

Transcript of
Dolphin Entertainment, Inc.
Third Quarter 2024 Earnings Conference Call
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Participants

James Carbonara - Hayden IR

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

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

Analysts

Allen Klee - Maxim Group

Presentation

Operator

Greetings. Welcome to the Dolphin Entertainment Third Quarter 2024 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 this conference is being recorded.

I will now turn the conference over to your host, James Carbonara, with Hayden IR. You may begin.

James Carbonara - Hayden IR

Thank you, operator. Good afternoon and thank you for joining us once again for Dolphin Entertainment's third 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 that 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 & Chief Executive Officer, Dolphin Entertainment, Inc.

Thanks James and welcome everyone. I'll start by reviewing some of the key financial and operating highlights from our third quarter of 2024 and then Mirta will provide a more detailed financial overview before we open it up for Q&A.

So starting with the financials, we are pleased to report strong financial results for the quarter with significant quarter-over-quarter and year-over-year growth in both revenue and adjusted operating income. Q3 revenue grew 24.5% year-over-year to \$12.7 million, driven by strong performance across all operating segments. Adjusted operating income improved greatly, reaching \$492,000 compared to an \$850,000 adjusted operating loss in Q3 2023. Year-to-date, revenue through nine months has increased 26.6% to \$39.4 million, leading to \$1.4 million of adjusted operating income, a significant improvement from the \$2.7 million adjusted operating loss in the same period of last year. The company remains on track to exceed \$50 million in revenue and achieve positive adjusted operating income for the full year 2024, marking a key milestone.

I'll now turn to updates from our subsidiaries, starting with 42West. We've maintained our dominant position in entertainment PR. Our team delivered exceptional results in major industry events, including a substantial presence at the Toronto International Film Festival and managing the Venice Film Festival premiere of Tim Burton's highly anticipated Beetlejuice Beetlejuice. At San Diego Comic-Con, we represented an unprecedented 13 major entertainment clients, cementing our position as the go-to-agency for tentpole Properties. Our clients received 60 Primetime Emmy nominations and we've expanded our footprint to the anime and gaming space representing industry leaders like Crunchyroll and TOHO at Anime Expo.

As discussed on our Q2 call but completed in Q3, Dolphin acquired Elle Communications, a leading PR agency focused on social and environmental impact with offices in Los Angeles and New York. Now operating in conjunction with 42West, Elle brings 16 years of expertise in impact PR and deepens our capabilities in the \$1.1 trillion impact investing industry. The team has already integrated seamlessly with our existing PR firms and agencies, strengthening our ability to serve clients who want to leverage their influence for positive change.

Turning to Shore Fire Media, the team had a landmark quarter in music. We're particularly proud of our work with Dave Matthews Band, Kool & The Gang and MC5, all of whom were inducted into the Rock & Roll Hall of Fame. This achievement underscores our ability to support artists across their entire career journey. And even though it's a Q4 event that we'll talk more about on our 10-K earnings call in March, I'd be remiss if I didn't highlight the press release we put out on Tuesday of this week, sharing that Shore Fire clients earned 26 nominations for the 2025 Grammys, including one for Jacob Collier for Album of the Year. And in breaking news, I was just told that we signed a new client that has two Grammy nominations himself, bringing Shore Fire's total to 28 Grammy nomination campaigns to handle this year. Simply phenomenal, as always. Go Matt Hanks.

The Door continues to demonstrate excellence in hospitality and lifestyle PR. A highlight was securing a prestigious three star review from the New York Times for Bungalow, I've been there and it is fantastic, and our innovative work with Newman's Own on their Pay What You Want Pizza Program, which shows our ability to drive meaningful consumer engagement.

The Digital Department, our influencer marketing agency, has shown remarkable growth, securing 137 new talent signings this year. We successfully expanded our BRANDEdit Influencer Showroom to New York Fashion Week in September, which marked an important milestone in our fashion and lifestyle vertical. And I know our team has one coming up during Art Basel, which is very exciting as that one will also mark the first time the Showroom comes to Miami.

