Transcript of
Dolphin Entertainment, Inc.
Third Quarter 2025 Earnings Conference Call
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Participants

James Carbonara - Hayden IR
Bill O'Dowd - Chairman & Chief Executive Officer, Dolphin Entertainment, Inc.
Mirta Negrini - Chief Financial Officer & Chief Operating Officer, Dolphin Entertainment, Inc.

Analysts

Allen Klee - Maxim Group

Presentation

Operator

Good day, everyone. Welcome to the Dolphin Entertainment Third Quarter 2025 Earnings Call. At this time, all participants are in a listen-only mode and the floor will be opened for questions and comments after the presentation.

It is now my pleasure to turn the floor over to your host, James Carbonara, Investor Relations. The floor is yours.

James Carbonara - Hayden IR

Thank you, operator. Good afternoon. Before we begin, I'd like to remind everyone that during the course of this conference call, management may make forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on management's current expectations and beliefs and involve risks and uncertainties that could differ materially from actual events. Please refer to the cautionary text forward-looking statements contained in the earnings release published today as well as the most recent SEC filings and reports.

During the call today, management will also discuss non-GAAP financial measures including adjusted operating income or loss. The company believes that these will provide helpful information for investors. Reconciliations to the most comparable GAAP measures are provided in earnings release.

Now I would like to turn the call over to Bill O'Dowd, Chief Executive Officer of Dolphin. Bill, please go ahead.

Bill O'Dowd - Chairman & Chief Executive Officer, Dolphin Entertainment, Inc.

Thanks, James, and welcome, everyone. As usual, I'll start by reviewing key financial and operating highlights from our third quarter, and then Mirta will provide a more detailed financial overview before we open it up for Q&A.

Well, this is the first quarter where we can have a true year-over-year comparison after the Super Group was finished being assembled with the acquisition of Elle on July 1 of last year. We've long talked about the benefits of cross-selling within the group. How did we do? Answer, Dolphin delivered another record-setting quarter in Q3 with revenue rising 16.7% year-over-year to $14.8 million and operating income turning positive with $300,000, despite almost $600,000 of non-cash amortization expenses related to our historical acquisitions. Furthermore, the first nine months of 2025 have now surpassed the first nine months of 2024 in revenue despite The Blue Angels generating over $3.4 million in revenues in Q1 of 2024. In fact, Q3 2025, this most recent quarter, is the second-highest revenue quarter in Dolphin's history behind only The Blue Angels fueled $15.2 million in Q1 of 2024.

Equally important, as I just mentioned, the quarter's results were entirely organic. The same agencies delivered this outstanding year-over-year revenue and operating income growth that were the same agencies that we had at this time last year. This healthy organic growth is the primary driver behind our continued margin expansion with adjusted operating income of a little more than a million dollars or 6.9% of revenue, which is up from 4.5% in just Q2. This performance reflects both the consistency and strength of our core subsidiaries and the growing scalability of our cross-selling operating model.

Another point worth highlighting is how clean our financial statements have become. In Q3, the last of our warrants expired. Earlier this year, we recorded the last of our contingent consideration from our acquisitions. And thus, below the line, we're down to just one fair valued convertible note and our interest expense. I remember investors telling me that our P&L was too complicated. In addition to simplifying our P&L with only two-line items below the line, the elimination of warrants, puts, contingent consideration and virtually all fair valued convertible notes removes the constant fluctuation up or down in our net income or loss from what would be expected based on our operating results. We knew this day would come, and here we are. In short, with our below-the-line expenses being reduced to effectively just our interest expense, we now show clearly the operational performance of the business. And it was obviously a fantastic quarter. That operational performance continues to be driven by the collective power of our agencies.

Every Dolphin subsidiary brings something unique to the table, but together, they create something far greater than the sum of their parts. This unified strength across entertainment, lifestyle, influencer, sports and digital and our ability to cross-sell these services and our reach across pop culture continues to be the engine of our growth. We also continue to advance our ventures and productions portfolio with a particular focus on not expanding our cost base. In Q3, our anticipated feature film,

Youngblood, premiered at the Toronto International Film Festival to overflowing screening rooms, followed by a historic collaboration with the Los Angeles Kings in what we believe is the first major promotional partnership between the NHL and a feature film in over two decades. We're actively negotiating sales opportunities for Youngblood now and hope to be able to announce our selected distribution partner before the end of the calendar year, if not in just a few short weeks.

