# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

# FORM 10-Q

[X] **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended **February 29, 2024**

[ ] **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.

(Exact name of registrant as specified in its charter)

| | |
|---|---|
| **NEVADA** | **84-1516745** |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |
| **428 - 1575 West Georgia Street**<br>**Vancouver, British Columbia, Canada** | **V6G 2V3** |
| (Address of principal executive offices) | (Zip Code) |

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

(Former name, former address and former fiscal year, if changes since last report)

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.
[X] Yes [ ] No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted 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).
[X] Yes [ ] No

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

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

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.
[ ] Yes [ ] No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act)
[ ] Yes [X] No

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's class of common stock, as of the latest practicable date:

**The number of shares outstanding of the registrant's common stock, par value $0.001, as of April 15, 2024 was 9,672,710.**

**DESTINY MEDIA TECHNOLOGIES, INC.**
**FORM 10-Q**
**TABLE OF CONTENTS**

**PART I - FINANCIAL INFORMATION**

**ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**DESTINY MEDIA TECHNOLOGIES, INC.**
**Condensed Consolidated Balance Sheets**

| | Notes | | February 29, 2024 | | August 31, 2023 |
|---|---|---|---|---|---|
| | | | (unaudited) | | (audited) |
| **ASSETS** | | | | | |
| Cash and cash equivalents | 3 | $ | 1,539,685 | $ | 2,002,769 |
| Accounts receivable, net of allowance for doubtful accounts of $38,436 (August 31, 2023 - $41,331) | | | 634,465 | | 432,501 |
| Other receivables | | | 63,750 | | 58,519 |
| Prepaid expenses | | | 40,297 | | 72,014 |
| Deposits | | | 32,174 | | 32,214 |
| **Total current assets** | | | 2,310,371 | | 2,598,017 |
| | | | | | |
| Property and equipment, net | 4 | | 531,853 | | 642,207 |
| Intangible assets, net | 5 | | 872,752 | | 645,474 |
| **Total assets** | | $ | 3,714,976 | $ | 3,885,698 |
| | | | | | |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | | | | |
| **Current** | | | | | |
| Accounts payable | | $ | 101,067 | $ | 110,203 |
| Accrued liabilities | | | 294,031 | | 267,144 |
| Deferred revenue | | | 19,304 | | 34,710 |
| Total current liabilities | | | 414,402 | | 412,057 |
| **Total liabilities** | | | 414,402 | | 412,057 |
| | | | | | |
| Commitments and contingencies | 7 | | - | | - |
| | | | | | |
| **Stockholders' equity** | | | | | |
| Common stock, par value $0.001, authorized 20,000,000 shares. Issued and outstanding - 9,787,310 shares (August 31, 2023 - 10,096,610 shares) | 6 | | 9,787 | | 10,096 |
| Additional paid-in capital | | | 8,960,760 | | 9,242,671 |
| Accumulated deficit | | | (5,184,863) | | (5,304,367) |
| Accumulated other comprehensive loss | | | (485,110) | | (474,759) |
| **Total stockholders' equity** | | | 3,300,574 | | 3,473,641 |
| **Total liabilities and stockholders' equity** | | $ | 3,714,976 | $ | 3,885,698 |

*The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.*

**DESTINY MEDIA TECHNOLOGIES, INC.**
**Condensed Consolidated Statements of Comprehensive Income**
**(Unaudited)**

| | Notes | Three months ended February 29, 2024 | Three months ended February 28, 2023 | Six months ended February 29, 2024 | Six months ended February 28, 2023 |
|---|---|---|---|---|---|
| **Service revenue** | 8 | **$ 986,338** | $ 899,042 | **$ 2,141,140** | $ 1,919,779 |
| | | | | | |
| **Cost of revenue** | | | | | |
| Hosting costs | | **32,383** | 25,526 | **60,656** | 53,485 |
| Internal engineering support | | **12,926** | 12,883 | **29,996** | 25,453 |
| Customer support | | **73,247** | 73,008 | **169,975** | 144,236 |
| Third-party and transactions costs | | **16,790** | 15,177 | **38,137** | 32,867 |
| | | **135,346** | 126,594 | **298,764** | 256,041 |
| **Gross margin** | | **850,992** | 772,448 | **1,842,376** | 1,663,738 |
| | | **86.3%** | 85.9% | **86.0%** | 86.7% |
| **Operating expenses** | | | | | |
| General and administrative | | **205,255** | 175,345 | **353,147** | 338,406 |
| Sales and marketing | | **285,001** | 258,300 | **500,858** | 432,526 |
| Product development | | **419,183** | 312,904 | **727,730** | 576,330 |
| Depreciation and amortization | 4,5 | **87,026** | 35,952 | **168,124** | 72,331 |
| | | **996,465** | 782,501 | **1,749,859** | 1,419,593 |
| **Income (loss) from operations** | | **(145,473)** | (10,053) | **92,517** | 244,145 |
| | | | | | |
| **Other income** | | | | | |
| Interest and other income | | **15,461** | 8,777 | **26,987** | 16,445 |
| **Net income (loss) before income tax** | | **$ (130,012)** | $ (1,276) | **$ 119,504** | $ 260,590 |
| Current income tax expense | | **-** | - | **-** | (3,600) |
| **Net income (loss)** | | **$ (130,012)** | $ (1,276) | **$ 119,504** | $ 256,990 |
| Foreign currency translation adjustments | | **2,341** | (18,922) | **(10,351)** | (111,406) |
| **Total comprehensive income (loss)** | | **$ (127,671)** | $ (20,198) | **$ 109,153** | $ 145,584 |
| | | | | | |
| **Net income (loss) per common share** | | | | | |
| Basic and diluted | 6 | **$ (0.01)** | **$ (0.00)** | **$ 0.01** | **$ 0.03** |
| | | | | | |
| **Weighted average common shares outstanding:** | | | | | |
| Basic | 6 | **9,842,720** | 10,122,261 | **9,926,627** | 10,122,261 |
| Diluted | 6 | **10,107,554** | 10,122,261 | **10,191,461** | 10,122,261 |

*The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.*

**DESTINY MEDIA TECHNOLOGIES, INC.**
**Condensed Consolidated Statements of Stockholders' Equity**
**Three and Six Months Ended February 29, 2024 and February 28, 2023**
**(Unaudited)**

| | Common stock | | | | | |
|---|---|---|---|---|---|---|
| | Shares | Amount | Additional Paid-in Capital | Accumulated Deficit | Accumulated Other Comprehensive Income (Loss) | Total Stockholders' Equity |
| Balance, August 31, 2022 | 10,122,261 | $ 10,122 | $ 9,115,848 | $ (5,639,465) | $ (376,218) | $ 3,110,287 |
| Total comprehensive income (loss) | - | - | - | 258,266 | (92,484) | 165,782 |
| Stock-based compensation | - | - | 37,157 | - | - | 37,157 |
| Balance, November 30, 2022 | 10,122,261 | 10,122 | 9,153,005 | (5,381,199) | (468,702) | 3,313,226 |
| Total comprehensive loss | - | - | - | (1,276) | (18,922) | (20,198) |
| Stock-based compensation | - | - | 38,085 | - | - | 38,085 |
| **Balance, February 28, 2023** | **10,122,261** | **$ 10,122** | **$ 9,191,090** | **$ (5,382,475)** | **$ (487,624)** | **$ 3,331,113** |

