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(Stock Exchange Code 3913)
March 13, 2019

To our shareholders

2-3-1 Shinkawa, Chuo-ku, Tokyo
sMedio, Inc.
President: Sadanori Iwamoto

NOTICE OF THE 12TH ANNUAL SHAREHOLDERS' MEETING

Notice is hereby given that the 12th 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 27, 2019, Japan time.

Notice of Meeting

1. **Date:** Thursday, March 28, 2019 at 10:00 a.m. Japan time

2. **Place:** Conference Room 701 (7F) at Tekko Kaikan
3-2-10 Nihonbashi-Kayabacho, Chuo-ku, Tokyo, Japan
(Please refer to the guide map for the venue of the Meeting 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 12th period (January 1, 2018 to December 31, 2018) 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 12th period (January 1, 2018 to December 31, 2018)

(Proposals)

1. Partial Amendment to Articles of Incorporation
2. Election of Four (4) Directors
3. Election of Three (3) Auditors
4. Determination of the Amount of Monetary Claim Remuneration and Details Thereof for Introducing the Stock Compensation Plan for Directors
5. Election of Accounting Auditor

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 (https://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 (https://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 line with the enforcement of the Act for Partial Revision of the Companies Act (Act No. 90 of 2014; came into force on May 1, 2015), the number of the paragraph cited in the provision concerning the pre-election of Substitute Auditors (Article 34, Paragraph 3 of the Articles of Incorporation) was amended. Accordingly, the Company proposes that this amendment be reflected in the Articles of Incorporation.

2. Description of the amendment

Description of the amendment is as follows:

(Amended parts are underlined.)

Current	Proposed amendment
Chapter 5. Auditors and Board of Auditors (Auditors' Term of Office) Article 34. (Article text omitted) 2. (Article text omitted) 3. The effective term of the resolution for election of Substitute Auditors elected pursuant to Article 329, Paragraph 2 of the Companies Act shall continue until the conclusion of the Annual Shareholders' Meeting for the last business year ending within four (4) years from the time of their election. 4. (Article text omitted)	Chapter 5. Auditors and Board of Auditors (Auditors' Term of Office) Article 34. (Same as current) 2. (Same as current) 3. The effective term of the resolution for election of Substitute Auditors elected pursuant to Article 329, Paragraph 3 of the Companies Act shall continue until the conclusion of the Annual Shareholders' Meeting for the last business year ending within four (4) years from the time of their election. 4. (Same as current)

Proposal 2: Election of Four (4) Directors

The terms of office of all six (6) Directors will expire at the conclusion of this year's Annual Shareholders' Meeting. Accordingly, the election of four (4) Directors is proposed.

The nominees for Directors are as follows:

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	Sadanori Iwamoto (May 31, 1971) [Reelected] [Years in office as Director] 9 years	July 1996 Product Manager, Nichimen Electronics Parts, Inc. (currently E-Globaledge Corporation) June 2002 OEM Sales Senior Director, InterVideo Japan Inc. (currently Corel Japan Ltd.) February 2008 General Manager of Sales, VideACE, Inc. (currently sMedio, Inc.) March 2010 Director, General Manager of Sales & Marketing March 2015 Managing Director, sMedio, Inc. October 2015 Director, Johospace Co., Ltd. February 2017 Representative Director and CEO, sMedio, Inc. (to present) [Significant concurrent positions] ・Director, sMedio Technology (Shanghai) Inc. ・Director, Taosoftware Co., Ltd.	28,800
2	Hirotake Kitano (December 19, 1978) [Reelected] [Years in office as Director] 2 years	April 2003 Joined Osaka Prefectural Government December 2006 Joined Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC) July 2010 Registered as a Certified Public Accountant May 2012 Joined Fuji Life Insurance Co., Ltd. (currently FWD Fuji Life Insurance Company, Limited) August 2015 General Manager of Corporate Strategy Planning Dept., sMedio, Inc. March 2017 Director, General Manager of Corporate Strategy Planning Dept., sMedio, Inc. (to present)	-
3	Yoji Ochiai (March 29, 1964) [Reelected] [Outside Director] [Independent Director] [Years in office as Director] 4 years	April 1987 Joined the Legal Training and Research Institute, Supreme Court of Japan April 1989 Prosecutor of the Tokyo District Public Prosecutor's Office September 2000 Joined Yahoo Japan Corporation October 2000 Registered as an attorney-at-law (the Tokyo Bar Association) November 2001 Joined Yaesu Daiichi Law Office September 2008 Established Sengakujimae Law Office April 2010 Designated Professor, Law School, Tokai University December 2013 External Statutory Auditor, WebCrew Inc. March 2015 Outside Director, sMedio, Inc. (to present) April 2018 Representative, Takanawa Kyodo Law Office (to present) [Significant concurrent positions] ・Representative, Takanawa Kyodo Law Office [Reasons for nomination as a candidate for Outside Director] From his experience and knowledge as an attorney-at-law and an External Statutory Auditor at another company, Mr. Yoji Ochiai has been providing valuable opinions and suggestions, and therefore the Company nominated him again as a candidate for Outside Director. At the conclusion of this Annual Shareholders' Meeting, he will have been in office as an Outside Director of the Company for four years.	-

