SECURITIES & EXCHANGE COMMISSION EDGAR FILING

Dolphin Entertainment, Inc.

Form: 8-K

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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of Earliest Event Reported): July 5, 2018

Dolphin Entertainment, Inc.

(Exact Name of Registrant as Specified in its Charter)

Florida	**001-38331**	**86-0787790**
(State or Other Jurisdiction of Incorporation)	*(Commission File Number)*	*(IRS Employer Identification No.)*

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

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

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

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

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

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

Emerging growth company ❑

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

Item 1.01 Entry into a Material Definitive Agreement

On July 5, 2018 (the "Closing Date"), Dolphin Entertainment, Inc., a Florida corporation (the "Company"), entered into an Agreement and Plan of Merger (the "Merger Agreement") together with Lois O'Neill and Charles Dougiello (collectively, the "Members"), The Door Marketing Group, LLC, a New York limited liability company ("The Door"), and Window Merger Sub, LLC, a New York limited liability company and wholly owned subsidiary of the Company ("Merger Sub"). On the Closing Date, The Door merged with and into Merger Sub, with Merger Sub surviving the merger (the "Merger") and continuing as a wholly owned subsidiary of the Company. Upon consummation of the Merger, Merger Sub changed its name to The Door Marketing Group, LLC. The Door is an entertainment public relations agency, offering talent publicity, strategic communications and entertainment content marketing.

The total consideration payable to the Members in respect of the Merger is comprised of the following: (i) $2.0 million in shares of the Company's common stock, par value $0.015 (the "Common Stock"), based on a price of $3.25 per share, (ii) $2.0 million in cash (as adjusted for certain working capital and closing adjustments and transaction expenses) and (iii) up to an additional $7.0 million of contingent consideration in a combination of cash and shares of Common Stock upon the achievement of specified financial performance targets over a four-year period as set forth in the Merger Agreement (the "Additional Consideration"). On the Closing Date, the Company issued to the Members an aggregate of $1.0 million in shares of Common Stock and paid the Members an aggregate of $1.0 million in cash (the "Initial Consideration"). Pursuant to the Merger Agreement, the Company has agreed to issue to the Members an additional $1.0 million in shares of Common Stock and pay to the Members $1.0 million in cash on January 2, 2019 (the "Post-Closing Consideration" and, together with the Initial Consideration and the Additional Consideration, the "Merger Consideration"). The Merger Agreement contains customary representations, warranties and covenants of the parties thereto.

Each of the Members has entered into a four-year employment agreement with The Door, pursuant to which each Member has agreed not to transfer any shares of Common Stock received as Merger Consideration (the "Share Consideration") in the first year following the Closing Date, no more than 1/3 of such Share Consideration in the second year and no more than an additional 1/3 of such Share Consideration in the third year.

On the Closing Date, the Company entered into a registration rights agreement with the Members (the "Registration Rights Agreement"), pursuant to which the Members are entitled to rights with respect to the registration of the Share Consideration under the Securities Act of 1933, as amended (the "Securities Act"). All fees, costs and expenses of registrations under the Registration Rights Agreement will be borne by the Company, other than underwriting discounts and commissions. At any time after July 5, 2019, the Company will be required, upon the request of the Members holding at least a majority of the Share Consideration received by the Members, to file up to two registration statements on Form S-3 covering up to 25% of the Share Consideration.

The foregoing summaries of the Merger Agreement and the Registration Rights Agreement do not purport to be complete and are qualified in their entirety by reference to the full text of the Merger Agreement and Registration Rights Agreement, which are filed as Exhibits 2.1 and 4.1, respectively, to this Current Report on Form 8-K and incorporated by reference into this Item 1.01.

The Merger Agreement is filed with this Current Report on Form 8-K to provide security holders with information regarding its terms. It is not intended to provide any other factual information about the Company, The Door or any other party to the Merger Agreement. The representations, warranties and covenants contained in the Merger Agreement were made solely for purposes of such agreement and as of specific dates, are solely for the benefit of the parties to the Merger Agreement, may be subject to limitations agreed upon by the contracting parties, including being qualified by confidential disclosures made for the purpose of allocating contractual risk between the parties to the Merger Agreement instead of establishing these matters as facts, and may be subject to standards of materiality applicable to the contracting parties that differ from those applicable to security holders. Security holders should not rely on the representations, warranties and covenants or any descriptions thereof as characterizations of the actual state of facts or condition of the Company, The Door, the Members or Merger Sub. Moreover, information concerning the subject matter of the representations and warranties may change after the date of the Merger Agreement, which subsequent information may or may not be fully reflected in the Company's public disclosures, except to the extent required by law.

Item 2.01 Completion of Acquisition or Disposition of Assets.

The information set forth in Item 1.01 of this Current Report on Form 8-K is incorporated by reference in this Item 2.01.

Item 3.02 Unregistered Sales of Equity Securities.

The information set forth in Item 1.01 of this Current Report on Form 8-K is incorporated by reference in this Item 3.02. The Company offered and sold the Share Consideration in reliance upon the exemption from registration provided by Section 4(a)(2) of the Securities Act and/or Rule 506 of Regulation D promulgated thereunder. The Members represented to the Company that each was an "accredited investor" as defined in Rule 501(a) promulgated under the Securities Act. None of the Share Consideration has been registered under the Securities Act and comprises "restricted securities" as that term is defined by Rule 144 promulgated under the Securities Act.

Item 7.01 Regulation FD Disclosure.

On July 11, 2018, the Company issued a press release announcing the closing of the Merger. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K and incorporated by reference in this Item 7.01.

The information contained in Item 7.01 of this Current Report on Form 8-K, including Exhibit 99.1 furnished herewith, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing by the Company under the Securities Act.

Item 8.01 Other Events

Risks Related to the Acquisition of The Door

The Company may not be able to successfully integrate The Door and other businesses that the Company may acquire in the future.

The Company's ability to successfully implement its business plan and achieve targeted financial results is dependent in part on its ability to successfully integrate The Door and other businesses that the Company has acquired (such as 42West) and may acquire in the future. The process of integrating The Door, and any other acquired businesses, involves risks. These risks include, but are not limited to:

- demands on management related to the increase in the size of the Company's business;
- diversion of management's attention from the management of daily operations;
- difficulties in the assimilation of different corporate cultures and business practices;
- difficulties in conforming the acquired company's accounting policies to the Company's existing policies;
- retaining employees who may be vital to the integration of departments, information technology systems, including accounting systems, technologies, books and records, and procedures, and maintaining uniform standards, such as internal accounting controls, procedures, and policies; and
- costs and expenses associated with any undisclosed or potential liabilities.

Failure to successfully integrate The Door, or any other acquired businesses, may result in reduced levels of revenue, earnings, or operating efficiency than might have been achieved if the Company had not acquired such businesses.

In addition, the Company's acquisition of The Door has resulted, and any future acquisitions could result, in the incurrence of additional debt and related interest expense, contingent liabilities, and amortization expenses related to intangible assets, which could have a material adverse effect on the Company's financial condition, operating results, and cash flow.

The Company may not be able to achieve the benefits that the Company expect to realize as a result of the acquisition of The Door. Failure to achieve such benefits could have an adverse effect on the Company's ***financial condition and results of operations.***

The Company may not be able to realize anticipated revenue enhancements or other synergies from the acquisition of The Door, either in the amount or within the time frame that the Company expect. In addition, the costs of achieving these benefits may be higher than, and the timing may differ from, what the Company expects. The Company's ability to realize anticipated synergies and revenue enhancements may be affected by a number of factors, including, but not limited to, the following:

- the use of more cash or other financial resources on integration and implementation activities than the Company expects; and
- unanticipated increases in expenses unrelated to the acquisition of The Door, which may offset the expected benefits from the acquisition of The Door.

If the Company fails to realize anticipated cost savings, synergies, or revenue enhancements, the Company's financial results may be adversely affected, and the Company may not generate the cash flow from operations that the Company anticipates.

The Door may have liabilities that are not known to the Company.

The Door may have liabilities that the Company failed, or was unable, to discover in the course of performing the Company's due diligence investigations of The Door. The Company cannot assure you that the indemnification available to it under the acquisition agreement in respect of the acquisition of The Door will be sufficient in amount, scope, or duration to fully offset the possible liabilities associated with The Door's business or property that the Company assumed upon consummation of the acquisition. The Company may learn additional information about The Door that materially adversely affects the Company, such as unknown or contingent liabilities and liabilities related to compliance with applicable laws. Any such liabilities, individually or in the aggregate, could have a material adverse effect on the Company's business, financial condition, and results of operation.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of Business Acquired.

The audited annual and unaudited interim financial statements required by this Item 9.01(a) are filed as Exhibit 99.2 and 99.3, respectively, to this Current Report on Form 8-K and incorporated by reference in this Item 9.01(a).

(b) Pro Forma Financial Information.

The pro forma financial information required by Item 9.01(b) is filed as Exhibit 99.4 to this Current Report on Form 8-K and incorporated by reference in this Item 9.01(b).

(d) Exhibits

Exhibit Number	Description
2.1*	Agreement and Plan of Merger, dated July 5, 2018, by and among the Company, The Door, Merger Sub and the Members
4.1	Registration Rights Agreement, dated July 5, 2018, by and among the Company and the Members
23.1	Consent of BDO USA, LLP
99.1	Press Release dated July 11, 2018
99.2	Audited Financial Statements of The Door for the 12-month period ended December 31, 2017
99.3	Unaudited Interim Financial Statements of The Door for the 3-month period ended March 31, 2018
99.4	Unaudited Pro Forma Financial Information

* The schedules and exhibits to the Agreement and Plan of Merger have been omitted from this filing pursuant to Item 601(b)(2) of Regulation S-K. The Company will furnish copies of any such schedules and exhibits to the U.S. Securities and Exchange Commission upon request.

SIGNATURES

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

DOLPHIN ENTERTAINMENT, INC.

Date: July 11, 2018

By: /s/ Mirta A. Negrini
Name: Mirta A. Negrini
Title: Chief Financial and Operating Officer

EXHIBIT 2.1

AGREEMENT AND PLAN OF MERGER

DATED AS OF JULY 5, 2018

BY AND AMONG

LOIS O'NEILL,

CHARLES DOUGIELLO,

THE DOOR MARKETING GROUP, LLC,

DOLPHIN ENTERTAINMENT, INC.,

AND

WINDOW MERGER SUB, LLC

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Attachments

Exhibits

AGREEMENT AND PLAN OF MERGER

This **AGREEMENT AND PLAN OF MERGER** (this "Agreement") is entered into as of July 5, 2018, by and among each of Lois O'Neill and Charles Dougiello (each individually referred to as a "Member" and collectively referred to as the "Members"), The Door Marketing Group, LLC, a New York limited liability company (the "Company"), Dolphin Entertainment, Inc., a Florida corporation ("Parent") and Window Merger Sub, LLC, a New York limited liability company and a wholly-owned subsidiary of Parent ("Merger Sub"). The Members, the Company, Parent and Merger Sub are each hereinafter referred to as a "Party", and collectively as the "Parties".

WITNESSETH:

WHEREAS, the Parties desire to merge the Company (the "Merger") with and into Merger Sub pursuant to the New York Limited Liability Company Law (the "NY LLC Law"), with Merger Sub being the surviving entity in the Merger;

WHEREAS, the Members have (a) determined that this Agreement and the transactions contemplated by this Agreement are advisable and in the best interests of the Company and the Members, and (b) authorized, approved and declared advisable this Agreement, the Merger and the transactions contemplated by this Agreement;

WHEREAS, Parent and Merger Sub have (a) determined that this Agreement and the transactions contemplated by this Agreement are advisable and in the best interests of Parent, Merger Sub and their respective equity holders and (b) authorized approved and declared advisable this Agreement, the Merger and the transactions contemplated by this Agreement;

WHEREAS, each Member is the owner of fifty percent (50%) of the membership interests of the Company, and collectively are the owners of 100% of the membership interests of the Company (the "Membership Interests");

WHEREAS, the Company provides advisory services in connection to public relations and media relations (the "Business");

WHEREAS, each of the Company and Parent is treated as a corporation for U.S. federal income tax purposes and Merger Sub is treated as a disregarded entity of Parent for U.S. federal income tax purposes; and

WHEREAS, the Parties intend that the Merger will qualify as a "reorganization" pursuant to Section 368(a)(1)(A) of the Code (as defined below) and that this Agreement will constitute a "plan of reorganization" within the meaning of the Treasury Regulations Section 1.368-2(g).

NOW, THEREFORE, in consideration of the premises and the representations, warranties, covenants and agreements herein contained and other valuable consideration, the receipt and adequacy whereof are hereby acknowledged, the Parties hereby, intending to be legally bound, represent, warrant, covenant and agree as follows:

ARTICLE I.
DEFINED TERMS

As used herein, the terms defined in Appendix A have the respective meanings set forth therein. Terms defined in the singular have a comparable meaning when used in the plural, and vice versa, and the reference to any gender shall be deemed to include all genders. Unless otherwise specified or the context otherwise clearly requires: (i) terms for which meanings are provided in this Agreement also have such meanings when used in the Disclosure Schedule and in each Transaction Document; (ii) references to "hereof," "herein" or similar terms are intended to refer to this Agreement as a whole and not to a particular section; (iii) references to "this Section" or "this Article" are intended to refer to the entire section or article of this Agreement and not to a particular subsection thereof; and (iv) the words "include," "includes" and "including" shall be deemed to be followed by the phrases "without limitation".

ARTICLE II.
PURCHASE AND SALE OF MEMBERSHIP INTERESTS

Section 2.1 The Merger. Upon the terms and subject to the conditions set forth in this Agreement and in accordance with the NY LLC Law, the Company will be merged with and into Merger Sub in accordance with the NY LLC Law through the filing of the Certificate of Merger with the New York Department of State. The Merger shall become effective at such time as the Certificate of Merger (as defined below) have been duly filed or at such other time as specified in the Certificate of Merger (as defined below) (the "Effective Time").

Section 2.2 Effect of the Merger. At the Effective Time, the separate existence of the Company shall cease, and Merger Sub shall (a) continue as the surviving entity of the Merger, (b) be governed and continue its existence as a limited liability company formed under the laws of New York, and (c) succeed to and assume all rights and obligations of the Company and Merger Sub in accordance with the NY LLC Law. Merger Sub as the surviving entity after the Merger is hereinafter sometimes referred to as the "Surviving Entity".

Section 2.3 Organizational Documents. At and as of the Effective Time, the Articles of Formation of the Merger Sub as in effect immediately prior to the Effective Time shall be the Articles of Formation of the Surviving Entity. At and as of the Effective Time, the limited liability company agreement of the Merger Sub as in effect immediately prior to the Effective Time shall be the limited liability company agreement of the Surviving Entity until amended or repealed in accordance with the provisions thereof and applicable law.

Section 2.4 Managers and Officers. At and as of the Effective Time, the managers and officers of the Merger Sub immediately prior to the Effective Time shall be the managers and officers of the Surviving Entity and shall serve in such capacities until their respective successors are duly elected and qualified.

Section 2.5 Conversion of Securities of the Company. At the Effective Time, by virtue of the Merger and without any action on the part of Parent, Merger Sub, the Company or their respective equity holders, all of the Membership Interests of the Company issued and outstanding immediately prior to the Effective Time shall be canceled and converted automatically into the right to receive the Merger Consideration, payable and issuable, as applicable, to the Members on a pro rata basis in accordance with the Distribution Schedule and in accordance with Section 2.6.

Section 2.6 Merger Consideration; Manner of Payment; Fractional Shares.

(a) Merger Consideration. Subject to adjustment as set forth herein, the total consideration to be paid by Parent (as so adjusted, the "Merger Consideration") shall consist of:

(i) the Cash Consideration;

(ii) minus the Company Indebtedness outstanding at Closing, if any;

(iii) minus the Company Transaction Expenses;

(iv) (A) plus the excess, if any, of the Closing Working Capital over the Target Working Capital, or (B) minus the excess, if any, of the Target Working Capital over the Closing Working Capital, as applicable;

(v) plus the Stock Consideration; and

(vi) plus the Additional Consideration (as defined below), if any, paid pursuant to Section 2.9.

(b) Manner of Payment of Merger Consideration.

(i) At the Closing, Parent shall (A) deliver the Closing Cash Consideration by wire transfer of immediately available funds, to such accounts and in such amounts as designated by the Members on the Distribution Schedule on a pro rata basis to each Member in proportion to his or her ownership of the Membership Interests, (B) deliver the Company Transaction Expenses by wire transfer of immediately available funds, to such accounts and in such amounts as designated by the Members pursuant to the Distribution Schedule, on behalf of the Company, (C) arrange prompt payment of the Company Indebtedness and (D) issue and deliver the Closing Stock Consideration on a pro rata basis to each Member in proportion to his or her ownership of the Membership Interests as set forth on the Distribution Schedule. The Members may direct a portion of the Merger Consideration to be paid or issued to Strauss Capital Partners LLC, subject to the provisions of this Agreement and the financial advisory agreement between the Company and Strauss Capital Partners LLC.

(ii) On January 2, 2019, Parent shall (A) deliver the Post-Closing Cash Consideration by wire transfer of immediately available funds, to such accounts and in such amounts as designated by the Members on the Distribution Schedule, and (B) issue and deliver the Post-Closing Stock Consideration, both on a pro rata basis to each Member in proportion to his or her ownership of the Membership Interests as set forth on the Distribution Schedule.

(c) Fractional Shares. Parent shall not be obligated to issue fractional shares to any Member who would receive a fractional share based on their pro rata percentage of the Merger Consideration. Any Member who would otherwise receive a fractional share based on their pro rata percentage of the Merger Consideration shall instead receive the next whole number of shares of Common Stock to which they would otherwise be entitled under this Article II.

Section 2.7 Determination of Closing Working Capital. As soon as reasonably practicable (but in any event within ninety (90) days following the Closing Date (as defined below)), Parent shall prepare and deliver to the Members (i) an unaudited balance sheet of the Company as of as of 12:01 a.m. eastern standard time on the Closing Date (the "Closing Balance Sheet"), (ii) a statement based on the Closing Balance Sheet setting forth as of 12:01 a.m. eastern standard time on the Closing Date the amount of Closing Working Capital, and (iii) a statement, signed by an officer of Parent, stating that that the Closing Balance Sheet and calculation of Closing Working Capital were prepared in accordance with this Agreement (collectively, the "Working Capital Schedule"). Parent shall prepare all items comprising the Working Capital Schedule in accordance with GAAP applied in a manner consistent with the accounting principles and practices applied in the preparation of the Company Financial Statements (as defined below).

Section 2.8 Disputes Regarding Working Capital Schedule. Disputes with respect to the Working Capital Schedule shall be resolved as follows:

(a) Dispute Notice. After receipt of the Working Capital Schedule, the Members shall have the duration of the Dispute Period to review such schedule. During such time, Parent shall provide the Members and their representatives with access to all documents, records, work papers, facilities and personnel as reasonably requested by the Members to review the Working Capital Schedule and the calculations set forth therein. If the Members have a Dispute with any of the elements of or amounts reflected on the Working Capital Schedule, the Members shall deliver to Parent a Dispute Notice, within the Dispute Period, setting forth in reasonable detail the Disputed Items. Within thirty (30) days after delivery of such Dispute Notice, the Parties shall negotiate in good faith to resolve such Disputed Items and agree in writing upon the final content of the disputed Working Capital Schedule. If the Members do not deliver a Dispute Notice during the Dispute Period, the Working Capital Schedule shall be deemed to have been accepted and agreed to by the Members in the form in which it was delivered to the Members, and shall be final and binding upon the Parties for purposes of Section 2.8(d).

(b) Arbitrating Accountant. If Parent and the Members, notwithstanding such good faith effort, fail to resolve such Disputes within thirty (30) days after Parent's receipt of a Dispute Notice delivered in accordance with Section 2.8(a), the Members and Parent shall jointly engage the Arbitrating Accountant as arbitrator to resolve the Remaining Disputed Items. If Parent and the Members are unable to agree on an Arbitrating Accountant, the Members' and Parent's respective accountants shall select the Arbitrating Accountant by jointly-conducted lot.

(c) Resolution of Remaining Disputed Items. In connection with the resolution of the Remaining Disputed Items, Parent and the Members shall provide the Arbitrating Accountant with reasonable access to all documents, records, work papers, facilities and personnel necessary to perform its function as arbitrator. The Arbitrating Accountant's function will be to resolve the Remaining Disputed Items (and only the Remaining Disputed Items) in accordance with the requirements of this Section 2.8(c), and upon such resolution, conform the Working Capital Schedule accordingly. Parent and the Members shall present their respective positions regarding the Remaining Disputed Items by written submissions to the Arbitrating Accountant. The Arbitrating Accountant may, at its discretion, conduct a conference concerning the Remaining Disputed Items, at which conference each Party shall have the right to present additional documents, materials and other information and to have present its advisors, counsel and accountants. In connection with such process, there shall be no other hearings or any oral examinations, testimony, depositions, discovery or other similar proceedings. Parent and the Members agree to use commercially reasonable efforts to cause the Arbitrating Accountant to only address the Remaining Disputed Items, to make its decision solely on the basis of the evidence and position papers presented to it, and to not assign a value to any item greater than the greater value for such item claimed by a Party or less than the lesser value for such item claimed by a Party. Parent and the Members agree to use commercially reasonable efforts to cause the Arbitrating Accountant to promptly, and in any event within sixty (60) days after the date of its appointment, render its decision on the Remaining Disputed Items in writing and finalize the Working Capital Schedule. Such written determination will be final and binding upon the Parties for purposes of Section 2.8(d), and judgment may be entered on the award. Upon the resolution of all Disputes, the Parties shall revise the Working Capital Schedule to reflect such resolution. Parent and the Members agree to use commercially reasonable efforts to cause the Arbitrating Accountant to determine the proportion of its fees and expenses to be paid by each of the Members and Parent, based primarily on the degree to which the Arbitrating Accountant has accepted the positions of the respective Parties.

(d) Working Capital Adjustment. Following the finalization of the Working Capital Schedule, the Parties shall provide for a working capital adjustment payment as provided in this Section 2.8(d) (the "Working Capital Adjustment"). Any Working Capital Adjustment made pursuant to this Section 2.8(d) shall be deemed an adjustment of the Merger Consideration payable by Parent in connection with the transactions contemplated by this Agreement and shall be treated as such for all purposes, including for Tax purposes. Any adjustment pursuant to this Section 2.8(d) shall be made within ten (10) Business Days after the earliest of (x) the expiration of the Dispute Period if Parent has not received a Dispute Notice from the Members within that period, (y) the resolution by Parent and the Members of all differences regarding the Working Capital Schedule and the Working Capital Adjustment, and (z) the receipt of the Arbitrating Accountant's determination as set forth in Section 2.8. Any amounts of shares of Common Stock calculated under Sections 2.8(d)(i) and (ii) below shall be rounded up to the nearest full integer.

(i) Working Capital Surplus. If the Closing Working Capital as determined pursuant to this Section 2.8 is greater than the amount of the Target Working Capital, then Parent shall (A) pay an amount in cash to the Members equal to the amount by which the Closing Working Capital was greater than the Target Working Capital up to $46,000 and (B) to the extent the amount by which the Closing Working Capital was greater than the Target Working Capital and such amount exceeds $46,000, issue shares of Common Stock to the Members in an amount equal to the amount by which the Closing Working Capital was greater than the Target Working Capital, less $46,000, divided by the Closing Share Price, allocated among the Members in accordance with their respective Pro Rata Shares, within two (2) Business Days of finalization of the Working Capital Schedule.

(ii) Working Capital Deficiency. If the Closing Working Capital as determined pursuant to this Section 2.8 is less than the Target Working Capital, then Parent shall, within five (5) Business Days of the finalization of the Working Capital Schedule, be permitted to offset such amount against the number of shares of Common Stock to be issued as Post-Closing Stock Consideration, based on the deficiency amount divided by the Closing Share Price.

Section 2.9 Additional Consideration.

(a) Additional Consideration. Following the Closing Date, Parent shall issue to the Members additional consideration for the Membership Interests upon the satisfaction of certain conditions as described in this Section 2.9 (any such issuances collectively, the "Additional Consideration"). In no event shall the Additional Consideration be a negative number, or exceed $7,000,000 in the aggregate (the "Maximum Additional Consideration Amount"), payable in accordance with Section 2.9(c)(v), and subject to adjustment as contemplated by Section 2.10. Upon payment of all Additional Consideration, if any, owed to the Members in accordance with Section 2.9(f), Parent shall be deemed to have fully satisfied its obligations pursuant to this Section 2.9. The Additional Consideration payable pursuant to this Section 2.9, when and if paid, constitutes part of the Merger Consideration payable by Parent in connection with the transactions contemplated by this Agreement and shall be treated as such for all purposes, including for Tax purposes.

(b) Member Rights. The right of a Member to a portion of the Additional Consideration, if any, shall not be represented by a certificate or other instrument, shall not represent an ownership interest in Parent or the New Business Segment and shall not entitle any Member to any additional rights as a holder of any equity security of Parent, the New Business Segment or any of their Affiliates, unless and until such Additional Consideration is issued (with respect to stock Additional Consideration). In lieu of issuing any fractional shares to which a Member would otherwise be entitled pursuant to this Section 2.9, any Member who would otherwise receive a fractional share based on their pro rata percentage of the Additional Consideration shall instead receive the next whole number of shares of Common Stock to which they would otherwise be entitled under this Section.

(c) Calculation of Additional Consideration.

(i) First Year Period. Following the end of the First Year Period, if the First Year Earn-Out Net Income exceeds the Additional Consideration Target (the amount of such excess, the "First Year Excess Amount"), then Parent shall pay to the Members an amount equal to such First Year Excess Amount in accordance with Section 2.9(c)(v).

(ii) Second Year Period. Following the end of the Second Year Period, if the Second Year Earn-Out Net Income exceeds the greater of (a) the Additional Consideration Target and (b) the First Year Earn-Out Net Income (the amount of such excess, the "Second Year Excess Amount"), then Parent shall pay to the Members an amount equal to the Second Year Excess Amount in accordance with Section 2.9(c)(v).

(iii) Third Year Period. Following the end of the Third Year Period, if the Third Year Earn-Out Net Income exceeds the greater of (a) the Additional Consideration Target, (b) the First Year Earn-Out Net Income and (c) the Second Year Earn-Out Net Income (the amount of such excess, the "Third Year Excess Amount"), then Parent shall pay to the Members an amount equal to the Third Year Excess Amount in accordance with Section 2.9(c)(v).

(iv) Fourth Year Period. Following the end of the Fourth Year Period, if the Fourth Year Earn-Out Net Income exceeds the greater of (a) the Additional Consideration Target, (b) the First Year Earn-Out Net Income, (c) the Second Year Earn-Out Net Income and (d) the Third Year Earn-Out Net Income (the amount of such excess, the "Fourth Year Excess Amount"), then Parent shall pay to the Members an amount equal to the Fourth Year Excess Amount in accordance with Section 2.9(c)(v).

(v) Additional Consideration Maximum Amounts. Any Additional Consideration shall be paid first, in that number of shares of Common Stock equal to the quotient obtained by dividing the amounts due to the Members by the Closing Share Price, up to a maximum amount of $5,000,000 of Additional Consideration (the "Additional Stock Consideration"). Any Additional Consideration in excess of $5,000,000 (but in no event exceeding the Maximum Additional Consideration Amount) shall be paid in cash, which cash payments of Additional Consideration shall not exceed $2,000,000 in the aggregate. Once the Final Earn-Out Payment has been made during a Measuring Period or the Members have been paid the Maximum Additional Consideration Amount, Parent's obligations under this Section 2.9 shall be deemed satisfied and there shall be no further payments or stock issuances under this Section 2.9 for future Measuring Periods.

