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

(Mark One)

FORM 10-K

[X] **Annual Report Pursuant To Section 13 or 15(d) of the Securities Exchange Act Of 1934**

For the fiscal year ended **August 31, 2021**

[ ] **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act Of 1934**

For the transition period from _____ to _____

Commission File Number: **0-28259**

DESTINY MEDIA TECHNOLOGIES INC.
(Name of registrant as specified in its charter)

NEVADA (State or other jurisdiction of incorporation or organization)	**84-1516745** (I.R.S. Employer Identification No.)
1110 - 885 West Georgia Street, **Vancouver, British Columbia, Canada** (Address of principal executive offices)	**V6C 3E8** (Zip Code)

604-609-7736
Registrant's telephone number, including area code

Securities registered under Section 12(b) of the Exchange Act: **NOT APPLICABLE**

Securities registered under Section 12(g) of the Exchange Act: **COMMON STOCK, $0.001 PAR VALUE PER SHARE**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. [ ]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. [ ]

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	[ ]	Accelerated filer	[ ]
Non-accelerated filer	[ ]	Smaller reporting company	[X]

If an emerging growth company, indicate by check mark 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 [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

The aggregate market value of the voting and non-voting common equity held by non-affiliates as of the last business day of the registrant's most recently completed second fiscal quarter was $8,783,345

The number of shares outstanding of the registrant's common stock, par value $0.001, as of November 17, 2021 was 10,251,261.

DOCUMENTS INCORPORATED BY REFERENCE

None

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PART I

FORWARD LOOKING STATEMENTS

The information in this Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These forward-looking statements involve risks and uncertainties, including statements regarding Destiny Media's capital needs, business strategy and expectations. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may", "will", "should", "expect", "plan", "intend", "anticipate", "believe", "estimate", "predict", "potential" or "continue", the negative of such terms or other comparable terminology. Actual events or results may differ materially. In evaluating these statements, you should consider various factors, including the risks outlined below under "Item 1A. Risk Factors", and, from time to time, in other reports Destiny Media files with the SEC. These factors may cause Destiny Media's actual results to differ materially from any forward-looking statements. Destiny Media disclaims any obligation to publicly update these statements, or disclose any difference between its actual results and those reflected in these statements. Such information constitutes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995.

CURRENCY

All dollar amounts in this Annual Report on Form 10-K are presented in United States dollars unless otherwise indicated.

ITEM 1. BUSINESS.

OVERVIEW AND CORPORATE BACKGROUND

Destiny Media Technologies Inc. was incorporated in August 1998 under the laws of the State of Colorado and the corporate jurisdiction was changed to Nevada effective October 8, 2014. We carry out our business operations through our wholly owned subsidiary, Destiny Software Productions Inc., a British Columbia company that was incorporated in 1992, MPE Distribution, Inc. a Nevada company that was incorporated in 2007 and Sonox Digital Inc. incorporated under the Canada Business Corporations Act in 2012. The "Company", "Destiny Media", "Destiny", "we" or "us" refers to the consolidated activities of all four companies.

Our principal executive office is located at Suite 1110, 885 West Georgia Street, Vancouver, British Columbia V6C 3E8. Our telephone number is (604) 609-7736 and our facsimile number is (604) 609-0611.

Our common stock trades on TSX Venture Exchange in Canada under the symbol "DSY", on the OTCQB U.S. ("OTCQB") under the symbol "DSNY", and on various German exchanges (Frankfurt, Berlin, Stuttgart and Xetra) under the symbol DME, WKN 935 410.

Our corporate website is located at http://www.dsny.com.

OUR PRODUCTS AND SERVICES

Destiny develops and markets software as a service (SaaS) solutions that solve critical digital distribution and promotion problems for businesses in the music industry. The core of our business is Play MPE®. Play MPE® is a service for promoting and securely distributing broadcast quality audio, video, images, promotional information and other digital content through the internet. The system is currently used by the recording industry for transferring pre-release broadcast quality music, radio shows, and music videos to trusted recipients such as radio stations, media reviewers, VIP's, DJ's, film and TV personnel, sports stadiums and retailers. Music is protected by Play MPE®'s patented propietary watermarking system which provides watermarks unique to each recipient.

Destiny is currently developing additional functionality and services that are expected to increase the services to existing platform users and therefore expand Play MPE®'s addressable market, or act as catalysts to the Company's sales activities. As well, the Company is investing into research and development on incremental product offerings expected to add addressable market opportunities.

Play MPE®

The Company's core business is the Play MPE® platform. Play MPE® is a two-sided B2B marketplace that enables music labels and artists to distribute promotional content and musical assets on the one side, and for music broadcasting professionals, music curators and music reviewers to discover, download, broadcast and review the music, on the other. Play MPE® provides a software based tool to assist record labels and artists in marketing their music. Record labels and artists are Play MPE®'s customers and pay for submission into the system. Recipients are provided no charge access to review music. When adding music to the Play MPE® system, record labels are targeting specific industry recipients who review and broadcast their music. With this marketing effort, record labels are targeting an increase in their revenue directly through on-air broadcast royalties, streaming royalties and synchronization revenue (revenue when the reproduction of a song is coordinated with video advertisements, television, or film), and indirect increases in revenue through growing song and artists' popularity (for example concert ticket sales etc.).

Customers range from small independent artists, to the world's largest record labels; (the "Major Record Labels") (Universal Music Group ("Universal"), Warner Music Group "Warner" and Sony Music Entertainment "Sony"). Customers choose Play MPE® for its powerful set of tools, ease of use and its effectiveness in achieving the record label's promotional objectives. Recipients enjoy easy access to desirable music in high quality audio files.

Play MPE® CASTER (Distribution software)

Play MPE®'s Caster is a full-service distribution management system that includes a complete set of operational functions that provide all necessary software tools to enable labels to manage global marketing campaigns. Broadly, these components include administration functions and distribution functions. Administration functions allow management of labels and sub-labels, management of the assets (audio files, video files, and associated cover art, artist information) that are distributed, and management of client-side users and user permissions (roles with selectable capabilities). Distribution management functions offer powerful contacts management capabilities, release creation, distribution announcements and distribution scheduling, digital rights management by release and by recipient, and release replication and its associated scheduling and digital rights management components.

This full suite of tools within Play MPE® was developed for the music industry and in close collaboration with Universal to cater the functions to its global marketing workflow. Many clients do not use the full suite of tools. However, this full set of tools is critical to Universal's global promotional campaign workflow and the core reason Play MPE® distributes internationally for Universal.

During fiscal 2021, the majority of the Company's investments in caster focused on moving all users within Universal to Play MPE®'s web-based platform. This effort required significant investment in the release replication, contacts management and release scheduling functions. With this transition, customers will have top-down management over assets and will provide numerous efficiencies in coordinating global marketing campaigns. Release replication was released July 2021, contacts management was released August 2021, and release scheduling was released in beta immediately following year-end. The transition of moving all users within Universal to the web-based platform is currently scheduled to be complete by March 2022. Along with this transition of the distribution hubs in London, England and Los Angeles, USA, various territorial promotions teams will transition and new territories are expected to be added. Use of Play MPE® by Universal provides an "anchor tenant" that drives recipient engagement and is strategically significant to Play MPE®'s expansion goals.

Caster is available in English, Spanish, German, Japanese and French.

Play MPE® is a permissions-only access system such that only recipients designated or targeted to receive content obtain access to that content. Record labels can use Play MPE®'s contacts management system to administer recipient lists. Contacts management offers several features that facilitate efficient updates and maintenance actions that are critically important where users maintain a large recipient database, across multiple users, and multiple recipient lists. Absent these features, list maintenance becomes overly cumbersome, inefficient and leads to inaccuracies. The functionality within the contacts management system is critically important to both distribution hubs at Universal and the Play MPE® operations team to efficiently maintain accurate and active recipient lists.

Within Play MPE®'s contacts management platform, the Company's operations team offers for sale carefully curated and actively maintained recipient lists with more than 14,000 music curators around the world. These lists include complete lists in 12 countries, and lists under construction in an additional 38. These selectable lists eliminate the need for our clients to maintain current recipient contact information. These lists offer significant value to all customers, but are necessary for smaller independent labels and artists who do not have the resources to maintain current contacts. Without these curators lists, many sales would not be possible. As active lists in new territories are completed, Play MPE® will grow revenue.

In addition to the contacts management functionality, the Play MPE® product and engineering staff are developing new technical processes to facilitate list development and maintenance. With these technical solutions, it is expected that Play MPE® will expand saleable lists and thereby increase revenue.

Play MPE® Player

Music curators enjoy free access to review and download content through an easy-to-use web-based player or mobile player apps (iOS and Android). Web-players are currently available in 15 different languages; English, Spanish, Swedish, Finnish, Italian, Dutch, Portuguese, French, Japanese, German, Norwegian, Latvian, Lithuanian, Estonian, and Danish.

In developing Play MPE®'s recipient interfaces, the Company's product and engineering teams focus on providing a very positive user experience. Recipients enjoy many features that make it easy to access, collaborate, review, and search for content. Play MPE®'s mobile apps offer off-line listening capabilities, the ability to utilize Google Chromecast and Apple Airplay streaming capabilities, creation of playlists, sorting, flagging and archiving features, and easier to access release metadata. Recipient side satisfaction directly increases activity which directly improves the effectiveness of promotional efforts of record label customers.

Recipients on the Play MPE® platform have a wide variety of personas and include programming directors for internet streaming, satellite or terrestrial radio, retail store broadcasters, sports stadium DJs, clubs, events, music reviews in newspapers or magazines, on-air personalities, music supervisors who program TV, movies, commercials or video games, or "A&R" representatives at larger record labels. Each recipient within the Play MPE® platform has a unique library of music catered and appropriate for that recipient.

Clipstream®

The Company also developed, Clipstream®, for the online video industry for which it is pursuing strategic alternatives. The Clipstream® Online Video Platform (OVP) is a self-service system, for encoding, hosting and reporting on video playback which can be embedded in third party websites or emails. Playback is currently through the Company's proprietary JavaScript codec engine, which is only available on the internet through the Company. The unique software-based approach to rendering video, has patents claiming initial priority to 2011. This product has incidental revenues and is not supported or marketed.

BUSINESS DEVELOPMENT

Play MPE®

The Company's immediate term objective is to expand its global market share of the promotion distribution of music by expanding the use of the Play MPE® platform in new market segments and well established markets. Management believes that its current competitive advantages and market dynamics will lead to an increased market share for Play MPE® worldwide. The Company's global agreement with Universal, market leading distribution channels and the inherent advantages of the Play MPE® platform all increase business development opportunities.

This core business supports and complements the Company's investments in additional product developments that will increase the Company's addressable markets. Management has identified opportunities to provide additional products and revenue streams and has commenced investments these business opportunities.

The core value proposition, and key to Play MPE®'s success, is its positive impact on marketing campaigns. This impact arises from activity on both sides of the platform within a market segment. Play MPE® has long standing and well-established use in several genres of music in the United States, and all music genres in Australia, New Zealand, Sweden, Finland, Norway, and Denmark.

Developing markets include Latin American countries, Canada, Latvia, Lithuania, Estonia, South Africa, additional genres of music within the USA, and a global Jazz presence. Play MPE® also has a presence in numerous additional market segments with Universal's global distribution.

In core markets, Play MPE® revenue increases as the number of songs made available to recipients receiving this content increases. Sending a song to one recipient is referred to as a "Distribution" in the Company's tracked metrics and is a key performance indicator. Total distributions in both existing and developing markets grew by more than 37% in 2021.

Management has developed strategies for Play MPE® in existing markets is to increase and improve marketing efforts to attract and educate new customers, expand distribution opportunities to new types of recipients and to expand distributions from those within those markets to Play MPE®'s growing global distribution channels. Play MPE® provides recipient lists in several territories around the world. As Play MPE® enters new territories, distributions commence both in that specific territory and international distributions expand. Thus as Play MPE®'s core market grows this type of distribution should grow exponentially.

During 2021, Play MPE®'s marketing team commenced a series of initiatives that include partnerships with music related associations and awards, social media posts, blog posts, and advertising. Our marketing team began creating benchmarks to measure various campaigns. Lead generation during the year grew by 28.6%.

Management's strategy in new developing markets starts with providing access to the system without commercial arrangements at the initial stage to "seed" the platform with desirable content. This content is required to directly engage recipient activity. Typically, this content comes from key record labels that provide currently popular or catalogue content from the world's most popular musicians. Content that normally drives recipient activity comes from the Major Record Labels or larger multi-national independent record labels ("Major Independent Labels"). To establish initial use in a new market, our business development and marketing staff collaborate to expand brand awareness, educate customers and establish trial use.

As recipient activity builds, our operations team adds saleable distribution lists in these new territories. During fiscal 2021, the Play MPE® operations team commenced the construction of numerous lists in developing markets which became available for trial use. These recipient lists are critical for sales to smaller labels and artists who do not have the capacity to maintain current and complete contact information. When recipient lists are complete and active, they provide significant value to our customers and become available for sale.

With a global agreement with Universal, Play MPE® typically benefits from an implied endorsement and introduction into new territories. As Universal completes its transition to the web-based version of Play MPE® during fiscal 2022, we expect to see increased opportunities to enter new markets.

During fiscal 2021, to facilitate and accelerate our new market acquisition, we began adding to and restructuring our business development team. During the year we added six (6) business development account representatives and support staff in the United States and Canada for a net growth of four (4).

Latin

The Company's Latin initiative refers to music curators of Latin music and all territories where Spanish is predominant and includes; the United States, Spain, the Caribbean, Central America and South America. This segment is currently highly fragmented and does not benefit from any one well established system for distribution and review. As a result, the Company believes its focussed business development effort, and market leading advantages will result in considerable growth in this segment. In fiscal 2021, Warner Music Latina, and several Major Independent record labels; J&N Records, Morena Records, Criteria Entertainment, 300 Entertainment, Empire Distribution, Azteca Music Group and Del Records all commenced seeding content throughout our Latin markets distributing more than 400 releases to all territories. These territories now include active Play MPE® users in the United States (and Puerto Rico), Mexico, Colombia, Dominican Republic, Cuba, Guatemala, Honduras, Nicaragua, Costa Rica, Panama, Ecuador, Peru, Brazil, Bolivia, Chile, Uruguay, Argentina, and Spain. This new usage builds on longer standing use by Universal in Spain, Argentina and Chile. Total active users in these territories grew by 130% during fiscal 2021.

Concurrent to Play MPE®'s efforts to grow available content, the Company's operations group began constructing distribution lists throughout the territory. Preliminary experience suggests that well maintained and accurate recipient lists are critical not only to independent record labels but also to larger Major Independent and Major Record Labels.

The Company's product website, explanatory videos, Caster software and player software are all available in Spanish.

Canada

In 2019, the Company saw an opportunity to expand into Canada due to the relative strengths of Play MPE® over an established system which operates within Canada. While the competing system in Canada has numerous competitive weaknesses, it benefits from brand awareness and process inertia. In order to attract users to the Play MPE® platform, the Company focused its business development efforts on garnering Major Label and Major Independent content. In late January 2020, Universal Music Canada commenced distribution of all releases within Canada. By Q3 2020, Sony Music Canada had commenced sending all content through Play MPE® and in Q4 of 2021, Warner Music Canada commenced releasing content through Play MPE®. All three Major Labels are now regularly using Play MPE® in Canada to varying extents. In fiscal 2021, Canadian releases (unique pieces of content like singles or albums) were up 198%, Sends (a Releases to a recipient) were up 300% and Distributions (songs to recipients) were up 508% to over 7,500,000 distributions in Canada in 2021. By the end of fiscal 2021 active recipient users in Canada had grown by 52% to over 1,100.

As the market becomes more aware of Play MPE®, recipient reaction has been overwhelmingly positive.

One sub-segment of the Canadian market where there is no dominant system was in French Canadian content. Following a brief but successful trial period, Play MPE® signed one of the largest distributors of French language content in Canada.

Distributions within Canada by Canadian record labels are primarily part of the non-commercial "seeding" stage as Play MPE® continues to advance brand awareness and user activity. However, as Canadian record labels become aware of Play MPE® international presence, these labels have commenced distributing to Play MPE®'s international recipient lists. These distribution opportunities to an international audience with an active recipient base are not available in the local platform and represent a significant value add to Canadian independent record labels.

Play MPE® expects to add recipient lists in French speaking territories due to the demand from French Canadian artists.

Revenue from Canadian labels grew by 170% from fiscal 2020 to fiscal 2021.

South Africa

Play MPE® has been in active use by Universal Music South Africa within South Africa since 2016. Warner Music South Africa commenced trials with Play MPE® in mid fiscal 2020. Play MPE® has now developed an established user base and brand recognition. Near the end of fiscal 2020 Stamp Communications ("Stamp") began representing Play MPE® to local independent labels and artists resulting in Play MPE®'s first independent record label sales. Sales to independent record labels within South Africa were relatively small in fiscal 2021. However, the Company expects this revenue is the start of a long and persistent growth pattern analogous to independent record labels sales in the United States where revenue has consistently grown by more than 9% per annum over the trailing twelve years. The charting success of distributions made through the Play MPE® platform by our independent record labels serves as an impressive marketing tool. Our trial with Warner Music South Africa proved very successful and resulted in a new two-year renewable exclusive commercial agreement effective immediately following fiscal 2021.

Perhaps most importantly, the Company believes that the South African market will act as an influential strategic stepping stone to the African market generally and the Company has commenced small distributions and training beyond South African borders.

United States

Play MPE® has a very long history and strong user base within the Christian, Country, Non - Commercial/NPR, College, Adult Contemporary and Alternative music genres within the United States. Play MPE® has stronger competition in various Rock genres, Urban, Rhythmic and Pop/Top 40 formats. It is within these underserved genres where Play MPE® can grow substantially within the United States.

The Company is focused on capitalizing on recent investments in the platform, commercial arrangements with the Major Labels within the United States and platform functionality. As part of the additions to the business development group during the year, the Company added team members with broad promotions and radio experience in Rhythmic, Urban and Top 40 formats.

