

# FY2016 Financial Results

**February 9, 2017**  
**Vision Inc.**  
**(1st Section of the Tokyo Stock Exchange, code : 9416)**

The opinions and forecasts provided in this document are our decision in time of writing, they do not guarantee the accuracy of the information.

Due to changes in various factors, please note there is a possibility that is different from the actual results.

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# Executive Summary

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- Sales **JPY14,843mn** (+18.9% YoY), Operating profit **JPY1,290mn** (+60.3% YoY), and all other profits are the highest ever.
- Fluctuation after upward revision announcement (forecast) on September 27, 2016;
  - Sales, from JPY14,564mn to JPY14,843mn, **+JPY279mn** (+1.9%)
  - Operating profit, from JPY1,202mn to JPY1,290mn, **+JPY88mn** (+7.3%)
  - Recurring profit, from JPY1,158mn to JPY1,298mn, **+JPY140mn** (+12.1%)
- As expansionary measures for the future, promote growth of overseas bases, Travel related service platform (information and concierge service).
- FY2017 Operating profit is also expected the highest ever; **JPY1,606mn, +JPY316mn** (+24.5%) YoY.

# FY2016 Overview of Financial Results

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# FY2016 Overview of Financial Results (Consolidated)



Sales **+18.9%** YoY, and Operating profit **+60.3%** YoY.

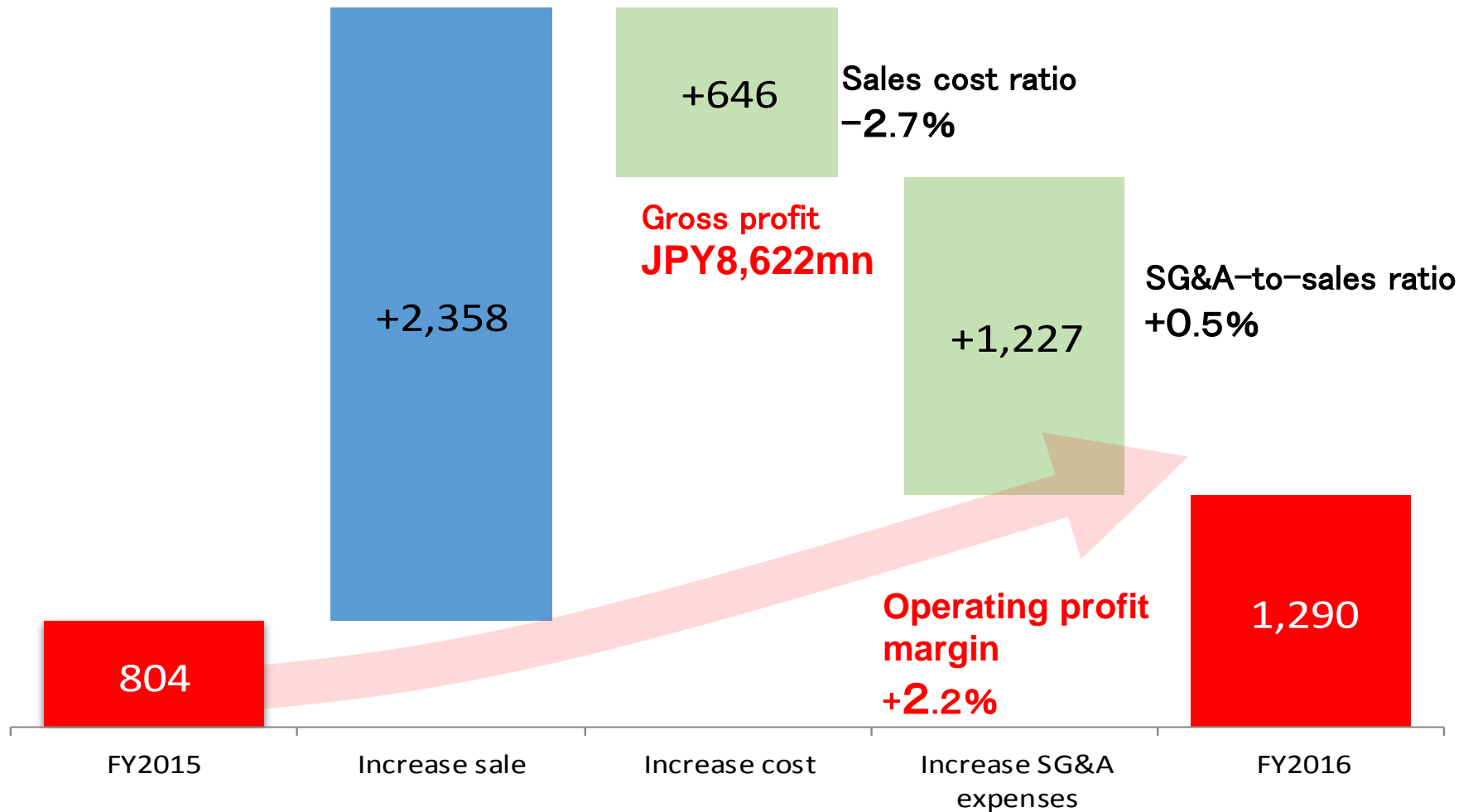
(JPYmn, %)

Account title	FY2016 Actual result		Increase or decrease	
	Amount	Composition ratio	Amount	Increase or decrease ratio
<b>Sales</b>	<b>14,843</b>	<b>100.0</b>	<b>+2,358</b>	<b>+18.9</b>
FY2015 Actual result	12,485	100.0	+2,300	+22.6
<b>Gross profit</b>	<b>8,622</b>	<b>58.1</b>	<b>+1,712</b>	<b>+24.8</b>
FY2015 Actual result	6,909	55.3	+1,258	+22.3
<b>Operating profit</b>	<b>1,290</b>	<b>8.7</b>	<b>+485</b>	<b>+60.3</b>
FY2015 Actual result	804	6.4	+518	+181.2
<b>Recurring profit</b>	<b>1,298</b>	<b>8.7</b>	<b>+490</b>	<b>+60.8</b>
FY2015 Actual result	807	6.5	+483	+149.3
<b>Net income attributable to parent company shareholders</b>	<b>813</b>	<b>5.5</b>	<b>+228</b>	<b>+39.0</b>
FY2015 Actual result	585	4.7	+309	+112.6

# Profit Increase Factor

Sales cost ratio **-2.7%** YoY, and Operating profit margin **+2.3%** YoY.

Improve cost efficiency and operating efficiency.



# FY2017 Outlook of Financial Results

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# FY2017 Forecast of Financial Results

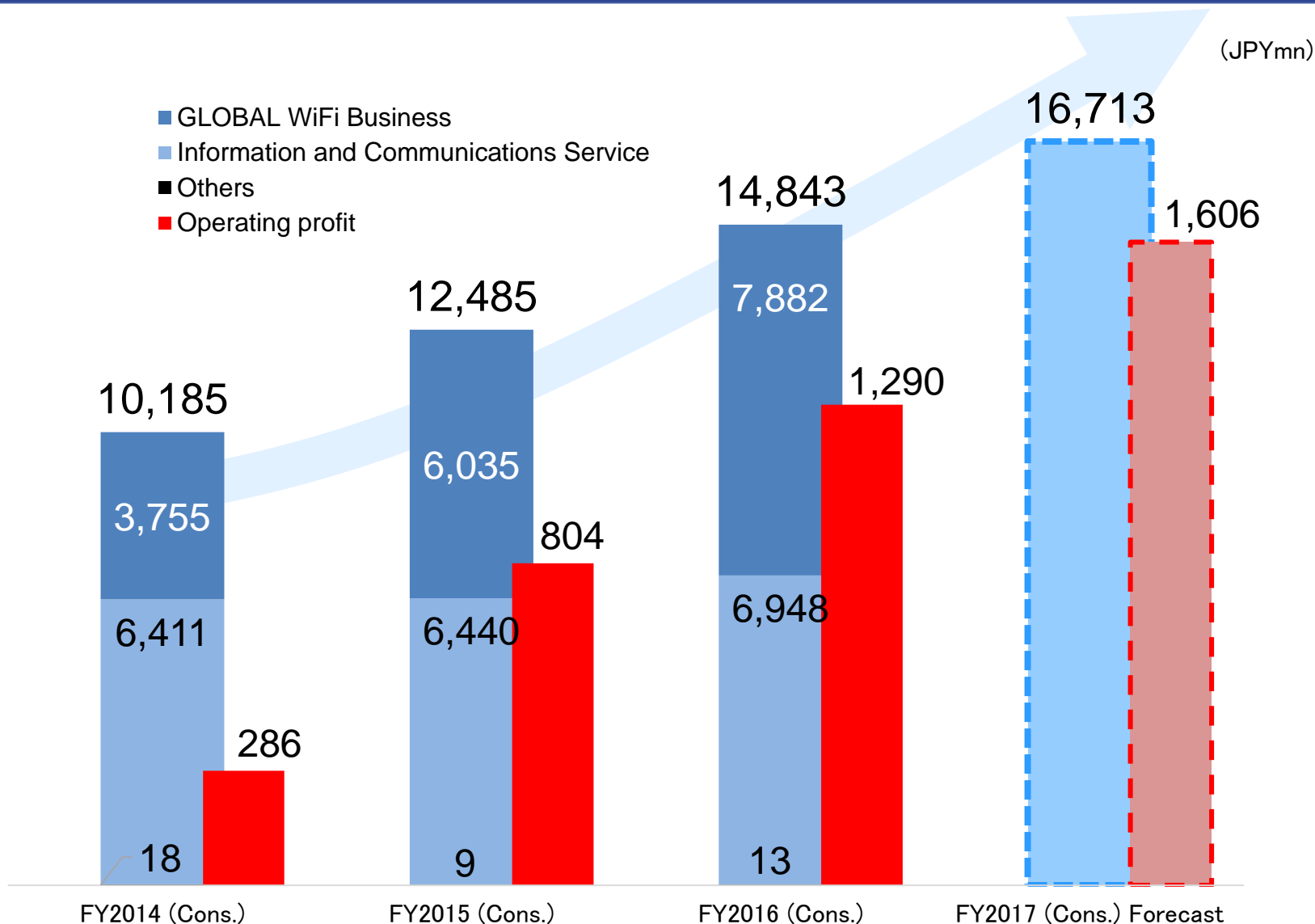


Anticipate Sales +12.6%, and Operating profit **JPY1.6bn (+24.5%)**.

