

*\* Caution: Please kindly be advised that this English document is a partial translation of MEDLEY, INC's Notice of Convocation of the 11<sup>th</sup> Annual General Meeting of Shareholders for the reference purposes only. In case of any inconsistency between the Japanese original version and this English version, Japanese original version governs.*

Securities Code No.4480  
March 12, 2020

To Our Shareholders

Kohei Takiguchi  
President and Chief Executive Officer  
**MEDLEY, INC.**  
3-2-1 Roppongi, Minato-ku, Tokyo,  
106-6222, Japan

## **Notice of Convocation of The 11th Annual General Meeting of Shareholders**

You are cordially invited to attend the 11th Annual General Meeting of Shareholders of Medley Inc. (the “Company”), which will be held as indicated below.

**If you are unable to attend the Meeting in person, you may exercise your voting rights in writing or via the Internets etc. Please review the following documents entitled “Reference Documents for the General Meeting of Shareholders”, and exercise your voting rights by 18:00 (6:00 p.m.) Thursday, March 26, 2020(JST), in accordance with the instructions for exercising voting rights on page 2.**

### Particulars

- 1. Date and Time**      Friday, March 27<sup>th</sup>, 2020 at 13:00 p.m.(JST)  
(The reception desk is scheduled to open at 12:15 p.m.)
- 2. Venue**              RoomH・I, Bellesalle Roppongi Grand Conference Center,  
9F Sumitomo Fudosan Roppongi Grand Tower, 3-2-1 Roppongi, Minato-ku,  
Tokyo, 106-6222, Japan
- 3. Purpose of Meeting**  
**Matters to be Reported**

1. The Business Report, the Consolidated Financial Statements and the results of audits of the Consolidated Financial Statements by the Independent Auditor and the Audit & Supervisory Board for the 11<sup>th</sup> fiscal year (January 1, 2019 to December 31, 2019)
2. The Non-consolidated Financial Statements for the 11<sup>th</sup> fiscal year (January 1, 2019 to December 31, 2019)

**Matters to be Resolved**

- |                      |   |
|----------------------|---|
| <b>Proposal No.1</b> | Partial Amendment to the Articles of Incorporation                    |
| <b>Proposal No.2</b> | Election of One (1) Audit & Supervisory Board Member                  |
| <b>Proposal No.3</b> | Revision of Remuneration Amount for Audit & Supervisory Board Members |

- 
- If you attend this Annual General Meeting of Shareholders, please present the enclosed voting form at the reception desk. We also respectfully request the shareholders who will attend this Annual General Meeting of Shareholders, to bring this booklet as meeting material.
  - In accordance with the applicable laws and regulations and the provisions of Article 15 of the Company's Articles of Incorporation, we have posted on our website the matters concerning the Notes to the Consolidated Financial Statements and the Notes to the Non-Consolidated Financial Statements, and thus are not included in this Notice of Convocation. The Consolidated Financial Statements and Non-Consolidated Financial Statements described in the attached documents to this Notice of Convocation are part of the Consolidated Financial Statements and Non-Consolidated Financial Statements audited by the Independent Auditor and Audit & Supervisory Board Members in preparing the accounting audit reports and audit reports.
  - If any amendments are made to matters contained in Reference Documents for the General Meeting of Shareholders, Business Report, or to Non-Consolidated Financial Statements and the Consolidated Financial Statements, such amendments will be posted on the Company's web site (<https://www.medley.jp/en/ir/>)
  - The results of the resolution of this Annual General Meeting of Shareholders will be posted on the Company's website after the conclusion of this Annual General Meeting of Shareholders, instead of sending a written notice of the resolution.
  - In the face of the new coronavirus (COVID-19) outbreak, and we would like you to check the status of the epidemic and your physical condition at the date of this Annual General Meeting of Shareholders, and to attend the meeting with necessary measures for the prevention of the infection such as wearing masks. We will kindly ask your cooperation if we decide to take certain measures to prevent infection at the venue of this Annual General Meeting of Shareholders.

*[Detailed instructions on how to exercise the voting rights at the venue of this Annual General Meeting of Shareholders and via mail or the Internet are omitted from the English translation.]*

# Reference Documents for the General Meeting of Shareholders

## Proposal and Reference Material

### **Proposal No.1**      Partial Amendment to the Articles of Incorporation

#### 1. Reasons for the Proposal

The Company will revise the article on the upper limit of the number of Audit & Supervisory Board Members from three (3) to four (4), in order to strengthen the audit function by Audit & Supervisory Board Members and further improve the corporate governance of the Company.