With our focus on this segment, The Company has since had new or increased usage in these formats from major labels such as Sony sub labels: Arista, Columbia, Epic and RCA. Warner sub labels: Warner Records and Atlantic Records, Universal sub label: Republic as well as independent labels such as Empire Distribution and 300 Entertainment.

The improved flow of content which is distributed through the Play MPE® platform, has improved engagement with recipients in the various formats. Compared to fiscal 2020, the number of active recipients in the Top 40 genre increased by 13%; Rhythmic by 24.8%, and Urban by 23.5%. The Company will continue to focus on these genres and establish independent record label sales.

Other

Concurrent with broad efforts to grow the core of our existing Play MPE®, our product, engineering and business development staff evaluate and explore possible complementary business opportunities. As the music industry is evolving, these opportunities are plentiful. We evaluate these opportunities based on risk reward where reward is direct new business revenue and complementary impact on the Play MPE® business.

Clipstream®

In fiscal 2018, after completing a detailed review of the resources required to progress Clipstream further, the Company stopped development. Business development efforts are focused on identifying strategic alternatives for this product, business, and intellectual property outside the Company.

Significant Customers

During the year ended August 31, 2021, we generated 41% of total revenue from one customer (2020 - 42%).

OUR BUSINESS OPERATIONS

We lease approximately 6,600 square feet of office space, with the lease expiring in June of 2022, and we currently have 34 total employees. Our employees include our President and Chief Executive Officer, our Chief Financial Officer, one finance and administrative personnel, nine operational and technical support staff, eight sales and marketing staff, five product development staff, and nine software developers. We also employ contractors as needed.

COMPETITION

Play MPE®

Play MPE® began as a first-to market digital promotional distribution platform as a replacement to physical delivery of CDs. As a result, Play MPE® has competitive barriers to entry in its core market segments. These barriers come from an established network of use and from platform design. Play MPE® provides a superior user experience on both sides of the platform and has functions, not offered in competing archival systems, that are critically important to certain commercial arrangements. The many advantages that Play MPE® possesses over competitors serves to increase activity on both sides of the platform. With increased activity, a marketing campaign's effectiveness increases and this is the key value proposition with Play MPE®.

Play MPE® has numerous regional competitors that are typically isolated to a specific segment. Competitive alternatives include; physical delivery, one-time digital deliveries providers or digital archives. Digital archives are libraries of browsable music content that keep music in an organized database that can be accessed over a period of time. Play MPE® is a digital archive.

As digital delivery services do not provide organized content, if that first send is not successful, the effectiveness falls precipitously. Play MPE® offers significant advantages over these services. In many cases, these options are not designed for the industry, do not provide integrations, do not provide reporting, and artist information and metadata are unavailable or less accessible. While these options are typically less expensive, they also provide significantly lower value.

Play MPE®'s advantages over competing archival platforms can be grouped into functionality that is either necessary to efficiently manage global marketing processes, or functionality that is isolated to local promotions campaigns or a more intuitive, improved user experience.

Functionality that assists in global marketing campaigns include administrative functions, and release replication.

Administration functions (label management, permissions management and asset management) are not typically necessary where only one staff member releases content for one label to one territory. In all other cases, these functions provide the flexibility to manage all functions under one platform. The Company is unaware of any competitive platform that provides these capabilities and these functions are critical for Universal.

Release replication allows local offices of a global label to reuse a particular release but modify and cater that release for the local consumption. These local modifications can include language translations, recipient selection, and information specific to the market (eg. concert dates). With this feature, local offices save time in uploading files and entering metadata. Eliminating the need to re-enter data reduces errors. Metadata includes International Standard Recording Codes "ISRC". These codes determine royalty remittances and errors in these codes directly impact royalty remittance.

In addition to saving time and reducing error, release replication facilitates timely promotional campaigns where content can be scheduled, released and accessed with dependent permissions as the record label determines. In addition, content access can be changed or revoked easily. Competitive platforms do not provide these functions. Release replication is critical for Universal's global workflow and is also used regularly by Warner in Europe. Release replication has periodically been used to facilitate new use in new markets and the Company believes this will facilitate new multinational use.

Release scheduling provides full flexibility in determining when music becomes available to stream or download, or ceases to be available or when notifications are distributed. Within Play MPE®, content owners can easily schedule these capabilities by recipient or recipient lists, all in one easily accessible interface. These schedules can easily be modified if necessary. The Company is unaware of any competitive system that provides these functions and these functions are critical to Universal's workflow. For other customers, the flexibility of release scheduling is beneficial in release management but less critical.

Contacts management provides numerous functions that facilitate list management within a record label or group of record labels. Within contacts management, recipients can be updated across lists at the same time, lists can easily be created with existing recipients etc. While the Company is aware of competing systems that permit the upload of contact lists, the Company is unaware of any competing system with these capabilities to manage, and update recipients, contacts lists, list creation or list and recipient edits across lists. These capabilities are critical for Universal and the Company's operations department to maintain recipient information and recipient lists across labels and territories. The Company is unaware of any competitor that offers active recipient lists in as many territories and this capability is critical where labels wish to expand marketing efforts internationally.

Play MPE® is used commercially by all three Major Record Labels in five territories, by two Major Labels in ten territories and in numerous additional territories at the seeding stage of network development. This network of use provides desirable content which drives activity and is a significant barrier to entry by competitors in these territories. The Company expects that the combination of this activity and the functionality of the platform (release replication features, contacts management, security and administrative functions, language translations, list management services and content security) will ultimately lead to market domination in several new market segments.

Play MPE®'s features that facilitate global marketing campaigns are critical to the Company's global agreement with Universal and a significant barrier to entry for a competitive offering. This agreement facilitates use by Universal in numerous territories globally but does not guarantee it. These functions are currently less important when business development staff are targeting regional offices of Major Labels or independent record labels in a specific territory. However, as the Company completes the migration of these functions to the web-based platform in early fiscal 2022, business development staff will reignite efforts to leverage these capabilities to establish global agreements with other international users.

When targeting a specific and incremental territory, the Company either has a dominant competitor or the market is fragmented. In both cases, it is critical that Play MPE® establish a network of activity on both sides of the platform by gathering content and obtaining recipient activity.

Where Play MPE® has an established competitive platform, Play MPE®'s success will depend on whether its ease of use and added functionality will outweigh the brand awareness and process inertia associated with the competing platform.

In these cases, Play MPE® advantages include more powerful notification creation, notification templates and savable templates, greater flexibility in release scheduling and its associated digital rights management, managed recipient lists or more accurate recipient lists, greater international recipient usage, more intuitive user interface, timely notifications, more robust server infrastructure and a more positive recipient user experience. Even with all these advantages, to displace an existing network of use takes time, persistence and a strong business development team.

GOVERNMENT REGULATION

We are not currently subject to direct regulation by any governmental agency other than laws and regulations generally applicable to businesses. It is possible that a number of laws and regulations may be adopted in both the United States and Canada with particular applicability to the Internet. Governments have and may continue to enact legislation applicable to us in areas such as content distribution, performance and copying, other copyright issues, network security, encryption, the use of key escrow data, privacy protection, caching of content by server products, electronic authentication or "digital" signatures, illegal or obscene content, access charges and retransmission activities. The applicability to the Internet of existing laws governing issues such as property ownership, content, taxation, defamation and personal privacy is also uncertain. Export or import restrictions, new legislation or regulation or governmental enforcement of existing regulations may limit the growth of the Internet, increase our costs of doing business or increase its legal exposure.

The Company owns proprietary algorithms, source code, web domain addresses, patents, trademarks and other intellectual property.

Patents

1. **Digital Locking "Digital Media Distribution Method and System" (US Patent No. 7466823)**

   This patent provides a method of locking digital content which prevents play back on unauthorized machines and devices. Claims include separating security from the content, so that content files can be shared securely over peer to peer networks. This is one of the earliest patents for securing peer to peer distributed content.

   One of the more important claims in this patent is the ability to uniquely recognize a particular computer. Uniquely identifying a person's computer is a common issue which is usually approached by saving cookies or beacons to the user's computer or by tracking IP addresses. These are not reliable solutions as cookies are easily deleted and IP addresses easily changed. Destiny's propriety hash code process creates a serial number that can be used to recognize the user on subsequent visits without ever saving anything to that user's computer.

2. **Watermarking "Methods for Watermarking Media Data"**

   i. US Patents No. 7983441,8300885, 9165560, 9679574
   ii. US pending application No. 15/358834

We have a developed a watermarking technology which can uniquely identify the individual who originally accessed a particular song. Our watermark is unique as it can be embedded and identified rapidly, it is inaudible, it survives on air broadcast, compression and conversion to other formats and is virtually impossible to remove. Our watermarking technology is used in the Play MPE® distribution system when songs are exported or when streaming a track. Other watermarking technologies are slow and provide a trade-off between a destruction of audio quality and the ease that they can be filtered out. When the original patent claims were granted in the US, the Company filed a set of new additional, broader claims in a continuation application in Canada and the US to further protect the technology.

3. **Cross Platform Streaming Video "Script Based Video Rendering"**
   a. US Patents No. 9143826, 9137567, 9215499, 9571886, 9380338, 9432726 and 9432727
   b. China Patent No. 201280050754.7
   c. Pending India Application No. 1961/DELNO/2014

This solution enables publishers to serve streaming video from their web site without the need for a separate streaming server. The solution will play instantly in all recent browsers, including mobile devices, without the need for a separate video player.

Registered Trademarks

Play MPE®
Granted: USA, Canada, Japan, European Union, China and Australia

MPE®
Granted: Canada, Japan,

Sonox Digital®
Granted: China, Canada

Clipstream®
Granted: USA, Canada, Japan, Israel, European Union, China and Australia

Domain Names

We own a large number of domain names, including many valuable four-letter domain names (dice.net, dsny.com) and URL's featuring common words (radio-play.com, streamingaudio.com, pirateradio.com and many others.)

ITEM 1A. RISK FACTORS.

We face risks in executing our business plan and achieving revenues. The following risks are material risks that we face. We also face the risks identified elsewhere in this Annual Report, including those risks identified under "Item 1. Business", including Competition and Government Regulation, and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations". If any of these risks occur, our business and our operating results and financial condition could be seriously harmed.

If revenues decline, then our financial condition and results of operations will be adversely affected.

99% of our revenue is generated from our Play MPE® distribution service. Competitors may arise and/or customers may not renew distribution contracts. This factor could cause our revenue to decrease with the result that our financial condition and operating results would be adversely affected. Competitors have been small, regionally based, have limited resources, and have yet to capture a material share of the market. If a competitor were to develop a comparable or superior product, our market share could be reduced.

If we are not able to control our operating expenses, then our financial condition may be adversely affected.

Operating expenses were $3,400,050 for the year ended August 31, 2021 and $3,360,953 for the year ended August 31, 2020 while our revenues were $4,172,473 and $3,824,565, respectively. Our ability to maintain profitability is conditional upon our ability to control our operating expenses. There is a risk that we will have to increase our operating expenses in the future. Factors that could cause our operating expenses to increase include our determination to spend more on sales and marketing in order to increase product sales or our determination that more research and development expenditures are required in order to keep our current software products competitive or in order to develop new products for the market. To the extent that our operating expenses increase without a corresponding increase in revenue, our financial condition would be adversely impacted.

If we are not successful in legal proceedings against us, then our business and financial condition could be adversely affected.

The Company is subject to claims and legal proceedings that arise in the ordinary course of business. Such matters are inherently uncertain, and there can be no guarantee that the outcome of any such matter will be decided favorably to the Company or that the resolution of any such matter will not have a material adverse effect upon the Company's financial statements. The Company does not believe that any of such pending claims and legal proceedings will have a material adverse effect on its consolidated financial statements, however if we are not successful in these legal proceeding and are forced to make payments of damages to the plaintiffs, then our business and our financial condition would be adversely affected.

Our financial results may be adversely impacted by currency fluctuations.

Our revenues are primarily in United States dollars and Euros while our operating expenses are primarily in Canadian dollars. An increase in the value of the Canadian dollar in relation to the United States dollar and/or Euro could have the effect of decreasing our income from operations. We do not currently hedge our foreign currency exposures.

If our products are defective or contain errors, we may become subject to product liability claims.

As a result of their complexity, our software products may contain undetected errors or failures when first introduced or as new versions are released. There can be no assurance that, despite testing we undertake and testing and use by current and potential customers, errors will not be found in new products after commencement of commercial use. The occurrence of such errors could result in loss of or delay in market acceptance of our products, which could have a material adverse effect on our business, financial condition and results of operations. Our products also may be vulnerable to break-ins and similar disruptive problems caused by Internet or other users.

Such computer break-ins and other disruptions would jeopardize the security of information stored in and transmitted through the computer systems of our customers, which may result in significant liability to us and deter potential customers. The sale and support of our products may entail the risk of liability claims. A product liability claim brought against us could have a material adverse effect on our business, financial condition and results of operations.

Successful expansion of our business will depend on our ability to manage growth.

Should we be successful in the sales and marketing efforts of our software products, we will experience significant growth in operations. If this occurs, management anticipates that additional expansion will be required in order to continue our product development. Any expansion of our business would place further demands on our management, operational capacity and financial resources. We anticipate that we may need to recruit qualified personnel in all areas of its operations, including management, sales, marketing, delivery, and software development. There can be no assurance that we will be effective in attracting and retaining additional qualified personnel, expanding its operational capacity or otherwise managing growth. In addition, there can be no assurance that our current systems, procedures or controls will be adequate to support any expansion of our operations. The failure to manage growth effectively could have a material adverse effect on our business, financial condition and results of operations.

Our network infrastructure could be vulnerable to system failure and/or security risks.

Despite the implementation of security measures, our network infrastructure could be vulnerable to unforeseen computer problems. Although we believe we have taken steps to mitigate much of the risk, we may in the future experience interruptions in service as a result of the accidental or intentional actions of Internet users, current and former employees or others. Unknown security risks may result in liability to us and also may deter new customers from purchasing our software and services, and individuals from utilizing it. Although we intend to continue to implement and establish security measures, there can be no assurance that measures implemented by us will not be circumvented in the future, which could have a material adverse effect on our business, financial condition or results of operations.

Our business depends on continued development of the internet and intranets as mediums of commerce and communications, and our ability to evolve along with these mediums.

The market for our streaming media products and services is new and evolving rapidly. It depends on increased use of the Internet and intranets. If the Internet and intranets are not adopted as methods for commerce and communications, or if the adoption rate slows, the market for our products and services may not grow, or may develop more slowly than expected.

Sales of our products depend in large part on the continued development of the Internet as a viable commercial marketplace. There are now substantially more users and much more "traffic" over the Internet than ever before, use of the Internet is growing faster than anticipated, and the technological infrastructure of the Internet may be unable to support the demands placed on it by continued growth. Delays in development or adoption of new technological standards and protocols, or increased government regulation, could also affect Internet use. In addition, issues related to use of the Internet and intranets, such as security, reliability, cost, ease of use and quality of service, remain unresolved and may affect the amount of business that is conducted over the Internet and intranets.

We could experience product delays and errors, which could affect our ability to adapt to technological changes and evolving industry standards.

We have experienced development delays and cost overruns associated with our product development efforts. We may encounter such problems in the future. Delays and cost overruns could affect our ability to respond to technological changes, evolving industry standards, competitive developments or customer requirements. Our products also may contain undetected errors that could cause adverse publicity, reduced market acceptance of the products, or lawsuits by customers.

Our business could be adversely affected by online commerce security failures.

Online commerce and communications depend on the ability to transmit confidential information securely over public networks. Any compromise of our ability to transmit confidential information securely, and costs associated with the prevention or elimination of such problems, could have a material adverse effect on our business.

Our business is international, and could be affected by unexpected changes in international regulatory standards and laws.

We market and sell our products in the United States, Canada, Europe, Asia, South America, Africa and Australia. As such, we are subject to the normal risks of doing business abroad. Risks include unexpected changes in regulatory requirements, export and import restrictions, tariffs and trade barriers, difficulties in staffing and managing foreign operations, longer payment cycles, problems in collecting accounts receivable, potential adverse tax consequences, exchange rate fluctuations, increased risks of piracy, limits on the our ability to enforce our intellectual property rights, discontinuity of our infrastructures, limitations on fund transfers and other legal and political risks. Such limitations and interruptions could have a material adverse effect on our business.

Customer Concentration

During the year ended August 31, 2021, 41% of the Company's revenue is derived from one customer with operations in numerous countries. This customer is currently of key importance to our operations and any adverse change to the revenue from this customer would have a material adverse effect on our results of operations.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None

ITEM 2. PROPERTIES.

Our head office is located in leased premises at Suite 1110, 885 Georgia Street, Vancouver, British Columbia, Canada V6C 3E8. Our principal business operations are carried out from our head office. Our leased premises consist of approximately 6,600 square feet. We pay rent of approximately $28,000 Canadian (equal to approximately $21,000 US) per month. The lease expires June 30, 2022. We consider our leased premises adequate for our current business purposes.

ITEM 3. LEGAL PROCEEDINGS.

On September 5, 2017, the Company's former Chief Executive Officer of the Company, filed a Notice of Civil Claim in the Supreme Court of British Columbia against the Company, its subsidiaries, independent directors and current Chief Executive Officer, claiming damages for conspiracy, breach of contract, wrongful dismissal, defamation and aggravated and punitive damages. The Company believes the claims are without merit and will defend itself against the claims.

ITEM 4. MINE SAFETY DISCLOSURES.

Not Applicable

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Market Information

Our shares are currently trading on the OTCQB under the stock symbol DSNY. The high and the low trading prices for our shares for each quarter of the last two fiscal years were:

QUARTER	HIGH ($)	LOW ($)
1st Quarter 2020	$1.14	$0.79
2nd Quarter 2020	$1.16	$0.78
3rd Quarter 2020	$0.96	$0.49
4th Quarter 2020	$0.95	$0.48
1st Quarter 2021	$0.78	$0.52
2nd Quarter 2021	$1.50	$0.63
3rd Quarter 2021	$2.60	$1.07
4th Quarter 2021	$1.63	$1.10

The trades reflect inter-dealer prices, without retail mark-up, markdown or commission and may not represent actual transactions.

