

Transcript of  
Dolphin Entertainment, Inc.  
Dolphin Entertainment Second Quarter 2023 Earnings Call  
August 14, 2023

**Participants**

James Carbonara - Hayden IR  
Bill O'Dowd - Chairman & CEO, Dolphin Entertainment, Inc.  
Mirta Negrini - CFO & COO, Dolphin Entertainment, Inc.

**Analysts**

Allen Klee - Maxim Group

**Presentation**

**Operator**

Greetings, and welcome to Dolphin Entertainment's Second Quarter 2023 Earnings Call. At this time, all participants are in a listen-only mode. A question-and-answer session will follow the formal presentation. [Operator Instructions]. Please note that this conference is being recorded.

I will now turn the conference over to your host, James Carbonara, Investor Relations. You may begin.

**James Carbonara - Hayden IR**

Thank you, operator, and once again, welcome to Dolphin Entertainment's Second Quarter 2023 earnings call. With me on the call are Bill O'Dowd, Chief Executive Officer; and Mirta Negrini, Chief Financial Officer.

I'd like to begin the call by reading the Safe Harbor statement. This statement is made pursuant to the safe harbor statement for forward-looking statements described in the Private Securities Litigation Reform Act of 1995. All statements made on this call with the exception of historical facts, may be considered forward-looking statements within Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934.

Although the company believes that expectations and assumptions reflected in these forward-looking statements are reasonable, it makes no assurances that such expectations will prove to have been correct. Actual results may differ materially from those expressed or implied in the forward-looking statements due to various risks and uncertainties.

For a discussion of such risks and uncertainties, which could cause actual results to differ from those expressed or implied in the forward-looking statements, please see risk factors detailed in the company's annual report on Form 10-K contained in subsequent filed reports on Form 10-Q

as well as in other reports that the company files from time to time with the Securities and Exchange Commission. Any forward-looking statements included in this earnings call are made only as of the date of this call. We do not undertake any obligation to update or supplement any forward-looking statement to reflect subsequent knowledge, events or circumstances.

Now I'd like to turn the call over to Bill O'Dowd, Chief Executive Officer of Dolphin Entertainment. Bill, please proceed.

**Bill O'Dowd - Chairman & CEO, Dolphin Entertainment, Inc.**

Thanks, James, and hi, everyone, and good afternoon, and thank you for joining us today. As always, we'll start with a review of some financial and operating highlights, followed by a full financial review and then open it up for Q&A.

So from a financial highlights perspective, revenue hit an all-time high for Q2 of \$11 million. This result marks our second highest quarterly revenue performance in the company's history in any quarter, coming incredibly close to our record best \$11.1 million in Q4 of last year, without the benefit of the holiday seasonality that strengthens our business every year. So we're very, very proud of the revenue results this quarter.

On the operating line also, when you back out noncash charges, we improved our -- we improved over Q1, excuse me, by \$1.3 million to an operating loss less noncash charges of less than \$400,000. This momentum of greater than \$1.3 million improvement in operating results quarter-over-quarter sets us up nicely as we enter into the historically stronger second half of the year.

Furthermore, we are very pleased with the strength of our balance sheet. We have over \$7 million of unrestricted cash on hand and we have paid out the last of our acquisition earn-outs, thereby removing the final contingent consideration liabilities that have been on our books since we made our first acquisition in 2017. That's another significant milestone for us here six years later. All earnouts have been paid and no more contingent consideration on our balance sheet.

With respect to the noncash charges, in addition to the normal depreciation and amortization we take every quarter, primarily as we amortize over several years the intangible assets we receive via our acquisitions, we also took a onetime \$6.5 million noncash impairment against our goodwill this quarter in recognition of our stock price dropping during the fourth quarter of last year and the lack of market recovery in our stock price during the first half of this year.

This one-time noncash impairment allows us to reset and realign our market capitalization with our book value prior to moving into our strongest quarters of the year. And before we announced the exciting catalysts we expect to share in the coming weeks. Again, it's worth repeating, this entire expense is both one-time and noncash and we're happy to have taken it now.