(d) Earn-Out Report; Dispute. Within ninety (90) days following the end of each Measuring Period, Parent shall prepare and deliver to the Members a report (the "Earn-Out Report") (x) containing the unaudited balance sheet of the New Business Segment as of the close of business on the last day of the applicable Measuring Period, and a related unaudited statement of income of the New Business Segment for such Measuring Period, (y) a report setting forth Parent's calculations of the Net Income of the New Business Segment for the applicable Measuring Period and the corresponding Additional Consideration payment to be made under Section 2.9(c), if any, including any adjustments required to be made to the provided financial statements in order to make such calculations and (z) a statement, signed by an officer of Parent, stating that that the Earn-Out Report was prepared in accordance with this Agreement.

(i) After receipt of an Earn-Out Report, the Members shall have the duration of the Dispute Period to review the Earn-Out Report. During such time, Parent shall provide the Members and their representatives with access to all documents, records, work papers, facilities and personnel as reasonably requested to review the Earn-Out Report and the calculations set forth therein. If the Members have a Dispute with any of the elements of or amounts reflected on the Earn-Out Report, the Members shall deliver one, joint written Dispute Notice, within the Dispute Period, to Parent setting forth in reasonable detail the Disputed Items. If the Members do not notify Parent of a Dispute with respect to the Earn-Out Report within the Dispute Period, the Earn-Out Report will be final, conclusive and binding on the Parties. In the event of such delivery of a Dispute Notice, Parent and the Members shall negotiate in good faith to resolve such Disputes.

(ii) If Parent and the Members, notwithstanding such good faith effort, fail to resolve such Disputed Items within thirty (30) days after Parent's receipt of a Dispute Notice, then Parent and the Members shall engage the Arbitrating Accountant to resolve any such Remaining Disputed Items. As promptly as practicable thereafter (and, in any event, within thirty (30) days after the Arbitrating Accountant's engagement), Parent and the Members shall present their respective positions regarding the Remaining Disputed Items to the Arbitrating Accountant in writing (with a copy to the other Party(ies)), supported by any documents and arguments upon which they rely. The Arbitrating Accountant may, at its discretion, conduct a conference concerning the Remaining Disputed Items, at which conference each Party shall have the right to present additional documents, materials and other information and to have present its advisors, counsel and accountants. In connection with such process, there shall be no other hearings or any oral examinations, testimony, depositions, discovery or other similar proceedings. Parent and the Members agree to use commercially reasonable efforts to cause the Arbitrating Accountant to only address the Remaining Disputed Items, to make its decision solely on the basis of the evidence and position papers presented to it, and to not assign a value to any item greater than the greater value for such item claimed by a Party or less than the lesser value for such item claimed by a Party. Parent and the Members agree to use commercially reasonable efforts to cause the Arbitrating Accountant to promptly, and in any event within sixty (60) days after the date of its appointment, render its decision on the Remaining Disputed Items in writing and finalize the applicable Earn-Out Report. All determinations made by the Arbitrating Accountant will be final, conclusive and binding on the Parties. Parent and the Members agree to use commercially reasonable efforts to cause the Arbitrating Accountant to determine the proportion of its fees and expenses to be paid by each of the Members and Parent, based primarily on the degree to which the Arbitrating Accountant has accepted the positions of the respective Parties.

(e) Cooperation. For purposes of complying with the terms set forth in this Section 2.9, each Party shall cooperate with, and make available to, the other Party and its representatives such information, records, data and working papers, and shall permit reasonable access to its facilities and personnel during regular business hours, as may be reasonably requested in connection with the preparation and analysis of the Earn-Out Report and the resolution of any disputes under the Earn-Out Report.

(f) Payment of Additional Consideration. Any payments owed by Parent pursuant to this Section 2.9 for a particular Measuring Period shall be made no later than ten (10) Business Days after the earliest of (i) the expiration of the Dispute Period if Parent has not received a Dispute Notice concerning the Earn-Out Report within that period, (ii) the resolution by Parent and the Members of all differences regarding the Earn-Out Report, (iii) the receipt of the Arbitrating Accountant's determination as set forth in Section 2.9(d); provided, however, that with respect to payments for Measuring Periods following the achievement of an Additional Consideration Target in a prior Measuring Period, the payment for such following Measuring Period shall be made with ten (10) Business Days after the end of such Measuring Period. Parent shall not be obligated to issue fractional shares of Common Stock to any Member under this Section 2.9(f) and any Member who would otherwise receive a fractional share based on their pro rata percentage of the Merger Consideration shall instead receive the next whole number of shares of Common Stock to which they would otherwise be entitled under this Section 2.9(f). Parent shall pay any Additional Consideration, (x) by issuance of the appropriate number of shares of Common Stock to each Member or (y) by payment in cash by wire transfer of immediately available funds, in each case, in accordance with each Member's Pro Rata Share.

(g) The number of shares of Common Stock issuable under this Section 2.9 as Additional Consideration shall be subject to appropriate adjustment in the event of any stock dividend, stock split, reverse stock split, combination or other similar recapitalization with respect to Parent's Common Stock following the execution of this Agreement and prior to the date such shares of Common Stock are issued.

Section 2.10 Right of Offset. Notwithstanding any other provision of this Agreement, Parent may offset amounts to which Parent might be entitled from the Members under Article VII of this Agreement against the Post-Closing Cash Consideration, Post-Closing Stock Consideration or against any Additional Consideration owed to the Members pursuant to Section 2.9; provided, however, that Parent may only exercise such right of offset in respect of claims relating to Losses actually incurred by a Parent Indemnitee (in which case the amount of such offset shall be the amount of such actual Loss) or bona fide claims actually asserted by a third party (in which case the amount of the offset shall not exceed the reasonable good faith estimate of the amount of indemnifiable Losses that will ultimately be payable to a Parent Indemnitee in respect of such claims). If any such claims for indemnity are resolved in favor of the Members by mutual agreement or otherwise, or if the amount withheld exceeds the amount ultimately payable to a Parent Indemnitee in respect of such claim, Parent shall pay to the Members in cash the excess amount withheld with respect to such claim. Any shares of Common Stock offset pursuant to this Section 2.10 shall be offset at a price per share equal to the Closing Share Price.

Section 2.11 Closing.

(a) Closing and Closing Date. The consummation of the transactions contemplated by this Agreement (the "Closing") shall take place on the date hereof (the "Closing Date"), simultaneously with the execution and delivery of this Agreement and all Transaction Documents, at the offices of Greenberg Traurig, P.A., 200 Park Avenue, New York, New York 10166, or at such other time or place as agreed to in writing by Parent and the Members. The transfers and deliveries described in this Section 2.11 shall be mutually interdependent and shall be regarded as occurring simultaneously, and, notwithstanding any other provision of this Agreement, no such transfer or delivery shall become effective or shall be deemed to occur until all of the other transfers and deliveries provided for in this Section 2.11 shall have occurred or been waived on the Closing Date.

(b) Closing Deliveries of the Members. At the Closing, the Members shall deliver or cause to be delivered to Parent:

(i) the Certificate of Merger in the form required by the NY LLC Law and in substantially the form of Exhibit F (the "Certificate of Merger"), duly executed by the Company;

(ii) all minute books, written consents, records, ledgers and registers, and other similar organizational records of the Company to the extent they exist and to the extent not already in the possession of the Company;

(iii) any Third-Party Consents;

(iv) each Employment Agreement, duly executed by the applicable Member;

(v) the Registration Rights Agreement, duly executed by each Member;

(vi) the Member Releases, duly executed by each Member;

(vii) a dated, completed and signed Accredited Investor Questionnaire in the form attached as Exhibit B hereto from each Member, with all blanks required to be completed by such Member properly completed;

(viii) a certificate, in such form as is reasonably satisfactory to Parent, certifying that each Member is not a foreign person for purposes of Code Section 1445 or that the purchase is otherwise exempt from withholding under Code Section 1445; and

(ix) such other documents, certificates, instruments or writings reasonably requested by Parent or its counsel in order to effectuate the transactions contemplated hereby including the Transaction Documents.

(c) Closing Deliveries of Parent. At the Closing, Parent shall provide the following:

(i) delivery of the duly issued Closing Stock Consideration to the Members;

(ii) by wire transfer of immediately available funds, the Closing Cash Consideration, to the Members;

(iii) by wire transfer of immediately available funds, cash in an amount equal to the Company Transaction Expenses, to the accounts directed by the Members as set forth on the Distribution Schedule;

(iv) each Employment Agreement, duly executed by Parent on behalf of the Company;

(v) the Registration Rights Agreement, duly executed by Parent;

(vi) a certificate dated as of the Closing Date, duly executed by the Secretary of Parent, certifying as to an attached copy of the resolutions of the Board (as defined below), authorizing and approving the execution, delivery and performance of, and the consummation of the transactions contemplated by, this Agreement and each Transaction Document; and

(vii) any other documents and consents necessary to complete the transactions contemplated hereby.

ARTICLE III.
REPRESENTATIONS AND WARRANTIES OF THE MEMBERS

Each Member hereby represents and warrants to Parent and Merger Sub, severally, and not jointly, that the following statements are true and correct as of the Closing Date:

Section 3.1 Authority of each Member. Such Member has the legal capacity and necessary right, power and authority to execute and deliver, and to perform his, her or its obligations under, this Agreement, each Transaction Document, and the other agreements, documents and instruments required hereby to which such Member is a party. This Agreement has been duly executed and delivered by such Member and constitutes a legal, valid and binding agreement of such Member, enforceable against such Member in accordance with its terms, and, upon the execution and delivery by such Member of each of the other agreements contemplated hereby to which such Member is a party, such agreements will constitute the valid and legally binding obligation of such Member, enforceable against such Member in accordance with the terms thereof, in each case, except to the extent such enforceability may be limited by the General Enforceability Exceptions. Such Member (if such Member is an individual) is at least twenty-one (21) years of age.

Section 3.2 Ownership. The Membership Interests shown as held by such Member in Section 3.2 of the Disclosure Schedule are owned solely and directly by such Member. Such Member has all right, title and interest to his, her or its portion of the Membership Interests, free and clear of any Liens other than the Security Law Restrictions. There is no outstanding contract or other right (contingent or otherwise) with any Person to purchase, redeem, convert into, or otherwise acquire any outstanding Membership Interests of the Company, or have any rights to any proceeds from the sale of the Membership Interests. Immediately prior to Closing, there existed no declared or accrued unpaid dividends or distributions with respect to any equity interests in favor of any Member. Upon the consummation of the transactions contemplated hereby, Parent will own 100% of the Membership Interests free and clear of any Liens other than restrictions on transfer generally imposed under applicable federal and state securities laws ("Securities Law Restrictions").

Section 3.3 Own Account. The Stock Consideration that such Member will receive upon consummation of this Agreement is being acquired solely for his, her or its account and are not being acquired with a view to, or for resale in connection with, any distribution within the meaning of the Securities Act (the "Securities Act") or related laws and regulations or any other applicable securities laws of any other jurisdiction (collectively, the "Securities Laws").

Section 3.4 Consents; Conflicts. The execution, delivery and performance of this Agreement and the consummation by such Member of the transactions contemplated hereby or relating hereto do not and will not (i) conflict with, or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to any third party any rights of termination, amendment, acceleration or cancellation of, any agreement or instrument or obligation to which such Member is a party or by which his, her or its properties or assets are bound or (ii) result in a violation of any Law, rule, or regulation, or any order, judgment or decree of any court or governmental agency applicable to such Member or his, her or its properties. Such Member is not required to obtain any consent, authorization or order of, or make any filing or registration with, any court or governmental agency in order for it to execute, deliver or perform any of its obligations under this Agreement or to receive the Stock Consideration in accordance with the terms hereof.

Section 3.5 No Reliance. Such Member confirms that he, she or it is not relying on any communication (written or oral) of Parent or any of its Affiliates as investment advice or as a recommendation to acquire the Stock Consideration. It is understood that information and explanations related to the terms and conditions of the Stock Consideration provided by Parent or any of its Affiliates shall not be considered investment advice or a recommendation to acquire the Stock Consideration, and that neither Parent nor any of its Affiliates is acting or has acted as an advisor to the Members in deciding to invest in Parent. Such Member acknowledges that neither Parent nor any of its Affiliates has made any representation regarding the Stock Consideration for purposes of determining such Member's authority to invest in Parent, other than as set forth in this Agreement.

Section 3.6 Investment Experience.

(a) Such Member has such knowledge, skill and experience in business, financial and investment matters that he, she or it is capable of evaluating the merits and risks of an investment in Parent. Such Member has made his, her, or its own legal, tax, accounting and financial evaluation of the merits and risks of an investment in Parent.

(b) Such Member has had access to the legal, financial, tax and accounting information concerning Parent and the Stock Consideration as he, she or it deems necessary to enable it to make an informed investment decision concerning the acquisition of the Stock Consideration.

(c) Such Member understands that the Stock Consideration that he, she or it is acquiring upon the consummation of this Agreement have not been registered under the Securities Laws.

(d) Such Member understands that the issuance of Common Stock is intended to be exempt from registration under the Securities Act by virtue of Section 4(a)(2) and/or the provisions of Regulation D promulgated thereunder based, in part, upon the representations, warranties and agreements of the Members contained in this Agreement.

(e) Such Member acknowledges that he, she or it has been furnished with true and complete copies of the following documents which Parent has filed with the Securities and Exchange Commission pursuant to Sections 13(a), 14(a), 14(c) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"): (i) the Annual Report on Form 10-K for the year ended December 31, 2017; (ii) Parent's Proxy Statement relating to the 2017 Annual Meeting of Shareholders; and (iii) the information contained in any reports or documents filed by Parent under Sections 13(a), 14(a), 14(c) or 15(d) of the Exchange Act since the distribution of the Form 10-K for the year ended December 31, 2017.

(f) Such Member is an "accredited investor", as defined in Rule 501 promulgated under the Securities Act, and has accurately completed the Accredited Investor Questionnaire attached as Exhibit B hereto.

(g) Such Member acknowledges that neither the SEC nor any state securities commission has approved the Common Stock offered hereby or passed upon or endorsed the merits of the issuance of the Stock Consideration by Parent. Such Member acknowledges that an investment in Parent is highly speculative and involves a risk of loss of the entire investment and no assurances can be given of any income or profit from such investment. SUCH SELLER HEREBY ACKNOWLEDGES AND CONFIRMS THAT THE UNDERSIGNED HAS CAREFULLY CONSIDERED THE RISKS AND UNCERTAINTIES INVOLVED IN INVESTING IN THE STOCK CONSIDERATION BEFORE MAKING AN INVESTMENT DECISION TO ACQUIRE THE STOCK CONSIDERATION. Such Member can bear the economic risk of losing his, her or its entire investment in Parent without impairing his or her ability to provide for himself or herself and/or his or her family (as applicable) in the same manner that such Member would have been able to provide prior to making an investment in Parent.

Section 3.7 Dilution Protection. Such Member has been furnished with a copy of the Articles of Incorporation of Parent (including the Certificates of Designation with respect to the Series C Convertible Preferred Stock) and understands that the holder of the Series C Convertible Preferred Stock is entitled to anti-dilution protection with respect to any issuances of Common Stock occurring after the issuance of the Series C Convertible Preferred Stock on March 7, 2016.

Section 3.8 No General Solicitation. Such Member acknowledges that neither Parent nor any other person offered to sell the Stock Consideration to him or her by means of any form of general solicitation or advertising, including but not limited to: (a) any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over television or radio or (b) any seminar or meeting whose attendees were invited by any general solicitation or general advertising.

Section 3.9 Legend. Such Member understands that the Stock Consideration to be issued to him, her or it will be "restricted securities" as that term is defined in Rule 144 under the Securities Act and that the certificate(s), if any, representing the Stock Consideration will bear a restrictive legend thereon in substantially the form that appears below:

"THESE SHARES OF COMMON STOCK HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND THEY MAY NOT BE OFFERED, SOLD, PLEDGED, HYPOTHECATED, ASSIGNED OR TRANSFERRED EXCEPT (I) PURSUANT TO A REGISTRATION STATEMENT UNDER THE SECURITIES ACT WHICH HAS BECOME EFFECTIVE AND IS CURRENT WITH RESPECT TO THESE SECURITIES, OR (II) PURSUANT TO A SPECIFIC EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT, BUT ONLY UPON THE HOLDER HEREOF FIRST HAVING OBTAINED THE WRITTEN OPINION OF COUNSEL TO THE ISSUER, OR OTHER COUNSEL, REASONABLY ACCEPTABLE TO THE ISSUER, THAT THE PROPOSED DISPOSITION IS CONSISTENT WITH ALL APPLICABLE PROVISIONS OF THE SECURITIES ACT AS WELL AS ANY APPLICABLE "BLUE SKY" OR OTHER SIMILAR SECURITIES LAW. THE SHARES OF COMMON STOCK REPRESENTED HEREBY MAY NOT BE SOLD, ASSIGNED, TRANSFERRED, ENCUMBERED OR IN ANY MANNER DISPOSED OF, EXCEPT IN COMPLIANCE WITH THE TERMS OF THE LOCK-UP PROVISIONS SET FORTH IN THE EXECUTIVE EMPLOYMENT AGREEMENT BETWEEN THE COMPANY AND THE REGISTERED HOLDER OF THE SHARES (OR THE PREDECESSOR IN INTEREST TO THE SHARES). THE SECRETARY OF THE COMPANY WILL, UPON WRITTEN REQUEST, FURNISH A COPY OF SUCH AGREEMENT TO THE HOLDER HEREOF WITHOUT CHARGE."

Section 3.10 No Other Representations or Warranties. Such Member hereby acknowledges and agrees that, for purposes of this Agreement, except as set forth in Article V of this Agreement, no other representations or warranties have been made, express or implied, at law or in equity, on behalf of Parent, to such Member by Parent or any other Person, and such Member is not relying on any representations or warranties regarding the transactions contemplated by this Agreement other than the representations and warranties expressly set forth in Article V of this Agreement. Such Member further acknowledges that no promise or inducement for this Agreement has been made to such Member except as set forth herein or in another Transaction Document.

ARTICLE IV.
REPRESENTATIONS AND WARRANTIES OF THE MEMBERS WITH RESPECT TO THE COMPANY

The Members hereby represent and warrant jointly and severally to Parent that the following statements are true and correct as of the Closing Date:

Section 4.1 Organization and Business; Power and Authority; Effect of Transaction

(a) The Company is a limited liability company, duly organized, validly existing and in good standing under the Laws of the State of New York, and possesses all requisite organizational power and authority to own, lease and operate its assets as now owned or leased and operated and is duly qualified and in good standing in each other jurisdiction in which the character of the assets owned or leased by such Entity requires such qualification, except where the failure to be so qualified would not reasonably be expected to have a Material Adverse Effect. Section 4.1(a) of the Disclosure Schedule contains a complete and accurate list of the jurisdictions of organization of the Company and any other jurisdictions in which each such Entity is qualified to do business.

(b) The Company has all requisite power and authority necessary to execute and deliver, and to perform its obligations under each Transaction Document to which it is a party and to consummate the transactions contemplated thereby; and the execution, delivery and performance by the Company of each Transaction Document to which it is a party have been duly authorized by all requisite limited liability company action.

(c) Upon the consummation of the transactions contemplated hereby, Parent will own the Membership Interests free and clear of any Liens.

(d) The Members have provided to Parent correct and complete copies of the Organizational Documents of the Company (each as amended to date). The Company is not in default under, or in violation of, any provision of its Organizational Documents.

(e) The Membership Interests constitute one hundred percent (100%) of the outstanding equity interests of the Company, and the Membership Interests are duly authorized, validly issued, and fully paid. Other than the Membership Interests, there are no other issued and outstanding membership interests in the Company and there are no outstanding or authorized options, warrants, rights, rights of first refusal or rights of first offer, agreements or commitments to which the Company is a party or which is binding upon the Company relating to the issuance, disposition or acquisition of any equity interests in the Company. There are no outstanding or authorized appreciation, phantom equity or similar rights with respect to the Company. None of the Membership Interests were issued in violation of the operating agreement of the Company or any Laws applicable to the Company.

Section 4.2 Non-contravention. Neither the execution nor delivery of this Agreement by the Members, nor the consummation of the transactions contemplated hereby, will:

(a) conflict with, result in a breach of, constitute (with or without due notice or lapse of time or both) a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify or cancel, or require any notice, consent or waiver under, any Contract, instrument of Indebtedness, Lien or other arrangement to which any Member or the Company is a party or by which any Member or the Company is bound or to which any of their respective assets are subject;

(b) violate any law or other restriction to which the Company is subject or any provision of the Company's Organizational Documents;

(c) result in the imposition of any Liens upon any of the Membership Interests or upon any assets of the Company; or violate any Order or Law applicable to the Company or its respective properties or assets.

Section 4.3 Subsidiaries. The Company does not control, directly or indirectly, or have any direct or indirect equity ownership or participation in any Entity.

Section 4.4 Accounts Receivable. Section 4.4 of the Disclosure Schedule sets forth as of June 25, 2018, (i) the total amount of outstanding accounts receivable of the Company and (ii) the aging of such receivables based on the following schedule: 0-30 days, 31-60 days, 61-90 days, and over 90 days, from the due date thereof. All accounts receivable set forth on Section 4.4 of the Disclosure Schedule are valid and genuine, and have arisen solely in the ordinary course of business consistent with past practice. All accounts receivable due during the twelve (12) months prior to the Closing Date have been collected in the normal course of business and no amounts have been written off or otherwise compromised, discounted, forgiven or extended, except for non-material discounts or extensions in the ordinary course of business.

Section 4.5 Financial Statements; Absence of Certain Changes; Undisclosed Liabilities.

(a) Section 4.5(a) of the Disclosure Schedule contains copies of the following financial statements (collectively, the "Company Financial Statements"):

(i) the audited balance sheet of the Company as of December 31, 2017, and the related consolidated statements of operations, members' equity and cash flows for the fiscal period then ended, and the related notes thereto (the "Audited Financial Statements"); and

(ii) the unaudited balance sheet (the "Latest Balance Sheet") of the Company, dated as of March 31, 2018 (the "Balance Sheet Date") and the related unaudited statements of operations, members' equity and cash flows for the three (3)-month period then ended, and the related notes thereto (the "Interim Financial Statements").

(b) The Company Financial Statements are (including in all cases the notes thereto, if any), accurate, correct and complete, and have been prepared in accordance with GAAP applied on a consistent basis throughout the period involved, subject, in the case of the Interim Financial Statements, to normal and recurring year-end adjustments (which are not, individually or in the aggregate, material) and the absence of notes (that, if presented, would not differ materially from those presented in the Audited Financial Statements). The Financial Statements are based on the books and records of the Company (which books and records are in turn accurate, correct and complete), and fairly present the financial condition of the Company as of the respective dates they were prepared and the results of the operations of the Company for the periods indicated. The Company maintains a system of internal accounting controls sufficient to provide reasonable assurance that transactions are recorded in a timely manner and as necessary to permit preparation of Financial Statements in accordance with GAAP and to maintain accountability for earnings and assets.

(c) Except as otherwise contemplated by this Agreement, since the Balance Sheet Date, there has been no Material Adverse Effect on the Company and the Company has not taken any of the following actions (or permitted any of the following events to occur):

(i) incurred any Indebtedness, other than periodic draws made under the terms of the line of credit between the Company and JP Morgan Chase, NA;

(ii) subjected to any Lien any portion of the assets of the Company;

(iii) sold, assigned or transferred any portion of the tangible assets of the Company in a single transaction or series of related transactions in an amount in excess of $5,000, except in the ordinary course of business or as otherwise specified herein;

(iv) suffered any damage, destruction or extraordinary losses (whether or not covered by insurance) or waived any rights of material value to the Company;

(v) issued, sold or transferred any equity securities in the Company (including the Membership Interests) or other equity securities, securities convertible into any equity securities or warrants, options or other rights to any equity in the Company;

(vi) declared or made any distributions on the equity securities of the Company or redeemed or purchased any equity securities of the Company;

(vii) made any capital expenditures or commitments therefor in excess of $25,000 individually or $50,000 in the aggregate;

(viii) acquired any Entity or business (whether by the acquisition of equity securities, the acquisition of assets, merger or otherwise);

(ix) entered into any or modified any existing employment, compensation or deferred compensation agreement (or any amendment to any such existing agreement) with any officer, member or employee of the Company;

(x) entered into a Multiemployer Plan (as defined below);

(xi) changed or authorized any change in the Organizational Documents of the Company, other than to change the tax treatment of the Company to that of an incorporated entity effective as of January 1, 2018;

(xii) introduced any change with respect to the operation of the Business, including the Company's method of accounting or principles or practices for financial accounting;

(xiii) terminated, or amended or modified in any material respect, any material agreement or instrument of the Company; or

(xiv) entered into any agreement or commitment with respect to any of the matters referred to in paragraphs (i) through (xiii) of this Section 4.5(c).

(d) The Company has no Liability, whether arising out of any transactions entered into at or prior to the date hereof, or any action or inaction at or prior to the date hereof, or any state of facts existing at or prior to the date hereof or otherwise other than (i) Liabilities set forth on the face of the Latest Balance Sheet, (ii) Liabilities that have arisen since the Balance Sheet Date in the ordinary course of business (none of which is a Liability resulting from, arising out of, relating to, in the nature of or caused by any breach of Contract, breach of warranty, tort, infringement, violation of law, environmental matter, claim or lawsuit), (iii) Liabilities under Material Contracts or under Contracts not required to be disclosed in Section 4.6 of the Disclosure Schedule (but not Liabilities for breaches thereof); and (iv) Liabilities set forth on Section 4.5(d) of the Disclosure Schedule.

Section 4.6 Material Contracts.

(a) Section 4.6 of the Disclosure Schedule lists each of the following Contracts of which the Company is currently bound (such Contracts, together with the lease agreement disclosed on Section 4.8(b) of the Disclosure Schedule, "Material Contracts"):

(i) each Contract of the Company involving annual consideration in excess of $10,000 and which, in each case, cannot be cancelled by the Company either without penalty or with less than ninety (90) days' notice;

(ii) all Contracts with third party vendors that require the Company to purchase its total requirements of any product or service from such third-party vendor or that contain "take or pay" provisions;

(iii) all Contracts that provide for the indemnification by the Company of any Person or the assumption of any Tax or environmental liability of any Person;

(iv) all Contracts that relate to the acquisition or disposition of any Entity, a material amount of stock or assets of any other Person or any real property (whether by merger, sale of stock, sale of assets or otherwise);

(v) all broker, distributor, dealer, manufacturer's representative, franchise, agency, sales promotion, market research, marketing consulting and advertising Contracts to which the Company is a party;

(vi) all employment agreements and Contracts with independent contractors or consultants (or similar arrangements) to which the Company is a party and which are not cancellable without material penalty or with less than ninety (90) days' notice;

(vii) except for Contracts relating to trade receivables, all Contracts relating to Indebtedness (including, without limitation, guarantees) of the Company;

(viii) all Contracts that by their terms limit the ability of the Company to compete in any line of business or with any Person or in any geographic area or during any period of time;

(ix) any Contracts to which the Company is a party that provide for any joint venture, partnership or similar arrangement between the Company and a third party;

(x) all Contracts between or among the Company on the one hand and any Member or any Affiliate of the Members (other than the Company) on the other hand; and

(xi) any other Contract that is material to the Company and not previously disclosed pursuant to this Section 4.6.

(b) Each Material Contract is valid and binding on the Company in accordance with its terms and is in full force and effect. None of the Company or, to the Knowledge of the Members, any other party thereto is in material breach of or material default under (or is alleged to be in material breach of or material default under), or has provided or received any notice of any intention to terminate, any Material Contract. To the Knowledge of the Members, no event or circumstance has occurred that, with notice or lapse of time or both, would constitute an event of default under any Material Contract or result in a termination thereof or would cause or permit the acceleration or other material changes of any material right or obligation or the loss of any benefit thereunder. Complete and correct copies of each Material Contract (including all modifications, amendments and supplements thereto and waivers thereunder) have been made available to Parent.