Our shares are also traded on the TSX Venture Exchange under the symbol DSY.

Holders of Common Stock

As of November 17, 2021 our shareholders' list for our common stock showed 56 registered shareholders and 10,251,261 shares of our common stock outstanding.

Dividends

We have neither declared nor paid any cash dividends on our capital stock and do not anticipate paying cash dividends in the foreseeable future. Our current policy is to retain any earnings in order to finance the expansion of our operations. Our Board of Directors will determine future declaration and payment of dividends, if any, in light of the then-current conditions they deem relevant and in accordance with applicable corporate law.

Recent Sales of Unregistered Securities

For a description of our equity compensation plans, please see Item 12 of this report on Form 10-K.

OTHER INFORMATION

None.

See "Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters" for a description of our securities authorized for issuance under equity compensation plans.

ITEM 6. SELECTED FINANCIAL DATA.

(Expressed in US dollars)		**2021**		**2020**		**2019**		**2018**		**2017**
Service revenue	$	**4,172,473**	$	3,824,565	$	3,809,092	$	3,606,471	$	3,445,014
Income (loss) from operations	$	**378,498**	$	144,979	$	581,125	$	649,406	$	274,434
Net income (loss)	$	**382,529**	$	169,415	$	610,778	$	656,270	$	288,781
Net income (loss) per common share, basic and diluted	$	**0.04**	$	0.02	$	0.06	$	0.06	$	0.03
Balance Sheet										
Working capital	$	**2,561,480**	$	2,423,774	$	2,809,689	$	2,280,695	$	1,661,850
Total assets	$	**3,866,448**	$	3,809,813	$	3,635,090	$	2,962,422	$	2,244,703
Long-term liabilities	$	-	$	219,063	$	-	$	-	$	-
Stockholders' equity	$	**3,118,398**	$	2,860,217	$	3,129,007	$	2,516,776	$	1,892,805

The selected financial data should be read in conjunction with the Consolidated Financial Statements and Notes thereto, and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Form 10-K.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion of our results of operations and financial condition should be read together with the consolidated financial statements and related notes that are included in this Annual Report on Form 10-K. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors.

RESULTS OF OPERATIONS FOR THE YEARS ENDED AUGUST 31, 2021 AND 2020

Revenue

Total revenue for the year ended August 31, 2021 increased by 9.1% over the same period in the prior year to $4,172,473 (2020 - $3,824,565) or by 5.4% adjusted for impacts of foreign currency fluctuations. Representing virtually all of our 2021 revenue, Play MPE® revenue increased by 9.3% year over year to $4,152,881 (2020: $3,798,317) or 5.6% adjusted for foreign currency fluctuations. The increase in Play MPE® revenue was seen from all geographic regions in which the we operate, other than Australasia.

The Company's revenues are denominated predominantly in US Dollars, Euros and Australian Dollars.

Currency	**2021 % of Total Revenue**	**2020 % of Total Revenue**
US Dollar	43%	44%
Euro	46%	48%
Australian	7%	7%
Other	4%	1%

Fiscal 2021 revenue growth has been a result of significant restructuring of the company's management team and business development group in 2020, refocusing on its core Play MPE® business and the commencement of seeding network use to expand territories.

Independent record label revenue grew by 23.1% for the year. The majority of growth in this segment came from an increase in leads, lead conversion and average revenue per sale within existing territories where Play MPE® has well established use. Also contributing to this growth is independent record label revenue in new territories as the Company has established sufficient use to begin to attract paid use. These new territories include the UK, Jazz globally, South Africa, newer genres of music in the US, and Canada.

Gross Margin

Gross margin for the year ended August 31, 2021 was 91% of revenue, which is comparable to the year ended August 31, 2020. The Company's cost of revenue consists of data hosting and processing charges, third party transaction related costs, and engineering, technical and customer support costs. These costs are driven by the size and volume of customer transactions processed, as well as the relative proportion of 'full service' versus 'self-service' revenue. Our self-service sales are derived from customers who have been provided with a customer account to access our encoder to independently upload and publish releases. Our full-service revenue is derived from customers who are fully serviced by our internal staff, who prepare and publish releases on their behalf. During the year ended August 31, 2021, our gross margin remained consistent over the prior year, as we saw service revenue grow from both customer types.

Operating Expenses

Overview

As our technologies and products are developed and maintained in-house, the majority of our expenditures are on salaries and wages and other associated expenses such as office space, office supplies and employee benefits. Our operations are primarily conducted in Canada and our costs are primarily incurred in Canadian dollars while our revenues are primarily denominated in Euros and US Dollars. Thus, operating expenses and the results of operations are impacted, to the extent they are not hedged, by the rise and fall of the relative values of the Canadian dollar to these currencies. The Company maintains a large portion of its financial reserves in Canadian dollars to mitigate the downside risk of adverse exchange rates.

Overall operating costs remained flat at $3,400,050 during the year ended August 31, 2021 (2020 - $3,360,953). Cost reductions in rent, marketing and various administrative costs were offset by an increase in costs generally as the Canadian rose relative to the US dollar. The Company also increased spending on business development, marketing and product development staff but this increased cost was offset by software product development costs were capitalized as the Company began significant investments into a new product designed to expand the Company's addressable market. Advertising and marketing expenses decreased by 42% as a result of decreased public relations efforts as a result of the covid-19 pandemic, as more fully described below.

Included in overall operating expenditures is approximately $155,000 in one-time restructuring costs. The Company made significant efforts to improve its business development team and add to its product design and development team. Improvements made to the business development team may have shorter term benefits to revenue but are designed to have significant improvements over the longer term as we expand to new markets.

General and administrative	**31-Aug 2021** (12 months) **$**	**31-Aug 2020** (12 months) **$**	**Change $**	**Change %**
Bad debt	(4,468)	12,744	(17,212)	-135.1%
Office and miscellaneous	152,963	151,070	1,893	1.3%
Foreign exchange	26,070	10,222	15,848	155.0%
Professional fees	214,971	243,996	(29,025)	-11.9%
Rent	22,309	25,655	(3,346)	-13.0%
Telecommunications	3,217	3,516	(299)	-8.5%
Travel	5,252	6,615	(1,363)	-20.6%
Wages and benefits	246,171	344,302	(98,131)	-28.5%
	666,485	798,120	(131,635)	-16.5%

Our general and administrative expenses consist of salaries and related personnel costs including overhead, office rent, and general office supplies. General and administrative costs also include professional fees and general and administrative travel expenditures. The decrease in wages and benefits relates to restructuring charges incurred in the year ended August 31, 2020.

Sales and marketing	**31-Aug 2021** (12 months) $	**31-Aug 2020** (12 months) $	**Change $**	**Change %**
Advertising and marketing	65,417	112,877	(47,460)	-42.0%
Rent	128,393	111,033	17,360	15.6%
Telecommunications	20,796	16,953	3,843	22.7%
Wages and benefits	1,218,626	843,501	375,125	44.5%
	1,433,232	1,084,364	348,868	32.2%

Sales and marketing expenses consist of salaries and related personnel costs including overhead, office rent, and telecommunications costs. Sales and marketing also includes advertising and marketing expenses, which consists of promotional materials, online or print advertising, business development tools, and marketing or business development related travel costs including attendance at conferences and trade shows, and label visits. The decrease in advertising and marketing expenses relates to reduced expenses incurred in respect of public relations initiatives, and reduced marketing and business development related travel due to the impacts of COVID-19. The increase in wages and benefits is associated with an increase in staffing in this department. We hired additional account executives and product development associates and consultants.

Product Development	**31-Aug 2021** (12 months) $	**31-Aug 2020** (12 months) $	**Change $**	**Change %**
Rent	87,737	118,898	(31,161)	-26.2%
Software services	71,184	75,390	(4,206)	-5.6%
Telecommunications	67,895	72,036	(4,141)	-5.7%
Wages and benefits	968,160	1,076,760	(108,600)	-10.1%
	1,194,976	1,343,084	(148,108)	-11.0%

Product Development costs consist of product and software development related salaries and personnel costs including overhead, office rent and telecommunications. Product development also includes consulting fees with respect to product development and deployment. The decrease in wages and benefits is related to an increase in staffing in product development, offset by $167,069 capitalized as software under development in fiscal 2021, resulting in an overall increase in expenditure for the year ended August 31, 2021.

Depreciation and amortization

Depreciation and amortization arise from property and equipment and from patents and trademarks. Depreciation and amortization decreased to $105,357 for the year ended August 31, 2021 from $135,385 for the year ended August 31, 2020, a decrease of $30,028 or 22.2%.

Other earnings and expenses

Interest income decreased to $4,031 for the year ended August 31, 2021 from $24,415 for the year ended August 31, 2020, a decrease of $20,384. The decrease is related to the maturity of our one-year guaranteed investment certificates during the year.

Net income

During the year ended August 31, 2021 we reported net income of $382,529 (2020 - $169,415). The increase in net income is attributable to a combination of (1) increased reported revenues and (2) an increase in certain operating expenses such as salaries and wages and marketing, as more fully described above.

Adjusted EBITDA is not defined under generally accepted accounting principles ("GAAP") and it may not be comparable to similarly titled measures reported by other companies. We used Adjusted EBITDA, along with other GAAP measures, as a measure of profitability because Adjusted EBITDA helps us to compare our performance on a consistent basis by removing from our operating results the impact of our capital structure, the effect of operating in different tax jurisdictions, the impact of our asset base, which can differ depending on the book value of assets, the accounting methods used to compute depreciation and amortization, the existence or timing of asset impairments and the effect of non-cash stock-based compensation expense. We believe Adjusted EBITDA is useful to investors as it is a widely used measure of performance and, the adjustments we make to Adjusted EBITDA, provide further clarity on our profitability. We remove the effect of noncash stock-based compensation from our earnings, which can vary based on share price, share price volatility and expected life of the equity instruments we grant. In addition, these stock-based compensation expenses do not result in cash payments by the Company. Adjusted EBITDA has limitations as a profitability measure in that it does not include interest expense on our debt, our provisions for income taxes and amortization, the effect of deferred leasehold inducement, the effect of noncash stock-based compensation expense and the effect of asset impairment.

The following is a reconciliation of net income from operations to Adjusted EBITDA:

		2021		2020
Net income (loss)	$	382,529	$	169,415
Interest income (net)		(4,031)		(24,415)
Depreciation and amortization		105,357		135,385
Stock based compensation		51,734		48,615
Deferred leasehold inducement		-		-
Adjusted EBITDA	$	535,589	$	329,000

LIQUIDITY AND FINANCIAL CONDITION

Our cash and cash equivalents and short-term investments balance increased by $129,832 during the year ended August 31, 2021 to $2,752,662 (2020 - $2,622,830). At August 31, 2021, we held $2,752,662 (August 31, 2020 - $1,841,340) in cash and cash equivalents and $nil (2020 - $781,490) in short term investments consisting of one-year Guaranteed Investment Certificates held through a major Canadian financial institution.

At August 31, 2021, we had working capital of $2,561,480 compared to $2,423,774 as at August 31, 2020. The increase in our working capital was primarily due our increased cash and cash equivalents at August 31, 2021.

At August 31, 2021, $2,367,337 in cash and short-term investments were held outside of the United States. At this time, we have no intention to repatriate this cash. However should we decide to repatriate in the future, taxes may need to be accrued and paid.

Cash Flows

Net cash provided in operating activities was $528,922 for the year ended August 31, 2021, compared to $272,213 for the year ended August 31, 2020. The increase is mainly attributable to the timing of receipts from our customers.

The cash provided by investing activities was $590,885 for the year ended August 31, 2021, compared to cash used in investing activities of $433,859 for the year ended August 31, 2020. The increase in cash provided by investing activities is a result of the maturity of short-term investments, consisting of one-year Guaranteed Investment Certificates, prior to August 31, 2021, offset by an investment in new capital assets and internally developed software.

Cash used in financing activities was $260,405 for the year ended August 31, 2021, consisting of the repurchase of common stock of the company for retirement under the normal course issuer bid announced in January 2021. Cash used in financing activities during each of the fiscal year ended August 31, 2020, was $533,223.

CAPITAL RESOURCES

The Company does not have any material commitments for capital expenditures and the Company is able to meet current and expected growth and increase in growth in revenue with current capital investments.

MATERIAL OFF-BALANCE SHEET ARRANGEMENTS

None.

CRITICAL ACCOUNTING ESTIMATES

We prepare our consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and make estimates and assumptions that affect our reported amounts of assets, liabilities, revenue and expenses, and the related disclosures of contingent liabilities. We base our estimates on historical experience and other assumptions that we believe are reasonable in the circumstances. Actual results may differ from these estimates.

The following critical accounting policies affect our more significant estimates and assumptions used in preparing our consolidated financial statements.

Revenue Recognition

The Company's revenue is derived from software as a service (SaaS) arrangements. The Company accounts for revenue in accordance with ASC 606, which the Company adopted on September 1, 2018 using the modified retrospective method.

The core principle of ASC 606 is to recognize revenue upon the transfer of products or services to customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for those products or services. ASC 606 prescribes a five-step model for recognizing revenue from contracts with customers: (1) identify the contract(s) with customers; (2) identify the separate performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the separate performance obligations in the contract; and (5) recognize revenue when (or as) the performance obligations are satisfied.

The majority of our revenue is generated from digital media distribution service. The service is billed either based on usage or on a fixed fee which is based on the volume and size of distributions provided. All revenues are recognized on a monthly basis as the services are delivered to customers.

Significant management judgments and estimates must be made in connection with determination of the revenue to be recognized in any accounting period. If we made different judgments or utilized different estimates for any period material differences in the amount and timing of revenue recognized could result.

Stock-Based Compensation

We recognize the costs of employee services received in share-based payment transactions according to the fair value provisions of the current share-based payment guidance. The fair value of employee services received in stock-based payment transactions is estimated at the grant date and recognized over the requisite service period. Determining the appropriate fair value model and calculating the fair value of stock-based awards requires judgment, including estimating stock price volatility, forfeiture rates and expected life.

We selected the Black-Scholes option pricing model as the most appropriate method for determining the estimated fair value of our share-based awards. The Black-Scholes model requires the use of highly subjective and complex assumptions which determine the fair value of share-based awards, including the option's expected term and the price volatility of the underlying stock. Our current estimate of volatility is based on historical and market-based implied volatilities of our stock price. To the extent volatility of our stock price increases in the future, our estimates of the fair value of options granted in the future could increase, thereby increasing stock-based compensation cost recognized in future periods. We derive the expected term assumption primarily based on our historical settlement experience, while giving consideration to options that have not yet completed a full life cycle. Stock-based compensation cost is recognized only for awards ultimately expected to vest. Our estimate of the forfeiture rate is based primarily on our historical experience. To the extent we revise this estimate in the future, our share-based compensation cost could be materially impacted in the quarter of revision, as well as in the following quarters. In the future, as empirical evidence regarding these input estimates is available to provide more directionally predictive results, we may change or refine our approach of deriving these input estimates.

Research and Development Expense for Software Products

Our software solutions are offered to our customers through software as a service delivery models. Development costs associated with the certain solutions offered exclusively through a software as a service model are accounted for in accordance with ASC 350-40. Internal-Use Software. All other client solution development costs, which represent a significant majority of development costs, are accounted for in accordance with ASC 985-20. Costs of Software to be Sold, Leased or Marketed.

Under ASC 985-20, software development costs incurred in creating computer software solutions are expensed until technological feasibility has been established upon completion of a detailed program design. Thereafter, all software development costs incurred through the -software's general release date are capitalized and subsequently recorded at the lower of amortized cost or net realizable value. Capitalized costs are amortized based on current and expected future revenue for each software solution with minimum annual amortization equal to the straight-line amortization over the estimated economic life of the solution. We amortize capitalized costs over five years.

Under ASC 350-40, software development costs related to preliminary project activities and post-implementation and maintenance activities are expensed as incurred. We capitalize direct costs related to application development activities that are probable to result in additional functionality. Capitalized costs are amortized on a straight-line basis over five years. We test for impairment whenever events or changes in circumstances that could impact recoverability occur.

Accounts Receivable and Allowance for Doubtful Accounts

We extend credit to our customers based on evaluation of an individual customer's financial condition and collateral is generally not required. Accounts outstanding beyond the contractual payment terms are considered past due. We determine our allowance for doubtful accounts by considering a number of factors, including the length of time accounts receivable are beyond the contractual payment terms, our previous loss history, and a customer's current ability to pay its obligation to us. We write-off accounts receivable when they are identified as uncollectible. All outstanding accounts receivable accounts are periodically reviewed for collectability on an individual basis.

Income Taxes

Deferred income tax assets and liabilities are computed based on differences between the carrying amount of assets and liabilities on the balance sheet and their corresponding tax values using the enacted income tax rates by tax jurisdiction at each balance sheet date. Deferred income tax assets also result from unused loss carryforwards and other deductions. The valuation of deferred income tax assets is reviewed annually and adjusted, if necessary, by use of a valuation allowance to reflect the estimated realizable amount. Significant management judgment is required in determining our provision for income taxes, our deferred tax assets and liabilities and any valuation allowance recorded against our net deferred tax assets. We evaluate all available evidence, such as recent and expected future operating results by tax jurisdiction, and current and enacted tax legislation and other temporary differences between book and tax accounting to determine whether it is more likely than not that some portion or all of the deferred income tax assets will not be realized. There is a risk that management estimates for operating results could vary significantly from actual results, which could materially affect the valuation of the future income tax asset. Although the Company has tax loss carry-forwards and other deferred income tax assets, management has determined certain of these deferred tax assets do not meet the more likely than not criteria, and accordingly, these deferred income tax asset amounts have been completely offset by a valuation allowance as disclosed in Note 6 of our consolidated financial statements.