| | | Common stock | | | | | |
|---|---|---|---|---|---|---|---|
| | Notes | Shares | Amount | Additional Paid-in Capital | Accumulated Deficit | Accumulated Other Comprehensive Income (Loss) | Total Stockholders' Equity |
| Balance, August 31, 2023 | | 10,096,610 | $ 10,096 | $ 9,242,671 | $ (5,304,367) | $ (474,759) | $ 3,473,641 |
| Total comprehensive income (loss) | | - | - | - | 249,516 | (12,692) | 236,824 |
| Stock-based compensation | 6(b) | - | - | 13,805 | - | - | 13,805 |
| Common shares retired | 6(a) | (172,000) | (172) | (170,606) | - | - | (170,778) |
| Balance, November 30, 2023 | | 9,924,610 | 9,924 | 9,085,870 | (5,054,851) | (487,451) | 3,553,492 |
| Total comprehensive income (loss) | | - | - | - | (130,012) | 2,341 | (127,671) |
| Stock-based compensation | 6(b) | - | - | 10,655 | - | - | 10,655 |
| Common shares retired | 6(a) | (137,300) | (137) | (135,765) | - | - | (135,902) |
| **Balance, February 29, 2024** | | **9,787,310** | **$ 9,787** | **$ 8,960,760** | **$ (5,184,863)** | **$ (485,110)** | **$ 3,300,574** |

*The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.*

**DESTINY MEDIA TECHNOLOGIES, INC.**
**Condensed Consolidated Statements of Cash Flows**
**(Unaudited)**

| | Six months ended | |
|---|---|---|
| | **February 29, 2024** | **February 28, 2023** |
| **Operating Activities** | | |
| Net income | **$ 119,504** | $ 256,990 |
| Adjustments to reconcile net income to net cash provided (used) in operations: | | |
| Depreciation and amortization | **168,124** | 72,331 |
| Stock-based compensation | **24,460** | 75,242 |
| Allowance for doubtful accounts | **(2,895)** | (3,126) |
| Unrealized foreign exchange gain | **(2,886)** | - |
| Changes in non-cash working capital: | | |
| Accounts receivable | **(164,452)** | (28,565) |
| Other receivables | **(5,303)** | (16,473) |
| Prepaid expenses and deposits | **31,692** | 31,748 |
| Accounts payable | **(47,271)** | (43,373) |
| Accrued liabilities | **27,204** | 51,534 |
| Deferred revenue | **(15,380)** | 5,861 |
| **Net cash provided by operating activities** | **132,797** | 402,169 |
| | | |
| **Investing Activities** | | |
| Development of software | **(230,926)** | (452,051) |
| Purchase of property, equipment, and intangibles | **(50,637)** | (4,741) |
| **Net cash used in investing activities** | **(281,563)** | (456,792) |
| | | |
| **Financing Activity** | | |
| Common stock repurchased for cancellation | **(306,680)** | - |
| **Net cash used in financing activity** | **(306,680)** | - |
| | | |
| Effect of foreign exchange rate changes on cash and cash equivalents | **(7,638)** | (67,286) |
| | | |
| Net decrease in cash and cash equivalents | **(463,084)** | (121,909) |
| Cash and cash equivalents, beginning of period | **2,002,769** | 2,095,928 |
| **Cash and cash equivalents, end of period** | **$ 1,539,685** | $ 1,974,019 |
| | | |
| **Supplementary disclosure:** | | |
| Interest paid | **$ -** | $ - |
| Income taxes paid | **$ -** | $ 3,600 |

*The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.*

## NOTE 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 (the "TSXV") and under the symbol "DME1.F" on the Berlin, Frankfurt, Xetra and Stuttgart exchanges in Germany.

## 2. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements include the consolidated accounts of the Company and its wholly owned subsidiaries: Destiny Software Productions, Inc. ("DSNY"), MPE Distributions, Inc. ("MPE"), Tonality, Inc. ("Tonality"), and Sonox Digital Inc. ("Sonox"). All intercompany transactions have been eliminated on consolidation. All figures are in United States dollars unless otherwise stated.

The accompanying unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q have been prepared in conformity with generally accepted accounting principles in the U.S. ("U.S. GAAP"). The unaudited condensed consolidated financial statements presented in this Quarterly Report should be read in conjunction with the consolidated financial statements and accompanying notes included in the Company's Annual Report on Form 10-K filed with the SEC on November 28, 2023 (the "2023 Form 10-K"). The condensed consolidated balance sheet as of August 31, 2023 was derived from audited consolidated financial statements included in the 2023 Form 10-K but does not include all disclosures required by U.S. GAAP for complete financial statements. The Company's significant accounting policies are described in Note 2 to those consolidated financial statements.

Interim results may not be indicative of the results that may be expected for the full year. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted from these interim financial statements. The unaudited condensed consolidated financial statements reflect all adjustments which in the opinion of management are necessary for a fair statement of results of operations, financial condition, cash flows and stockholders' equity for the periods presented. Except as otherwise disclosed, all such adjustments are of a normal recurring nature.

### Use of Estimates

The preparation of the consolidated financial statements in accordance with U.S. GAAP requires management to make use of certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the unaudited condensed consolidated financial statements and the reported amounts of revenue and expenses during the reported periods. The Company bases its estimates on historical experience and on various other assumptions that management believes are reasonable under the circumstances, the results of which form the basis for making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates. Significant estimates are related to the labour capitalized to software under development and computer software, the recoverability of long-term assets including property, equipment, and intangible assets, amortization expense, and valuation of stock-based compensation.

**3. CASH AND CASH EQUIVALENTS**

The Company's cash include cash in readily available checking accounts. The Company's cash equivalents consist of investments in mutual funds with a major Canadian financial institution that earn interest at variable interest rates ranging from 4.55% - 4.90%.

**4. PROPERTY AND EQUIPMENT, NET**

| | February 29, 2024 | | |
|---|---|---|---|
| **Property and Equipment** | **Cost** | **Accumulated Amortization** | **Net Book Value** |
| Furniture and fixtures | $ 131,740 | $ (121,939) | $ 9,801 |
| Computer hardware | 316,254 | (276,345) | 39,909 |
| Computer software | 861,295 | (379,152) | 482,143 |
| **Total property and equipment** | **$ 1,309,289** | **$ (777,436)** | **$ 531,853** |

| | August 31, 2023 | | |
|---|---|---|---|
| **Property and Equipment** | **Cost** | **Accumulated Amortization** | **Net Book Value** |
| Furniture and fixtures | $ 131,892 | $ (120,990) | $ 10,902 |
| Computer hardware | 316,619 | (269,733) | 46,886 |
| Computer software | 811,374 | (226,955) | 584,419 |
| **Total property and equipment** | **$ 1,259,885** | **$ (617,678)** | **$ 642,207** |

During the three and six months ended February 29, 2024, the Company reclassified a total of $27,117 and $50,455 in salaries and wages from software under development to computer software, respectively (February 28, 2023 - $Nil and $Nil, respectively).

Depreciation on property and equipment for the three and six months ended February 29, 2024 was $83,083 and $160,555, respectively (February 28, 2023 - $34,147 and $68,049, respectively).

