

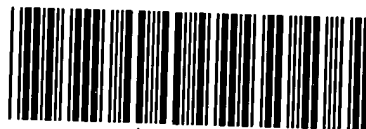
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Dolby Europe Limited
Financial Statements for the year ended September 30, 2022

FRONT PAGE

Dolby Europe Limited
Annual report and financial statements
for the year ended 30 September 2022
Company Registration number 06035472

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Dolby Europe Limited
Financial Statements for the year ended September 30, 2022

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Dolby Europe Limited
Financial Statements for the year ended September 30, 2022

A. Strategic Report for the year ended September 30, 2022

The directors present their Strategic Report & Financial Statements for the year ended September 30, 2022.

Principal Activities & Business Review:

During the year, the company performed liaison services for Dolby International AB (DIAB), including carrying out a large number of product & technology demonstrations for customers, exhibiting Dolby products at European trade shows, assisting DIAB to secure technology wins from companies based in Europe, and assisting Dolby Laboratories International Services (DLIS) to build relationships and to define broadcast standards across Europe. Note that the interactions were performed in person since the COVID limitation were lifted in most European countries.

Profit for 2022 is GBP 1,342,727 compared to GBP 870,070 from 2021 which is above expectations. . This is mainly driven by an increase in our revenue in line with marketing expenses increased as well as cost of business rate increased.

Development of the Company's business; profit and position:

| | 2022 | 2021 | 2020 |
|--------------------|------------|------------|------------|
| Net Sale | 18,878,399 | 16,271,650 | 18,289,014 |
| % Ops.Marg. Profit | 9% | 6% | 5% |
| Net Asset | 14,013,059 | 12,670,331 | 11,800,261 |
| Debt/Equity Ratio | 63% | 59% | 57% |

The 3-points increase in Operating Profit Margin is a result of increase in Marketing expenses and in line with Dolby expectation.

The 4-points increase in Debt/Equity Ratio is in line with the increase of the total liability, mainly driven by the switch in Intercompany position moving from a liability in FY21 to an asset in FY22

Principal risks, uncertainties, and future developments:

During FY22, the company continued to support Sales & Marketing across Europe on behalf of its affiliate, Dolby International AB. The directors consider that the Company's exposure to price risk, credit risk, liquidity risk and cash flow risk are not material for the assessment of the financial position and profit of the Company. Dolby Europe has no external loans or covenants. All operational expenses are settled with the intercompany agreement and cost-plus agreement with Dolby International AB, which has a strong balance sheet position and is expected to repay its debt towards Dolby Europe Limited as it becomes due.

The company is not expecting significant changes around the business model. Following the review of our real estate in 2019, we merged our two UK sites Royal Wootton Bassett and London Soho into the London location to be closer to our partners and customers. The movement was completed in March 2021.

The Company forms part of a group of companies headed by Dolby International AB, which is a EMEA revenue generating unit. The Company's revenue structure is a Cost-Plus monthly invoice addressed to Dolby International AB. The Company has no significant decrease in demand of services to be provided and no significant financing implications due to the Company's position in providing marketing and sales services.

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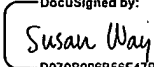
Dolby Europe Limited
Financial Statements for the year ended September 30, 2022

Change in immediate parents' company

No changes compared to last year

By order of the Board of Director

On: 12-May-2023

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Susan Way

Director

4-6 Soho Square

London

W1D 3P2

Dolby Europe Limited
Financial Statements for the year ended September 30, 2022

B. Directors' Report

The directors present their report & the audited financial statements for the year ended September 30, 2022.

Dividends:

The directors recommend that 0 dividend is paid in respect of the current financial year 2022 (Prior year was GBP: 0).

Political and charitable contributions:

The company made 0 charitable donation and 0 political contribution during the year 2022 (Prior year was GBP: 0).