If management's estimates of the cash flows or operating results do not materialize due to errors in estimates or unforeseen changes to the economic conditions affecting the Company, it could result in an impairment adjustment in future periods.

Contingencies

As discussed under "Item 3. Legal Proceedings" and in Note 9 "Contingencies" in Notes to Consolidated Financial Statements, the Company is subject to various legal proceedings and claims that arise in the ordinary course of business. In accordance with US GAAP, the Company records a liability when it is probable that a loss has been incurred and the amount is reasonably estimable. There is significant judgment required in both the probability determination and as to whether an exposure can be reasonably estimated. In management's opinion, the Company does not have a potential liability related to any current legal proceedings and claims that would individually or in the aggregate materially adversely affect its financial condition or operating results. However, the outcomes of legal proceedings and claims brought against the Company are subject to significant uncertainty. Should the Company fail to prevail in any of these legal matters or should several of these legal matters be resolved against the Company in the same reporting period, the operating results of a particular reporting period could be materially adversely affected.

Impairment of Long-Lived Assets

We evaluate the recoverability of our long-lived assets including tangible assets in accordance with authoritative guidance. When events or changes in circumstances indicate that the carrying amount of long-lived assets may not be recoverable, we recognize such impairment in the event the carrying amount of such assets exceeds the future undiscounted cash flows attributable to such assets. We have not recorded any impairment losses to date.

RECENT ACCOUNTING PRONOUNCEMENTS

For a discussion of recent accounting pronouncements and their possible effect on our financial statements, please see Note 2 to our Consolidated Financial Statements found elsewhere in this Annual Report.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Foreign Exchange Risk

Our revenues are primarily in United States dollars and Euros while our operating expenses are primarily in Canadian dollars. Thus, operating expenses and the results of operations are impacted, to the extent they are not hedged, by the rise and fall of the relative values of the Canadian dollar to these currencies. During the year, as a result of fluctuations in the Euro, and the Australian, Canadian, and US dollars, the Company realized an overall negligible positive impact on net income.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Index to Audited Consolidated Financial Statements for the Years Ended August 31, 2021 and 2020:

1. Report of Independent Registered Public Accounting Firm - Davidson & Company LLP;
2. Consolidated Balance Sheets as at August 31, 2021 and 2020;
3. Consolidated Statement of Comprehensive Income for the Years Ended August 31, 2021 and 2020;
4. Consolidated Statement of Changes in Stockholders' Equity for the Years Ended August 31, 2021 and 2020;
5. Consolidated Statement of Cash Flows for the Years Ended August 31, 2021 and 2020;
6. Notes to Consolidated Financial Statements.

Consolidated Financial Statements

Destiny Media Technologies Inc.

August 31, 2021 and 2020

(Expressed in United States dollars)

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Directors of Destiny Media Technologies Inc.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Destiny Media Technologies Inc. (the "Company") as of August 31, 2021 and 2020, and the related consolidated statements of comprehensive income, changes in stockholders' equity, and cash flows for each of the years in the two year period ended August 31, 2021, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of August 31, 2021 and 2020, and the results of its operations and its cash flows for each of the two years in the period ended August 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

We have determined that there are no critical audit matters to communicate in our auditor's report.

We have served as the Company's auditor since 2019.

/s/ DAVIDSON & COMPANY LLP

Vancouver, Canada

Chartered Professional Accountants

November 23, 2021

A member of Nexia International

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Destiny Media Technologies Inc.

CONSOLIDATED BALANCE SHEETS

As at August 31, (Expressed in United States dollars)

	2021	2020
	$	$
ASSETS		
Current		
Cash and cash equivalents	**2,752,662**	1,841,340
Short-term investments *[note 3]*	**-**	781,490
Accounts receivable, net of allowance for doubtful accounts of $19,743 [2020 - $23,412] *[note 10]*	**400,233**	426,832
Other receivables	**53,172**	26,083
Prepaid expenses	**103,463**	78,562
Total current assets	**3,309,530**	3,154,307
Deposits	**35,556**	34,316
Property and equipment, net *[note 4]*	**143,487**	194,277
Intangible assets, net *[note 4]*	**187,622**	22,952
Right of use assets *[note 5]*	**190,253**	403,961
Total assets	**3,866,448**	3,809,813
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current		
Accounts payable	**202,722**	119,399
Accrued liabilities	**309,839**	353,235
Deferred revenue	**8,511**	19,638
Operating lease liability *[note 5]*	**226,978**	238,261
Total current liabilities	**748,050**	730,533
Operating lease liability, net of current portion *[note 5]*	**-**	219,063
Total liabilities	**748,050**	949,596
Commitments and contingencies *[note 5, 8 and 9]*		
Stockholders' equity		
Common stock, par value $0.001 *[note 6]*		
Authorized: 20,000,000 shares		
Issued and outstanding: 10,265,361 shares [2020 - issued and outstanding 10,450,646 shares]	**10,266**	10,451
Additional paid-in capital [*note 6*]	**9,157,804**	9,366,290
Accumulated deficit	**(5,788,539)**	(6,171,068)
Accumulated other comprehensive loss	**(261,133)**	(345,456)
Total stockholders' equity	**3,118,398**	2,860,217
Total liabilities and stockholders' equity	**3,866,448**	3,809,813

Subsequent Events [note 12]

See accompanying notes

Destiny Media Technologies Inc.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Years ended August 31, (Expressed in United States dollars)

	2021 $	2020 $
Service revenue ***[note 10]***	**4,172,473**	3,824,565
Cost of revenue		
Hosting costs	**131,325**	106,804
Internal engineering support	**29,723**	24,303
Customer support	**168,428**	137,720
Third party and transaction costs	**64,449**	49,806
	393,925	318,633
Gross Margin	**3,778,548**	3,505,932
	91%	92%
Operating expenses		
General and administrative	**666,485**	798,120
Sales and marketing	**1,433,232**	1,084,364
Product development	**1,194,976**	1,343,084
Depreciation and amortization *[note 4]*	**105,357**	135,385
	3,400,050	3,360,953
Income from operations	**378,498**	144,979
Other income		
Interest income	**4,031**	24,415
Other income	**-**	21
Income before provision for income taxes	**382,529**	169,415
Income tax expense - deferred *[note 7]*	**-**	-
Net income	**382,529**	169,415
Foreign currency translation adjustment	**84,323**	46,403
Total comprehensive income	**466,852**	215,818
Net income per common share, basic	**0.04**	0.02
Net income per common share, diluted	**0.04**	0.02
Weighted average common shares outstanding:		
Basic	**10,415,105**	10,602,346
Diluted	**10,491,849**	10,602,346

See accompanying notes

Destiny Media Technologies Inc.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

Years ended August 31, (Expressed in United States dollars)

	Common stock		Additional paid-in capital	Accumulated Deficit	Accumulated other comprehensive loss	Total stockholders' equity
	Shares	Amount				
	#	$	$	$	$	$
Balance, August 31, 2019	**11,000,786**	**11,001**	**9,850,348**	**(6,340,483)**	**(391,859)**	**3,129,007**
Total comprehensive income	-	-	-	169,415	46,403	215,818
Shares repurchased for cancellation	(550,140)	(550)	(532,673)	-	-	(533,223)
Stock based compensation - *Note 6*	-	-	48,615	-	-	48,615
Balance, August 31, 2020	**10,450,646**	**10,451**	**9,366,290**	**(6,171,068)**	**(345,456)**	**2,860,217**
Total comprehensive income	-	-	-	382,529	84,323	466,852
Shares repurchased for cancellation	(185,285)	(185)	(260,220)	-	-	(260,405)
Stock based compensation - Note 6	-	-	51,734	-	-	51,734
Balance, August 31, 2021	**10,265,361**	**10,266**	**9,157,804**	**(5,788,539)**	**(261,133)**	**3,118,398**

See accompanying notes

Destiny Media Technologies Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended August 31, (Expressed in United States dollars)

	2021 $	2020 $
OPERATING ACTIVITIES		
Net income	**382,529**	169,415
Items not involving cash:		
Depreciation and amortization	**105,357**	135,385
Stock-based compensation	**51,734**	48,615
Deferred leasehold inducement	**-**	-
Unrealized foreign exchange	**(15,840)**	(13,395)
Allowance for doubtful accounts	**(4,483)**	22,731
Changes in non-cash working capital:		
Accounts receivable	**46,200**	(108,795)
Other receivables	**(26,144)**	(11,334)
Prepaid expenses and deposits	**(23,062)**	(669)
Accounts payable	**90,792**	(81,904)
Accrued liabilities	**(66,408)**	110,622
Deferred revenue	**(11,753)**	(4,046)
Right of use Liability	**-**	5,588
Net cash provided by operating activities	**528,922**	272,213
INVESTING ACTIVITIES		
Purchase of property, equipment and intangibles	**(44,768)**	(64,065)
Development of software	**(169,364)**	-
Sales (Purchase) of short-term investments	**805,017**	(369,794)
Net cash provided by (used in) investing activities	**590,885**	(433,859)
FINANCING ACTIVITY		
Common stock repurchased for cancellation	**(260,405)**	**(533,223)**
Net cash used in financing activity	**(260,405)**	**(533,223)**
Effect of foreign exchange rate changes on cash	**51,920**	24,071
Net increase (decrease) in cash and cash equivalents during the year	**911,322**	(670,798)
Cash and cash equivalents, beginning of year	**1,841,340**	2,512,138
Cash and cash equivalents, end of year	**2,752,662**	1,841,340
Supplementary disclosure		
Interest paid	**-**	-
Income taxes paid	**-**	-

See accompanying notes

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2021 and 2020

1. ORGANIZATION

Destiny Media Technologies Inc. (the "Company") was incorporated in August 1998 under the laws of the State of Colorado and the corporate jurisdiction was changed to Nevada effective October 8, 2014. The Company develops technologies that allow for the distribution over the internet of digital media files in either a streaming or digital download format. The technologies are proprietary. The Company operates out of Vancouver, BC, Canada and serves customers predominantly located in the United States, Europe and Australia.

The Company's stock is listed for trading under the symbol "DSNY" on the OTCQB U.S. in the United States, under the symbol "DSY" on the TSX Venture Exchange and under the symbol "DME" on the Berlin, Frankfurt, Xetra and Stuttgart exchanges in Germany.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies used in the preparation of these consolidated financial statements:

Basis of presentation and fiscal year

These consolidated financial statements and related notes are presented in accordance with accounting principles generally accepted in the United States, and are expressed in US dollars. The Company's fiscal year-end is August 31.

Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company, and its wholly owned subsidiaries, Destiny Software Productions Inc., MPE Distribution Inc., and Sonox Digital Inc. All inter-company balances and transactions have been eliminated on consolidation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

Use of estimates

The preparation of financial statements in accordance with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the dates of the financial statements and the reported amounts of net revenue and expenses in the reporting periods. We regularly evaluate estimates and assumptions related to revenue recognition, estimated useful lives for property and equipment, allowances for doubtful accounts, stock-based compensation expense, deferred income tax asset valuation allowances, uncertain tax positions, litigation and other loss contingencies. These estimates and assumptions are based on current facts, historical experience and various other factors that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the recording of revenue, costs and expenses that are not readily apparent from other sources. The actual results we experience may differ materially and adversely from our original estimates. To the extent there are material differences between the estimates and actual results, our future results of operations will be affected.

Cash and cash equivalents

We consider all highly liquid investments that are readily convertible into cash and have an original maturity of three months or less at the time of purchase to be cash equivalents.

Short-term investments

We classify our short-term investments as held-for-maturity. Our investments classified as held-for-maturity are recorded at amortized cost, which their carrying values approximate fair value. Interest earned on the short-term investments are included in interest income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

Revenue recognition

The Company's revenue is derived from software as a service (SaaS) arrangements. The Company accounts for revenue in accordance with ASC 606.

The core principle of ASC 606 is to recognize revenue upon the transfer of products or services to customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for those products or services. ASC 606 prescribes a five-step model for recognizing revenue from contracts with customers: (1) identify the contract(s) with customers; (2) identify the separate performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the separate performance obligations in the contract; and (5) recognize revenue when (or as) the performance obligations are satisfied.

The Company applies the five-step model to recognize revenue as follows:

Identification of the contract, or contracts, with the customer

The Company considers the terms and conditions of written contracts and its customary business practices in identifying its contracts under ASC 606. The Company determines that it has a contract with a customer when the contract is approved, the Company can identify each party's rights regarding the services to be transferred, the Company can identify the payment terms for the services, the Company has determined that the customer has the ability and intent to pay, and the contract has commercial substance. In general, contract terms will be reflected in a written document that is signed by both parties.

Identification of the performance obligation in the contract

Performance obligations are promises in a contract to transfer distinct products or services to a customer, and is the unit of account under ASC 606. A contract's transaction price is allocated to each distinct performance obligation and revenue is recognized when the performance obligation is satisfied. A product or service is a distinct performance obligation if the customer can both benefit from the product or service either on its own or together with other resources that are readily available to the customer, and it is separately identifiable from other items within the context of the contract. Performance obligations are satisfied by transferring control of the product or service to the customer. Control of the product or service is transferred either at a point in time or over time depending on the performance obligation.

To the extent a contract includes multiple promised services or products, the Company applies judgment to determine whether promised services or products are capable of being distinct and distinct in the context of the contract. If these criteria are not met, the promised services are accounted for as a combined performance obligation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

Revenue recognition (cont'd.)

The Company generates revenue primarily from usage fees for the Company's digital media distribution service. Usage fees are generally recognized as they are billed based on volume and size of distribution services provided in a given month. The Company's other performance obligations include maintenance services, email and phone support, and unspecified software updates released when, and if, available. Under the guidance of ASC 606, the Company has concluded that maintenance services and unspecified software upgrades are not distinct in the context of the Company's contracts because the Company's service is considered a multi-tenant software environment, and these activities represent a single combined performance obligation in connection with the Company's digital media distribution service, recognized at a point in time when the service is delivered to the customer.

Support activities are considered a separate performance obligation which is satisfied over time; however, such activities are performed substantially concurrently with the satisfaction of digital media distribution services.

From time to time, certain of the Company's contracts contain additional separate performance obligations, including specific enhancements and upgrades.

Determination of the transaction price

The transaction price is determined based on the consideration to which the Company expects to be entitled in exchange for providing services to the customer.

Digital media distribution services may be subject to either fixed or variable pricing. Variable consideration is allocated entirely to distinct service periods when it can be tied to a single performance obligation. Variable consideration is estimated and included in the transaction price if, in the Company's judgment, it is probable that there will not be a significant future reversal of cumulative revenue under the contract. When variable consideration is contingent and cannot be tied to a single performance obligation performed in a particular billing period, the Company estimates contingent variable consideration using the most likely method and recognizes consideration to the extent that the estimate for variable consideration is not constrained pursuant to the guidance provided in ASU 606.

A significant financing component generally does not exist under the Company's standard contracting and billing practices.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

Revenue recognition (cont'd.)

Allocation of the transaction price to the performance obligations in the contract

If the contract contains a single combined performance obligation, the entire transaction price is allocated to the single combined performance obligation. Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation based on its standalone selling price ("SSP") in relation to the total fair value of all performance obligations in the arrangement. The majority of the Company's contracts contain two separate performance obligations that are performed concurrently. The Company allocates consideration to each performance obligation under the guidance of ASC 606 on a relative standalone selling price (SSP) basis. Where SSP is not directly observable, the Company determines the SSP using information that may include market conditions and other observable inputs.

Consideration associated with support activities is estimated using a cost-plus reasonable margin approach, as there is no observable SSP.

Consideration associated with specified enhancements and upgrades is estimated using a cost-plus reasonable margin approach, as there is no observable SSP.

Recognition of revenue when, or as, the Company satisfies a performance obligation

The Company recognizes revenue when the services are delivered to its customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services. The Company is principally responsible for the satisfaction of its distinct performance obligations, which are satisfied either at a point in time or over a period of time.

Performance obligations satisfied at a point in time

Media distribution services

Media distribution services comprise the majority of distinct performance obligations that are satisfied at a point in time, and revenue is recognized at the point in which the distribution service has been completed. Consideration for these services is typically billed in the same period that the service has been delivered to the customer.

Performance obligations satisfied over a period of time

Customer support activities comprise the majority of distinct performance obligations that are satisfied over a period of time.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

Revenue recognition (cont'd.)

Revenue from support activities is recognized over an estimated support period since this activity is considered a 'stand-ready obligation'. This support period is substantially concurrent with the performance of media distribution services, as these services are performed substantially in conjunction with the related distribution. Any support activities provided outside of this billing period are not considered material.

Revenue from specified enhancements and upgrades is recognized over an estimated performance period.

Contract Costs

Contract costs consists of two components, customer acquisition costs and costs to fulfill a contract.
Customer acquisition costs are capitalized only if the costs are incrementally incurred to obtain a customer contract and may consist of sales commissions paid to sales personnel or third-party resellers. Generally, the Company does not incur any contract costs outside of the period that the related revenue is recognized.

Contract Modifications

Contract modifications may create new, or change existing, enforceable rights and obligations of the parties to the contract. We generally modify an existing contract using an addendum or signed change order. A contract modification is accounted for as a new contract if it reflects an increase in scope that is regarded as distinct from the original contract and is priced in-line with the standalone selling price for the related product or services obligated. If a contract modification is not considered a new contract, the modification is combined with the original contract and the impact on the revenue recognition profile depends on whether the remaining products and services are distinct from the original contract. If the remaining goods or services are distinct from those in the original contract, all remaining performance obligations will be accounted for on a prospective basis with unrecognized consideration allocated to the remaining performance obligations. If the remaining goods or services are not distinct, the modification will be treated as if it were a part of the existing contract, and the effect that the contract modification has on the transaction price, and on our measure of progress toward satisfaction of the performance obligations, is recognized as an adjustment to revenue (either as an increase in or a reduction of revenue) at the date of the contract modification on a cumulative catch-up basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

Cost of revenue

Cost of revenue primarily consists of personnel costs for our operations service and technical support employees and engineering support staff, cloud infrastructure costs, incremental transaction costs such as merchant and processing fees, and costs of external customer support software and services. In each case, personnel costs include salaries, benefits and any other compensation paid to such staff.