(JPYmn, %)

Account title	FY2017 Forecast		Increase or decrease	
	Amount	Composition ratio	Amount	Increase or decrease ratio
<b>Sales</b>	<b>16,713</b>	<b>100.0</b>	<b>+1,869</b>	<b>+12.6</b>
FY2016 Actual result	14,843	100.0	+2,358	+18.9
<b>Gross profit</b>	<b>9,825</b>	<b>58.8</b>	<b>+1,203</b>	<b>+14.0</b>
FY2016 Actual result	8,622	58.1	+1,712	+24.8
<b>Operating profit</b>	<b>1,606</b>	<b>9.6</b>	<b>+315</b>	<b>+24.5</b>
FY2016 Actual result	1,290	8.7	+485	+60.3
<b>Recurring profit</b>	<b>1,608</b>	<b>9.6</b>	<b>+310</b>	<b>+23.9</b>
FY2016 Actual result	1,298	8.7	+490	+60.8
<b>Net income attributable to parent company shareholders</b>	<b>1,045</b>	<b>6.3</b>	<b>+231</b>	<b>+28.5</b>
FY2016 Actual result	813	5.5	+228	+39.0

# Sales and Operating Profit (Full-Year)



## Performance & Topics by Segment (“GLOBAL WiFi” Business)

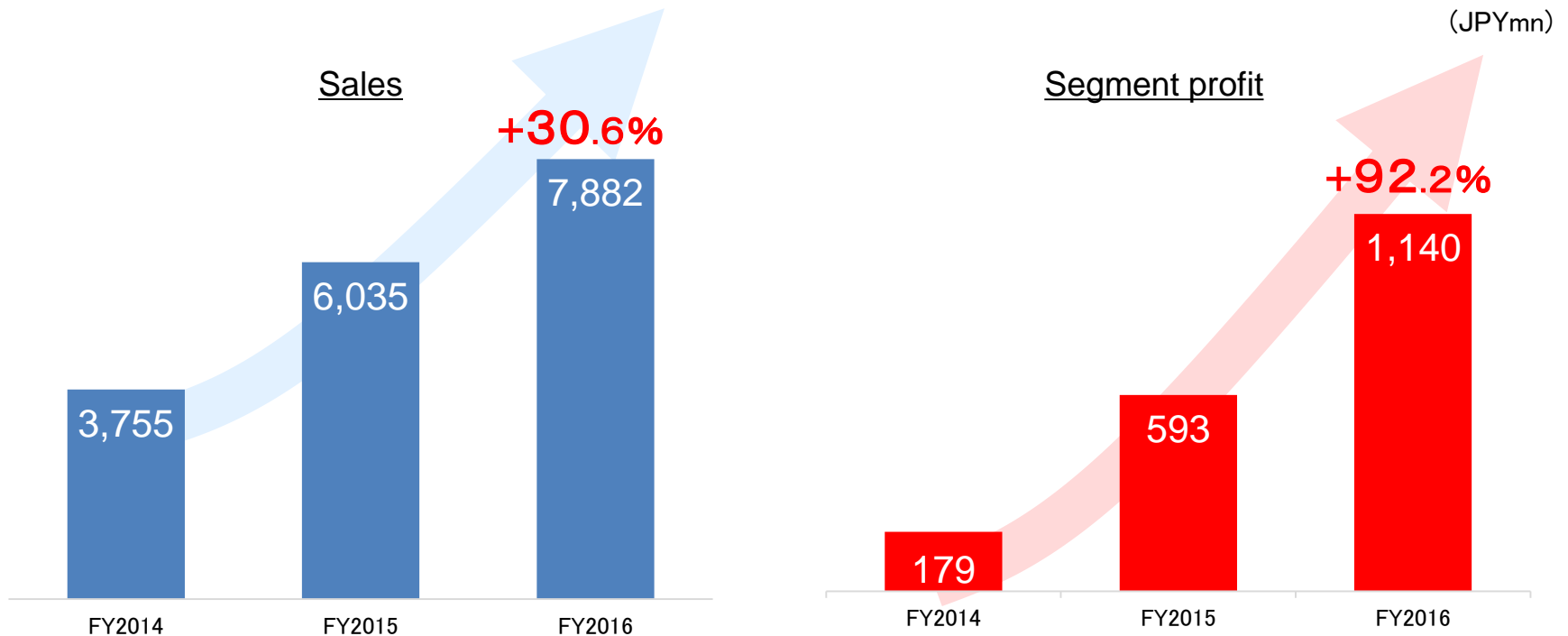
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# “GLOBAL WiFi” Business Performance



The number of customers steadily has increased. Significant sales and profit growth, contributed by cost improvement.

- Outbound (Travelers from Japan to overseas) : Both new customers and repeat customers increase steadily.
- Inbound (Foreign travelers to Japan) : As the market expands, customers continue to increase.
- **Management of** both cost improvement and service improvement.
  - **Data transmission subscribers** cost reduction, shipping operational efficiency improvement, FAQ utilizing AI (Artificial Intelligence) (call center expense control), automatic pick-up locker “Smart Pick-Up” (counter operating costs-control, improvement of running counter) etc.