#### 2. Details of the Proposed Amendment.

(Underline indicates amended portions)

Current Articles of Incorporation	Proposed Amendment
Chapter 5 Audit & Supervisory Board Members and Audit & Supervisory Board  Article 31.(Number of Audit & Supervisory Board Members) The number of Audit & Supervisory Board members shall not exceed <u>three (3)</u> .	Chapter 5 Audit & Supervisory Board Members and Audit & Supervisory Board  Article 31.(Number of Audit & Supervisory Board Members) The number of Audit & Supervisory Board members shall not exceed <u>four (4)</u> .

### **Proposal No.2**      Election of One (1) Audit & Supervisory Board Member

If Proposal No. 1 “Partial Amendment to the Articles of Incorporation” is approved as originally proposed, the upper limit of the number of Audit & Supervisory Board Members will be four (4). In order to strengthen the audit function by Audit & Supervisory Board Members and further improve the corporate governance, the Company proposes the election of one (1) Audit & Supervisory Board Member, as increase of one (1) person, on the condition that Proposal No. 1 “Partial Amendment to the Articles of Incorporation” is approved as originally proposed. If this Proposal No.2 is approved as originally proposed, there will be four (4) Audit & Supervisory Board Members, three (3) of which will be Outside Audit & Supervisory Board Members. The consent of Audit & Supervisory Board has been obtained for this proposal.

The candidate for Audit & Supervisory Board Member is as follows:

Name (Date of Birth)	Career summary, Positions, and Significant concurrent positions outside the Company	Number of the Company 's Shares owned
Makoto Hoshino (February 23, 1956)	<p>Jan.1979      Joined Arthur Young &amp; Company.(currently Ernst &amp; Young ShinNihon LLC)</p> <p>Mar.1982      Registration of Certified Public Accountant</p> <p>May 1994      Admitted to Partner of Ernst &amp; Young Shin Nihon (currently Ernst &amp; Young ShinNihon LLC)</p> <p>May 2001      Senior Partner of Shin Nihon LLC (currently Ernst &amp; Young ShinNihon LLC)</p> <p>Dec.2004      Representative Director and Managing director of Ernrtst &amp; Young Transaction Advisory Services Co., Ltd. (currently EY Transaction Advisory Services Co., Ltd.)</p> <p>Jun.2018      Resignation of Ernst &amp; Young ShinNihon LLC (Significant concurrent positions outside the Company) N/A</p>	—
<p><b>【Reason for nomination】</b></p> <p>Makoto Hoshino has a high level of expertise in finance and accounting and abundant knowledge based on his many years of experience as a certified public accountant. The Company has considered that the Company can strengthen the audit function by auditing the management of the Company by making use of them, and proposes that he be elected as an Outside Audit &amp; Supervisory Board Member of the Company.</p>		

(Notes)

1. There is no conflict of interests between the candidate for Audit & Supervisory Board Member, Makoto Hoshino and the Company.
2. Makoto Hoshino is the candidate for Outside Audit & Supervisory Board Member.
3. If the proposal of the election of Makoto Hoshino is approved, the Company plans to enter into an agreement with Makoto Hoshino to limit his liabilities to compensate damages under Article 423, Paragraph 1 of the Companies Act., in accordance with Article 427, Paragraph 1 of the same Act. The limitation on liability to compensate damages under such agreement is set out to be the amount provided for in Article 425, Paragraph 1 of the same Act.
4. If the proposal of the election of Makoto Hoshino is approved, the Company plans to submit the notification to the Tokyo Stock Exchange that Makoto Hoshino has been appointed as independent director/auditor provided under the regulations of the Tokyo Stock Exchange.

5. Makoto Hoshino had been engaged in various audit and non-audit services as a professional member of Ernst & Young ShinNihon LLC, but has not provided any services since his retirement from Ernst & Young ShinNihon LLC in June 2018. There are transactions between the audit firm and the Company, such as outsourcing agreements with the Company as the consignor and the audit firm as the consignee. The ratio of the fees paid by the Company to the firm to the total revenue of the audit firm in the most recent fiscal year ended June 30, 2019 is less than 0.1%.

### **Proposal No.3**      **Revision of Remuneration Amount for Audit & Supervisory Board Members**

The remuneration amount for the Audit & Supervisory Board Members of the Company was approved no more than JPY twenty (20) million per year, at the 7th Annual General Meeting of Shareholders held on March 31, 2016, and has remained unchanged. However, considering increase of the role and duties of Audit & Supervisory Board Members relating to the stock listing and changes in the economic situation and various other circumstances, the Company hereby proposes that the remuneration amount for Audit & Supervisory Board Members be revised to no more than JPY forty (40) million per year.

There are currently three (3) Audit & Supervisory Board Members, but if proposal No.2 “Election of One (1) Audit & Supervisory Board Member” is approved as originally proposed, there will be four (4) Audit & Supervisory Board Members, three (3) of which will be Outside Audit & Supervisory Board Members.