

Transcript of  
Dolphin Entertainment, Inc.  
Second Quarter 2024 Earnings Call  
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**Participants**

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

**Analysts**

Allen Klee - Maxim Group, LLC

**Presentation**

**Operator**

Greetings, and welcome to the Dolphin Entertainment Second Quarter 2024 Earnings Call. At this time, all participants are on a listen-only mode, and a question-and-answer session will follow the formal presentation. [Operator Instructions] Please note, this conference is being recorded.

I will now turn the conference over to your host Mr. James Carbonara with Hayden IR. Sir, the floor is yours.

**James Carbonara - Investor Relations, Hayden IR**

Thank you, operator. Good afternoon, and thank you for joining us for Dolphin Entertainment's second quarter 2024 earnings call. 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 regarding forward-looking statements contained in the earnings release published earlier 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 these will provide helpful information for investors. Reconciliations to the most comparable GAAP measures are provided in the 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 & CEO, Dolphin Entertainment, Inc.**

Thanks, James, and welcome everyone. I'll start by reviewing some of the key financial and

operating highlights from our record setting second quarter of 2024, and then Mirta will provide a more detailed financial overview before we open it up for Q&A.

Starting with the headlines, well, as you may have seen in our earnings release of a few minutes ago, total revenue for Q2 was \$11.4 million, bringing first half revenue to \$26.6 million. We expect the second half of the year to be even stronger than the first half, positioning Dolphin well for fiscal year 2024 revenue to exceed our goal of \$50 million, as we aim for more than 20% year-over-year growth.

On the bottom line, our Q2 adjusted operating loss was \$100,000, and in first half 2024, we generated a positive adjusted operating income of approximately \$900,000. As you would expect, we remain on target to report positive adjusted operating income for full year 2024 and beyond. Thus, we expect to enjoy the next phase of financial flexibility for Dolphin, as we no longer have the singular focus of the acquisition strategy that we've employed since uplisting to NASDAQ in 2017, and now expand our focus to growing margins and cash flow, while we build businesses such as sports and seize opportunities, including within our Ventures strategy. More on that in a little bit.

Turning to operating updates, just last month in what is technically our third quarter, we announced the acquisition of Elle Communications. Elle is a leading PR agency specializing in social and environmental impact. Elle joins our publicity and marketing group as a division of 42West, and will work well and share clients alongside our other preeminent PR firms, Shore Fire Media and The Door, our influencer marketing agency, the Digital Department, and celebrity and booking event agency Special Projects. All of them are going to benefit from having Elle as a sister agency.

Based in Los Angeles and New York, Elle works at the intersection of Impact PR and the entertainment industry with a client roster of mission-centered brands, non-profits, philanthropic foundations, including, I might add, celebrity foundations, social enterprises, CSR teams, sustainably and ethically made products, activists and leaders. Elle Communications brings 16 years of experience and unmatched relationships to the Dolphin Entertainment family. Many of our existing clients already care about using their celebrity influence or access to pop culture to attempt to put good out in the world or to amplify the messages of those that already do.

With Elle, we now have greater resources to keep this work in-house and to greatly expand it with our referrals and relationships. Thus, this acquisition further strengthens Dolphin's capabilities in the rapidly growing impact investing industry, which currently manages over \$1.1 trillion worldwide.

Many of you on the call know also it's a passion point of mind as I'm blessed to sit on the Board of United Way Worldwide as well as the Leadership Council of United Way. And those positions have allowed me to witness the work that many of the non-profits, large and small, do both in the United States and globally. And we're excited to be able to bring some of the power of the celebrity and influencers and access to pop culture as I just mentioned to this world in a more organized way with Elle. We're excited to welcome the passionate and innovative minds of the Elle Communications entire senior leadership team and staff to Dolphin Entertainment.

Shifting to the subsidiary highlights in Q2. All right, well, 42West led multiple award-winning campaigns at the 2024 Tribeca Festival, a film festival with clients winning best performance in the U.S. narrative feature and best screenplay in an international narrative feature.

Also during the festival, 42West marketed the premiere of HBO's new documentary feature, "Wise Guy: David Chase and The Sopranos", directed by Alex Gibney. Love that show. 42West also supported the world premiere of "Megalopolis", the new feature from longtime client Francis Ford Coppola, and GKIDS' "Ghost Cat Anzu," at the 77th Cannes Film Festival. And we've had a real run at Cannes the last few years. Many people will remember that two years ago, we had "Top Gun" premiere in there, and last year was "Killers of the Flower Moon." So that's three years in a row we've had a major release at Cannes.