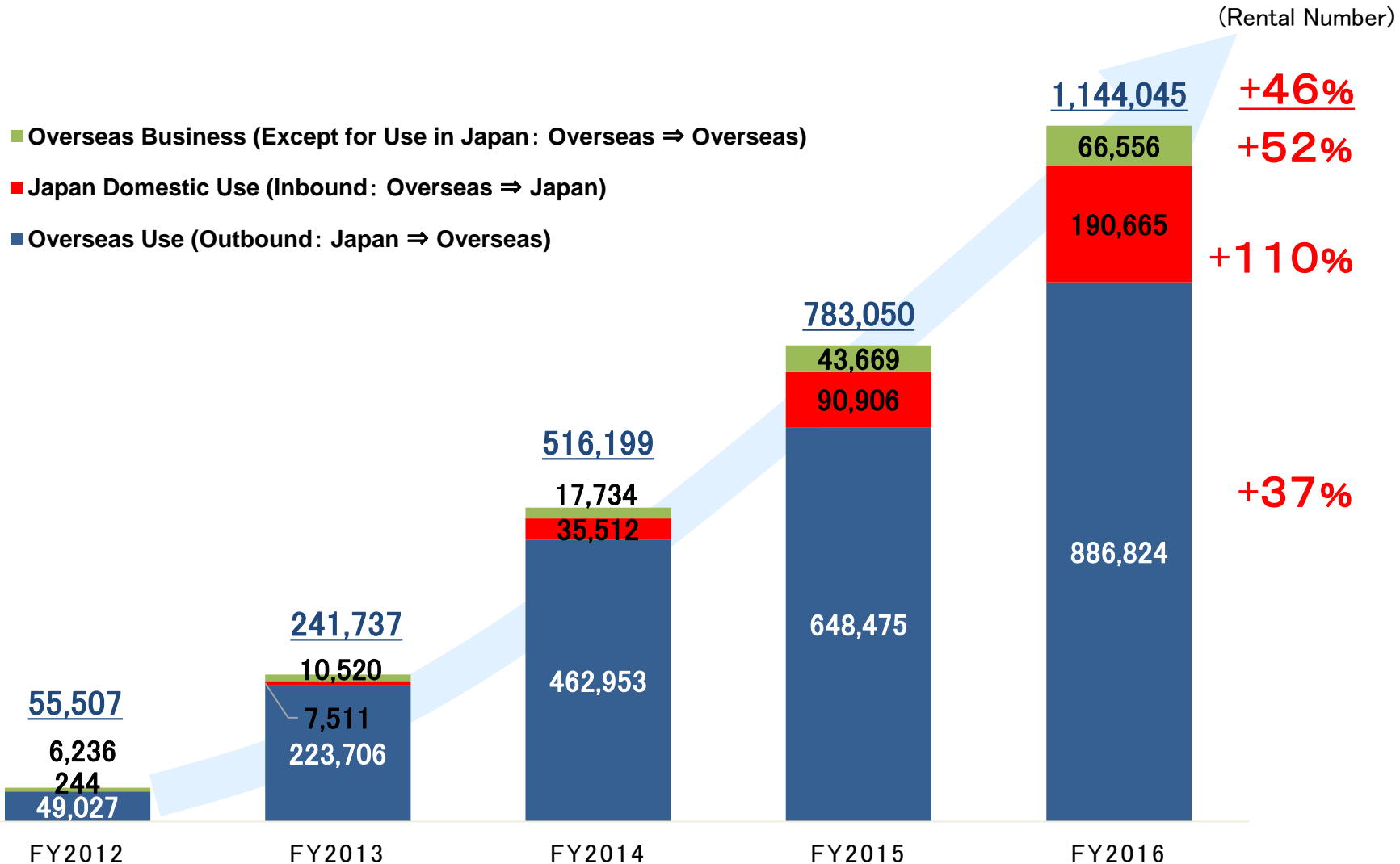


# “GLOBAL WiFi” Business

## Transition of the Rental Number



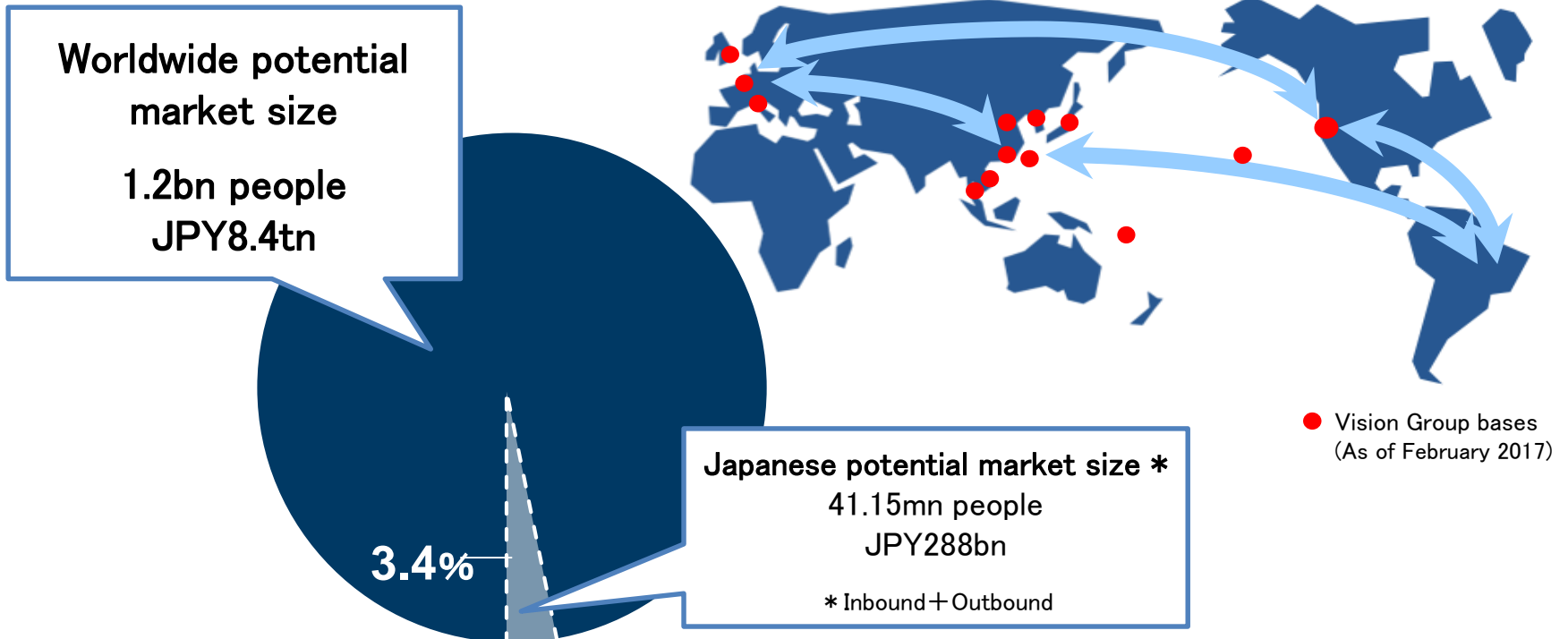
Steady growth in overseas use, Japan domestic use, and overseas business.  
 Potential market size is large, and room of development is extremely large.



# “GLOBAL WiFi” Business Growth Strategy①

## ○Global expansion

- Targeting all overseas travelers across the border, try to capture the needs of the huge market.
- Accelerate business development at each stage and capture needs.
  - Steadily capture (1) “outbound” and (2) “inbound” in Japan.
  - Through overseas base opening and growth, capture the needs of the largest market (3) “overseas to overseas”.
  - In addition to demand countries such as Korea and Taiwan, service started in Los Angeles (November 2016).

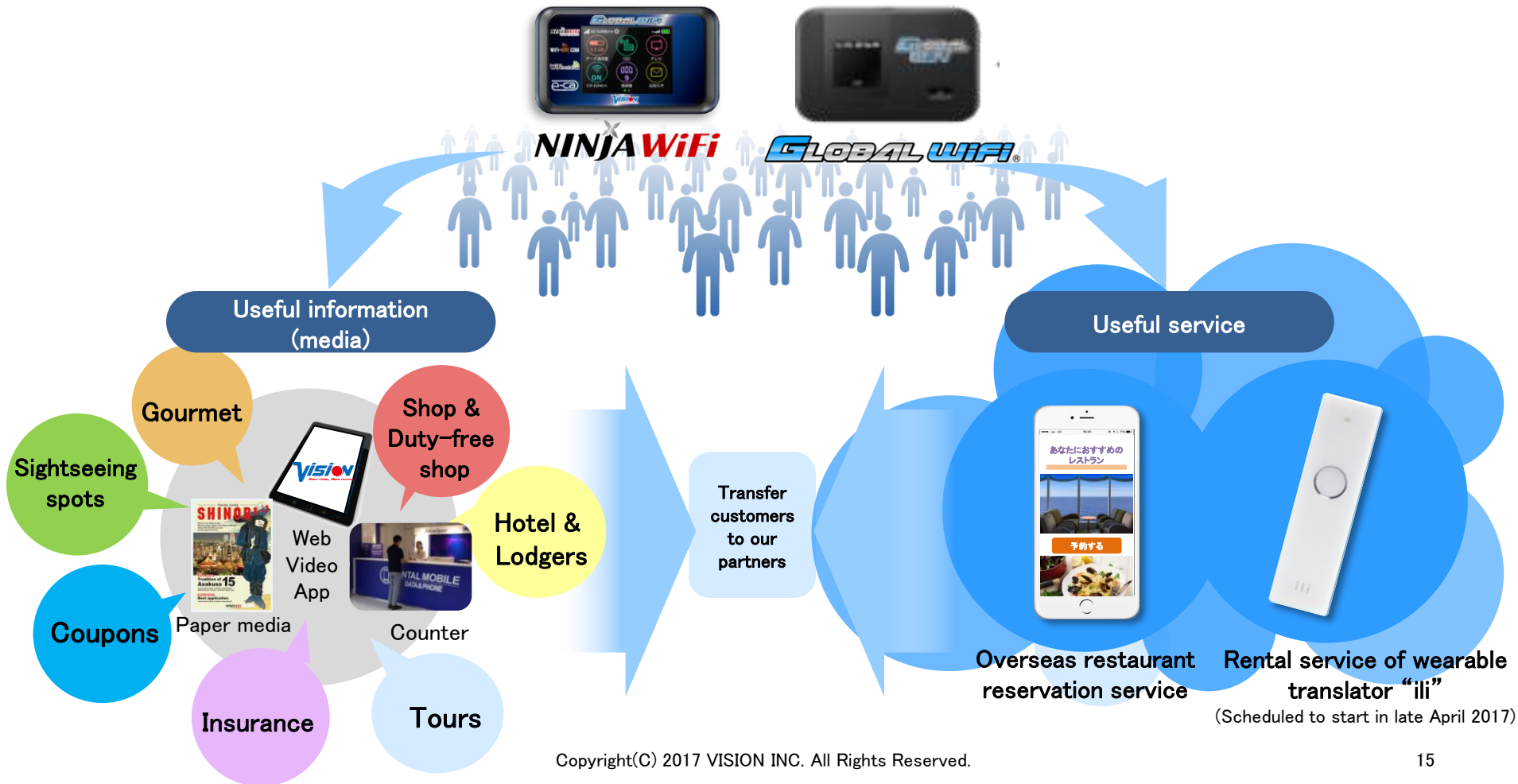


\* Referring to materials by Tourism Authority and United Nations World Tourism Organization (UNWTO), estimate from Average Revenue Per User of our customer

# “GLOBAL WiFi” Business Growth Strategy②

## ○ Travel related service platform

- Offer useful information (media)/service to solve problems during overseas travel.
- Utilize the customer foundation of “GLOBAL WiFi” and “NINJA WiFi”.



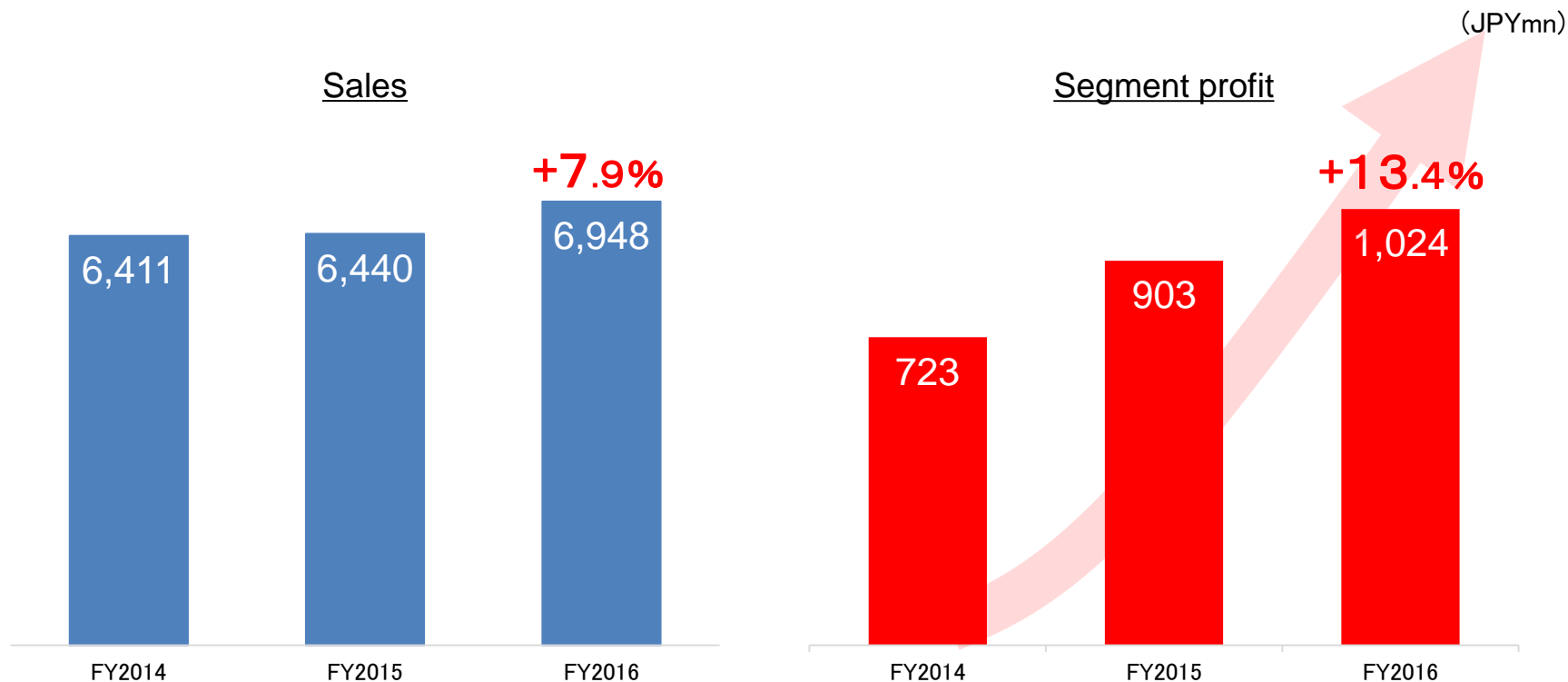
# Performance & Topics by Segment (Information and Communications Service)