**5. INTANGIBLE ASSETS, NET**

| | February 29, 2024 | | |
|---|---|---|---|
| **Intangible Assets** | **Cost** | **Accumulated Amortization** | **Net Book Value** |
| Software under development | $ 854,556 | $ - | $ 854,556 |
| Patents, trademarks, and lists | 472,206 | (454,010) | 18,196 |
| **Total intangible assets** | **$ 1,326,762** | **$ (454,010)** | **$ 872,752** |

| | August 31, 2023 | | |
|---|---|---|---|
| **Intangible Assets** | **Cost** | **Accumulated Amortization** | **Net Book Value** |
| Software under development | $ 624,539 | $ - | $ 624,539 |
| Patents, trademarks, and lists | 467,852 | (446,917) | 20,935 |
| **Total intangible assets** | **$ 1,092,391** | **$ (446,917)** | **$ 645,474** |

During the three and six months ended February 29, 2024, the Company capitalized a total of $102,780 and $280,182 in salaries and wages related to software under development, respectively (February 28, 2023 - $203,732 and $452,074, respectively), out of this amount, $27,117 and $50,455, respectively, was subsequently reclassified to computer software assets as the projects were completed (Note 4) (February 28, 2023 - $Nil and $Nil, respectively).

Amortization on intangible assets for the three and six months ended February 29, 2024 was $3,943 and $7,569, respectively (February 28, 2023 - $1,805 and $4,282, respectively).

## 6. STOCKHOLDERS' EQUITY

**[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.

During the three and six months ended February 29, 2024, the Company did not issue any common stock (February 28, 2023 - Nil). During the three and six months ended February 29, 2024, the Company repurchased and cancelled 137,300 and 309,300 common shares for $135,902 and $306,680, respectively (February 28, 2023 - Nil and Nil, respectively).

**[b] Stock option plans**

Pursuant to the Company's 2015 Stock Option Plan (the "2015 Plan"), 530,000 shares of common stock have been reserved for issuance. A total of 420,000 common shares remain eligible for issuance under the 2015 Plan. On February 18, 2022 the Company received shareholder approval for the 2022 Stock Option Plan (the "2022 Plan") (together with the 2015 Plan, the "Plans"), whereby 1,000,000 common shares are reserved for issuance. As of February 29, 2024, 376,166 common shares remain eligible for issuance under the 2022 Plan.

The options generally vest over a range of periods from the date of grant, some are immediate, and others vest over 24 months. Any options that do not vest as the result of a grantee leaving the Company are forfeited and the underlying common shares are returned to the reserve. The options generally have a contractual term of five years.

***Stock-Based Payment Award Activity***

A summary of stock option activity under the Plans as of February 29, 2024, and changes during the period were the following:

| | Number of Options | Weighted Average Exercise Price | Weighted Average Contractual Term (Years) | Aggregate Intrinsic Value |
|---|---|---|---|---|
| Outstanding at August 31, 2022 | 593,000 | $ 1.49 | 3.79 | $ - |
| Granted | 228,000 | $ 0.85 | 4.90 | $ - |
| Forfeited | (72,000) | $ 1.41 | 3.41 | $ - |
| Outstanding at August 31, 2023 | 749,000 | $ 1.30 | 3.37 | $ - |
| Forfeited | (13,416) | $ 0.86 | 4.37 | $ 3,028 |
| Expired | (1,750) | $ 1.50 | 2.67 | $ - |
| **Outstanding at February 29, 2024** | **733,834** | **$ 1.31** | **2.85** | **$ 51,912** |
| **Exercisable at February 29, 2024** | **588,516** | **$ 1.42** | **2.49** | **$ 20,022** |

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 as of February 29, 2024. As of February 29, 2024, the aggregate intrinsic value of outstanding and exercisable options was $51,912 and $20,022, respectively (February 28, 2023 - $Nil and $Nil, respectively). There were no stock options repurchased during the six months ended February 29, 2024 (February 28, 2023 - Nil).

As of February 29, 2024, there was $59,156 (February 28, 2023 - $141,020) of total unrecognized compensation cost related to non-vested stock-based compensation awards. The unrecognized compensation cost is expected to be recognized over a weighted average period of 0.83 years (February 28, 2023 - 1 year).

During the three and six months ended February 29, 2024, the Company recorded $10,655 and $24,460 in non-cash stock-based compensation, respectively (February 28, 2023 - $38,085 and $75,242, respectively).

**[c] Employee Stock Purchase Plan**

The Company's 2011 Employee Stock Purchase Plan (the "ESPP") became effective on February 22, 2011. Under the ESPP, employees of the Company can contribute up to 5% of their annual salary into a pool which is matched equally by the Company in order to purchase the Company's common shares under certain terms. Directors can 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 TSXV by a third-party plan agent. The third-party plan agent is also responsible for the administration of the ESPP on behalf of the Company and the participants.

During the three and six months ended February 29, 2024, the Company recognized compensation expense of $24,160 and $45,982, respectively (February 28, 2023 - $51,498 and $70,170, respectively) in salaries and wages on the condensed consolidated statement of comprehensive income (loss) in respect of the ESPP, representing the Company's employee matching of cash contributions to the ESPP. The shares were purchased on the open market at an average price of $1.01 over a six-month period (February 28, 2023 - $1.15). The shares are held in trust by the Company for a period of one year from the date of purchase. As of February 29, 2024, 202,247 shares were held in trust by the Company.

**[d] Earnings Per Share**

Net income (loss) per common share (basic) is calculated by dividing net income (loss) by the weighted average number of common shares outstanding during the period. Net income (loss) per common share (diluted) is calculated by dividing net income (loss) 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. The following table shows the computation of basic and diluted earnings per share for the three and six months ended February 29, 2024 and February 28, 2023:

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | February 29, 2024 | February 28, 2023 | February 29, 2024 | February 28, 2023 |
| **Numerator**: | | | | |
| Net income (loss) | $ (130,012) | $ (1,276) | $ 119,504 | $ 256,990 |
| **Denominator**: | | | | |
| Weighted-average basic shares outstanding | 9,842,720 | 10,122,261 | 9,926,627 | 10,122,261 |
| Effect of dilutive stock-based awards | 264,834 | - | 264,834 | - |
| **Weighted-average diluted shares** | 10,107,554 | 10,122,261 | 10,191,461 | 10,122,261 |
| | | | | |
| **Basic and diluted earnings per share** | **$ (0.01)** | **$ (0.00)** | **$ 0.01** | **$ 0.03** |

469,000 stock options were excluded from the computation of diluted earnings per share for the three and six months ended February 29, 2024 because their effect would have been antidilutive.

**7. COMMITMENTS AND 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 is defending 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.

**8. CONCENTRATIONS, ECONOMIC DEPENDENCE AND SEGMENTS**

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 earned during the three and six months ended February 29, 2024 and February 28, 2023, by product and location of customer, was as follows:

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | **February 29, 2024** | **February 28, 2023** | **February 29, 2024** | **February 28, 2023** |
| Play MPE® | | | | |
| North America | **$ 446,289** | $ 406,734 | **$ 1,085,316** | $ 941,577 |
| Europe | **492,804** | 450,595 | **953,226** | 889,278 |
| Australasia | **41,870** | 34,025 | **91,535** | 74,049 |
| Africa | **5,375** | 7,688 | **11,063** | 14,875 |
| **Total Play MPE®** | **$ 986,338** | $ 899,042 | **$ 2,141,140** | $ 1,919,779 |

Revenue presented above 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 three and six months ended February 29, 2024, the Company generated 48% and 44% of total revenue from one customer (February 28, 2023 - 47% and 43%, respectively).