Section 4.7 Clients and Suppliers. Section 4.7 of the Disclosure Schedule sets forth an accurate and complete list of (a) the top fifteen (15) most significant clients (determined by dollar amount of revenue) and (b) the top ten (10) most significant suppliers (determined by dollar amount of purchases) of the Company for the year ended December 31, 2017. Since December 31, 2017, no such supplier or client has canceled or otherwise terminated, or to the Knowledge of the Members, threatened to cancel or otherwise terminate, its relationship with the Company. Since December 31, 2017, none of the Members or the Company has received any written notice that any such supplier or client may cancel or otherwise materially and adversely modify or limit its relationship with the Company or limit its services to the Company, or its usage or purchase of the services of the Company either as a result of the transactions contemplated hereby or otherwise.

Section 4.8 Title and Sufficiency of Assets.

(a) The Company has good, valid, insurable and marketable title to, or a valid leasehold interest in, all Real Property and personal property and other assets reflected in the Company Financial Statements or acquired after the Balance Sheet Date, other than properties and assets sold or otherwise disposed of in the ordinary course of business consistent with past practice since the Balance Sheet Date. All such properties and assets (including leasehold interests) are free and clear of all Liens, other than Permitted Liens, and the Indebtedness for borrowed money, which shall be satisfied at the Closing. The items of tangible personal property currently owned or leased by the Company, together with all other properties and assets of the Company, are sufficient for the continued conduct of the Business after the Closing in substantially the same manner as conducted prior to the Closing and constitute all of the rights, property and assets necessary to conduct the Business as currently conducted.

(b) Section 4.8(b) of the Disclosure Schedule lists the street address of the principal offices of the Company, the landlord under the lease for each such office, the rental amount currently being paid, and the expiration of the term of each such lease or sublease for all real property currently leased or subleased by the Company. With respect to leased Real Property, the Members have delivered or made available to Parent copies of any leases affecting the Real Property that are true, complete and correct. The Company is not a sublessor or grantor under any sublease or other instrument granting to any other Person any right to the possession, lease, occupancy or enjoyment of any leased Real Property. The use of the Real Property by the Company in the conduct of the Company's business does not, violate in any material respect any Law, covenant, condition, restriction, easement, license, permit or agreement. There are no Legal Actions currently in process nor, to the Knowledge of the Members, threatened against or affecting the Real Property leased by the Company or any portion thereof or interest therein in the nature or in lieu of condemnation or eminent domain proceedings.

Section 4.9 Books and Records. Except as set forth in Section 4.9 of the Disclosure Schedule, the Books and Records and other financial records of the Company (i) are complete and correct in all material respects and do not contain or reflect any material inaccuracies or discrepancies and (ii) have been maintained in all material respects in accordance with good business and accounting practices. All transactions of the Company have been accurately and correctly recorded in the Books and Records of the Company. At the Closing, all of the Books and Records of the Company will be in the possession or control of the Company.

Section 4.10 Legal Actions. Except as set forth in Section 4.10 of the Disclosure Schedule, there are: (a) no Legal Actions of any kind currently in process or, to the Knowledge of the Members, threatened or pending absent notice, at Law, in equity or by or before any Authority against or involving the Membership Interests, the Company, any Member or any Affiliate of the Company or any Member, or relating to the ownership or arising from the operation of the Business, and neither the Company nor its Affiliates nor any Member has received written notice of any of the foregoing, (b) no Orders by any Authority against or affecting the Company, the Business or that are otherwise binding on any of the Membership Interests, and (c) no outstanding or unsatisfied awards, judgments, or decrees to which the Company or any Member is a party or is bound or that otherwise involves the Business. The Company does not have any current intention to initiate any action, suit or proceeding before any Authority. Except as set forth in Section 4.10 of the Disclosure Schedule (and excluding (x) Laws relating to employee benefits and related matters, which are covered exclusively by Section 4.17, and (y) Laws relating to employment matters, which are exclusively covered by Section 4.18), the Company is not in default or violation of any Law that is applicable to the Company or by which any property or asset of the Company is bound, except for instances of noncompliance or violations that, individually or in the aggregate, have not and would not reasonably be expected to (i) be material to the Business or (ii) give rise to material fines or other material liability imposed on the Company.

Section 4.11 Tax Matters.

(a) All Tax Returns required to be filed by, or on behalf of, the Company are true, correct and complete in all material respects, have been prepared in compliance with all applicable Laws, and have been duly and timely filed;

(b) The Company has paid all Taxes that are due, including all disputed Taxes for which the Company is seeking a refund;

(c) The Company has delivered to Parent correct and complete copies of all Tax Returns filed with respect to the Company for taxable periods ended on or after December 31, 2011, and all examination reports and statements of deficiencies assessed against or agreed to by the Company with respect to such taxable periods;

(d) No Tax deficiency or proposed adjustment which has not been settled or otherwise resolved for any amount of Tax has been proposed, asserted or assessed by any Authority against the Company. Neither the Company nor any Member is the subject of any audit or other proceeding in respect of payment of Taxes for which the Company may be directly liable and no such proceeding has been threatened. No agreements, waivers, or other arrangements exist providing for an extension of time or statutory periods of limitations with respect to the filing of any Tax Return with respect to the Company or the payment by, or assessment against, the Company for any Tax for which the Company may be directly or indirectly liable and no written request for any such agreement, waiver or other arrangement has been made and is currently outstanding;

(e) (i) No Legal Actions have been asserted or to the Knowledge of the Members are threatened against the Company in respect of any Tax for which the Company may be directly or indirectly liable; (ii) the Company has not agreed to make any adjustment by reason of a change in its accounting method that would affect the taxable income or deductions of the Company for any period following the Closing Date; (iii) the Company is not required to include income in any amount under Section 481 of the Code (or any comparable provisions of state, local or foreign law), by reason of a change in accounting methods or otherwise, as a result of actions taken prior to the Closing Date; and (iv) the Company will not be required to include in a taxable period on or after the Closing Date taxable income attributable to income that economically accrues in a taxable period ending on or before the Closing Date, including as a result of the installment method of accounting or the completed contract method of accounting;

(f) None of the assets of the Company are “tax-exempt use property” within the meaning of Section 168(h) of the Code; none of the assets of the Company directly or indirectly secures any Indebtedness the interest on which is tax-exempt under Section 103(a) of the Code; and there are no Liens for Taxes as of the Closing Date upon any of the assets of the Company, except for statutory Liens for Taxes not yet due or delinquent;

(g) The Company, until an effective date of January 1, 2018, was classified as a partnership within the meaning of Treasury Regulation Section 301.7701-2(a), and made an election to be treated as an association taxable as a corporation within the meaning of Treasury Regulation Section 301.7701-3 effective as of January 1, 2018;

(h) Since January 1, 2018 the Company has been, and as of the Closing Date the Company is; treated as an association taxable as a corporation within the meaning of Treasury Regulation Section 3.01.7701-3;

(i) (i) The Company is not a party to or bound by any Tax indemnity, Tax sharing or Tax allocation agreement, and (ii) the Company has no current or potential contractual obligation to indemnify any other Person with respect to Taxes;

(j) The Company has not been a member of a group with which it has filed or been included in a combined, consolidated or unitary income Tax Return;

(k) No claim has ever been made by an Authority in writing against the Company in a jurisdiction where the Company does not pay Tax or file Tax Returns that the Company is or may be subject to Taxes assessed by such jurisdiction. The Company has withheld and paid all Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, creditor, independent contractor or other third party;

(l) Section 4.11(l) of the Disclosure Schedule contains a list of states, territories and jurisdictions (whether foreign or domestic) in which the Company currently files Tax Returns relating to the Business;

(m) The Company has not been notified in writing of any Tax claims, audits, or examinations that are proposed or pending with respect to the Company or the Business. No closing agreement or similar binding agreement relating to Taxes has been entered into by or with respect to the Company or the Business. No written notice of any unpaid assessment relating to Taxes has been received by or with respect to the Company or the Business; and

(n) There is no unclaimed property or escheat obligation with respect to property or other assets held or owned by the Company.

Section 4.12 Insurance.

(a) Section 4.12 of the Disclosure Schedule sets forth a true and complete list and description of all insurance policies and other forms of insurance related to the ownership and operation of the Business, together with a statement of the aggregate amount of claims paid out, and claims pending, under each such insurance policy or other arrangement from January 1, 2015 through the Closing Date.

(b) All such insurance policies are in full force and effect; all premiums due thereon have been paid by the Company through the Closing Date; and the Company is otherwise in compliance with the terms and provisions of such policies. Furthermore: (i) the Company, has not received any written notice of cancellation or non-renewal of any such policy or arrangement nor, to the Knowledge of the Members, is the termination of any such policy or arrangement threatened; (ii) there is no claim pending under any of such policies or arrangements as to which coverage has been questioned, denied or disputed by the underwriters of such policies or arrangements; (iii) the Company has not received any notice from any of its insurance carriers that any insurance premiums will be materially increased in the future or that any insurance coverage presently provided for will not be available to the Company in the future on substantially the same terms as now in effect; and (iv) none of such policies or arrangements provides for experienced-based liability or loss sharing arrangement affecting the Company.

Section 4.13 Bankruptcy Matters. Neither the Company nor any of the Members has: (a) changed his, her or its name or suspended its business for the purpose of the avoidance of creditors; (b) had proceedings pending or, to the Knowledge of the Members, threatened by or against it in bankruptcy or reorganization in any state or Federal court; (c) resolved or otherwise agreed to file a case in bankruptcy or reorganization in any state or Federal court; (d) admitted in writing its inability to pay its debts as they become due; or (e) suffered the attachment or judicial seizure of all, or substantially all, of its assets or suffered the appointment of a receiver to take possession of all, or substantially all, of its assets. Each of the Company and the Members is, and after giving effect to the transactions contemplated hereby will be, solvent.

Section 4.14 Affiliate Transactions. Section 4.14 of the Disclosure Schedule sets forth all transactions with Affiliates in effect or that were in effect since December 31, 2015.

Section 4.15 Broker or Finder. Except for the fees of Stauss Capital Partners LLC, no agent, broker, investment banker or financial advisor will be entitled to any broker's or finder's fee or commission in connection with the transactions contemplated under this Agreement.

Section 4.16 Intellectual Property.

(a) Section 4.16 of the Disclosure Schedule contains a true, correct and complete list (showing in each case the applicable registered owners and registration or application number) as of the Closing Date, of all Owned Intellectual Property that is used in connection with the Business. All Owned Intellectual Property that is material to the conduct of the Business is subsisting and, to the Knowledge of the Members, valid and enforceable, except to the extent such enforceability may be limited by the General Enforceability Exceptions. The Company exclusively owns or, to the Knowledge of the Members, licenses or otherwise has sufficient rights to use, the Intellectual Property that is used in the conduct of the Business as it is currently conducted or anticipated to be conducted as of the Closing Date, free and clear of all Liens (other than Permitted Liens), except as would not reasonably result in a Material Adverse Effect. The Company has not (i) in the two (2) years prior to the Closing Date, claimed in writing to any other Person that such Person has infringed upon or misappropriated any Owned Intellectual Property, (ii) to the Knowledge of the Members, materially infringed upon or misappropriated any Intellectual Property of any other Person or (iii) since January 1, 2015, received written notice that it has infringed upon or misappropriated any Intellectual Property of any other Person or that any Owned Intellectual Property is invalid or unenforceable (other than routine office actions). The consummation of the transactions contemplated by this Agreement or any Transaction Document will not result in the loss or material impairment of any Intellectual Property right of the Company in or to any Owned Intellectual Property.

(b) Each Member and the Company has taken commercially reasonable steps to protect and maintain any trade secrets contained in the Owned Intellectual Property. All registration, renewal and maintenance fees in respect of the Owned Intellectual Property that is registered with or issued by any Authority which were due prior to the date hereof have been duly paid.

(c) All current and former employees, independent contractors, or service providers of the Company who contributed to the development of any Owned Intellectual Property used in connection with the Business have assigned all ownership of such Owned Intellectual Property to the Company or such Owned Intellectual Property is owned by the Company as a "work for hire".

(d) The Company has the rights to use the domain name currently used for the Business.

Section 4.17 Employee Benefit Plans. Except for the 401K Program for all employees of the Company (including the Members) as disclosed on Section 4.17 of the Disclosure Schedule, the Company has no Employee Benefit Plan for which Parent or the Company might become liable as a result of the transaction contemplated hereby or which might encumber the property after the Closing Date. Neither the Company nor any of its respective ERISA Affiliates (as defined herein) (i) have ever maintained or contributed to any pension plan subject to Title IV of ERISA or Section 412 of the Code or 302 of ERISA, (ii) have any liability (including any contingent liability under Section 4204 of ERISA) with respect to any multiemployer plan defined as such in Section 3(37) of ERISA to which contributions are or have been made by the Company or any of its ERISA Affiliates or as to which the Company or any of its ERISA Affiliates may have liability and that is covered by Title IV of ERISA ("Multiemployer Plan") covering employees (or former employees) employed in the United States, or (iii) have incurred any material liability or taken any action that could reasonably be expected to cause it to incur any material liability (x) on account of a partial or complete withdrawal (within the meaning of Section 4205 and 4203 of ERISA, respectively) with respect to any Multiemployer Plan or (y) on account of unpaid contributions to any such Multiemployer Plan.

Section 4.18 Employees; Employee Relations.

(a) Section 4.18(a) of the Disclosure Schedule contains a list of all persons who are managers, officers, employees, independent contractors or consultants of the Company as of the date hereof, including any employee who is on a leave of absence of any nature, paid or unpaid, authorized or unauthorized, and sets forth for each such individual the following: (i) name; (ii) title or position, if applicable (including whether full or part time); (iii) hire date; (iv) current annual base compensation rate; (v) commission, bonus or other incentive-based compensation; and (vi) a description of the fringe benefits provided to each such individual as of the date hereof. As of the Closing Date, all compensation, including wages, commissions and bonuses, payable to all employees, independent contractors or consultants of the Company for services performed on or prior to the date hereof have been paid in full or accrued for on the applicable balance sheet of the Company or are payable pursuant to Article II hereof.

(b) There are no Legal Actions currently pending against the Company or, to the Knowledge of the Members, threatened, arising out of any Laws pertaining to employment or employment practices as such Laws pertain to any current or former employee of the Company. Except as provided in Section 4.10 of the Disclosure Schedule, the Company is not currently subject to any settlement or consent decree with any present or former employee, employee representative or any Authority relating to claims of discrimination or other claims in respect to employment practices and policies; and the Company is not currently subject to any Order with respect to the labor and employment practices (including practices relating to discrimination) of the Company specifically. The Company has not received written notice of the intent of any Authority responsible for the enforcement of labor or employment Laws to conduct an investigation of the Company with respect to or relating to such Laws and to the Knowledge of the Members, no such investigation is in progress. The Company has not incurred in the three (3) years prior to the Closing Date, and will not incur as a result of the Members' execution of this Agreement, any liability or obligation under the Worker Adjustment and Retraining Notification Act or similar applicable state laws.

Section 4.19 No Illegal Payments, Etc. Neither the Company nor any of its respective directors, officers, managers, employees, agents or members has: (a) directly or indirectly given or agreed to give any illegal gift, contribution, payment or similar benefit to any supplier, client, governmental official or employee or other person in order to obtain favorable treatment for the Company (or assist in connection with any actual or proposed transaction with the Company) or made or agreed to make any illegal contribution, or reimbursed any illegal political gift or contribution made by any other person, to any candidate for federal, state, local or foreign public office which might subject the Company to any damage or penalty in any civil, criminal or governmental litigation or proceeding or the non-continuation of which has had or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect or (b) established or maintained any unrecorded fund or asset or made any false entries on any books or records for any purpose on behalf of the Company or as part of the duties of their employment with the Company.

Section 4.20 Bank Accounts and Powers of Attorney. Section 4.20 of the Disclosure Schedule sets forth each bank, savings institution and other financial institution with which the Company has an account or safe deposit box and the names of all persons authorized to draw thereon or to have access thereto. Each person holding a power of attorney or similar grant of authority on behalf of the Company is identified on Section 4.20 of the Disclosure Schedule. Except as disclosed on Section 4.20 of the Disclosure Schedule, the Company has not given any revocable or irrevocable powers of attorney to any person, firm, corporation or organization relating to the Business for any purpose whatsoever.

Section 4.21 No Untrue Statements. The information, reports, financial statements, exhibits and schedules furnished in writing by or on behalf of the Members to Parent in connection with this Agreement are true, correct and complete in all material respects and do not contain any untrue statement of material fact or omit to state any material fact necessary to make the statements herein or therein, in light of the circumstances under which they were made, not misleading. All written information furnished after the Closing Date by or on behalf of the Members to Parent in connection with this Agreement and the transaction contemplated hereby will be true, complete and accurate in every material respect, or (in the case of projections) based on reasonable estimates, on the date as of which such information is stated, there is no fact known to the Members that could reasonably be expected to have a Material Adverse Effect on the Business or its operations, that has not been disclosed herein, or in a report, financial statement, exhibit, schedule, disclosure letter or other writing furnished to Parent for use in connection with the transaction contemplated hereby.

ARTICLE V.
REPRESENTATIONS AND WARRANTIES OF PARENT

Parent and Merger Sub hereby represent and warrant to the Members that the following statements are true and correct as of the Closing Date:

Section 5.1 Organization and Business; Power and Authority; Effect of Transaction

(a) Parent is a corporation duly organized, validly existing and in good standing under the laws of Florida. Merger Sub is a limited liability company duly organized, validly existing and in good standing under the laws of New York and is considered a disregarded entity for federal income tax purposes under Treasury Regulations Section 301.7701-3(b)(1)(ii). Parent and Merger Sub are duly qualified or licensed to do business, and are in good standing, in each jurisdiction where the character of the properties owned, leased or operated by their or the nature of their businesses makes such qualification or licensing necessary, except where the failure to be so qualified would not reasonably be expected to have a Dolphin Material Adverse Effect. Parent and Merger Sub have all requisite right, power and authority to (a) own or lease and operate their properties, (b) conduct their businesses as presently conducted and (c) engage in and consummate the transactions contemplated hereby. Section 5.1 of the Disclosure Schedule contains a complete and accurate list of the jurisdiction of organization of Parent and any other jurisdictions in which Parent is qualified to do business.

(b) Each of Parent and Merger Sub has all requisite right, power and authority to execute and deliver the Transaction Documents and to consummate the transactions contemplated thereby. The execution and delivery of the Transaction Documents by Parent and Merger Sub and the consummation by Parent and Merger Sub of the transactions contemplated thereby have been duly authorized by all requisite corporate or other action. The Transaction Documents have been duly executed and delivered by Parent and Merger Sub, and constitute the legal, valid and binding obligation of Parent and Merger Sub, enforceable in accordance with their respective terms.

(c) The execution and delivery of the Transaction Documents by Parent and Merger Sub, the consummation by Parent and Merger Sub of the transactions contemplated thereby, and compliance by the Parent and Merger Sub with the provisions hereof: (a) do not and will not violate or, if applicable, conflict with any provision of Law, or any provision of Parent's or Merger Sub's Organizational Documents; and (b) do not and will not, with or without the passage of time or the giving of notice, result in the breach of, or constitute a default, cause the acceleration of performance or require any consent under, any instrument or agreement to which Parent or Merger Sub is a party or by which Parent or Merger Sub or their properties may be bound or affected.

Section 5.2 Capitalization. The authorized capital stock of Parent immediately prior to the consummation of the transactions contemplated by this Agreement consists of:

(a) 50,000 shares of preferred stock all of which have been duly designated Series C Convertible Preferred Stock and are duly and validly issued and outstanding, fully paid and non-assessable, with no personal liability attaching to the ownership thereof.

(b) 200,000,000 shares of Common Stock of which 11,090,688 shares are duly and validly issued and outstanding, fully paid and non-assessable, with no personal liability attaching to the ownership thereof.

(c) 3,089,368 shares of Common Stock have been duly reserved for issuance upon exercise of existing warrants, and 192,703 shares of Common Stock have been duly reserved for issuance upon conversion of preferred stock.

Section 5.3 Subsidiaries. Except as set forth on Section 5.3 of the Disclosure Schedule, Parent does not control, directly or indirectly, or have a direct or indirect equity ownership or participation in, any Entity. Each of Parent's subsidiaries set forth on Section 5.3 of the Disclosure Schedule (a) is duly organized, validly existing and in good standing under the Laws of the state of its formation, and possesses all requisite corporate power and authority to own, lease and operate its assets as now owned or leased and operated, and (b) is duly qualified and in good standing in each jurisdiction in which the character of the assets owned or leased by such subsidiary requires such qualification, except where the failure to be so qualified would not reasonably be expected to have a Dolphin Material Adverse Effect.

Section 5.4 Issuance of Stock. The Stock Consideration to be issued in connection with the transactions contemplated by this Agreement has been duly authorized and, when issued and paid for in accordance with this Agreement, will be duly and validly issued, fully paid and non-assessable, free and clear of all Liens, other than restrictions on transfer as provided by applicable Law. Parent has available for issuance the number of shares of Common Stock issuable under this Agreement, and has reserved in its corporate records and with its transfer agent the maximum number of shares of Common Stock that Parent may be required to be issued under this Agreement.

Section 5.5 SEC Reports. Parent has filed all reports, schedules, forms, statements and other documents required to be filed by Parent under the Securities Act and the Exchange Act, including pursuant to Section 13(a) or 15(d) thereof, for the two years preceding the date hereof (the foregoing materials, including the exhibits thereto and documents incorporated by reference therein, being collectively referred to herein as the "SEC Reports"), and the SEC Reports were filed on a timely basis or received a valid extension of such time of filing and were filed prior to the expiration of any such extension. As of their respective dates, the SEC Reports complied in all material respects with the requirements of the Securities Act and the Exchange Act, as applicable, and none of the SEC Reports, when filed, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. Parent has never been characterized as an issuer subject to Rule 144(i) under the Securities Act. The financial statements of Parent included in the SEC Reports comply in all material respects with applicable accounting requirements and the rules and regulations of the Commission with respect thereto as in effect at the time of filing. Such financial statements have been prepared in accordance with GAAP, except as may be otherwise specified in such financial statements or the notes thereto and except that unaudited financial statements may not contain all footnotes required by GAAP, and fairly present in all material respects the financial position of Parent and its consolidated subsidiaries as of and for the dates thereof and the results of operations and cash flows for the periods then ended, subject, in the case of unaudited statements, to normal, immaterial, year-end audit adjustments.

Section 5.6 Material Changes; Undisclosed Events, Liabilities or Developments. Since the date of the latest audited financial statements included within the SEC Reports, (a) there has been no event, occurrence or development that has had or that could reasonably be expected to result in a Dolphin Material Adverse Effect, (b) Parent has not incurred any liabilities (contingent or otherwise) other than (i) trade payables and accrued expenses incurred in the ordinary course of business consistent with past practice and (ii) liabilities not required to be reflected in Parent's financial statements pursuant to GAAP or disclosed in filings made with the Commission, (c) Parent has not altered its method of accounting, (d) Parent has not declared or made any dividend or distribution of cash or other property to its stockholders or purchased, redeemed or made any agreements to purchase or redeem any shares of its capital stock and (e) Parent has not issued any equity securities to any officer, director or Affiliate, except pursuant to existing Parent stock option plans. Parent does not have pending before the Commission any request for confidential treatment of information. Except for the issuance of the shares of Common Stock contemplated by this Agreement or as set forth in the SEC Reports, no event, liability, fact, circumstance, occurrence or development has occurred or exists or is reasonably expected to occur or exist with respect to Parent or its subsidiaries or their respective businesses, properties, operations, assets or financial condition, that would be required to be disclosed by Parent under applicable securities laws at the time this representation is made or deemed made that has not been publicly disclosed.

Section 5.7 Broker or Finder. No agent, broker, investment banker or financial advisor engaged by or on behalf of Parent, Merger Sub or any of their Affiliates is or will be entitled to a broker's or finder's fee or commission in connection with the transactions contemplated hereby or the execution, delivery or performance of this Agreement.

Section 5.8 Sufficiency of Funds. Parent has sufficient cash on hand or other sources of available funds to (a) make all payments contemplated by this Agreement in connection with the Merger (including the payment of all amounts payable pursuant to Article II in connection with or as a result of the Merger) and (b) pay all fees and expenses required to be paid at the Closing by the Company, Parent or Merger Sub in connection with the Merger.

ARTICLE VI.
COVENANTS

Section 6.1 Agreement to Cooperate; Certain Other Covenants.

(a) The Parties shall cooperate with one another in the preparation of all Tax Returns, applications or other documents regarding any Taxes on transfer, recording, registration or other fees which relate to any period that begins on or before the Closing Date, or ends after the Closing Date. The Parties shall also cooperate with each other and each other's Representatives in connection with the preparation or audit of any Tax Returns and any Tax claim or litigation in respect of the Company or the Business that include taxable periods (or portions thereof), activities, operations or events ending on the Closing Date, which cooperation shall include, making available documents and employees, if any, capable of providing information or testimony.

(b) The Parties shall cooperate with one another: (i) in taking all legally authorized action reasonably required by the Parties and designed to reduce any Taxes or other liabilities arising from or in connection with the transactions contemplated by this Agreement and by any other documents between the Parties if and solely to the extent such actions do not impose any material costs on the Company or Parent and (ii) in preparing and filing with the applicable Authorities as promptly as practicable after the date hereof all applications and amendments thereto required, if any, together with related information, data and exhibits, necessary to request issuance of orders approving the transaction by all such applicable Authorities. Prior to the Closing, the Members shall not, and shall cause the Company to not, make any Tax elections, or take any actions or other steps that materially affect Taxes relating to the Company, without Parent's prior written consent.

Section 6.2 Tax Matters.

(a) Responsibility for Filing Tax Returns for Periods through Closing Date. Parent shall prepare or cause to be prepared and file or cause to be filed all Tax Returns for the Company that are filed after the Closing Date that relate to Tax periods ending on or before the Closing Date. Parent shall permit the Members to review and comment on each such Tax Return with respect to a Pre-Closing Tax Period at least thirty (30) calendar days prior to filing and shall make such revisions as are reasonably requested by the Members.

(b) Cooperation on Tax Matters. Parent and the Members shall cooperate fully, as and to the extent reasonably requested by the other party, in connection with the filing of Tax Returns pursuant to this Agreement and any audit, litigation or other proceeding with respect to Taxes. Such cooperation shall include the retention and (upon the other party's request) the provision of records and information which are reasonably relevant to any such audit, litigation or other proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. the Members agree to retain or cause to be retained all books and records with respect to Tax matters pertinent to the Company or its assets relating to any taxable period beginning before the Closing Date until the expiration of the statute of limitations (and, to the extent notified by Parent or the Company, any extensions thereof) of the respective taxable periods, and to abide by all record retention agreements entered into with any taxing Authority. Parent and the Members further agree, upon request, to use their commercially reasonable efforts to obtain any certificate or other document from any Authority or any other Person as may be necessary to mitigate, reduce or eliminate any Tax that could be imposed (including, with respect to the transactions contemplated hereby).

(c) Tax Free Merger. The transaction represented by this Agreement is intended to be a reorganization under Section 356(a)(1)(A) of the Code and this Agreement is intended to constitute a "plan of reorganization" within the meaning of the Treasury Regulations Section 1.368-2(g). The Parties will report the transaction for tax purposes in a manner consistent with such intended tax treatment, unless otherwise required by Law.

(d) Allocation of Straddle Period Tax. To the extent permitted by applicable Law with respect to any particular Tax regarding the Company, the Members shall cause the Company to elect to treat the Closing Date as the last day of the taxable period. For purposes of determining the amount of Taxes that are attributable to the Pre-Closing Tax Period with respect to any taxable period that includes (but does not end on) the Closing Date (a "Straddle Period"), (i) in the case of any Taxes other than Taxes based upon or related to income or receipts, be deemed to be the amount of such Tax for the entire Tax period multiplied by a fraction the numerator of which is the number of days in the Tax period ending on the Closing Date and the denominator of which is the number of days in the entire Tax period, and (ii) in the case of any Tax based upon or related to income or receipts, be deemed equal to the amount which would by payable if the relevant Tax period ended on the Closing Date.