At Special Projects, our celebrity booking agency, we maintained our long standing partnership with Wall Street Journal Magazine's Innovator Awards at the Museum of Modern Art last month, and our work with the Academy Museum's Annual Gala helped honor industry luminaries while raising over \$11 million for the Motion Picture Academy Museum. That team is especially busy with three major events this week alone, for example, including the store opening for LVMH happening tonight in Manhattan. These results reflect our team's expertise, creativity and ability to deliver impact across multiple sectors.

Turning to Dolphin Ventures, our division that secures ownership stakes in promising businesses or products, primarily in content creation, consumer products and live experiences, we're open to various opportunities and these three sectors remain our focus as they best align with where our marketing expertise increases the likelihood of success. And starting with content creation, our IMAX partnership maintains strong momentum with a \$2.6 million Q3 payment from licensing the streaming rights to the Blue Angels. The film's success has exceeded our expectations, leading to planned expansion into prestigious institutional theaters across the country starting in January. And as a reminder, we expect the film to play those theaters for years to come, providing an annuity for both Dolphin and IMAX. With this powerful foundation and fall development season underway, we anticipate announcing our next major project in partnership with IMAX soon.

Also, we expect to be able to announce shortly additional distribution partnerships for Staple Gin, our first celebrity partnered spirits venture developed with culinary icon Rachael Ray. Crafted in New York's Catskills region, the Gin has earned double gold and 96 points at the New York International Spirits Competition. Staple Gin is now available at restaurants and retail outlets throughout New York State through Southern Glazer's Wine and Spirits, a fellow Miami-based company and the nation's largest distributor with \$26 billion in revenue last year in operations in 44 states.

With those updates on the ventures front, I'll turn to two headlines from the month of October. First, we announced the launch of Always Alpha, a groundbreaking initiative that marks our strategic entry into the women's sports management space. We believe that Always Alpha is the first ever comprehensive management firm dedicated exclusively to women's sports. This venture is led by an extraordinary team, starting with Allyson Felix, the most accomplished US track and field athlete in history. That's a pretty good start. Alongside her brother and business partner Wes Felix and distinguished sports executive Cosette Chaput. The timing of this launch aligns perfectly with the explosive growth we're witnessing in women's sports. Our research and market analysis indicate this is a significantly undervalued sector with immense growth potential.

Always Alpha represents more than just a new revenue stream, it's a strategic advancement that we believe will be a major growth driver for our company in the years ahead. What sets Always

Alpha apart is its holistic approach to talent management. We're not just representing athletes. We're building a platform that supports women who are simultaneously competing at the highest levels, serving as brand ambassadors, building businesses and driving social change. This, of course, aligns perfectly with Dolphin's existing expertise in celebrity management, brand development, influencer marketing and impact PR. The synergies with our current operations are substantial. Our entertainment marketing infrastructure, which has delivered remarkable success this year with thousands of influencer campaigns through The Digital Department alone is immediately complementary. Also, the market leading position of our entertainment PR firms, driving 24 Oscar nominations, 60 Emmy nominations and 28 Grammy nominations for our clients, creates a broad platform to increase awareness through pop culture events, providing an immediate competitive advantage for Always Alpha's roster. We're seeing strong early interest from both potential clients and brand partners. The unique positioning of Always Alpha in the market has already attracted attention from major advertisers who are increasingly focused on authentic engagement in the women's sports space.

From a financial perspective, Always Alpha represents a compelling opportunity. The women's sports market has demonstrated remarkable momentum, as probably anybody is aware listening in to this call, with viewership, sponsorship revenue and media rights valuations all showing strong upward trajectories for women's sports. Looking ahead, we expect Always Alpha to contribute to our revenue mix through several channels. First, we'll make talent management fees similar to our influencer division from a growing roster of elite athletes, broadcasters and coaches, starting with Allyson herself. Secondly, we'll have brand partnership revenues, including strategic consulting for brands entering the women's sports space. Third, we anticipate being able to develop content and have other production opportunities. And fourth, and finally, we know that there will be potential opportunities to create exciting ventures together. With Always Alpha, we believe we're positioning Dolphin at the forefront of what we expect to be one of the most dynamic sectors in sports and entertainment for years and years to come.