Looking ahead, we expect a strong second half to the year, delivering strong double-digit annual revenue growth. We also expect to report positive operating income in the back half of the year and going forward, once noncash items are excluded, as the strong improvement in operating

results of more than \$1.3 million from Q1 to Q2 would indicate. Again, we expect to report positive operating income in the back half of the year and going forward once noncash items are excluded.

We believe that our second half of the year will also benefit from the fact that none of Q2's Dolphin Films' sale of feature documentary the Blue Angels to Amazon Studios via our multi-year co-production partnership with IMAX, none was actually recognized in Q2, but is expected to start being recognized in the second half of this year. Revenue from that transaction between the second half of this year and the first half of next year is expected to bring Dolphin over \$3.5 million, which represents a better than 75% return on investment and this result does not include any of Dolphin's share of revenues from ticket sales in IMAX theaters.

Moreover, virtually all of our subsidiaries and especially our influencer marketing agencies, Be Social and Socialyte, traditionally thrive in the latter part of the year due to seasonality. Thus, with the strong operating momentum created from Q1 to Q2, along with a strong cash position and the removal of all contingent considerations from our balance sheet and with the one-time noncash goodwill impairment behind us, we feel we are best positioned for a very strong second half of the year which is a great segue into our operational updates.

At the prestigious 2023 Cannes Film Festival, the world premiere of Martin Scorsese's "Killers of the Flower Moon" was skillfully publicized by 42West, special shout out to Scott Feinstein. Our film and television PR powerhouse firm also showcased multiple clients at the Tribeca Film Festival and proudly represented an unprecedented 13 clients at the renowned San Diego Comic-Con and that does not include James Carbonara, who went incognito as Rocket Raccoon from Guardians of the Galaxy. Moreover, the exceptional talents represented by 42West received an impressive total of four nominations at the 76th Tony Awards. We'll have more to announce about 42West on the tremendous Emmy nominations they received once we all get through the next couple of months.

Turning to our award-winning consumer lifestyle and hospitality marketing communications agency, The Door warmly welcomed a host of new clients into their fold, including for those from New York, Carbone Fine Food, City Pickle, which I'm very excited about, and the esteemed Emeril Lagasse, along with his son, the skilled chef patron, EJ Lagasse. Demonstrating their prowess, The Door secured two exciting projects with world renowned culinary virtuoso, Jean-Georges. These ventures encompass the Tin Building by Jean-Georges and a forthcoming restaurant at the prestigious 425 Park Avenue in Manhattan, augmenting The Door's illustrious portfolio of culinary clients and destinations.

Shifting gears to Dolphin's industry-leading music PR firm, Shore Fire had its hands full promoting sold-out tours by Bruce Springsteen and Odessa, a #1 dance hit by Kylie Minogue and groundbreaking initiatives by music business leaders such as ASCAP, Wasserman Music and Rhino Records. And a crowning achievement for Shore Fire's clientele, Rhiannon Giddens who won the well-deserved Pulitzer Prize in Music for her collaborative opera, Omar, co-authored with the accomplished Michael Abels, known for his work on feature films Get Out and Nope.

And then for Dolphin's respected creative agency and video production boutique, Viewpoint's work in Q2 and year-to-date includes productions for Fenway Park, Big Red's hot sauce and PayPal.

Rounding out the super group, talent from our creator agencies, Be Social and Socialyte were recently asked to join campaigns for leading brands, including Maybelline, Steve Madden, Fabletics, Kay Jewelers, SKIMS among dozens of others in Q2. Also another special shout out since both agencies were named top talent managers for creators by Business Insider.

And I'd say that's just the tip of the iceberg for two reasons: one, because the second half of the year is seasonally stronger for influencer marketing ; and second, because we've only had these two companies under the Dolphin umbrella for a short period of time, and we have big plans.

And whereas we usually touch on brief highlights of what our up -- what our operating companies, excuse me, did in the quarter, I'd really like to spend a little bit more time on Be Social and Socialyte. My goal is to try and paint a fuller picture of where we are and the massive opportunity ahead of us in the influencer marketing space both immediately in the second half of this year and beyond.