And during the 2024 Television Upfronts, 42West championed clients receiving renewals, including "The Boys," "Conan O'Brien Must Go," "The Conners," and "Lopez vs. Lopez." Additionally, 42West Fandoms and Franchises Division, led by the incomparable Shawna Lynch, spearheaded highly successful campaigns for three AAA video games, namely "Funko Fusion," "Alien: Rogue Incursion" and "MultiVersus."

Shore Fire, our music PR firm, also kept up the beat as clients celebrated several milestones, with the Dave Matthews Band being successfully nominated for induction into the Rock & Roll Hall of Fame, and Kylie Minogue making Time magazine's esteemed TIME 100 list. Warren Zeiders won Breakthrough Male Video of the Year at the 2024 Country Music Awards, and Brittany Spencer delivered a stellar performance with Parker McCollum at the same event. Shore Fire also announced the promotion of five staff members to key leadership positions, reflecting their growth and expanding roster.

The Door's tastes were also, once again, exquisite and charitable in Q2. Client campaigns included promoting the launch of Newman's Own, "Pay What You Want" pizza truck, with all proceeds benefiting the Newman's Own Foundation. Four Twenty Five, a Jean-Georges Restaurant, became one of the newest additions to the Michelin Guide. The Door also supported Carbone Fine Food's launch of "The Sales Rep' Jacket." I know many people on the call are from New York and know Carbone and Jean-Georges Restaurant.

The Sales Rep' Jacket was the first piece of an exclusive capsule collection. And Staple Gin, a Dolphin partnership with the longtime Door client Rachel Ray, also landed a spot on Vine Pair's "30 Best Gins in the World," receiving a rating of 94, the highest score received. More on Staple Gin in a minute.

The Digital Department, or TDD as we call them, was once again highly influential. I love what James Carbonara does there with the wordplay. Executing the comprehensive influencer strategy for Crocs' latest product line, the Getaway Sandals, garnering impressive results. TDD was also selected to join Ulta Beauty's 2024 Beauty Collective. And further TDD talents Mariyah and Peter Gerber, very nice people, launched their new clothing collection, the Match Me Boutique on Amazon.

And finally, our Special Projects team made their mark on the CHANEL Tribeca Festival Arts Dinner, supported Infatuation's EatsCon L.A., and led an incredible night at the Peabody Awards, in each case booking notable celebrities and industry leaders to attend the events.

These achievements demonstrate the exceptional work being done across our subsidiaries, and I commend the whole Dolphin family for their dedication and success. It never ceases to amaze me the consistent output of work they do for leading entertainment clients.

Shifting gears, I'll now provide updates on some of our Ventures. As a reminder for those new to the Dolphin story, Ventures will provide us ownership stakes in assets wherein our form of marketing can provide the greatest influence on the likelihood of success. Specifically, while we are open to a wide range of opportunities, the assets we are most interested in are content creation, consumer products, and live experiences. Notably, it's worth repeating that we anticipate Dolphin securing ownership stakes in many of these endeavors without the necessity of any cash outlay.

First, our film "Blue Angels", oh wow, what a run, has achieved a remarkable milestone in Q2. We released it the week before Memorial Day weekend in IMAX theaters crossed the \$2 million mark at the box office. A very, very strong result for a documentary. I believe it's the best opening weekend of the year for a documentary, and it debuted at number one on Amazon Prime Video over the Memorial Day holiday frame. That's of all movies on Amazon, not just documentaries. It's always nice to start a multi-year partnership with a hit right out of the box.

Both IMAX and ourselves are thrilled with the results of "Blue Angels" and, of course, this is only the start of the film generating returns for Dolphin. Later this year, we expect to begin putting the film in the IMAX institutional theaters around the country, generating an annuity for Dolphin for years to come. You may recall that these are the theaters and museums and cultural institutions like the Smithsonian.

We are delighted with "Blue Angels" and hope to have a follow-up project to announce on our next earnings call after the fall film festival and development season. Congratulations though to Emerson Davis and all the hard-working people at Dolphin Films. That project was a real hit. It's always nice to have a home run on your first at bat in a new partnership.