(e) Withholding. Notwithstanding any other provision in this Agreement, Parent and any other applicable payor shall have the right to deduct and withhold any required Taxes from any payments to be made hereunder. To the extent that amounts are so withheld and paid to the appropriate taxing Authority, such withheld amounts shall be treated for all purposes of this Agreement as having been delivered and paid to the applicable Member or any other recipient of payment in respect of which such deduction and withholding was made.

Section 6.3 Conduct of Business.

(a) Subject to the terms and conditions of this Agreement, and without limiting any rights of the Members pursuant to the Employment Agreements, subsequent to the Closing, Parent will have the sole power and right to control the Business and operations of Parent (including the New Business Segment) in its sole discretion; provided, however, that, prior to the end of the Fourth Year Period, Parent shall not, directly or indirectly, take any action, or refrain from taking action that will materially adversely affect (x) the ability of the Members to earn the Additional Consideration or (y) the ability of the New Business Segment to achieve the Additional Consideration Target in any Measuring Period, provided further, however, that any action (or refraining from action) taken directly or indirectly by Parent with the written consent of the Members should not constitute a violation of this obligation. Additionally, prior to the end of the Fourth Year Period, except in each case with the prior written consent of the Members, which consent shall not be unreasonably withheld:

(i) Parent shall operate the New Business Segment as a separate division and maintain separate books and records for the New Business Segment in a manner reasonably calculated to facilitate the determination of the Working Capital Adjustment and the Additional Consideration in a manner consistent with the terms and conditions of this Agreement;

(ii) Except for (a) an indirect sale, transfer, assignment or disposition of the Membership Interests in connection with the sale of a controlling stake in Parent, (b) in connection with a reincorporation, reorganization or other change in corporate form of Parent for tax efficiencies or otherwise or (c) an assignment of the Membership Interests to a wholly-owned subsidiary of Parent for tax efficiency purposes, Parent shall not directly or indirectly (1) sell, transfer or reassign the Membership Interests to any third party or any Affiliate of Parent, (2) sell, lease or dispose of all or any material part of the assets or business of the New Business Segment, or any portion of the Business, to any third party or any Affiliate of Parent, (3) merge, consolidate or amalgamate the New Business Segment with or into another Person, or another Person with or into the New Business Segment, (4) wind down, terminate, liquidate or cancel all or any material segment of the New Business Segment, or (5) cause the New Business Segment to acquire the equity, assets or business of another Person, other than the purchase of assets in the ordinary course of business;

(iii) Parent shall operate the Business solely out of the New Business Segment, and shall not provide any services similar to those provided by the Business through an Entity, division or business segment other than the New Business Segment or transfer the business of any client of the New Business Segment to any other Person;

(iv) Parent shall not relocate the New Business Segment's offices outside of their applicable current city; and

(v) Parent shall operate and shall cause the New Business Segment to operate the Business in good faith, and will allow the Company's current management (including, without limitation, the Members) to manage the New Business Segment in a manner that is generally consistent with the management of the Company prior to the Closing, in the ordinary course of business.

(b) The budget and capital expenditure plan of the New Business Segment will be determined by Parent's Board of Directors (the "Board") in good faith, with due regard to the business interests of the New Business Segment.

Section 6.4 Public Announcements. Unless otherwise required by applicable Law (based upon the reasonable advice of counsel) or any rules or requirements of any stock exchange or regulatory or other supervisory body or authority of competent jurisdiction, no Party to this Agreement shall make any public announcements in respect of this Agreement or the transactions contemplated hereby or otherwise communicate with any news media without the prior written consent of the other Party (which consent shall not be unreasonably withheld or delayed), and the Parties shall cooperate as to the timing and contents of any such announcement.

Section 6.5 Board Composition. After the Closing Date, the Company shall use commercially reasonable best efforts to identify and obtain the agreement of, an additional person who satisfies the independent director requirements and standards of the Nasdaq Capital Market, LLC (the "Additional Independent Director Candidate"). As soon as practicable following the identification and agreement of the Additional Independent Director Candidate to serve on the board of directors, Company shall request that the board of directors convene to increase the size of the board of directors to nine (9) directors, and appoint the Additional Independent Director Candidate and a nominee designated by the Members to serve on the board of directors of the Company, until the next annual meeting of shareholders of the Company. Thereafter, if the Member designated person is otherwise unable to serve as a director, then the Members may substitute a different designated person to be the nominee designee.

Section 6.6 Company Employee Equity Awards. After the Closing Date, Parent and the Company will work together to develop a plan for the participation of Company employees in a stock option or other equity award program to be established by Parent.

Section 6.7 Further Assurances. At any time and from time to time after the Closing Date, at the reasonable request of Parent, as promptly as reasonably practicable, the Members shall (i) execute and deliver to Parent such instruments of transfer, conveyance, assignment and confirmation, in addition to those executed and delivered by the Members at the Closing, (ii) take such actions as Parent may reasonably deem necessary or desirable in order to more effectively consummate the transactions contemplated hereby, and permit Parent to exercise all rights as a holder of the Membership Interests and otherwise to give full effect to the provisions of this Agreement, the Transaction Documents and the transactions contemplated hereby and thereby. the Members agree to furnish any additional information reasonably requested by Parent or any of its Affiliates to ensure compliance with the Securities Laws in connection with the issuance of the Stock Consideration.

ARTICLE VII.
INDEMNIFICATION

Section 7.1 General Statement; Survival Period.

(a) General Statement. From and after the Closing, the Parties shall indemnify each other as provided in this Article VII.

(b) Survival Period.

(i) Representations and Warranties. Each representation and warranty contained in Article III and Article IV herein shall survive until the applicable Survival Date, and shall terminate and be of no further force or effect upon the passing of the applicable Survival Date with respect to such representation or warranty (except with respect to pending claims pursuant to Section 7.3(b)).

(ii) Covenants and Obligations. None of the covenants or other agreements contained in this Agreement shall survive the Closing Date other than those which by their terms contemplate performance after the Closing Date, and each such surviving covenant and agreement shall survive the Closing for the period contemplated by its terms; provided that the covenants and obligations set forth in Section 6.2, Article VII and Article VIII shall survive indefinitely (unless the performance of such covenant or obligation is completed, in which case such covenant or obligation shall terminate upon its completion).

Section 7.2 The Members' Indemnification Obligations. the Members shall, jointly and severally (except as otherwise provided in Section 7.2(a)), to the extent the right of offset as set forth in Section 7.3(g) is unavailable, indemnify, defend, save and keep each Parent Indemnitee harmless against and from, and shall pay to each Parent Indemnitee the amount of, and reimburse each Parent Indemnitee for, all Losses which any Parent Indemnitee may suffer, sustain, incur or become subject to, as a result of, in connection with, relating to, arising out of, or by virtue of:

(a) any inaccuracy in or breach of any representation and warranty made by the Members to Parent under Article III or Article IV; provided that, with respect to any inaccuracy or breach of any representation and warranty made by any Member to Parent under Article III, each Member shall have such indemnification obligations with respect to his, her or its individual representations therein, and each Member's indemnification obligations shall be several, and not joint and several;

(b) the breach by the Members of, or failure of the Members to comply with or fulfill, any of the covenants or obligations under this Agreement (including the Members' obligations under this Article VII);

(c) any claim or assertion for broker's or finder's fees or expenses arising out of the transactions contemplated by this Agreement by any Person claiming to have been engaged by either the Members or any of their Affiliates;

(d) any Company Indebtedness and any Company Transaction Expenses, in each case that are not included in the calculation of the Closing Working Capital and that are not paid in full at the Closing;

(e) any Pre-Closing Taxes; and

(f) any fines or penalties resulting from any failure to file, or late filing of, annual reports with the United States Department of Labor with respect to the Company's qualified retirement plans.

Section 7.3 Limitation on the Members' Indemnification Obligations. the Members' obligations pursuant to the provisions of Section 7.2 are subject to the following limitations:

(a) Indemnity Threshold. The Parent Indemnitees shall not be entitled to recover under Section 7.2(a) until the total amount which the Parent Indemnitees would recover under Section 7.2(a), but for this Section 7.3(a), exceeds an amount equal to $100,000 (the "Indemnity Threshold"), after which the Parent Indemnitees shall be entitled to recover all Losses in excess of the Indemnity Threshold; provided, however, that the foregoing limitations shall not apply to recovery for any recovery under Section 7.2(a) for breaches of one or more of the Fundamental Representations. For purposes of calculating the amount of any Losses incurred in connection with any breach of a representation or warranty, any and all reference to "material" or "Material Adverse Effect" (or other correlative or similar terms) shall be disregarded.

(b) Claims Cut-Off. The Parent Indemnitees shall not be entitled to recover under Section 7.2 unless a claim has been asserted in good faith with reasonable specificity by written notice delivered to the Members on or prior to the applicable Survival Date (regardless of when the Losses in respect thereof may actually be incurred), in which case the applicable claim shall not be barred by the passing of the applicable Survival Date and such claim shall survive until finally resolved.

(c) Indemnification Cap. The Parent Indemnitees shall not be entitled to recover under Section 7.2(a) for an amount of Losses in excess of $1,000,000, provided, however, that the foregoing limitation shall not apply to recovery for any recovery under Section 7.2(a) for breaches of one or more of the Fundamental Representations; and the aggregate amount of all Losses for which the Members shall be liable pursuant to this Article VII shall not exceed the total net Cash Consideration actually received by the Members (before payment of any applicable Taxes by the Members).

(d) Benefits and Recoveries. The amount of any indemnity provided in Section 7.2 shall be computed net of (i) any insurance proceeds actually received by a Parent Indemnitee in connection with or as a result of any claim giving rise to an indemnification claim hereunder (reduced by all related costs and expenses and any premium increases), (ii) the amount of any indemnity or contribution actually recovered by any Parent Indemnitee from any third party, net of any costs incurred in connection with recovering any such amounts, and/or (iii) the amount of any Tax Benefit (as defined below) actually realized by a Parent Indemnitee or its Affiliates in the taxable year of such Losses ((i), (ii) and (iii) collectively, "Benefits and Recoveries"). The determination if any such Tax Benefit exists shall be made in good faith by a Parent Indemnitee as calculated on a "with and without" basis. Each Parent Indemnitee shall exercise commercially reasonable best efforts to obtain any possible Benefits and Recoveries to the extent available. If an indemnity amount is paid by the Members prior to a Parent Indemnitee's actual receipt of Benefits and Recoveries related thereto, and a Parent Indemnitee subsequently receives such Benefits and Recoveries, then such Parent Indemnitee shall promptly pay to the Members (as applicable) the amount of Benefits and Recoveries subsequently received (reduced, without duplication, by all related costs and expenses and any premium increases resulting therefrom), but not more, in the aggregate, than the indemnity amount paid by such Member.

(e) No Duplicate Recovery. Any Loss for which any Parent Indemnitee is entitled to indemnification under this Section 7.3 shall be determined without duplication of recovery by reason of the state of facts giving rise to such Loss constituting a breach of more than one representation, warranty or covenant.

(f) No Recovery for Working Capital or Merger Consideration Adjustments. No Parent Indemnitee shall be entitled to indemnification under this Agreement for any Loss arising from a breach of any representation, warranty or covenant set forth herein (and the amount of any Loss incurred in respect of such breach shall not be included in the calculation of any limitations on indemnification set forth herein) to the extent such liability, matter or item is included as a liability in the calculation of the Closing Working Capital or any Working Capital Adjustment made pursuant to Section 2.8(d).

(g) Right of Offset. Subject to the other limitations set forth in this Section 7.3, any Losses payable by the Members in respect of indemnification claims made by a Parent Indemnitee under Section 7.2 shall be satisfied pursuant to the right of offset in accordance with the provisions of Section 2.10 hereof, and finally, from the Members directly (other than for Losses resulting from breaches of one or more of the individual Member representations and warranties in Article III, which shall be satisfied first pursuant to the right of offset against such Member in accordance with the provisions of Section 2.10 hereof and second directly from such Member); provided, however, that the Members shall have the right, in their sole discretion, to pay any Losses owed to Parent in cash in lieu of the application of the right of offset by Parent.

Notwithstanding anything expressed or implied herein to the contrary, any limitations on indemnification set forth in this Article VII shall not apply to any claim for Losses as a result of or arising out of or by virtue of intentional misrepresentation (including any intentional omission), willful misconduct or intentional fraud in connection with this Agreement.

Section 7.4 Parent's Indemnification Obligations. Parent and Merger Sub shall indemnify, defend, save and keep each Member Indemnitee harmless against and from, and shall pay to each Member Indemnitee the amount of, and reimburse each Member Indemnitee for, all Losses which any Member Indemnitee may suffer, sustain, incur or become subject to, as a result of, in connection with, relating to, arising out of, or by virtue of:

(a) any inaccuracy in or breach of any representation and warranty made by Parent or Merger Sub to the Members herein;

(b) any breach by Parent or Merger Sub of, or failure by Parent or Merger Sub to comply with or fulfill, any of the covenants or obligations under this Agreement (including Parent or Merger Sub's obligations under this Article VII); and

(c) any claim or assertion for broker's or finder's fees or expenses arising out of the transactions contemplated by this Agreement by any Person claiming to have been engaged by either Parent, Merger Sub or any of their Affiliates.

Section 7.5 Parent Indemnification Cap. The Member Indemnitees' sole and exclusive remedy under Section 7.2(b) for any action or inaction taken by Parent not otherwise in compliance with Section 6.3(a), shall be the issuance of the Additional Consideration, if any, that the Members would have otherwise received had such action or inaction not occurred.

Section 7.6 Third-Party Claims. The following provisions shall govern the defense and settlement of Third-Party Claims:

(a) Promptly following the receipt of notice of a Third-Party Claim, the party receiving the notice of the Third-Party Claim shall (i) notify the other party of its existence setting forth with reasonable specificity the facts and circumstances of which such party has received notice and (ii) if the party giving such notice is an Indemnified Party, specifying the basis hereunder upon which the Indemnified Party's claim for indemnification is asserted; provided, however, that the failure to provide such notice promptly shall not affect the obligations of the Indemnifying Party hereunder except to the extent the Indemnifying Party is actually and materially prejudiced thereby (and then only to the extent of such prejudice).

(b) Within fifteen (15) Business Days of its receipt from the Indemnified Party of the notice of the Third-Party Claim, the Indemnifying Party may deliver to the Indemnifying Party a written notice of its intention to assume the defense of such Third-Party Claim (each, a "Defense Notice"). Upon timely delivery of a Defense Notice to the Indemnified Party, the Indemnifying Party shall have the right to conduct at its expense the defense against such Third-Party Claim in its own name, or, if necessary, in the name of the Indemnified Party; provided, however, that if the Indemnifying Party is a Member and (i) if the claims at issue would impose liability on the Indemnified Party for which the Indemnified Party is not entitled to indemnification hereunder, other than as a result of the Indemnity Threshold, or (ii) such claim seeks solely injunctive or other equitable relief involving Parent or any of its Affiliates or the Business, or (iii) any insurance carrier for Parent or any of its Affiliates requires, as a condition to such Person's eligibility to recover insurance proceeds on account of any such claim, that such carrier control the defense of any such claim, then, in any such case, Parent (or its Affiliates, as applicable) shall be entitled to conduct the defense against such claim, at its own expense. When the Indemnifying Party conducts the defense, the Indemnified Party shall have the right to approve the defense counsel representing the Indemnifying Party in such defense, which approval shall not be unreasonably withheld or delayed, and in the event the Indemnifying Party and the Indemnified Party cannot agree upon such counsel within ten (10) Business Days after the Defense Notice is provided, then the Indemnifying Party shall propose an alternate defense counsel, which shall be subject again to the Indemnified Party's approval, which approval shall not be unreasonably withheld or delayed.

(c) In the event that the Indemnifying Party shall fail to give the Defense Notice within the time and as prescribed by Section 7.6(b), or if the Indemnifying Party does not have the right to defend such Third-Party Claim pursuant to Section 7.6(b), then in either such event, the Indemnified Party shall have the sole right and authority to conduct such defense in good faith, but the Indemnified Party (or any insurance carrier defending such Third-Party Claim on the Indemnified Party's behalf) shall be prohibited from compromising or settling the claim without the prior written consent of the Indemnifying Party, which consent shall not be unreasonably withheld, conditioned or delayed; provided, however, that from and after any such failure to consent, the Indemnifying Party shall be obligated to assume the defense of such claim, suit, action or proceeding and any and all Losses in connection therewith in excess of the amount of unindemnifiable Losses which the Indemnified Party would have been obligated to pay under the proposed settlement or compromise. Failure at any time of the Indemnifying Party to diligently defend a Third-Party Claim as required herein shall entitle the Indemnified Party to assume the defense and settlement of such Third-Party Claim as if the Indemnifying Party had never elected to do so as provided in this Section.

(d) In the event that the Indemnifying Party does deliver a Defense Notice and thereby elects to conduct the defense of such Third-Party Claim in accordance with Section 7.6(b), the Indemnified Party will cooperate with and make available to the Indemnifying Party such assistance, personnel, witnesses and materials as the Indemnifying Party may reasonably request, all at the expense of the Indemnifying Party. Notwithstanding an election by the Indemnifying Party to assume and control the defense of such Third-Party Claim, the Indemnified Party shall have the right to employ separate legal counsel, at the sole cost and expense of the Indemnified Party, and to participate in the defense of such Third-Party Claim. Each Indemnified Party shall reasonably consult and cooperate with each Indemnifying Party with a view towards mitigating Losses, in connection with claims for which a Party seeks indemnification under this Article VII. The Indemnifying Party (or any insurance carrier defending such Third-Party Claim on the Indemnifying Party's behalf) will not enter into any settlement of any Third-Party Claim without the prior written consent of the Indemnified Party (which consent shall not be unreasonably withheld or delayed) if, pursuant to or as a result of such settlement, such settlement (i) requires the Indemnified Party to take or restrain from taking any action, creates an encumbrance on any assets of the Indemnified Party, or includes an injunction; (ii) does not release the Indemnified Party from any liability in connection with such Third-Party Claim; (iii) contains a finding or admission of a violation of Law or the rights of any Person by the Indemnified Party; and (iv) requires the Indemnified Party to admit or acknowledge to any fact or event, including any violation of Law. If the Indemnifying Party receives a firm offer to settle a Third-Party Claim, which offer the Indemnifying Party is required to obtain consent to settle from the Indemnified Party under this Section 7.6, and the Indemnifying Party desires to accept such offer, the Indemnifying Party will give written notice to the Indemnified Party to that effect. Subject to the limitations set forth in Section 7.3, if the Indemnified Party objects to such firm offer within ten (10) days after its receipt of such notice, the Indemnified Party may continue to contest or defend such Third-Party Claim and, in such event, the maximum liability of the Indemnifying Party as to such Third-Party Claim will not exceed the costs and expenses paid or incurred by the Indemnified Party up to the point such notice had been delivered, to the extent indemnifiable hereunder, plus the lesser of (x) the amount of the settlement offer that the Indemnified Party declined to accept or (y) the final aggregate Losses of the Indemnified Party with respect to such Third-Party Claim.

(e) Any judgment entered or settlement agreed upon in the manner provided herein shall be binding upon the Indemnifying Party and the Indemnified Party, and shall be conclusively deemed to be an obligation with respect to which the Indemnified Party is entitled to prompt indemnification in accordance with the terms of this Article VII (including any limitations on indemnification set forth herein), subject to the Indemnifying Party's right to appeal an appealable judgment or order.

Section 7.7 Direct Indemnification Claims. In the event any Indemnified Party should have a claim against any Indemnifying Party hereunder which does not involve a Third-Party Claim, the Indemnified Party shall transmit to the Indemnifying Party a written notice (the "Indemnity Notice") describing in reasonable detail the nature of the claim and the basis of the Indemnified Party's request for indemnification under this Agreement. After receipt of the Indemnity Notice, the Indemnifying Party shall have forty-five (45) days to review the Indemnity Notice. During such time, the Indemnified Party shall provide the Indemnifying Party with access to all documents, records, work papers, facilities and personnel as reasonably requested by the Indemnifying Party in order to investigate the matter or circumstance alleged to give rise to such claim. If the Indemnifying Party does not respond to the Indemnified Party within forty-five (45) days from its receipt of the Indemnity Notice, the Indemnifying Party shall be deemed to be disputing such claim specified by the Indemnified Party in the Indemnity Notice. Disputed claims for indemnification shall be resolved either (i) in a written agreement signed by the Indemnified Party and the Indemnifying Party, or (ii) by the final, non-appealable, judgment, order, award, decision or decree of a court, arbitrator or other trier of fact. If the Indemnifying Party provides notice that it acknowledges and agrees to all or a portion of the claim, the Indemnified Party shall, subject to the other provisions of this Article VII, be entitled to any indemnifiable Losses related to such claim for indemnification, or the uncontested portion thereof in accordance with the terms of this Article VII.

Section 7.8 Treatment of Indemnification Payments. All amounts paid by Parent or the Members pursuant to the indemnification provisions of this Agreement shall be treated as adjustments to the Merger Consideration for all Tax purposes to the extent permitted by Law.

Section 7.9 Subrogation; Mitigation. The Indemnifying Party shall not be entitled to require that any action be brought against any other Person before action is brought against it hereunder by the Indemnified Party. Upon making any payment to an Indemnified Party in respect of any Losses, the Indemnifying Party will, to the extent of such payment and to the extent not prohibited by applicable Law or any existing contract, be subrogated to all rights of the Indemnified Party (and its Affiliates) against any third party in respect to the Losses to which such payment relates. The Indemnified Parties shall have a duty to take all reasonable steps to mitigate any Losses upon becoming aware of any event or circumstance that would be reasonably be expected to, or does, give rise to an indemnification claim hereunder.

Section 7.10 Indemnification Exclusive Remedy. Except for claims or causes of action based on criminal activity, intentional misrepresentation (including any intentional omission), willful misconduct or intentional fraud in connection with this Agreement, or actions seeking equitable remedies (including injunctive relief and specific performance), indemnification pursuant to the provisions of this Article VII shall be the exclusive remedy of the Parties with respect to any matter relating to this Agreement or its subject matter or arising in connection herewith, including for any misrepresentation or breach of any representation, warranty or covenant contained herein.

ARTICLE VIII.
MISCELLANEOUS

Section 8.1 Waivers; Amendments. Except as expressly provided herein, neither this Agreement nor any term hereof may be amended, modified, supplemented, waived, discharged or terminated other than by a written instrument signed by the Members and Parent expressly stating that such instrument is intended to amend, modify, supplement, waive, discharge or terminate this Agreement or such term hereof. No delay on the part of either party at any time or times in the exercise of any right or remedy shall operate as a waiver thereof. Any waiver or consent may be given subject to satisfaction of conditions stated therein. The failure to insist upon the strict provisions of any covenant, term, condition or other provision of this Agreement or any Transaction Document or to exercise any right or remedy hereunder shall not constitute a waiver of any such covenant, term, condition or other provision hereof or default in connection therewith. The waiver of any covenant, term, condition or other provision hereof or default hereunder shall not affect or alter this Agreement or any Transaction Document in any other respect, and each and every covenant, term, condition or other provision of this Agreement or any Transaction Document shall, in such event, continue in full force and effect, except as so waived, and shall be operative with respect to any other then existing or subsequent default in connection herewith, unless specifically stated so in writing.

Section 8.2 Fees, Expenses and Other Payments. All costs and expenses incurred in connection with any transfer taxes, sales taxes, recording or documentary taxes, stamps or other charges levied by any Authority in connection with this Agreement, the Transaction Documents, and the consummation of the transactions contemplated hereby and thereby shall be divided equally between the Members and Parent. All other costs and expenses (including fees and expenses of counsel, accountants, investment bankers, brokers, finders, financial advisers and other consultants, advisers and Representatives for all activities of such Persons undertaken pursuant to the provisions of this Agreement) incurred in connection with the negotiation, preparation, performance and enforcement of this Agreement, whether or not such transactions are consummated, incurred by the Parties shall be borne solely and entirely by the Party that has incurred such costs and expenses, except to the extent otherwise specifically set forth in this Agreement; provided, however, that Parent shall pay for or reimburse the Members for fifty percent (50%) of the BDO Audit Expenses.

Section 8.3 Notices. All notices and other communications which by any provision of this Agreement are required or permitted to be given shall be given in writing and shall be sent to such other person(s), address(es), email address(es) or facsimile number(s) as the Party to receive any such notice or communication may have designated by written notice to the other Party. Such notice shall be deemed given: (a) when received if given in person; (b) on the date of transmission if sent by facsimile, electronic mail or other wire transmission (receipt confirmed); (c) three (3) days after being deposited in the U.S. mail, certified or registered mail, postage prepaid; (d) if sent domestically by a nationally recognized overnight delivery service, the first day following the date given to such overnight delivery service; and (e) if sent internationally by an internationally recognized overnight delivery service, the second (2nd) day following the date given to such overnight delivery service.

If to Parent, Merger Sub or the Company:

Dolphin Entertainment, Inc.
2151 LeJeune Road
Suite 150-Mezzanine
Coral Gables, FL 33134
Attention: William O' Dowd
Fax: (305) 774-0405
Email: billodowd@dolphinentertainment.com

with a copy to (which shall not constitute notice to Parent):

Greenberg Traurig, P.A.
333 Avenue of the Americas
Miami, FL 33131
Attention: Randy Bullard
Fax No: (305) 961-5532
Email: Bullardr@gtlaw.com

If to the Members:

Lois O'Neill
6 Brookdale Lane
Chappaqua, NY 10514
Email: Lois@thedooronline.com

Charles Dougiello
208 Java Street, 6th Floor
Brooklyn, NY 11222
Email: Charlie@thedooronline.com

with a copy to (which shall not constitute notice to the Members):

Golenbock Eiseman Assor Bell & Peskoe LLP
711 Third Avenue, 17th Floor
New York, NY 10017
Attention: Andrew Peskoe, Esq.
Email: apeskoe@golenbock.com

Section 8.4 Specific Performance; Other Rights and Remedies. The Parties recognize and agree that in the event that any Party should refuse to perform any of its obligations under this Agreement, the remedy at Law would be inadequate and agrees that for breach of such obligation, the other Parties shall, in addition to such other remedies as may be available to them as provided in Article VII, be entitled to injunctive relief and to enforce their rights by an action for specific performance to the extent permitted by applicable Law. Subject in all respects to Section 7.10, nothing herein contained shall be construed as prohibiting any Party from pursuing any other remedies available to it pursuant to the provisions of this Agreement or applicable Law for such breach or threatened breach, including the recovery of damages.

Section 8.5 Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument, binding upon all of the Parties. In pleading or proving any provision of this Agreement, it shall not be necessary to produce more than one set of such counterparts. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or by electronic mail shall be effective as delivery of a manually executed counterpart of this Agreement.

Section 8.6 Headings. The headings contained in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.

Section 8.7 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York without reference to the conflicts of law rules thereof that require the application of the Laws of another jurisdiction.

Section 8.8 Jurisdiction; Forum. The Parties agree that the appropriate and exclusive forum for any dispute between any of the Parties arising out of this Agreement shall be in any state or federal court in New York, New York, and the Parties further agree that the Parties will not (and will permit their respective Affiliates to) bring suit with respect to any disputes arising out of this Agreement in any court or jurisdiction other than the above-specified courts; provided, however, that the foregoing shall not limit the rights of a Party to obtain execution of judgment in any other jurisdiction. The Parties waive any defense of inconvenient forum to the maintenance of any dispute so brought in the above-specified courts. The Parties further agree, to the extent permitted by applicable Law, that final and non-appealable judgment in any dispute contemplated above shall be conclusive and may be enforced in any other jurisdiction within or outside the United States by suit on the judgment, a certified or exemplified copy of which shall be conclusive evidence of the fact and amount of such judgment. The Parties irrevocably consent to the service of process in any dispute by the mailing of copies thereof by registered or certified mail, return receipt requested, first class postage prepaid to the addresses set forth in Section 8.3 or such other address as specified pursuant to a Party in accordance with Section 8.3. Nothing in this Agreement will affect the right of any Party to serve process in any other manner permitted by applicable Law.