As at February 29, 2024, one customer represented $327,957 (or 54%) of the trade receivables balance (August 31, 2023, one customer represented $143,689 (or 36%)).

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

**9. SUBSEQUENT EVENTS**

1. After the quarter ending February 29, 2024, and prior to the issuance of this Quarterly Report on Form 10-Q, the Company repurchased and canceled NTD common shares for a total of $NTD.

2. On April 2, 2024, the Company extended its Online Content Distribution Services Agreement (the "Agreement") with Universal Music Group Recording Services, Inc. The Agreement, effective April 1, 2024, extends coverage until September 30, 2024. The extension is expected to provide time to negotiate a longer-term agreement.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### FORWARD LOOKING STATEMENTS

This report on Form 10-Q contains forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 under Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. Forward-looking statements include statements with respect to our beliefs, plans, objectives, goals, expectations, anticipations, assumptions, estimates, intentions, and future performance, and involve known and unknown risks, uncertainties, and other factors, which may be beyond our control, and which may cause our actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. All statements other than statements of historical fact are statements that could be forward-looking statements. You can identify these forward-looking statements through our use of words such as "may," "can," "anticipate," "assume," "should," "indicate," "would," "believe," "contemplate," "expect," "seek," "estimate," "continue," "plan," "point to," "project," "predict," "could," "intend," "target," "potential" and other similar words and expressions of the future.

There are a number of important factors that could cause the actual results to differ materially from those expressed in any forward-looking statement made by us. These factors include, but are not limited to:

- our goals and strategies;
- our future business development, financial condition and results of operations;
- expected changes in our revenue, costs or expenditures;
- growth of and competition trends in our industry;
- our expectations regarding demand for, and market acceptance of, our products;
- our expectations regarding our relationships with investors, institutional funding partners and other parties with whom we collaborate;
- fluctuations in general economic and business conditions in the markets in which we operate; and
- relevant government policies and regulations relating to our industry.

These forward-looking statements reflect our management's beliefs and views with respect to future events and are based on estimates and assumptions and are subject to risks and uncertainties, including those described in the Part II, Item 1A under the heading *"Risk Factors."* Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. Given these uncertainties, you should not place undue reliance on these forward-looking statements. The events and circumstances reflected in our forward-looking statements may not be achieved or occur and actual results could differ materially from those projected in the forward-looking statements. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained herein, whether as a result of any new information, future events, changed circumstances or otherwise.

In this report, "we," "us," "our," "our company", "Destiny" and similar references refer to Destiny Media Technologies, Inc., a Nevada corporation, and its wholly-owned subsidiaries: Destiny Software Productions, Inc. ("DSNY"), MPE Distributions, Inc. ("MPE"), Tonality, Inc. ("Tonality"), and Sonox Digital Inc. ("Sonox"), and (ii) the term "common stock" refers to the common stock, par value $0.001 per share, of Destiny Media Technologies, Inc., a Nevada corporation. The financial information included herein is presented in United States dollars unless otherwise indicated.

### 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 subsidiaries: Destiny Software Productions Inc., a British Columbia company incorporated in 1992, MPE Distribution, Inc., a Nevada company that was incorporated in 2007, Tonality Inc., a Nevada company that was incorporated in 2021, and Sonox Digital Inc. incorporated under the Canada Business Corporations Act in 2012.

Our principal executive office is located at Suite 428, 1575 West Georgia Street, Vancouver, British Columbia V6G 2V3. 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 "DME1.F"

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.

**Play MPE®**

Currently, the Company's core business is the Play MPE® online platform. Play MPE® distributes promotional content (broadcast quality audio, video, images, promotional information, metadata and other digital content) from record labels and artists to broadcasting professionals, music curators and music reviewers to discover, download, broadcast and review the content. Curators include radio programmers, digital streaming broadcasters, media reviewers, industry VIP's, DJ's, film and TV personnel, sports stadiums, retailers etc. In providing the distribution, Play MPE® provides several capabilities developed and designed to address the unique needs of both music promoters and broadcasters. Play MPE® was first to market, and is the largest provider of this service and provides the most feature rich platform in the world.

Record labels and artists are Play MPE®'s customers. When adding music to the Play MPE® system, clients are targeting specific industry recipients who review and broadcast their music. Play MPE®'s primary value proposition in this marketing effort is a direct increase to record label and artist revenue through on-air broadcast royalties, streaming royalties and synchronization revenue (revenue collected when a song is placed within video advertisements, television, or film), and indirect increases in revenue through growing song and artists' popularity.

Also, Play MPE® provides numerous capabilities that dramatically reduce record label costs while providing functionality necessary for certain strategic marketing plans. The platform also provides administrative controls to enhance security for record label content. In doing so, Play MPE® satisfies a broad range of stakeholders representing diverse interests at record labels. Music is protected by Play MPE®'s patented proprietary watermarking system which provides watermarks unique to each recipient.

Described more fully below, features within Play MPE® are grouped into four main categories: local distribution software, global distribution architecture, targeted recipient list curation and recipient players.

Customers range from small independent artists to the world’s largest record labels (the “Major Record Labels”). The Major Record Labels are Universal Music Group (“Universal”), Warner Music Group (“Warner”) and Sony Music Entertainment (“Sony”). These record labels directly own numerous sub-labels that include Capitol Music Group, Def Jam Recordings, Interscope Records, Island Records, Republic Records, Polydor, Deutsche Grammophon, Motown, Verve Label Group, Virgin Music Group, EMI, RCA Records, Epic Records, Columbia Records, Arista Records, Legacy Recordings, Provident Entertainment, Warner Records, Hollywood Records, Atlantic Records Group, 300 Elektra Entertainment, to name only a few. Play MPE® welcomes all of these labels into its customer base.

Customers choose Play MPE® for its powerful set of tools, ease of use and its effectiveness in achieving the record label's promotional objectives.

**Play MPE® CASTER (local distribution software)**

Play MPE®'s cloud-based Caster software includes local distribution functions that provide capabilities for a client to create and schedule release announcements and select its targeted audience. Play MPE® is designed uniquely to suit music marketing plans and its significant components include:

- Release Creator includes drag and drop functionality to quickly embed images, social media links, insert video, add promotional files etc. to quickly create effective announcements.
- Release Scheduling allows numerous scheduling functions for initial announcements, repeated and updated announcements, changes in DRM (a recipient's ability to download or only stream the content) etc. These schedules can be uniquely edited by recipient or recipient list. Several administrative features here are also available to facilitate and manage release scheduling at scale.
- Templates facilitate consistent label branding and presentation while reducing release preparation time. Each release announcement can be saved as a template and reused or edited for future announcements. Clients can design and save unlimited templates to provide unique design and branding for individual artists or record labels.

- Contacts Management provides features that allow record labels to upload and manage their own targeted distribution lists. There are many features within this platform that provide efficiencies in destination management for all customers of Play MPE®. However, this section of the platform provides numerous functions that are critical for efficient contacts management at scale and is described in Caster's global distribution functionality. Within Contacts Management, users can easily select curated lists of engaged recipients provided by Play MPE® (see description below) or select their own managed recipient lists.
- Assets Management allows users to maintain and manage a repository of assets (single or multitrack releases) outside of the release creation process. This functionality saves users time when creating new releases and allows them to plan for future releases more efficiently. Assets Management also supports Quickshare, a newly designed 1:1 secure file sharing function (see below).
- Reporting of release results shows recipient interactions including downloads, streams, clicks and opens.