As mentioned on previous earnings calls, we will be merging Be Social and Socialyte in the near future, and this will be a big deal in the influencer marketing industry. We believe the combined entity will be the entertainment industry's leading influencer marketing firm, along with our best-in-class PR firms, 42West, Shore Fire and The Door. Together, the two agencies now have 50 employees and represent over 200 leading creator talent with millions and millions of collective followers on social media.

Part of the reason that is so important is because the influencer marketing industry has experienced strong double-digit CAGR over the past five years, increasing from global brand spend of less than \$2 billion in 2016 to estimates of more than \$14 billion in 2022 according to Grand View Research. That's more than 7x in six years and it's not slowing down.

With the combination of Socialyte and Be Social, we now expect that influencer marketing will represent 25% or more of our revenues in 2023 and because influencer marketing is absolutely one of the fastest-growing segments in all of marketing, if not the fastest-growing segment in all of marketing, we expect that percentage of our overall revenue to grow in the coming years. Thus, we believe that influencer marketing is our biggest core business growth engine, not factoring in what Dolphin Ventures can bring us.

Our influencer marketing agencies receive a commission, typically 20% on whatever our talent makes. And then if we run a campaign for a brand, we get 20% of whatever the budget is. So both our talent management and our brand services divisions have pretty healthy margins. And we will expand our roster and our services to match the market.

We are already at the vanguard of the biggest section of influencer marketing, female-led, Instagram-focused beauty, fashion and wellness categories. It feels to us that there is a very large opportunity to build the dominant bicoastal influencer marketing agency across all entertainment

verticals. We already have that in public relations with our best-in-class PR firms. We want to be the first to have that in influencer marketing too. We want to include athletes, NIL marketing for college athletes, for example, is only two years old and it will continue to grow.

We also believe in the strong potential of culinary influencers and teen influencers to name two more categories, both of which are entire segments unto themselves. Into this growing market, we are very excited that for the very first time, we'll be selling the services of these two companies in combination going into the heavy selling season of September and the fourth quarter, which obviously includes holidays.

Now in this third quarter, we are ready to more formally combine our two great agencies, both their rosters and their services. Be on the lookout for big announcements in this area in the next few weeks and well before we speak again in November.

All right. That was mouthful. But I wanted to share all of that so that you could understand the long-term opportunity as well as why we are so excited about the second half of this year because we get to hit the ground running with these two companies in the September market.

Now I'll turn to providing updates on some of our projects that we have at Dolphin Ventures where Dolphin and its shareholders have equity and participate in the upside that our best-in-class marketing companies regularly enable for our clients. And maybe I'll be a little bit briefer given the long-form comments on influencer marketing a second ago.

Starting with Midnight Theatre. As a reminder, Dolphin manages all aspects of publicity and marketing for Midnight Theatre and its restaurant Hidden Leaf while also facilitating talent and commercial relationships within the entertainment and culinary industries. Dolphin also holds a meaningful ownership stake in the venture. We continue to ramp-up the programming at Midnight Theatre throughout the summer, aiming to have a full seven-day a week schedule by the end of September. To that end, we expect to have exciting programming partnerships to announce shortly in this quarter as well.

Turning to our partnership with IMAX. We had the announcement that Amazon Studios obtained the worldwide rights to the Blue Angels. It's a noteworthy highlight of Q2 that we discussed during our previous earnings call, and I'll briefly touch on here. This accomplishment stems from Dolphin Ventures' multiyear collaboration with IMAX jointly funding and producing a series of feature length documentaries for the worldwide audience.

The inaugural project, the Blue Angels is the creation of J.J. Abrams' Bad Robot Productions along with partners, obviously, Dolphin Entertainment and IMAX, commenced filming last summer and has now wrapped production. We are in the final stages of editing, and we anticipate to release in IMAX theaters during the first quarter of next year.