Section 8.9 Entire Agreement. This Agreement (together with the Transaction Documents and any other documents delivered or to be delivered in connection herewith) constitutes the entire agreement of the Parties with respect to the subject matter hereof and supersedes all prior agreements, arrangements, covenants, promises, conditions, undertakings, inducements, representations, warranties and negotiations, expressed or implied, oral or written, between the Parties, with respect to the subject matter hereof.

Section 8.10 Assignment. No Party may assign its rights or obligations hereunder without the prior written consent of the other Parties, which consent shall not be unreasonably withheld, conditioned or delayed; provided, however that following the Closing, Parent may assign its remaining rights and obligations hereunder to a wholly-owned subsidiary of Parent; and provided further that, notwithstanding any such assignment, Parent shall remain liable for, and will guarantee the performance of, any and all of its covenants, obligations and liabilities hereunder. No assignment shall relieve the assigning Party of any of its obligations hereunder.

Section 8.11 Parties in Interest. This Agreement shall be binding upon and inure solely to the benefit of each party (including any permitted assignee of Parent successor to any party by operation of Law, or by way of merger, consolidation or sale of all or substantially all of its assets) and any indemnified Persons, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement or any Transaction Document.

Section 8.12 Waiver of Trial by Jury. EACH OF THE PARTIES HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING BROUGHT ON OR WITH RESPECT TO THIS AGREEMENT, INCLUDING TO ENFORCE OR DEFEND ANY RIGHTS HEREUNDER, AND AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

Signature Page Follows

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the date first written above.

PARENT:

DOLPHIN ENTERTAINMENT, INC.

By: /s/ William O'Dowd
Name: William O'Dowd IV
Title: Chief Executive Officer

MERGER SUB:

WINDOW MERGER SUB, LLC

By: /s/ William O'Dowd
Name: William O'Dowd IV
Title: President

IN WITNESS WHEREOF, the Parties have caused this Agreement and Plan of Merger to be executed as of the date first written above.

THE MEMBERS:

/s/ Lois O'Neill
LOIS O'NEILL

/s/ Charles Dougiello
CHARLES DOUGIELLO

APPENDIX A

DEFINITIONS

"Additional Consideration" has the meaning set forth in Section 2.9(a).

"Additional Consideration Target" means, for each of the First Year Period, the Second Year Period and the Third Year Period, an Earn-Out Net Income of $4,000,000.

"Additional Independent Director Candidate" has the meaning set forth in Section 6.5.

"Additional Stock Consideration" has the meaning set forth in Section 2.9(c)(v).

"Affiliate" and "Affiliated" means, with respect to any specified Person: (a) any other Person at the time directly or indirectly controlling, controlled by or under direct or indirect common control with such Person, (b) any officer or director of such Person, (c) with respect to any partnership, joint venture, limited liability company or similar Entity, or any general partner or manager thereof and (d) when used with respect to an individual, shall include any member of such individual's immediate family or a family trust.

"Affiliate Transactions" means any agreement, arrangement or understanding between or among the Company or any Member, on the one hand, and any Affiliates of any Member or the Company, on the other hand.

"Agreement" means this Agreement as originally in effect, including, unless the context otherwise specifically requires, this Appendix A and the other Appendices, Annexes and Exhibits hereto, and the Disclosure Schedule, as any of the same may from time to time be supplemented, amended, modified or restated in the manner herein provided.

"Arbitrating Accountant" means a nationally or regionally recognized accounting firm selected by mutual agreement of Parent and the Members that has not performed accounting, Tax or auditing services for Parent, the Members or any of their respective Affiliates during the past three (3) years.

"Authority" means any governmental or quasi-governmental body, whether administrative, executive, judicial, legislative, police, regulatory, taxing, or other authority, or any combination thereof, whether international, federal, state, territorial, county, city or municipal.

"Audited Financial Statements" has the meaning set forth in Section 4.5(a).

"Balance Sheet Date" has the meaning set forth in Section 4.5(a).

"BDO" means BDO USA LLC and its Affiliates.

"BDO Audit Expenses" means the fees and expenses of BDO's engagement in the preparation of the Company Financial Statements.

"Benefits and Recoveries" has the meaning set forth in Section 7.3(d).

"Books and Records" means all minute books, corporate records, books of account and accounting records of the Company, and listings of (i) all bank accounts, investment accounts and lock boxes maintained by the Company that references the names and addresses of the financial institutions where they are maintained and (ii) the names of all Persons that are registered with such financial institutions as authorized signatories to operate such bank accounts, investment accounts and lock boxes.

"Business" has the meaning set forth in the recitals of this Agreement.

"Business Day" shall mean any day other than Saturday, Sunday or a day on which banking institutions in New York, New York are required or authorized by Law to be closed.

"Cash Consideration" means $2,000,000.

"Closing" has the meaning set forth in Section 2.11.

"Closing Balance Sheet" has the meaning set forth in Section 2.7.

"Closing Cash Consideration" means an amount in cash equal to: (i) $1,000,000; (ii) minus the Company Indebtedness outstanding at Closing, if any; (iii) minus the Company Transaction Expenses and (iv) (A) plus the excess, if any, of the Closing Working Capital over the Target Working Capital, or (B) minus the excess, if any, of the Target Working Capital over the Closing Working Capital, as applicable.

"Closing Date" has the meaning set forth in Section 2.11.

"Closing Share Price" means $3.25.

"Closing Stock Consideration" the number of shares of Common Stock obtained by dividing $1,000,000 by the Closing Share Price.

"Closing Working Capital" means, as of 12:01 a.m. eastern standard time on the Closing Date, an amount equal to (a) the current assets of the Company minus (b) the current liabilities of the Company, all as determined in accordance with the standards set forth in Section 2.7. Closing Working Capital shall not take into account financing, restructuring or other transactions effected by Parent. Notwithstanding anything to the contrary herein, the Company Indebtedness, the BDO Audit Expenses, and the Company Transaction Expenses shall not be considered current liabilities.

"Code" means the Internal Revenue Code of 1986, as amended.

"Commission" means the United Stated Securities and Exchange Commission.

"Common Stock" means the common stock, par value $0.015, of Parent.

"Company" has the meaning set forth in the recitals of this Agreement.

"Company Financial Statements" has the meaning set forth in Section 4.5(a).

"Company Indebtedness" means, without duplication, as of 12:01 a.m. eastern standard time on the Closing Date, all obligations of Indebtedness of the Company, as set forth in Section 4.5(d) of the Disclosure Schedule.

"Company Transaction Expenses" means unpaid expenses relating to the transactions contemplated hereby (including 50% of the BDO Audit Expenses, which is an amount equal to $25,000) incurred by or on behalf of the Members or the Company and for which the Company is or may become liable, including but not limited to, any legal, accounting, financial advisory and other third-party advisory or consulting fees, as set forth in the Distribution Schedule. For the avoidance of doubt, Company Transaction Expenses shall not include any liabilities included in Company Indebtedness or the Closing Working Capital.

"**Contracts**" means all contracts, leases, deeds, mortgages, licenses, instruments, notes, commitments, undertakings, indentures, joint ventures and all other agreements, commitments and legally binding arrangements, whether written or oral.

"Defense Notice" has the meaning set forth in Section 7.6(b).

"Disclosure Schedule" means the Disclosure Schedule dated as of the Closing Date and delivered by the Members or Parent, as applicable, concurrently with the execution and delivery of this Agreement.

"Dispute" means any dispute regarding (a) the elements of, or amounts reflected on the Working Capital Schedule and affecting the calculation of the number of shares of Common Stock to be delivered pursuant to Section 2.8(d) or (b) the elements of or amounts reflected on an Earn-Out Report and affecting the calculation of any payments of Additional Consideration, as applicable.

"Dispute Notice" means a written notice of a Dispute presented to Parent within the Dispute Period.

"Dispute Period" means the period beginning on receipt by the Members from Parent of the Working Capital Schedule or an Earn-Out Report, as applicable, and ending at 5:00 p.m., New York time, on the date forty-five (45) days after such date.

"Disputed Items" means the elements and amounts with which the Members disagree as set forth in Parent's preparation of (a) the Working Capital Schedule or (b) an Earn-Out Report, as applicable.

"Distribution Schedule" means the distribution schedule attached hereto as Exhibit A setting forth each Member's pro rata share of the Membership Interests and certain account information for the payment of the Merger Consideration, the Company Indebtedness and the Company Transaction Expenses.

"Dolphin Material Adverse Effect" means any effect or change that is materially adverse to the business, assets, operations or financial conditions of Dolphin, as context may require, taken as a whole; provided, however, that a Dolphin Material Adverse Effect shall not include any such effects or changes to the extent resulting from (i) changes to the U.S., or global economy, in each case, as a whole, or that affect the industry or markets in which Dolphin operates, (ii) the announcement or disclosure of the transactions contemplated herein, (iii) any hurricane, earthquake or other natural disasters (including airport closures and/or delays as a result therefrom), (iv) general economic, regulatory or political conditions in North America, (v) changes in accounting rules, (vi) changes in the North American debt or securities markets, (vii) military action or any act or credible threat of terrorism, (viii) changes in currency exchange rates or commodities prices, (ix) changes in Law, (x) compliance with the terms of this Agreement, (xi) any act or omission of Dolphin taken with the prior consent of, or at the request of, a Member, (xii) any failure of Dolphin to meet projections or forecasts (provided that the underlying causes of such failure shall be considered in determining whether there is or has been a Dolphin Material Adverse Effect), (xiii) any matter disclosed on Dolphin's SEC Reports, an official press release of Dolphin or otherwise available to the general public or (xiv) any matter of which a Member is actually aware on the date hereof.

"Earn-Out Net Income" means, for any relevant Measuring Period, the product obtained by multiplying (i) the Net Income of the New Business Segment for such Measuring Period by (ii) 4.4.

"Earn-Out Report" has the meaning set forth in Section 2.9(d).

"Effective Time" has the meaning set forth in Section 2.1.

"Employee Benefit Plans" means any employee benefit, including, any pension, profit-sharing, or other retirement plan, deferred compensation plan, bonus plan, severance plan, fringe benefit plan, health, group insurance, or other welfare benefit plan or other similar plan, agreement, policy, or understanding, including any "employee benefit plan" within the meaning of Section 3(3) of ERISA.

"Employment Agreement" means an employment agreement to be executed by each Member, in substantially the form attached hereto as Exhibit C.

"Entity" means any corporation, firm, unincorporated organization, association, partnership, limited liability company, trust (inter vivos or testamentary), estate of a deceased, insane or incompetent individual, business trust, joint membership interests company, joint venture or other organization, entity or business, whether acting in an individual, fiduciary or other capacity, or any Authority.

"ERISA" means the Employee Retirement Income Security Act of 1974 or any successor Law, and the rules and regulations thereunder or under any successor Law, all as from time to time in effect.

"ERISA Affiliate" means each person (as defined in Section 3(9) of ERISA) which together with the Company or its Affiliates would be deemed to be a (single employer) within the meaning of Section 4(14) of ERISA.

"Final Earn-Out Payment" has the meaning set forth in Section 2.9(c)(v).

"First Year Earn-Out Net Income" means the Earn-Out Net Income of the New Business Segment for the First Year Period.

"First Year Excess Amount" has the meaning set forth in Section 2.9(c)(i).

"First Year Period" means January 1, 2018 through December 31, 2018.

"Fourth Year Earn-Out Net Income" means the Earn-Out Net Income of the New Business Segment for the Fourth Year Period.

"Fourth Year Excess Amount" has the meaning set forth in Section 2.9(c)(iv).

"Fourth Year Period" means January 1, 2021 through December 31, 2021.

"Fundamental Representations" means the representations and warranties contained in Section 3.1 (Authority of each Member), Section 3.2 (Ownership), Section 4.1 (Organization and Business; Power and Authority), Section 4.11 (Tax Matters), and Section 4.15 (Broker or Finder).

"GAAP" means United States generally accepted accounting principles consistently applied, as in effect from time to time.

"General Enforceability Exceptions" means those exceptions to enforceability due to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally, and general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

"Indebtedness" means with respect to any Person: (a) all indebtedness of such Person, whether or not contingent, for borrowed money; (b) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments; (c) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person; (d) all obligations, contingent or otherwise, of such Person under acceptance, letter of credit or similar facilities; (e) all indebtedness of others referred to in clauses (a) through (d) above guaranteed directly or indirectly in any manner by such Person; and (f) all indebtedness referred to in clauses (a) through (e) above secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property (including accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such indebtedness.

"Indemnified Party" means, with respect to a particular matter, a Person who is entitled to indemnification from another Party pursuant to Article VII.

"Indemnifying Party" means, with respect to a particular matter, a Person who is required to provide indemnification under Article VII to another Person.

"Indemnity Notice" has the meaning set forth in Section 7.7.

"Indemnity Threshold" has the meaning set forth in Section 7.3(a).

"Intellectual Property" means (a) all patents, patent applications, inventions, discoveries, and processes that may be patentable, (b) all copyrights in published and unpublished materials, and copyright registrations and applications, (c) all trademarks, service marks, protectable trade dress and domain name registrations, together with goodwill associated with any of the foregoing, (d) all know-how and trade secrets that, in each case, are material to the operation of the Business in the ordinary course of business, and (e) domain names.

"Interim Financial Statements" has the meaning set forth in Section 4.5(a).

"Knowledge" means both the actual knowledge, following reasonably prudent inquiry, of each Member.

"Latest Balance Sheet" has the meaning set forth in Section 4.5(a).

"Law" means any administrative, judicial, or legislative code, finding, law, interpretation, ordinance, policy statement, proclamation, regulation, requirement, rule, statute, or writ of any Authority or the common law.

"Legal Action" means, with respect to any Person, any and all litigation or legal or other actions, arbitrations, claims, counterclaims, disputes, grievances, investigations, proceedings (including condemnation proceedings), subpoenas, requests for material information by or pursuant to the order of any Authority, at Law or in arbitration, equity or admiralty, whether or not purported to be brought on behalf of such Person, affecting such Person or any of such Person's business, property or assets.

"Liability" means any and all Indebtedness, liabilities, commitments or obligations, whether accrued or fixed, known or unknown, absolute or contingent, matured or unmatured, liquidated or unliquidated, determined or determinable, on or off-balance sheet, and whether arising in the past, present or future, and including those arising under any Contract, Legal Action or Order.

"Lien" means any: mortgage; lien (statutory or other) or encumbrance; or other security agreement, arrangement or interest; hypothecation, pledge or other deposit arrangement; assignment; charge; levy; executory seizure; attachment; garnishment; encumbrance; (including any unallocated title reservations or any other title matters which impairs marketability of title); conditional sale, title retention or other similar agreement, arrangement, device or restriction; preemptive or similar right; rights of first refusal or rights of first offer, any financing lease involving substantially the same economic effect as any of the foregoing; the filing of any financing statement under the Uniform Commercial Code or comparable Law of any jurisdiction; restriction on sale, transfer, assignment, disposition or other alienation.

"Losses" means losses, damages, liabilities, deficiencies, Legal Actions, judgments, interest, awards, penalties, fines, costs or expenses of whatever kind, including reasonable attorneys' and accounting fees and expenses; provided, however, that "Losses" shall not include special, consequential or punitive damages, except in the case of fraud in connection with this Agreement or to the extent actually awarded by an Authority in connection with a Third-Party Claim.

"Material Adverse Effect" means any effect or change that is materially adverse to the business, assets, operations or financial conditions of the Company or the Business, as context may require, taken as a whole; provided, however, that a Material Adverse Effect shall not include any such effects or changes to the extent resulting from (i) changes to the U.S., or global economy, in each case, as a whole, or that affect the industry or markets in which the Company or the Business operates as a whole, (ii) the announcement or disclosure of the transactions contemplated herein, (iii) any hurricane, earthquake or other natural disasters (including airport closures and/or delays as a result therefrom), (iv) general economic, regulatory or political conditions in North America, (v) changes in accounting rules, (vi) changes in the North American debt or securities markets, (vii) military action or any act or credible threat of terrorism, (viii) changes in currency exchange rates or commodities prices, (ix) changes in Law, (x) compliance with the terms of this Agreement, (xi) any act or omission of the Company or the Business taken with the prior consent of, or at the request of, Parent, (xii) any failure of the Company or the Business to meet projections or forecasts (provided that the underlying causes of such failure shall be considered in determining whether there is or has been a Material Adverse Effect) or (xiii) any matter of which Parent is actually aware on the date hereof.

"Material Contracts" has the meaning set forth in Section 4.6(a).

"Maximum Additional Consideration Amount" has the meaning set forth in Section 2.9(a).

"Measuring Periods" means each of the First Year Period, the Second Year Period, the Third Year Period and the Fourth Year Period.

"Member Indemnitees" means the Members and their respective successors and assigns, and the term "Member Indemnitee" means any one of the foregoing Member Indemnitees.

"Member Release" means a release to be executed by each Member, each in substantially the form attached hereto as Exhibit E.

"Members" has the meaning set forth in the preamble of this Agreement.

"Membership Interests" has the meaning set forth in the recitals of this Agreement.

"Merger" has the meaning set forth in the recitals of this Agreement.

"Merger Consideration" has the meaning set forth in Section 2.6(a).

"Merger Sub" has the meaning set forth in the preamble of this Agreement.

"Multiemployer Plan" has the meaning set forth in Section 4.17.

"Net Income" means, as of any date of determination, for any Measuring Period, the net income of the Company, determined in accordance with GAAP (but before provision for any interest, taxes, depreciation or amortization expense for such Measuring Period of the Company); provided, however, that:

(a) any gain or loss as a result of an event or transaction that is outside the ordinary course, not related to ordinary activities of the New Business Segment and unlikely to recur in the foreseeable future shall not be included in the calculation of Net Income;

(b) inter-company management fees charged by Parent or any Affiliate of Parent to the New Business Segment shall not be treated as an expense;

(c) any general overhead and administrative expenses of Parent or any of its Affiliates (other than the New Business Segment) shall not be treated as an expense, except for expenses requested and consented to by the Members;

(d) any write-off or amortization of goodwill or other intangibles arising out of Parent's purchase of the Membership Interests pursuant to this Agreement shall not be treated as an expense;

(e) indemnifiable Losses of the Parent Indemnitees, to the extent such Losses (i) have been satisfied through direct indemnification by the Members in accordance with Article VII or through Parent's right of offset set forth in Section 7.3(g), or (ii) are not subject to indemnification under this Agreement as a result of the Indemnity Threshold, shall not be treated as an expense;

(f) any indemnity payments made by a Parent Indemnitee to the Members shall not be treated as an expense;

(g) there shall be no charge against income for the payment or accrual of any component of any Merger Consideration payment payable hereunder, including any Additional Consideration;

(h) the fees and disbursements of the Company's (or the New Business Segment's, as applicable) attorneys, accountants and financial advisors incurred prior to or after the Closing in connection with the negotiation, preparation and execution of this Agreement and the other Transaction Documents delivered at such Closing that have either (x) been expensed and paid prior to such Closing or (y) accrued for on the Closing Balance Sheet, shall not be treated as an expense;

(i) the fees and expenses of (i) the accountants engaged in preparing the Working Capital Schedule and any Earn-Out Report, or any element or component thereof, (ii) the Arbitrating Accountant, with respect to their engagement in connection with this Agreement or the transactions contemplated hereby and (iii) any preparation of income Tax Returns, reports and related schedules and audited financial statements, in excess of $21,000 in any calendar year, shall not be treated as an expense;

(j) any severance payments paid or payable to any employee (including the Members) upon a termination of such employee's employment, if such employee was terminated without cause at the request of Parent, shall not be treated as an expense;

(k) the expenses, fees and costs incurred with respect to the combination and the integration of the business of the Company with Parent and/or one of its Affiliates shall not be treated as an expense unless mutually agreed upon by the Parties or as required by applicable Law;

(l) the expenses of the Registration Rights Agreement borne by the Company or Dolphin, the legal and other fees and expenses of Parent and the Company for this transaction, and any costs of any equity awards that may be provided to any employees of the Company;

(m) any transaction fees incurred by the Company or the New Business Segment resulting from a financing or refinancing transaction shall not be treated as an expense;

(n) any payments made with respect to the Company Indebtedness existing at Closing shall not be treated as an expense; and

(o) the BDO Audit Expenses shall not be treated as an expense.

"New Business Segment" means the operations of the Company, as operated by Parent post-Closing.

"NY LLC Law" has the meaning set forth in the recitals of this Agreement.

"Orders" means any writ, order, judgment, injunction, decree, ruling or consent of or by an Authority.

"Organizational Documents" means, with respect to a Person that is a corporation, its charter, its by-laws and all shareholder agreements, voting trusts and similar arrangements applicable to any of its capital or equity interests, with respect to a Person that is a partnership, its agreement and certificate of partnership, any agreements among partners, and any management and similar agreements between the partnership and any general partners (or any Affiliate thereof) and with respect to a Person that is a limited liability company, its certificate of formation or articles of organization, its limited liability company operating agreement, any agreements among members of such Person and similar agreements.

"Owned Intellectual Property" means the Intellectual Property that is owned by the Company.

"Parent Indemnitees" means Parent, Merger Sub and their Affiliates and each of their respective directors, managers, officers, members, stockholders, partners, employees, agents, representatives, lenders, successors and assigns, and the term "Parent Indemnitee" means any one of the foregoing Parent Indemnitees.

"Permitted Liens" means (i) liens for Taxes not yet due and payable; (ii) mechanics, carriers', workmen's, repairmen's or other like liens arising or incurred in the ordinary course of business consistent with past practice or amounts that are not delinquent and which are not, individually or in the aggregate, material to the business of the Company; (iii) liens for Company Indebtedness reflected on the Latest Balance Sheet, which Liens will be discharged as of or prior to Closing or upon payment of the Company Indebtedness, and (iv) liens arising under original Merger Consideration conditional sales contracts and equipment leases with third parties entered into in the ordinary course of business consistent with past practice which do not, individually or in the aggregate, have a Material Adverse Effect on the Company or the Business.

"Person" means any natural individual or any Entity.

"Post-Closing Cash Consideration" means $1,000,000, subject to adjustment as contemplated by Section 2.10.

"Post-Closing Stock Consideration" the number of shares of Common Stock obtained by dividing $1,000,000 by the Closing Share Price, subject to adjustment as contemplated by Section 2.10.

"Pre-Closing Tax Period" means any taxable period ending on or before the Closing Date and the portion through the end of the Closing Date for any Straddle Period.

"Pre-Closing Taxes" means (i) all Taxes of the Company with respect to any Pre-Closing Tax Period (including the pre-Closing portion of Taxes owed with respect to any Straddle Period, as determined under Section 6.2(d)), (ii) any Taxes of any other Person imposed on the Company (A) by reason of being a member of an affiliated, consolidated, combined or unitary group in existence on or prior to Closing Date, including pursuant to Treasury Regulation Section 1.1502-6 or any similar provision of state, local or foreign Law, (B) as a result of any Tax sharing or Tax allocation agreement or arrangement in effect on or prior to the Closing Date, or (C) as a transferee or successor, or otherwise under applicable Law (which Taxes described in this clause (C) relate to an event or transaction occurring on or prior to the Closing Date), (iii) Taxes arising from or in connection with any breach of or misrepresentation with respect to any of the representations and warranties made in Section 4.11, and (iv) all Taxes of the Members. "Pro Rata Share" means, with respect to any amounts paid or Common Stock issued, as the case may be, to the Members hereunder, the percentage of such amounts or shares to which a particular Member is entitled, as set forth on the Distribution Schedule.

"Parent" has the meaning set forth in the preamble of this Agreement.

"Real Property" means the real property owned, leased or subleased by the Company, together with all buildings, structures and facilities located thereon.

"Registration Rights Agreement" means the registration rights agreement to be executed by the Parties, in the form attached hereto as Exhibit D.

"Remaining Disputed Items" means any Disputes that remain unresolved by Parent and the Members within the thirty (30) day period after Parent's receipt of a Dispute Notice.

"Representatives" means a Party's Affiliates, officers, managers, directors, employees, accountants, auditors, counsel, financial and other advisors, consultants and other representatives and agents.

"SEC Reports" has the meaning set forth in Section 5.5.

"Second Year Earn-Out Net Income" means the Earn-Out Net Income of the New Business Segment for the Second Year Period.

"Second Year Excess Amount" has the meaning set forth in Section 2.9(c)(ii).

"Second Year Period" means January 1, 2019 through December 31, 2019.

"Securities Act" means the Securities Act of 1933, as amended.

"Securities Laws" has the meaning set forth in Section 3.3.

"Securities Law Restrictions" has the meaning set forth in Section 3.2.

"Stock Consideration" means the Closing Stock Consideration and the Post-Closing Stock Consideration.

"Survival Date" means (a) for claims based on an alleged breach of any of the Fundamental Representations (other than the representations and warranties set forth in Section 4.11 (Tax Matters)), there shall be no cut-off date and such representations and warranties and claims shall survive for a period of unlimited duration, (b) for claims or based on an alleged breach of any of the representations and warranties set forth in Section 4.11 (Tax Matters) and Section 4.17 (Employee Benefit Plans) or of any covenant or obligation of a Party to be performed by such party after Closing, the date which is sixty (60) days after the date upon which the applicable statute of limitations with respect to the liabilities in question would bar such claim (after giving effect to any extensions or waivers thereof), and (c) for all other claims based on an alleged breach of a representation and warranty, the date that is fifteen (15) months after the Closing Date. For the avoidance of doubt, the foregoing is intended to alter and replace the applicable statute of limitations for making claims to the extent expressly set forth herein.

"Surviving Entity" has the meaning set forth in Section 2.2.

"Target Working Capital" means $172,000.

"Tax Benefit" means the sum of the amount of the deduction relating to any payment made by a Parent Indemnitee multiplied by the applicable federal income tax rate of the applicable Parent Indemnitee.

"Tax Return" means all returns, consolidated or otherwise (including estimated returns, information returns, withholding returns and any other forms or reports) relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

"Taxes" means, with respect to any Person, all taxes (domestic or foreign), including any income (net, gross or other including recapture of any tax items such as investment tax credits), alternative or add-on minimum tax, gross income, gross receipts, gains, sales, use, leasing, lease, user, ad valorem, transfer, recording, franchise, profits, property (real or personal, tangible or intangible), escheat, fuel, license, withholding on amounts paid to or by such Person, payroll, employment, unemployment, social security, excise, severance, stamp, occupation, premium, environmental or windfall profit tax, custom, duty or other tax, or other like assessment or charge of any kind whatsoever, together with any interest, levies, assessments, charges, penalties, additions to tax or additional amount imposed by any Authority, whether disputed or not.

"Third Year Earn-Out Net Income" means the Earn-Out Net Income of the New Business Segment for the Third Year Period.

"Third Year Excess Amount" has the meaning set forth in Section 2.9(c)(iii).

"Third Year Period" means January 1, 2020 through December 31, 2020.

"Third-Party Claims" means any Legal Action which is asserted or threatened by a Person other than the Parties, their Affiliates, their successors and permitted assigns, against any Indemnified Party or to which any Indemnified Party is subject.

"Third-Party Consents" means any authorizations or Orders from any Authority or any consents, approvals, or authorizations from any third party which are required to consummate transactions contemplated under this Agreement and the Transaction Documents.

"Transaction Documents" means the Employment Agreements, the Registration Rights Agreement, the Member Releases, and any and all other agreements, instruments, documents and certificates described in this Agreement to be delivered hereunder from time to time or as closing documents.

"Treasury Regulations" means the Treasury Regulations promulgated under the Code.

"Working Capital Adjustment" has the meaning set forth in Section 2.8(d).

"Working Capital Schedule" has the meaning set forth in Section 2.7.

EXHIBIT 4.1

REGISTRATION RIGHTS AGREEMENT

This REGISTRATION RIGHTS AGREEMENT, dated as of July 5, 2018 (this "Agreement"), is entered into by and among Lois O'Neill and Charles Dougiello (collectively, the "Shareholders" and each individually a "Shareholder"), and Dolphin Entertainment, Inc., a Florida corporation (the "Company").

