

~ 2019 Annual General Meeting ~
~ Chief Executive Officer Address ~

Dear Investors:

2018 was a year of establishing momentum for the Play MPE business. In last year's AGM address we outlined our goals for the remainder of 2018. I am very happy to tell you that we have exceeded those goals.

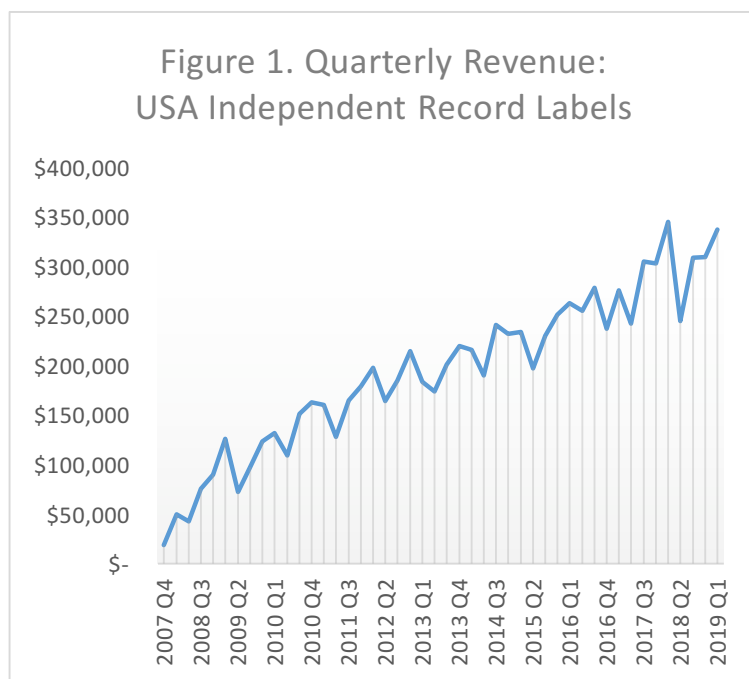
While our underlying fundamentals have been improving (9 quarters of revenue growth and 7 quarters of income), we have been focusing on activities designed to grow revenue, market share, and our addressable market at a faster pace than what we have seen recently. We are just starting to see the results of these efforts.

In July 2018, we released the first major update to our client side software in a decade. This release addressed a much needed improvement to our user experience (being more intuitive, faster, more performant and gives access to Mac users). Concurrently, we began expanding our business development and marketing staff.

These activities resulted in adding new (and recovering previous) customers throughout the latter half of calendar 2018 and into 2019. Our first quarter ending November 30, 2018 showed an increase in non-fixed fee revenue of 6.3%. In December, we renewed our agreement with Universal Music which included a 14% increase in fixed monthly charges – this is the largest agreement in company history. This agreement took effect on January 1, 2019 and will be reflected in future quarterly revenue reports. Prior to this agreement, Universal Music Group represented 38-40% of total Play MPE revenue.

Near the end of the calendar year, we established new Major label use with both Warner Music and Universal Music in the United States in the Jazz, Urban, Top 40, Rhythmic and Dance genres of music. With this nascent usage we can establish an expanded network of use in those genres and repeat the independent revenue growth we saw in Country, Triple A and Christian music

genres. Figure 1 shows our revenue from these well-established genres.



In the short term, we will continue to focus on expanding Play MPE’s usage in our core industry by expanding and deploying our business development group, refining our lead generation process, improve branding efforts and expand our industry integrations.

Our short term targets are:

Universal Music Group use will be included in the fees from our new agreement. However, growing use from Warner Music saw a 54% increase in revenue in the United States in our first quarter of 2019. We have now started to see independent record labels leads being generated and sales have recently commenced.

1. Continuing the expansion of new Major Label use in the Top 40, Dance, Rhythmic, Urban and Jazz genres of music. Expanded
2. Building on established use from Universal Music in the UK, we are commencing efforts with UK “pluggers” (aka promoters) that distribute high quality content (Major Label and large independent record label music). The UK is a fractured market with radio and publicity receiving content from a variety of sources. We are targeting a consolidation of this market under Play MPE.
3. We are working on a global deal with Warner Music. Currently Warner Music Group uses us in 7 countries. We are getting some early indications that that use will be growing in new territories and within existing territories.
4. Building on our new agreement with Universal, and targeted integrations, we will be targeting the conversion of the Canadian market to Play MPE. In Canada, we have an entrenched competitor but we have several competitive advantages over this competitor and, with sufficient sales and marketing efforts, we believe our advantages will result in the conversion of the market to Play MPE.

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5. Building on regular use from Universal, we are targeting a second major in South Africa, and, if successful, establishing independent record label use, and the third Major Label.
6. With well-established Major Label use in Scandinavia, we are building out efforts to solicit independent record label sales.

We believe we are on the right track for a long term consistent trajectory of growing our core business from the estimated current market share of 5-10%. In addition, we see many opportunities – building on our core competencies and our business relationships – to expand our addressable market. We believe we can provide significant value to the music industry by increasing the efficiency of promotional activities. We are currently working towards expanding our product management staff and development resources to outline and assess these opportunities.

Broadly, these opportunities include:

- Archival systems (for music, photoshoots, press kits etc.). In the summer of 2018, we integrated with Universal Music’s archival system and we have since identified opportunities to repeat that with other labels or provide that as a service.
- Expanding delivered content (video, photoshoots, concerts, podcasts).
- Expanding promotional destinations (movie/TV/ad producers/DJs). As the industry seeks new opportunities to promote new music and gain new sources of royalty revenue, song placement has been gaining greater importance.
- Expanded data reporting (leading to “smarter” promotional decisions) as the industry is increasingly moving to more analytics based decision making.
- Artist landing pages.
- And many others.

With our improving financial results, we are currently investing in the resources to identify and expand on these ideas.

Fred Vandenberg, CEO