

# SECURITIES & EXCHANGE COMMISSION EDGAR FILING

**Dolphin Entertainment, Inc.**

**Form: 8-K**

**Date Filed: 2019-04-15**

Corporate Issuer CIK: 1282224

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM 8-K

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CURRENT REPORT

Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported): April 15, 2019

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**Dolphin Entertainment, Inc.**

*(Exact Name of Registrant as Specified in its Charter)*

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**Florida**  
*(State or Other Jurisdiction  
of Incorporation)*

**001-38331**  
*(Commission  
File Number)*

**86-0787790**  
*(IRS Employer  
Identification No.)*

**2151 Le Jeune Road, Suite 150-Mezzanine  
Coral Gables, FL 33134**  
*(Address of Principal Executive Offices) (Zip Code)*

**(305) 774-0407**  
*(Registrant's Telephone Number, Including Area Code)*

**Not Applicable**  
*(Former Name or Former Address, if Changed Since Last Report)*

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

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

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**Item 2.02      Results of Operations and Financial Condition.**

The information contained in Item 7.01 of this Current Report on Form 8-K is incorporated by reference in this Item 2.02.

**Item 7.01      Regulation FD Disclosure.**

On April 15, 2019, Dolphin Entertainment, Inc., a Florida corporation (the “Company”), issued a press release announcing its financial results for the year ended December 31, 2018. A copy of the Company’s earnings press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K and incorporated by reference in this Item 7.01. The information contained in this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed “filed” with the Securities and Exchange Commission nor incorporated by reference in any registration statement filed by the Company under the Securities Act of 1933, as amended.

**Item 9.01      Financial Statements and Exhibits.**

*(d) Exhibits*

| Exhibit<br>Number | Description  |
|-------------------|--|
| 99.1              | <a href="#">Press Release dated April 15, 2019</a> |



## **SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

### **DOLPHIN ENTERTAINMENT, INC.**

Date: April 15, 2019

By: /s/ Mirta A. Negrini

Name: Mirta A. Negrini

Title: Chief Financial and Operating Officer

## Dolphin Entertainment 2018 Revenue Increases to \$22.6 million

**NEW YORK, NY and LOS ANGELES, CA / ACCESSWIRE / April 15, 2019** / Dolphin Entertainment (NASDAQ: DLPN), a leading independent entertainment marketing and premium content production company, announces its financial results for the year ended December 31, 2018.

### FY 2018 Highlights

- Total Revenue for 2018 increased to \$22.6 million from \$22.4 million in the prior year. Total revenue growth was achieved despite a decrease of \$5.3 million in sales revenue for Max Steel from our content production segment, as sales for that project are nearly completed.
- Entertainment publicity and marketing revenue of \$21.9 million for 2018, compared to \$16.4 million in the prior year.
- Operating loss for 2018 of \$(4.1) million, which included non-cash items of \$(2.0) million of depreciation and a \$(1.9) million goodwill impairment, compared to a 2017 operating loss of \$(1.0) million, which included \$(1.3) million of depreciation.
- Non-Recurring, non-cash expenses for 2018 included (i) a goodwill impairment of approximately \$(1.9) million; (ii) the write off of accounts receivable of Max Steel of approximately \$(0.5) million; and, (iii) the write off of deferred production costs of approximately \$(0.2) million.
- Net loss was \$(2.9) million, compared to net income of \$6.9 million in the prior year, of which a substantial portion of 2017 net income was attributable to a change in fair value of warrant liability and to a gain on extinguishment of debt.
- Stockholders' equity of \$10.8 million as of December 31, 2018 compared to stockholders' equity of \$6.1 million as of December 31, 2017.
- Closed a public offering providing gross proceeds of \$6.8 million, including the underwriter's overallotment. 2,265,000 shares of common stock were issued at a purchase price to the public of \$3.00 per share.
- Closed a \$750,000 registered direct offering of 250,000 shares of common stock at \$3.00 per share.
- Completed our acquisition of The Door, a leading lifestyle and hospitality PR agency, for aggregate consideration of up to \$11 million, which includes performance-based contingent consideration of up to \$7 million.
- Completed our acquisition of Viewpoint Creative, a full-service creative branding and production house, for \$2 million.
- 42West and The Door both earned spots on the Observer's prestigious PR Power 50, a widely-respected ranking of the 50 top public relations firms in the nation.
- 42West's talent team added 4 veteran publicists in October 2018, following the previously reported departures of three senior publicists in June 2018.
- 42West represented numerous individuals and served in various capacities with 16 films that collectively earned a total of 47 Oscar nominations and won 8 Academy Awards in 2019.
- The Door added New York icon, the Times Square Alliance, to its formidable client list.
- The Door announced a significant expansion of its West Coast operations with the signing of five new California-based culinary brands as clients and added a new senior executive.

- The Door launched a consumer products division and added seasoned executive Nicole Lowe, Managing Director, to lead the new vertical.

