

Transcript of
Dolphin Entertainment, Inc.
Dolphin Entertainment Third Quarter 2023 Earnings Call
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Participants

James Carbonara – IR, Dolphin Entertainment, Inc.
William O'Dowd – CEO, Dolphin Entertainment, Inc.
Mirta Negrini – CFO, Dolphin Entertainment, Inc.

Analysts

Allen Klee – Maxim Group

Presentation

Operator

Good day, ladies and gentlemen, and welcome to the Dolphin Entertainment Third Quarter 2023 Earnings Call. At this time, it is my pleasure to turn the floor over to your host, James Carbonara, Investor Relations. Sir, the floor is yours.

James Carbonara – IR, Dolphin Entertainment, Inc.

Thank you, Operator. 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.

William O'Dowd – 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 for Q3 was \$10.2 million or an increase of 3% year-over-year. I'm very proud of the team at Dolphin, which achieved this increase in revenue despite enduring two prolonged industry-wide strikes and the distraction of an internal merger for essentially the entire quarter. On the bottom line, our Q3 operating loss of \$2.1 million includes approximately \$1.2 million in noncash charges.

Thus, the cash operating loss was approximately \$900,000. We believe if it were not for the impact of the two strikes and the one-time costs associated with the internal merger of our influencer marketing subsidiaries Be Social and Socialyte to create The Digital Department, we would have achieved a cash operating profit in Q3. And that would have been without the benefit of Special Projects, which we acquired at the start of Q4. Thus, going forward, once the industry resumes normal operations post strikes and with the addition of the revenues and profits of Special Projects, we expect to have consistent cash operating profits. The effects of the strikes will be felt into Q1 as many movies and TV series have already been pushed out of 2023 and into the spring and summer of next year. But make no mistake, the industry is excited to get back to work and Dolphin has not been sitting idle.

Quite to the contrary, we have achieved the following highlights all since our last earnings call in the middle of August. First, as I just mentioned, we created a market-leading influencer marketing agency, The Digital Department by merging Be Social and Socialyte. Second, we hosted the grand opening of Midnight Theatre, now open seven days a week and signed our multiyear partnership with blue-chip marketer Mastercard. And third, we completed our 7-year journey to build an entertainment marketing earned media Super Group with the acquisition of the best-in-class talent booking and celebrity live event firm Special Projects. We believe each of these is a catalyst for our company in its own right, and I'll spend a few words on each. And as an aside, on a personal note, I can unequivocally say that this run post-Labor Day has been the busiest period of my entire career, just one big ticket item after another.

So first, the merger Be Social and Socialyte to create The Digital Department. I'll be brief on this topic since we alluded to it coming in September at length during our Q2 earnings call. The short-term pain of management distractions in both cash and intangible costs are all behind us now, and we've assembled a beautiful company that is a platform for us in the fastest-growing area of marketing that we know. The launch events we hosted for our talent and brand partners in New York and Los Angeles were nothing short of electric. The New York event was at Midnight Theatre, I might add.

The incoming calls to work with The Digital Department are exactly what we hoped for, and the excitement about its expansion prospects is comparable. There's just tremendous momentum,

both internally and externally, around building what we think will be the flagship influencer marketing agency in the country out of the entertainment space. Simply put, The Digital Department will be a strong growth catalyst amongst our core businesses as we add new verticals of expertise. Right now, we are market leaders in female-focused fashion, beauty, wellness, and lifestyle products with Instagram as our major platform of choice.

We have several well-known reality television personalities on a roster of more than 200 exclusive talent. From this base, we plan to expand to include several new verticals such as sports, culinary, teens and young adults, reaching broader audiences on both TikTok and YouTube to complement Instagram. Just the sports vertical alone could in success, we believe, grow to be as big as our entire business today. Much more to come on this in the quarters ahead.

