

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

(Stock Exchange Code 3913)  
March 15, 2017

**To our shareholders**

Mita43MT Building, 3-13-16 Mita,  
Minato-ku, Tokyo  
sMedio, Inc.  
President: Sadanori Iwamoto

## **NOTICE OF THE 10TH ANNUAL SHAREHOLDERS' MEETING**

Notice is hereby given that the 10th Annual Shareholders' Meeting of the Company will be held as specified below. You are cordially invited to attend the Meeting.

If you are unable to attend the Meeting, you may exercise your voting rights in writing. After reviewing the attached Documents for Reference for the Annual Shareholders' Meeting, please indicate your approval or disapproval of the proposals on the enclosed Voting Rights Exercise Form and return it to the Company so that it arrives no later than 6:30 p.m. on Wednesday, March 29, 2017, Japan time.

Notice of Meeting

- 1. Date:** Thursday, March 30, 2017 at 10:00 a.m. Japan time
- 2. Place:** Room Houou (B1F) at Hotel JAL City Tamachi Tokyo  
3-16-18 Shibaura, Minato-ku, Tokyo, Japan  
(Please refer to the guide map for the venue of the Meeting shown at the end of this document.) (Japanese only)
- 3. Objectives of Meeting:**
  - (Matters to Report)**
    1. Business Report, Consolidated Financial Statements for the Company's 10th period (January 1, 2016 to December 31, 2016) and results of audits by the Accounting Auditor and the Board of Auditors of the Consolidated Financial Statements
    2. Non-consolidated Financial Statements for the Company's 10th period (January 1, 2016 to December 31, 2016)
  - (Proposals)**
    1. Partial Amendment to Articles of Incorporation
    2. Election of 5 Directors

1. When attending the Meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
2. Among the documents which should be provided together with this Notice, as the following notes are made available on the Company's website (<http://www.smedio.co.jp/>), pursuant to applicable laws and regulations and Article 14 of the Articles of Incorporation of the Company, these notes are not provided in this Notice.
  - (1) Notes to the Consolidated Financial Statements
  - (2) Notes to the Non-consolidated Financial Statements
3. Should the Documents for Reference for the Annual Shareholders' Meeting, the Business Report, the Consolidated Financial Statements and the Non-consolidated Financial Statements require revisions, the revised versions will be posted on the Company's website (<http://www.smedio.co.jp/>).
4. No souvenir will be made available to the attending shareholders. We sincerely request your understanding and acceptance.

## Documents for Reference for the Annual Shareholders' Meeting

### Proposals and References

#### Proposal 1: Partial Amendment to Articles of Incorporation

##### 1. Reasons for the amendment

In order to maximize business synergies with Taosoftware Co., Ltd, which became our subsidiary in July 2016, the Company has judged that it is necessary to create an environment where the development team of the subsidiary and the sales and marketing team of the Company can closely communicate with each other. Therefore, the Company requests for a partial amendment as well as a necessary amendment, such as deletion of unnecessary provisions, to the Company's Articles of Incorporation to enable the relocation of the Company's Head Office.

##### 2. Description of the amendment

The amendment to the Articles of Incorporation shall come into effect on March 30, 2017. Description of the amendment is as follows:

(Amended parts are underlined.)

Current	Proposed amendment
Chapter 1. General (Location of Headquarters)	Chapter 1. General (Location of Headquarters)
Article 3. The Company has its headquarters in <u>Minato-ku</u> , Tokyo.	Article 3. The Company has its headquarters in <u>Chuo-ku</u> , Tokyo.
Additional Clause (Transitional Measures concerning Term of Office of Directors)	Additional Clause (Delete)
Article 1. <u>Notwithstanding the provisions of Article 21 of the Articles of Incorporation, if the Company, as a surviving company, merges with and absorbs another company within the business year, the term of office of the Directors shall continue until the conclusion of the first Extraordinary Shareholders' Meeting which will be held after the absorption merger.</u>	
2. <u>The term of office of the Directors elected as provided in the preceding Paragraph shall continue until the conclusion of the Annual Shareholders' Meeting for the last business year.</u>	
3. <u>This Additional Clause shall be deleted when all the Directors retire in accordance with Paragraph 1.</u>	
(Newly Established)	Article 1. <u>The revision of Article 3 (Location of Headquarters) shall come into effect on April 3, 2017, and this Additional Clause shall be deleted on the same day.</u>

**Proposal 2:** Election of 5 Directors

The term of office of all four (4) Directors will expire at the conclusion of this year's Annual Shareholders' Meeting. In order to further improve and strengthen the Company's management system, the number of Directors shall be increased by one (1), and accordingly, the election of five (5) Directors (including 1 new Director) is proposed.