Now, turning to our newest alliance, formed at the end of October with Loti AI, a breakthrough move that reshapes how we safeguard our clients' digital presence. You know, it's probably not news to anyone that in today's day and age where digital manipulation has become increasingly sophisticated, we've taken decisive action. Our new collaboration with Loti AI equips our full network, spanning our entertainment marketing powerhouses like Shore Fire, 42West, The Door, The Digital Department and our newest company we just spoke about, Always Alpha, with state of the art digital protection tools.

Why did we partner with Loti? Well, the numbers tell a compelling story. Loti's technology sweeps through nearly half a billion digital assets daily, monitoring major social networks, web platforms and inappropriate content sites. When unauthorized content appears, their system achieves removal in under a day with a success rate exceeding 95%. Simply put, we just were not aware of anything else in the market with that level of reach and success and with our celebrity clients, they're frequently targets. So this move accomplishes several key objectives for the Dolphin companies. It strengthens our core service by offering -- excuse me, it strengthens our core service offering by adding robust digital protection. It opens fresh revenue channels through enhanced security services and, most importantly, it launches Dolphin into the AI technology sphere, setting the stage for future innovations and opportunities in entertainment and marketing.

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What excites us most is the collaborative nature of this partnership. We're not just implementing existing solutions, we're actively developing next generation tools tailored to our clients evolving needs. We think of it as building tomorrow's digital safety net while addressing today's challenges. Like Always Alpha, the timing couldn't be better. As deep fakes, digital impersonation and unauthorized content become more sophisticated, our clients need more than traditional PR and marketing support to manage their public persona. They need comprehensive digital protection and we're now uniquely positioned to provide it. Also, this partnership isn't just about defense, it's about innovation. While AI technology is still evolving, we know it has the potential to revolutionize a wide variety of aspects in entertainment and marketing. Through this alliance, we're positioning Dolphin as a responsible leader in entertainment for the ethical use of AI at the intersection of creativity and technology, ready to shape the future of digital content and protection.

Now, usually after our ventures updates, I would conclude and pass it over to Mirta, but first I want to reiterate what we stated in our recent shareholder letter and also in my presentation at the LD Micro Conference a couple of weeks ago, that we believe that our current market cap starkly undervalues the true strength and prospects of our unique portfolio. Let's just look again at what has been accomplished so far in just the past 12 months. We achieved record revenues in Q4 of last year and then broke that record again in Q1. Our IMAX co-production Blue Angels was a standout hit with a full recoupment of our production investment and well over 1 million in ROI already achieved and received with a long revenue tail ahead. Also in May, we successfully launched Rachael Ray's award winning Staple Gin. In July, we acquired the profitable Elle Communications to add impact PR to our capabilities. And as we just highlighted most recently, in October, we announced the launch of Always Alpha, our management firm exclusively focused on the rapidly growing multibillion dollar women's sports market; all in the last 12 months. Now these milestones, along with the consistently stellar work by our industry-leading entertainment marketing companies, position Dolphin for continued success.

As noted at the top of the call, through nine months our revenue is up over 26% year-over-year. We anticipate our revenue this year to exceed \$50 million and with over \$39 million in revenues through the first nine months, and with Q4 typically being our strongest quarter, we believe it will be very difficult for us to not hit this goal. Thus, we are trading at approximately one quarter of one times the expected revenue of the current year. We also anticipate achieving positive adjusted operating income for full year 2024 and again after reporting positive adjusted operating income of \$1.4 million through the first nine months, and with Q4 historically being our best quarter, we believe it would be very difficult for us to not hit this goal. That's an understatement. More than 20% of year-over-year growth -- excuse me, more than 25% year-over-year revenue growth while achieving positive adjusted operating income, we believe these results set us apart from many of our micro cap peers.