Long-lived assets

Long-lived assets held for use are evaluated for impairment when events or changes in business circumstances indicate that the carrying amount of property, equipment and intangible assets may not be fully recoverable. Impairment is measured by a two-step process: Step 1) the carrying amount of the asset is compared with its estimated undiscounted future cash flows expected to result from the use of the assets and its eventual disposition. If the carrying amount is lower than the undiscounted future cash-flows, no impairment loss is recognized. Step 2) if the carrying amount is higher than the undiscounted future cash-flows then an impairment loss is measured as the difference between the carrying amount and fair value which may be based on internally developed discounted cash flow estimates, quoted market prices, when available, or independent appraisals. The determination of whether or not long-lived assets have become impaired involves a significant level of judgment in the assumptions underlying the approach used to determine the estimated future cash flows expected to result from the use of those assets. Changes in the Company's strategy, assumptions and/or market conditions could significantly impact these judgments and require adjustments to recorded amounts of long-lived assets. As of August 31, 2021, there were no impairment indicators present.

Litigation and settlement costs

From time to time, we may be involved in disputes, litigation and other legal actions. In accordance with ASC 450, Contingencies, we record a charge equal to at least the minimum estimated liability for a loss contingency when both of the following conditions are met: (i) information available prior to issuance of the financial statements indicates that it is probable that an asset has been impaired or a liability had been incurred at the date of the financial statements and (ii) the range of loss can be reasonably estimated.

During the year ended August 31, 2021, the Company incurred approximately $92,116 (2020: $103,073) in professional legal fees in connection with legal actions against the Company and legal actions initiated by the Company. These costs are expensed as incurred and are recorded as a component of general and administrative expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

Allowance for doubtful accounts

The Company establishes an allowance for doubtful accounts through review of open accounts, and historical collection and allowance amounts. The allowance for doubtful accounts is intended to reduce trade accounts receivable to the amount that reasonably approximates their fair value due to their short-term nature. The amount ultimately realized from trade accounts receivable may differ from the amount estimated in the consolidated financial statements based on collection experience.

Intangible Assets

Our software solutions are offered to our customers through software as a service delivery models. Development costs associated with the certain solutions offered exclusively through a software as a service model are accounted for in accordance with ASC 350-40. Internal-Use Software. All other client solution development costs, which represent a significant majority of development costs, are accounted for in accordance with ASC 985-20. Costs of Software to be Sold, Leased or Marketed.

Under ASC 985-20, software development costs incurred in creating computer software solutions are expensed until technological feasibility has been established upon completion of a detailed program design. Thereafter, all software development costs incurred through the -software's general release date are capitalized and subsequently recorded at the lower of amortized cost or net realizable value. Capitalized costs are amortized based on current and expected future revenue for each software solution with minimum annual amortization equal to the straight-line amortization over the estimated economic life of the solution. We amortize capitalized costs over five years.

Under ASC 350-40, software development costs related to preliminary project activities and post-implementation and maintenance activities are expensed as incurred. We capitalize direct costs related to application development activities that are probable to result in additional functionality. Capitalized costs are amortized on a straight-line basis over five years. We test for impairment whenever events or changes in circumstances that could impact recoverability occur.

Patents, trademarks and lists are stated at cost. Amortization is taken over the estimated useful lives of the assets and is calculated using the following rates and methods:

Patents, trademarks and lists	Straight-line over 3 years

Property and equipment

Property and equipment are stated at cost. Depreciation and amortization is taken over the estimated useful lives of the assets and is calculated using the following rates, and methods, commencing upon utilization of the assets:

Furniture and fixtures	20%
Computer hardware	30%
Computer software	50%
Leasehold improvements	Straight-line over lease term

Translation of foreign currencies

The Company's functional currency is the U.S. dollar. Financial statements of foreign operations for which the functional currency is the local currency are translated into U.S. dollars with assets and liabilities translated at the rate of exchange in effect at the balance sheet date and revenue and expense items translated at the average rates for the period. Unrealized gains and losses resulting from the translation of the consolidated financial statements are deferred and accumulated in a separate component of stockholders' equity as a foreign currency translation gain (loss) in accumulated other comprehensive income (loss).

Transactions denominated in foreign currencies are translated at the exchange rate in effect on the transaction date. These foreign currency gains and losses are included as a component of general and administrative expenses in the consolidated statements of comprehensive income.

The Company operates internationally, which gives rise to the risk that cash flows may be adversely impacted by exchange rate fluctuations. The Company has not entered into contracts for foreign exchange hedges.

Advertising

Advertising costs are expensed as incurred and totaled $25,921 and $20,260 during the years ended August 31, 2021 and 2020, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

Income taxes

The Company utilizes the liability method of accounting for income taxes as set forth in ASC 740, *Income Taxes*. Under the liability method, deferred taxes are determined based on the temporary differences between the financial statement and tax basis of assets and liabilities using tax rates expected to be in effect during the years in which the basis that give rise to the differences reverse. A valuation allowance is recorded when it is more likely than not that some of the deferred tax assets will not be realized. In determining the need for valuation allowances we consider projected future taxable income and the availability of tax planning strategies. If in the future we determine that we would not be able to realize our recorded deferred tax assets, an increase in the valuation allowance would be recorded, decreasing earnings in the period in which such determination is made.

We assess our income tax positions and record tax benefits for all years subject to examination based upon our evaluation of the facts, circumstances and information available at the reporting date. For those tax positions where there is a greater than 50% likelihood that a tax benefit will be sustained, we have recorded the largest amount of tax benefit that may potentially be realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. For those income tax positions where there is 50% or less likelihood that a tax benefit will be sustained, no tax benefit has been recognized in the financial statements.

The Company has concluded that there are no significant uncertain tax positions requiring recognition in the Company's financial statements. The Company's evaluation was performed for the tax years which remain subject to examination by major tax jurisdictions. The Company may from time to time be assessed interest or penalties by major tax jurisdictions, although any such assessments historically have been minimal and immaterial to the Company's financial results. In the event the Company has received an assessment for interest and/or penalties, it has been classified in the financial statements as selling, general and administrative expense.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

Investment tax credits

The Company uses the flow through method to account for investment tax credits earned on eligible scientific research and development expenditures. Under this method, the investment tax credits are recognized as a reduction to income tax expense.

Stock based compensation

The Company follows the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification Section 718 "Compensation - Stock Compensation", which establishes accounting for equity based compensation awards to be accounted for using the fair value method. Equity-settled share based payment arrangements are initially measured at fair value at the date of grant and recorded within shareholders' equity. The fair value at grant date of all share-based payments is recognized as compensation expense over the period for which benefits of services are expected to be derived, with a corresponding credit to shareholders' equity. The Company estimates the fair value of stock options granted using the Black-Scholes option pricing model and estimate the expected forfeiture rate at the date of grant. When awards are forfeited because non-market based vesting conditions are not satisfied, the expense previously recognized is proportionately reversed.

Lease accounting

In February 2016, the FASB issued ASU 2016-02, *Leases*, as amended by subsequent standards updates, which requires lessees to recognize right-of-use (ROU) assets and lease liabilities for all leases, with the exception of short-term leases, at the commencement date of each lease.

The Company has elected to apply the practical expedient package to not reassess initial direct costs related to leases, whether any expired or existing contracts contained leases and to carry forward historical lease classification. As a result, all leases identified by the Company will continue to be classified as operating leases. In addition, the Company elected to not record short-term leases with an initial term of 12 months or less on its consolidated balance sheets. See *Note 5 - Leases* for more information.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

Lease accounting (cont'd.)

The Company determines if an arrangement is a lease at contract inception by evaluating if the contract conveys the right to control the use of an identified asset during the period of use. A ROU asset represents the Company's right to use an identified asset for the lease term and lease liability represents the Company's obligation to make payments as set forth in the lease arrangement. ROU assets and lease liabilities are included on the Company's consolidated balance sheets beginning September 1, 2019 and are recognized based on the present value of the future minimum lease payments at lease commencement date. The interest rate used to determine the present value of the future lease payments is the Company's estimated incremental borrowing rate, because the interest rate implicit in the lease is generally not readily determinable. A ROU asset initially equals the lease liability, adjusted for any lease payments made prior to lease commencement and any lease incentives. All leases are recorded on the consolidated balance sheets except for leases with an initial term of less than 12 months. All of the Company's leases are operating leases.

The Company has lease agreements with lease and non-lease components. The lease component is comprised of minimum lease payments which includes base rent and estimated property taxes and insurance. Non-lease components primarily include payments for maintenance and are expensed as incurred.

Comprehensive income (loss)

Comprehensive income (loss) includes all changes in equity except those resulting from investments by owners and distributions to owners. Accumulated other comprehensive income (deficit) consists only of accumulated foreign currency translation adjustments for all years presented.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

Earnings per share

Net income per common share (basic) is calculated by dividing net income by the weighted average number of common shares outstanding during the period. Net income per common share (diluted) is calculated by dividing net income for the period by the weighted average number of common shares outstanding during the period, plus the dilutive effect of outstanding common share equivalents. This method requires that the dilutive effect of outstanding options and warrants issued be calculated using the treasury stock method. Under the treasury stock method, all common share equivalents have been exercised at the beginning of the period (or at the time of issuance, if later), and that the funds obtained thereby were used to purchase common shares of the Company at the average trading price of common shares during the period, but only if dilutive.

	Year Ended	
	August 31, 2021	August 31, 2020
Net income	**$382,529**	$169,415
Weighted average common shares outstanding	**10,415,105**	10,602,346
Dilutive impact of outstanding stock options	**76,744**	-
Diluted weighted average common shares outstanding	**10,491,849**	10,602,346

At August 31, 2021, the Company had an aggregate of 410,000 (2020: 400,000) stock options outstanding.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

Fair value measurement

The book value of cash and cash equivalents, short-term investments, accounts receivable, other receivables, and accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of those instruments. The fair value hierarchy under GAAP is based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value which are the following:

Level 1 - quoted prices (unadjusted) in active markets for identical assets and liabilities;
Level 2 - observable inputs other than Level 1, quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, and model-derived prices whose inputs are observable or whose significant value drivers are observable; and
Level 3 - assets and liabilities whose significant value drivers are unobservable by little or no market activity and that are significant to the fair value of the assets or liabilities.

Recently Adopted Accounting Standards

In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" ("ASU 2016-13"). Financial Instruments-Credit Losses (Topic 326) amends guidance on reporting credit losses for assets held on an amortized cost basis and available-for-sale debt securities. For assets held on an amortized cost basis, Topic 326 eliminates the probable initial recognition threshold in current GAAP and, instead, requires an entity to reflect its current estimate of all expected credit losses. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial assets to present the net amount expected to be collected. For available-for-sale debt securities, credit losses should be measured in a manner similar to current GAAP, however Topic 326 will require that credit losses be presented as an allowance rather than as a write-down. ASU 2016-13 affects entities holding financial assets and net investment in leases that are not accounted for at fair value through net income. The amendments affect loans, debt securities, trade receivables, net investments in leases, off balance sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash. The amendments in this ASU was effective for the Company on September 1, 2020. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

Recently Adopted Accounting Standards (cont'd.)

In February 2018, the FASB issued ASU No. 2018-02, "Income Statement-Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income" ("ASU 2018-02"), which provides financial statement preparers with an option to reclassify stranded tax effects within accumulated other comprehensive income to retained earnings in each period in which the effect of the change in the U.S. federal corporate income tax rate in the Tax Cuts and Jobs Act (or portion thereof) is recorded. The amendments in this ASU will be effective for the Company on September 1, 2019. The amendments in this ASU should be applied either in the period of adoption or retrospectively to each period (or periods) in which the effect of the change in the U.S. federal corporate income tax rate in the Tax Cuts and Jobs Act is recognized. The adoption of this guidance did not have a material impact on its consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13, Fair Value Measurement - Disclosure Framework (Topic 820). The updated guidance improves the disclosure requirements on fair value measurements. The amendments in this ASU will be effective for the Company on September 1, 2020. Early adoption is permitted for any removed or modified disclosures. The adoption of this guidance did not have a material impact on its consolidated financial statements.

3. SHORT TERM INVESTMENTS

The Company's short-term investments consists of one-year Guaranteed Investment Certificates with a major Canadian financial institution that earn interest at variable interest rate of 0.25% (2020: variable rates ranging between 2.15% - 2.17%).

4. PROPERTY AND EQUIPMENT AND INTANGIBLES

August 31, 2021	Cost $	Accumulated amortization $	Net book value $
Property and equipment			
Furniture and fixtures	133,049	114,740	**18,309**
Computer hardware	293,930	231,180	**62,750**
Computer software	377,777	333,751	**44,026**
Leasehold improvements	157,934	139,532	**18,402**
	962,690	**819,203**	**143,487**
Intangibles			
Software under development	167,069	-	**167,069**
Patents, trademarks, and lists	441,178	420,625	**20,553**
	608,247	**420,625**	**187,622**

August 31, 2020	Cost $	Accumulated amortization $	Net book value $
Property and equipment			
Furniture and fixtures	134,629	112,540	**22,089**
Computer hardware	264,701	215,916	**48,785**
Computer software	382,852	298,523	**84,329**
Leasehold improvements	160,295	121,221	**39,074**
	942,477	**748,200**	**194,277**
Intangibles			
Patents, trademarks and lists	436,780	413,828	**22,952**

Depreciation and amortization for the year ended August 31, 2021 was $105,357 (2020: $135,385)

5. LEASES

The Company entered into an office lease agreement commencing July 1, 2017 and expiring June 30, 2022 consisting of approximately 6,600 square feet.

On adoption of ASC 842, Lease Accounting, the Company recognized right-of-use assets and a corresponding increase in lease liabilities, in the amount of $671,911 which represented the present value of future lease payments using a discount rate of 8% per year. Property tax and insurance payments paid to the lessor are included in the calculation of future lease payments.

Right of Use Asset Continuity	**2021**	2020
	$	$
Balance, September 1	403,961	671,911
Lease Inducement	-	(47,607)
	403,961	624,304
Depreciation	(224,154)	(213,935)
Foreign Currency Translation Adjustment	10,446	(6,408)
Balance, August 31	**190,253**	403,961

The Company has operating lease payments committed as follows:

	$
2022	235,388
Total lease payments payable	235,388
Less amounts representing interest	(8,410)
Total Operating Lease Liability	226,978
Less current portion of operating lease liability	(226,978)
Long term portion of operating lease liability	-

Operating Lease Liability Continuity	**2021**	2020
	$	$
Balance, September 1	457,324	671,911
Less Lease Payments	(270,898)	(253,040)
Interest	28,714	44,692
Foreign Currency Translation Adjustment	11,838	(6,239)
Balance, August 31	**226,978**	457,324

During the year ended August 31, 2021 the Company recorded depreciation expense of $224,154 (2020 - $213,935) which has been allocated between general and administrative expenses, research and development and sales and marketing on the consolidated statement of comprehensive income. The total rent commitment, net of the leasehold improvement allowance, is being amortized to rent expense on a straight-line basis over the term of the lease.

6. STOCKHOLDERS' EQUITY

Effective January 15, 2021, the Company commenced a Normal Course Issuer Bid ("NCIB"), pursuant to which the Company may purchase up to a maximum of 522,532 common shares, through the TSX Venture Exchange (the "TSX") at the market price at the time of purchase, subject to daily limits and compliance with the applicable rules of the TSX and Canadian securities laws. During the year ended August 31, 2021, the Company repurchased and cancelled 185,285 common shares for $260,405.

During the year ended August 31, 2020 the Company completed a NCIB, pursuant to which the Company purchased 550,140 shares of common stock in the capital of the Company.

Purchases pursuant to the NCIB were made from time to time by RBC Dominion Securities Inc. on behalf of the Company through the facilities of the TSX Venture Exchange at the market price at the time of purchase, subject to daily limits and compliance with the applicable rules of the TSX Venture Exchange and Canadian securities laws.

[a] Common stock issued and authorized

The Company is authorized to issue up to 20,000,000 shares of common stock, par value $0.001 per share.

[b] Stock option plans

The Company has a stock option plan, namely the 2015 Stock Option Plan (the "Plan"), under which up to 530,000 shares of common stock, has been reserved for issuance. A total of 120,000 common shares remain eligible for issuance under the Plan. The options generally vest over a range of periods from the date of grant, some are immediate, and others are 12 or 24 months. Any options that do not vest as the result of a grantee leaving the Company are forfeited and the common shares underlying them are returned to the reserve. The options generally have a contractual term of five years.

6. STOCKHOLDERS' EQUITY (cont'd.)

[b] Stock option plans (cont'd.)

Stock-Based Payment Award Activity

A summary of option activity under the Plan as of August 31, 2021 and 2020, and changes during the years ended are presented below:

Options	Shares	Weighted Average Exercise Price $	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value $
Outstanding at August 31, 2019	**290,000**	**1.94**	**2.96**	**-**
Granted	210,000	1.24	5.00	-
Forfeited	(100,000)	1.46	0.80	-
Outstanding at August 31, 2020	**400,000**	**1.35**	**3.24**	**-**
Granted	10,000	1.00	4.16	-
Forfeited	-	-	-	-
Outstanding at August 31, 2021	**410,000**	**1.34**	**2.26**	**-**
Exercisable at August 31, 2021	**311,250**	**1.37**	**2.12**	**-**

The aggregate intrinsic value is calculated as the difference between the exercise price of the underlying awards and the quoted price of the Company's common stock for the options that were in-the-money at August 31, 2021.