Environmental Impact:

As part of our wider responsibility to the environment the Company actively monitors its energy usage and continually looks to ensure its use of energy is as efficient as possible. During the year the Company has continued to proactively manage its energy usage. Its energy usage in the year was 889,675 kWh, which is equivalent to 207,419 KG of carbon dioxide. These emissions and energy consumption have been measured in accordance with industry practice.

Directors:

The directors who held office during the year were as follows:

Grace Chu

Daniel Rodriguez

Wil Vlasveld (Resigned on 15/03/2023)

Susan Way (Appointed on 14/03/2023)

Post balance-sheet events:

There are no post balance-sheet events the Director are aware of.

Dolby Europe Limited

Financial Statements for the year ended September 30, 2022

Disclosure of information to auditor:

- As far as the directors are aware, there is no relevant audit information of which the company's auditor are unaware; and
- The directors have taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Other information:

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 3.

Independent auditor:

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Section 172 statement:

The Directors of the Company are required to promote the success of the Company for the benefit of the Members / Shareholders as a whole. Section 172(1) of the Companies Act 2006) expands this duty and requires the Directors to consider a broader range of interested parties when considering the promotion of the Company.

This wider group of stakeholders will include employees, customers, regulators and others, and the Board will look to understand and consider the needs of each stakeholder, although recognizing that different stakeholders may have conflicting priorities and not all decisions made will be to the benefit of all stakeholder groups. When making decisions the Board should consider the following:

- the likely consequences of any decisions in the long-term.
- the interests of the Company's employees (if applicable).
- the need to foster the Company's business relationships with suppliers, customers, and others.
- the impact of the Company's operations on the community and environment.
- the desirability of the Company maintaining a reputation for high standards of business conduct, and the need to act fairly as between members of the Company.

At every Board meeting the Directors review the performance of the Company against its strategy. The compliance with existing legal and regulatory requirements are reviewed, together with any new regulations that are to be introduced or are being proposed. Any new regulations are discussed and their potential impact on the Company and its stakeholders assessed. The Board recognizes the importance of and is committed to understanding the views of Shareholders and maintaining communication with its Shareholders in the most appropriate manner.

The Directors believe that they have effectively implemented their duties under section 172 of the Companies Act 2006. The Company has considered the long-term strategy of the business and consider that this strategy will continue to deliver long term success to the business and its stakeholders.

Dolby Europe Limited
Financial Statements for the year ended September 30, 2022

Statement of Directors' responsibilities:

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently.
- make judgements and estimates that are reasonable and prudent.
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations or have a realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

By order of the Board of Director

On: 12- May -2023

DocuSigned by:



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Susan Way

Director

4-6 Soho Square

London

W1D 3P2

C. Independent Auditor's report to the members of Dolby Europe Limited

Opinion:

We have audited the financial statements of Dolby Europe Limited ("the company") for the year September 30, 2022 which comprise the Profit & Loss account; Balance Sheet; Statement of changes in Equity and related notes, included the accounting policies in General Notes.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at September 30, 2022 and of its profit for the year ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland, and
- have been prepared in accordance with the requirements of the Company Act 2006.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going Concern:

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analyzed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.
- we have not identified and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue is based on costs incurred by the Company and is charged only to other group undertakings, Dolby International AB and Dolby Laboratories International Services, on a cost-plus basis therefore there is limited incentive or opportunity for fraudulently adjusting revenue recognition.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included unusual or unexpected posting to/from cash and unusual postings with revenue accounts.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards) and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies' legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequence of non-compliance alone would have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic Report & Directors' Report:

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report.
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception:

Under the Company Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, OR
- the financial statements are not in agreement with the accounting records and returns, OR
- certain disclosure of directors' remuneration specified by law are not made, OR
- we have not received all the information and explanation we require for our audit.

We have nothing to report in these respects.