Next, I'm thrilled to announce the launch of Staple Gin, the first product developed by Dolphin in partnership with one of the A-list celebrities on our talent rosters. This recipe driven spirit created by culinary icon Rachel Ray and crafted in New York's Catskills region, won double gold and a 96-point rating at the 15th Annual New York International Spirits Competition, which we announced this morning, and is now available nationally via e-commerce at [www.staplegin.com](http://www.staplegin.com) and in New York State at bars, restaurants, and retail destinations via Southern Glazer's Wine & Spirits with additional markets to follow.

As I'm sure everyone on the call knows, Southern Glazer's Wine & Spirits is the world's preeminent distributor of beverage alcohol. Southern is the largest wine and spirits distributor in the United States with operations in 44 states and Washington, D.C. with 24,000 employees and

\$26 billion in revenue as of 2023. I'd also like to point out they're a proud Miami-based company, as is Dolphin.

I'm also very pleased to announce that we selected Oak View Group, thank you Lois O'Neill, a global leader in venue development, management, premium hospitality services, and 360-degree solutions to manage operations at Mastercard Midnight Theater. This strategic partnership with Oak View Group will ensure the highest level of service and experience for our patrons at this iconic venue. Oak View is almost finished with the renovations, the Mastercard Midnight Theater will be fully open for lunch and dinner with a full slate of shows in the theater right after Labor Day.

Looking ahead, we anticipate making an announcement later this year regarding the first of Dolphin's owned or co-owned live events set to take place either late this year or in 2025. This marks a significant step in our strategy to expand our presence in the live entertainment sector and create new revenue streams. Also, our entry into live events will mark the final vertical of assets to own in our Ventures strategy along with content like Blue Angels and consumer products like Staple Gin. These developments underscore Dolphin Entertainment's commitment to delivering exceptional content, products, and experiences across multiple platforms. By leveraging our talented roster, by forging strategic partnerships, and by exploring new opportunities, we are well positioned for continued growth and success.

In addition to the exciting Venture developments, we expect the second half of this year we'll witness Dolphin's strategic expansion into sports as a new vertical. This will also mark a new era for Dolphin, one in which we can build businesses as well as buy them. Of course, we believe the sports industry is as large and dynamic as the entertainment industry, and that the two go together like peanut butter and jelly. We expect that launching our services into the sports world will also provide a vast array of fresh Ventures opportunities with sports-related content, sports-related consumer products, and sports-related live events to be developed.

We believe that expanding into sports and acquiring Elle to create immediate growth and impact PR are two examples of Dolphin demonstrating its agility and adaptability in a rapidly changing market. We are excited about the opportunities that we expect both sports and impact to bring to our existing businesses and vice versa, and remain committed to delivering exceptional results for our clients and stakeholders. We look forward to providing more details on our sports initiative following a formal announcement prior to our Q3 earnings call. Excited for Sports says the seven-foot man on this call.

In conclusion, we believe that Dolphin Entertainment's record-breaking financial performance and impressive subsidiary achievements in Q2 2024 demonstrate our unwavering commitment to organic growth. Furthermore, we believe that our acquisition of Elle and expansion into sports demonstrate our commitment to growth through opportunity and innovation. As we continue to deliver exceptional content, services, and experiences across multiple platforms, we remain steadfast in our mission to create long-term value for our clients, partners, and shareholders. With a strong foundation, a talented team, and a clear vision for the future, we believe Dolphin Entertainment is poised for continued success in the years to come.

With that said, let me turn it over to Mirta to review the quarter's financial details. Mirta?

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

Thank you, Bill, and good afternoon, everyone. I'll now dive into Q2 2024 financial results in more detail. Total revenue for the second quarter of 2024 was \$11.4 million, representing a 4% increase from the second quarter of 2023. Operating expenses for the three months ended June 30, 2024, were \$12.6 million, including approximately \$600,000 of depreciation and amortization, and \$191,000 related to the impairment of goodwill. This compares to operating expenses of \$18.5 million for the same period in 2023, which included approximately \$500,000 of depreciation and amortization and \$6.5 million of impairment of goodwill.

Net loss for the quarter ended June 30, 2024 with approximately \$1.6 million and included approximately \$600,000 of depreciation and amortization, a \$191,000 of impairment of goodwill, and \$500,000 of interest expense. This compares to a net loss of \$7.8 million for the same period in 2023, which included approximately \$500,000 of depreciation and amortization, \$6.5 million of impairment of goodwill, \$500,000 of interest expense, and \$100,000 of equity losses in unconsolidated affiliates.