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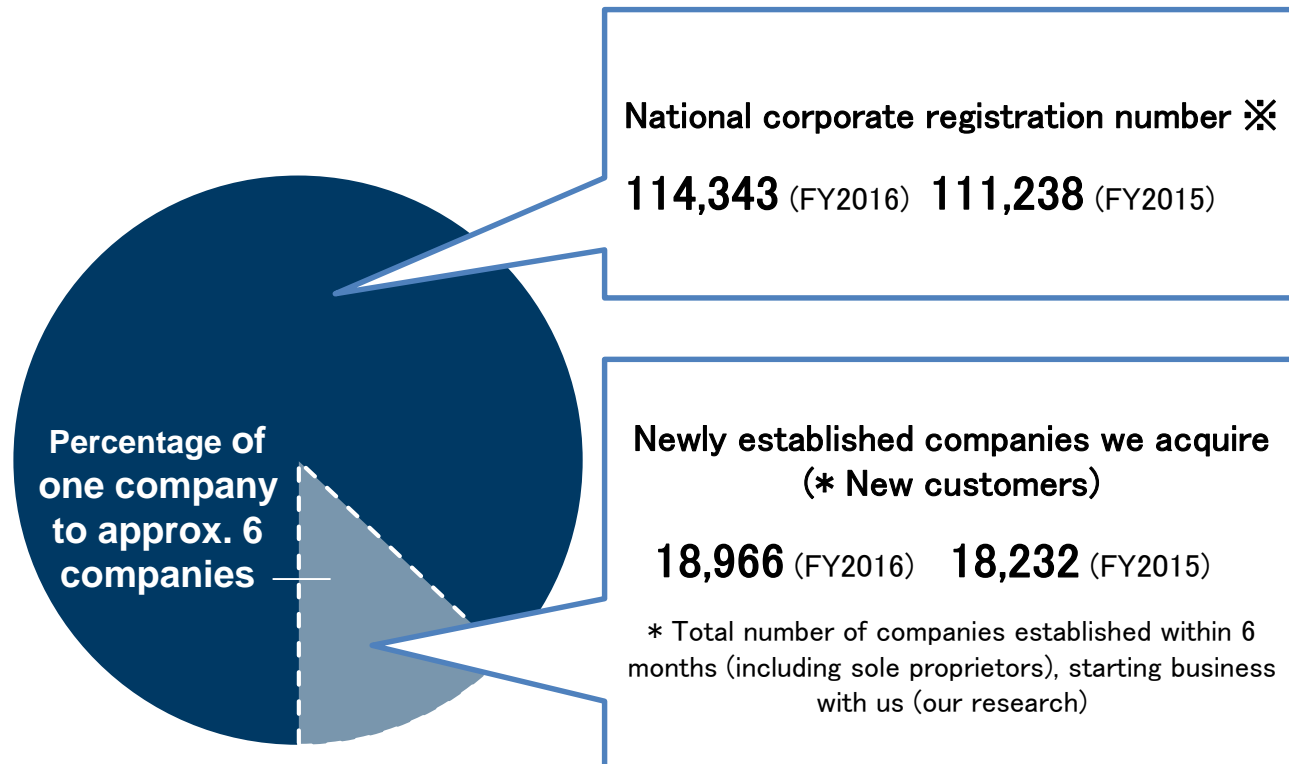
Continue to increase sales and profit.

- Promote steady growth to take the main targets (newly established companies, start-up companies, chain management shops and restaurants).
- Sales accumulation from continuing relations by CRM measures.
- Revenue per customer improvement, contributed by steady efforts of Up/Cross Selling.



## ○ Newly established companies (Startup companies)

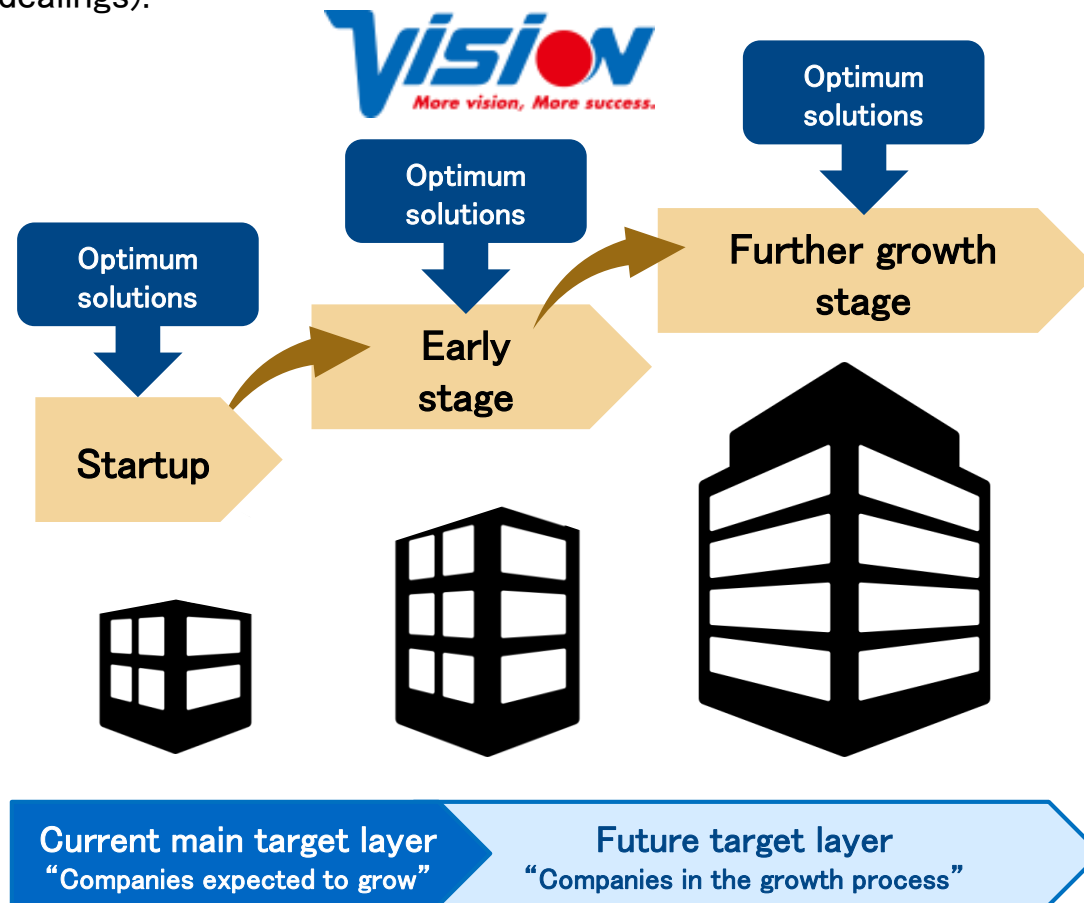
- The main target is newly established companies with high growth potential.
- Thanks to the policy, the number of foundations in Japan has increased.
- We will take advantage of our strengths to acquire customers and continue the relations.



※ Create from the number of incorporated company statistics by Ministry of Justice