Intuitive designs and functionality across all areas of this portion of the platform simplify the distribution process, reduce customer time required to distribute, and facilitate the inclusion of information to improve engagement which ultimately increases record label and artist revenue.

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

When competing with an established service within a local market, it is these features balanced against changing consumer behaviors that determine Play MPE®'s ability to increase and acquire market share. Competing services offer the basic distribution requirements inherent in the service but do so while missing many features that provide efficient delivery, engaged recipients and accurate and complete distribution lists.

Caster consistently receives high reviews on the platform's ease of use, capabilities and on its ultimate effectiveness. Public reviews can be found at https://www.plaympe.com/testimonials/.

**Play MPE® Quickshare**

Play MPE®'s Quickshare provides a simplified distribution tool for Play MPE® customers to promote music directly to anyone inside or outside the Play MPE® platform. Quickshare is a simplified local distribution tool. With this feature, customers can send a link to a dedicated webpage to allow streaming or downloading of content outside of Play MPE® Player. The distribution does not include numerous features included within Caster's full version and distribution is intended only to replace other file sharing services while attracting greater use within the Play MPE® platform. The initial version will provide limited access and sharing capabilities free of charge and is a value added feature within Play MPE® local distribution suite of features.

**Play MPE® CASTER (global architecture)**

Play MPE®'s global distribution architecture was developed in close collaboration with our largest client to address the needs of its global approach to release distribution. This architecture provides functionality required for our largest client to conduct their unique approach to music distribution and provides numerous significant competitive advantages for this client. These features improve marketing coordination and revenue generation while reducing overall label staff time and costs.

Significant components include:

- Staff role management: Customers can grant varying capabilities or permissions for different staff positions. For example, one staff member can create a release while another can approve the release of this content. In a larger organization, this control ensures accurate and professional distributions are conducted, but allows for segregation of duties to maximize efficiency.
- Label management: With label management, administrative staff can determine which users have access to which labels and which content. Each label has a unique account environment allowing for its own unique setup, list curation, favorites, staff roles, templates etc. These unique environments also improve release security for a record label with a large global footprint.
- Global release sharing (replication): With global release sharing, distribution centers can share a release to a territory. That territory then can reuse the release while localizing it to suit the particular needs of that jurisdiction (editing language, artist information, local concert dates, local contacts etc). This eliminates duplication of upload and data entry while reducing errors. In the context of global distribution, across multiple territories, multiple labels, and thousands of unique releases, savings of staff time is significant. Metadata completeness and accuracy are also increased. When complete metadata is conveyed, recipient engagement is higher. Higher recipient engagement increases record label revenue. Within the included metadata are ISRC codes which are unique codes used to remit track royalties globally. When ISRC codes are communicated, royalty remittances are complete and timely. These aspects provide significant competitive advantages.
- Release embargos: When marketing and promotion departments create global campaigns for highly anticipated music releases, staff restrict access to this content until the public release time. Here, record labels can permit early access to the relevant content so local offices can edit, localize and schedule releases but controls are added to restrict certain permissions and prevent premature release. Our largest client enjoys competitive advantages with these capabilities derived through cost savings and improved marketing campaigns. Absent these functions, global release coordination is more costly, less coordinated and often delayed.

- Asset repository integration: With this integration, Play MPE® automatically captures music, art, and associated metadata from an archival repository of our largest client, vastly reducing errors in release creation and data entry while making the process quicker. This further expands the competitive advantages enjoyed in global release sharing.
- Release management: There are numerous capabilities within release management that are necessary for efficient global release management. Content owners can change DRM for specific recipient groups within a release and quickly remove content globally if necessary, etc.
- Asset management: Assets include music tracks, album art, metadata etc. Within the assets management portion, several features allow assets to be used, recomposed, combined, recombined etc. Features here allow efficient and quick delivery of new releases. Various aspects of assets management are used in global distribution situations.
- Release scheduling: While release scheduling is available for local distribution, many additional administrative features are designed to facilitate actions that reduce staff time in a global environment.
- Contacts management: Critically important to all promotions is the distribution of content to an interested and engaged audience. As introduced in the local distribution discussion, Caster provides a contacts management system with numerous 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 ultimately inaccurate.

Collectively, functionality in global release management provides numerous competitive advantages that reduce overall costs, and improve marketing collaboration while increasing record label revenue and cash flow. We are unaware of any other service that provides these global distribution functions.

**Play MPE® CASTER (targeted list management services)**

Recipient lists are bundles of active and engaged recipients with an interest in specific music types or genres. Lists are sold as a fixed price per list (or package). As recipient lists are adjusted in real time, changes in gross recipient numbers or active recipients does not directly or immediately impact revenue.

Fundamental to our customers' success in music marketing is reaching music curators capable of, and actively engaged in, remarketing the promoted content to a wider consumer audience. To limit unwanted access to new music and to increase recipient engagement, targeted and limited distribution is a vital component in music promotion. Thus, Play MPE® is a permissions-only access system and only recipients designated or targeted to receive content obtain access to that content. Current and correct identification of engaged recipients is therefore critical to our customers' success. While targeted distribution limits access to new content, this aspect also improves recipient side engagement by eliminating unwanted content.

Play MPE® actively manages curated and targeted distribution lists or "packages". List creation and list maintenance involve several proprietary processes that are designed to create complete, active, accurate, and targeted lists to facilitate efficient marketing campaigns. Play MPE® provides more than 400 unique targeted lists comprising of more than 17,000 unique and active recipients over 30 countries. To facilitate targeted music marketing campaigns, these lists are grouped by territory (typically by country), by genre of music, and by recipient type (see recipient player discussion). Relying on proprietary technical innovations and processes, these recipient lists are updated in real time. With an annual churn averaging between 27-34%, these recipient lists would quickly become inaccurate absent Play MPE®'s active curation. Play MPE® regularly monitors activity levels and recipients through proprietary analytics. Play MPE® provides the widest and most accurate distribution channels available in the industry.

For smaller record labels and independent artists, the provision of a list of destinations is a requirement for sale as these customers do not know who to contact. For larger record labels, promotions staff can upload their own contact lists. However, proprietary processes ensure Play MPE® lists are more accurate, complete and engaged. The majority of releases distributed through Play MPE®, include at least one targeted distribution list, curated by Play MPE®.

**Play MPE® Player**

Music curators review and download content through a cloud-based player and mobile 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.

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 curators, 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 to, and appropriate for, that recipient.

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 access to release metadata. Recipient side satisfaction directly increases activity which directly improves the effectiveness of promotional efforts of record label customers.

**MTR™**

MTR™ (or "Music Tracking Radar" or "Meter" https://www.plaympe.com/track/) is a digital tracking service that tracks and reports the number and times an individual track is played. MTR™ uses a proprietary algorithm to uniquely identify and match a track. The Company launched MTR™ in beta in fourth quarter of 2023. During the beta phase of this new product, the Company will test monitoring uptime, customer acquisition activities and add functionality for sale at scale. The beta version of the platform will initially monitor digital broadcasts of 800 stations in Canada.

