

INVESTMENT THESIS

StationDigital Corporation (“StationDigital” or the “Company”) presents an opportunity to invest in an innovative, early stage next generation multimedia broadcast company with a unique and differentiated service and business model aimed at a rapidly growing music streaming market opportunity. The Company will offer the first agnostic, multimedia broadcast platform available on any device, from anywhere, at anytime. StationDigital offers free streaming music of over 30 million songs to its over 2.4 million unique listeners with customized listening experience, music discovery features, a personal recommendation engine, and value-added social features.

The Company’s key competitive differentiation factors are its unique listener rewards program/online store and a variety of entertainment options beyond music. StationDigital’s listener rewards program is a unique, industry first value proposition which drives user growth/brand awareness, user engagement, and e-commerce revenue. Users earn reward points for engagement and sharing and redeem rewards points in the Company’s online store for a wide variety of digital and physical merchandise. The rewards program incentivizes users to participate in the organic growth of the user base and enhances brand awareness. Additionally, the Company’s service is differentiated by providing other entertainment content options in addition to music streaming including TV/movie content, music videos, books, specialty content, and videogames. StationDigital’s multimedia offering will distance itself from competitors as users begin to recognize the Company as a one-stop shopping experience for a variety of media content.

SDIG’s future growth strategy is focused on building its brand awareness and user base, a mobile-first strategy, innovative product development, expansion of its content base, and development of key partnerships to expand distribution. The Company plans to boost its digital marketing plans with a focus on the mobile segment to further expand its user base and brand, while continuing to benefit from the network effect of its listener rewards program. To increase engagement with users the Company continues to develop enhanced features and expand its content base. As the markets for digital media consumption expand beyond computers and mobile devices to the living room and the car, StationDigital will aggressively pursue partnerships to expand their application to these platforms.

The music streaming industry is still in its early stages and is experiencing rapid growth and market share capture from a large addressable \$15 billion US radio market. With over 240 million US radio listeners and only 12% current Internet radio penetration there is a long runway for growth. The music streaming services market grew 50% in 2014 to \$5 billion and is expected to surge almost 10 fold to \$46 billion by 2018. While first movers such as Pandora and Spotify have validated the market opportunity, the market is still in its early stages with room for new, innovative entrants to capture share.

At the current stock price of \$0.40 per share and market capitalization of \$33.4 million, the stock is undervalued given the Company’s future growth potential as it captures share in the high growth music streaming market. Our valuation analysis results in a market capitalization of \$67.6 million or target price of \$0.81 per share. This potential price represents significant upside of over 2 times the current stock price. Further, this target price seems reasonable given that it is only 35% higher than the Company’s recent high of \$0.60 last October.