## ○Continuous stock model

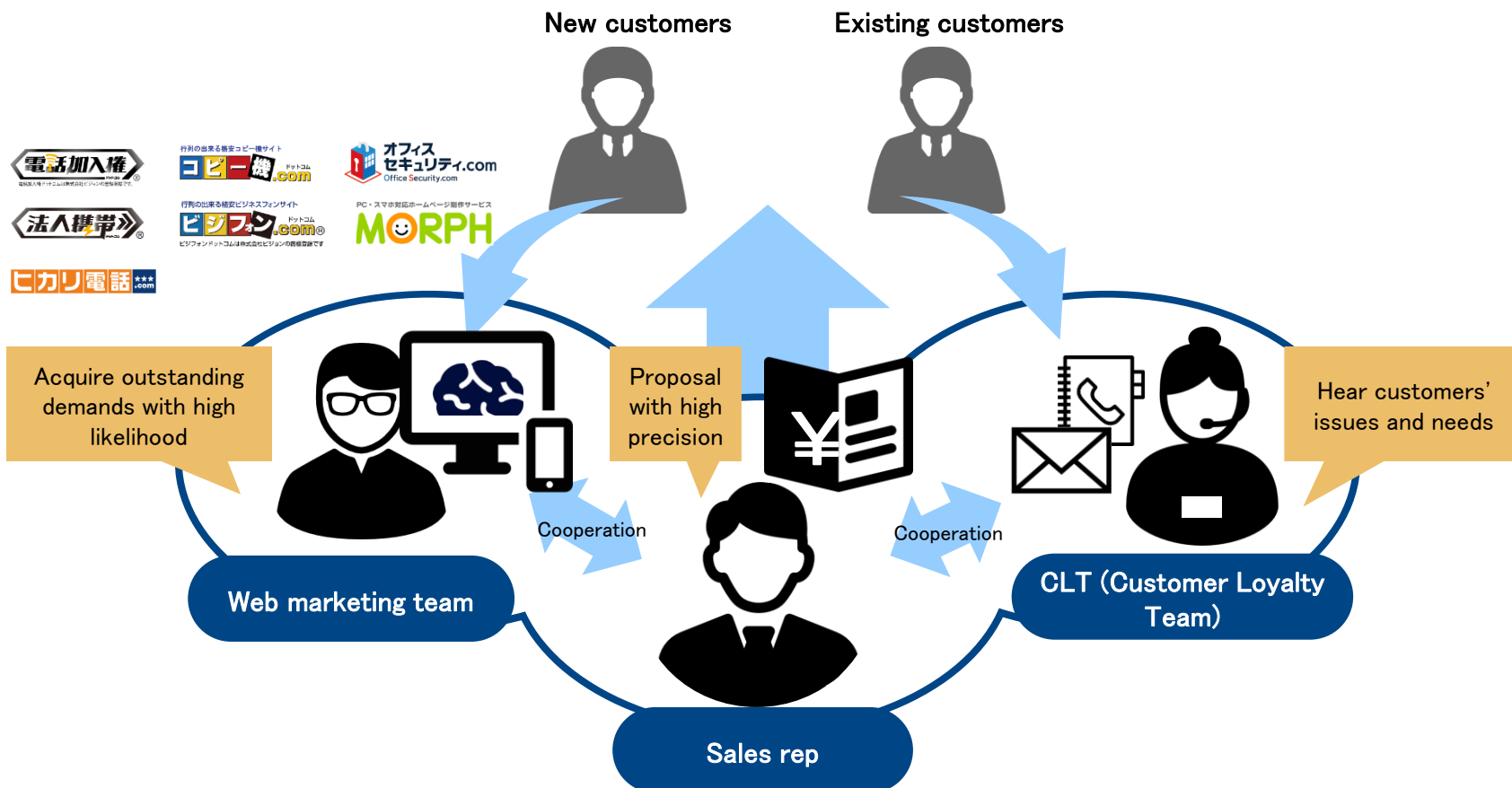
- Keeping closer to the growth of client companies, offer optimum solutions according to the growth stage.
- Structure that profits are accumulated by our original know-how CRM (customer relations /continuous dealings).



## ○ High productivity model

### Web marketing × Sales rep × CLT (Customer Loyalty Team)

- Web marketing: Attract customers' outstanding demands by our original know-how.
- Sales rep: Professional group to acquire efficiently + escalation of additional needs.
- CLT: Continue dealings and collect additional needs by customer follow-up.



## FY2016 Documents related to Financial Results

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# Consolidated Balance Sheet



(JPYmn, %)

	FY2016	FY2015	Compared to the previous consolidated fiscal year end	
	Amount	Amount	Increase or decrease	Increase or decrease ratio
<b>Assets</b>				
Current assets	8,129	7,403	+726	+9.8
Cash and deposits	6,241	5,774	+467	+8.1
Fixed assets	1,805	1,124	+680	+60.5
Tangible fixed assets	480	281	+199	+70.6
Intangible fixed assets	423	326	+96	+29.5
<b>【Total assets】</b>	<b>9,935</b>	<b>8,528</b>	<b>+1,406</b>	<b>+16.5</b>
<b>Liabilities</b>				
Current liabilities	2,600	2,019	+580	+28.8
Fixed liabilities	22	12	+10	+82.3
<b>【Total liabilities】</b>	<b>2,623</b>	<b>2,031</b>	<b>591</b>	<b>+29.1</b>
<b>Net assets</b>				
<b>【Total net assets】</b>	<b>7,312</b>	<b>6,496</b>	<b>+815</b>	<b>+12.6</b>
Equity ratio	73.6	76.2	△2.6	—

# Consolidated Income Statement



(JPYmn, %)

Account title	FY2016 Actual result		Increase or decrease		
	Amount	Composition ratio	Amount	Increase or decrease ratio	
<b>Total sales</b>	14,843	100.0	+2,358	+18.9	Steady progress in both “GLOBAL WiFi” and Information and Communications Service.
FY2015 Actual result	12,485	100.0	+2,300	+22.6	
<b>Gross profit</b>	8,622	58.1	+1,712	+24.8	The cost of sales ratio improved by 2.7 points.
FY2015 Actual result	6,909	55.3	+1,258	+22.3	
<b>Operating profit</b>	1,290	8.7	+485	+60.3	<p>Although SG&amp;A expenses increased due to business expansion, cost structure improvement measures were effective and OPM improved.</p> <ul style="list-style-type: none"> <li>•FAQ utilizing AI (call center expense control)</li> <li>•Utilize IoT (automatic pick-up locker “Smart Pick-Up”) etc.</li> </ul>
FY2015 Actual result	804	6.4	+518	+181.2	The highest profit ever.
<b>Recurring profit</b>	1,298	8.7	+490	+60.8	Non-operating income decreased due to termination of subsidy for Saga office opening (VFBC). Foreign exchange loss accrual. However, result was the highest profit ever.
FY2015 Actual result	807	6.5	+483	+149.3	
<b>Net income attributable to parent company shareholders</b>	813	5.5	+228	+39.0	FY2015, extraordinary gains (losses) (extraordinary gains – extraordinary losses) of JPY120mn was posted due to gains on sales of shares etc.
FY2015 Actual result	585	4.7	+309	+112.6	

# Quarterly Transition of Sales and Operating Profit

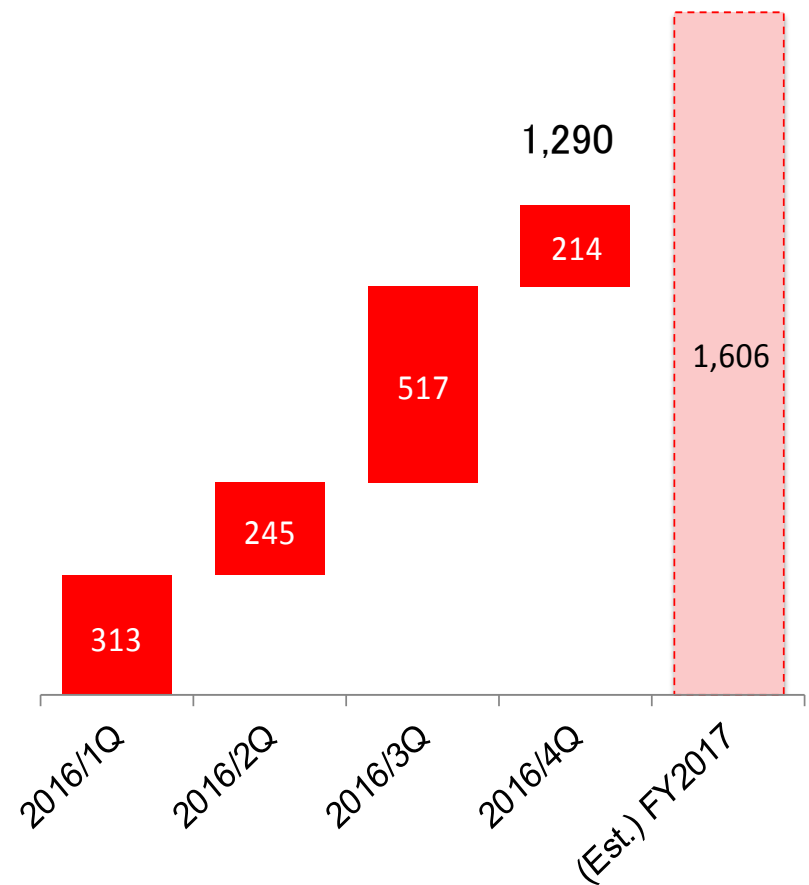
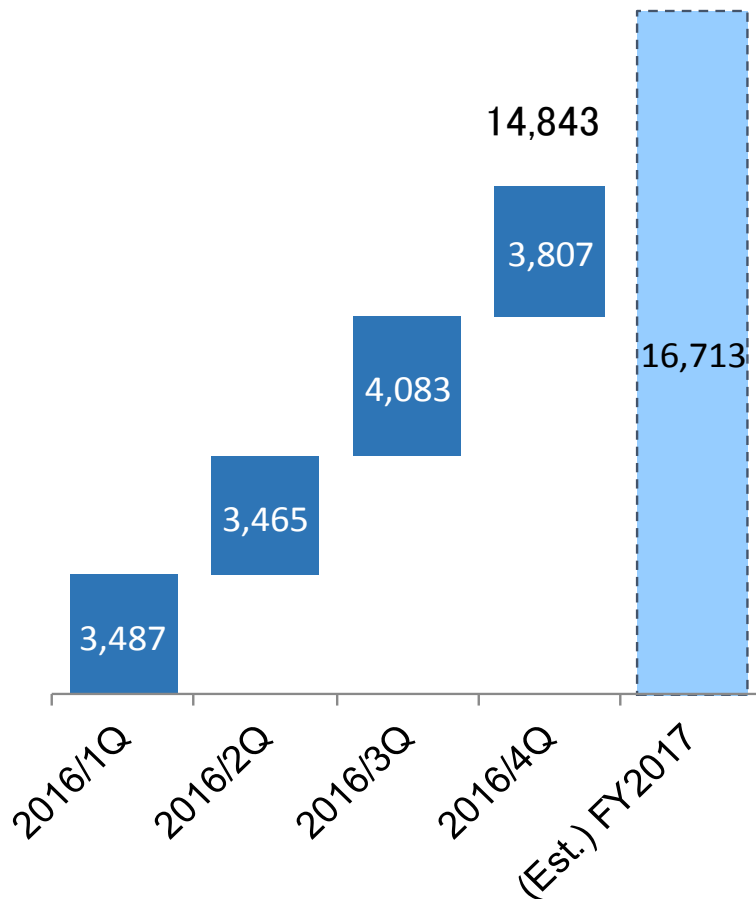


Seasonality: 3Q ... the busiest period. / 2Q and 4Q ... the quiet and investment periods.