As far as Dolphin's return, we project revenue generation of approximately \$3.5 million through the acquisition agreement, yielding an approximate 75% ROI. As mentioned earlier, this projection does not include any revenue from ticket sales at IMAX institutional theaters, further enhancing the potential returns, nor was any of the revenue recognized in our record Q2. We are

excited to start realizing revenue in the coming quarters. We expect to have a lot more to talk about on Dolphin Ventures as a whole on our Q3 earnings call.

And so in summary, we feel we are well positioned to have a strong second half of the year which has historically been the case due to the seasonality of our businesses. To have our second highest revenue quarter ever in Q2 when Q3 and Q4 are typically our biggest quarters, underpins our enthusiasm for what's to come.

Thank you for joining us on this journey. And to that end, I'll now turn it over to Mirta.

**Mirta Negrini - CFO & COO, Dolphin Entertainment, Inc.**

Thank you, Bill, and good afternoon, everyone. I will now discuss results for the quarter ended June 30, 2023. Total revenue for the second quarter ended June 30, 2023, increased 11% to \$11 million compared to the first quarter ended March 31, 2023. Overall, operating expenses for the three months ended June 30, 2023 were approximately \$18.5 million compared to approximately \$12.5 million for the three months ended March 31, 2023.

As Bill mentioned, included in that \$18.5 million is a \$6.5 million noncash nonrecurring impairment of goodwill. During the second quarter, we performed a quantitative assessment driven by triggering events related to declines in our market capitalization, combined with the lack of positive response from the market to positive information related to future projects that resulted in the impairment of goodwill.

Operating expenses are composed of direct costs, payroll and benefits, selling, general and administrative expenses, changes in the fair value of contingent consideration, depreciation and amortization, impairment of goodwill and legal and professional fees. Direct costs for the quarter ended June 30, 2023, were \$217,000 compared to \$219,000 for the quarter ended March 31, 2023. Payroll costs were approximately \$8.7 million in Q2 compared to \$9.1 million in Q1 2023. SG&A expenses were \$2 million in Q2 compared to \$1.9 million in Q1. Legal and professional fees were \$496,000 compared to \$763,000 in Q1 2023.

Operating loss for the quarter ended June 30, 2023, of \$7.4 million and net loss for the quarter of \$8 million include noncash items of over \$7.1 million related to the nonrecurring \$6.5 million impairment of goodwill and \$543,939 of depreciation and amortization. This compares to an operating loss for the quarter ended March 31, 2023 of \$2.6 million and a net loss of \$3 million which include noncash items for depreciation and amortization of \$533,096 and a loss from the change in the fair value of contingent consideration of \$15,485, along with onetime and nonrecurring audit fees of \$300,000.

Loss per share was \$0.60 per share based on 13,212,311 weighted average shares outstanding for both basic loss per share and fully diluted loss per share for the three months ended June 30, 2023. Loss per share of \$0.23 per share based on 12,640,285 weighted average shares outstanding for both basic and fully diluted loss per share for the three months ended March 31, 2023. Cash and cash equivalents were \$7 million as of June 30, 2023 as compared to \$7.9 million as of March 31, 2023.



That concludes my financial remarks. I will now ask the operator to open the phone lines for Q&A. Operator, can you please poll for questions?

**Operator**

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

**Q:** Hello, congratulations on strong revenue growth. My first question is, can you give us a sense based on how long the writer and actor strike goes on, what the relative impact that might have on your business in the future?

**Bill O'Dowd - Chairman & CEO, Dolphin Entertainment, Inc.**

Sure. Thank you, Allen. We're very proud of our revenue as well, especially for Q2. The writer strike, it doesn't have too big an impact on us. I remember a brief conversation on this with Q1 earnings call because, obviously, writers write projects that will be made in the future. And the projects that we're promoting now and for the next year have already been produced. So that will have minimal impact on Dolphin. It would take a writer strike into -- well into next year to have an impact.

The actor strike does have an impact. We're blessed to be in a position that our talent division is a small piece of our overall revenue. 42West has four divisions. And then we've got six operating subsidiaries. So there will be some dip in talent revenue at 42West, but as a whole, that represents a very small single-digit fraction of Dolphin's overall revenue. And then, of course, we're all hopeful that actor strike and the writer strike will settle by the end of the quarter, let's hope or early in the fourth quarter.