Directors Responsibilities:

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities:

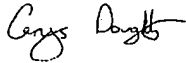
Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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The purpose of our work and to whom we owe our responsibilities:

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Cerys Doughty,

For & on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

2 Forbury Place

33 Forbury Road

Reading

RG1 3AD

15 May, 2023

Dolby Europe Limited
Financial Statements for the year ended September 30, 2022

D. Profit and Loss account for the year ended September 30, 2022

| Description | Notes | 2022 GBP | 2021 GBP |
|--|-------|-------------------|-------------------|
| Turnover | | 18,878,399 | 16,271,650 |
| Gross Profit | | 18,878,399 | 16,271,650 |
| Administrative expenses | | (4,734,619) | (3,409,829) |
| Marketing expenses | | (12,380,889) | (11,934,477) |
| Operating profit | | 1,762,891 | 927,344 |
| Interest receivable and similar incomes | (3) | 0 | 69,650 |
| Interest payable and similar expenses | (4) | (155,872) | 0 |
| Profit before taxation | | 1,607,019 | 996,994 |
| Tax on profit | (5) | (264,292) | (126,924) |
| Income for the financial year | | 1,342,727 | 870,070 |
| Other Comprehensive Income | | 0 | 0 |
| Total Comprehensive Income for the financial year | | 1,342,727 | 870,070 |

All results relate to continuing operations

All company notes form part of the financial statements. Notes attached from page 15 to page 26

Dolby Europe Limited
Financial Statements for the year ended September 30, 2022

E. Balance Sheet for the year ended September 30, 2022

| Description | Notes | 2022 GBP | 2021 GBP |
|--|-------|--------------------|--------------------|
| Fixed assets | | | |
| Tangible assets | (6) | 10,158,660 | 9,264,210 |
| | | <u>10,158,660</u> | <u>9,264,210</u> |
| Current assets | | | |
| Debtors | (7) | 2,116,655 | 2,425,948 |
| Amounts owed by group undertakings | (7)† | 3,797,899 | 3,315,148 |
| Cash at bank and in hand | | 6,804,706 | 5,107,476 |
| | | <u>12,719,260</u> | <u>10,848,572</u> |
| Creditors | | | |
| Amounts due within one year | (8) | (2,652,337) | (2,256,738) |
| Amounts owed to group undertakings | (8)† | (3,168,216) | (3,678,931) |
| | | <u>(5,820,553)</u> | <u>(5,935,669)</u> |
| Net current assets | | <u>6,898,707</u> | <u>4,912,903</u> |
| Total assets less current liabilities | | <u>17,057,366</u> | <u>14,177,113</u> |
| Creditors: | | | |
| Amounts due after more than one year | (10) | (650,326) | (550,088) |
| Provision for liabilities | (9) | (2,393,981) | (956,694) |
| | | <u>(3,044,307)</u> | <u>(1,506,782)</u> |
| Net assets | | <u>14,013,059</u> | <u>12,670,331</u> |
| Capital and reserves | | | |
| Called-up share capital | (11) | 1 | 1 |
| Profit and loss account | | <u>14,013,058</u> | <u>12,670,330</u> |
| | | <u>14,013,059</u> | <u>12,670,331</u> |
| Total Equity | | <u>14,013,059</u> | <u>12,670,331</u> |

These financial statements were approved by the board of directors on 12-05-2023 and were signed on its behalf by:

Signed by:
Susan Way
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Susan Way

Director

Company registration number: 06035472

All company notes form part of the financial statements. Notes attached from page 15 to page 26