## ○Sales

## ○Operating profit

(JPYmn)



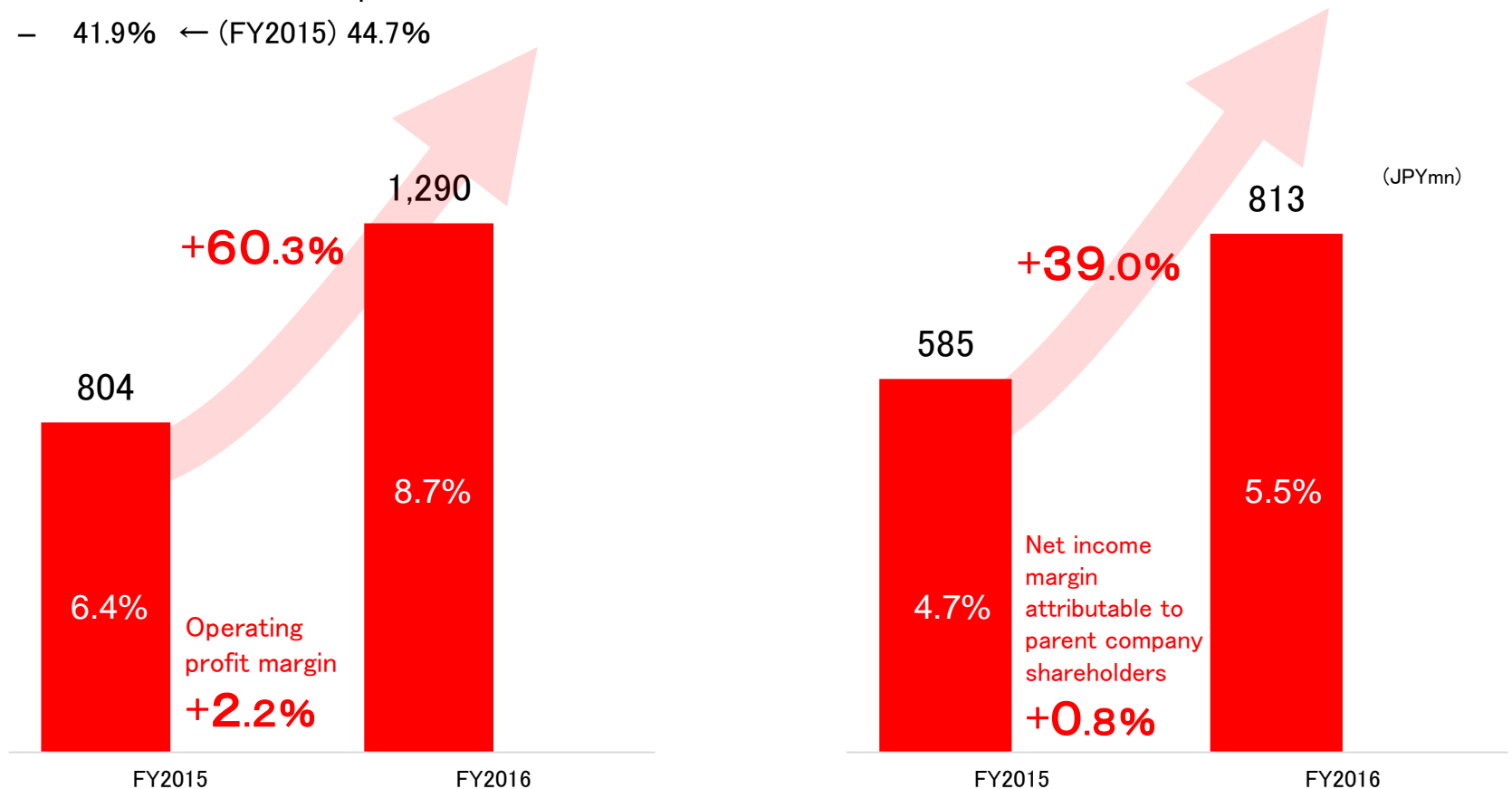


# Profit Comparison

## ○ Operating profit

- Both amount and margin significantly increased.
- Total sales growth is driven.
  - YoY +JPY2,358mn (+18.9%)
- The cost of sales ratio improved.
  - 41.9% ← (FY2015) 44.7%

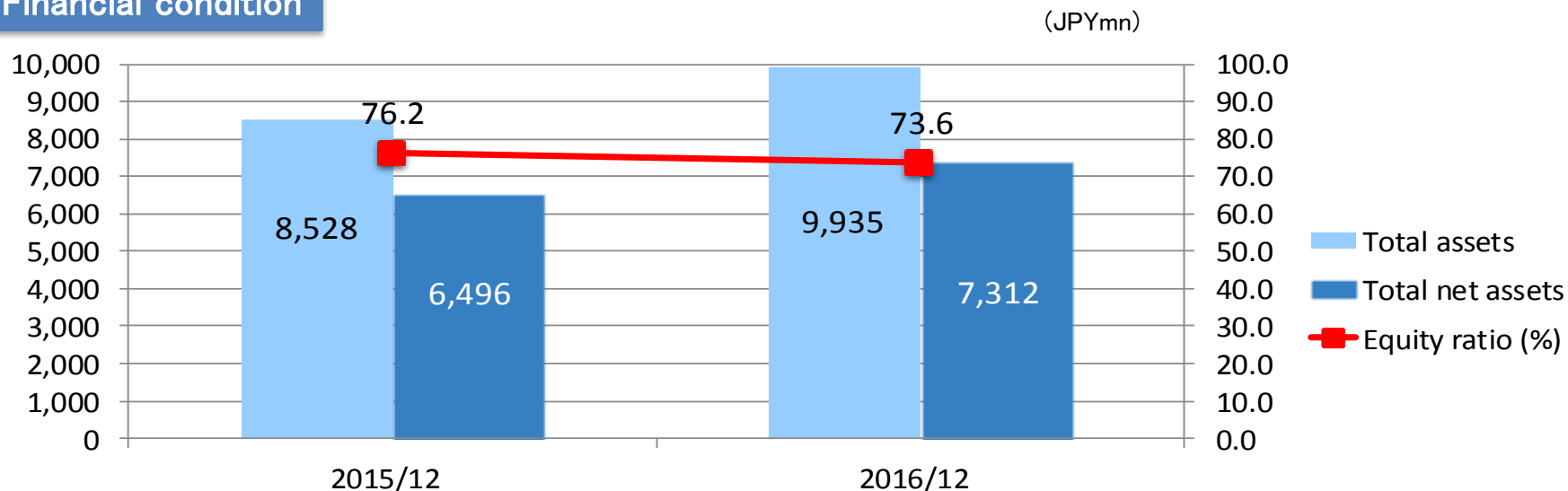
## ○ Net income attributable to parent company shareholders



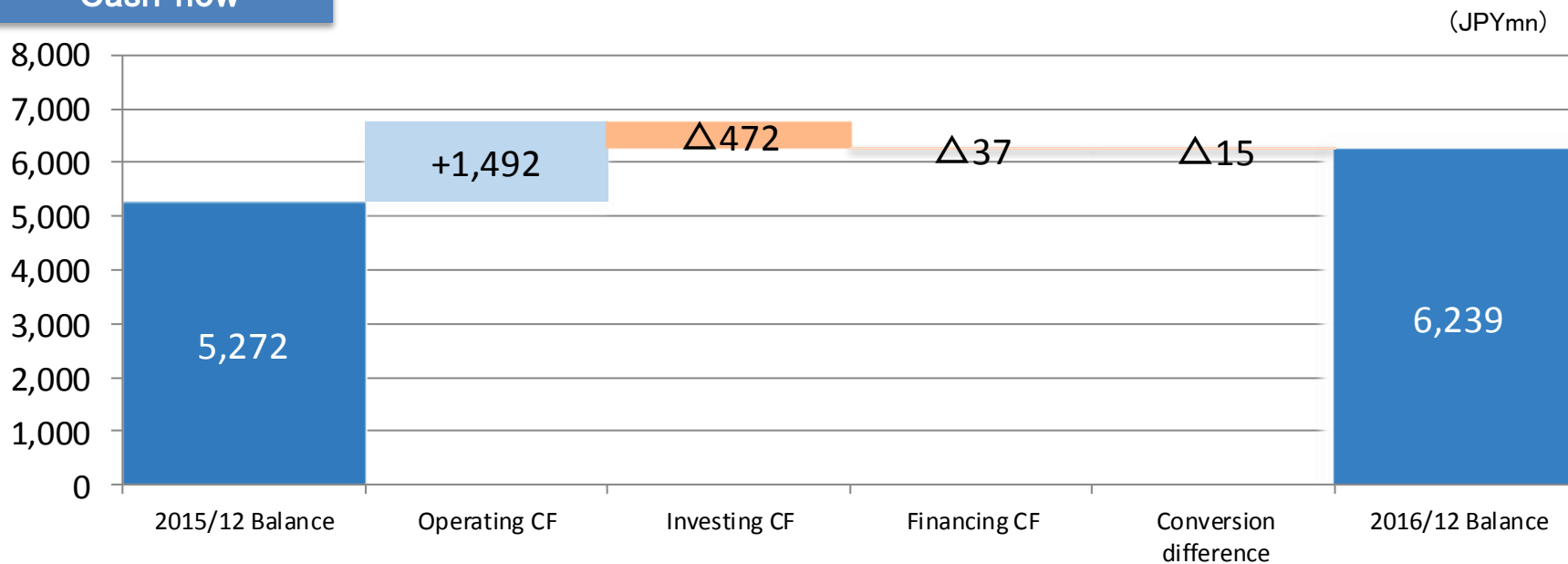
# Financial Condition and Cash Flow



## Financial condition



## Cash flow



# The List of Alliance with other Companies / Topics



In the business area in which the business synergies are expected, carry out investments in associated companies and the business partnership with them.