Loss per share of \$0.08 per share based on 19.4 million weighted average shares outstanding for basic loss per share, and 19.6 million weighted average shares outstanding for diluted loss per share for the three months ended June 30, 2024. For the three months ended June 30, 2023, loss per share was \$0.60 based on 13.2 million weighted average shares outstanding for both basic and fully diluted loss per share.

Cash and cash equivalents were \$9.8 million as of June 30, 2024, compared to \$7.6 million as of December 31, 2023.

I will now ask the operator to open the phone line for questions. Operator, would you please poll for questions.

**Operator**

Thank you. At this time, we'll be conducting our question-and-answer session. [Operator Instructions] Thank you. We have a question from Allen Klee with Maxim Group. Your line is live.

**Q:** Yes. Hi. Good quarter. Good job. Could you remind us how to think about seasonality if there is any third quarter versus fourth quarter?

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

Sure. Yeah, thank you, Allen. I appreciate that. We feel good about our quarter too. Obviously, it's nice to keep going up year-over-year. Well, Q4 is our best quarter every year and always will be because as our influencer marketing company grows and it's roughly between 20% and 25% of our revenue, it's heavily weighted to the second half of the year and, specifically, into Q4, because so many influencer campaigns – or so many companies want to run influencer campaigns for the holiday season.

So we tilt into the fourth quarter and we dip in the first half of the year. Of course, Q1 this year was enhanced by much, not all, but much of the Blue Angels revenue. And Q2 improved year-over-year, but Q3 should be stronger and then Q4, of course, is our best quarter. So there's a little bit of seasonality that will tilt us in Q4 favorably.

**Q:** Okay. That's great. You also mentioned the plan to go into sports. Is the thought to do that organically? I thought I heard you say that.

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

Yeah.

**Q:** Okay. And it's like from a PR perspective or in other things too?

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

Thank you for that question. It's worth me reiterating. This is a business we'll build. We're happy with what we've got with our acquisitions. We love the group that we've assembled and there's no acquisition in the works, which is for the first time since 2016. So maybe it's time to see if the rust is on the golf clubs or something.

But with that said, with sports, , we wanted to build it anyway, but there just aren't many management companies for athletes and that's going to be our angle on this. To start, we're going to treat sports and the athletes as influencers, which they are today and really launch into that business, which will be directly analogous to our influencer marketing agency, where we represent the athletes or broadcasters, sportscasters, and typically take a percentage of their revenue for the deals we bring them in the neighborhood of about 20%. So that's going to be our entry point into sports.

But, of course, the great thing about an industry that large besides tremendous growth is simply the fact that those athletes will, as they start becoming brand ambassadors, will want PR services. And we can run events and/or bring them to events that we're running in the entertainment world. There's just tremendous crossover. As it has been true since Michael Jordan, or even before, right, with Gatorade commercials, but it's at a different level now. And, I think, with the Supreme Court's ruling three years ago on the NIL laws, those college athletes are influencers. And that's how they get paid. So we're excited to be entering into that business. And we're sharing it on this call, because we plan to have an announcement before the next call outlining who we're launching with and our plans in that space in further detail, but we're very excited for it.

**Q:** Yeah, it's pretty incredible like with the Olympics how positive that it was and like the brands of certain athletes, a lot of them had grants, but it was really like just grew it in a nice way that you might do.

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

Oh, yeah, and the world's just changed. I mean, just a riff on that one second and wouldn't it be great if Dolphin launched with an Olympic athlete or two, Allen. Let's see what happens. When I say the world changed, I alluded to being tall earlier in this call. This is an aside. But, I played

college basketball at Creighton and there was no, you couldn't receive any money. You weren't even allowed to take summer jobs, right? So the world's upside down in terms of compensation of these college athletes and good for them and being able to take influencer dollars.

But the same thing's true at the Olympics. I mean, Paris is widely regarded as an extremely successful Olympics, but the IOC changed their rules. Remember how strict they used to be. They would sue anybody and everybody for just mentioning the word Olympics, which they still do to some degree. I mean, they enforce it as they should. It's the cornerstone of their trademark in their IP. But you as an athlete, you were never allowed to share posts or go on social media during the games and now you can pretty much do it as you wish. Except live streaming from the village or for the competitions.

So, the rules are relaxing is all I'm saying and seen as a positive for the games. Having Simone Biles get ready for big competitions is just hyping up the game. So there's just a lot of opportunity in sports and the merging of brands wanting to use social media to promote their product, whether it be with celebrities, influencers, or athletes, I don't know that the brands see a difference. And I don't know that we should either. They're all capable of bringing audiences is the point.