Dolby Europe Limited
Financial Statements for the year ended September 30, 2022

F. Statement of Changes in Equity for the year ended September 30, 2022

| Description | Called Up Share Capital GBP | Profit & Loss Account GBP | Total Equity GBP |
|--|--------------------------------|------------------------------|---------------------|
| Balance at 01-10-2020 | 1 | 11,800,260 | 11,800,261 |
| Comprehensive Income for the year | | | |
| Profit for the financial year | | 870,070 | 870,070.49 |
| Share based remuneration | | 1,513,032 | 1,513,032 |
| Share Based Payments Recharged | 0 | (1,513,032) | (1,513,032) |
| Total Comprehensive Income for the year | | 870,070 | 870,070 |
| Balance at 30-09-2021 | 1 | 12,670,330 | 12,670,331 |
| Comprehensive Income for the year | | | |
| Profit for the financial year | | 1,342,727 | 1,342,727 |
| Share based remuneration | | 2,001,324 | 2,001,324 |
| Share Based Payments Recharged | | (2,001,324) | (2,001,324) |
| Total Comprehensive Income for the year | | 1,342,727 | 1,342,727 |
| Balance at 30-09-2022 | 1 | 14,013,058 | 14,013,059 |

All company notes form part of the financial statements. Notes attached from page 15 to page 26

Dolby Europe Limited
Financial Statements for the year ended September 30, 2022

G. Notes (forming part of the financial statements)

General Notes:

1. General Information:

Dolby Europe Limited (the "Company") is a company limited by shares and incorporated and domiciled in the United Kingdom at 4-6 Soho Square, London, W1D 3P2 under the Company Registration number 06035472.

The Company performed liaison services for Dolby International AB (DIAB), including carrying out a large number of product & technology demonstration for customers, exhibiting Dolby products in Europe and assisting Dolby Laboratories International Services (DLIS) to build relationships and to define broadcast standards across Europe.

2. Statement of compliance:

The financial statements have been prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest pound.

The Company's parent undertaking, Dolby Laboratories Inc., includes the Company in its consolidated financial statements. These consolidated financial statements of Dolby Laboratories Inc. are available to the public and may be obtained from its registered office at 1275 Market Street, San Francisco, California.

3. Summary of significant accounting policies:

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in the financial statements. In these financial statements, the company is a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- reconciliation of the number of shares outstanding from the beginning to end of the period.
- related parties' disclosures.
- cash flow statement and related note; and
- key management personnel compensation

As the consolidated financial statements of Dolby Laboratories Inc. include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- certain disclosures required by FRS 102.26 Share Based Payments: and
- the disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1

Dolby Europe Limited
Financial Statements for the year ended September 30, 2022

4. Basis of Preparation:

The financial statements have been prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liability measured at fair value.

5. Going Concern:

The directors have undertaken a going concern review for the entity and have prepared the financial statements on a going concern basis which the directors consider to be appropriate for the following reasons.

The Company has reported net assets of GBP 14,085,389 a profit for the year of GBP 1,342,726 and a cash balance of GBP 6,804,706 for the year ended on September 30, 2022. The Company performs liaison services for its ultimate parent company, Dolby International AB (DIAB) as outlined on page 3 of the Strategic Report.

As a result, the ability of the company to continue as a going concern is based on the ability of DIAB (the 'Group') to continue as a going concern and require the company's services. The Company carries out large number of product & technology demonstrations for customers, exhibiting Dolby products at European trade shows, assisting the Group to secure technology wins from companies based in Europe, and building relationships across Europe. The above services, relationships and capabilities are not held elsewhere in the Group or externally to the Group and therefore could not be realistically replaced in the short to medium term.

The business continues to trade at a profit due to its existing contractual arrangements with other group companies. The ability to achieve its forecasts is dependent on the Groups continued use of the services of Dolby Europe Limited. The Group has indicated its intention to support the UK market for at least the period covered by the forecasts, through December 2026.

The overall impact of the Covid-19 pandemic on the Groups existing products and services has been, and is expected to continue to be, relatively minor. The Group has prepared forecasts, which the Directors have reviewed, covering the period to December 2026, which indicate that the Group will continue to meet its liabilities as they fall due even in a severe but plausible downside.