Stepping back, our third quarter results represent another key milestone in Dolphin's long-term trajectory. Revenue is at record levels, margins are expanding and our balance sheet is stronger than ever. As a long-time believer in Dolphin's vision, I've continued to invest personally, having purchased a little over 2% of our outstanding shares since just April. Furthermore, I have entered into a new 10b5-1 plan that extends my buying program through December of 2026. I continue to believe our stock price undervalues the company's proven performance, strategic positioning and the significant growth still ahead.

Thank you for your time and attention today, and with that, I'll turn it over to Mirta for a deeper dive into the financials.

Mirta Negrini - Chief Financial Officer & Chief Operating Officer, Dolphin Entertainment, Inc.

Thank you, Bill, and good afternoon. Total revenue for the quarter ended September 30, 2025, was $14.8 million, an increase of 16.7% from $12.7 million in the same period last year. Operating income was $308,296 for the quarter ended September 30, 2025, compared to an operating loss of $8.2 million for the quarter ended September 30, 2024. Adjusted operating income was approximately $1 million for the quarter ended September 30, 2025, as compared to an adjusted operating income of $492,620 for the same period in 2024. Operating expenses for Q3 of 2025 were $14.5 million, including depreciation and amortization of $589,388 and non-cash expenses of $127,365. This compares to operating expenses of $20.8 million in Q3 of 2024, including depreciation and amortization of $636,782 and non-recurring or non-cash expenses of $8 million.

Net loss for Q3 2025 was $365,494, including depreciation and amortization of $589,388 and non-cash expenses of $177,365. This compares to a net loss of $8.7 million for Q3 of 2024, including depreciation and amortization of $636,782 and non-recurring or non-cash expenses of $8 million. Diluted loss per share for both basic and fully diluted shares in Q3 of 2025 was $0.03 per share based on 11,770,195 weighted average shares compared to net loss per basic and fully diluted shares in Q3 of 2024 of $0.80 per share based on 10,930,286 weighted average shares.

With that, I'll now turn it back to the operator to open the floor for questions. Operator, please poll for questions?

Operator

Certainly. The floor is now opened for questions. [Operator Instructions] Your first question is coming from Allen Klee with Maxim Group. Please post your question. Your line is live.

Q: Yes. Hi. This is the best quarter I've seen since covering your stock, considering everything, so congratulations. Starting with the organic growth of 16.7%, how do you think about organic growth kind of -- what were the key drivers of that and how do you think about that maybe going forward?

Bill O'Dowd - Chairman & Chief Executive Officer, Dolphin Entertainment, Inc.

Sure. Thank you for the kind words to start, Allen. I would agree with you. I know Q1 last year was phenomenal because of Blue Angels but this quarter would be the strongest in history, except for that one-time event by a large margin, and it feels good as we just built on top of Q2. Q2 was the biggest revenue quarter, I think, in history, if you exclude The Blue Angels. So we feel the momentum, and it is organic. As I was mentioning in my prepared remarks, it's the first time since we've had the Super Group finish that you could just compare apples-to-apples, it's the same companies we had a year ago and the companies we have now without any one-time events, no movie released in the quarter or no jolt of revenue or expense one way or the other. You're just comparing side by side and 16.7% revenue growth. Obviously, you can see what happened in the operating income. Our adjusted operating income, what we measure ourselves by, going over $1 million for the quarter. That's simply our operating profit and adding back the amortization costs gets you to over $900,000 of that. So we feel very strong, and it's all growth at these companies and a big driver of that is the cross-selling that they're doing, they're working with each other. So we just feel we have great momentum. And across seven companies, some are going to be doing better than others in any given quarter, but most of them are firing well and are going to continue that here into Q4 and so it's just a really good feeling. This is the better mousetrap we hoped to build when we uplisted to NASDAQ -- building the super group of entertainment marketing companies and using their growth as a base and that they should be able to cross-sell with each other. We should get more clients. We should get different types of clients. We should add share of wallet from the clients we already do have. All of that is happening. And then from that base, be able to go into ventures like Youngblood and have that optionality of a Blue Angels or a Youngblood is only going to fuel this. Imagine if the Blue Angels came out in this quarter, right. We would have had revenue over $18 million. So yes, it feels great and the growth is for all the right reasons that you want to see growth, right. It was brick by brick across all the companies, not a one-off.