**Q:** Makes sense. Okay. And I was curious that this is a very theoretical, I probably can't exactly answer this, but like you mentioned that you'd like to announce another IMAX partnership. Is there a rule of thumb that if you announced one on a certain date, reasonably how to think about how long it takes to get that produced and then hopefully make some money?

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

Yeah. Great question. Of course, it depends on the length of the subject matter. But, Blue Angels was a little longer, because we were following the squadron for a full season, which is a whole calendar year. So you're filming all year. Documentaries are a little quicker than that usually, if you announce something in the second half of the year, you may be looking to have the film finished by the second half of next year and in theaters, within six months after that. So, we may be looking at something that could be in theaters first half of 2026, and try and speed up our pipeline after that if we're lucky, but there's also a world with documentaries, you could be in theaters in the fourth quarter of next year if you announce something at the end of this year. It all depends on what you need to film versus archival footage, et cetera.

**Q:** Got it. Okay. And then, as you also just said another thing, you can't exactly answer, although you did it well on the last one, the live event that you don't have yet. Is the way to think of that as potentially kind of a recurring revenue type of – there's a way to think about it, if that works and like how, if that could be meaningful and the margins of it relative to your base business today?

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

Sure. Yeah, we're still less than a year with the blessing that is Special Projects in our company. They came in October 2nd of last year. It's funny. I don't have kids. And I remember the birthdays of every one of our companies, right? The date that they came into the family. But with that said, I think we've got them fully integrated at this point with all of our PR firms and



influencer marketing agency. Everyone's working very well together and the client referrals are happening in both directions. So, obviously, the next step in starting in the spring and throughout this summer is working to design the first event in partnership or most likely in partnership with media publications to help bring additional awareness.

So the goal is to have events that are almost like Ventures or, well, they are Ventures. But to your point to create recurring revenue, can you launch something that in success you have every year the same event, same time of year and when you do then you've got an annuity like what Blue Angels is going to give us. And you have recurring revenue, I guess, I should say it's more than annuity and then heaven forbid you do a second or third or fourth and you build a real nice business that way.

And, obviously, events come in all shapes and sizes just like movies do. So there are events where your total cost may be \$1 million and you're hoping to make \$0.5 million. And I'm not saying that's Dolphin's cost, I'm just saying the cost of the event. And you have events where it might be \$5 million and you're hoping for \$2 million of profits and up and up and up. So Comic-Con was recently, and I just think about where that started and where it is now in terms of over 100,000 attendees and the revenue that that generates over 4 days in San Diego.

So, yeah, long answer to a short question. Yes, we're thinking about events that can be annual instead of one time and that could be recurring revenue.

**Q:** Okay, great. On the last call, you talked about that you could potentially also look at launching like another skin or beauty product and maybe another liquor-related product. Are those things you're still thinking about?

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

Yeah, I was alluding to that when I said I think we'll have a second consumer product venture to announce before the end of the year, so the second half of the year. We committed to building a slate of these over the next three years or four years and getting to more than half dozen, around a dozen maybe, we'll see. But with liquor, we could do one a year for sure and skincare was going to start in 2025. So most likely it'll be liquor for us, right? A second one of this year we could probably identify and announce. But we're excited to have another consumer product before the end of the year.

And then they're the Keith Goodman specials. They're products that we have a real expertise in marketing and those are two primary ones, categories, liquor and skincare, but there are others, and that we can partner. We have a knowledge of the industry so we can create partnerships with the manufacturers and the distributors, and we don't put up any cash. And we get an ownership stake and a success stake in those ventures and we build them to consumer products with the intent to sell them. And whether it takes three years, four years, five years, but that's the point. And they're in industries where those sales happen.

We all know so many of the liquor brands that sold whether they're celebrity fronted or not, there's just a real active market in liquor startups being bought every year, multiple brands, but pretty much by every major distillery. So, skincare, same way, and people that remember our

calls, we brought in Susan Yara and her group in January, and after Susan has exited the brand she started in the summer of 2020, she exited in September of 2023 from startup three years, three months later, she exited for \$355 million and as a skincare line that she promoted with influencer remarketing. So, her and her group came into Dolphin and we couldn't be more proud of that. So, with that expertise, we want to have skincare products by next year.

So, yeah, we expect to have a couple this year, Staple Gin being the first, of course, and then, God willing, we'll have two to three more next year and every year thereafter. And within a couple of years, you've got a decent size slate going. With exits coming a year or two later, that'd be fantastic.