**Q:** Thank you. And thank you for the more detailed information about your social influencing businesses. So you talked about expanding to other verticals. How do you see the -- how are you thinking about the kind of which you have -- how much you have to do, to do that and maybe the timing of being able to pull that off?

**Bill O'Dowd - Chairman & CEO, Dolphin Entertainment, Inc.**

Yes. And that was why we chose to really focus a good section of our prepared remarks on our influencer marketing agencies because we would like, and you can probably guess that we would like, to sell their services in combination with each other once we come back from Labor Day weekend.

As we roll from September into the heavy, heavy selling season of late September through early December, we have these two companies that we'd like to be in the market as one. So I imagine everyone is looking forward to what that announcement could be in September, right? And then as we -- to go forward from there, to build what we think will be that dominant bicoastal influencer marketing agency, I think we would like to add divisions to it, and become almost a

rapid fire leader in each of those divisions on a regular cadence afterwards. And that's a cadence measured in weeks between. So I think you'll see at least a couple of those divisions announced before the end of the year and most likely before we talk again November 15.

**Q:** That's great.

**Bill O'Dowd - Chairman & CEO, Dolphin Entertainment, Inc.**

In partnership -- and I might add with leading partners in that pipeline in those areas. So it's really going to be something we're focused on. And, quite frankly, why we wanted to raise it on this call because people hopefully will be looking for those announcements, and we'll be delivering on our expectations rather than say it all after the fact on November 15, right?

**Q:** Got it. Your investment in Nina Compton and the restaurant that people sign up for the memberships in New Orleans. You had news that you're selling -- you sold memberships. Can you give us some update on how that went and how that works in terms of -- just if you can say anything about the monthly fee or the economics that we could think about? Thank you.

**Bill O'Dowd - Chairman & CEO, Dolphin Entertainment, Inc.**

Sure. Yes. ShaSha Lounge, we're very proud of that for a couple of different reasons. First, I should say, this is a form of Dolphin Ventures that I know many listeners out there strongly feel good about because this is a partnership wherein we get a monthly fee to promote the ShaSha Lounge in New Orleans, and we also get an ownership stake in the venture itself. So we get paid cash every month, and we get an ownership stake in the success of the venture. That's very exciting for us, and it's a perfect representation of the types of things that we're looking to do. And quite frankly, we feel we're uniquely qualified to do.

Second reason why it's -- we're very proud of it, I should say, is because this was a concept ideated with our team at The Door. Obviously, our culinary celebrity chef and hospitality PR firm The Door is the very best at what they do. And the concept of putting this membership lounge, public and private in New Orleans came out of conversations they had with Nina and her husband. And so how it works is for ShaSha, it's open -- it will be open to the public. We plan to open it in early 2024, and you can go in and have a drink. But there will be sections of the lounge that are open only to members and members will have certain rights and privileges as well as access to forms of "programming" that are not available to the general public.

So celebrity chefs may be coming in through New Orleans. We'll be programming that, let's say, on a regular cadence, maybe once a month, and members can have a special dinner prepared by Marc Forgione from New York or Rodney Scott from Charleston or Stephanie Izard from Chicago or Michelle Bernstein from Miami, all of whom are minority partners in ShaSha New Orleans, and all of whom would have the right to open a ShaSha in their home city where they would take the larger percentage.

So a really unique and creative business model as well as just a great idea to have this as a social club in New Orleans. So we did -- we put memberships on sale just a couple of weeks ago. We're



rapidly getting to the dollar amount that will allow for deposits to be put down on leases and construction to begin. So more to come on ShaSha, but I know the team who was down in New Orleans for the announcement at Tales of the Cocktail have done a great job and kudos to the team at The Door, and we're all very excited for ShaSha.

**Q:** That's great. Thank you. In terms of Blue Angels, I'm not sure if I heard you right, did you say that you expected to get released in the first quarter of '24 or the first half? And then the \$3.5 million payment, that's related to Amazon streaming. Is there a way you could help us understand how that gets spread out of when you get the payments for that?