Q: That's great. For 42West, well, overall, I think fourth quarter is a seasonally strong quarter, and you have a bunch of festivals that you participate in the fall. Could you comment on -- and I know like your clients win, you could get paid more, so how does it look for the events that you're involved in?

Bill O'Dowd - Chairman & Chief Executive Officer, Dolphin Entertainment, Inc.

Yeah, we have a good lineup of films this year. It's still a little too early to know how long or how well they could perform through festival season or through award season. What I will say, though, is that 42West is one of the companies doing very well for us. They had a fantastic end of summer into the fall season. September was a very strong month, October was equally strong, if not stronger for them, and it's just carrying into Q4, which is, as you said, a very strong quarter typically for 42West in particular. And we feel bullish about Q4 this year based upon 42West being our biggest subsidiary and them having a very strong start to the quarter. So the momentum we had in Q3 will carry into Q4 for sure.

Q: That's great. And with The Door, you highlighted Jesse Gerstein rejoining and the DSRPT agency. Could you comment a little on kind of what both those things represent?

Bill O'Dowd - Chairman & Chief Executive Officer, Dolphin Entertainment, Inc.

Yes. The Door -- our PR firms are doing well and The Door is one of them. Thank you for that. Yes, The Door is growing anyway as well. But one of the strategies they're employing are acqui-hires, making strategic hires of more senior publicists that already have a handful of clients that are with them. Jesse is one of them. He came back to The Door where he had been working up until a few years ago. And so he's a known commodity, somebody that the team loves and he brings a book of business with restaurants. And as we rebuild that practice, The Door is really diversified since COVID. You may remember that was the one of our agencies that took the hardest hit in COVID by far. I think anyone that represented restaurants in New York and L.A., with COVID is going to be pretty affected and they just built back a beautiful business, Lois and Charlie and the whole team of The Door. So Adriene Jefferson joining in January with DSRPTis -- it was a key milestone for that agency as well and Jesse joining this summer. The Door's revenue is significantly up year-over-year and just getting stronger. And what a great diversity of clients inside that company, I mean that's the company that can represent everything from Jean-Georges and his restaurant empire to Adidas and to Häagen-Dazs and PayPal. I mean they just had some signature clients throughout the year. And so it's a special agency within our group for sure.

Q: Great. With Shore Fire Media, I don't know if I've ever asked this, but does it also kind of -- you have some powerful clients that are doing well. How does that help you and then how do you just think about how they're performing?

Bill O'Dowd - Chairman & Chief Executive Officer, Dolphin Entertainment, Inc.

Well, it's a good example. You made me think we say powerful clients. It's hard not to -- on one hand, Shore Fire has got hundreds of clients, and they're very proud of their breadth and depth. And then it's hard not to think of Mr. Springsteen when you say powerful clients, right. So there is a good example of cross-selling and working together, right. The film, Springsteen: Road to Nowhere was obviously worked on by

both Shore Fire and 42West. And just those types of collaborations are occurring on far less high-profile projects with great frequency between our companies. Shore Fire's breadth, though, as you said, is just very strong. I mean we put out the Grammys press release today, 35 nominations across our companies, 30 from Shore Fire alone and how many different categories, my goodness. They're just such a leader in that. And you read the press release and you're like, man, they've got clients that do everything. I learned a fun fact from the Shore Fire team that Tobias Jesso is up for Songwriter of the Year and works with big-name artists like Justin Bieber. He he's six-foot-seven. So I said, he could play small forward on our company team. But the growth of Shore Fire, we've talked about it a lot over the years, and there's a company that has really grown in size since they joined Dolphin in December of 2019 and just has such a beautiful management team, layers deep, by the way. I think Marilyn Laverty would be the first to tell you that as the Founder and CEO. And again, 42West, Shore Fire, The Door have just had such a strong year, each of them, and it really drives us when our PR firms are doing well. And it's great to see them recognized.