Next, I'll turn to The 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 Ventures. The headline here is our new multiyear partnership with Mastercard. Obviously, this is the bluest of blue-chip partners for any performance venue. Guests will have the opportunity of taking new immersive experiences, exclusive events, special discounts, all tailored exclusively for Mastercard cardholders. Moreover, the venue will now be known as Mastercard Midnight Theatre with the financial industry powerhouse's name prominently featured. We are confident that this long-term support from such a prominent player in the financial industry substantially elevates the intrinsic value of this cutting-edge destination. For anyone new to Dolphin, Midnight Theatre is located in Manhattan West in New York, between 9th and 10th Avenues. The same streets between 31st and 33rd like Penn Station or Madison Square Garden, just one avenue over and it's inside Brookfield's \$4.5 billion complex, the largest in Brookfield's history. We are the only entertainment venue there. We have a theater and a restaurant on the same floor, all under one roof, if you will. We went to seven days a week, four days after we merged the influencer agencies and 11 days before we acquired Special Projects, with a full programming schedule and events throughout the fall. And we've already started booking 2024, which includes internationally renowned magician Joshua Jay who is bringing "Look Closer, a New Magic Show" to Midnight Theatre in February. He'll be performing 16 shows, including two shows on Valentine's Day.

I'm going to highlight this particular show because of the quality of the performer who is looking to call Midnight Theatre home. Joshua Jay's return to New York City 4 years after his critically acclaimed show "Six Impossible Things" sold out its entire 18-month off-Broadway run. As a magician, Joshua Jay has performed his original work on *The Tonight Show* with Jimmy Fallon, *The Late Late Show* with James Corden, and even successfully fooled Penn & Teller on *Fool Us*. I can hear James Carbonara multitasking and pulling up midnighttheater.com to buy Valentine's Day tickets right now. Let's just say I'm happy for Mira his lovely wife, who doesn't have to plan it this year.

Okay. So now we're up to the acquisition of Special Projects.

This company is very special to all of us at Dolphin since it represents the culmination of that 7-year journey to build our entertainment marketing Super Group. We'll begin with the speech at LD Micro in December of 2016 which was followed by the acquisition of 42West on March 30th, 2017, and the uplisting to NASDAQ in December of 2017. 7 years after the speech at LD Micro, the Super Group has now finished after buying one company a year since, with two in 2018, I should add. And it would be hard-pressed to think of any company more strategic for our group than Special Projects. So first, some particulars.

Special Projects was founded by Nicole Vecchiarelli and Andrea Oliveri, two former magazine editors who met working at Condé Nast. They have built the entertainment industry's go-to talent booking and celebrity curated live event company, period. They have offices in both New York and Los Angeles and simply handle a wide variety of signature events, from the Wall Street Journal's Innovator Awards held with The Met every year, with this year's honorees two weeks ago, including Martin Scorsese and Kylie Jenner among others, to the Motion Picture Academy Museum Gala in Los Angeles coming up in a few weeks and said to honor Meryl Streep, Oprah Winfrey, Sofia Coppola, Michael B. Jordan, along with a few surprises. Too bad they couldn't get any big names, right? Their client list is A++ from retainer clients like Apple and Chanel, the project-based clients like A24, Amazon, the Apollo Theater, Bumble, GQ, Louis Vuitton, Max Mara, Meta, Netflix, Stella McCartney, Versace, Saint Laurent, and YouTube. Anyone who has heard our story before today knows that ideating and executing world-class events is a big part of Dolphin's future. First, let's just take a look at our core business. Just with the business that our PR firms are already doing, we have so many opportunities for cross-selling. Every movie or streaming series that 42West is promoting is a potential candidate for a premier event handled by Special Projects. Every hotel or restaurant opening The Door is promoting is a potential candidate for a launch event handled by Special Projects. Every single or album drop that Shore Fire is promoting is an opportunity to create a release party handled by Special Projects. Any consumer product being handled by any one of our PR firms is a potential beneficiary or sponsor of an event handled by Special Projects. So, by the way, this is an immediately accretive acquisition for us. Special Projects is a very well-run profitable business with a great margin, and we think we can grow them very well in the next 12, 24 months with all the synergies I just mentioned. And when we look at Dolphin Ventures, we talk about receiving ownership stakes in exchange for our services and promoting three categories of assets; content, consumer products, and live events. Thus, ideating and executing world-class events is a big part of Dolphin's future and adding Special Projects immediately catapults us into the industry-leading position.

And needless to say, after hearing that client roster, the reputations and relationships of Andrea and Nicole in our industry are simply unmatched. So, Andrea, Nicole, and Special Projects have finished our Super Group. I've talked about how to some this may seem like it's a finish line. For us at Dolphin, we see it as the starting line. We now have our full team assembled. And by the way, eight acquisitions from only eight offers. What's that tell you? We got our first choice of companies in every vertical of entertainment marketing we want to be in. We've assembled our dream team. Now we're excited to show what we can do together.