The following table summarizes information regarding the non-vested stock purchase options outstanding as of August 31, 2021:

	Number of Options	Weighted Average Grant Date Fair Value $
Non-vested options at August 31, 2019	**30,000**	**0.38**
Granted	210,000	0.49
Forfeited	(13,750)	0.49
Vested	(22,500)	0.40
Non-vested options at August 31, 2020	**203,750**	**0.48**
Granted	10,000	0.34
Forfeited	-	-
Vested	(115,000)	0.47
Non-vested options at August 31, 2021	**98,750**	**0.48**

6. STOCKHOLDERS' EQUITY (cont'd.)

[b] Stock option plans (cont'd.)

As of August 31, 2021, there was $16,472 (2020: $67,203) of total unrecognized compensation cost related to non-vested share-based compensation awards. The unrecognized compensation cost is expected to be recognized over a weighted average period of 0.78 (2020: 1.41) years.

During the year ended August 31, 2021, the total stock-based compensation expense of $51,734 (2020: $48,615) is reported in the statement of comprehensive income as follows:

	2021 **$**	2020 $
Stock-based compensation		
General and administrative	18,128	19,850
Sales and marketing	19,299	15,166
Research and development	14,307	13,599
Total stock-based compensation	**51,734**	48,615

Valuation Assumptions

The fair value of each option award is estimated on the date of grant using the Black-Scholes option-pricing model based on the following assumptions:

		2021 **$**		2020 $
Expected term of stock options (years)		3.25		3.25
Expected volatility		105.4%		118.6%
Risk-free interest rate		0.35%		1.0%
Dividend yields		**-**		-
Weighted average grant date fair value	$	0.34	$	0.49

Expected volatilities are based on historical volatility of the Company's stock. The Company uses historical data to estimate option exercise and employee termination within the valuation model. The expected term of options granted represents the period of time that options granted are expected to be outstanding. The risk-free rate for periods within the contractual life of the options is based on US Treasury bill rates in effect at the time of grant.

6. STOCKHOLDERS' EQUITY (cont'd.)

[c] Employee Stock Purchase Plan

The Company's 2011 Employee Stock Purchase Plan (the "Plan") became effective on February 22, 2011. Under the Plan, employees of the Company are able to contribute up to 5% of their annual salary into a pool which is matched equally by the Company. Independent directors are able to contribute a maximum of $12,500 each for a combined maximum annual purchase of $25,000. The maximum annual combined contributions will be $400,000. All purchases are made through the Toronto Stock Exchange by a third-party plan agent. The third-party plan agent will also be responsible for the administration of the Plan on behalf of the Company and the participants.

During the year ended August 31, 2021, the Company recognized compensation expense of $93,759 (2020: $64,480) in salaries and wages on the consolidated statement of comprehensive income in respect of the Plan, representing the Company's employee matching of cash contributions to the plan. The shares were purchased on the open market at an average price of $1.06 (2020: $0.74). As at August 31, 2021 364,757 shares are held in trust by the Company.

7. INCOME TAXES

The Company is subject to United States federal and state income taxes at an approximate rate of 21.0% and to Canadian federal and British Columbia provincial taxes in Canada at an approximate rate of 27.0%. The reconciliation of the provision (recovery) for income taxes at the United States federal statutory rate compared to the Company's income tax expense is as follows:

	2021 $	2020 $
Tax at U.S. statutory rates	80,000	36,000
Permanent differences	13,000	19,000
Effect of higher foreign tax rates in Canada	52,000	31,000
Foreign exchange and other adjustments	376,000	(250,000)
Change in valuation allowance	(521,000)	164,000
Provision for deferred income taxes	**-**	-

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The Company has recognized a valuation allowance for those deferred tax assets for which realization is not likely to occur.

Significant components of the Company's deferred tax assets as of August 31 are as follows:

	2021 $	**2020** $
Deferred tax assets:		
Net operating loss carryforwards	789,000	1,132,000
Excess of book over tax depreciation	829,000	915,000
Tax Credit Carryforwards	808,000	900,000
Total deferred tax asset	2,426,000	2,947,000
Valuation allowance	(2,426,000)	(2,947,000)
Net deferred tax asset	**-**	-

7. INCOME TAXES (Cont'd)

Net income (loss) before income tax by geographic region is as follows:

	2021 $	**2020** $
United States	(483,537)	(369,579)
Canada	866,066	538,994
	382,529	169,415

If not utilized to reduce future taxable income, the Company's net operating loss carryforwards will expire as follows:

	Canada $	**United States** $
2022 and thereafter	-	3,758,000
	-	**3,758,000**

If not utilized to reduce future taxable payable, the Company's investment tax credit carryforwards will expire as follows:

	Canada $	**United States** $
2030 and thereafter	994,000	-
	994,000	-

8. COMMITMENTS

The Company's property lease agreement commenced on July 1, 2017 and expiring June 30, 2022. Details of the lease agreement are included in Note 5.

9. CONTINGENCIES

The Company is subject to claims and legal proceedings that arise in the ordinary course of business. Such matters are inherently uncertain, and there can be no guarantee that the outcome of any such matter will be decided favorably to the Company or that the resolution of any such matter will not have a material adverse effect upon the Company's financial statements. The Company does not believe that any of such pending claims and legal proceedings will have a material adverse effect on its consolidated financial statements.

On September 5, 2017, the Company's former President and Chief Executive Officer filed a Notice of Civil Claim in the Supreme Court of British Columbia against the Company, its subsidiaries, independent directors and current Chief Executive Officer, claiming damages for conspiracy, breach of contract, wrongful dismissal, defamation and aggravated and punitive damages. The Company believes the claims are without merit and will defend itself against the claims. The quantum of loss, if any, is not determinable at this time and management believes it is unlikely that the outcome of this matter will have an adverse impact on its results of operations, cash flows and financial condition.

10. CONCENTRATIONS AND ECONOMIC DEPENDENCE

The Company operates solely in the digital media software segment and all revenue from its products and services are made in this segment.

Revenue from external customers, by product and location of customer, is as follows:

	2021 $	2020 $
Play MPE®		
North America	**1,893,288**	1,696,654
Europe	**1,978,516**	1,826,582
Australasia	**272,485**	273,737
Other	**8,592**	1,344
Total Play MPE® Revenue	**4,152,881**	3,798,317
Clipstream ®		
United States	**19,592**	26,248
Total Clipstream ® Revenue	**19,592**	26,248
Total Revenue	**4,172,473**	3,824,565

Revenue in the above table is based on location of the customer's billing address. Some of these customers have distribution centers located around the globe and distribute around the world. During the year ended August 31, 2021, the Company generated 41% of total revenue from one customer [2020 - 42%].

It is in management's opinion that the Company is not exposed to significant credit risk.

As at August 31, 2021, one customer represented $142,758 (36%) of the trade receivables balance [2020 - two customers represented $275,620 (65%)].

The Company has substantially all its assets in Canada and its current and planned future operations are, and will be, located in Canada.

11. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period's presentation. These reclassifications did not affect prior periods' net earnings.

12. SUBSEQUENT EVENTS

None.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES.

Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to provide reasonable assurance that material information required to be disclosed in our periodic reports filed under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms and to provide reasonable assurance that such information is accumulated and communicated to our management, our chief executive officer and our chief financial officer, to allow timely decisions regarding required disclosure.

We carried out an evaluation, under the supervision and with the participation of our management, including our principal executive and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rule 13(a)-15(e) under the Exchange Act. Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective, as of August 31, 2021.

Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting, as defined in Rule 13a-15(f) and 15d-15(f) of the Exchange Act, is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles ("GAAP"). Internal control over financial reporting includes policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company, (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the Company are transacted in accordance with authorizations of management and directors of the Company, and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with existing policies or procedures may deteriorate. A material weakness is defined as "a deficiency, or a combination of deficiencies in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

Our management, under the supervision of our Chief Executive Officer and Chief Financial Officer, conducted an assessment of the effectiveness of our internal control over financial reporting as of August 31, 2021 based on the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on this assessment, management concluded that our internal controls over financial reporting were effective as of August 31, 2021.

This annual report does not include an attestation report of the Company's independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's independent registered public accounting firm pursuant to the rules of the SEC that permit the Company to provide only management's report in this annual report.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting identified in management's evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Exchange Act during the quarter ended August 31, 2021 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION.

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

The following table sets forth the names, positions and ages of our executive officers and directors. All our directors serve until the next annual meeting of shareholders or until their successors are elected and qualify. The Board of Directors elects officers and their terms of office are, except to the extent governed by employment contract, at the discretion of the Board of Directors.

Name	Position Held with the Company	Age	Date First Elected or Appointed
Frederick Vandenberg	*Director, President, Corporate Secretary, Chief Executive Officer*	*53*	*CEO since June 2017* *CFO since July 2007*
Hyonmyong Cho(1)	*Chairman of the Board, Director*	*49*	*February 2017*
Samuel Jay Graber(1)	*Director*	*60*	*February 2017*
Dave Summers(1)	*Director*	*51*	*February 2019*
David Mossberg	*Director*	*51*	*November 2021*
Samuel Ritchie	*Chief Financial Officer and Treasurer*	*41*	*May 2020*

(1) Member of our Audit Committee

Set forth below is a brief description of the background and business experience of each of our executive officers and directors for the past five years:

Fred Vandenberg, B. Comm. MBA, CPA, CA Mr. Vandenberg has been our Chief Executive Officer since June 2017 and was our Chief Financial Officer from July 2007 to December 2017. Mr. Vandenberg's core responsibilities include strategic planning and coordinating strategic planning, marketing and product development functions of the Company. Mr. Vandenberg has been with the company for 12 years, heading up the finance group and managing the majority of Play MPE operations, including the initial transition of our customers to commercial agreements in 2008. Mr. Vandenberg oversees the business development and operational functions of Play MPE, expanding into new markets while ensuring we continue to lead the industry in customer service. Mr. Vandenberg obtained a Bachelor of Commerce from McMaster University in 1991 and a Master of Business Administration (Finance) from McMaster University in 1993. In 1996, Mr. Vandenberg was designated as a Chartered Professional Accountant in Ontario.

Hyonmyong Cho. Mr. Cho has been a director of the Company since February 2017. Hyonmyong Cho is currently a managing member of Greenlaw International Management Company LLC which manages Greenlaw International LP, a fund which invests in microcap stocks. From 2002 to 2008, Mr. Cho was a Managing Director of Forum Partners which managed several real estate private equity funds in Europe and Asia. At Forum Partners, Mr. Cho managed a worldwide team tasked with private equity deal structuring, analysis and negotiation. Prior to Forum Partners, Mr. Cho was a senior associate at Nassau Capital, whose only limited partner was Princeton University, and he was responsible for the due diligence, negotiation, documentation and monitoring of private equity transactions. Prior to that, Mr. Cho was a partner in Novalis Ventures, a venture capital fund focused on early stage investments in the real estate industry. Before that, Mr. Cho was a Vice President at Cahill, Warnock & Company, a private equity firm focused on making direct investments in micro-cap public companies. Mr. Cho began his career as a financial analyst for Alex Brown & Sons, Inc. in the mergers and acquisitions, real estate and health care groups. Mr. Cho was a Morehead Scholar at the University of North Carolina, graduating with a B.A. in English Literature.

Samuel Jay Graber. Mr. Graber has been a director of the Company since February 2017. In 2016, Mr. Graber retired as VP of Business Development from Apex Software LLC., but remained a business partner in the company. Apex Software LLC. was a privately-owned developer of building drawing and area calculation software for jurisdictional mass appraisal at the municipal, county, province and statewide level as well as for the real estate mortgage appraisal industry. In 2020, the assets of Apex Software, LLC were sold to a long-term business partner with an approximate 1 year wind down of Mr. Graber's continued involvement. Prior to 20 years in the software/technology arena, Mr. Graber worked in direct sales / sales management for various manufacturing entities including automotive and decorative lighting, plastic extrusion, art glass and architectural flooring. Mr. Graber earned a BS degree in both Business Management and in Psychology from Eastern Mennonite College (now EMU).

Dr. David Summers Ph.D. BSc. MBA, Since 2016, Dr. Summers is currently a business development and technology commercialization consultant. From 2008 through 2016, Dr. Summers was a director for Chemetics Inc., a global leader in technology-based engineering design for the pulp & paper, and mining & minerals industries. Dr. Summers was responsible for technology development, the electrolyzer business group, and global technical customer service. From 2007 to 2008 Dr. Summers was Vice President, Business Operations for Carbon Credit Corp, a private technology and consulting company. In this role, Dr. Summers helped position the company for acquisition by Ledcor Group. From 1998 to 2007 Dr. Summers worked at Ballard Power Systems, where he spent ten years in progressively senior leadership positions in Research and Development, Product Development and Business Development. He is the author of 12 publications and 5 patents. Dr. Summers holds a Bachelor of Science degree (honours chemistry) from Queen's University, a Ph.D. in Chemistry from the University of British Columbia, and a dual Masters of Business Administration degree from Queen's University and Cornell University's Johnson School.

David Mossberg. Mr. Mossberg was appointed a director in November 2021. Mr Mossberg is a seasoned capital markets executive with more than 25 years of experience analyzing companies and advising public company executives in multiple industries. Mr Mossberg currently is the CEO of Three Part Advisors, LLC, a strategic investor relations advisory firm. Prior to founding Three Part Advisors, Mr. Mossberg was a sell-side analyst at Southwest Securities and was Director of Research at Hodges Capital Management. Mr Mossberg holds a MBA from Southern Methodist University and BBA in Finance and BBA in International Business from University of Texas - Arlington. Mr Mossberg also served in the United States Army Reserves as an interrogator/Russian linguist.

Samuel Ritchie, CPA, CA. Mr. Ritchie has been our Chief Financial Officer since May 2020. Mr. Ritchie is a Chartered Professional Accountant (CPA, CA) with over 15 years of accounting, audit, and financial reporting experience in a variety of industries, both in the United States and Canada. Mr. Ritchie was the financial controller at a private company, overseeing the accounting and human resources functions from 2018 to 2020. From 2008 until 2018, Mr. Ritchie was employed at BDO Canada LLP (Vancouver, BC) where he was a Senior Manager, Audit Assurance. Mr. Ritchie specialized in managing assurance engagements for public companies in the United States and Canada. Prior to that, Mr. Ritchie worked for another public accounting firm from 2003 to 2008. In these roles, Mr. Ritchie acquired considerable experience in finance, governance, and regulatory compliance. He holds a B.Comm. (Hons) Otago University, New Zealand.

ELECTION OF DIRECTORS AND OFFICERS

Our directors are elected by our shareholders at our annual general meetings. Each director holds office until our next annual general meeting or until the director resigns or is removed in accordance with our bylaws. We do not have a classified Board of Directors.

Our officers serve at the discretion of our Board of Directors.

AUDIT COMMITTEE

Our audit committee currently consists of Dr. David Summers, Mr. Hyonmyong Cho and Mr. Samuel Jay Graber. Each of Mr. Summers, Mr. Cho and Mr. Graber are non-employee directors of the Company and are considered independent as that term is defined by TSX rules and NASDAQ 5605(a)(2) and the applicable rules of the Securities and Exchange Commission. Our Board of Directors has currently designated Mr. Summers and Mr. Cho as "audit committee financial experts" as defined in Item 407(d)(5)(ii) of Regulation S-K. We believe that the audit committee members are capable of analyzing and evaluating our financial statements and understanding internal controls over financial reporting.

Our Board adopted a charter for the Audit Committee in November 2013, a copy of which is available on our corporate website www.dsny.com.

FAMILY RELATIONSHIPS

There are no family relationships among our officers and directors.

COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT

Section 16(a) of the Exchange Act requires our executive officers and directors, and persons who beneficially own more than ten percent of our equity securities, to file reports of ownership and changes in ownership with the Securities and Exchange Commission. Officers, directors and greater than ten percent shareholders are required by SEC regulation to furnish us with copies of all Section 16(a) forms they file.

Based solely on our review of the copies of such forms received by us, or written representations that no filings were required, we believe that during the fiscal year ended August 31, 2021 all such filing requirements were complied with.

CODE OF ETHICS

The Company's code of ethics is available on our website at http://www.dsny.com/code-of-ethics

We have adopted a code of ethics that applies to our principal executive officer, principle financial and accounting officer, or persons performing similar functions.

ITEM 11. EXECUTIVE COMPENSATION.

The particulars of compensation paid to the following persons:

(a) our principal executive officer;

(b) each of our two most highly compensated executive officers other than the principle executive officer who were serving as executive officers at the end of the year ended August 31, 2021; and

(c) up to two additional individuals for whom disclosure would have been provided under (b) but for the fact that the individual was not serving as our executive officer at the end of the year ended August 31, 2021,

who we will collectively refer to as our "named executive officers", of our company for the years ended August 31, 2021 and 2020, are set out in the following summary compensation table, except that no disclosure is provided for any named executive officer, other than our principal executive officer and the Chief Financial Officer, whose total compensation does not exceed $100,000 for the respective fiscal year:

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($) (1)	Other Annual Compen-sation ($) (2)	Total ($)
Frederick Vandenberg (3) Director, President, Chief Executive Officer, and former Chief Financial Officer	2021 2020	175,778 156,093	24,816 23,414	Nil Nil	Nil 8,437	13,182 20,462	213,776 208,406
Samuel Ritchie (3)(4) Chief Financial Officer	2021 2020	110,292 43,959	Nil Nil	Nil Nil	Nil 14,400	9,281 520	119,573 58,879
Sandra Boenisch (3)(5) Chief Financial Officer	2021 2020	Nil 27,874	Nil Nil	Nil Nil	Nil Nil	Nil 929	Nil 28,803

(1) Option awards shown here represent the aggregate grant date fair value of all options granted.
(2) The value of prerequisites and other personal benefits, securities and property for the individuals included in the summary compensation table that does not exceed $10,000 is not reported herein. Other compensation includes participation in the employee share purchase plan described below under long term incentive plans.
(3) Compensation is stated in United States dollars. Where compensation was provided in Canadian dollars, compensation is based on an exchange rate of 0.7878 US dollars for each 1.00 Canadian dollar during the 2021 fiscal year and 0.7433 US dollars for each 1.00 Canadian dollar during the 2020 fiscal year.
(4) Appointed May 2020
(5) Resigned effective November 30, 2019

EMPLOYMENT AGREEMENT WITH OUR NAMED EXECUTIVE OFFICERS

We are not party to any written employment agreement or change in control arrangements with Mr. Vandenberg and Mr. Ritchie. We do not have any agreements with Mr. Vandenberg and Mr. Ritchie regarding the payments of bonus or other performance incentives. Mr. Vandenberg and Mr. Ritchie are eligible to receive stock options as and when approved by our Board of Directors.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END

The following table summarizes equity awards granted to our named executive officers that were outstanding as of August 31, 2021.