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
4	Jyh-Jong Lin (September 30, 1967) [Reelected] [Outside Director] [Independent Director] [Years in office as Director] 1 year	April 1995 Joined Taipei Branch of TOMEN Corporation (currently Toyota Tsusho Corporation) April 1997 Joined Ulead Systems, Inc. (currently Corel Corporation Taiwan) July 2004 President and Representative Director, Ulead Systems Japan, Inc. (currently Corel Japan Ltd.) August 2006 Executive Vice President, InterVideo Japan Inc. (currently Corel Japan Ltd.) June 2008 Executive Vice President, Corel Japan Ltd. June 2010 President and Representative Director, CyberLink Corp. October 2013 President and Representative Director, AEGIS Technologies, Inc. October 2017 President and Representative Director, Kiwi Technology Inc. (to present) March 2018 Outside Director, sMedio, Inc. (to present) [Significant concurrent position] ・President and Representative Director, Kiwi Technology, Inc. [Reasons for nomination as a candidate for Outside Director] Mr. Jyh-Jong Lin has extensive experience in the IT industry, as well as experience in management and industry knowledge as the President of Japanese branches of companies. Utilizing his experience and knowledge, he is expected to provide suggestions concerning all aspects of the Company's corporate management including its corporate governance, and contribute to strengthening the Company's management system. Therefore, the Company nominated him as a candidate for Outside Director. At the conclusion of this Annual Shareholders' Meeting, he will have been in office as an Outside Director of the Company for one year.	-

(Notes)

1. No special interests exist between the Company and each nominee.
2. Mr. Yoji Ochiai and Mr. Jyh-Jong Lin are nominees for Outside Directors.
3. Reasons for deeming nominees as capable of properly carrying out duties as Outside Directors
   During his past four years in office, Mr. Yoji Ochiai has fulfilled his duties as an Outside Director using his experience and insights. Therefore, the Company deemed that he will continue to properly carry out his duties as an Outside Director if he is reelected.
   During his past one year in office, Mr. Jyh-Jong Lin has fulfilled his duties as an Outside Director using his experience in the IT industry, and experience of participating in management as the President of Japanese branches of foreign companies. Therefore, the Company deemed that he will continue to properly carry out his duties as an Outside Director if he is reelected.
4. Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has entered into agreements with Mr. Yoji Ochiai and Mr. Jyh-Jong Lin 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 they are reelected as Outside Directors, the Company plans to continue the said agreements with them.
5. The Company has registered Mr. Yoji Ochiai and Mr. Jyh-Jong Lin as independent directors as stipulated in the rules set out by the Tokyo Stock Exchange, on which the Company is listed. If they are reelected, the Company will continue to appoint them as independent directors.

Proposal 3: Election of Three (3) Auditors

The terms of office of all three (3) Auditors will expire at the conclusion of this year's Annual Shareholders' Meeting. Accordingly, the election of three (3) Auditors is proposed, including one (1) new Auditor.