**Bill O'Dowd - Chairman & CEO, Dolphin Entertainment, Inc.**

Sure. Yes, absolutely. It's quick. So yes, we anticipate being in theaters in Q1 of 2024. It's in theory, still possible in Q4, the original plan. But as we and J.J. take the time in post to do this as best as possible, we're very excited with the cuts we're seeing, and it looks to be a special film. Then we're trying to juggle as well the best release date for it with the least amount of competition. So we're looking at different dates in both quarters. So I'm going to be conservative and say that we're aiming more towards Q1.

But we get paid by Amazon typically, well, the revenue, they have the right to put it on their service within 30 days after we release in theaters. So -- and then they pay us effectively in full at that time. So it's revenue that we should recognize in the first half of next year, if not realistically in the first quarter of next year. So -- and there are -- there's even an installment we'll receive in this calendar year as well. So it's -- all of that revenue will be coming in, in fairly short order.

**Q:** And any -- I know that the thoughts are with IMAX that this partnership can kind of result in additional documentaries. So any comments on -- are there any issues with the strikes that are slowing down the potential next one? Or do you still feel good about being able to get them out?

**Bill O'Dowd - Chairman & CEO, Dolphin Entertainment, Inc.**

We feel good about them. That's a very savvy question, Allen, as you often ask. Yes, this is -- it's more than even just a hope or a dream. It's a -- we've entered into a multi-year, multi-project 50-50 deal with IMAX, which is back when Dolphin was a private company is how I built Dolphin, co-financing and co-producing with Nickelodeon and with Warner Bros. and many others, right, in 50-50 deals. So the -- we're very proud of our partnership with IMAX. They've been tremendous partners and we have a hit right out of the gate, right? So that's also great to be able to report. We will do more documentaries with them. And we're -- as I mentioned on the Q1 earnings call, too, we're looking at other forms of entertainment, some of which would come out of Midnight Theatre that we could go 50-50 on as well. And I don't want to jinx it, and I don't want to promise something with a hard deadline, but I do believe we'll have a pretty big announcement on that front before we speak again in November.

So yes, we'll be doing more. We just have to find that right follow-up. It's tough when you've got a hit, right? I can understand how certain creative minds get a little frozen at times once you have a big hit on your first outing, what are you following up with, right? But we just have to get over

that and feel good about whatever we pick second and make sure it's worthy of IMAX screens like the Blue Angels will be, and we'll make another great film. So yes, we're excited for that partnership.

**Q:** Okay. On previous calls, you've expressed some interest in live events. Is that -- and is that an area you feel the same about?

**Bill O'Dowd - Chairman & CEO, Dolphin Entertainment, Inc.**

100%. One of the reasons we are excited to -- for the second half of this year, twofold. To answer your question within context too, we always -- our -- many of our businesses are seasonal. So the second half of the year is always stronger for us than the first half. That's been true since 2017, right? And it's only going to be more pronounced this year because we have two influencer marketing agencies instead of one, and they're highly seasonal for the second half of the year.

But the other reason we're so excited for the second half of the year, and this is coming on the heels of a record second quarter, right? So I'm not trying to minimize what we just accomplished. I'm just saying, we very much are excited for the second half of the year because we have multiple catalysts coming, we believe. And a couple of those relate to Midnight Theatre. A couple of those relate to the influencer marketing agencies, which is why I spent so much time on this call. And we still believe we will complete the Super Group this year. As I mentioned on the K call -- on the first quarter call -- the missing piece is that celebrity live event production company.

That will allow us to go into the third leg of the three legged stools of Dolphin Ventures, we could get into the right types of live events that we already promote and I'm very excited for that as well. And we'll see what the timing is around our Q3 call, but expect -- yes, I expect you'll hear more about that from us as well. And so you can see we have maybe up to half a dozen different catalysts coming in the next few months, which is another reason why it was good to put the non-cash one-time impairment behind us, because we feel we have such a bright future in the next quarter.