With these accomplishments, we believe Dolphin is in its strongest position in company history with highly diversified revenue sources across seven operating subsidiaries and expectations of cash operating profits in 2024. As we look ahead to next year, a landscape of promising

opportunities within Dolphin Entertainment and Dolphin Ventures awaits, beginning with the release of and the revenues from The Blue Angels, the first project in our multiyear agreement with IMAX. Also, we believe the aforementioned multiyear partnership with Mastercard and Midnight Theatre validates our investment by indicating the value placed on our venue by the market. Both our IMAX partnership and our Midnight Theatre venue are just getting started. And each of them are ahead of other Dolphin Ventures that we are equally excited about and are working hard to realize in 2024. In short, we believe we've weathered the unique storm of this past summer and early fall. Looking ahead, after successfully navigating these temporary headwinds and after our successful at-the-market raise, no discount, no warrants of two weeks ago, we find ourselves on stable footing and with the full amount of our targeted cash reserves. We are very confident in our sustainable path forward. We believe that this sends a strong message to our current microcap market, which we expect will reward positive free cash flow, underlining our strategy for creating significant near-term shareholder value. With that said, I'll turn it over to Mirta.

Mirta Negrini – CFO, Dolphin Entertainment, Inc.

Thank you, Bill, and good afternoon, everyone. I will now discuss results for the quarter ended September 30, 2023. Total revenue for the third quarter ended September 30, 2023 increased by 3% to \$10.2 million compared to the third quarter ended September 30, 2022. The overall operating expenses for the three months ended September 30, 2023 were approximately \$12.3 million compared to approximately \$11 million for the three months ended September 30, 2022. Operating expenses are composed of direct costs, payroll and benefits, selling general and administrative expenses, acquisition costs, depreciation and amortization, impairment of intangible assets, and legal and professional fees. Direct costs for the quarter ended September 30, 2023 were \$185,308 compared to \$837,429 for the quarter ended September 30, 2022. Payroll costs were approximately \$8.4 million in the third quarter of 2023 compared to \$7 million in the third quarter of 2022.

FT&A expenses were \$2.1 million in Q3 of 2023 compared to \$1.7 million in Q3 of last year. Legal and professional fees were \$695,188 in Q3 of 2023 compared to \$774,613 in Q3 of 2022. Operating loss for Q3 of 2023 of \$2.1 million includes noncash items of over \$1.2 million. Net loss for Q3 of 2023 of \$3.9 million includes noncash items of approximately \$2.4 million. The noncash items included in operating losses consist of nonrecurring \$341,417 impairment of the trade name of Be Social and Socialyte upon combining to become The Digital Department. \$535,740 of depreciation and amortization and \$311,578 of bad debt expense related to the write-off of our investment in Crafthouse Cocktails. Net loss for Q3 of 2023 also includes the nonrecurring write-off of our investment in Crafthouse Cocktails of approximately \$1.2 million, reported under the caption equity and losses of unconsolidated affiliates. This compares to an operating loss and net loss for the quarter ended September 30, 2022 of \$1.1 million and \$1.3 million, respectively, which include noncash items from depreciation and amortization of \$415,836.

Loss per share was \$0.27 per share based on 14,121,275 weighted average shares outstanding from both basic loss per share and fully diluted loss per share for the three months ended September 30, 2023. Loss per share was \$0.14 per share based on 9,664,681 weighted average

shares outstanding for basic and 9,793,715 weighted average shares outstanding, and a fully diluted loss per share basis for the three months ended September 30, 2022. Cash and cash equivalents of \$6.4 million as of September 30, 2023 as compared to \$6.1 million as of December 31, 2022, and does not include an October 31, 2023 underwritten public offering of 1.4 million shares of our common stock at a price of \$1.65 per share. That concludes my financial remarks. I will now ask the operator to open the phone line for Q&A. Operator, would you please poll for questions?

Operator

And we'll take our first question from Allen Klee from Maxim Group.

Q: Congratulations on all the positive events. I'd like to start with Blue Angels and the IMAX partnership. What's your best guess on when this goes into theaters? And how do you think about when you get paid for that and for Amazon? And then when you might consider the second movie that you do in partnership with them?

William O'Dowd – CEO, Dolphin Entertainment, Inc.