In addition, the Company has already obtained the approval for this proposal from the Board of Auditors

The nominees for Auditors are as follows:

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
1	Yuichiro Eto (June 16, 1964) [Newly elected] [Outside Auditor] [Independent Auditor] [Years in office as Auditor] -	April 1989 Joined Asahi Shinwa Accounting Corp. (currently KPMG AZSA LLC) March 1992 Registered as a Certified Public Accountant November 1999 Joined Century Ota Showa & Co. (currently Ernst & Young ShinNihon LLC) July 2018 Representative, Eto CPA Firm (to present) [Significant concurrent position] ・Representative, Eto CPA Firm [Reasons for nomination as a candidate for Outside Auditor] Mr. Yuichiro Eto has professional knowledge and experience as a Certified Public Accountant and is well versed in the practice of accounting audit after the introduction of an internal control audit system. The Company nominated him in the belief that he would be able to fulfill his duties as Outside Auditor, such as ensuring the rationality of the audit, from his objective standpoint as an accounting professional in order to enhance the Company's governance.	-
2	Tomofumi Watanabe (July 28, 1952) [Reelected] [Years in office as Auditor] 3 years	December 1977 Joined Seino Certified Tax Accountant Office October 1984 Joined Showa Audit Corporation (currently Ernst & Young ShinNihon LLC) March 1988 Registered as a Certified Public Accountant July 2012 Established Watanabe Tomofumi CPA Firm (to present) July 2013 Outside Auditor, Mirai Securities Co., Ltd. March 2015 Outside Director, sMedio, Inc. December 2015 Outside Director, Paraca Inc. (to present) March 2016 Auditor, sMedio, Inc. (to present) December 2016 Outside Auditor, Kantatsu Co., Ltd. (to present) [Significant concurrent positions] ・Representative, Watanabe Tomofumi CPA Firm ・Outside Director, Paraca Inc. ・Outside Auditor, Kantatsu Co., Ltd.	-

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
3	Yoshiyuki Hongoh (January 5, 1973) [Reelected] [Outside Auditor] [Independent Auditor] [Years in office as Auditor] 9 years and 6 months	April 2000 Hikari Tsushin Capital, Inc. October 2001 SBI Holdings Corp. August 2006 President and Representative Director, Indepa, Inc. (to present) September 2009 Outside Auditor, Rolltech Co. (currently sMedio, Inc.) (to present) July 2016 Outside Director, Shinsei koeki Co., Ltd. (to present) [Significant concurrent positions] ・President and Representative Director, Indepa, Inc. ・Outside Director, Shinsei koeki Co., Ltd. [Reasons for nomination as a candidate for Outside Auditor] Mr. Yoshiyuki Hongoh has extensive experience and broad insights gained through his service as President and Representative Director of Indepa, Inc. and as Director of other companies. The Company nominated him in the belief that he would be able to fulfill his duties as Outside Auditor based on his experience and knowledge as a business executive in order to enhance the Company's governance.	2,000

(Notes)

1. No special interests exist between the Company and each nominee.
2. Mr. Yuichiro Eto and Mr. Yoshiyuki Hongoh are nominees for Outside Auditors.
3. If Mr. Yuichiro Eto is elected as Auditor and takes office, pursuant to Article 427, Paragraph 1 of the Companies Act, the Company plans to enter into an agreement with him 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.
4. Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has entered into agreements with Mr. Tomofumi Watanabe and Mr. Yoshiyuki Hongoh 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 they are reelected, the Company plans to continue the said agreements with them.
5. If Mr. Yuichiro Eto is elected as Auditor and takes office, the Company plans to register him as an independent auditor as stipulated in the rules set out by the Tokyo Stock Exchange, on which the Company is listed.
6. The Company has registered Mr. Yoshiyuki Hongoh as an independent auditor as stipulated in the rules set out by the Tokyo Stock Exchange, on which the Company is listed. If he is reelected, the Company will continue to appoint him as an independent auditor.