Consequently, the directors are confident that the company will have sufficient funds to continue for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Dolby Europe Limited
Financial Statements for the year ended September 30, 2022

6. Tangible fixed assets and depreciation:

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. The Company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Leasehold improvements: End of lease term
- Plant and equipment: 3-15 years
- Computer equipment: 3-5 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

7. Operating Lease:

Rentals under operating leases are charged to the profit and loss account on a straight-line basis over the life of the lease. Benefits received and receivable as an incentive to sign an operating lease are recognized on a straight-line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

8. Foreign Currencies:

Transactions in foreign currencies are translated to the company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognized in the profit and loss account.

9. Taxation:

Tax on the profit or loss for the year comprises of current and deferred tax. Tax is recognized in the profit and loss account except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case it is recognized directly in equity or other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognized in the financial statements. The following timing differences are not provided for; differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investment subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognized on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Dolby Europe Limited
Financial Statements for the year ended September 30, 2022

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognized only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

10. Turnover:

The company charges Dolby International AB at cost plus. The rate of this being 8% for R&D services provided by the company and 6% for G&A services.

All turnover is generated from activities undertaken in the United Kingdom.

11. Share based payments:

The share option program allows employees to acquire shares of the ultimate parent company Dolby Laboratories Inc. Services received in equity-settled share-based payment transactions are recognized when services are received. The fair value of options granted and those not yet vested is recognized as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognized as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

For corresponding recharges made by Dolby Laboratories Inc. to the company an adjustment to the capital contribution is recognized (decrease in equity) and an intercompany liability is recorded.

12. Post-retirement benefits:

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents contributions payable to the scheme in respect of the accounting period.

13. Provisions:

A provision is recognized in the balance sheet when the Company has a present legal or constructive obligation because of a past event that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognized at the best estimate of the amount required to settle the obligation at the reporting date.

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Explanatory Notes:

1. Expenses and Auditor's remunerations:

| Included in profit/loss are the following | 2022 GBP | 2021 GBP |
|--|---------------|---------------|
| Auditor's remuneration | | |
| Audit of these financial statements | 46,597 | 41,656 |
| Tax compliance Services | 11,150 | 12,206 |
| Other tax advisory services | 13,000 | 17,088 |
| | <u>70,747</u> | <u>70,950</u> |
| Hire of other assets - operating leases | 920,751 | 1,186,041 |
| Depreciation and other amounts written off tangible fixed assets | 1,170,098 | 1,037,706 |

2. Staff numbers and costs:

The average number of persons employed by the company (including directors) during the year, analyzed by category, was as follows:

Number of employees:

| Description | 2022 GBP | 2021 GBP |
|----------------------------------|-------------|-------------|
| Marketing & Business Development | 72 | 70 |
| | <u>72</u> | <u>70</u> |

Aggregate Payroll Costs:

| Description | 2022 GBP | 2021 GBP |
|--------------------------|-------------------|------------------|
| Wages & salaries | 6,968,037 | 7,188,695 |
| Social Security costs | 828,565 | 665,200 |
| Share based remuneration | 2,001,324 | 1,513,032 |
| Other pension costs | 453,385 | 423,518 |
| | <u>10,251,311</u> | <u>9,790,445</u> |

The directors are also directors of other group companies. The directors consider their services to the company insignificant compared with the group and therefore, zero remuneration is reported for the company in respect of these directors

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3. Interests Receivables:

| Description | 2022 GBP | 2021 GBP |
|-----------------------------|-------------|---------------|
| Foreign exchange gain | 0 | 65,930 |
| Other interests receivables | 0 | 3,720 |
| | | <u>69,650</u> |

4. Interests Payables:

| Description | 2022 GBP | 2021 GBP |
|--------------------------|----------------|-------------|
| Foreign exchange loss | 150,538 | 0 |
| Other interests payables | 5,334 | 0 |
| | <u>155,872</u> | |