WHEREAS, the Company and the Shareholders have entered into an Agreement and Plan of Merger (the "Merger Agreement") pursuant to which the Shareholders will receive a combination of cash and shares of the Company's common stock, par value $0.015 ("Common Stock"), in consideration for all of the membership interests in The Door Marketing Group, LLC, a New York limited liability company, held by the Shareholders, all upon the terms and subject to the conditions set forth in the Purchase Agreement.

NOW, THEREFORE, in consideration of the promises and the mutual agreements and covenants hereinafter set forth, the Company and the Shareholders hereby agree as follows:

ARTICLE I
DEFINITIONS

As used in this Agreement, the following terms shall have the following meanings:

"Additional Consideration Shares" means those shares of Common Stock issued to each of the Shareholders pursuant to Section 2.6 of the Purchase Agreement.

"Board" means the board of directors of the Company.

"Business Day" means any day that is not a Saturday, Sunday or other day on which banks are required or authorized by law to be closed in the City of New York.

"Closing Stock Consideration" has the meaning ascribed to such term in the Purchase Agreement.

"Commission" means the United States Securities and Exchange Commission and any successor agency.

"Exchange Act" means the United States Securities Exchange Act of 1934, as amended.

"Person" means any individual, firm, corporation, partnership, limited partnership, limited liability company, association, trust, unincorporated organization or other entity, as well as any syndicate or group that would be deemed to be a person under Section 13(d)(3) of the Exchange Act, including the rules promulgated thereunder.

"Prospectus" means the prospectus or prospectuses included in any Registration Statement (including, without limitation, a prospectus that includes any information previously omitted from a prospectus filed as part of an effective Registration Statement in reliance on Rule

430A under the Securities Act or any successor rule thereto), as amended or supplemented by any prospectus supplement with respect to the terms of the offering of any portion of the Registrable Securities covered by such Registration Statement and by all other amendments and supplements to the prospectus, including post-effective amendments and all material incorporated by reference in such prospectus or prospectuses.

"register," "registered" and "registration" shall refer to a registration effected by preparing and filing a registration statement in compliance with the Securities Act and the declaration or ordering of effectiveness of such registration statement or document.

"Registrable Securities" means the Shareholder Shares; provided, however, that any Registrable Securities shall cease to be Registrable Securities when (i) a registration statement covering such Registrable Securities has been declared effective and such Registrable Securities has been disposed of pursuant to such effective registration statement, (ii) such Registrable Securities may be sold without manner of sale, volume or other restriction pursuant to Rule 144 (or any successor provision) under the Securities Act, or (iii) such Registrable Securities cease to be outstanding.

"Registration Statement" means any registration statement of the Company, including the Prospectus, amendments and supplements to such registration statement, including post-effective amendments, all exhibits and all material incorporated by reference in such registration statement.

"Securities Act" means the United States Securities Act of 1933, as amended.

"Shareholder Shares" means the Closing Stock Consideration, the Post-Closing Stock Consideration and the Additional Stock Consideration, if any, whether or not subject to transfer or other restrictions, now or hereafter beneficially owned by the Shareholders, including any securities issued or issuable in respect of the Closing Stock Consideration, the Post-Closing Stock Consideration or the Additional Stock Consideration, if any, as a result of conversion, exchange, recapitalization, reorganization, replacement, stock dividend, stock split or other distribution.

ARTICLE II
REGISTRATION RIGHTS

Section 2.1 Demand Registration.

(a) The Company shall use its reasonable efforts to remain qualified to register the offer and sale of securities under the Securities Act pursuant to a Registration Statement on any appropriate registration statement form then available for the registration of securities for resale by the holder thereof, including Form S-3 or any successor form thereto. Subject to the terms and conditions set forth herein and subject to the lock-up provisions set forth in Section 4.8 of the executive employment agreements, dated the date hereof, by and between each Shareholder and The Door Marketing Group, LLC, from and after the first anniversary of the date hereof, holders of at least a majority of the Registrable Securities then outstanding shall have the right to request up to two registrations under the Securities Act of up to 100% of the aggregate Registrable Securities held by all holders of Registrable Securities at that time pursuant to a

Registration Statement on Form S-3 or any similar short-form Registration Statement (each, a "Demand Registration"). Each request for a Demand Registration shall specify the number of Registrable Securities requested to be included in the Demand Registration. Upon receipt of any such request, the Company shall promptly (but in no event later than ten (10) days following receipt thereof) deliver notice of such request to all other holders of Registrable Securities who shall then have ten (10) days from the date such notice is given to notify the Company in writing of their desire to be included in such registration. The Company shall prepare and file with (or confidentially submit to) the Commission a Registration Statement on Form S-3 or any successor form thereto covering all of the Registrable Securities that the holders thereof have requested to be included in such Demand Registration within sixty (60) days after the date on which the initial request is given and shall use its reasonable efforts to cause such Registration Statement to be declared effective by the Commission as soon as practicable thereafter.

(b) The Company may postpone for up to ninety (90) days the filing or effectiveness of a Registration Statement for a Demand Registration if the Board determines in its reasonable good faith judgment that such Demand Registration would (i) materially interfere with a significant acquisition, corporate organization, financing, securities offering or other similar transaction involving the Company; (ii) require premature disclosure of material information that the Company has a bona fide business purpose for preserving as confidential; or (iii) render the Company unable to comply with requirements under the Securities Act or Exchange Act; provided that in such event the holders of at least a majority of the Registrable Securities initiating such Demand Registration shall be entitled to withdraw such request and, if such request for a Demand Registration is withdrawn, such Demand Registration shall not count as one of the permitted Demand Registrations hereunder and the Company shall pay all registration expenses in connection with such registration.

(c) If a Demand Registration involves an underwritten offering and the managing underwriter of the requested Demand Registration advises the Company and the holders of Registrable Securities in writing that in its reasonable and good faith opinion the number of shares of Common Stock proposed to be included in the Demand Registration, including all Registrable Securities and all other shares of Common Stock proposed to be included in such underwritten offering, exceeds the number of shares of Common Stock which can be sold in such underwritten offering and/or the number of shares of Common Stock proposed to be included in such Demand Registration would adversely affect the price per share of the Common Stock proposed to be sold in such underwritten offering, the Company shall include in such Demand Registration (i) first, the shares of Common Stock that the holders of Registrable Securities propose to sell, and (ii) second, the shares of Common Stock proposed to be included therein by any other Persons (including shares of Common Stock to be sold for the account of the Company and/or other holders of Common Stock) allocated among such Persons in such manner as they may agree. If the managing underwriter determines that less than all of the Registrable Securities proposed to be sold can be included in such offering, then the Registrable Securities that are included in such offering shall be allocated pro rata among the respective holders thereof on the basis of the number of Registrable Securities owned by each such holder.

(d) If, at any time after the one year anniversary of this Agreement, there is not an effective Demand Registration covering the Registrable Securities, and the Company shall determine to prepare and file with the Commission a registration statement relating to an offering

for its own account or the account of others under the Securities Act of any of its equity securities (other than on Form S-4 or Form S-8, each as promulgated under the Securities Act, or their then equivalents relating to equity securities to be issued solely in connection with any acquisition of any entity or business or equity securities issuable in connection with stock option or other employee benefit plans) then the Company shall send to the holders of the Registrable Securities a written notice of such determination at least twenty (20) days prior to the filing of any such registration statement and subject to the lock-up provisions set forth in Section 4.8 of the executive employment agreements, dated the date hereof, by and between each Shareholder and The Door Marketing Group, LLC *on only two occasions* shall include in such registration statement all the Registrable Securities for resale and offer on a continuous basis pursuant to Rule 415 (each, a "Piggyback Registration"); provided, however, that (i) if, at any time after giving written notice of its intention to register any securities and prior to the effective date of the registration statement filed in connection with such registration, the Company determines for any reason not to proceed with such registration, the Company will be relieved of its obligation to register any Registrable Securities in connection with such registration, (ii) in case of a determination by the Company to delay registration of its securities, the Company will be permitted to delay the registration of Registrable Securities for the same period as the delay in registering such other securities, (iii) each holder of Registrable Securities is subject to confidentiality obligations with respect to any information gained in this process or any other material non-public information he, she or it obtains, and (iv) each holder of Registrable Securities or assignee or successor in interest is subject to all applicable laws relating to insider trading or similar restrictions.

(e) If a Piggyback Registration involves an underwritten offering and the managing underwriter of the requested Piggyback Registration advises the Company and the holders of Registrable Securities in writing that in its reasonable and good faith opinion the number of shares of Common Stock proposed to be included in the Piggyback Registration, including all Registrable Securities and all other shares of Common Stock proposed to be included in such underwritten offering, exceeds the number of shares of Common Stock which can be sold in such underwritten offering and/or the number of shares of Common Stock proposed to be included in such Piggyback Registration would adversely affect the price per share of the Common Stock proposed to be sold in such underwritten offering, the Company shall include in such Piggyback Registration (i) first, the shares of Common Stock that the Company and/or other holders of Common Stock (if such other holders have exercised demand registration rights) propose to sell, (ii) second, the shares of Common Stock that the holders of Registrable Securities propose to sell, and (iii) third, the shares of Common Stock proposed to be included therein by any other Persons (not otherwise included in (i) above) allocated among such Persons in such manner as they may agree. If the managing underwriter determines that less than all of the Registrable Securities proposed to be sold can be included in such offering, then the Registrable Securities that are included in such offering shall be allocated pro rata among the respective holders thereof on the basis of the number of Registrable Securities owned by each such holder.

Section 2.2 Registration Procedures. In connection with the obligations of the Company with respect to any registration pursuant to this Agreement, the Company shall, as expeditiously as possible:

(a) before filing with the Commission a registration statement or prospectus thereto with respect to the Registrable Securities and any amendments or supplements thereto, at the Company's expense, furnish to counsel to the Shareholders (or if applicable, the Shareholder Representative) copies of all such documents (other than documents that are incorporated by reference) proposed to be filed and such other documents reasonably requested by the Shareholders (or if applicable, the Shareholder Representative) and provide a reasonable opportunity for review and comment on such documents by counsel to the Shareholders (or if applicable, the Shareholder Representative);

(b) prepare and file with the Commission such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all Registrable Securities covered by such registration statement and as may be necessary to keep such registration statement effective;

(c) furnish to each Shareholder selling Registrable Securities such numbers of copies of the registration statement and the prospectus included therein (including each preliminary prospectus and any amendments or supplements thereto) and any exhibits filed therewith or documents incorporated by reference therein as such Shareholder may reasonably request to facilitate the disposition of such Registrable Securities;

(d) use all reasonable efforts to register or qualify the Registrable Securities covered by such registration statement under such other securities or blue sky laws of such jurisdiction within the United States and Puerto Rico as shall be reasonably appropriate for the distribution of the Registrable Securities covered by the registration statement; provided, however, that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business in any jurisdiction where it would not be required to qualify but for the requirements of this paragraph (d); provided, further, that the Company shall not be required to qualify such Registrable Securities in any jurisdiction in which the securities regulatory authority requires that any Shareholder submit any shares of its Registrable Securities to the terms, provisions and restrictions of any escrow, lockup or similar agreement(s) for consent to sell Registrable Securities in such jurisdiction unless such Shareholder agrees to do so;

(e) use all reasonable efforts to cause all Registrable Securities covered by such registration statement to be registered and approved by such other domestic governmental agencies or authorities, if any, as may be necessary to enable the Shareholders to consummate the disposition of such Registrable Securities;

(f) promptly notify each Shareholder at any time when a prospectus relating to the sale of Registrable Securities is required to be delivered under the Securities Act of the happening of any event, as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances under which they were made, and at the request of a Shareholder promptly prepare and furnish to such Shareholder a reasonable number of copies of a supplement to or an amendment of such prospectus as may be necessary so that, as thereafter delivered to the purchasers of such securities, such prospectus shall not include an untrue

statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances under which they were made;

(g) to the extent any registration pursuant to Section 2.1 is by means of an underwritten offering, enter into customary agreements (including, if the method of distribution is by means of an underwriting, an underwriting agreement in customary form);

(h) provide a transfer agent and registrar for all Registrable Securities covered by such registration statement not later than the effective date of such registration statement;

(i) notify each Shareholder, promptly after it shall receive notice thereof, of the time when such registration statement, or any post-effective amendments to the registration statement, shall have become effective, or a supplement to any prospectus forming part of such registration statement has been filed;

(j) respond as soon as reasonably practicable to any and all comments received from the Commission or the staff of the Commission with a view towards causing such registration statement or any amendment thereto to be declared effective by the Commission as soon as reasonably practicable;

(k) advise each Shareholder promptly after it shall receive notice or obtain knowledge thereof, of (i) the issuance of any stop order, injunction or other order or requirement by the Commission suspending the effectiveness of such registration statement or the initiation or threatening of any proceeding for such purpose, (ii) the issuance by any state securities or other regulatory authority of any order suspending the qualification or exemption from qualification of any of the Registrable Securities under state securities or "blue sky" laws or the initiation or threat of initiation of any proceedings for that purpose and (iii) the removal of any such stop order, injunction or other order or requirement or proceeding or the lifting of any such suspension; and

(l) within the deadlines specified by the Securities Act, make all required filing fee payments in respect of any registration statement or prospectus used under this Agreement (and any offering covered thereby).

Section 2.3 Furnish Information. The Shareholders shall furnish to the Company such information regarding themselves, the Registrable Securities held by them, and the intended method of disposition of such securities as the Company shall reasonably request and as shall be required in connection with the registration of the Registrable Securities.

Section 2.4 Expenses of Registration. All expenses incurred in connection with each registration statement pursuant to this Agreement, excluding underwriters' discounts and commissions, but including without limitation all registration, filing and qualification fees, word processing, duplicating, printers' and accounting fees, stock exchange fees, messenger and delivery expenses, all fees and expenses of complying with state securities or blue sky laws and the fees and disbursements of counsel for the Company shall be paid by the Company. Notwithstanding the foregoing, if the registration statement is pursuant to a second Demand Registration, then the Company will be responsible for only one half, and the holders of

Registrable Securities will be responsible for the other half, of all the expenses associated with the registration of the Registrable Shares on the second Demand Registration.

Section 2.5 Underwriting Requirements. In connection with any underwritten offering pursuant to Section 2.1, the Company shall not be required to include shares of Registrable Securities in such underwritten offering unless the holders of such shares of Registrable Securities accept the terms of the underwriting of such offering that have been agreed upon between the Company and the underwriters and such holders of Registrable Securities complete and execute all questionnaires, powers of attorney, indemnities and other documents required under the terms of such underwriting agreement; provided, that no Shareholder selling Registrable Securities in any such underwritten registration shall be required to make any representations or warranties to the Company or the underwriters (other than representations and warranties regarding such Shareholder, such Shareholder's ownership of Registrable Securities to be sold in the offering, such Shareholder's intended method of distribution and any other representation required by law). If any Shareholder selling Registrable Securities in any such underwritten registration disapproves of the terms of such underwriting, then such Shareholder may elect to withdraw therefrom by delivering written notice to the Company and the managing underwriter, which notice must be delivered no later than the date immediately preceding the date on which the underwriters price such offering.

Section 2.6 Covenants Relating to Rule 144 With a view to making available the benefits of certain rules and regulations of the Commission that may permit the Shareholders' sale of the Registrable Securities to the public without registration, the Company agrees, so long as a Shareholder owns any Registrable Securities, to:

(a) make and keep public information regarding the Company available, as those terms are understood and defined in Rule 144 under the Securities Act;

(b) use its best efforts to file with the Commission in a timely manner all reports and other documents required to be filed by the Company under the Securities Act and the Exchange Act; and

(c) furnish, unless otherwise available at no charge by access electronically to the Commission's EDGAR filing system, to a Shareholder forthwith upon request (i) a copy of the most recent annual or quarterly report of the Company, and (ii) such other reports and documents of the Company so filed with the Commission (other than comment letters and other correspondence between the Company and the Commission or its staff) as such Shareholder may reasonably request in availing itself of any rule or regulation of the Commission allowing such Shareholder to sell any such securities without registration.

Section 2.7 Indemnification. In the event any Registrable Securities is included in a registration statement under this Agreement:

(a) The Company shall indemnify, defend and hold harmless each Shareholder, such Shareholder's directors and officers, each person who participates in the offering of such Registrable Securities, and each person, if any, who controls such Shareholder or participating person within the meaning of the Securities Act, against any losses, claims, damages, liabilities,

expenses or actions, joint or several, to which they may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages, liabilities, expenses or actions (or proceedings in respect thereof) arise out of or are based on any untrue or alleged untrue statement of any material fact contained in such registration statement on the effective date thereof (including any prospectus filed under Rule 424 under the Securities Act or any amendments or supplements thereto) or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and shall reimburse each such Shareholder, such Shareholder's directors and officers, such participating person or controlling person for any documented legal or other expenses reasonably incurred by them (but not in excess of expenses incurred in respect of one counsel for all of them) in connection with investigating or defending any such loss, claim, damage, liability, expense or action; provided, however, that the indemnity agreement contained in thisSection 2.7(a) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the reasonable consent of the Company; provided, further, that the Company shall not be liable to any Shareholder, such Shareholder's directors and officers, participating person or controlling person in any such case for any such loss, claim, damage, liability, expense or action to the extent that it arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in connection with such registration statement, preliminary prospectus, final prospectus or amendments or supplements thereto, in reliance upon and in conformity with written information furnished expressly for use therein, by any such Shareholder, such Shareholder's directors and officers, participating person or controlling person. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of any such Shareholder, such Shareholder's directors and officers, participating person or controlling person, and shall survive the transfer of such securities by such Shareholder.

(b) Each Shareholder whose shares of Registrable Securities are included in the registration being effected shall, severally and not jointly, indemnify, defend and hold harmless the Company, each of its directors and officers, each person, if any, who controls the Company within the meaning of the Securities Act, and each agent for the Company against any losses, claims, damages, liabilities, expenses or actions to which the Company or any such director, officer, controlling person, agent or underwriter may become subject, under the Securities Act or otherwise, insofar as such losses, claims, damages, liabilities, expenses or actions (or proceedings in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in such registration statement on the effective date thereof (including any prospectus filed under Rule 424 under the Securities Act or any amendments on supplements thereto) or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in such registration statement, preliminary or final prospectus, or amendments or supplements thereto, in reliance upon and in conformity with written information furnished by or on behalf of such Shareholder expressly for use therein; and each such Shareholder shall reimburse any documented legal or other expenses reasonably incurred by the Company or any such director, officer, controlling person or agent (but not in excess of expenses incurred in respect of one counsel for all of them) in connection with investigating or defending any such loss, claim, damage, liability, expense or action; provided, however, that the indemnity agreement contained

in this Section 2.7(b) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability, expense or action if such settlement is effected without the reasonable consent of such Shareholder; provided, further, that the liability of each Shareholder hereunder shall be limited to the proportion of any such loss, claim, damage, liability, expense or action which is equal to the proportion that the net proceeds from the sale of the shares sold by such Shareholder under such registration statement bears to the total net proceeds from the sale of all securities sold thereunder, but not in any event to exceed the net proceeds received by such Shareholder (after the deduction of all underwriters' discounts and commissions and all other expenses paid by such Shareholder in connection with such registration) from the sale of Registrable Securities covered by such registration statement. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Company, the Company's directors and officers, participating person or controlling person, and shall survive the transfer of such securities by such Shareholder.

(c) Promptly after receipt by an indemnified party under this Section 2.7 of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against any indemnifying party under this Section 2.7, notify the indemnifying party in writing of the commencement thereof and the indemnifying party shall have the right to participate in and assume the defense thereof with counsel selected by the indemnifying party and reasonably satisfactory to the indemnified party (unless (i) such indemnified party reasonably objects to such assumption on the grounds that there may be defenses available to it which are different from or in addition to those available to such indemnifying party, (ii) the indemnifying party and such indemnified party shall have mutually agreed to the retention of such counsel or (iii) in the reasonable opinion of such indemnified party representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such proceeding, in which case the indemnified party shall be reimbursed by the indemnifying party for the reasonable expenses incurred in connection with retaining separate legal counsel); provided, however, that an indemnified party shall have the right to retain its own counsel, with all fees and expenses thereof to be paid by such indemnified party, and to be apprised of all progress in any proceeding the defense of which has been assumed by the indemnifying party. The failure to notify an indemnifying party promptly of the commencement of any such action shall not relieve the indemnifying party from any liability in respect of such action which it may have to such indemnified party on account of the indemnity contained in this Section 2.7, unless (and only to the extent) the indemnifying party was prejudiced by such failure, and in no event shall such failure relieve the indemnifying party from any other liability which it may have to such indemnified party. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any claim or pending or threatened proceeding in respect of which the indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement includes an unconditional release of such indemnified party from all liability arising out of such claim or proceeding.

(d) (i) To the extent any indemnification by an indemnifying party is prohibited or limited by law, the indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities in such proportion as is appropriate to reflect the relative fault of

the indemnifying party and indemnified party in connection with the actions which resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative fault of such indemnifying party and indemnified party shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of material fact or omission or alleged omission to state a material fact, has been made by, or relates to information supplied by, such indemnifying party or indemnified party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action. The amount paid or payable by a party as a result of the losses, claims, damages, liabilities, expenses or actions referred to above shall be deemed to include any legal or other fees or expenses reasonably incurred by such party in connection with any investigation or proceeding.

(ii) The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 2.7(d) were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act,) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

(iii) The liability of each Shareholder in respect of any contribution obligation of such Shareholder under this Agreement with respect to a particular registration shall not exceed the net proceeds (after the deduction of all underwriters' discounts and commissions and all other expenses paid by such Shareholder in connection with such registration) received by such Shareholder from the sale of the Registrable Securities covered by such registration statement.

ARTICLE III
REPRESENTATIONS AND WARRANTIES

Section 3.1 Representations and Warranties of the Company. The Company represents and warrants to the Shareholders as follows:

(a) the Company has the requisite corporate power and authority to execute, deliver and perform this Agreement;

(b) this Agreement has been duly and validly authorized, executed and delivered by the Company and constitutes a valid and binding obligation of the Company, enforceable in accordance with its terms, except that (i) such enforcement may be subject to any bankruptcy, insolvency, reorganization, moratorium or other laws, now or hereafter in effect relating to or limiting creditors' rights generally and (ii) the remedy of specific performance and injunctive and other forms of equitable relief and certain equitable defenses and to the discretion of the court before which any proceedings therefor may be brought;

(c) the execution, delivery and performance of this Agreement by the Company do not violate or conflict with or constitute a default under the Company's certificate of incorporation or bylaws; and

(d) no holders of Common Stock or any securities converted into Common Stock have been granted as of the date of this Agreement registration rights superior to or *pari passu* to those granted to the Shareholders.

Section 3.2 Representations and Warranties of the Shareholders. Each Shareholder represents and warrants to the Company as follows:

(a) such Shareholder has the requisite power and authority (whether corporate or otherwise) to execute, deliver and perform this Agreement;

(b) this Agreement has been duly and validly authorized, executed and delivered by such Shareholder and constitutes a valid and binding obligation of such Shareholder, enforceable in accordance with its terms, except that (i) such enforcement may be subject to any bankruptcy, insolvency, reorganization, moratorium or other similar laws, now or hereafter in effect relating to or limiting creditors' rights generally and (ii) the remedy of specific performance and injunctive and other forms of equitable relief and certain equitable defenses and to the discretion of the court before which any proceedings therefor may be brought; and

(c) as of the date of this Agreement, such Shareholder does not own any securities of the Company other than the Company's Common Stock received pursuant to the Purchase Agreement.

ARTICLE IV
MISCELLANEOUS

Section 4.1 Interpretation.

(a) The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

(b) In the event of an ambiguity or a question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Agreement.

(c) The definitions of the terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The word "will" shall be construed to have the same meaning and effect as the word "shall." Unless the context requires otherwise, (i) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (ii) any reference herein to any Person shall be construed to include the Person's successors and permitted assigns, (iii) the words "herein," "hereof" and "hereunder," and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, and (iv) all

references herein to Articles and Sections shall be construed to refer to Articles and Sections of this Agreement.

Section 4.2 Amendments. No amendment, modification or waiver in respect of this Agreement shall be effective unless it shall be in writing and signed by the Company and each of the Shareholders (or if applicable, the Shareholder Representative).

Section 4.3 Assignment. Except where otherwise expressly provided herein, this Agreement and the rights and obligations hereunder shall not be assignable or transferable by the parties hereto (except by operation of law in connection with a merger, or pursuant sale of substantially all the assets, of a party hereto) without the prior written consent of the Company, in the case of a Shareholder, or the Shareholders (or if applicable, the Shareholder Representative), in the case of the Company. Any attempted assignment in violation of this Section 4.3 shall be void.

Section 4.4 No Third-Party Beneficiaries. This Agreement is for the sole benefit of the parties hereto and their respective permitted assigns, and nothing herein expressed or implied shall give or be construed to give to any Person, other than the parties hereto and such assigns, any legal or equitable rights hereunder.

Section 4.5 Notices.

(a) All notices and other communications under this Agreement shall be in writing and shall be deemed given (i) when delivered personally by hand (with written confirmation of receipt), (ii) when sent by facsimile (with written confirmation of transmission) or (iii) one Business Day following the day sent by overnight courier (with written confirmation of receipt), in each case at the following addresses and facsimile numbers (or to such other address or facsimile number as a party may have specified by notice given to the other party pursuant to this provision):

If to the Company:

Dolphin Entertainment, Inc.
2151 LeJeune Road
Suite 150-Mezzanine
Coral Gables, FL 33134
Attention: William O'Dowd
Fax: (305) 774-0405
Email: billodowd@dolphinentertainment.com

with a copy to (which shall not constitute notice to the Company):

Greenberg Traurig, P.A.
333 Avenue of the Americas
Miami, FL 33131
Attention: Randy Bullard
Fax No: (305) 961-5532
Email: Bullardr@gtlaw.com

If to a Shareholder, to the respective address set forth on Appendix A.

with a copy to (which shall not constitute notice to any Shareholder): Golenbock Eiseman Assor Bell & Peskoe
711 Third Avenue – 17th Floor
New York, New York 10017

Attention: Andrew Peskoe Esq.
Email: apeskoe@golenbock.com

(b) Any party hereto may change its address specified for notices herein by designating a new address by notice in accordance with this Section 4.5.

Section 4.6 Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more such counterparts have been signed by each of the parties and delivered to the other party. Copies of executed counterparts transmitted by telecopy, telefax or other electronic transmission service, including by email attachment, shall be considered original executed counterparts for purposes of this Agreement.

Section 4.7 Severability. If any provision of this Agreement (or any portion thereof) or the application of any such provision (or any portion thereof) to any Person or circumstance shall be held invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision hereof (or the remaining portion thereof) or the application of such provision to any other Persons or circumstances.

Section 4.8 Governing Law; Jurisdiction; Waiver of Jury Trial

(a) This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York, applicable to contracts executed in and to be performed entirely within that State, without regard to conflicts of laws principles.

(b) All actions and proceedings arising out of or relating to this Agreement shall be heard and determined in any state or federal court sitting in New York, New York, and the parties hereby irrevocably submit to the exclusive jurisdiction of such court (and, in the case of appeals, appropriate appellate courts therefrom) in any such action or proceeding and irrevocably waive the defense of an inconvenient forum to the maintenance of any such action or proceeding. The consent to jurisdiction set forth in this paragraph shall not constitute general consents to service of process in the State of New York and shall have no effect for any purpose except as provided in this paragraph and shall not be deemed to confer rights on any Person other than the parties or as specifically provided herein. The parties agree that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by applicable law. Each party irrevocably consents to

the service of any and all process in any such action, suit or proceeding by the delivery of such process to such party at the address and in the manner provided in Section 4.5.

(c) EACH OF THE PARTIES HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHTS TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT

Section 4.9 Specific Performance. The parties hereto agree that irreparable damage would occur in the event any provision of this Agreement was not performed in accordance with the terms hereof and that the parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy at law or equity.