Digital transmission of music has provided the music industry new opportunities to reach and target its audience. These opportunities include digital streaming providers, social media, radio broadcasting, narrowcasting, and other transmissions. Traditional terrestrial radio and newer internet only stations now stream to digital receivers. With this industry change, a product like MTR™ is now possible.

MTR™ is a standalone business distinct from the Play MPE® platform. The Company expects that MTR™'s initial customers will overlap with the Play MPE® customer base. Play MPE® customers have expressed an interest in this type of service.

**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.

**Products under development**

Destiny is currently developing additional functionality and complimentary services that are expected to expand the Company's addressable market, or act as catalysts to the Company's sales activities for Play MPE®. These are described more fully in business development section of our Annual Report on Form 10-K for the fiscal year ended August 31, 2023, filed on November 28, 2023.

**RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED FEBRUARY 29, 2024 AND FEBRUARY 28, 2023**

| | Three Months Ended | | |
|---|---|---|---|
| | **February 29, 2024** | **February 28, 2023** | **Change** |
| Service revenue | **$ 986,338** | $ 899,042 | $ 87,296 |
| Cost of revenue | **135,346** | 126,594 | 8,752 |
| Gross margin | **850,992** | 772,448 | 78,544 |
| Operating expenses | **996,465** | 782,501 | 213,964 |
| Income from operations | **(145,473)** | (10,053) | (135,420) |
| Other income | **15,461** | 8,777 | 6,684 |
| Net income | **$ (130,012)** | $ (1,276) | $ (128,736) |

**Revenue**

Total revenue for the three months ended February 29, 2024 was $986,338 compared to the revenue of $899,042 for the three months ended February 28, 2023, an increase of 9.7% period over period. After adjusting for foreign exchange rates, the Company's revenue for the three-month period grew by 9.0%.

The growth in revenue for the quarter arose from both our Major Label customers (9.1%) and independent labels (10.3%). Commencing in the first quarter of fiscal 2023, the Company began capitalizing on its international presence by introducing international bundles. The Company's goal was to provide easy access to a larger international distribution to clients desiring a more global campaign. The Company has received a very positive response to these bundles and this initiative has increased the size of the average purchase and accounts for approximately one third of the growth seen in the current quarter. The Company is currently making investments to further expand its international recipient base to further expand the appeal and value of these distributions. The larger portion of growth for independent labels comes from increased sales which is in line with historical trends.

**Gross Margin**

Gross margin for the three months ended February 29, 2024 was 86.3% of revenue, compared to 85.9% for the three months ended February 28, 2023. 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 three months ended February 29, 2024, our gross margin increased compared to the same period last year, mainly driven by revenue growth outpacing the increase in cost of revenue.

**Operating Expenses**

Operating costs during the three months ended February 29, 2024 increased by 27.3% to $996,465 (February 28, 2023 - $782,501). The increase in operating costs was primarily the result of the following:

- The notable driver of higher fluctuations in total salaries and wages is the reduced amount capitalized to software under development intangible asset in this period. This reduction has led to an approximately 12.9% increase in total operating expenses for the three months ended February 29, 2024.
- Additionally, notwithstanding the amount capitalized to software under development, salaries and wages increased by 12.0% due to the addition of key personnel as well as staff turnover period over period.
- Furthermore, due to the growth of salaries and wages capitalization in the prior year, the amortization of computer software in the current period resulted in a 6.5% increase in total operating expenses.

For ease of reference the following table has been prepared to present operating results had the Company not capitalized software for the three months ended February 29, 2024 and February 28, 2023.

| | Three Months Ended | |
|---|---|---|
| | **February 29, 2024** | **February 28, 2023** |
| Net loss for the period | **$ (130,012)** | $ (1,276) |
| Capitalized software under development | **(102,780)** | (203,732) |
| Adjustment to amortization for capitalized software | **2,408** | - |
| **Adjusted net loss for the period** | **$ (230,384)** | $ (205,008) |

| General and administrative expenses | Three Months Ended February 29, 2024 | February 28, 2023 | $ Change | % Change |
|---|---|---|---|---|
| Wages and benefits | **$ 90,829** | $ 41,633 | 49,196 | 118.2% |
| Professional fees | **19,286** | 84,252 | (64,966) | (77.1%) |
| Office and miscellaneous | **24,251** | 21,806 | 2,445 | 11.2% |
| Shareholder relations | **41,790** | 35,246 | 6,544 | 18.6% |
| Rent | **8,991** | 11,217 | (2,226) | (19.8%) |
| Foreign exchange loss (gain) | **7,550** | (34,502) | 42,052 | (121.9%) |
| Telecommunications | **1,206** | 2,120 | (914) | (43.1%) |
| Bad debt | **(2,589)** | 4,496 | (7,085) | (157.6%) |
| Other | **13,941** | 9,077 | 4,864 | 53.6% |
| **Total general and administrative expenses** | **$ 205,255** | $ 175,345 | 29,910 | 17.1% |

The rise in wages and benefits can be primarily attributed to a temporary reduction in full-time equivalent staffing for the comparative period ending February 28, 2023. Professional fees decreased from the prior period due to one-time litigation expenses, which were resolved favorably in the Company's favor in the preceding year.

| Sales and marketing expenses | Three Months Ended February 29, 2024 | February 28, 2023 | $ Change | % Change |
|---|---|---|---|---|
| Wages and benefits | **$ 250,120** | $ 213,672 | 36,448 | 17.1% |
| Advertising and marketing | **22,430** | 28,652 | (6,222) | (21.7%) |
| Rent | **10,858** | 12,859 | (2,001) | (15.6%) |
| Telecommunications | **1,593** | 3,117 | (1,524) | (48.9%) |
| **Total sales and marketing expenses** | **$ 285,001** | $ 258,300 | 26,701 | 10.3% |

The increase in wages and benefits is primarily attributed to the addition of key personnel in the department along with staff turnover during the current period.

| Product development expenses | Three Months Ended February 29, 2024 | February 28, 2023 | $ Change | % Change |
|---|---|---|---|---|
| Wages and benefits | **$ 342,594** | $ 233,820 | 108,774 | 46.5% |
| Software services | **27,318** | 23,538 | 3,780 | 16.1% |
| Rent | **18,200** | 24,744 | (6,544) | (26.4%) |
| Telecommunications | **31,071** | 30,802 | 269 | 0.9% |
| **Product development expenses** | **$ 419,183** | $ 312,904 | 106,279 | 34.0% |

The increase in wages and benefits is linked to a lower amount capitalized to capital software assets and software under development intangible assets in the current period. During the comparative period, the Company prioritized the development of its new product, MTR™, which subsequently underwent a beta launch in the summer of 2023. Following the launch, there has been a reduction in the capitalization of wages and salaries associated with the MTR™ product.

**Depreciation and Amortization**

Depreciation and amortization expense increased to $87,026 for the three months ended February 29, 2024 from $35,952 for the three months ended February 28, 2023, an increase of 142.1% due to depreciation of additionally capitalized software development costs associated with Play MPE® recipient player applications during the period.

**Other Income**

Interest income earned on the Company's mutual funds was $15,461 for the three months ended February 29, 2024 (February 28, 2023 - $8,777).