Dolphin's CEO, Bill O'Dowd, commented, "On December 21, 2017, Dolphin listed on NASDAQ with a very straight-forward investment thesis. We believed then that with our acquisition of 42West in March, 2017 serving as both the magnet and the foundation, we could attract and acquire previously privately-held, already profitable firms to build a unique "Super Group" of best-in-class entertainment marketing companies. We believe now that our acquisitions of The Door and Viewpoint in the second half of 2018 serve as proof of this thesis."

Mr. O'Dowd continued, "We are in an era of tremendous investment in original entertainment content by the studios, networks and leading streaming platforms, which we believe positions our companies for strong organic growth for years to come. We further believe that all of our companies will benefit from the ability to cross-sell services, such as the production of original promotional and marketing content, thereby increasing both revenues and profits while raising the average revenue per client."

Mr. O'Dowd added, "Thus, in this environment and with the competitive advantages we are creating, we expect to meet or exceed current analyst annual revenue estimates for 2019. To that end, we anticipate reporting robust Q1 results, on the heels of a successful awards season for 42West, and our outlook for 2019 is bolstered by the Q1 investment in the creation of a Consumer Products PR division within The Door. Furthermore, we believe there is further upside to annual revenue estimates, as we expect to continue to focus on near-term M&A opportunities to further build-out our entertainment marketing "Super Group".

#### **Conference Call Information**

To participate in this event, dial-in approximately 5 to 10 minutes before the beginning of the call.

Date, Time: April 15, 2019, at 4:30 p.m. ET

Toll-free: 877-407-0782

International: 201-689-8567

Live Webcast: <https://www.investornetwork.com/event/presentation/45784>

#### **Conference Call Replay Information**

The replay will be available beginning approximately 1 hour after the completion of the live event.

Toll-free: 877-481-4010

International: 919-882-2331

Reference ID: 45784

#### **About Dolphin Entertainment, Inc.**

Dolphin Entertainment is a leading independent entertainment marketing and premium content development company. Through our subsidiaries 42West and The Door, we provide expert strategic marketing and publicity services to many of the top brands, both individual and corporate, in the entertainment and hospitality industries. The Door and 42West are both recognized global leaders in PR services for their respective industries. Dolphin's recent acquisition of Viewpoint Creative adds full-service creative branding and production capabilities to our marketing group. Dolphin's legacy content production business, founded by Emmy-nominated CEO Bill O'Dowd, has produced multiple feature films and award-winning digital series.



## **Special Note Regarding Forward-Looking Statements**

This press release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act. These forward-looking statements may address, among other things, Dolphin Entertainment's expected financial and operational results and the related assumptions underlying its expected results. These forward-looking statements are distinguished by the use of words such as "will," "would," "anticipate," "expect," "believe," "designed," "plan," or "intend," the negative of these terms, and similar references to future periods. These views involve risks and uncertainties that are difficult to predict and, accordingly, Dolphin Entertainment's actual results may differ materially from the results discussed in its forward-looking statements. Dolphin Entertainment's forward-looking statements contained herein speak only as of the date of this press release. Factors or events Dolphin Entertainment cannot predict, including those described under the caption entitled "Risk Factors" in Dolphin Entertainment's most recent Annual Report on Form 10-K filed with the SEC and under similar headings in its subsequently filed Quarterly Reports on Forms 10-Q and other filings with the SEC, may cause its actual results to differ from those expressed in forward-looking statements. Although Dolphin Entertainment believes the expectations reflected in such forward-looking statements are based on reasonable assumptions, it can give no assurance that its expectations will be achieved, and Dolphin Entertainment undertakes no obligation to update publicly any forward-looking statements as a result of new information, future events, or otherwise, except as required by applicable law.

### **Contact:**

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**DOLPHIN ENTERTAINMENT, INC. AND SUBSIDIARIES**  
**Consolidated Balance Sheets**  
**As of December 31, 2018 and 2017**