Section 4.10 Shareholder Representative. The Shareholders, from time to time, by holders of a majority of the Registrable Securities held by all Shareholders, may appoint one of the Shareholders, as the Shareholder Representative, as his or her true and lawful attorney-in-fact (i) to give and receive all notices and communications required or permitted under this Agreement, (ii) to agree to, negotiate, enter into settlements and compromises with respect to this Agreement, (iii) to negotiate, agree and enter into any amendments to this Agreement as per Section 4.2 of this Agreement, and (iv) to communicate to the Company any elections of the Shareholders with respect to the registration rights provided for in ARTICLE II hereof. If so designated, the Shareholder Representative may take all actions necessary or appropriate in the judgment of the Shareholder Representative for the accomplishment of any of the foregoing, each Shareholder agreeing to be fully bound by the acts, decisions and agreements of the Shareholder Representative taken and done pursuant to the authority herein granted. The Shareholder Representative shall not be liable, responsible or accountable in damages or otherwise to the Shareholders for any loss or damage incurred by reason of any act or failure to act by the Shareholder Representative, and each Shareholder shall jointly and severally indemnify and hold harmless the Shareholder Representative against any loss or damage except to the extent such loss or damage shall have been the result of the individual gross negligence or willful misconduct of the Shareholder Representative. In the event that the Shareholder Representative dies, becomes incapacitated or otherwise stops fulfilling his or her duties, the Shareholders shall promptly select an alternate person to serve as the Shareholder Representative and shall promptly notify the Company of such selection. The Company may conclusively and absolutely rely, without inquiry, upon any decision, act, consent, notice or instruction of the Shareholder Representative as being the decision, act, consent, notice or instruction of each of and all of the Shareholders. The Company is hereby relieved from any liability to any Person, including any Shareholder, for any acts done by it in accordance with or reliance on such decision, act, consent, notice or instruction of the Shareholder Representative. All notices or other communications required to be made or delivered by the Company to the Shareholders shall be made to the Shareholder Representative for the benefit of the Shareholders, and any notices so made shall discharge in full all notice requirements of the Company to the Shareholders with respect thereto. All notices or other communications required to be made or delivered by the Shareholders to the Company shall be made by the Shareholder Representative for the benefit of the Shareholders, and any notices so made shall discharge in full all notice requirements of the Shareholders to the Company with respect thereto.

Section 4.11 Termination. The provisions of this Agreement shall terminate as to a particular Shareholder at such time as the Shareholder no longer holds any Registrable Securities.

Section 4.12 Change in Law. In the event any law, rule or regulation comes into force or effect which conflicts with the terms and conditions of this Agreement, the parties shall negotiate in good faith to revise this Agreement to achieve the parties' intention set forth herein.

[signature page follows]

IN WITNESS WHEREOF, the parties have caused this Registration Rights Agreement to be duly executed as of the date first above written.

THE COMPANY: **DOLPHIN ENTERTAINMENT, INC.**

By: /s/ William O'Dowd
Name: William O'Dowd IV
Title: Chief Executive Officer

SHAREHOLDERS:

/s/ Lois O'Neill
Lois O'Neill

/s/ Charles Dougiello
Charles Dougiello

EXHIBIT 23.1

Consent of Independent Auditors

The Door Marketing Group, LLC
New York, New York

We hereby consent to the incorporation by reference in the Registration Statement on Form S-3 (No. 333-222847) of Dolphin Entertainment, Inc. of our report dated June 25, 2018, relating to the financial statements of The Door Marketing Group, LLC, which appears in this Form 8-K.

We also consent to the reference to us under the caption “Experts” in the Prospectus Supplement constituting a part of that Registration Statement.

/s/ BDO USA, LLP

New York, New York
July 11, 2018

EXHIBIT 99.1

DOLPHIN ENTERTAINMENT ACQUIRES TOP LIFESTYLE AND HOSPITALITY PR AGENCY THE DOOR

Immediately Accretive Acquisition Pairs The Door with Entertainment PR Powerhouse 42West in Dolphin's Marketing Group

NEW YORK and LOS ANGELES, July 11, 2018 /PRNewswire/- Dolphin Entertainment, Inc. (NASDAQ: DLPN), a publicly-traded independent producer of premium feature films and digital content, and parent company of 42West, one of the largest public relations and marketing services firms in the entertainment industry, today announced a major expansion of its marketing capabilities and footprint through its acquisition of The Door, a leading lifestyle and hospitality public relations, creative branding, and marketing services agency.

This past December, the New York Observer listed The Door and 42West, respectively, as the third and fourth most powerful PR firms of any kind in the United States.

The Door boasts a formidable client list that ranges from celebrity chefs such as Rachael Ray to hotel groups such as Viceroy Hotels and Resorts to restaurant groups such as Starr Restaurants to consumer brands such as FAO Schwarz.

Under the terms of the transaction agreement, the aggregate consideration will be up to $11 million, which includes performance-based contingent consideration of up to $7 million. The $4 million of fixed consideration will be paid in two equal installments, the first of which was paid upon closing and the second of which will be paid on January 2, 2019. Each installment of fixed consideration consists of $1,000,000 of cash and 307,692 shares of common stock valued at $3.25 per share. The first $5 million of contingent consideration, if earned, will be paid with shares of common stock also valued at $3.25 per share, with the final $2 million of contingent consideration, if earned, paid in cash. The full contingent consideration will be earned if Adjusted EBITDA of The Door, as defined in the transaction agreement, reaches $2.5 million for any calendar year through 2021.

In 2017, revenue for The Door was $5,503,609 and **operating income before guaranteed payments to partners** was $568,794. During Q1 2018, revenue for The Door was $1,598,628 and **operating income before guaranteed payments to partners** was $203,832.

“There are **strategic** competitive advantages in bringing the leading entertainment PR firm and the leading lifestyle and hospitality PR firm under one roof,” said Dolphin Entertainment CEO Bill O’Dowd. “We expect **additional** revenue **opportunities** and operating synergies from this transaction, beginning with the opportunity to cross-sell services between the clients of 42West and The Door. Many of the world’s leading brands want to be part of the pop culture conversation. And many of the entertainment industry’s top projects and personalities covet the global reach of the world’s leading brands. Our ability to speak, work, and market fluently across the entire entertainment and lifestyle spectrum—from movies, television, and music, to hospitality, epicurean, and consumer products—multiplies the impact of each individual firm and makes the combination uniquely powerful.”

“We will continue to be focused on seeking quality opportunities to expand our Marketing Group,” continued O’Dowd. “The Door and 42West together represent a platform that we believe will be extremely attractive for leaders in a wide variety of marketing disciplines who will see the numerous opportunities to leverage our relationships and reach for mutual growth.”

“In joining forces with Dolphin and 42West, we are creating a formidable marketing and communications**group that combines** experience, expertise, and powerful client partnerships,” said The Door co-founders Lois Najarian O’Neill and Charlie Dougiello. “Ten years ago, we started The Door because we wanted to help brands find authentic pathways to success, at a time when technology and social media were just beginning to disrupt the public relations business. Now, having accomplished what we set out to do, we’re ready to take everything we’ve learned and, with the opportunity to offer access to the full range of resources of 42West, provide current and future clients with a **specialized** suite of cutting-edge, brand-elevating services. Simply put, we’re now in a position to execute more good ideas that will benefit our clients seamlessly and at scale.”

“We are beyond thrilled to welcome The Door as a sister agency in the Dolphin family,” 42West co-CEOs Leslee Dart, Amanda Lundberg, and Allan Mayer said in a joint statement. “We’ve long admired the intelligence and creativity with which Lois and Charlie have built The Door, and we share a common vision and excitement for the possibilities of what we can do together. In terms of our respective business operations, not only do we extend each other’s range in terms of the added services and expertise each of us can now offer, but by working together, we expect to be able to attract and service a much wider range of clients than ever before. Indeed, as a result of our access to the services and expertise of The Door, we look forward to developing entirely new lines of business.”

As **a subsidiary** of Dolphin Entertainment, The Door will continue to focus on media relations, social media and design, digital content marketing and strategic communications counsel for the lifestyle, consumer package goods, hospitality, entertainment and epicurean industries, operating under its own name, led by its existing management team, out of its existing offices in New York, Chicago, and Los Angeles, with Najarian O’Neill serving as President and Dougiello as Chief Executive Officer.

Tom Strauss of Strauss Capital Partners advised The Door. Greenberg Traurig LLP served as legal counsel to Dolphin Entertainment and Golenbock Eiseman Assor Bell & Peskoe LLP for The Door.

This press release does not constitute an offer of any securities for sale. The shares of common stock to be issued in the acquisition have not been registered under the Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

About Dolphin Entertainment, Inc.

Dolphin Entertainment is a leading independent entertainment marketing and premium content development company. Through our subsidiaries 42West and The Door, we provide expert strategic marketing and publicity services to many of the top brands, both individual and corporate, in the entertainment and hospitality industries. The Door and 42West are both recognized global leaders in PR services for their respective industries and, in December 2017, the New York Observer listed them, respectively, as the third and fourth most powerful PR firms of any kind in the United States. Bringing together premium marketing services with premium content production creates significant opportunities to serve our respective constituents more strategically and to grow and diversify our business. Dolphin’s content production business is a long-established, leading independent producer, committed to

distributing premium, best-in-class film and digital entertainment. We produce original feature films and digital programming primarily aimed at family and young adult markets.

About The Door

Founded in 2008, The Door is a creative relations agency constructed as “an idea house,” with a focus on building important, viable brands through diverse initiatives. Headquartered in New York, with offices in Chicago and Los Angeles, The Door represents a wide range of clients—including food and beverage, personalities, hospitality brands, events, consumer products, technology offerings, and entertainment/media entities.

About 42 West

With unparalleled experience, contacts, and expertise, 42West is one of the leading full-service public-relations firms in the entertainment industry. The firm’s PR professionals have developed and executed marketing and publicity strategies for hundreds of movies, television shows, and digital productions as well as for countless individual actors, filmmakers, recording artists, and authors. In addition, 42West has also provided strategic communications counsel to a wide variety of high-profile individuals and corporate clients — ranging from movie and pop stars to major studios and media conglomerates.

Special Note Regarding Forward-Looking Statements

This press release contains forward-looking statements regarding anticipated benefits related to The Door acquisition, including potential synergies, growth prospects, financial and operational benefits, The Door's future role in the combined company, as well as the expectation that the prior accomplishments of The Door’s principals and the Company, including its wholly-owned subsidiary, 42West, will translate into strategic partnership opportunities, added value and increased execution for the combined company.

These statements made by the Company and/or the 42West principals and/or The Door principals are based upon their current expectations and are subject to certain risks and uncertainties that could cause actual results, performance or achievements to differ materially from those described in the forward-looking statements. These risks and uncertainties include the Company's inability to realize the anticipated benefits of the acquisition, the Company's inability to achieve synergies as planned, the inability of the combined company to generate sufficient revenues or achieve additional operating leverage and the potential loss of key clients and key employees as a result of the change of ownership, as well as other factors beyond the Company's control and the risk factors and other cautionary statements described in the Company's filings with the SEC, including the Company's Annual Report on Form 10-K filed with the Commission on April 9, 2018 as updated by subsequent Quarterly Reports on Form 10-Qs and other current report filings.

Any forward-looking statements included in this press release are made only as of the date of this release. The Company does not undertake any obligation to update or supplement any forward-looking statements to reflect subsequent events or circumstances. The Company cannot assure you that projected results or events will be achieved.

Contact:
James Carbonara
Hayden IR
(646)-755-7412
james@haydenir.com

SOURCE: Dolphin Entertainment Inc.

EXHIBIT 99.2

THE DOOR MARKETING GROUP, LLC

FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017

THE DOOR MARKETING GROUP, LLC

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Independent Auditor's Report

The Door Marketing Group, LLC
New York, NY 10011

We have audited the accompanying financial statements of The Door Marketing Group, LLC, which comprise the balance sheet as of December 31, 2017, and the related statements of operations, changes in members' equity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Door Marketing Group, LLC as of December 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

/s/ BDO USA, LLP

June 25, 2018

THE DOOR MARKETING GROUP, LLC

BALANCE SHEET
DECEMBER 31, 2017

Assets	
Current Assets:	
Cash	$ 305,644
Accounts receivable	332,340
Prepaid expenses and other assets	65,845
Total Current Assets	703,829
Property, Equipment and Leasehold Improvements, net	119,819
Security Deposits	30,667
Total Assets	$ 854,315
Liabilities and Members' Equity	
Current Liabilities:	
Deferred revenue	$ 30,000
Accrued expenses	160,912
Deferred rent, current portion	12,788
Deferred tax liability	26,718
Total Current Liabilities	230,418
Long-Term Liabilities:	
Deferred rent, noncurrent portion	32,287
Line of credit	371,658
Total Long-Term Liabilities	403,945
Total Liabilities	634,363
Members' Equity	219,952
Total Liabilities and Members' Equity	$ 854,315

The accompanying notes are an integral part of these financial statements.

THE DOOR MARKETING GROUP, LLC

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2017

Revenue	$ 5,503,609
Operating Expenses	4,934,815
Operating Income Before Guaranteed Payments	568,794
Guaranteed Payments	480,000
Operating Income	88,794
Interest Expense	12,506
Income before Provision for Income Taxes	76,288
Income Tax Provision	16,877
Net Income	$ 59,411

The accompanying notes are an integral part of these financial statements.

THE DOOR MARKETING GROUP, LLC

STATEMENT OF CHANGES IN MEMBERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2017

Members' Equity, Beginning of Period	$ 467,118
Net income	59,411
Less: Members' distributions	(306,577)
Members' Equity, End of Period	$ 219,952

The accompanying notes are an integral part of these financial statements.

THE DOOR MARKETING GROUP, LLC

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

Cash Flows From Operating Activities:	
Net income	$ 59,411
Adjustment to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	45,703
Deferred rent	(7,998)
Deferred tax liability	(110)
Changes in operating assets and liabilities:	
Accounts receivable	38,786
Prepaid expenses and other assets	(8,160)
Accrued expenses	(85,531)
Deferred revenue	30,000
Net Cash Provided by Operating Activities	72,101
Cash Flows From Investing Activities:	
Purchase of property, equipment and leasehold improvements	(14,031)
Net Cash Used in Investing Activities	(14,031)
Cash Flows From Financing Activities:	
Proceeds from line of credit	273,932
Repayments of line of credit	(15,155)
Distributions	(306,577)
Net Cash Used in Financing Activities	(47,800)
Net Increase in Cash	10,270
Cash, Beginning of Period	295,374
Cash, End of Period	305,644
Supplemental Disclosures of Cash Flow Information:	
Interest	$ 12,506
Income taxes	$ 26,900

The accompanying notes are an integral part of these financial statements.

1. ORGANIZATION AND PRINCIPAL BUSINESS ACTIVITIES

The Door Marketing Group, LLC (the "Company") was organized, pursuant to the laws of the State of New York in December 2007, as a public relations firm headquartered in New York, with other offices in Illinois and California. The Company will continue in operation as provided for in the operating agreement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") as set forth in the Financial Accounting Standards Board's ("FASB") accounting standards codification.

Use of Estimates in Financial Statements

U.S. GAAP requires management to make certain estimates, judgments and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash balances consist of cash deposits at financial institutions. At times, balances in these accounts may exceed federally insured limits, however, to date, the Company has not incurred any losses on deposits of cash.

Accounts Receivable and Allowance for Doubtful Accounts

The Company's trade accounts receivable are recorded at amounts billed to customers, and presented on the balance sheet net of allowance for doubtful accounts. The Company reserves for doubtful accounts receivable based on various factors, including the age of the receivables, current economic conditions, historical losses and other information management obtains regarding the financial condition of customers. The policy for determining the past due status of receivables is based on how recently payments have been received and each customer's financial condition. The balance of the reserve for doubtful accounts, if any, is deducted from receivables to properly reflect the net realizable value. Receivables are written off when all collection efforts have been exhausted. Management deems the entire accounts receivable balance to be collectible and no allowance for uncollectible accounts has been established as of December 31, 2017.

Depreciation and Amortization

Property, equipment, and leasehold improvements are stated at cost. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets. Leasehold improvements are amortized over the lesser of the term of the related lease or the estimated useful lives of the assets.

Revenue Recognition

Revenue consists of fees from the performance of professional services and billings for direct costs reimbursed by clients. Fees are generally recognized on a straight-line or monthly basis which approximates the proportional performance on such contracts. Direct costs reimbursed by clients are billed as pass-through revenue with no mark-up.

Deferred revenue represents customer advances or amounts allowed to be billed under the contracts for work that has not yet been performed or expenses that have not yet been incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Company is a partnership and is not subject to federal or state income tax in general. It is only subject to tax in New York City which has a statutory rate of 4%.

The Company recognizes and measures tax positions taken or expected to be taken in its tax return only if it is more likely than not to be sustained based solely on their technical merit and assesses the likelihood that the positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period; otherwise, no benefits of the positions are to be recognized. Moreover, the more-likely-than-not threshold must continue to be met in each reporting period to support continued recognition of a benefit. As of December 31, 2017, the Company has not recorded any unrecognized tax benefits in the accompanying balance sheets. In the event the Company was to recognize interest and penalties relating to uncertain tax positions, they would be recorded in interest expense and other non-interest expense, respectively.

The U.S. Federal jurisdiction, California, Illinois, Louisiana, New York, and New York City are the major tax jurisdictions where the Company files income tax returns. The Company is no longer subject to U.S. Federal examinations by tax authorities for years before 2013. Additionally, the statute of limitations to examine the Company's tax returns, in the U.S. states and New York City, varies depending on the jurisdiction. The company has not been notified of any federal or state income tax examinations.

Guaranteed Payments

Guaranteed payments to members that are compensation for services rendered are accounted for as Company expenses rather than as allocations of the Company's net income.

Deferred Rent

Deferred rent consists of the difference between the rent expense recognized on the straight-line basis over the payments required under certain office leases.

Advertising Costs

Advertising costs, which are included in operating expenses, are charged to expense as incurred. Advertising expense amounted to approximately $6,000 for the year ended December 31, 2017.

3. RECENT ACCOUNTING PRONOUNCEMENTS

In May 2014, the FASB issued Accounting Standards Update ("ASU") 2014-09, "Revenue from Contracts with Customers." ASU 2014-09 represents a comprehensive new revenue recognition model that requires a company to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled to receive in exchange for those goods or services. This ASU sets forth a new five-step revenue recognition model which replaces the prior revenue recognition guidance in its entirety and is intended to eliminate numerous industry-specific pieces of revenue recognition guidance that have historically existed. In August 2015, the FASB issued ASU 2015-14, " Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date," which deferred the effective date of ASU 2014-09 by one year, but permits entities to adopt one year earlier if they choose (i.e., the original effective date). As such, ASU 2014-09 will be effective for annual and interim reporting periods beginning after December 15, 2018. The Company is currently evaluating the potential impact of the adoption of this standard.

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)." The new standard establishes a right-of-use ("ROU") model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. ASU 2016-02 is effective for annual periods beginning after December 15, 2019, including interim periods within those annual periods, with early adoption permitted. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Company is currently evaluating the potential impact of the adoption of this standard.

4. PROPERTY, EQUIPMENT, AND LEASEHOLD IMPROVEMENTS

Property, equipment, and leasehold improvements consist of the following at December 31, 2017:

Computers and equipment	$ 130,186
Furniture and fixtures	118,556
Leasehold improvements	50,116
	298,858
Less: Accumulated depreciation	(179,039)
	$ 119,819

The Company depreciates office furniture over a useful life of seven years, computer equipment over a useful life of five years, and leasehold improvements over the remaining term of the related lease (Note 8). For the year ended December 31, 2017, the Company recorded depreciation expense of $45,703.

5. LINE OF CREDIT

The Company has a $450,000 revolving evergreen credit line agreement with JPMorgan Chase Bank. Borrowings bear interest at the bank's prime lending rate plus 2.80% (7.3% at December 31, 2017). The debt, including letters of credit outstanding, is collateralized by substantially all of the Company's assets. The credit agreement requires the Company to meet certain covenants and includes limitations on distributions to members. The Company is in compliance with covenants as of December 31, 2017. At December 31, 2017, the outstanding loan balance was $371,658. The Company incurred interest expense of $12,506 for the year ended December 31, 2017

6. INCOME TAXES

The components of income tax expense are as follows for the year ended December 31, 2017:

Current	$ 16,987
Deferred	(110)
	$ 16,877

The Company is a partnership and is not subject to federal or state income tax in general. It is only subject to tax in New York City which has a statutory rate of 4%. Net deferred assets and liabilities are as follows at December 31, 2017:

Deferred Tax Asset:	
Effect of Cash Basis Accounting Adjustments	$ 5,683
Deferred Tax Liabilities:	
Effect of Cash Basis Accounting Adjustments	(29,354)
Effect of Tax Depreciation Adjustments	(3,047)
Net Deferred Tax Liability	$ (26,718)

The Company may be subject to examination by the Internal Revenue Service ("IRS") as well as states for calendar years 2014 through 2017. The Company has not been notified of any federal or state income tax examinations.

7. EMPLOYEE BENEFIT PLAN

The Company has a 401(k) profit sharing plan that covers substantially all employees. Contributions to the plan are at the discretion of the Company's management. The Company's contributions were approximately $86,515 for the year ended December 31, 2017.

8. COMMITMENTS AND CONTINGENCIES

Leases

The Company occupies office space in New York, New York. An affiliate of the Company owned by the same members is obligated under an operating lease agreement for the office space in New York, New York, expiring in August 2020. The Company made payments of $202,515 to the affiliate for the year ended December 31, 2017 related to the lease. The lease is secured by a cash security deposit of approximately $29,000.

The Company is obligated under an operating lease agreement for office space in Chicago, Illinois, at a fixed rate of $2,200, expiring in May 2020. The lease is secured by a cash security deposit of approximately $1,500.

The Company has a month-to-month lease agreement for office space in Los Angeles, California at a fixed rate of $1,300 per month.

Future minimum annual rent payments are as follows:

Period ending December 31,	
2018	$ 222,787
2019	227,696
2020	147,989
	$ 598,472

Rent expense amounted to approximately $238,000 for the year ended December 31, 2017.

9. SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 25, 2018, which is the date the financial statements were available to be issued.

EXHIBIT 99.3

THE DOOR MARKETING GROUP, LLC

FINANCIAL STATEMENTS

THE DOOR MARKETING GROUP, LLC

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THE DOOR MARKETING GROUP, LLC

BALANCE SHEETS

	As of March 31, 2018 (UNAUDITED)	As of December 31, 2017
Assets		
Current Assets:		
Cash	$ 166,608	$ 305,644
Accounts receivable	412,788	332,340
Prepaid expenses and other assets	31,658	65,845
Total Current Assets	611,054	703,829
Property, Equipment and Leasehold Improvements, net	113,955	119,819
Security Deposits	30,667	30,667
Total Assets	$ 755,676	$ 854,315
Liabilities and Members' Equity		
Current Liabilities:		
Deferred revenue	$ -	$ 30,000
Accrued expenses	154,923	160,912
Deferred rent, current portion	14,015	12,788
Deferred tax liability	14,649	26,718
Total Current Liabilities	183,587	230,418
Long-Term Liabilities:		
Deferred rent, noncurrent portion	27,860	32,287
Line of credit	240,363	371,658
Total Long-Term Liabilities	268,223	403,945
Total Liabilities	451,810	634,363
Members' Equity	303,866	219,952
Total Liabilities and Members' Equity	$ 755,676	$ 854,315

The accompanying notes are an integral part of these financial statements.

THE DOOR MARKETING GROUP, LLC

STATEMENTS OF OPERATIONS
(UNAUDITED)

	For the three months ended March 31,	
	2018	2017
Revenue	$ 1,598,628	$ 1,290,346
Operating Expenses	1,394,796	1,249,991
Operating Income Before Guaranteed Payments	203,832	40,355
Guaranteed Payments	120,000	120,000
Operating Income	83,832	(79,645)
Interest Expense	5,397	1,916
Income before Provision for Income Taxes	78,435	(81,561)
Income Tax Benefit	(5,479)	(15,767)
Net Income (Loss)	$ 83,914	$ (65,794)

The accompanying notes are an integral part of these financial statements.

THE DOOR MARKETING GROUP, LLC

STATEMENT OF CHANGES IN MEMBERS' EQUITY
(UNAUDITED)

Members' Equity, December 31, 2017	$ 219,952
Net income	83,914
Members' Equity, March 31, 2018	$ 303,866

The accompanying notes are an integral part of these financial statements.

THE DOOR MARKETING GROUP, LLC

STATEMENTS OF CASH FLOWS
(UNAUDITED)

	For the three months ended March 31,	
	2018	**2017**
Cash Flows From Operating Activities:		
Net income (loss)	$ 83,914	$ (65,794)
Adjustment to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	10,442	14,456
Deferred rent	(3,200)	(2,000)
Deferred tax liability	(12,069)	(16,752)
Changes in operating assets and liabilities:		
Accounts receivable	(80,448)	122,737
Prepaid expenses and other assets	34,187	29,592
Accrued expenses	(5,989)	(122,110)
Deferred revenue	(30,000)	-
Net Cash Used in Operating Activities	(3,163)	(39,871)
Cash Flows From Investing Activities:		
Purchase of property, equipment and leasehold improvements	(4,578)	(11,471)
Net Cash Used in Investing Activities	(4,578)	(11,471)
Cash Flows From Financing Activities:		
Repayments of line of credit	(131,295)	-
Distributions	-	(66,000)
Net Cash Used in Financing Activities	(131,295)	(66,000)
Net Decrease in Cash	(139,036)	(117,342)
Cash, Beginning of Period	305,644	295,374
Cash, End of Period	$ 166,608	$ 178,032
Supplemental Disclosures of Cash Flow Information:		
Interest	$ 5,397	1,916

The accompanying notes are an integral part of these financial statements.

1. ORGANIZATION AND PRINCIPAL BUSINESS ACTIVITIES

The Door Marketing Group, LLC (the "Company") was organized, pursuant to the laws of the State of New York in December 2007, as a public relations firm headquartered in New York, with other offices in Illinois and California. The Company will continue in operation as provided for in the operating agreement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") as set forth in the Financial Accounting Standards Board's ("FASB") accounting standards codification.

Use of Estimates in Financial Statements

U.S. GAAP requires management to make certain estimates, judgments and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash balances consist of cash deposits at financial institutions. At times, balances in these accounts may exceed federally insured limits, however, to date, the Company has not incurred any losses on deposits of cash.

Accounts Receivable and Allowance for Doubtful Accounts

The Company's trade accounts receivable are recorded at amounts billed to customers, and presented on the balance sheet net of allowance for doubtful accounts. The Company reserves for doubtful accounts receivable based on various factors, including the age of the receivables, current economic conditions, historical losses and other information management obtains regarding the financial condition of customers. The policy for determining the past due status of receivables is based on how recently payments have been received and each customer's financial condition. The balance of the reserve for doubtful accounts, if any, is deducted from receivables to properly reflect the net realizable value. Receivables are written off when all collection efforts have been exhausted. Management deems the entire accounts receivable balance to be collectible and no allowance for uncollectible accounts has been established as of March 31, 2018 and December 31, 2017, respectively.

Depreciation and Amortization

Property, equipment, and leasehold improvements are stated at cost. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets. Leasehold improvements are amortized over the lesser of the term of the related lease or the estimated useful lives of the assets.

Revenue Recognition

Revenue consists of fees from the performance of professional services and billings for direct costs reimbursed by clients. Fees are generally recognized on a straight-line or monthly basis which approximates the proportional performance on such contracts. Direct costs reimbursed by clients are billed as pass-through revenue with no mark-up.

Deferred revenue represents customer advances or amounts allowed to be billed under the contracts for work that has not yet been performed or expenses that have not yet been incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Company is a partnership and is not subject to federal or state income tax in general. It is only subject to tax in New York City which has a statutory rate of 4%.