## Capital and business alliance

Global Partners, Inc.	Globalization support business (Overseas sales channel development trading company. Mainly operate in Dubai, UAE.).	Enhance service for companies with frequent overseas travel; business development partner in the Middle East.
BUZZPORT	Offer information services to convey the charm of the travel.	Enhance information service using each other's customer data; promote use of "Global WiFi"; handle foreign tourists in Japan.
JC Connect, Inc.	Work on business using the WeChat platform.	
Logbar Inc.	Develop rental services for wearable translation device "ili", and both companies' businesses.	
Huber. Inc.	Matching between foreign tourists in Japan and interpreters/local guides. Sharing Economy.	Expand services for Vision's customers; mutual customer referrals.

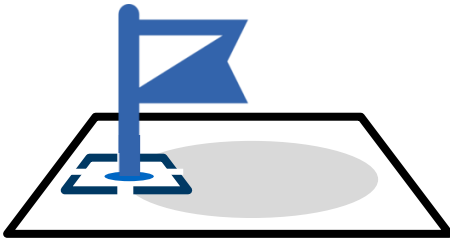
## Business alliance

Evolable Asia Corp.	Online travel agency; offshore development assistance.	Expand services for Vision's customers including Information and Communications Service; mutual customer referrals.
Adval	Restaurant management and support; media management.	Expand services for Vision's customers such as rental spaces and new opening shops information etc.; mutual customer referrals.
Haluene Co., Ltd.	Guide the new electric power service "HALUENE Electricity" for corporate customers.	Expand services for Vision's customers.

# Reference

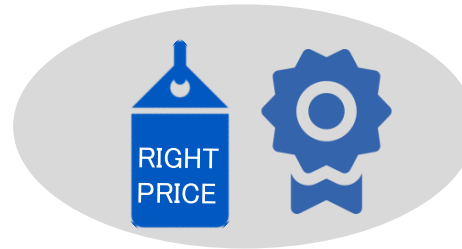
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## Niche & Focus strategy



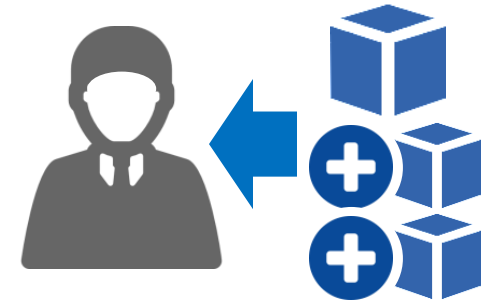
Discover the challenges born in the niches of the evolution in information and communications and develop new markets.  
Focus management resources on carefully selected targets, refine our services, and sublimate until we make customers impressed.

## Price & Quality leadership strategy



Pursue production efficiency thoroughly by improving organization structure and business speed.  
While maintaining high quality of service, demonstrate price competitiveness surpassing competitors.

## Up/Cross selling strategy

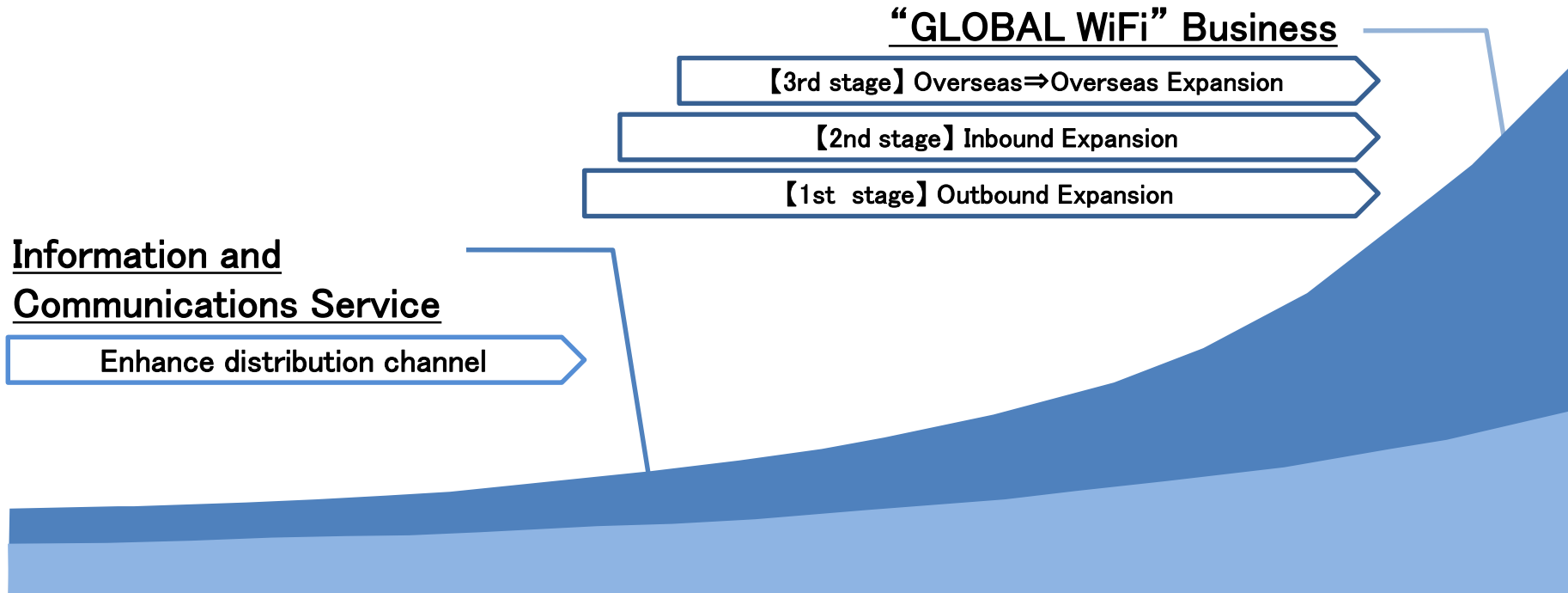


Pick up new needs for information and communications services and continuously offer services at reasonable prices at the right time.  
Build a long-term relationship with customers.

# Medium-Term Profit Growth Image

Steadily promote the growth strategies of the two main business segments.

- “GLOBAL WiFi” Business
  - Accelerate business expansion at each stage.
  - Add-on travel related service platform.
- Information and Communications Service
  - Enhance distribution channel.
    - Web marketing • Sales / Partners • CLT (Customer Loyalty Team)
  - Enhance products, services, and business models.

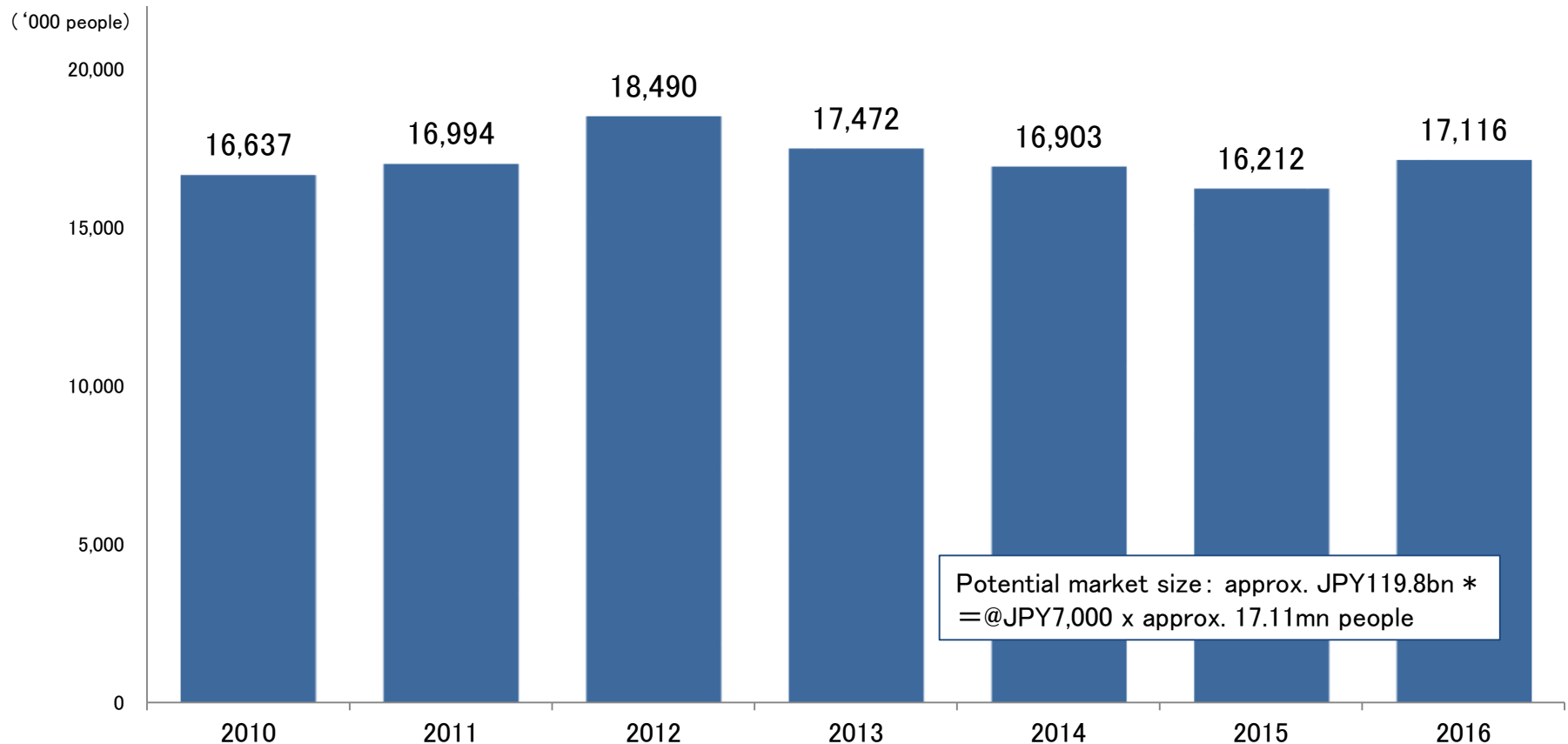


# Market Size of “GLOBAL WiFi” Business (Japan→Overseas)



- Remained at 17mn people before and after.  
Potential market size: approx. JPY119.8bn \*