Looking ahead, we see immense potential in influencer marketing, women's sports and innovative ventures like Staple Gin and the new Loti AI partnership we just discussed. In my view, our current market cap starkly undervalues the true strength and prospects of our unique portfolio. Furthermore, we believe there's a significant discrepancy between our present market capitalization and the fundamental worth of our assets. I believe we are significantly undervalued

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and, as CEO, I am putting my money where my mouth is by actively increasing my personal stake in DLPN with \$100,000 of open market purchases in the past year alone, and I plan to buy more here before the end of the year, I'm confident the market will soon better appreciate Dolphin's robust financial health and exciting growth catalysts on the horizon as we continue to create long-term value for shareholders.

And with that in mind, one last tease before I turn it over to Mirta. I want to share the announcement of the upcoming launch of our new shareholder rewards program in partnership with Ticker, the same company that works with Starbucks and Whirlpool and others. We're set to debut in January of 2025, and this new shareholder rewards program will offer our shareholders exclusive access to DLPN client products, invitations to unique events and other perks that celebrate our community's support and connection to Dolphin's dynamic ventures. Stay tuned for more details as we get closer to January. It's our way of saying thank you to those who are part of our Dolphin journey. So thank you for your continued support of Dolphin Entertainment.

I'll now turn it over to Mirta to walk through the financials and then we'll open it up for Q&A. Mirta?

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

Thank you Bill. I'll now review our Q3 2024 financial results in more detail. Total revenue for the third quarter was \$12.7 million, representing an increase of 24.5% over the third quarter of 2023. Operating expenses were \$20.8 million, including approximately \$600,000 of depreciation and amortization, \$6.5 million of goodwill impairment, \$150,000 of acquisition transaction costs related to our acquisition of Elle Communications, and a \$1.3 million write off of the Midnight Theatre notes receivable. This compares to operating expenses of \$12.3 million in Q3 2023 that included an impairment of intangible assets of approximately \$300,000 and \$500,000 of depreciation and amortization.

Net loss for the three months ended September 30, 2024 of \$8.7 million includes the depreciation, amortization, impairment charges, acquisition transaction costs, and the notes receivable write-off discussed in the operating loss remark plus interest expense of approximately \$500,000. This compares to a net loss of \$3.9 million in Q3 of 2023 that include the depreciation, amortization and impairment costs detailed in the operating loss remark plus interest expense of approximately \$600,000.

Adjusted operating income, a non-GAAP measure, improved to \$500,000 in Q3 2024 from an adjusted operating loss of \$800,000 in Q3 2023. Loss per share was \$0.80 per share based on 10.9 million weighted average shares outstanding for both basic loss per share and fully diluted loss per share for the three months ended September 30, 2024. For the three months ended September 30, 2023, loss per share was \$0.55 based on 7.1 million weighted average shares outstanding for both basic and fully diluted loss per share.

Cash and cash equivalents were \$6.6 million as of September 30, 2024, compared to \$7.6 million as of December 31, 2023.

I will now ask the operator to open the phone lines for questions. Operator, would you please pull for questions?

Operator

Certainly. At this time, we will be conducting a question and answer session. [Operator Instructions] Your first question for today is from Allen Klee with Maxim Group.

Q: Hello, can you hear me?

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

Yes, I hear you, Allen. Thank you.

Q: Oh, hi. Sorry, I'm having phone problems. Congrats. Strong quarter. Good job.

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

Thank you.

Q: The jump in revenue this quarter, year-over-year. Could you kind of rank some of the bigger factors were that you would point to?

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

Sure, yeah. Let's see, yeah, 24.5% year-over-year revenue growth comes from multiple factors as you might anticipate and certainly Special Projects and Elle would play a factor in that. Elle had a particularly strong quarter. Going into an election year, I've learned is good for the impact PR business as many people are looking to create additional awareness of the good work that they're doing and many of the clients receive some funding from whether it be city, local or state or federal government agencies. Also though the legacy PR firms of Shore Fire and The Door and 42West had good quarters and increases, 42West has had a strong -- a long stretch of having strong results and Shore Fire and The Door, while they also have as well, that we're seeing momentum with them through Q1 to Q2 to Q3 of this year. So I would say some surge with Special Projects and Elle, but also organic growth of the legacy PR businesses were probably the primary drivers. We're getting stronger each quarter at cross selling and I think it's just going to continue show in the quarters ahead.