5. Taxation:

| Analysis of charges in the period | 2022 GBP | 2021 GBP |
|--|----------------|----------------|
| UK Corporation Tax | | |
| Current tax on income for the period | 279,944 | 158,828 |
| Adjustments in respect of prior periods | (271,439) | (155,088) |
| | <u>8,505</u> | <u>3,740</u> |
| Deferred taxes (refer to Note [...]) | | |
| Origination / reversal of timing differences | 5,565 | 488,222 |
| Adjustments in respect of prior periods | 492,163 | (556,662) |
| Effect of change in tax rate | (241,941) | 191,624 |
| Permanent Difference | | |
| | <u>255,787</u> | <u>123,184</u> |
| Tax charges / (credit) on profit | <u>264,292</u> | <u>126,924</u> |

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The charge for taxation is based on the profit for the year and considers taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted, or substantially enacted, by the balance sheet date.

Deferred tax is recognized without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Reconciliation of tax charges:

Tax assessed for the year is lower than the standard rate of corporation tax in the UK for the year ended September 30, 2022 of 19% (2021: 19%).

The difference is explained below:

| | 2022 GBP | 2021 GBP |
|--|-------------|-------------|
| Profit before tax | 1,607,018 | 996,994 |
| Current tax at 19 % (2021: 19%) | 305,334 | 189,429 |
| Effects of: | | |
| Return to provision adjustment in respect of prior years | (271,439) | (155,088) |
| Deferred tax adjustments in respect of prior years | 492,163 | - |
| Other permanent differences | (19,824) | (99,041) |
| Re-measurement of deferred tax-charge in UK tax rate | (241,941) | 191,624 |
| Tax charge for the year | 264,293 | 126,924 |

Factors that may affect future, current and total tax charges

The directors consider that the deferred tax asset is recoverable to the extent that, based on all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of timing differences can be deducted.

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6. Tangible Fixed Assets:

| | | Leasehold improvement GBP | Plant & equipment GBP | Computer equipment GBP | Total GBP |
|---------------------|----------------------|---------------------------------|-----------------------------|------------------------------|--------------|
| <u>COST</u> | | | | | |
| | At beginning of year | 14,560,265 | 7,400,343 | 2,079,261 | 24,039,869 |
| | Additions | 1,932,646 | 98,582 | 33,320 | 2,064,548 |
| | Transfers | 3,890 | - | (3,890) | - |
| | Disposals | - | - | - | - |
| At end of year | | 16,496,801 | 7,498,925 | 2,108,691 | 26,104,417 |
| <u>DEPRECIATION</u> | | | | | |
| | At beginning of year | 7,372,913 | 5,578,847 | 1,823,899 | 14,775,660 |
| | Charge for year | 743,326 | 330,028 | 96,744 | 1,170,098 |
| | Transfers | - | - | - | - |
| | Disposals | - | - | - | - |
| At end of year | | 8,116,239 | 5,908,875 | 1,920,643 | 15,945,757 |
| Net book value | | | | | |
| | At 30 September 2022 | 8,380,562 | 1,590,050 | 188,048 | 10,158,660 |
| | At 30 September 2021 | 7,187,352 | 1,821,496 | 255,362 | 9,264,210 |

7. Debtors:

| | 2022 GBP | 2021 GBP |
|--------------------------------|------------------|------------------|
| Other debtors | 246,143 | 792,576 |
| Deferred tax asset | 209,653 | 465,440 |
| Prepayments and accrued income | 1,154,978 | 855,411 |
| Corporation tax receivable | 505,881 | 312,521 |
| TOTAL | 2,116,655 | 2,425,948 |