Option Awards						Stock Awards			
Name	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock that have not Vested (#)	Market Value of Shares or Units of Stock that have not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that have not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights that have not Vested ($)
Frederick Vandenberg	80,000	Nil	N/A	1.00	July 6, 2022	N/A	N/A	N/A	N/A
Samuel Ritchie	18,750	11,250	N/A	1.00	Apr 28, 2025	N/A	N/A	N/A	N//A

LONG-TERM INCENTIVE PLANS

The Company has an Employee Stock Purchase Program whereby all employees of the Company are eligible to contribute up to 5% of their annual salary into a pool which is matched equally by the Company. Independent directors are able to contribute a maximum of $12,500 each annually, for a combined maximum annual purchase of $25,000. The aggregate maximum annual contributions is limited to $400,000. Money in the pool is used to purchase shares out of the market on a semi-monthly basis. All purchases are made through the Exchange by a third-party plan agent and no purchases are made on the OTC or German exchanges. The third-party plan agent is also be responsible for the administration of the Plan on behalf of the Company and the participants.

Additionally, the Company has the 2015 Stock Option Plan, under which up to 530,000 shares of the common stock, have been reserved for issuance. As at August 31, 2021, an aggregate of 120,000 common shares remained eligible for issuance under the plan. The options generally vest over a range of periods from the date of grant, some are immediate, and others are 12 or 24 months. Any options that do not vest as the result of a grantee leaving the Company are forfeited and the common shares underlying them are returned to the reserve. The options generally have a contractual term of five years.

COMPENSATION OF DIRECTORS

Our directors are reimbursed for reasonable out-of-pocket expenses in connection with attendance at Board of Director and committee meetings. In addition, our directors are eligible for grants of options to purchase shares of our common stock at the discretion of our Board of Directors.

The following table summarizes compensation paid to all of our directors who were not our named executive officers during the fiscal year ended August 31, 2021:

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)	Option Awards ($)	All Other Compensation ($) (1)	Total ($)
Hyonmyong Cho	Nil	Nil	Nil	Nil	Nil
Samuel Jay Graber	Nil	Nil	Nil	$12,500	$12,500
David Mossberg	Nil	Nil	Nil	Nil	Nil
David Summers	Nil	Nil	Nil	Nil	Nil

(1) Other compensation includes participation in the employee share purchase plan described below under long term incentive plans.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The following table sets forth certain information concerning the number of shares of our common stock owned beneficially as of November 17, 2021 by: (i) each person (including any group) known to us to own more than five percent (5%) of any class of our voting securities, (ii) each of our directors and each of our named executive officers, and (iii) officers and directors as a group. Unless otherwise indicated, the shareholders listed possess sole voting and investment power with respect to the shares shown.

Title of class	Name and address of beneficial owner	Number of Shares of Common Stock	Percentage of Common Stock(1)
DIRECTORS AND OFFICERS:			
Common Stock	Hyonmyong Cho Director, Chairman of the Board c/o 1110-885 W Georgia St. Vancouver, BC, V6C 3E8	549,288 (2)	5.4%
Common Stock	Samuel Jay Graber Director c/o 1110-885 W Georgia St. Vancouver, BC, V6C 3E8	213,233 (3)	2.1%
Common Stock	Frederick Vandenberg President, Chief Executive Officer, and Corporate Secretary c/o 1110-885 W Georgia St. Vancouver, BC, V6C 3E8	492,135(4)	4.8%
Common Stock	David Summers Director c/o 1110-885 W Georgia St. Vancouver, BC, V6C 3E8	73,381(5)	*
Common Stock	David Mossberg Director c/o 1110-885 W Georgia St. Vancouver, BC, V6C 3E8	Nil	*
Common Stock	Samuel Ritchie Chief Financial Officer c/o 1110-885 W Georgia St. Vancouver, BC, V6C 3E8	36,356(6)	*
Common Stock	**All Officers and Directors as a Group (4 persons)**	**1,364,393**	**13.3%**
Common Stock	Mark A. Graber 56 Oakwell Farms Parkway San Antonio, TX 78218	1,869,735(7)	18.2%

* Less than one percent (1%)

(1) Under Rule 13d-3 of the Exchange Act, a beneficial owner of a security includes any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise has or shares: (i) voting power, which includes the power to vote, or to direct the voting of shares; and (ii) investment power, which includes the power to dispose or direct the disposition of shares. Certain shares may be deemed to be beneficially owned by more than one person (if, for example, persons share the power to vote or the power to dispose of the shares). In addition, shares are deemed to be beneficially owned by a person if the person has the right to acquire the shares (for example, upon exercise of an option) within 60 days of the date as of which the information is provided. In computing the percentage ownership of any person, the amount of shares outstanding is deemed to include the amount of such shares beneficially owned by such person (and only such person) by reason of these acquisition rights. As a result, the percentage of outstanding shares of any person as shown in this table does not necessarily reflect the person's actual ownership or voting power with respect to the number of shares of common stock actually outstanding on November 17, 2021. As of November 17, 2021, there were 10,251,261 shares of our common stock issued and outstanding.

(2) Consists of 142,735 shares held by Mr. Cho and 45,000 shares that may be acquired upon the exercise of stock options held by Mr. Cho within 60 days of November 17, 2021 and includes 361,553 shares held through Mr. Cho's indirect pecuniary ownership held through Greenlaw International LP, a Delaware limited partnership (the "Fund"), and Greenlaw International GP LLC, a Delaware limited liability company and the general partner of the Fund which has the right to receive an allocation of a portion of the profits of the Fund.

(3) Consists of 165,253 shares held by Mr. Graber, 2,980 shares held by Mr. Graber's spouse, and 45,000 shares that may be acquired upon the exercise of stock options held by Mr. Graber within 60 days of November 17, 2021.

(4) Consists of 412,135 shares held by Mr. Vandenberg and 80,000 shares that are acquirable upon the exercise of stock options held by Mr. Vandenberg within 60 days of November 17, 2021.

(5) Consists of 23,381 shares held by Mr. Summers and 50,000 shares that are acquirable upon the exercise of stock options held by Mr. Summers within 60 days of November 17, 2021.

(6) Consists of 6,356 shares held by Mr. Ritchie and 30,000 shares that are acquirable upon the exercise of stock options held by Mr. Ritchie within 60 days of November 17, 2021.

(7) Consists of (i) 1,717,765 shares of the Company's common stock directly held by Mark Graber; (ii) 145,970 shares beneficially owned by Four Star Investments, a Texas partnership over which Mr. Graber has shared voting and disposition power; and (iii) 6,000 shares held by Mr. Graber's spouse.

EQUITY COMPENSATION PLAN INFORMATION

We have an equity compensation plans, namely the 2015 Stock Option Plan (the "Plan"), under which up to 530,000 shares of our common stock, have been authorized for issuance to our officers, directors, employees and consultants. The Plan has not been approved by the Company's stockholders. The following summary information is presented for our Plan of August 31, 2021.

	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in column (a))
Plan Category	(a)	(b)	(c)
Equity Compensation Plans Approved By Security Holders	Not Applicable	Not Applicable	Not Applicable
Equity Compensation Plans Not Approved By Security Holders	410,000 Shares of Common Stock	$1.34 per Share	120,000 Shares of Common Stock
Total	410,000 Shares of Common Stock		120,000 Shares of Common Stock

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

Except as described under "Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters" and under "Item 11. Executive Compensation", and under note 8 of the financial statements, none of the following persons has any direct or indirect material interest in any transaction to which we were or are a party during the past two years, or in any proposed transaction to which the Company proposes to be a party:

(A) any director or officer;

(B) any person who beneficially owns, directly or indirectly, shares carrying more than 5% of the voting rights attached to our common stock; or

(C) any immediate family member of any of the foregoing persons.

SHARE ISSUANCES

None.

All of our non-employee directors are our independent directors as that term is defined by TSX rules and NASDAQ 5605(a)(2) and the applicable rules of the Securities and Exchange Commission.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

Audit Fees

Our current sole principal independent registered public accountant, Davidson & Company LLP, provided audit and other services during the year ended August 31, 2021 and the year ended August 31, 2020 as follows:

Davidson & Company LLP

		2021		2020
Audit Fees	**$**	**47,000**	$	47,000
Audit Related Fees		-		-
Tax Fees		**-**		8,138
All Other Fees		-		-
Total Fees	**$**	**47,000**	$	55,138

Our former sole principal independent registered public accountant, BDO Canada LLP, provided audit and other services during the year ended August 31, 2021 and the year ended August 31, 2020 as follows:

BDO Canada LLP

		2021		2020
Audit Fees	**$**	**-**	$	5,668
Audit Related Fees		-		-
Tax Fees		-		-
All Other Fees		-		-
Total Fees	**$**	**-**	$	5,668

Audit Fees. This category includes the fees for the audit of our annual consolidated financial statements and the quarterly reviews of interim financial statements. This category also includes advice on audit and accounting matters that arose during or as a result of the audit or the review of interim financial statements and services in connection with SEC filings.

Tax Fees. This category includes the fees for professional services rendered for tax compliance, tax advice and tax planning.

The audit committee requires advance approval of all audit, audit-related, tax, and non-audit and other services performed by the independent auditor. Unless the specific service has been previously pre-approved with respect to that year, the audit committee must approve the permitted service before the independent auditor is engaged to perform it. The audit committee has delegated to the chair of the audit committee authority to approve permitted services provided that the chair reports any decisions to the committee at its next scheduled meeting.

Of the total aggregate fees paid by us to our accountants during the fiscal years ended August 31, 2021 and 2020, 100% and 100% of the aggregate fees, respectively, were approved by the audit committee pursuant to the *de minimis* exception provided by Section (c)(7)(i)(C) of Rule 2-01 of Regulations S-X.

The audit committee has considered the nature and amount of the fees billed by Davidson & Company LLP and BDO Canada LLP, and believes that the provision of the services for activities unrelated to the audit is compatible with maintaining Davidson & Company LLP and BDO Canada LLP's independence.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

LIST OF DOCUMENTS FILED AS PART OF THE REPORT

The following documents are filed as part of this report:

(a)(1) Financial Statements:

1. Report of Independent Registered Public Accounting Firm - Davidson & Company LLP;
2. Consolidated Balance Sheets;
3. Consolidated Statements of Comprehensive Income (loss);
4. Consolidated Statements of Cash Flows;
5. Consolidated Statement of Changes in Stockholders' Equity; and
6. Notes to the Consolidated Financial Statements.

(a)(2) Financial Statement Schedules:

(a)(3) Exhibits:

3.1	Amended Articles of Incorporation (incorporated by reference to Exhibit 3.2 to our Current Report on Form 8-K filed on October 8, 2014).
3.2	Amended and Restated Bylaws (incorporated by reference to Exhibit B to the Plan of Conversion as filed in our Definitive Proxy Statement on Form DEF14A on August 18, 2014)
3.3	Certificate of Amendment (incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K filed on September 13, 2019)
4.1*	Description of Capital Stock
4.2*	2015 Stock Option Plan
10.1†	Employee Stock Purchase Plan (incorporated by reference to our Other Definitive Proxy Statements on Form DEF 14A filed on February 04, 2011).
21.1*	Subsidiaries of the Registrant.
24*	Power of Attorney (included in Signature pages)
31.1*	Section 302 Certification of Chief Executive Officer
31.2*	Section 302 Certification of Chief Financial Officer
32.1*	Section 906 Certification of Chief Executive Officer and Chief Financial Officer
100*	XBRL-Related Documents
101*	Interactive Data File
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith
† Management contract or compensatory plan or arrangement

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DESTINY MEDIA TECHNOLOGIES, INC.

By: /s/Frederick Vandenberg
Frederick Vandenberg
Chief Executive Officer, President
(Principal Executive Officer)
Date: November 23, 2021

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS that each individual whose signature appears below constitutes and appoints Frederick Vandenberg, his true and lawful attorney-in-fact and agent with full power of substitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, with all exhibits thereto and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

By: /s/Frederick Vandenberg
Frederick Vandenberg, President
Chief Executive Officer (Principal Executive Officer)
Date: November 23, 2021

By: /s/Samuel Ritchie
Samuel Ritchie, CPA, CA
Chief Financial Officer, Treasurer
(Principal Financing and Accounting Officer)
Date: November 23, 2021

By: /s/ Hyonmyong Cho
Hyonmyong Cho
Director
Date: November 23, 2021

By: /s/ Samuel Jay Graber
Samuel Jay Graber
Director
Date: November 23, 2021

By: /s/ David Summers
David Summers
Director
Date: November 23, 2021

By: /s/ David Mossberg
David Mossberg
Director
Date: November 23, 2021

DESCRIPTION OF CAPITAL STOCK

Common Stock

Our authorized capital consists of 20,000,000 shares of common stock with a par value of $0.001 per share.

Holders of our common stock have no preemptive rights to purchase additional shares of common stock or other subscription rights. The common stock carries no conversion rights and is not subject to redemption or to any sinking fund provisions. All of our issued common stock is entitled to share equally in dividends from sources legally available, when, as and if declared by our Board of Directors, and upon our liquidation or dissolution, whether voluntary or involuntary, to share equally in our assets available for distribution to security holders.

Our Board of Directors is authorized to issue additional shares of common stock not to exceed the amount authorized by our Articles of Incorporation, on such terms and conditions and for such consideration as the Board may deem appropriate without further security holder action.

Voting Rights

Each holder of our common stock is entitled to one vote per share on all matters on which such stockholders are entitled to vote. Since the common stock does not have cumulative voting rights, the holders of more than 50% of the shares voting for the election of directors can elect all the directors if they choose to do so and, in such event, the holders of the remaining shares will not be able to elect any person to the Board of Directors.

Dividend Policy

Holders of our common stock are entitled to dividends if declared by the Board of Directors out of funds legally available for the payment of dividends. Since our inception, we have not declared any dividends, nor do we intend to issue any cash dividends in the future. Our foreseeable plans include retaining earnings, if any, to finance the development and expansion of our business.

DESTINY MEDIA TECHNOLOGIES INC.

2015 STOCK OPTION PLAN

1. PURPOSE OF PLAN

1.1 **Purpose.** The purpose of the 2015 Stock Option Plan (the "**Plan**") of **DESTINY MEDIA TECHNOLOGIES INC.**, a Nevada corporation, (the "**Company**") is to advance the interests of the Company by encouraging the directors, officers, employees, management company employees and consultants of the Company, and of its subsidiaries and affiliates, if any, to acquire common shares in the share capital of the Company, thereby increasing their proprietary interest in the Company, encouraging them to remain associated with the Company and furnishing them with additional incentive in their efforts on behalf of the Company in the conduct of its affairs.

2. DEFINITIONS

2.1 **Definitions.** In this Plan the following words and phrases shall have the following meanings, namely:

(a) **"Blackout Period"** means a period during which there is a prohibition on trading in the Company's securities imposed by the Company on Insiders.

(b) **"Board"** means the board of directors of the Company or, if the Board so elects, a committee of directors (which may consist of only one director) appointed by the Board to administer this Plan.

(c) **"Company"** means Destiny Media Technologies Inc.

(d) **"Consultant"** means an individual who (or a corporation or partnership (a "Consultant Company") of which the individual is an employee, shareholder or partner which):

(i) is engaged to provide, on an ongoing *bona fide* basis, consulting, technical, management or other services to the Company or a subsidiary of the Company other than in relation to a distribution of the Company's securities;

(ii) provides the services under a written contract between the Consultant or Consultant Company and the Company or subsidiary;

(iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the business and affairs of the Company or subsidiary of the Company; and

(iv) has a relationship with the Company or subsidiary of the Company that enables the individual to be knowledgeable about the business and affairs of the Company or subsidiary.

(e) **"Director"** means a director of the Company or any of its subsidiaries.

(f) "Employee" means:

(i) an individual who is considered an employee of the Company or its subsidiary under the *Income Tax Act* (Canada)(and for whom income tax, employment insurance and CPP deductions must be made at source);

(ii) an individual who works full-time for the Company or its subsidiary providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions are not made at source; or

(iii) an individual who works for the Company or its subsidiary on a continuing and regular basis for a minimum amount of time per week (the number of hours should be disclosed in the submission) providing services normally provided by an employee and who is subject to the same control and discretion by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions are not made at source.

(g) **"Exchange"** means whichever stock exchange on which the Shares are listed for trading being either the TSX Venture Exchange (the "**TSX-V**") or Toronto Stock Exchange (the "**TSX**").

(h) **"Insider"** means: (i) Director or Officer; (ii) a director or officer of a subsidiary of the Company; or (iii) a person that beneficially owns or controls, directly or indirectly, Shares carrying more than 10% of the voting rights attached to all outstanding Shares of the Company.

(i) **"Management Company Employee"** means an individual employed by a person providing management services to the Company, which are required for the ongoing successful operation of the business enterprise of the Company, but excluding a person engaged in investor relations.

(j) **"Market Price"** means the price at which the last recorded sale of a board lot of Shares took place on the Exchange during the trading day immediately preceding the date of granting the Option and, if there was no such sale, the closing price on the preceding trading day during which there was such a sale.

(k) **"Officer"** means a chair or vice-chair of the Board, a chief executive officer, chief financial officer, chief operating officer, president, vice-president, secretary, assistant secretary, treasurer or assistant treasurer of the Company or any of its subsidiaries or an individual designated as an officer by a resolution of the Board or the constating documents of the Company.

(l) **"Option"** means an option to purchase Shares granted to an Optionee under this Plan.