**RESULTS OF OPERATIONS FOR SIX MONTHS ENDED FEBRUARY 29, 2024 AND FEBRUARY 28, 2023**

| | Six Months Ended | | |
|---|---|---|---|
| | **February 29, 2024** | **February 28, 2023** | **Change** |
| Service revenue | **$ 2,141,140** | $ 1,919,779 | $ 221,361 |
| Cost of revenue | **298,764** | 256,041 | 42,723 |
| Gross margin | **1,842,376** | 1,663,738 | 178,638 |
| Operating expenses | **1,749,859** | 1,419,593 | 330,266 |
| Income from operations | **92,517** | 244,145 | (151,628) |
| Other income | **26,987** | 16,445 | 10,542 |
| Net income | **$ 119,504** | $ 260,590 | $ (141,086) |

**Revenue**

Total revenue for the six months ended February 29, 2024 was $2,141,140 compared to the revenue of $1,919,779 for the six months ended February 28, 2023, an increase of 11.5% period over period. After adjusting for foreign exchange rates, the Company's revenue for the six-month period grew by 9.9%.

The revenue increase in the first half of fiscal 2024 was driven by both our Major Label customers (7.5%) and independent labels (15.6%). Consistent with the results for the current three-month period, the Company's revenue for the six months was bolstered by the introduction of international distribution channels in the prior year. The use of these bundles continues to grow and increase the average distribution size. For the six-month period ended February 29, 2024, these international bundles accounted for almost half of the growth from independent labels. The larger impact in the Company's first quarter is primarily attributed to a newly added international list dedicated to holiday music. While the Company is uniquely capable of providing international distribution channels, the Company is making investments to expand the depth and breadth of the options available due to the success seen in the early stages of this initiative.

**Gross Margin**

Gross margin for the six months ended February 29, 2024 was 86.0% of revenue, compared to 86.7% for the six months ended February 28, 2023. 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 six months ended February 29, 2024, our gross margin decreased compared to the same period last year, primarily due to slower revenue growth compared to the increase in cost of revenue.

**Operating Expenses**

Operating costs during the six months ended February 29, 2024 increased by 23.3% to $1,749,859 (February 28, 2023 - $1,419,593). This rise can be primarily attributed to the following factors:

- Although total salaries and wages rose by 6.7% compared to the previous period, the portion of salaries and wages capitalized to software under development intangible assets decreased this period, resulting in a 12.0% increase in total operating expenses.
- Additionally, due to the growth of salaries and wages capitalization in the prior year, the amortization of computer software in the current period resulted in a 6.8% increase in total operating expenses.

For ease of reference the following table has been prepared to present operating results had the Company not capitalized software for the six months ended February 29, 2024 and February 28, 2023.

| | Six Months Ended | |
|---|---|---|
| | **February 29, 2024** | **February 28, 2023** |
| Net income for the period | **$ 119,504** | $ 256,990 |
| Capitalized software under development | **(280,182)** | (452,074) |
| Adjustment to amortization for capitalized software | **3,445** | - |
| **Adjusted net loss for the period** | **$ (157,233)** | $ (195,084) |

| General and administrative expenses | | Six Months Ended February 29, 2024 | | February 28, 2023 | $ Change | % Change |
|---|---|---|---|---|---|---|
| Wages and benefits | $ | **164,275** | $ | 158,601 | 5,674 | 3.6% |
| Professional fees | | **42,430** | | 138,635 | (96,205) | (69.4%) |
| Office and miscellaneous | | **48,864** | | 45,313 | 3,551 | 7.8% |
| Shareholder relations | | **55,296** | | 49,947 | 5,349 | 10.7% |
| Rent | | **20,546** | | 22,968 | (2,422) | (10.5%) |
| Foreign exchange gain | | **(1,714)** | | (107,944) | 106,230 | (98.4%) |
| Telecommunications | | **2,733** | | 4,401 | (1,668) | (37.9%) |
| Bad debt | | **(2,010)** | | 3,126 | (5,136) | (164.3%) |
| Other | | **22,727** | | 23,359 | (632) | (2.7%) |
| **Total general and administrative expenses** | $ | **353,147** | $ | 338,406 | 14,741 | 4.4% |

Professional fees decreased from the prior period due to one-time litigation expenses, which were resolved through a favorable judgment in the Company's favor in the prior year.

| Sales and marketing expenses | | Six Months Ended February 29, 2024 | | February 28, 2023 | $ Change | % Change |
|---|---|---|---|---|---|---|
| Wages and benefits | $ | **433,705** | $ | 349,066 | 84,639 | 24.2% |
| Advertising and marketing | | **45,168** | | 52,879 | (7,711) | (14.6%) |
| Rent | | **18,892** | | 26,049 | (7,157) | (27.5%) |
| Telecommunications | | **3,093** | | 4,532 | (1,439) | (31.8%) |
| **Total sales and marketing expenses** | $ | **500,858** | $ | 432,526 | 68,332 | 15.8% |

The rise in wages and benefits is attributed to a one-time consulting fee, as well as staff turnover and the addition of key personnel in the department in the current period.

| Product development expenses | | Six Months Ended February 29, 2024 | | February 28, 2023 | $ Change | % Change |
|---|---|---|---|---|---|---|
| Wages and benefits | $ | **577,417** | $ | 423,289 | 154,128 | 36.4% |
| Software services | | **49,820** | | 43,993 | 5,827 | 13.2% |
| Rent | | **36,076** | | 48,913 | (12,837) | (26.2%) |
| Telecommunications | | **64,417** | | 60,135 | 4,282 | 7.1% |
| **Product development expenses** | $ | **727,730** | $ | 576,330 | 151,400 | 26.3% |

The increase in wages and benefits is linked to a lower amount capitalized to capital software assets and software under development intangible assets in the current period. During the comparative period, the Company prioritized the development of its new product, MTR™, which subsequently underwent a beta launch in the summer of 2023. Following the launch, there has been a reduction in the capitalization of wages and salaries associated with the MTR™ product.

**Depreciation and Amortization**

Depreciation and amortization expense increased to $168,124 for the six months ended February 29, 2024 from $72,331 for the six months ended February 28, 2023, an increase of 132.4% due to depreciation of additionally capitalized software development costs associated with Play MPE® recipient player applications during the period.

**Other Income**

Interest income earned on the Company's mutual funds was $26,987 for the six months ended February 29, 2024 (February 28, 2023 - $16,445).

**Net Income (Loss)**

During the three and six months ended February 29, 2024 the Company reported a net loss of $130,012 and net income of $119,504, respectively (February 28, 2023 – net loss of $1,276 and net income of $256,990, respectively).

For the three and six months ended February 29, 2024, adjusted EBITDA was $(47,792) and $285,101, respectively (February 28, 2023 - $63,984 and $388,118, respectively). Adjusted EBITDA is not defined under U.S. 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 our 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 non-cash 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, this stock-based compensation expense does not result in cash payments by the Company. Adjusted EBITDA has limitations as a profitability measure in that it does not include provisions for income taxes, the effect of our expenditures on capital assets, the effect of non-cash stock-based compensation expense and the effect of asset impairments. The following is a reconciliation of net income from operations to Adjusted EBITDA:

| | Q2 2024 | Q1 2024 | Q4 2023 | Q3 2023 | Q2 2023 | Q1 2023 | Q4 2022 | Q3 2022 |
|---|---|---|---|---|---|---|---|---|
| Net income (loss) | $ (130,012) | 249,516 | (28,944) | 107,052 | (1,276) | 258,266 | 194,673 | (3,242) |
| Stock-based compensation | 10,655 | 13,805 | 34,605 | 38,085 | 38,085 | 37,157 | (21,281) | 75,163 |
| Depreciation and amortization | 87,026 | 81,098 | 128,842 | 37,182 | 35,952 | 36,379 | 52,603 | 36,313 |
| Interest income | (15,461) | (11,526) | (10,460) | (9,593) | (8,777) | (7,668) | (4,460) | (1,686) |
| **Adjusted EBITDA** | **$ (47,792)** | **332,893** | **124,043** | **172,726** | **63,984** | **324,134** | **221,535** | **106,548** |

**LIQUIDITY AND FINANCIAL CONDITION**

As at February 29, 2024, we held $1,539,685 (August 31, 2023 - $2,002,769) in cash and cash equivalents. The Company's cash equivalents consist of investments in mutual funds with a major Canadian financial institution that earn interest at variable interest rates ranging from 4.55% - 4.90%.