The nominees for the Directors are as follows:

No.	Name (Date of birth)	Past experience, positions, responsibility and significant concurrent positions	Number of shares of the Company held
1	Sadanori Iwamoto (May 31, 1971) [Reelected]	<p>July 1996 Product Manager, Nichimen Electronics Parts, Inc. (currently E-Globaledge Corporation)</p> <p>June 2002 OEM Sales Senior Director, InterVideo Inc. (currently Corel Corp.)</p> <p>February 2008 General Manager of Sales, VideACE, Inc. (currently sMedio, Inc.)</p> <p>March 2010 Director, General Manager of Sales &amp; Marketing (to present)</p> <p>March 2015 Managing Director, sMedio, Inc.</p> <p>October 2015 Director, Johospace Co., Ltd. (to present)</p> <p>February 2017 Representative Director and CEO, sMedio, Inc. (to present)</p> <p>[Significant concurrent positions]</p> <ul style="list-style-type: none"> <li>• Director, sMedio Technology (Shanghai) Inc.</li> <li>• Director, Johospace Co., Ltd.</li> <li>• Director, vLog Corporation</li> <li>• Director, Taosoftware Co., Ltd.</li> </ul>	16,000
2	Yoshinobu Nakamura (January 4, 1963) [Reelected]	<p>October 1986 Joined Eiwa Auditing Firm (currently KPMG AZSA LLC)</p> <p>June 1988 Registered as a Certified Public Accountant</p> <p>April 1998 Joined Tommy Inc.</p> <p>December 1999 Joined Seiyu Audit Corp.</p> <p>April 2005 Established Nakamura Yoshinobu Accountant Office</p> <p>February 2006 Joined Yurakucho CPA Firm</p> <p>June 2007 Joined HLB Meisei Audit Corporation (currently HLB Meisei LLC)</p> <p>March 2011 Director, General Manager of Corporate Control, sMedio, Inc. (to present)</p>	8,000

No.	Name (Date of birth)	Past experience, positions, responsibility and significant concurrent positions	Number of shares of the Company held
3	Qiling Huang (November 11, 1970) [Reelected]	<p>June 1997      Engineering Manager, AMLOGIC, INC.</p> <p>August 2000    Software Engineering Manager, InterVideo Inc. (USA) (currently Corel Inc.)</p> <p>January 2008    Engineering &amp; General Manager, Rolltech Technology Inc. (currently sMedio Technology (Shanghai) Inc.)</p> <p>June 2010      Director responsible for development &amp; technology, sMedio, Inc. (to present)</p> <p>[Significant concurrent positions]</p> <ul style="list-style-type: none"> <li>• President, sMedio Technology (Shanghai) Inc.</li> <li>• Director, sMedio America Inc.</li> </ul>	16,800
4	Hirotake Kitano (December 19, 1978) [Newly elected]	<p>April 2003      Joined Osaka Prefectural Government</p> <p>December 2006    Joined Tohmatsu &amp; Co. (currently Deloitte Touche Tohmatsu LLC)</p> <p>July 2010        Registered as a Certified Public Accountant</p> <p>May 2012        Joined Fuji Life Insurance Co., Ltd. (currently AIG Fuji Life Insurance Co., Ltd.)</p> <p>August 2015     General Manager of Corporate Strategy Planning Dept., sMedio, Inc.</p> <p>[Significant concurrent position]</p> <ul style="list-style-type: none"> <li>• Statutory Auditor, Taosoftware Co., Ltd.</li> </ul>	-
5	Yoji Ochiai (March 29, 1964) [Reelected] [Outside Director] [Independent Director]	<p>April 1987      Joined the Legal Training and Research Institute, Supreme Court of Japan</p> <p>April 1989      Prosecutor of the Tokyo District Public Prosecutor's Office</p> <p>September 2000    Employed at Yahoo Japan Corporation</p> <p>October 2000     Registered as an attorney-at-law (the Tokyo Bar Association)</p> <p>November 2001    Joined Yaesu Daiichi Law Office</p> <p>September 2008    Established Sengakujimae Law Office (to present)</p> <p>April 2010        Designated Professor, Law School, Tokai University (to present)</p> <p>December 2013    External Statutory Auditor, WebCrew Inc. (to present)</p> <p>March 2015      Outside Director, sMedio, Inc. (to present)</p> <p>[Significant concurrent positions]</p> <ul style="list-style-type: none"> <li>• Representative, Sengakujimae Law Office</li> <li>• Designated Professor, Law School, Tokai University</li> <li>• External Statutory Auditor, WebCrew Inc.</li> </ul>	-

(Notes)

1. No special conflicts of interest exist between the Company and each nominee.
2. Mr. Yoji Ochiai is a nominee for Outside Director.
3. The reasons why the Company nominated Mr. Yoji Ochiai as an Outside Director are as follows: the Company judged that he will provide suggestions concerning all aspects of the Company's corporate management including its corporate governance by using his ample career and experience so that its management system can be further strengthened; and judging from his experience and insights, he will properly carry out his duty as an Outside Director.
4. Mr. Yoji Ochiai, a nominee for Outside Director, is a current Outside Director of the Company, and he will have been in office for two (2) years at the conclusion of this Annual Shareholders' Meeting.
5. Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has entered into an agreement with Mr. Yoji Ochiai for the purpose of limiting the liability for damages under Article 423, Paragraph 1 of the same Act. The maximum amount of the liability for damages under the agreement shall be the minimum liability amount as stipulated by Article 425, Paragraph 1 of the same Act. If reelected as an Outside Director, the Company plans to continue the said agreement with him.
6. The Company has registered Mr. Yoji Ochiai as an independent director as stipulated in the rules set out by the Tokyo Stock Exchange, on which the Company is listed. If reelected, the Company will continue to appoint him as an independent director.