The Company recognizes and measures tax positions taken or expected to be taken in its tax return only if it is more likely than not to be sustained based solely on their technical merit and assesses the likelihood that the positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period; otherwise, no benefits of the positions are to be recognized. Moreover, the more-likely-than-not threshold must continue to be met in each reporting period to support continued recognition of a benefit. The Company has not recorded any unrecognized tax benefits in the accompanying balance sheets as of March 31, 2018 and December 31, 2017, respectively. In the event the Company was to recognize interest and penalties relating to uncertain tax positions, they would be recorded in interest expense and other non-interest expense, respectively.

The U.S. Federal jurisdiction, California, Illinois, Louisiana, New York, and New York City are the major tax jurisdictions where the Company files income tax returns. The Company is no longer subject to U.S. Federal examinations by tax authorities for years before 2013. Additionally, the statute of limitations to examine the Company's tax returns, in the U.S. states and New York City, varies depending on the jurisdiction. The company has not been notified of any federal or state income tax examinations.

Guaranteed Payments

Guaranteed payments to members that are compensation for services rendered are accounted for as Company expenses rather than as allocations of the Company's net income.

Deferred Rent

Deferred rent consists of the difference between the rent expense recognized on the straight-line basis over the payments required under certain office leases.

Advertising Costs

Advertising costs, which are included in operating expenses, are charged to expense as incurred. Advertising expense was approximately $1,300 and $2,792 for the three months ended March 31, 2018 and 2017, respectively.

3. RECENT ACCOUNTING PRONOUNCEMENTS

In May 2014, the FASB issued Accounting Standards Update ("ASU") 2014-09, "Revenue from Contracts with Customers." ASU 2014-09 represents a comprehensive new revenue recognition model that requires a company to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled to receive in exchange for those goods or services. This ASU sets forth a new five-step revenue recognition model which replaces the prior revenue recognition guidance in its entirety and is intended to eliminate numerous industry-specific pieces of revenue recognition guidance that have historically existed. In August 2015, the FASB issued ASU 2015-14, " Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date," which deferred the effective date of ASU 2014-09 by one year, but permits entities to adopt one year earlier if they choose (i.e., the original effective date). As such, ASU 2014-09 will be effective for annual and interim reporting periods beginning after December 15, 2018. The Company is currently evaluating the potential impact of the adoption of this standard.

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)." The new standard establishes a right-of-use ("ROU") model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. ASU 2016-02 is effective for annual periods beginning after December 15, 2019, including interim periods within those annual periods, with early adoption permitted. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Company is currently evaluating the potential impact of the adoption of this standard.

4. PROPERTY, EQUIPMENT, AND LEASEHOLD IMPROVEMENTS

Property, equipment, and leasehold improvements consist of the following:

	As of March 31, 2018	As of December 31, 2017
Computers and equipment	$ 134,764	$ 130,186
Furniture and fixtures	118,556	118,556
Leasehold improvements	50,116	50,116
	303,436	298,858
Less: Accumulated depreciation	(189,481)	(179,039)
	$ 113,955	$ 119,819

The Company depreciates office furniture over a useful life of seven years, computer equipment over a useful life of five years, and leasehold improvements over the remaining term of the related lease (Note 8). The Company recorded depreciation expense of $10,442 and $14,456 for the three months ended March 31, 2018 and 2017, respectively.

5. LINE OF CREDIT

The Company has a $450,000 revolving evergreen credit line agreement with JPMorgan Chase Bank. Borrowings bear interest at the bank's prime lending rate plus 2.80% (7.55% at March 31, 2018). The debt, including letters of credit outstanding, is collateralized by substantially all of the Company's assets. The credit agreement requires the Company to meet certain covenants and includes limitations on distributions to members. The Company is in compliance with covenants as of March 31, 2018. The outstanding loan balance was $240,363 and $371,658 as of March 31, 2018 and December 31, 2017, respectively. The Company incurred interest expense of $5,397 and $1,916 for the three months ended March 31, 2018 and 2017, respectively.

6. INCOME TAXES

The components of income tax benefit are as follows:

	For the three months ended March 31,	
	2018	2017
Current	$ 6,590	$ 985
Deferred	(12,069)	(16,752)
	$ (5,479)	$ (15,767)

The Company is a partnership and is not subject to federal or state income tax in general. It is only subject to tax in New York City which has a statutory rate of 4%. Net deferred assets and liabilities are as follows:

	As of March 31, 2018	As of December 31, 2017
Deferred Tax Asset:		
Effect of Cash Basis Accounting Adjustments	$ 5,148	$ 5,683
Deferred Tax Liabilities:		
Effect of Cash Basis Accounting Adjustments	(16,971)	(29,354)
Effect of Tax Depreciation Adjustments	(2,826)	(3,047)
Net Deferred Tax Liability	$ (14,649)	$ (26,718)

The Company may be subject to examination by the Internal Revenue Service (“IRS”) as well as states for calendar years 2014 through 2017. The Company has not been notified of any federal or state income tax examinations.

7. EMPLOYEE BENEFIT PLAN

The Company has a 401(k) profit sharing plan that covers substantially all employees. Contributions to the plan are at the discretion of the Company’s management. The Company’s contributions were approximately $21,470 and $33,557 for the three months ended March 31, 2018 and 2017, respectively.

8. COMMITMENTS AND CONTINGENCIES

Leases

The Company occupies office space in New York, New York. An affiliate of the Company owned by the same members is obligated under an operating lease agreement for the office space in New York, New York, expiring in August 2020. The Company made payments of $48,442 and $47,264 to the affiliate for the three months ended March 31, 2018 and 2017, respectively, related to the lease. The lease is secured by a cash security deposit of approximately $29,000.

The Company is obligated under an operating lease agreement for office space in Chicago, Illinois, at a fixed rate of $2,200, expiring in May 2020. The lease is secured by a cash security deposit of approximately $1,500.

The Company has a month-to-month lease agreement for office space in Los Angeles, California at a fixed rate of $1,300 per month.

Rent expense amounted to approximately $56,585 and $55,078 for the three months ended March 31, 2018 and 2017, respectively.

9. SUBSEQUENT EVENTS

On July 5, 2018 (the "Closing Date"), the Company and its members (the "Members"), entered into an Agreement and Plan of Merger (the "Merger Agreement") together with Dolphin Entertainment, Inc. ("Dolphin"), a Florida corporation. On the Closing Date, the Company merged with Dolphin and became a wholly-owned subsidiary of Dolphin.

The total consideration payable to the Members in respect of the execution of the Merger Agreement comprises the following: (i) $2.0 million in shares of Dolphin's common stock, par value $0.015 (the "Common Stock"), based on a price per share of Common Stock of $3.25, (ii) $2.0 million in cash (as adjusted for certain working capital and closing adjustments and transaction expenses) and (iii) up to an additional $7.0 million of contingent consideration in a combination of cash and shares of Common Stock upon the achievement of specified financial performance targets over a four-year period as set forth in the Merger Agreement (the "Additional Consideration"). On the Closing Date, Dolphin issued to the Members $1.0 million in shares of Common Stock and paid the Members an aggregate of $1,000,000 in cash (the "Initial Consideration"). Pursuant to the Merger Agreement, on January 2, 2019, Dolphin has agreed to issue to the Members an additional $1.0 million in shares of Common Stock and pay to the Member $1.0 million in cash (the "Post-Closing Consideration" and, together with the Initial Consideration and the Additional Consideration, the "Merger Consideration"). The Merger Agreement contains customary representations, warranties and covenants of the parties thereto.

Each of the Members has entered into a four-year employment agreement with Dolphin, pursuant to which each Member has agreed not to transfer any shares of Common Stock received as Merger Consideration (the "Share Consideration") in the first year following the Closing Date, no more than 1/3 of such Merger Consideration in the second year and no more than an additional 1/3 of such Merger Consideration in the third year

On the Closing Date, Dolphin entered into a registration rights agreement with the Members (the "Registration Rights Agreement"), pursuant to which the Members are entitled to rights with respect to the registration of the Share Consideration under the Securities Act of 1933, as amended (the "Securities Act"). All fees, costs and expenses of underwritten registrations under the Registration Rights Agreement will be borne by Dolphin. At any time after July 5, 2019, Dolphin will be required, upon the request of such Members holding at least a majority of the Share Consideration received by the Members, to file up to two registration statements on Form S-3 covering up to 25% of the Share Consideration.

Subsequent events have been evaluated through July 11, 2018, which is the date the financial statements were available to be issued.

EXHIBIT 99.4

DOLPHIN ENTERTAINMENT, INC
UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following unaudited pro forma consolidated financial information and related notes present the historical combined financial information of Dolphin Entertainment, Inc. and its wholly owned subsidiaries (hereinafter referred to as "Dolphin" or the "Company") and The Door Marketing Group LLC ("The Door") after giving effect to the merger of Dolphin's wholly owned subsidiary and The Door that was completed on July 5, 2018 (the "Closing Date"). The pro forma adjustments are based upon available information and assumptions that the Company believes are reasonable.

The unaudited pro forma combined balance sheet as of March 31, 2018 is presented as if the merger with The Door had occurred on March 31, 2018. The unaudited pro forma combined consolidated statements of operations for the year ended December 31, 2017 and the three months ended March 31, 2018 are presented as if the merger had occurred on January 1, 2017. The historical financial information is adjusted in the unaudited pro forma combined financial information to give effect to pro forma events that are (1) directly attributable to the proposed merger, (2) factually supportable, and (3) with respect to the combined statements of operations, expected to have a continuing impact on the combined results.

The determination and preliminary allocation of the purchase consideration used in the unaudited pro forma combined consolidated financial information are based upon preliminary estimates, which are subject to change during the measurement period (up to one year from the Closing Date). Accordingly, the aggregate value of the consideration paid by Dolphin to complete the merger was allocated to the assets acquired and liabilities assumed from The Door based upon estimated fair value on the closing date of the merger. Dolphin has not completed the detailed valuations necessary to estimate the fair value of the assets acquired and the liabilities assumed from The Door and the related allocations of purchase price, nor has Dolphin identified all adjustments necessary to conform The Door's accounting policies to Dolphin's accounting policies. Accordingly, the pro forma purchase price adjustments presented herein are preliminary, and may not reflect any final purchase price adjustments made. Dolphin estimated the fair value of The Door's assets and liabilities based on discussion with The Door's management, due diligence and preliminary work performed by third-party valuation specialists. As the final valuations are being performed, increases or decreases in fair value of relevant balance sheet amounts will result in adjustments, which may result in material differences from the information presented herein.

The unaudited pro forma adjustments are not necessarily indicative of or intended to represent the results that would have been achieved had the transaction been consummated as of the dates indicated or that may be achieved in the future. The actual results reported by the combined company in periods following the merger may differ significantly from those reflected in these unaudited pro forma combined financial information for a number of reasons, including cost saving synergies from operating efficiencies and the effect of incremental costs incurred to integrate the two companies.

The unaudited pro forma combined financial information should be read in conjunction with our historical consolidated financial statements and accompanying notes included in our Annual Report on Form 10-K for the year ended December 31, 2017 and quarterly financial statements on Form 10-Q for the three months ended March 31, 2018 and the historical audited financial statements of The Door for the year ended December 31, 2017 and March 31, 2018 contained in this Form 8-K.

Unaudited Pro Forma Combined Balance Sheet
As of March 31, 2018

	Dolphin Entertainment, Inc. (Historical)	The Door (Historical)	Pro Forma Adjustments	Notes	Pro Forma Combined
ASSETS					
Current					
Cash and cash equivalents	$ 4,538,122	$ 166,608	$ 500,000	(a)	$ 5,204,730
Accounts receivable, net of allowance for doubtful accounts.	3,087,579	412,788	-		3,500,367
Other current assets	525,155	31,658	-		556,813
Total current assets	8,150,856	611,054	500,000		9,261,910
Capitalized production costs	930,947	-	-		930,947
Intangible assets, net of accumulated amortization.	8,203,442	-	1,950,000	(b)	10,153,442
Goodwill	12,778,860	-	3,062,288	(c)	15,841,148
Property, equipment and leasehold improvements	1,063,402	113,955	-	(d)	1,177,357
Investments	220,000	-	-		220,000
Deposits	445,289	30,667	-		475,956
Discount on convertible debt	-	-	184,615	(e)	184,615
Total Assets	$ 31,792,796	$ 755,676	$ 5,696,903		$ 38,245,375
LIABILITIES					
Current					
Accounts payable	$ 928,265	$ -	$ -		$ 928,265
Other current liabilities	7,466,944	168,938	1,000,000	(f)	8,635,882
Line of credit	1,700,390	240,363	-		1,940,753
Put Rights	2,675,568	-	-		2,675,568
Contingent consideration	-	-	46,396	(g)	46,396
Accrued compensation	2,562,500	-	-		2,562,500
Debt	2,948,492	-	-		2,948,492
Loan from related party	1,577,873	-	-		1,577,873
Deferred tax liability	-	14,649	-		14,649
Deferred revenue	48,449	-	-		48,449
Convertible notes payable	800,000	-	-		800,000
Notes payable	500,000	-	-		500,000
Total current liabilities	21,208,481	423,950	1,046,396		22,678,827
Noncurrent					
Warrant liability	1,273,514	-	-		1,273,514
Put Rights	2,466,846	-	-		2,466,846
Contingent consideration	-	-	1,023,604	(g)	1,023,604
Convertible notes payable	75,000	-	1,500,000	(h)	1,575,000
Notes payable	400,000	-	-		400,000
Deferred tax	187,537	-	-		187,537
Other noncurrent liabilities	936,732	27,860	-		964,592
Total noncurrent liabilities	5,339,629	27,860	2,523,604		7,891,093
Total Liabilities	26,548,110	451,810	3,570,000		30,569,920
STOCKHOLDERS' EQUITY					
Common stock, $0.015 par value, 200,000,000 shares authorized, 11,229,144, issued and outstanding at March 31, 2018 plus 300,012 issued at closing.	168,437	-	4,500		172,937
Preferred Stock, Series C, $0.001 par value, 50,000, 50,000 at March 31, 2018.	1,000	-	-		1,000
Member equity		303,866	(303,866)		-
Additional paid in capital	97,141,970	-	2,426,269		99,568,239
Accumulated deficit	(92,066,721)	-			(92,066,721)
Total Stockholders' Equity	$ 5,244,686	$ 303,866	$ 2,126,903	(i)	$ 7,675,455
Total Liabilities and Stockholders' Equity	$ 31,792,796	$ 755,676	$ 5,696,903		$ 38,245,375

See accompanying notes to the Unaudited Pro Forma Combined Financial Information

Unaudited Pro Forma Combined Statements of Operations
For the three months ended March 31, 2018

	Dolphin Entertainment, Inc. (Historical)	The Door (Historical)	Pro Forma Adjustments	Notes	Pro Forma Combined
Revenues	$ 5,784,925	$ 1,598,628	$ -		$ 7,383,553
Operating expenses exclusive of depreciation and amortization	5,512,668	1,504,354	-		7,017,022
Operating (loss) income	272,257	94,274	-		366,531
Depreciation and amortization	(371,181)	(10,442)	(91,583)	(b)	(473,206)
Interest expense	(267,426)	(5,396)	(60,769)	(e)	(333,591)
Other income	1,251,913	-	-		1,251,913
Income before provision for income taxes	885,563	78,436	(152,352)		811,647
Income tax provision	(52,604)	5,478	-		(47,126)
Net Income	$ 832,959	$ 83,914	$ (152,352)		$ 764,521
Income Per Share:					
Basic	$ 0.07			(j)	$ 0.06
Diluted	$ 0.07				$ 0.06
Weighted average number of share used in per share calculation:					
Basic	12,517,660				13,133,345
Diluted	12,786,065				13,863,288

See accompanying notes to the Unaudited Pro Forma Combined Financial Information

Unaudited Pro Forma Combined Statements of Operations
For the year ended December 31, 2017

	Dolphin Entertainment, Inc. (Historical)	The Door (Historical)	Pro Forma Adjustments	Notes	Pro Forma Combined
Revenues	$ 22,413,044	$ 5,503,609	$ -		$ 27,916,653
Operating expenses exclusive of depreciation and amortization	22,263,327	5,369,112	-		27,632,439
Operating (loss) income	149,717	134,497	-		284,214
Depreciation and amortization	(1,254,643)	(45,703)	(366,333)	(b)	(1,666,679)
Interest expense	(1,594,940)	(12,506)	(243,076)	(e)	(1,850,522)
Other expense	9,951,257	-	-		9,951,257
Income before provision for income taxes	7,251,391	76,288	(609,409)		6,718,270
Income tax provision	(338,867)	(16,877)	-		(355,744)
Net Income	$ 6,912,524	$ 59,411	$ (609,409)		$ 6,362,526
Income Per Share:					
Basic	$ 0.72			(j)	$ 0.62
Diluted	$ (0.20)				$ (0.24)
Weighted average number of share used in per share calculation:					
Basic	9,586,986				10,202,371
Diluted	10,608,828				11,224,212

See accompanying notes to the Unaudited Pro Forma Combined Financial Information

NOTES TO THE UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

NOTE 1 – DESCRIPTION OF THE TRANSACTION

On the Closing Date, Dolphin entered into an Agreement and Plan of Merger (the "Merger Agreement") together with Lois O'Neill and Charles Dougiello (collectively, the "Members"), The Door, Window Merger Sub, LLC, a New York limited liability company and wholly owned subsidiary of Dolphin ("Merger Sub"). On the Closing Date, The Door merged with and into Merger Sub, with Merger Sub surviving the merger (the "Merger") and continuing as a wholly owned subsidiary of the Company. Upon consummation of the Merger, Merger Sub changed its name to The Door Marketing Group, LLC.

The total consideration payable to the Members in respect of the Merger is comprised of the following: (i) $2.0 million in shares of the Company's common stock, par value $0.015 (the "Common Stock"), based on a price per share of Common Stock of $3.25, (ii) $2.0 million in cash (as adjusted for certain working capital and closing adjustments and transaction expenses) and (iii) up to an additional $7.0 million of contingent consideration in a combination of cash and shares of Common Stock upon the achievement of specified financial performance targets over a four-year period as set forth in the Merger Agreement. On the Closing Date, the Company issued to the Members an aggregate of $1.0 million in shares of Common Stock and paid the Members an aggregate of $1.0 million in cash. Pursuant to the Merger Agreement, the Company has agreed to issue to the Members an additional $1.0 million in shares of Common Stock and pay to the Member $1.0 million in cash on January 2, 2019. The Merger Agreement contains customary representations, warranties and covenants of the parties thereto.

NOTE 2 –BASIS OF PRO FORMA PRESENTATION

The unaudited pro forma combined balance sheet as of March 31, 2018, combines the historical balance sheet of Dolphin with the historical balance sheet of The Door and has been prepared as if The Door Merger had occurred on March 31, 2018. The unaudited pro forma combined statements of operations for the year ended December 31, 2017 and the three months ended March 31, 2018, combines the historical statement of operations of Dolphin with the historical statement of operations of The Door and was prepared as if The Door Merger had occurred on January 1, 2017. The historical financial information is adjusted in the unaudited pro forma combined financial information to give effect to pro forma events that are (1) directly attributable to the proposed merger, (2) factually supportable, and (3) with respect to the combined statement of operations, expected to have a continuing impact on the combined results.

Dolphin accounted for the merger in the unaudited pro forma combined financial information using the acquisition method of accounting in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 805 "Business Combinations" ("ASC 805"). In accordance with ASC 805, the Company used its best estimates and assumptions to assign fair value to the tangible and intangible assets acquired and liabilities assumed at the Closing Date. Goodwill as of the Closing Date is measured as the excess of purchase consideration over the fair value of the net tangible and identifiable assets acquired.

The pro forma adjustments described below were developed based on Dolphin management's assumptions and estimates, including assumptions relating to the consideration paid and the allocation thereof to the assets acquired and liabilities assumed from The Door based on preliminary estimates to fair value. The final purchase consideration and allocation of the purchase consideration will differ from that reflected in the unaudited pro forma combined financial information after the final valuation procedures are performed and the amounts are finalized.

The unaudited pro forma combined financial information is provided for illustrative purposes only and does not purport to represent what the actual consolidated results of operations or the consolidated financial position of the combined company would have been had the merger occurred on the dates assumed, nor are the necessarily indicative of future consolidated results of operations or financial position.

Dolphin expects to incur costs and realize benefits associated with integrating the operations of Dolphin and The Door. The unaudited pro forma combined financial statements do not reflect the costs of any integration activities or any benefits that may result from operating efficiencies or revenue synergies. The unaudited pro forma combined statement of operations does not reflect any non-recurring charges directly related to the merger that the combined companies incurred upon completion of The Door Merger.

NOTE 3 – ESTIMATED PRELIMINARY PURCHASE PRICE CONSIDERATION

The table below represents the total estimated preliminary purchase price consideration:

Closing Common Stock (307,692 shares)	$ 1,123,077
Common Stock (1-2-19 307,692 shares)	1,123,077
Cash paid at closing	882,695
Cash paid 1/2/19	1,000,000
Fair value of contingent consideration	1,070,000
Seller transaction costs	117,305
Preliminary purchase price consideration	$ 5,316,154

NOTE 4 – ESTIMATED PRELIMINARY PURCHASE PRICE ALLOCATION

The Company has performed a preliminary valuation analysis of the estimated fair market value of The Door's assets and liabilities. The following table summarized the allocation of the preliminary purchase price as of merger date:

Cash	$ 166,608
Accounts receivable	412,788
Property and equipment	113,955
Other assets	62,325
Intangibles	1,950,000
Total identifiable assets	$ 2,705,676
Accrued expenses	$ (168,938)
Line of credit	(240,363)
Other liabilities	(27,860)
Deferred tax liability	(14,649)
Total liabilities assumed	(451,810)
Net identifiable assets	2,253,866
Goodwill	3,062,288
Purchase price allocated	$ 5,316,154

This preliminary purchase price allocation has been used to prepare pro forma adjustments in the pro forma balance sheets as of March 31, 2018 and the statements of operations for the year ended December 31, 2017 and the three months ended March 31, 2018. The final purchase price allocation will be determined when the Company has completed the detailed valuations and necessary calculations. The final allocation could differ materially from the preliminary allocation used in the pro forma adjustments. The final allocation may include (i) changes to the fair values of property and equipment, (2) changes in allocations to intangible assets such as trade name, customer relationships and non-competition agreements, as well as goodwill and (3) other changes to the assets and liabilities.

NOTE 5 – FINANCING TRANSACTIONS

On the Closing Date, Dolphin issued an 8% secured convertible promissory note (the "Note") in the principal amount of $1,500,000 to Pinnacle Family Office Investments, L.P. ("Pinnacle") pursuant to a Securities Purchase Agreement, dated as of the Closing Date, between the Company and Pinnacle (the "Securities Purchase Agreement"). The Securities Purchase Agreement contains customary representations and warranties and affirmative and negative covenants. The Company used the proceeds of the Note to finance the initial consideration of $1,000,000 and certain transaction costs.

The Company's obligations under the Note are secured primarily by a lien on the assets of The Door and any subsidiaries of Dolphin formed after the Closing Date, subject to certain exclusions, pursuant to a Security Agreement, dated as of the Closing Date (the "Security Agreement"). Additionally, The Door guaranteed the Company's obligations under the Note pursuant to a Subsidiary Guarantee dated as of the Closing Date (the "Subsidiary Guarantee").

The Company must pay interest on the principal amount of the Note, at the rate of 8% per annum, in cash on a quarterly basis. The Note matures on January 5, 2020. The Company may prepay the Note in whole, but not in part, at any time prior to maturity; however, if the Company voluntarily prepays the Note, it must (i) pay Pinnacle a prepayment penalty equal to 10% of the prepaid amount and (ii) issue to Pinnacle warrants to purchase 100,000 shares of Common Stock with an exercise price equal to $3.25 per share. The Note also contains certain customary events of default. The holder may convert the outstanding principal amount of the Note into Common Stock (the "Conversion Shares") at any time at a price per share equal to $3.25, subject to adjustment for stock dividends, stock splits, dilutive issuances and subsequent rights offerings. At the Company's election, upon a conversion of the Note, the Company may issue Conversion Shares in respect of accrued and unpaid interest with respect to the principal amount of the Note converted by Pinnacle.

NOTE 6 – PRO FORMA ADJUSTMENTS

The pro forma adjustments are based on our preliminary estimates and assumptions that are subject to change. The following adjustments have been reflected in the unaudited pro forma combined information:

(a) The $500,000 represents the proceeds from the Note discussed in Note 5 less the cash consideration of $1,000,000 paid to the Sellers and certain closing costs.

(b) The addition of intangible assets as a result of the estimated preliminary purchase price allocation is comprised of the following:

	Closing Date Opening Balance	Estimated Useful Live (Years)	Annual Amortization	Quarterly Amortization
Intangible assets:				
Customer relationships	$ 1,010,000	6	$ 168,333	$ 42,083
Trade name	680,000	10	68,000	17,000
Non-competition agreements	260,000	2	130,000	32,500
	$ 1,950,000		$ 366,333	$ 91,583

(c) To record $3,062,288 of preliminary goodwill based on the excess of purchase consideration of The Door Merger and the preliminary fair value of the net identifiable assets acquired. In accordance with ASC 805, goodwill will not be amortized but instead will be tested for impairment at least annually and more frequently if certain indicators of impairment are present. In the event that goodwill has become impaired, we will record an expense for the amount impaired during the fiscal quarter in which the determination is made.

(d) The Company has not yet determined the fair value of the property and equipment; therefore, carrying value has been used in the preliminary purchase price allocation and in the pro forma financial statements.

(e) Represents the discount on the Note that is convertible at a price of $3.25 per share when the fair market value of the shares was $3.65 per share on the Closing Date.

(f) Represents the $1,000,000 of cash consideration to be paid on January 2, 2019 to the Sellers.

(g) Per the terms of the Merger Agreement, the Sellers have the right to earn up to $7,000,000 of additional consideration for The Door Merger based on achieving certain financial targets over a period of three years (the "Contingent Consideration"). The first $5 million of Contingent Consideration is to be paid in shares of Common Stock at a purchase price of $3.25 per share. The remaining $2 million of Contingent Consideration is to be paid in cash. The preliminary fair value of the Contingent Consideration is $1,070,000 of which $46,396 is estimated to be earned during 2018.

(h) Represents the Note in the amount of $1,500,000 discussed in Note 5.

(i) Adjustments to stockholders' equity are as follows:

Common Stock, par value of 300,012 shares issued on the Closing Date	$ 4,500
Additional paid in capital of Common Stock issued on the Closing Date	2,241,654
Total fair value of equity of The Door Merger	$ 2,246,154
Beneficial conversion feature of Promissory Note (Note 5)	184,615
Historical member equity of The Door	(303,866)
Total adjustments to stockholders' equity	$ 2,126,903

(j) The Company recalculated income (loss) per share as if the merger had taken place and the shares had been issued on January 1, 2017:

	12/31/2017		3/31/2018	
	Historical	Pro Forma	Historical	Pro Forma
Numerator				
Net income and numerator for basic earnings (loss) per share	$ 6,912,524	$ 6,362,526	$ 832,959	$ 764,521
Interest expense (Convertible notes payable)	-	-	21,875	82,644
Change in fair value of G, H & I warrants	(9,018,359)	(9,018,359)	-	-
Numerator for diluted earnings (loss) per share	(2,105,835)	(2,655,833)	854,834	847,165
Denominator				
Denominator for basic EPS - weighted-average shares including shares issued or issuable for merger	9,586,986	10,202,371	12,517,660	13,133,345
Effect of dilutive securities:				
Convertible notes payable	-	-	268,405	729,943
Warrants	1,021,841	1,021,841	-	-
Denominator for diluted EPS	10,608,827	11,224,212	12,786,065	13,863,288
Basic income per share	$ 0.72	$ 0.62	$ 0.07	$ 0.06
Diluted income (loss) per share	$ (0.20)	$ (0.24)	$ 0.07	$ 0.06