I mean March was awesome with the #1 agency in the country by the Observer, and that's not in entertainment, that's in any field. That really validated what this group of PR firms can do. It seems like every other week, we're being recognized, it's quite a humbling and rewarding fall for us. And those awards mean something within the industry and to have a couple more, three, four more this fall is really a tribute to what I think the professionals in the industry recognize, which is that these firms individually are best-in-class in the industries they serve, whether it be movies and TV for 42West or music and Shore Fire and hospitality and lifestyle in The Door and impact with Elle. But collectively, they're unique in the industry. There just isn't another group like this across all of pop culture. And it's nice to get the awards, and I'm sure for Wall Street, it's nice to see these numbers.

Q: Thank you. And just to make sure I heard right, you were hoping for Youngblood to be able to announce something before the end of this year.

Bill O'Dowd - Chairman & Chief Executive Officer, Dolphin Entertainment, Inc.

Yeah, and I'm being conservative with that. I was with Emerson Davis earlier today. She runs our studio development and production for Dolphin and has been with me for almost 20 years, if you can believe it, Allen. And a new mother, how about a shout out to her 4-month-old daughter, Carter, who Emerson brought to Toronto for the film festival where we premiered Youngblood. I give Carter all the credit. I don't think she was more than 2 months old, and she didn't cry once, so I don't know how that's possible. But if you met Emerson, you would think it might be possible because Emerson is so cool, calm and collected. But we had great screenings at Toronto. You can get caught up in festival fever where people go crazy for films that it's an overreaction and so we tried to mute our response because we didn't want to get ahead of our skis, as they say. But we had overflowing screening rooms. I hadn't personally seen that at a buyer screening. And we had good reception coming out of Toronto. We announced our partnership with the LA Kings and the NHL. After that,

we shot additional footage, which was so cool at an LA Kings game. Not to give anything away, but people will read between the lines and if Youngblood made the NHL and perhaps which team he might be playing for at the end of the movie, but that was really cool. And the reception to that is that's just not something that happens with independent films. Studios may be able to typically strike a partnership with the league, but it just doesn't happen with indies. And as we put in our -- for independent films and as we put in our press release, I mean, we're unaware of any other example for over two decades. So we're very proud of that. And the film is now completed as of last Friday with the additional footage in. And the reception has been very rewarding. So I do believe we'll say by the end of the year, I think it will happen much sooner and be able to announce a distributor for Youngblood relatively shortly and with the release date. So that's exciting for us and we'll knock on wood for success with Youngblood for sure.

Q: That's great. And then just kind of thinking about how you're thinking strategically, you're doing great, but it's a balance between dropping results to the bottom line and investing also at the same time for growth. So I was wondering kind of how you're thinking about that of investing while you're also growing. And also, in the fourth quarter, just the government shutdown and some impacts on travel, should we think that, that might impact any of your businesses?

Bill O'Dowd - Chairman & Chief Executive Officer, Dolphin Entertainment, Inc.

We've been very fortunate on that second question, Allen, and hearts go out to everyone that is affected. We have not been. So we won't hide behind and we don't need to hide behind any macro-uncertainty -- our results are so strong. We've been unaffected and we're relatively unaffected by tariffs. So a little bit of impact in the first half of the year with our board game clients and others that get a lot of their things from China, but we've been blessed that way and knock on wood, it stays that way. In terms of the first one, yes, it's always the classic balancing act, right, of investing in an affiliate program, for example, at TDD and setting yourself up for hopeful success in 2026, while managing to the growth we've already experienced. Last year was a milestone for us because we achieved adjusted operating income for the first time in the calendar year last year, and we're proud of that.

Now Blue Angels is certainly a part of our business, so we're not apologizing for having Blue Angels at all, but if we didn't have Blue Angels in 2024, we would have just almost made adjusted operating income, we would have been just short. And when I got on the K call about it, which was already tremendous growth from the year before, I said I really did believe that 2025 would be our first full year of adjusted operating income without any ventures or films involved. And while you can see the results, I'm highly confident that through Q3, it would take an absolute collapse in the month of December for that not to be true. So we judge ourselves by that metric. It's a proxy for cash from operations, we like how are we doing and we feel very good about it. And so we think we've struck the right balance this year. We're going to be rewarded in maybe even some here in Q4, but certainly by Q1 with some

of those investments that we've made, and yet we still grew along the way. And so once those investments come in, then all bets are off.