Q: Thank you. And The Digital Department, what items -- I know that this fourth quarter is going to be the seasonally strong quarter, but just in terms of you've been doing a lot there. Was there any other thing you wanted to highlight of kind of new business you're doing and cross selling?

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

Yeah, yeah. I'm very proud of the work done by the team at The Digital Department. We've done a lot of work with that company this year. I think first of all, The Digital Department, has three main operating divisions; talent management, brand campaigns, and the events division. I try and talk about them equally, but the talent department has gone through strong growth as we've hired quite a few new talent managers in the past six months. The skincare group, the dermatology group, has been a real highlight. We're investing in additional talent managers in that group, and we see a lot of growth with professional advice, if you will, or content from professionals online. So that would definitely be something to look for in 2025. And I've mentioned before, we'd like to have a skincare product in market by the end of 2025. That group has been a real source of upside for us.

The brand division had a very strong start of the year. We have done work for some major recognizable brands and anticipate doing it again in 2025. That's a real strength of our overall company, quite frankly. And the events division, as we expand the showrooms, as I mentioned in my prepared remarks, we hit New York for the first time with the showroom. We expanded the showrooms outside Los Angeles for the first time, and it started with New York at Fashion Week in September. By all accounts, that was a very successful showroom for us. We just came off a showroom the last two days in Los Angeles for the holiday season, and we're about to do another one here in Miami at Art Basel in a couple of weeks. So Digital Department is going into their Q4, which is why I didn't mention them as a highlight in Q3, because as you said, their explosive quarter is Q4, and we have no reason to believe it won't be again this year.

Q: Thank you. I just wanted to understand a little with the -- you said you've received a second installment of \$2.6 million of content licensing agreement. Could you just back up and explain, like, how much money you got overall? And then that \$2.6 million, did that get recognized as revenue or in a different way and going forward is the way to think of it, that you'll get revenue from the institutional theaters, is that there shouldn't be any revenue from anywhere else. Thank you.

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

Sure. Yeah. Blue Angels did very well for us. That \$2.6 million was the revenue. It was the cash we received in July, in Q3, from revenue we had recognized when we delivered the film earlier in the year. So we've received over \$3.4 million from Blue Angels alone, and that's against a total cash investment at \$2.25 million. So we've recouped the full cash investment and have made a nice profit return on that even before it goes into institutional theaters, which it will start doing in January. And then the beauty of the institutional theaters is, as I mentioned in the prepared remarks, we treat it like an annuity. We get a percentage of that box office revenue of tickets sold at the Smithsonian or Museum of Natural History or the Miami Planetarium or wherever it might run. Those are all IMAX institutional theaters, and we expect they'll probably run in most, if not all of those theaters around the country. And as you know, it may run in that theater for a month at a time and a month out of every year for the next 10 years. So it's a good business and we have a good partnership with IMAX for sure. And the Blue Angels, just the success it had in traditional theaters in May, the fact that it was the number one movie over Memorial Day weekend on Amazon, it had continued viewership for three, four, five weeks, which is again, just not common with a documentary. It was just well made. So it sets us up to do more of these and gives us a

unique position in the marketplace that we can put documentaries and movie theaters. So we're excited for it. And starting in January, it'll be a nice annuity for us as well.

Q: Okay. Thank you. You've spoken in the past of some other ventures or new areas for young people, and I was wondering how that might be progressing.

