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# DESTINY MEDIA TECHNOLOGIES, INC

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## 2021 Annual General Meeting Address

### Dear Investors

Our 2021 Annual General Meeting falls within two weeks of the anniversary of our office closers due to the global Covid pandemic. It's a testament to the strength of our team that we have made so much progress over the past year without sacrificing our superior level of customer service.

### Our management group

The most significant developments have been the changes to our management team, their underlying groups, and the early impact those changes have had on the organization.

Joining twenty months ago, Faina Shpund leads both our marketing and product development teams. Over the past year, Faina established our marketing department and strategy. Bringing in a new marketing manager in February 2020, our marketing team has done a wonderful job building strategies to build brand awareness, educate customers and assist business development foster customer relationships. Our team built these processes from the ground up and cover a broad spectrum of marketing initiatives. From thought leadership webinars and blogs, to platform videos, to digital and print advertising, we are learning what works; what activity creates quality leads; what improves customer knowledge; what engages customers etc. We will continue to learn and improve but we have already seen positive results. Marketing site traffic and social media engagement has risen significantly. Our new client leads have grown by more than 32% (fiscal 2021 year to date), and our lead conversion rates have improved. As we expand into newer markets (different genres, recipient types, and geographic locations) and build out self-serve functionality of the Play MPE platform, these new marketing skills and knowledge will be instrumental to growing at scale.

**New  
Customer  
Leads Up  
32+% in  
2021**

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Also in February (2020), we added a senior product manager who's focus was to provide improved support for design and development of the Play MPE platform. While this has had a positive impact to the cadence and organization of product improvements, a

significant benefit is the increase to our capacity to build strategies and plan for what comes next; to build a stronger and more strategic product roadmap. One area that we have found particularly interesting is expanded data reporting (streaming and air play monitoring). Play MPE is at a unique juncture to provide this highly demanded service and the company is investigating ways to integrate this service into the platform.

Alen Vitasovic was promoted to Director of Operations in September 2019. Alen has been with the company more than twelve years and leads our list management, customer support and technical support groups. Our client and technical support teams are the gold standard in the industry and consistently differentiate Play MPE from our competition. It's on the strength of this group that Play MPE has been able to maintain such positive

**Total  
Distributions  
up 43.7%  
(FYTD 2021 vs. 2020)**

relationships with its core customers. Over the trailing twelve months, this group has supported the efforts of all other departments; expanding recipient lists in Mexico, US, Canada and South Africa, building the technical backend of customer lead management and assessment, building business assessment dashboards etc.

Our engineering team is now led by Sergei Berenson. Sergei joined the company in September 2019 and has transformed our development group and development processes. Less salient to an outside observer, Sergei has led a more creative, productive and efficient development group which has led to innovative platform improvements that have been, and will continue to be, critical to expanded use of the Play MPE platform. The changes in our development team will ultimately lead to additional products and features that vastly expand our market leading advantages.

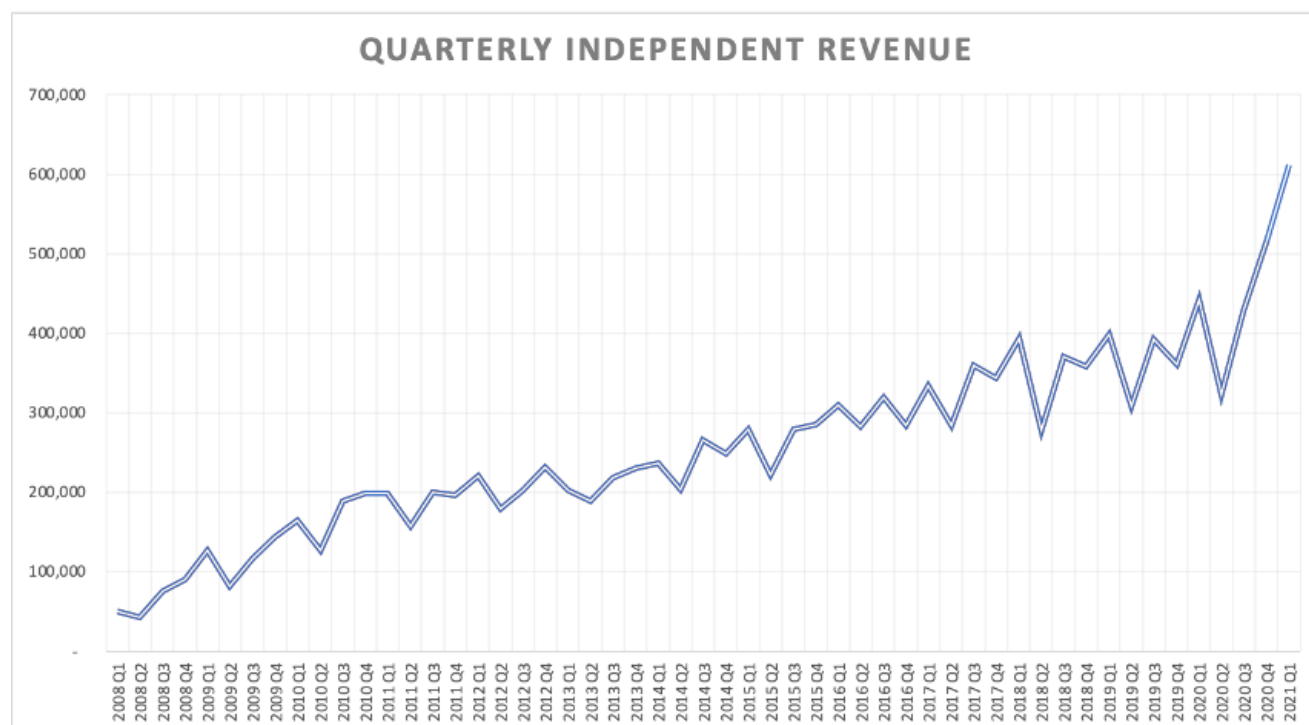
Joining our management team in April 2020, Glenn Mattern is our new (and first ever) Director of Business Development. Glenn has made numerous improvements to our business development team, vastly improving customer relationships, lead conversion, and contractual commitments. Throughout the past year we continued to add to our business development staff and in September, Stamp Communications joined Play MPE as our South African representative establishing our first South African independent label sales.