Sure. Yes, this is obviously a hot topic with folks that have followed our story because it's a great success story for us, The Blue Angels. We expect to have that in theaters probably Q2, Allen. We expect to deliver the movie maybe even close to year-end here, but probably Q1, early Q1. We recognize the revenue in Q1 then and would expect to receive the cash almost entirely by the end of Q1 or into Q2 if delivery occurs in January. As I mentioned, the revenue is recognized upon delivery of the film or 90% of it is. So I think then as people knew the story might find of interest, we sold the film in what's called the second window, meaning after it's in theaters with IMAX, it will go on Amazon Prime. And we expect it to generate more than a 75% return on investment for us just from the sales we've already made. So that doesn't count any revenue share from the ticket sales in IMAX theaters. So it was a home-run first project in our slate with a multiyear slate with IMAX. In terms of the second project in that slate actively being discussed right now, I think I may have mentioned in our last earnings call we hope to have an announcement to make before the end of this year, but it may trickle into the first quarter just because it's hard to follow up a mega hit like that. We're actively looking for one that we can be in production on next year.

Q: Okay. So here's a question that somebody asked me to ask you, so I'd ask it now before I forget. Do you make a bunch of announcements of your various firms of their clients winning awards? And the question is, do you get paid more when one of your clients wins an award?

William O'Dowd – CEO, Dolphin Entertainment, Inc.

Yes. And that's one of the reasons why we do it. We frame it as we are congratulating our subsidiary or congratulating the clients, as they deserve to be congratulated when you handle 25 Grammy nominations or 99 Emmy nominations, whatever, or however many Oscar nominations won. But the benefit of that, also, is that typically how awards campaigns work is that you get paid a retainer each month while you're running the campaign, and oftentimes in certain

industries, you get a bonus upon receiving a nomination at all. And by the way, then it extends your run, right? Because if you're nominated, you keep the monthly retainer or the award ceremony.

So you might have gone from a three-month campaign to see if you get a nomination to another three months after until the awards, for example, or whatever it might be. Especially in the case of the Oscars, you typically get a nice reward bonus if your nominee wins in its category. And those bonuses typically can range from mid- to high-5 figures each. And in rare cases, you may you get a 6-figure bonus for a win. So those are nice to have in our industry for sure and can add up quite a bit.

Q: That's very informative. So you said that you expect to be cash flow positive when the industry resumes normal operations post-strike. Is a reasonable time to think about that as being, best guess today, second quarter '24?

William O'Dowd – CEO, Dolphin Entertainment, Inc.

I think so. That seems conservative and nice for us. I mean, with the strike ending in -- the actor strike, which is the one that impacted us the most, right? And you say how well, of course, the two ways that it impacts us the most would be certain talent don't -- they're not allowed to promote during strikes. If you don't have something other than filmed entertainment to promote, you would go on what's called "hiatus pause" of your publicity work. But then secondly, many movies just pushed out of the quarter. Now we've got arguably the biggest movie in theaters, right, traditional movie in "Killers Of The Flower Moon" shot with DiCaprio and De Niro, and that studio decided to push forward with the release, despite not having DiCaprio and De Niro able to promote it. But the majority of movies chose to push into next year. So after the Marvels, and I think Disney might have one more, yes, they wish coming out in a couple of weeks. And Disney, for example, is pausing or has a gap, I should say, in the release slate of seven months I think, until the next movie will hit theaters next summer. So of course, we don't need the movie to be in theaters, we start promoting beforehand.

But I would think that with strikes over now, that will impact us here obviously in the fourth quarter and into the first quarter, but we'll resume normal operations at some point before the end of the first quarter we would hope, and Q2 will be a normal quarter for us. I think the cash operating profit, we were very proud of the fact that we built the team that would have done it anyway. And with Special Projects, that certainly helps. I think the hesitation you're hearing in my voice is, what will Q1 look like? It's always our weakest quarter and Q4 is always our strongest quarter. So it's hard to gauge today because it's a riddle that would only best be answered if we knew how the strikes will linger into Q1. Right now, before the strike settled, there were only three theatrical releases on a wide basis the entire month of January. Everybody was pushing out of it because they didn't know if they'd have actors to promote. Now some of those movies are going to come back in, but it could be a ramp-up period in Q1 that I just don't know the answer to if we can be cash positive in Q1, but we would expect to be by Q2 and going forward.

Q: That's great. So for your social influencing businesses that you combined, you've said in the past, that's around 1/4 of your revenue, but then there's opportunities to grow that very significantly you said as you add new verticals. How do you think about the timing of building out these new verticals?

William O'Dowd – CEO, Dolphin Entertainment, Inc.