**Q:** Thank you. I had three just housekeeping questions. But one, since you just mentioned the non-cash impairment, I was a little confused, because I usually think of an impairment when people think that the outlook of a business has changed. And what I heard you guys say was you did an impairment because your stock price was lower, which I'm not familiar with why that would cause an impairment versus is there a particular business that you have that the outlook changed? Or maybe you could just educate me on how this works? Thanks.

**Mirta Negrini - CFO & COO, Dolphin Entertainment, Inc.**

Sure. I'll take that one. The stock price doesn't necessarily cause the impairment, but it is a cause for taking a closer look at your assets, especially when the book value of the company is higher than the market cap. So that was the case in Q -- in the last quarter of '22, and it has been through

2023. So we consider that to be a triggering event to test our goodwill which we did based on this kind of cash flows and we determined that that impairment was necessary.

**Bill O'Dowd - Chairman & CEO, Dolphin Entertainment, Inc.**

Yes. The market capitalization is one of the four triggering categories, Allen, if that's helpful. That required the review.

**Q:** Thank you. Two other housekeeping. One, we use EBITDA in our valuation and in our model, but we don't get depreciation expense until your Q comes out. So could you give us an estimate of what depreciation expense was for the quarter?

And then the second question is often when the Q comes out on the front page, you have the shares outstanding as of today. And I was wondering if that number is going to be meaningfully different from the average diluted share count that you had in your press release? Thank you.

**Mirta Negrini - CFO & COO, Dolphin Entertainment, Inc.**

So the depreciation and amortization is one number. Depreciation is a very small part of that. And as of right now, if there are no other changes in our company structure, it's going to be about \$550,000 a quarter.

**Bill O'Dowd - Chairman & CEO, Dolphin Entertainment, Inc.**

And the bulk of that is the amortization of the intangible assets from the companies we've acquired over the years.

**Q:** Thank you. I meant depreciation and amortization, I didn't say it. Thank you. Okay.

**Bill O'Dowd - Chairman & CEO, Dolphin Entertainment, Inc.**

Yes.

**Mirta Negrini - CFO & COO, Dolphin Entertainment, Inc.**

And then on the stock count, we had used \$13.2 million for the earnings per share or loss per share.

**Bill O'Dowd - Chairman & CEO, Dolphin Entertainment, Inc.**

13.2 million shares.

**Mirta Negrini - CFO & COO, Dolphin Entertainment, Inc.**

Shares, sorry.

**Bill O'Dowd - Chairman & CEO, Dolphin Entertainment, Inc.**

Yes. And it will be up about 1 million from that, Allen.

**Q:** Bill, do you mean the number today is around 1 million higher than 13.2 million?

**Bill O'Dowd - Chairman & CEO, Dolphin Entertainment, Inc.**

That's right. We had a convertible note convert. That was a good chunk of that.

**Q:** Got it. Okay. Great. I think those are my main questions. I was going over the history and looking at your company from going back to like in 2018, and it's pretty impressive at where it is today. So congratulations.

**Bill O'Dowd - Chairman & CEO, Dolphin Entertainment, Inc.**

Thank you, Allen. I appreciate it. We're very proud of what we've built and are still building.

**Operator**

Your next question is coming from Chris Lahiji with LD Micro. Please pose your question, your line is live.

**Q:** Bill, I just want to start out by saying that these are two very good-looking questions. Just want to preface that. Are we going to make any money from Barbie and Oppenheimer either directly or indirectly, because it seems like both of them have turned out to be, I guess, a lot bigger than anticipated?

**Bill O'Dowd - Chairman & CEO, Dolphin Entertainment, Inc.**

Well, sadly, and for many reasons, Chris, for you I know, we do not represent Margot Robbie. But we -- so we do not have a direct stake in Barbie through our partners at IMAX, of course. I mean, look how well they're doing with Oppenheimer in theaters globally. Just to give them a shout out. I know that through the first four weeks of release, one in \$4 earned by Oppenheimer in the U.S. have been at IMAX theaters and that may even be globally, too. So congrats to them. But yes, those are two great films, no doubt about it.

**Q:** The second good-looking question. It has been nearly three years since you guys have acquired Be Social. I know it probably went by a lot faster than anticipated. What was the biggest surprise for you guys in terms of what you learned about the influencer market? And thank you again for taking my questions.

