

The year 2016 has been a complex and challenging period for the Vision International People Group.

The main markets of the Group are Russian Federation, CIS and Vietnam and Vision continues facing the effects of geopolitical and economic problems that especially concern these markets. In 2016 the Group was also experiencing difficulties relating to the areas of operational management, maintaining the supply of goods and launching new products as well as a need to update and enhance the organizational structure, which requires clearer allocation of functional responsibilities and more efficient interaction and information sharing between the departments.

The Company keeps working on strengthening its relationship with the distributors providing Vision network with comprehensive and active marketing support, promotions and essential tools for promoting the Company's products and business offer to potential newcomers and customers especially through the means of digital communications.

Nevertheless, in 2016 the Company continued experiencing decrease in the numbers of active network and lower distributor retention rates.

As the result, financial loss of the Company for the year 2016 amounted to US\$4.1 mln. This loss mainly resulted from a decrease in income / sales.

In 2016 the Company kept working towards strengthening and diversifying its' product portfolio. Particular success has been achieved in developing local manufacturing in Russia. In 2016 a number of new products in the BAFS range and cosmetics manufactured by the Russian local facilities have been launched. Gaining significant interest and trust from the distributors, Russian local products are enjoying increasing sales in Russia and CIS and are also sold in Vietnam.

Continuing its beneficial collaboration with the DEM4 Laboratory, a virtual, open laboratory founded to facilitate innovation and the exchange of knowledge in order to create holistic health solutions, in 2016 Vision presented its own cosmetics range which was successfully launched at the Millennium 2016 event held in Sochi. Vision skin care line containing a number of products with innovative and skin regenerative properties has quickly become a popular product, leading the sales during holiday and festive periods.

In 2017 the Company plans to carry-out a comprehensive audit of the Vision Product Portfolio and develop proposals for updating the PP in the short- (2017) and long-term perspectives taking into consideration feedback from the distributors and recommendations of market experts in different countries where Vision products are sold. The proposals will include decreasing the share of BAFS and boosting Vision portfolio with other modern products (products-drivers) including smart food, products of formed demand and products for special dates and holidays.

The Company management will undertake principal actions towards maintaining the necessary stock of all products, ending any products' shortage and maintaining mutually beneficial stable relationships with the Company's suppliers.

Vision management team has commenced review of facilities and discussion of potential cooperation with a number of international manufacturers of BAFS, cosmetics and diverse health products that will enrich Vision portfolio with premium products and innovative offers.

In 2017 the Company will make a concentrated effort towards reducing fixed costs across the Vision Group especially in the area of payroll expenses. The management also plans for the operational and organizational restructuring to be undertaken throughout the Vision Group starting with the Russian Federation. Inter alia, the plan of the operational restructuring comprises a comprehensive audit and review of all business processes, launch of a uniform modern Vision E-Shop, which will have a unified entry point for all (login), a simple and convenient interface and availability in all Vision languages, quicker processing of the online orders, study and implementation of new various options for product deliveries and fundamental update of the contact-centre.

In the end of 2016 Mr. Dmitry Buriak resigned as the CEO of the Company and Mr. Roberto Piona was appointed the new CEO. Mr. Buriak will continue being closely involved with the Company's strategic development, R&D and marketing functions in his role as the Vision President. In the role of the CEO Mr. Roberto Piona who is also the Company's Chairman and one of the Vision founders, will take charge of the Vision Group restructuring process and development of the strategic development plans in the short and long term perspectives.

In 2016, the year when Vision celebrated its 20th anniversary, the Group vouched to move forward faster, stronger and more efficient but at the same time to revert to its beginnings and original achievements so to utilize to the best results the business model, philosophy and approach that became the foundations of Vision 20 years ago and will serve as a strong base for its' future development and success.