**Independent  
Record  
Label  
Revenue:**

While independent label revenue has grown reliably for more than a dozen years, Play MPE saw an inflection point in Q4 - 2020. Revenue from independent record labels in Q4 - 2020 jumped by more than

**Q4-20: +43%  
Q1-21: +38%**

40% and continued in the first quarter of 2021 with a more than 38% increase. Growth over the preceding decade in this segment averaged between 9 and 10%. Revenue from independent record labels now represent our largest segment. Over the long term this segment should be our largest. As our revenue grows and enters new markets, adoption from Major Labels may precede the full adoption by independent record labels so this ratio may fluctuate.



Our target markets include segments that are either fractured with no dominant system or markets with an entrenched competitor. While we are confident that Play MPE is the best platform in the space, changing the way people work can be a challenge. In Canada, we have continued to make significant strides in 2020. In January, Universal Music began distributions and then steadily increased the number of releases exclusive to Play MPE. In March, Sony Music also began distributions. We continue to add Major Independent

customers in this market. Throughout the year our activity numbers grew and positive endorsements followed. We are continuing our efforts and believe we will ultimately displace the competing system due to Play MPE’s superior offering, product roadmap and customer relationships.

**“Overseeing the programming for 14 Canadian channels of different formats and genres, let me just say that a simple click to download has made my life so much easier since using Play MPE”**

- SARAH BURKE - SIRIUS XM

Our Latin initiative is one where no dominant system exists. To focus on this area, we have added senior staff with

significant knowledge and experience in this genre. We continue to add content (music) to the platform from Major Label and Major Independent record labels, expand recipient knowledge, expand contact lists and grow activity. Spanish translations of the platform (added in late 2019) have now been complimented by Spanish language explanatory videos that assist our business development activities. We are at the early stages in the market initiative but trials (with highly desired content) are expanding and user activity is increasing.

Sam Ritchie - our new Chief Financial Officer - also joined in April 2020. Sam is not new to the company having served as the company's audit manager in prior years but Sam took on the challenge of managing this department in a new remote working environment and transitioning the department to handle increased demand on administrative services.

While the company has made noticeable improvements to its core fundamentals, the most significant changes are those made to the management group, and then the advances each of those leaders have made to their underlying departments. We have added and improved each group. As every day passes, I am consistently more optimistic that the Play MPE platform will expand significantly and that we will add adjacent and complementary business opportunities.

## Share Repurchase

As our cash balance has grown significantly and represents a significant portion of our market capitalization, management considered whether there were ways to better make use of this asset. In our view, given the large opportunities for organic revenue growth, the low cost of customer acquisition relative to customer lifetime value, and new addressable markets adjacent to Play MPE, investments in business development and engineering staff - designed to grow revenue and add to our platform - will yield the best return for our available cash.

## 2021 YTD share metrics

**Price +69%**  
**Volume +71%**

We are currently adding to our software engineering and business development teams. However, our current revenue growth is outpacing our growth in expenditures. In Q1-2021 we added more to our cash reserves than we could spend annually in our stock repurchase at the then current market prices. There were a number of indicators that suggested the company was trading well below fair market value.

Current operating expenditures can be grouped into four types; one time expenditures associated with staff restructuring, investments in upgrades to the Play MPE platform

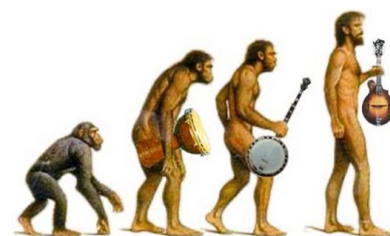
(caused primarily to underfunding in prior years), costs associated with revenue maintenance, and investments for growth. While the company is profitable, three of these groups hide the longer term net margins the business is able to achieve (two from adjustments from legacy issues and one from investments to grow). This further contributed to our view that, over the breadth of time, a share repurchase would provide significant return to remaining shareholders.

Calendar			Fiscal		
Year	OTC Volume	WA Price	Play MPE Revenue	Cash	Shares O/S
2017	851,180	\$1.05	\$3.41M	\$1.34M	11.00M
2018	1,616,580	\$1.02	\$3.54M	\$2.25M	11.00M
2019	1,962,476	\$1.06	\$3.75M	\$2.89M	11.00M
2020	4,694,349	\$0.68	\$3.80M	\$2.62M	10.45M
2021*	1,173,268	\$1.15			

\* year to date

## Looking forward

We are seeing a continual evolution in the way the music industry operates. Play MPE stands at the gateway between record labels and music curators and we believe Play MPE is uniquely situated to add additional services to our platform; to put more of the services record labels need under one



umbrella that they already use daily. Our first priority is to expand the use of Play MPE into more countries, more genres and to more recipient types. In this effort, we believe our platform is the strongest in the industry and has the largest global market share. As the global market is fragmented with many competing services, Play MPE has significant room to grow on its core offering. With market leading and growing platform we are better positioned to add services that expand our addressable market. One area of interest is the addition of synthesized data sets that are in high demand. Our opportunities extend far beyond and we have revamped our management group to generate, build and capitalize on these ideas.