**Bill O'Dowd - Chairman & CEO, Dolphin Entertainment, Inc.**

No, of course, Chris. Well, I guess we bought Be Social three years ago this month on this call, we announced it. So yes, it's a nice anniversary and we've been very, very happy with Be Social.

Ali Grant, Kirsten Weinberg, Belinda Sztrom, they're extremely strong young executives, and we feel very fortunate that we have Be Social in the Dolphin family.

A couple or three years later on look back, influencer marketing has only grown, as I said in the prepared remarks. The opportunity to pair them with a New York-based agency was because of the strength of Be Social. We knew if we could -- as they were growing significantly year-over-year, and if we could pair them with an equal agency in New York, we can immediately have the entertainment industry's largest influencer marketing agency. So it's a testament to the growth of Be Social that validated the thought process and validated the investment thesis.

I think what we did not know three years ago was that one year later, the Supreme Court was going to allow for college athletes to be paid through brand campaigns. And I don't know that this would have helped me in my college basketball playing days, it might have helped some of my teammates who are probably better basketball players. But the -- but that opens up an entire new world. When you think of NIL; Name, Image and Likeness, right, that the Supreme Court upheld, those college kids are influencers. That's how they're getting paid. That's what they're getting paid for is to post on social media.

So the diversification of influencer marketing away from the traditional stronghold of female fashion, beauty, wellness, gives us even an expanded opportunity to build a truly unique and impressive influencer marketing agency. And I'm proud that we'll have some athletes in there too, Chris. So I think those are probably a couple of the things that have come to us in the last three years.

And I guess if I could say one more thing, if I were to guess, in the next three years, we're seeing it. We bought Be Social five months after COVID started. So the first year or two with Be Social, events were not as much of a thing. They're back now. And I think that in the next three years, influencer events which I always -- we always put out press releases once a year or twice a year about our showrooms that Be Social does, and that's Belinda, and her hard work. We will be expanding those. And the opportunity to do events with influencers, specifically for influencers, is a huge white space opportunity for us.

Influencers already go to our other events. You can't work a movie red carpet without influencers today. You can't do a hotel or restaurant opening without influencers today. You can't release a music album without influencers today. But I'm talking about events specifically for, and including, and where the speakers are, influencers. And we think we're uniquely positioned to capitalize on that opportunity. So that's -- hopefully, that was a thorough answer to your question, Chris.

**Q:** It was. But technically, when you're usually designating athletes, a lot of people don't consider tennis players as part of that equation. Sadly, sadly...

**Bill O'Dowd - Chairman & CEO, Dolphin Entertainment, Inc.**

Looks like pickleball, Chris. Something I...

**Q:** Listen, in many circles, in many social circles, pickleball has more cachet than tennis. It's always a pleasure when you guys update your calls. Thank you again, Bill, and looking forward to being on the next one.

**Bill O'Dowd - Chairman & CEO, Dolphin Entertainment, Inc.**

Thanks, Chris. I appreciate it.

**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 any closing remarks.

**Bill O'Dowd - Chairman & CEO, Dolphin Entertainment, Inc.**

Well, thank you, everyone, for listening, as always. We're very, very proud of our Q2 and our balance sheet. As you heard, it's nice to finish with all the contingent consideration and paying out all the earnouts, very proud that our subsidiaries earned the earnouts. Speaking of Be Social, the very last one, timing-wise for us and we're very happy to pay out that full earnout this spring.

So with that off the balance sheet, we just feel like we have rocket fuel behind us as we go into the typically much stronger second half of the year. And with some of the catalysts we've been discussing on this call in the near future.

So thank you, everybody. And please, if you're not on our mailing list for our press releases, please reach out to James Carbonara. I think when you come back from Labor Day, if not even before, you'll hopefully -- we'll have some nice press releases to be able to share with everyone. So thanks, everybody, for the time today, and I'll look forward to the next call.

**Operator**

Thank you. This does conclude today's conference, and you may disconnect your phone lines at this time. Thank you again for your participation.