That's very near term, Allen. Just like we acquired Socialyte and we announced it on this call last year, right, the Q3 earnings call date, November 14, I think it was also last year. And with the eye towards the merger, right, that we were going to combine New York and L.A. to create, we didn't know the name of time, but The Digital Department. We handled that merger with the eye towards having the scale and size of a company to build these other verticals. That was a big factor in the merger. And so just like we've been working last few months towards the merger before, it came about. We feel very strongly about the work we've put in the last few weeks and months to have these other verticals and that we'd be announcing in the New Year for The Digital Department. And we're particularly excited. We're excited about them all. But obviously, sports represent such a huge area for us and growth area for The Digital Department for sure.

Q: For Midnight Theatre, how should we think about the impact of the Mastercard partnership?

William O'Dowd – CEO, Dolphin Entertainment, Inc.

Well, it's certainly from a financial standpoint, it buffers the investment, right? I mean it's a multiyear deal with increases every year. And we're very pleased with the outcome. And then on an operational level, you've got a partner that both brings events to the space and brings awareness of their own events. I mean, brings awareness to the space and has a marketing engine behind it. So the Theatre is off to a strong start after the grand opening. Q4 is always good too because we'll have the private events business with the holiday season. But it's nice as you go into the slow business of Q1, so it kind of mirrors some of our companies in that way. When you have a partner like that that can bring events during the dead of winter, it's just very strong for our business.

And as I mentioned on the earnings call, I mean, these types of things may somewhat get taken for granted because of some of the blue-chip clients we have with our entertainment marketing companies. But in a venue like this and with an investment like this, this is far from normal. This is a 150-seat state-of-the-art variety theater in a beautiful \$4.5 billion complex. But at the end of the day, everyone who -- just think of your own hometown, if you're from New York, think of all the entertainment venues of that size you've been to. Joe's Pub to 54 Below to wherever you may be thinking of, right? Now I ask you to take five seconds and just think of which of those venues have a sponsor? If you can name one of the same size with any sponsor and that could be like Joe's oil change, right? And then you think about Mastercard and the deal done with the global CMO of Mastercard, I think it validates our venue. It validates its presence in New York City, and I think you can imagine that there's excitement about what we'll be doing in the future with that space and that brand.

Q: Is there kind of a goal for how many private events you would like to do a month?

William O’Dowd – CEO, Dolphin Entertainment, Inc.

Yes, we have a goal. In terms of full venue buyouts, in a perfect world, you could do one a week and not disrupt your programming enough, right? And when I say full venue, that means a client is taking over both the theater and the restaurant. Now in terms of just either the lounge buyout or private dining room buyout or even a restaurant buyout, you could do those, maybe you don't want to do it more frequently than a couple of times a week for a restaurant buyout, but I think that 1-2x a week for the larger buyouts. In terms of the lounge or the happy hours of the private dining room, we can do that every day. And sometimes it feels like we do. And of course, you only do buyouts if the money you're receiving is significantly above what you could just do if you operated it, right? So they're lucrative for us, and we like to do as many as we can responsibly.

Q: Okay. And then on Special Projects, it sounded like this could be -- you haven't provided the financial breakout of it. In terms of what its revenues is, I mean you did discuss how much you paid for it. But it sounds like with the synergies, the revenues could be maybe significantly more than what it has been historically. Is that kind of a way to think about it?

William O’Dowd – CEO, Dolphin Entertainment, Inc.

Yes. And the profit. I mean, I don't want to give a wrong impression here. This is a well-run, very profitable, high-margin business as it is, period. And like I said, it's immediately accretive for us. And we'll announce those financials about 74 days after the acquisition, we'll file the 8-K. So it's not me dodging but I can't get ahead of our filing, right? But with that said, it's already well-run, like I mentioned. But what I was trying to make the point in my prepared remarks, you can see how seamless this type of company and this particular company is within the group we've already built. In a perfect world, we wanted to buy those PR firms first, which we largely accomplished. And then with influencer marketing, I think I called that the “peanut butter and jelly” on past calls, those are the twin pillars, if you will, PR and influencer marketing, to create awareness and reach.