(m) **"Optionee"** means a Director, Officer, Employee, Management Company Employee or Consultant granted an Option or a corporation, other than a Consultant Company, granted an Option where the corporation's only shareholder is a Director, Officer or Employee.

(n) **"Plan"** means this stock option plan as amended, supplemented or restated.

(o) **"Shares"** means common shares of the Company.

3. GRANTING OF OPTIONS

3.1 **Administration.** This Plan shall be administered by the Board.

3.2 **Grant by Resolution.** The Board may determine by resolution those Employees, Management Company Employees, Consultants, Officers and Directors to whom Options should be granted and grant to them such Options as the Board determines to be appropriate.

3.3 **Representations to Employees, Consultants, and Management Company Employees.** Every instrument evidencing an Option granted to an Employee, Consultant or Management Company Employee shall contain a representation by the Company and the Optionee that the Optionee is a bona fide Employee, Consultant or Management Company Employee.

3.4 **No Grants if Listed on NEX.** The Board shall not grant any Options if the Shares are listed on the NEX Board of the TSX-V or the Company has been given notice that its listing will or might be transferred to NEX.

3.5 **Terms of Option.** The Board shall determine and specify in its resolution the number of Shares that should be placed under Option to each such Employee, Management Company Employee, Consultant, Officer or Director, the price per Share to be paid for such Shares upon the exercise of each such Option, and the period during which such Option may be exercised.

3.6 **Written Agreement.** Every Option shall be evidenced by a written agreement between the Company and the Optionee. If there is any inconsistency between the terms of the agreement and this Plan the terms of this Plan shall govern.

4. CONDITIONS GOVERNING THE GRANTING & EXERCISING OF OPTIONS

4.1 **Agreements must specify Exercise Period and Price, Vesting and Number of Shares.** In granting an Option, the Board must specify a particular time period or periods during which the Option may be exercised, the exercise price required to purchase the Shares subject to the Option and any vesting terms and conditions of the Option, including the number of Shares in respect of which the Option may be exercised during each such time period.

4.2 **Minimum Exercise Price of Options.** The exercise price of an Option shall not be less than the Market Price, less, if the Shares are listed on the TSX-V, the maximum discount permitted by the Exchange, at the time of granting the Option. If the Optionee is subject to the tax laws of the United States of America and owns (as determined in accordance with such laws) greater than 10% of the Shares at the time of granting of the Option the exercise price shall be at least 110% of the Market Price. If the Shares are listed on the TSX-V, no Options shall be granted which are exercisable at a price of less than $0.10 per Share.

4.3 **Number of Shares subject to Option.** The number of Shares reserved for issuance to an Optionee pursuant to an Option, together with all other stock options granted to the Optionee in the previous 12 months, shall not exceed, at the time of granting of the Option:

(a) 5% of the outstanding Shares, unless the Company has obtained disinterested shareholder approval or the Shares are listed on the TSX;

(b) 2% of the outstanding Shares, if the Optionee is a Consultant and the Shares are listed on the TSX-V; or

(c) 2% of the outstanding Shares (including all other Shares reserved for issuance to all Optionees providing investor relations services to the Company), if the Optionee is engaged in providing investor relations services to the Company and the Shares are listed on the TSX-V.

4.4 **<u>Vesting of Options</u>.** Subject to further vesting requirements required by the Board on granting of an Option, all Options shall vest and be exercisable on the following terms:

> *(a) If Optionee is Providing Investor Relations Services: If the Optionee is a Consultant providing investor relations services to the Company and the Shares are listed on the TSX-V, any Option granted to the Consultant must vest in stages over at least 12 months with no more than one quarter of the Option vesting in any three month period.*
>
> (b) *If there is a Change of Control:* If a Change of Control is agreed to by the Company or events which might lead to a Change of Control are commenced by third parties, all Options, subject to the Exchange's approval (if required), shall vest immediately and be fully exercisable notwithstanding the terms thereof. For the purposes hereof "**Change of Control**" shall mean:
>
> > (i) any transaction or series of related transactions as a result of which any person, entity or group acquires ownership, after the date of an Option, of at least 20% of the Shares and they or their representatives become a majority of the Board or assume control or direction over the management or day-to-day operations of the Company; or
> >
> > (ii) an amalgamation, merger, arrangement, business combination, consolidation or other reorganization of the Company with another entity or the sale or disposition of all or substantially all of the assets of the Company, as a result of either of which the Company ceases to exist, be publicly traded or the management of the Company or Board do not comprise a majority of the management or a majority of the board of directors, respectively, of the resulting entity,
>
> and to permit Optionees to participate in any of the foregoing, the Board may make appropriate provision for the exercise of Options conditional upon the Shares so issued being taken-up and paid for pursuant to any of the foregoing.

Subject to the approval of the Exchange if the Optionee is a Consultant providing investor relations services for the Company, the Board may advance, at any time, the dates upon which any or all Options shall vest and become exercisable, regardless of the terms of vesting set out in this Plan or the agreement.

4.5 **<u>Exercise of Options if Specified Value Exceeds USD $100,000</u>.** If the Optionee is subject to the tax laws of the United States of America that part of any Option entitling the Optionee to purchase Shares having a value of USD $100,000 or less shall be treated as an 'Incentive Stock Option' under United States *Internal Revenue Code* (so that the Optionee may defer the payment of tax on such Shares until the year in which such Shares are disposed of by the Optionee). For the purposes hereof value is determined by multiplying the number of shares which are subject to the Option times the Market Price (at the time of granting of the Option). That part of any Option on Shares having a value in excess of USD $100,000 shall be treated as a non-qualifying stock option for the purposes of the Code and shall not entitle the Optionee to such tax deferral.

4.6 **<u>Expiry of Options</u>.** Each Option shall expire not later than 10 years from the day on which the Option is granted.

4.7 **<u>Expiry of Options during or immediately after Trading Blackout Periods</u>.** If an Option expires during, or within five trading days after, a Blackout Period then, notwithstanding Section 4.6 or the terms of the Option, the term of the Option shall be extended and the Option shall expire 10 trading days after the termination of the Blackout Period.

4.8 **Death or Disability of Optionee.** If an Optionee dies or suffers a Disability prior to the expiry of an Option, the Optionee's legal representatives, before the earlier of the expiry date of the Option and the first anniversary of the Optionee's death or Disability, may exercise that portion of an Option which has vested as at the date of death or Disability. For the purposes hereof "**Disability**" shall mean any inability of the Optionee arising due to medical reasons which the Board considers likely to permanently prevent or substantially impair Optionee being an Employee, Management Company Employee, Consultant, Officer or Director.

4.9 **Cessation as an Optionee (With Cause).** If an Optionee ceases to be a Director, Officer, Consultant, Employee or Management Company Employee by reason of termination or removal for cause any Option shall terminate immediately on such termination or removal and not be exercisable by the Optionee unless otherwise determined by the Board.

4.10 **Cessation as an Optionee (Without Cause).** If an Optionee ceases to be any of a Director, Officer, Consultant, Employee or Management Company Employee for any reason except as provided in sections 4.8 or 4.9, any Option shall be exercisable to the extent that it has vested and was exercisable as at the date of such cessation, unless further vesting is permitted by the Board, and must terminate on the earlier of the expiry date of the Option and:

(a) the 90th day after the Optionee ceased to be any of a Director, Officer, Consultant, Employee or Management Company Employee, or such later date as may be reasonably determined by the Board; or

(b) if the Optionee is subject to the tax laws of the United States of America, the earlier of the 90th day and the third month after the Optionee ceased to be an Employee or Officer.

4.11 **No Assignment of Options.** No Option or any right thereunder or in respect thereof shall be transferable or assignable otherwise than by will or pursuant to the laws of succession except that, if permitted by the rules and policies of the Exchange, an Optionee shall have the right to assign any Option (other than an 'Incentive Stock Option' under United States Internal Revenue Code) to a corporation wholly-owned by them.

4.12 **Restriction on Resale of Shares Issued on Exercise of an Option.** Unless an Option is exercisable for a price equal to or above the Market Price at the time the Option is granted or the Shares are listed on the TSX, all Shares issued upon the exercise of the Option shall be subject to a four month hold period from the time the Option was exercised and, in accordance with the TSX-V's policies, the certificates representing such Shares shall be legended accordingly.

4.13 **Notice of Exercise of an Option.** Options shall be exercised only in accordance with the terms and conditions of the agreements under which they are respectively granted and shall be exercisable only by notice in writing to the Company.

4.14 **Payment on Exercise of an Option.** Options may be exercised in whole or in part at any time prior to their lapse or termination. Shares purchased by an Optionee on exercise of an Option shall be fully paid for in cash or by certified cheque, bank draft or money order at the time of their purchase.

4.15 **Condition to Issuance of Shares.** The Board may require, as a condition of the issuance of Shares or delivery of certificates representing such Shares upon the exercise of any Option and to ensure compliance with any applicable laws, regulations, rules, orders and requirements that the Optionee or the Optionee's heirs, executors or other legal representatives, as applicable, make such covenants, agreements and representations as the Board deems necessary or desirable.

4.16 **Withholding or Deductions of Taxes.** The Company may deduct, withhold or require an Optionee, as a condition of exercise of an Option, to withhold, pay, remit or reimburse any taxes or similar charges, which are required to be paid, remitted or withheld in connection with the exercise of any Option.

5. RESERVATION OF SHARES FOR OPTIONS

5.1 **Sufficient Authorized Shares to be Reserved.** Whenever the constating documents of the Company limit the number of authorized Shares, a sufficient number of Shares shall be reserved by the Board to satisfy the exercise of Options. Shares that were the subject of Options that have lapsed or terminated shall thereupon no longer be in reserve and may once again be subject to an Option.

5.2 **Maximum Number of Shares to be Reserved Under Plan.** The aggregate number of Shares which may be subject to issuance pursuant to Options shall be **2,650,000**. If any Option expires or otherwise terminates for any reason without having been exercised in full, the number of Shares in respect of such expired or terminated Option shall again be available for the purposes of granting Options pursuant to this Plan.

5.3 **Maximum Number of Shares Reserved for Insiders.** All Options, together with all of the Company's other previously granted stock options, stock option plans, employee stock purchase plans or any other compensation or incentive mechanisms involving the issuance or potential issuance of Shares, shall not result, at the time of granting, in:

(a) the number of Shares reserved for issuance pursuant to Options granted to Insiders exceeding 10% of the Shares outstanding;

(b) the issuance to Insiders, within a one year period, of Shares totalling in excess of 10% of the Shares outstanding; or

(c) the issuance to any one individual, within a one year period, of Shares totalling in excess of 5% of the Shares outstanding,

unless the disinterested shareholders have approved thereof.

6. CAPITAL REORGANIZATIONS

6.1 **Share Consolidation or Subdivision.** If the Shares are at any time subdivided or consolidated, the number of Shares reserved for Options shall be similarly increased or decreased and the price payable for any Shares that are then subject to issuance shall be decreased or increased proportionately, as the case may require, so that upon exercising each Option the same proportionate shareholdings at the same aggregate purchase price shall be acquired after such subdivision or consolidation as would have been acquired before.

6.2 **Stock Dividend.** If the Shares are at any time changed as a result of the declaration of a stock dividend thereon, the number of Shares reserved for Options and the price payable for any Shares that are then subject to issuance may be adjusted by the Board to such extent as they deem proper in their absolute discretion.

6.3 **No Fractional Shares.** No adjustment made pursuant to this Part shall require the Company to issue a fraction of a Share and any fractions of a Share shall be rounded up or down to the nearest whole number, with one-half a Share being rounded up to one Share.

6.4 **No Adjustment for Cash Dividends or Rights Offerings.** No adjustment shall be made to any Option pursuant to this Part in respect of the payment of any cash dividend or the distribution to the shareholders of the Company of any rights to acquire Shares or other securities of the Company.

7. EXCHANGE'S RULES & POLICIES GOVERN & APPLICABLE LAW

7.1 **Exchange's Rules and Policies Apply.** This Plan and the granting and exercise of any Options are also subject to such other terms and conditions as are set out in the rules and policies on stock options of the Exchange and any securities commission having authority and such rules and policies shall be deemed to be incorporated into and become a part of this Plan. If there is an inconsistency between the provisions of such rules and policies and of this Plan, the provisions of such rules and policies shall govern.

7.2 **Compliance With Applicable Laws.** Notwithstanding anything herein to the contrary, the Company shall not be obliged to cause any Shares to be issued or certificates evidencing Shares to be delivered pursuant to this Plan, where issuance and delivery is not, or would result in the Company not, being in compliance with all applicable laws, regulations, rules, orders of governmental or regulatory authorities and the requirements of the Exchange. **If any provision of this Plan, any Option or any agreement entered into pursuant to this Plan contravenes any applicable law, rule, regulation or order, or any policy, bylaw or regulation of the Exchange or any regulatory body having authority over the Company or this Plan, such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith, but the Company shall not be responsible to pay and shall not incur any penalty, liability or further obligation in connection therewith.**

7.3 **No Obligation to File Prospectus.** The Company shall not be liable to compensate any Optionee and in no event shall it be obliged to take any action, including the filing of any prospectus, registration statement or similar document, in order to permit the issuance and delivery of any Shares upon the exercise of any Option in order to comply with any applicable laws, regulations, rules, orders or requirements of any securities regulatory authority.

7.4 **Governing Law.** This Plan shall be governed by, and construed in accordance with, the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

8. AMENDMENT OF PLAN & OPTIONS

8.1 **Board May Amend Plan or Options.** The Board may amend or terminate this Plan or any Options but no such amendment or termination, except with the written consent of the Optionees concerned or unless required to make this Plan or the Options comply with the rules and policies of the Exchange, shall affect the terms and conditions of Options which have not then been exercised or terminated.

8.2 **Shareholder Approval.** The approval of disinterested shareholders for an amendment to this Plan or any Option shall be required in respect of Options granted to Insiders involving:

(a) a reduction of the exercise price, including a reduction effected by cancelling an existing Option and granting a new Option exercisable at a lower price within the subsequent one year period, if the Shares are listed on the TSX-V, or three month period, if the Shares are listed on the TSX; or

(b) an extension of the exercise period, if the Shares are listed on the TSX, unless the extension arises from a Blackout Period.

Approval by all holders of Shares, whether the holders are disinterested shareholders or not, is required for:

(a) an increase in the number of Shares, or percentage of the outstanding Shares, reserved for issuance under this Plan; or

(b) a change from a fixed number to a fixed percentage of the outstanding Shares, or from a fixed percentage to a fixed number, in the number of Shares reserved for issuance under this Plan.

No approval by any holders of Shares is required for:

(a) an amendment to comply with applicable law or rules of the Exchange or of a 'housekeeping' nature required to correct typographical and similar errors;

(b) a change to the vesting provisions;

(c) a change to the termination provisions, other than an extension of an Option to a new expiry date that falls outside the maximum term currently permitted by this Plan when the Option was first granted; and

(d) a reduction of the exercise price of an Option, including a reduction effected by cancelling an existing Option and granting a new Option exercisable at a lower price, or an extension of the exercise period, if the Optionee is not an Insider.

8.3 **Exchange Approval Required.** Any amendment to this Plan or Options shall not become effective until such amendments have been accepted for filing by the Exchange.

9. PLAN DOES NOT AFFECT OTHER COMPENSATION PLANS

9.1 **Other Plans Not Affected.** This Plan shall not in any way affect the policies or decisions of the Board in relation to the remuneration of Directors, Officers, Consultants, Employees and Management Company Employee.

10. OPTIONEE'S RIGHTS AS A SHAREHOLDER

10.1 **No Rights Until Option Exercised.** An Optionee shall be entitled to the rights pertaining to share ownership, such as to dividends, only with respect to Shares that have been fully paid for and issued to the Optionee upon exercise of an Option.

11. EFFECTIVE DATE & EXPIRY OF PLAN

11.1 **Effective Date.** This Plan has been adopted by the Board subject to the approval of the Exchange and if so approved, subject to the discretion of the Board, the Plan shall become effective upon such approvals being obtained. Thereafter this Plan shall be approved by the holders of the Shares annually, if the Shares are listed on the TSX-V, or tri-annually, if the Shares are listed on the TSX. If such annual approvals are not obtained, Options may no longer be granted. Options may be granted, but cannot be exercised, prior to the receipt of such approvals.

11.2 **Termination.** This Plan shall terminate upon a resolution to that effect being passed by the Board. Any Options shall continue to be exercisable according to their terms after the termination of this Plan.

Adopted by the Board of Directors on June 4, 2015.

Exhibit 21.1

SUBSIDIARIES OF THE REGISTRANT

Name of Subsidiary	Jurisdiction
Destiny Software Productions Inc. *	British Columbia, Canada
MPE Distribution, Inc.	Nevada, United States

* Destiny Software Productions Inc. has one wholly-owned subsidiary named Sonox Digital Inc. It was incorporated under the laws of British Columbia, Canada.

Exhibit 31.1

CERTIFICATIONS

I, Frederick Vandenberg, certify that:

(1) I have reviewed this annual report on Form 10-K of Destiny Media Technologies Inc.;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 23, 2021

/s/Frederick Vandenberg

Frederick Vandenberg
Chief Executive Officer, President
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, Samuel Ritchie, certify that:

(1) I have reviewed this Annual Report on Form 10-K of Destiny Media Technologies Inc.;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 23, 2021

/s/Samuel Ritchie

Samuel Ritchie, CPA, CA
Chief Financial Officer, Treasurer
(Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Destiny Media Technologies Inc. (the "Company") on Form 10-K for the fiscal year ended August 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, in the capacities and on the date indicated below, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of our knowledge, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By:	/s/Frederick Vandenberg
Name:	Frederick Vandenberg
Title:	Chief Executive Officer. President (Principal Executive Officer)
Date:	November 23, 2021
By:	/s/Samuel Ritchie
Name:	Samuel Ritchie, CPA, CA
Title:	Chief Financial Officer, Treasurer (Principal Financial and Accounting Officer)
Date:	November 23, 2021