|  | 2018                 | 2017                 |
|--|----------------------|----------------------|
| <b><u>ASSETS</u></b>   |                      |                      |
| Current  |                      |                      |
| Cash and cash equivalents  | \$ 5,542,272         | \$ 5,296,873         |
| Restricted cash  | 732,368              | —                    |
| Accounts receivable, net of allowance for doubtful accounts of \$283,022 and \$366,280, respectively   | 3,173,107            | 3,700,618            |
| Other current assets   | 620,970              | 422,118              |
| Total current assets   | 10,068,717           | 9,419,609            |
| Capitalized production costs, net  | 724,585              | 1,075,645            |
| Intangible assets, net of amortization of \$2,714,785 and 1,043,255, respectively  | 9,395,215            | 8,506,745            |
| Goodwill   | 15,922,601           | 12,778,860           |
| Property, equipment and leasehold improvements, net  | 1,182,520            | 1,110,776            |
| Investments  | 220,000              | 220,000              |
| Deposits   | 475,956              | 485,508              |
| Total Assets   | <u>\$ 37,989,594</u> | <u>\$ 33,597,143</u> |
| <b><u>LIABILITIES</u></b>  |                      |                      |
| Current  |                      |                      |
| Accounts payable   | \$ 944,232           | \$ 1,097,006         |
| Other current liabilities  | 7,238,507            | 6,487,819            |
| Line of credit   | 1,700,390            | 750,000              |
| Put Rights   | 4,281,595            | 2,446,216            |
| Accrued compensation   | 2,625,000            | 2,500,000            |
| Debt   | 2,411,828            | 3,987,220            |
| Loan from related party  | 1,107,873            | 1,708,874            |
| Contract liabilities   | 522,620              | 48,449               |
| Convertible notes payable  | 625,000              | 800,000              |
| Note payable   | 479,874              | 300,000              |
| Total current liabilities  | 21,936,919           | 20,125,584           |
| Noncurrent   |                      |                      |
| Warrant liability  | —                    | 1,441,831            |
| Put Rights   | 1,702,472            | 3,779,794            |
| Convertible notes payable  | 1,376,924            | 75,000               |
| Note payable   | 612,359              | 600,000              |
| Contingent consideration   | 550,000              | —                    |
| Deferred tax   | —                    | 187,537              |
| Other noncurrent liabilities   | 1,034,393            | 1,311,040            |
| Total noncurrent liabilities   | 5,276,148            | 7,395,202            |
| Total Liabilities  | 27,213,067           | 27,520,786           |
| <b><u>STOCKHOLDERS' EQUITY</u></b>   |                      |                      |
| Common stock, \$0.015 par value, 200,000,000 shares authorized, 14,123,157 and, 10,565,789, respectively, issued and outstanding at December 31, 2018 and 2017 | 211,849              | 158,487              |
| Preferred Stock, Series C, \$0.001 par value, 50,000 shares authorized, 50,000 shares issued and outstanding at December 31, 2018 and 2017                     | 1,000                | 1,000                |
| Additional paid in capital   | 105,092,852          | 98,816,550           |
| Accumulated deficit  | (94,529,174)         | (92,899,680)         |
| Total Stockholders' Equity   | \$ 10,776,527        | \$ 6,076,357         |
| Total Liabilities and Stockholders' Equity   | <u>\$ 37,989,594</u> | <u>\$ 33,597,143</u> |



**DOLPHIN ENTERTAINMENT, INC. AND SUBSIDIARIES**  
**Consolidated Statements of Operations**  
**For the years ended December 31, 2018 and 2017**

|  | 2018           | 2017         |
|--|----------------|--------------|
| <b>Revenues:</b>   |                |              |
| Entertainment publicity and marketing                                      | \$ 21,916,727  | \$16,458,929 |
| Content production   | 634,612        | 5,954,115    |
| Total revenues   | 22,551,339     | 22,413,044   |
| <b>Expenses:</b>   |                |              |
| Direct costs   | 2,176,968      | 4,638,710    |
| Distribution and marketing   | —              | 1,111,994    |
| Selling, general and administrative  | 4,486,023      | 3,156,097    |
| Depreciation and amortization  | 1,978,804      | 1,254,643    |
| Legal and professional   | 2,119,107      | 1,806,448    |
| Payroll  | 14,082,014     | 11,408,731   |
| Goodwill impairment  | 1,857,000      | —            |
| Total expenses   | 26,699,916     | 23,376,623   |
| Loss before other expenses   | (4,148,577)    | (963,579)    |
| <b>Other Income (expenses):</b>  |                |              |
| Gain (loss) on extinguishment of debt                                      | (53,271)       | 4,012,277    |
| Acquisition costs  | (438,552)      | (749,440)    |
| Loss on disposal of furniture, office equipment and leasehold improvements | —              | (28,025)     |
| Change in fair value of warrant liability                                  | —              | 9,018,359    |
| Change in fair value of put rights   | 616,943        | (2,426,010)  |
| Change in fair value of contingent consideration                           | 1,070,000      | (17,251)     |
| Interest expense   | (1,050,478)    | (1,594,940)  |
| Total other income   | 144,642        | 8,214,970    |
| (Loss) income before income taxes  | \$ (4,003,935) | \$ 7,251,391 |
| Income tax benefit (expense)   | 1,090,614      | (338,867)    |
| Net (loss) income  | \$ (2,913,321) | \$ 6,912,524 |
|  |                |              |
| (Loss) Income per Share - Basic  | \$ (0.22)      | \$ 0.72      |
| (Loss) per share - Diluted   | \$ (0.23)      | \$ (0.20)    |
| <b>Weighted average number of shares used in per share calculation</b>     |                |              |
| Basic  | 13,773,395     | 9,586,986    |
| Diluted  | 16,159,486     | 10,608,828   |