And then, of course, you may remember, and for those who are looking at our company and our stock, we have some real cash catalysts for the next three years that will fall into this cash flow for us. One year from now, we're out of our New York leases. When you buy companies, you buy their leases, right, so we've got three companies with offices in New York still. We only need one lease. So we'll save some money there a year from now. Next year, this time, two years from now, we're out of our LA leases and that's the most expensive lease; excited about that and the cost savings that will come from that. Again, we just don't need that much space in a post-COVID world. And then third, we're less than three years out, it will come on before we know it. Our only commercial bank loan will be paid off, principal and interest on September 29, 2028. That will free up well north of $2 million of cash a year just on that. That plus the leases should free up north of $3 million for sure, a year. Again, if we don't grow at all, that's an extra $750,000of cash a quarter, obviously. So as we achieved adjusted operating income this quarter of $1 million, that would just add to that. So it's the biggest reason why we think we're so undervalued today. And I just started a 10b5 plan to buy stock and send a signal to the market. I'm buying every week because I believe in this company and the results that we're posting, not the ones we will post in the future. And so I bought 2% of all outstanding shares since April, and I'm still buying. So I think that sends a pretty strong signal. I hope it would.

Q: No, I would agree. In my entire career, you're the only company I've ever known that the CEO has entered one of these plans or buying the stock. I've had plenty for selling. But no, it's quite -- is the term of it like a certain amount like each time or is it -- I don't know if we need to know?

Bill O'Dowd - Chairman & Chief Executive Officer, Dolphin Entertainment, Inc.

Yes. I had to learn too, Allen. So we set it up to be $5,000 a week, and I've extended it -- or sorry, it's technically entering a new one all the way through December of next year. So $5,000 a week may sound like one thing but when you say, well, that's $260,000 a year, hopefully, that's making a statement. And from April of 2025 through at least December of 2026, so I never thought of it this way before, but quick math tells me that's over $400,000 just making a statement. And we're feeling very bullish about what we've done already and then what we're going to do with this continued growth, so very exciting for us.

Q: This is great. Okay. That's it from my questions. Congratulations. Nice results. Good talking to you.

Bill O'Dowd - Chairman & Chief Executive Officer, Dolphin Entertainment, Inc.

Thank you, Allen, very much.

Operator

There are no additional questions in queue at this time. I would now like to turn the floor back over to Bill O'Dowd for his closing remarks.

Bill O'Dowd - Chairman & Chief Executive Officer, Dolphin Entertainment, Inc.

Well, thank you, and thank you, those who are on the call and on the webcast and those who will listen in the future. I think our excitement is well heard at this point about the company and the commitment we've made – and myself personally with that 10b5-1 plan. And then we just decided to let the numbers do the talking. They speak for themselves. And I'm very proud, I'm very thankful, I'm very grateful to the leadership at each of the companies. They're the ones who are receiving these awards and they're the ones that are collectively working together to post these numbers. And if any one company is going through a tough time or a particularly challenging quarter and no one is in a dramatic situation, but just if they're off, we have other team members that pick them up and over-perform and you balance across seven companies. And it's diversified revenue. It's diversified client base. It's highly -- or I should say, very much what you want. And we're very proud of 16.7% year-over-year with the same agencies and the adjusted operating income that is doing what it's doing. So we see a very clear trajectory. We know what's going to happen in the year and in two years and in three years, and we're very excited to be here. So it's always great to have a good Q3. We live with these numbers for the next four and half months and be very proud to introduce them to anybody new to our company during that time period, but we also expect a strong Q4. Hopefully, we can judge me on that statement at the end of March and look forward to talking to everybody then. So thank you very much for your time today.

Operator

Thank you, everyone. This does conclude today's conference call. You may disconnect your phone lines at this time and have a wonderful day. Thank you for your participation.