Proposal 4: Determination of the Amount of Monetary Claim Remuneration and Details Thereof for Introducing the Stock Compensation Plan for Directors

1. Reasons for proposal and for deeming the remuneration to be rational

At the 4th Annual Shareholders' Meeting held on March 30, 2011, the Company has obtained approval for the amount of remuneration for Directors as ¥150 million or less per annum (however, excluding the portion of employee's salaries for Directors concurrently serving as employees). For the purpose of giving incentive to Directors to achieve sustained improvement of the Company's corporate value and further enhancing their sense of sharing value with shareholders, we seek approval for a monetary claim remuneration to be newly granted to the Company's Directors (excluding Outside Directors; hereinafter the same in this proposal) separately from the aforementioned amount of remuneration.

The monetary claim remuneration to be delivered to Directors shall be allocated for the payment to invest in the Company's own shares. The purpose of introducing the Stock Compensation Plan (hereinafter, referred to as the Plan) is to improve the business performance of the Company over the medium to long term and to further enhance value sharing with its shareholders, and therefore the Company deems the introduction to be rational.

In light of the aforementioned purposes, the total rational amount of monetary remuneration to be delivered to Directors of the Company to grant them the Company's own shares pursuant to this proposal shall be ¥150 million or less per annum.

In addition, the specific allocation to each Director shall be determined by the Board of Directors.

Currently, the number of Directors is six (6) (including two (2) Outside Directors). If Proposal 2 is approved as originally proposed, the number of Directors will be four (4) (including two (2) Outside Directors).

2. Overview of the Plan

Pursuant to the Plan, Directors shall pay in all of the monetary claim remuneration delivered by the Company as contributed assets to receive the issuance or disposal of the common stock of the Company.

The total number of common stock of the Company to be delivered to Directors shall be 30 thousand shares or less per annum (In addition, if any inevitable event arises where the number of shares must be adjusted, such as share split or share consolidation of common stock of the Company with an effective date on or after the date of the resolution of this Annual Shareholders' Meeting, the number of shares subject to issuance or disposal may be adjusted in a reasonable manner.).

The specific timing of the delivery and amount of allocation to each Director shall be determined by the Board of Directors.

The amount to be paid in for one share of common stock of the Company to be issued or disposed of under the Plan shall be determined by the Board of Directors based on the closing price of common stock of the Company on the Tokyo Stock Exchange on the business day immediately prior to the date of the resolution by the Board of Directors (if no trading is reported on that day, the closing price on the trading day immediately prior to that date), within a range that is not particularly advantageous to Directors.

Upon issuance or disposal of the Company's common stock under the Plan, share allotment agreement shall be concluded between the Company and each Director.

Proposal 5: Election of Accounting Auditor

The term of office of the Company's Accounting Auditor, Ernst & Young ShinNihon LLC, will expire and it will retire from the position of Accounting Auditor at the conclusion of this year's Annual Shareholders' Meeting. Accordingly, the new election of Accounting Auditor is proposed.

The Board of Auditors nominated Kainan Audit Corporation as a candidate for Accounting Auditor based on the judgment that the said audit corporation possesses expertise, independence and appropriateness required of Accounting Auditor of the Company, and is equipped with a system for ensuring that the accounting audit of the Company is conducted in an appropriate and reasonable manner.

In addition, this proposal is in accordance with the decision made by the Board of Auditors.

The nominee for the Accounting Auditor is as follows:

Name	Kainan Audit Corporation
Primary place of business	2nd floor, Kainan Building, 2-20-17 Yoyogi, Shibuya-ku, Tokyo
History	Founded on May 24, 1985
Partners	Representative partners: 6 Partner: 1 Advisor: 1
Engaged staff	CPA: 41 (including 40 part-timers) Newly certified: 3 (including 3 part-timers) Administration: 3 (including 0 part-timers)

(Note) If this proposal is approved at this year's Annual Shareholders' Meeting, pursuant to Article 46 of the Company's Articles of Incorporation and Article 427, Paragraph 1 of the Companies Act, the Company plans to enter into an agreement with Kainan Audit Corporation 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.