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

Yeah, well, in terms of -- I think you're referencing the influencer marketing agency having different divisions that we could expand. I've had this experience before with -- in my previous life with Dolphin and producing content. When you have a hit show, sometimes your other shows don't get the love. And with our skincare and dermatology group, I mean, that would be the equivalent of a hit TV show. And it can get a lot of the air time, but there are a lot of good talent managers doing a lot of good work across different verticals with Influencer Marketing. Clearly we're always going to be very strong in beauty, fashion, lifestyle. It's the bread and butter and it was the bread and butter of both Be Social and Socialyte before we merged to create the Digital Department a year ago. And we just have such strong brand relationships in those verticals, too. And it feeds into and it gets fed from the showrooms which have a heavy beauty, fashion and wellness focus. With that said, yes, we are continuing to expand the types of creators that we represent. And we can imagine building rosters of creators in specific verticals like we did with skin care and dermatology, in areas such as the young adults that you're referencing in our partnership with the Osbrink Agency, as well as in the future that may include culinary or other areas that cross over into our PR expertise as well.

Q: Thank you.

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

What I don't know is if we're going to start a vertical for accounting, I'm going to talk to Mirta about that. And if we get some online influencers interested in that space, we may expand it.

Q: Okay. Your partnership, your AI partnership, Loti, this sounds very compelling. Explain -- and you said something interesting in the release of -- well, can I understand how you get paid in this? But then also you said there's an opportunity to become a venture -- kind of make a venture investment in this. Could you tell us what you're thinking about there, potentially?

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

Sure. I mean, AI is still so new to everyone, right. With that said though, we do have -- we're blessed to have market leading companies and we have market leading clients. And so you just can't ignore the potential of AI and you want to be market leading in that space. So we made this partnership with Loti to come in first. Our first entry into AI is actually one to bolster our core services, right. Many of our PR firms are in the -- when you summarize what they're doing, they're managing the public persona, they're managing public relations PR at its core for either individuals or brands. And you can't manage a public persona today unless you can protect it online. I mean, it's that straightforward. And has anybody attempted to get any content removed from online, I

mean, good luck. AI has the potential to transform that industry and that capability by being able to search much faster than any previous technology and attempt to take down much faster than any previous technology. And we did our research, we selected the company we feel is the strongest and to our knowledge, we're the first entertainment PR firm to partner with an AI firm. We represent them as well. They are a cash paying client, which is fantastic. And in success and in testing with many of our signature clients, then we have the potential to turn this into something that may be a venture in 2025 for us because if we could have success with Loti, and we expect to -- then we could work to greatly expand them both within entertainment and into other verticals and other brands across industries. So that's exciting for us for sure. And as we look into other forms of AI, then we'll start playing with AI to create product; not content specifically, but other forms of subscription services or ways to access information that weren't possible before. Those types of some creative solutions that weren't possible before and so we might have some -- we hope to have some interesting announcements and interesting products created from AI capabilities in 2025.

Q: Thank you. As we are getting closer to 2025, what would you say kind of your priorities are for the next year?

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

Well, I would say it'll be a good blocking and tackling organic growth year would be my first answer. As I said, we feel very good about getting better and better at cross selling. We have the group of companies we like. We don't know of any marketing capabilities that we don't have in house now that we would have wanted. And so we can focus on a few things. One, we will grow Always Alpha, by the way, I know we haven't talked about that yet, but the big announcement in October and there's a lot of complementary services that we can help Cosette and Allyson grow that company, hopefully faster. All those brands we just talked about for The Digital Department and beauty, fashion and wellness are all brands that could work very, very well within women's sports. We hope to open a lot of doors and expand the type of partnerships that these athletes and these broadcasters can have. But we'll also continue to grow our impact PR division for sure. There's just a lot of cross pollination between our entertainment companies and our existing relationships in the non-profit space that I think can benefit, and benefit from also. So I think that'll be fantastic for us.