At February 29, 2024, we had working capital of $1,895,969 compared to $2,185,960 as at August 31, 2023. The decrease in our working capital was primarily due to operating results.

**Cash Flows**

The following table sets forth a summary of the net cash flow activity for the periods indicated:

| | Six Months Ended | | | |
|---|---|---|---|---|
| **Net cash and cash equivalents provided by (used in)** | **February 29, 2024** | **February 28, 2023** | **$ Change** | **% Change** |
| Operating activities | **$ 133,673** | $ 402,169 | (268,496) | (66.8%) |
| Investing activities | **(281,563)** | (456,792) | 175,229 | (38.4%) |
| Financing activity | **(306,680)** | - | (306,680) | (100.0%) |
| Effect of foreign exchange rate changes on cash | **(8,514)** | (67,286) | 58,772 | (87.3%) |
| **Net decrease in cash and cash equivalents** | **$ (463,084)** | $ (121,909) | (341,175) | 279.9% |

*Operating Activities*

Net cash provided by operating activities during the six months ended February 29, 2024 was $133,673 (February 28, 2023 -$402,169). The primary reason for the decrease in cash flows from operating activities is related to the timing of receipts from our customers.

*Investing Activities*

Net cash used in investing activities for the six months ended February 29, 2024 was $281,563, compared to cash used in investing activities of $456,792 for the six months ended February 28, 2023. The period-over-period decrease was mainly driven by the lower proportion of software development salaries and wages capitalized in the current period.

*Financing Activity*

Net cash used in financing activity during the six months ended February 29, 2024 was $306,680 (February 28, 2023 - $Nil) - this cash was used to repurchase and retire 309,300 shares of common stock (February 28, 2023 – no shares of common stock were repurchased) of the Company under the Normal Course Issuer Bid (“NCIB”).

**CRITICAL ACCOUNTING POLICIES AND SIGNIFICANT JUDGEMENTS AND ESTIMATES**

Our management's discussion and analysis of our financial condition and results of operations is based on our financial statements, which have been prepared in accordance with generally accepted accounting principles in the United States, or GAAP. The preparation of our financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities and expenses and the disclosure of contingent assets and liabilities in our financial statements and accompanying notes. We evaluate these estimates and judgments on an ongoing basis. We base our estimates on historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

For a description of our critical accounting policies, see the sections entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies and Significant Judgements and Estimates” and “Financial Statements and Supplementary Data – Note 2, Summary of Significant Accounting Policies” contained in our 2023 Form 10-K. There have not been any material changes to the critical accounting policies discussed therein during the three and six months ended February 29, 2024.

**OFF-BALANCE SHEET ARRANGEMENTS**

As of February 29, 2024, the Company has no off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on its financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

## ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

**Foreign Exchange Risk**

Our revenues are denominated primarily in United States dollars and Euros while our operating expenses are incurred 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. We do not believe aggregated foreign exchange fluctuations in the Euro, and the Australian, Canadian, and US dollars have had a material effect on our results of operations during the periods presented.

## ITEM 4. CONTROLS AND PROCEDURES

**Disclosure Controls and Procedures**

Disclosure controls and procedures and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported, within the time period specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Securities Exchange Act of 1934 is accumulated and communicated to management including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

In connection with this quarterly report, as required by Rule 13a-15 under the Securities Exchange Act of 1934, we have carried out an evaluation of the effectiveness of the design and operation of our Company's disclosure controls and procedures. This evaluation was carried out under supervision and with the participation of our Company's management, including our company's Chief Executive Officer and Chief Financial Officer. Based upon that evaluation, our Company's Chief Executive Officer and Chief Financial Officer concluded that as of February 29, 2024, our disclosure controls and procedures were effective as at the end of the period covered by this report.

**Changes in Internal Control over Financial Reporting**

There were no changes that would impact our internal controls for the period from September 1, 2023 to February 29, 2024.

## PART II - OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS.

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 is defending 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.

### ITEM 1A. RISK FACTORS.

In addition to the other information set forth in this Form 10-Q, you should carefully consider the factors discussed in "Item 1 - Risk Factors" in our Form 10-K for the fiscal year ended August 31, 2023 filed with the SEC. These risks could materially and adversely affect our business, financial condition and results of operations. The risks described in our Form 10-K have not changed materially, however, they are not the only risks we face. Our operations could also be affected by additional factors that are not presently known to us or by factors that we currently consider immaterial to our business.

### ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

None.

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

### ITEM 4. MINE SAFETY DISCLOSURES.

Not Applicable.

### ITEM 5. OTHER INFORMATION.

None.

### ITEM 6. EXHIBITS.

| | |
|---|---|
| 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 |
| 101.INS* | Inline XBRL Instance Document–the instance document does not appear in the Interactive Data File as its XBRL tags are embedded within the Inline XBRL document |
| 101.SCH* | Inline XBRL Taxonomy Extension Schema Document |
| 101.CAL* | Inline XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.DEF* | Inline XBRL Taxonomy Extension Definition Linkbase Document |
| 101.LAB* | Inline XBRL Taxonomy Extension Label Linkbase Document |
| 101.PRE* | Inline XBRL Taxonomy Extension Presentation Linkbase Document |
| 104* | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101) |

* Filed herewith

## SIGNATURES

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

**DESTINY MEDIA TECHNOLOGIES, INC.**

By: /s/Frederick Vandenberg
Frederick Vandenberg
Chief Executive Officer, President
(Principal Executive Officer)
Date: April 15, 2024

By: /s/ Olya Massalitina
Olya Massalitina
Chief Financial Officer, Treasurer
(Principal Financing and Accounting Officer)
Date: April 15, 2024

**Exhibit 31.1**

**CERTIFICATIONS**

I, Frederick Vandenberg, certify that:

(1) I have reviewed this Quarterly Report on Form 10-Q 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: April 15, 2024

/s/Frederick Vandenberg________________

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

**Exhibit 31.2**

**CERTIFICATIONS**

I, Olya Massalitina, certify that:

(1) I have reviewed this Quarterly Report on Form 10-Q 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: April 15, 2024

/s/Olya Massalitina

Olya Massalitina
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 Quarterly Report of Destiny Media Technologies Inc. (the "Company") on Form 10-Q for the three months ended February 29, 2024 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<br>(Principal Executive Officer) |
| Date: | April 15, 2024 |
| By: | /s/Olya Massalitina |
| Name: | Olya Massalitina |
| Title: | Chief Financial Officer, Treasurer<br>(Principal Financial and Accounting Officer) |
| Date: | April 15, 2024 |