one during the pandemic. And then we do look closely at this with our Board each quarter. And we -- over time, we have sometimes done more buybacks that is necessary to offset dilution. So we continue to look at it closely.

Operator
And with no further questions in queue, this will conclude our conference call today. You may now disconnect.

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