All debtors are due within one year

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| | 2022 GBP | 2021 GBP |
|------------------------------------|------------------|------------------|
| Amounts owed by group undertakings | 3,797,899 | 3,315,148 |
| TOTAL | 3,797,899 | 3,315,148 |

| | 2022 GBP | 2021 GBP |
|---------------------------------------|----------------|----------------|
| Deferred Tax asset | | |
| At start of the year | 465,440 | 588,624 |
| (Credit)/ Charges to profit and loss | (255,787) | (123,184) |
| TOTAL | 209,653 | 465,440 |

| Element of deferred taxation | 2022 GBP | 2021 GBP |
|--------------------------------------|----------------|----------------|
| Fixed Asset timing differences | (778,384) | (325,650) |
| Stock Compensation timing difference | 969,611 | 772,093 |
| Other timing difference | 18,426 | 18,997 |
| TOTAL | 209,653 | 465,440 |

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8. Creditors:

| | 2022 GBP | 2021 GBP |
|-----------------|------------------|------------------|
| Trade creditors | 342,499 | 273,490 |
| Corporation tax | - | - |
| Accruals | 2,309,838 | 1,983,248 |
| TOTAL | 2,652,337 | 2,256,738 |

| | 2022 GBP | 2021 GBP |
|------------------------------------|------------------|------------------|
| Amounts owed to group undertakings | 3,168,216 | 3,678,931 |
| TOTAL | 3,168,216 | 3,678,931 |

9. Provisions for liabilities:

| | Dilapidations GBP | Total GBP |
|----------------------------------|----------------------|------------------|
| At beginning of year | 956,694 | 956,694 |
| Added Provision for new building | 1,437,293 | 1,437,293 |
| Unwinding of discount | (6) | (6) |
| At the end of the Year | 2,393,981 | 2,393,981 |

A dilapidation provision has been recognized in the financial statements to cover the costs of work required to be carried out on premises leased by the company, as noted in leases as a requirement to make good. The provision is the best estimate of the amount needed at the end of the leasing period in line with the lease contract and represents management's best estimate as to the cost of restoring leased property to its original condition at the end of the lease.

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10. Creditors (amount falling due after more than one year)

| | 2022 GBP | 2021 GBP |
|---------------------------|----------------|----------------|
| Creditors (deferred rent) | 650,326 | 550,088 |
| TOTAL | 650,326 | 550,088 |

11. Called-up share capital

| | 2022 GBP | 2021 GBP |
|--------------------------------|-------------|-------------|
| Called up share capital unpaid | | |
| 1 ordinary share of GBP 1 each | 1 | 1 |
| TOTAL | 1 | 1 |

12. Pension scheme:

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to GBP 453,385 (2021: GBP 423,518). There were no outstanding contributions at the end of the financial year.

13. Contingent Liabilities:

Dolby Europe Limited has no contingent liabilities as at September 30, 2022.

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14. Commitments:

At September 30, 2022, the company had capital commitments of GBP nil (2021 GBP nil)

Future Minimum Lease Payments under non-cancellable Operating leases are as follows:

| Payments due | 2022 | 2021 |
|---|------------------------|------------------------|
| | Land & Building GBP | Land & Building GBP |
| Not later than one year | 1,100,000 | 687,500 |
| Later than one year and not later than five years | 4,400,000 | 4,400,000 |
| Later than five years | 3,850,000 | 4,950,000 |
| TOTAL | 9,350,000 | 10,037,500 |

The company has a lease over one property in London with annual rental of GBP 1,100,000 (Soho Square) which expires in March 31. Total expenses charged to the Profit and Loss for all leases including storage rent and yearly lease for additional spaces in current year are of GBP 1,109,052

15. Ultimate parent company and parent undertaking of larger group of which the company is a member which the company is a member

The company is a subsidiary undertaking of Dolby International AB and the ultimate parent company is Dolby Laboratories Inc. incorporated in the United States of America.

The largest group in which the results of the company are consolidated is that headed by Dolby Laboratories Inc. incorporated in the United States of America. The consolidated financial statements of Dolby Laboratories Inc. are available to the public from its registered office at 1275 Market Street, San Francisco, California.

16. Post balance-sheet events:

No post balance sheet event is known.