**Q:** So, following up on your comments on the liquor category, is there any public source that we can look at to track how Staple Gin is doing?

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

That's a great question, Allen. I mean, yeah, there would be, usually under subscription services, I would believe, but Marvin Shanken's got some great publications in that world. And the impact newsletter being one of them. We've known Marvin for years, and he's a very good man and, obviously, an authority in that space. So, we can get you some additional sources of information on that, but it's also a good start. I like to tell people using an Olympic analogy, we couldn't be more proud. We're three months in, it's winning so many awards, and it's got the distribution in New York, and then announcing Southern today. I mean, that runs the risk of going under the radar a little bit of just how big a deal that is. I mean, that's the 800-pound gorilla in liquor distribution in the United States. They're just easily the biggest, and just pretty much have a national reach with 44 states.

But the Olympic analogy, I like to use is, you've got a great 12-year-old gymnast, and she's winning every competition in her state. And she may be an Olympian one day, but you're not going to know for three years. And that's where we are with Staple Gin. Every indication is that it's, the one thing I think we can say definitively three months in is that the product is incredible. If you need quality of product as a cornerstone for any successful consumer product, we've got that -- the number of awards it's winning, three months in the market is just incredible. So, people that would know, and that does not include me, believe that this tastes incredibly well for gin.

And so, when you've got a good product to sell, and you've got somebody that can market it between The Door and Rachel Ray. And then you got somebody that can distribute it in Southern, then, no pun intended, you've got a recipe to give the best chance of influencing that product's likelihood of success. And so, it'll be an interesting ride for the next couple of years with that product, because it's off to a charmed start for sure. But these are early innings and need to win with a few more quarters too.

**Q:** Thank you. My last question is how do you think about operating leverage in terms of like what you're thinking about for growth in expenses relative to what's going on with revenue?

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

Yeah, I think what we're at the point now with acquisition strategy no longer being our focus, then we're going to see, and we expect to see margin expansion and growth in cash flow, which is exciting, right? I mean, you've got your base. So if we can increase revenues by X percent, much higher margin is going to fall to the bottom-line. So, we're focused on that as a company and really see the spider web of internal referrals, and then in organic growth increase year-over-year.

You're seeing it now -- look at again by how we measure ourselves. Q2 last year, almost, it was a fine quarter, but it had an adjusted operating loss, I believe, of \$500,000 through the first half of last year, we had an adjusted operating loss of \$1.9 million versus this year we have an operating profit of \$900,000, adjusted operating profit, right? So, that's almost a \$3 million swing year-over-year for the first six months of this year.

And, yes, Blue Angels impacted that, but basic operations impacted that. And we're going to see that in the second half of the year too. So our goal has been pointing to the finishing of the group at the end of 2023 would lead to, we believed, adjusted operating income for full year 2024, and revenue of \$50 million or more. Well, we had over \$26 million revenue in the first half of the year, and we've almost got \$1 million of adjusted operating profit in the first half of the year.

We think we're going to hit both those goals this year, and each subsequent year should only grow. And that's without Ventures. That's without any of these lottery tickets working. But, obviously, once we get two or three years from now, and we start exiting, we believe then all bets are off at that point. So, yeah, that's how we think about it. And we're focused on margins and cash flow, and it's really nice to be able to say that.

I think to further answer that question, I think I said last year, it's just really nice to just be able to not worry about financing for the next acquisition or financing for certain aspects of operations. We feel very good about where we're at in this environment, in the micro-cap environment. We think we've got a great story to tell, because of just that factor alone. So, yeah, thanks for that question. So I went on a tangent there, but it's obviously important to a lot of people on the call.

**Q:** No, that's great. You're putting together a nice, everything you're doing, it's all gelling now. So, that's great. Congratulations. Thank you so much, Bill.

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

Thank you, Allen.

**Operator**

Thank you. As we have no further questions in queue, I will hand it back to Mr. O'Dowd for any closing comments he may have.

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

I was verbose on a couple of those answers this time, but, well, thank you. All of those who are out there listening and following our story throughout the year, obviously, we've got a couple of

more pretty decent catalysts we think coming in the second half of the year, sports being the biggest and looking forward to making an announcement before we speak again and we'll go into great detail on the Q3 earnings call, but Dolphin's in the sports business and that's very exciting for us. So thank you everybody for listening, and we'll talk in three months.

**Operator**

Thank you, ladies and gentlemen. This concludes today's conference, and you may disconnect your lines at this time, and we thank you for your participation.