And then Dolphin's 2025 will probably mark a pivotal year as 2024 is starting to do, because when you've got the companies you want, then you can choose what you want to do together. And obviously what we've indicated for eight years is that when we finish building the group, what we want to do together is to own some of the assets that we're marketing. So, we've got Staple Gin in the market now. Next year should bring multiple Staple Gin level opportunities we hope. We've got Blue Angels in the market. 2025 should give us more, should see more content in the market. 2025 is going to see our first live events, Special Projects, being at the vanguard of that capability for our company. So yeah, I really do see 2025 as being the year in which we take the foothold we established in 2024, and we blow the door open in terms of having multiple ventures in market. 2024, though, it's going to be sad to see this year ago, Allen. I mean, it's a year in which we cross \$50 million. We anticipate we're going to cross \$50 million in revenue. Again, that would be very hard not to do since we're sitting on \$39 million already -- and it's a year we hit full year positive

adjusted operating income. That's a nice milestone for our company. And so the years ahead, we'll look to grow that adjusted operating income, of course, we'll look to grow revenue, but we'll also look to build some of these lottery tickets that any one of which, certainly against our current market cap, would be worth more than our market cap. So that's what I think we have in store for 2025.

Q: Thank you. And I forgot to ask about Always Alpha. You have so many things, it's hard to remember everything. But do you see this as kind of -- or how do you develop? I mean, you have a strong management team, but the ability to bring on new clients. How do you think about, like, how you go to market on that?

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

Well, I'll tell you, we have a couple of advantages there, but thank you for highlighting the management team, I mean, because that's a real rock star. Allyson is a legend, and her brother Wes may be the nicest guy I do business with. So very, very accomplished himself. And I think I got asked recently, what are the core strengths of Dolphin? And I think probably the number one answer is look at the management teams at each of these companies. I mean, these are people that are at the top of their game. So when you've got people like Amanda Lumberg at 42West or Marilyn Laverty at Shore Fire, Lois O'Neill and Charlie at The Door and all of our companies, you're starting from a position of strength, right. So, when it comes to recruiting new talent for Always Alpha, I would love to tell you that I'm essential to the process, Allen, but I think you just put Allyson Felix in front of other female athletes and say, we're blessed to work with Allyson and to manage Allyson's career, well, you've already established a whole lot of trust, I would say, in the women's sports industry, right.

And then secondly, when you get a chance to educate potential clients about all the other companies Dolphin has under its umbrella and how they can assist in making those dreams come true, whatever they may be, for those female athletes, female sportscasters, I think it's just an incredibly compelling story. And many of them have aspirations, of course, off the court, off the field, off the track for businesses or to become brand ambassadors or to become influencers. And of course, we know a whole lot about that. To build a PR presence, we know a whole lot about that, but also to do some positive good in the world with whatever charities that they're affiliated with and now we have enormous capabilities in that world, too. So I think we have a really -- I don't know of anything that they might want to do that we don't have an opportunity to help and I think that's a -- when you pair that with the credibility that Allyson and Cosette give us, it gives us, we feel, a unique story in the market. In an industry where there just aren't management firms for female athletes, so we have a first mover advantage and then we think we've got a team behind it that could sustain it for the long run.

Q: Thank you very much. That's it for my questions. Thank you.

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

Sure. What I'm also hoping that 2025 does not bring me is a challenge to a foot race from Allyson Felix. That would be embarrassing, so.

Operator

There appear to be no further questions in queue. I would like to turn the call over to Bill for closing remarks.

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

Well, I'm sitting here thinking, I think Allyson won 11 Olympic medals, incredible, and that her signature event was the 200 meter. How big a lead would she need to give me for it to be a tie? Let's just not answer that question either. Well, thank you, everybody for listening. Obviously, we're very proud of the year we've had so far. We've accomplished many great things due to the hard work of the team, the 270 dolphins now, wow, across the country. Our financial results are speaking for themselves. The ventures that we're doing and the companies we're bringing in, we think speak for themselves, the partnerships we've created. And we hope to have a very successful Q4 and into 2025. So more to come should be another announcement or two, certainly, before we speak again in March and we look forward to it all. So thank you all for being on this ride with us and we'll talk again in a couple of months. Happy holidays to everybody. Bye now.

Operator

This concludes today's conference and you may disconnect your lines at this time. Thank you for your participation.