And then the live event company, we always did want to bring in last because the PR firms, and quite frankly, the influencer marketing, can refer so much business to them. And so, it'll be a shame to have the live event company first and you're waiting to buy the PR firms, right? But then in terms of Dolphin Ventures, the live events company Special Projects is highly strategic. We bought three PR firms, we bought two influencer marketing agencies, and we have one live event company, and we don't need another because they're on both coasts and they're already the market leader. They're already the most established brand in talent booking and celebrity live events, which is our wheelhouse, of course. And with them, we instantly can ideate anything involving celebrities or influencers and with a curated editorial sensibility. And we have immediate credibility with any media partner. I mean, they're already ideating and executing for Wall Street Journal, for Condé Nast, for W Magazine, for Bustle Digital Group, right? They come from that world.

So now all of a sudden, you've got PR firms, influencer marketing, publishing to promote an event that we could either ideate or take an ownership stake in for all of that firepower, and you can bring the celebrities there. So it's all great to give award ceremonies, but if you can't get somebody to show up to receive the awards, not much of a very sponsorable event, right? So they do it at the very highest level. And obviously, these are major brand-name type events with major celebrities attending. And they put all of that together. So last year's Academy Museum Gala that had George Clooney and Julia Roberts up there, and that had Hailey Bieber and Selena Gomez in the audience sharing a table, the photo that broke the Internet. That's all them. They bring the celebrities, they do the seating charts, they organize the panels, they put everybody up there. So they're very well regarded in the industry, we're blessed to have them, and they complete the Super Group.

Q: In your business where you take positions in content or consumer products, part of the longer-term strategy is for some of them, you're basically getting the equity for free. And then over time, you can get payouts on that. Do you think it's reasonable to think that maybe some of them might pay out in '24?

William O'Dowd – CEO, Dolphin Entertainment, Inc.

Well, yes, you're referencing when we take or receive ownership stakes in products or companies in partial exchange for our services. We love that model where we get cash, we get some cash every month as a retainer, but we also get equity 5%, 7%, 10% of a product or service in exchange for the firepower of the Super Group. And it works especially well when the marketing is as valuable as the quality of the product itself. So I think industries like liquor, beauty, cosmetics, wellness products, getting people aware of the product and maybe even endorsed from an entertainment figure (either celebrity or influencers) is gold in these days of promotion. So yes, we love that model and we put up no capital, as you said, Allen. Will we have some exits in 2024? That may happen in the year, the second half of the year, depending on where a couple land. But I think what we see, not only have the group finished using a year so to build a slate of those, we've already got a couple, as you mentioned, and then start rolling exits out as we add new into the slate every year, we'll hopefully roll out a successful exit. And there are some very successful exits we can all think of using either celebrity-fronted product or influencer-fronted product in the marketplace. And we expect to have one or two of those ourselves in the next few years, we hope.

Operator

And there appear to be no further questions at this time. I'll turn the floor back to Bill O'Dowd for closing remarks.

William O'Dowd – CEO, Dolphin Entertainment, Inc.

Okay, great. Well, thank you very much, and I was getting – slipped a note see if was there one question from Tim Regan, or is that on hold?

Operator

He has been in the queue, but then he must have removed himself.

William O'Dowd – CEO, Dolphin Entertainment, Inc.

Okay. Maybe I answered those other questions too long. Thank you very much.

Operator

You are welcome.

William O'Dowd – CEO, Dolphin Entertainment, Inc.

Of course. Well, thank you, everybody, for listening today. I know this is the entry into the longest stretch of the earnings call seasons where we go from November 14th all the way to March 31st without having a scheduled earnings call or at the end of March, whatever our filing date is. We'll try and continue with almost weekly press releases to let you know how each of the subsidiaries are operating. We would hope to have some of the bigger announcements like a Mastercard sponsorship, or something equally exciting, the merger of our companies.

Between now and then, of course, we have a couple of those, and we'll try and call those out to pay particular attention to, especially if it involves any of the ventures or receiving ownership stakes in some of those. We have a couple on the cusp. And I thank everyone who's been a part of the journey, especially for those fans that were in the room in December of 2016 at LD Micro when the idea of the group was presented before we bought the first one, 42West, three months later. So thank you for those who have been with us since the beginning, and thank you for those who have just heard about us and joined in the last month or so. It's been a fun ride. And as I said, we think we're now firmly at the starting line with full group intact. So we're excited to see what's going to happen next. Thank you, guys, for the time today, and we look forward to speaking again in March.

Operator

Thank you. Ladies and gentlemen, this does conclude today's Dolphin Entertainment Earnings Call. We thank you for your participation. You may disconnect at this time, and have a great day.