## The number of Japanese travelers abroad



Potential market size: approx. JPY119.8bn \*  
= @JPY7,000 x approx. 17.11mn people

Created from Japan Tourism Agency materials

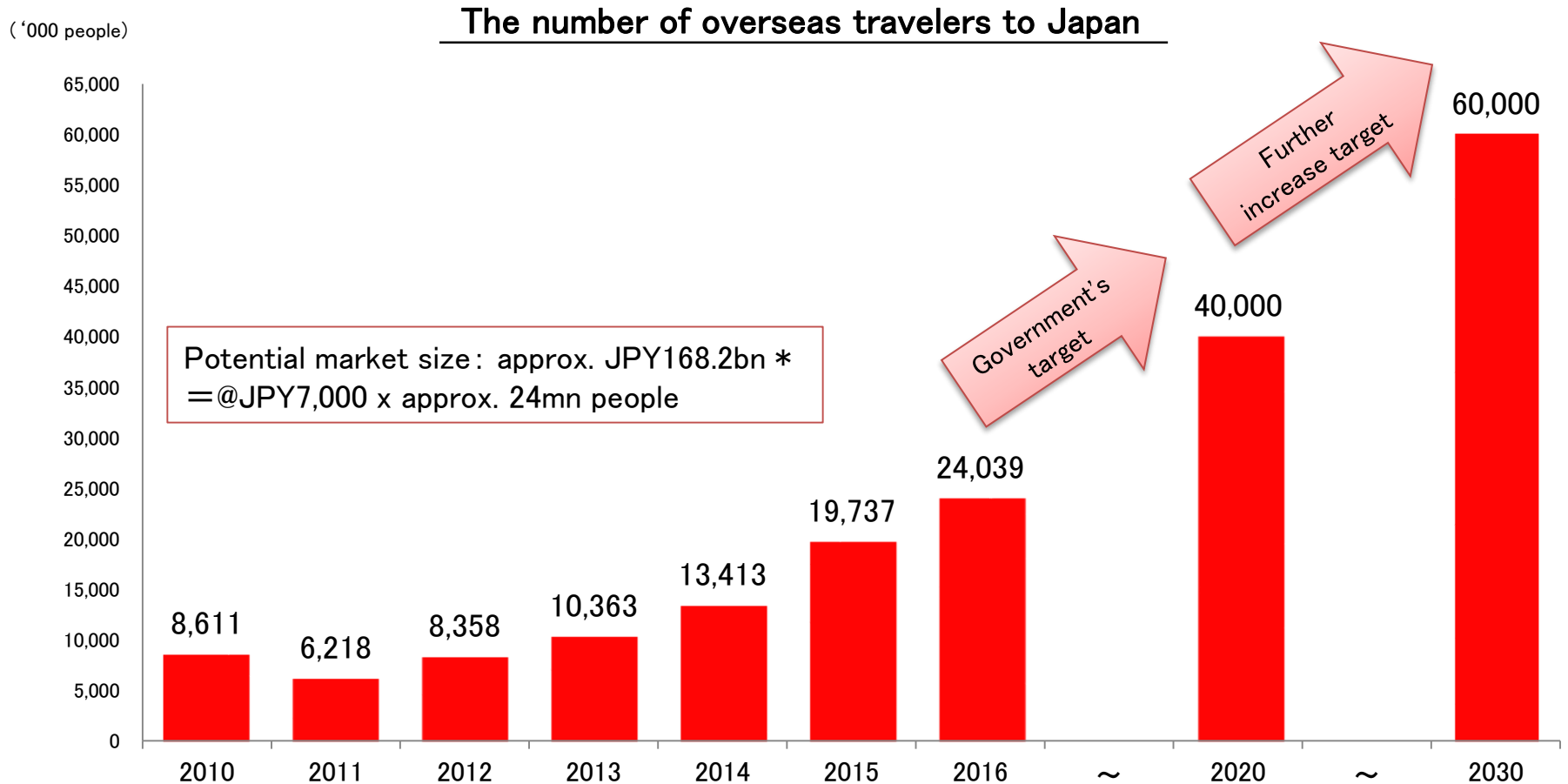
\* Estimate from Average Revenue Per User of our customer

# Market Size of “GLOBAL WiFi” Business

(Overseas Travelers to Japan)



- Expand to 24mn people for a year. Potential market size: approx. JPY168.2bn \*
- The government’s target is 40mn people in 2020.



Created from March 2016 Japan Tourism Agency materials “Advisory Council on Tourism Nation Promotion”, and January 2017 JNTO press release materials \* Estimate from Average Revenue Per User of our customer



# Market Size of “GLOBAL WiFi” Business

(Overseas Travelers in the World)



- Global travelers from overseas to overseas are the huge market of 1.2bn people scale.
- Potential market size: approx. JPY8tn and more \*

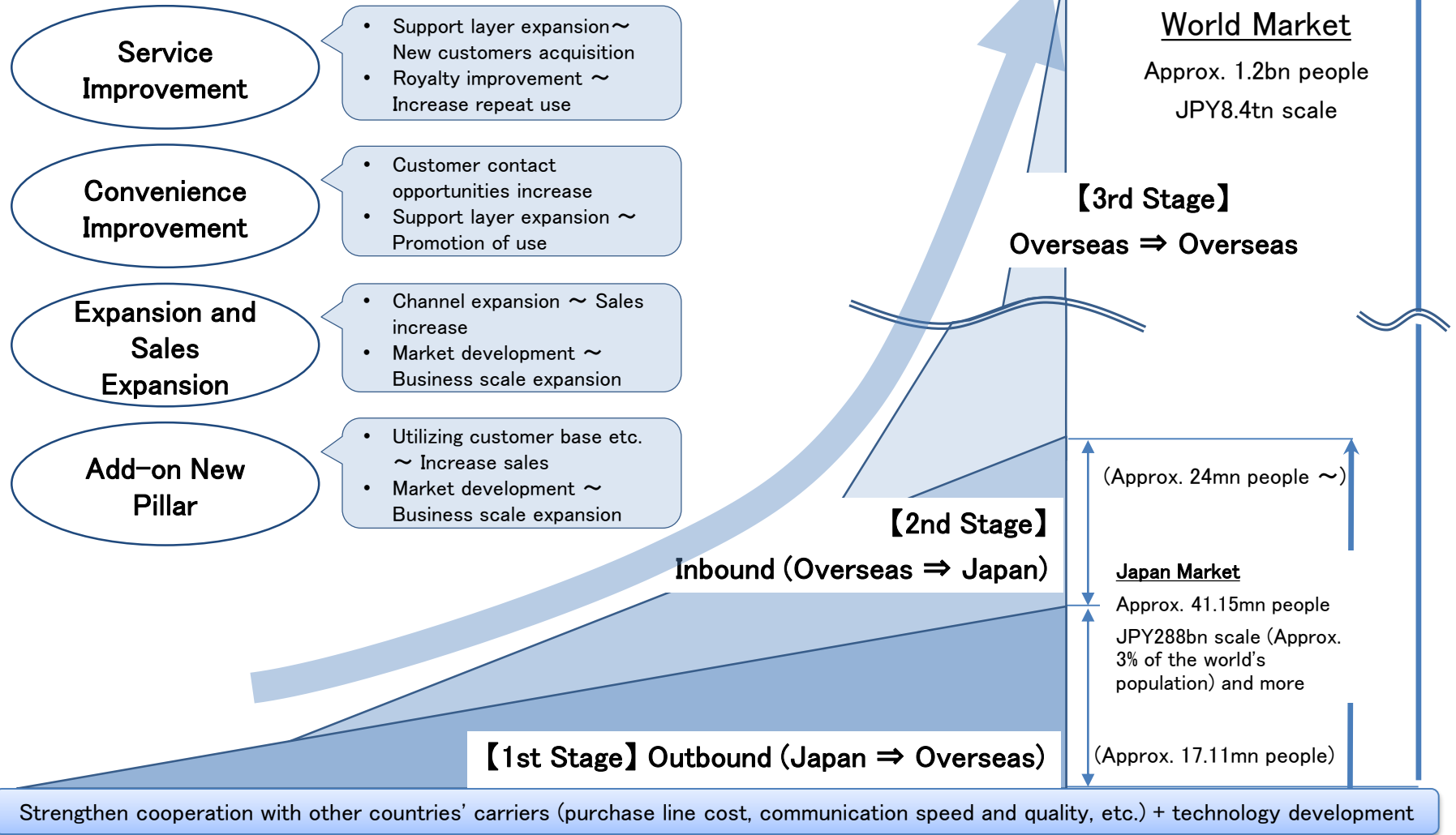


Created from Japan Tourism Agency materials, Heisei28 edition tourism white paper, and the materials released on Oct. 2015 by UNWTO

\* Estimate from Average Revenue Per User of our customer

# “GLOBAL WiFi” Business Growth Strategy

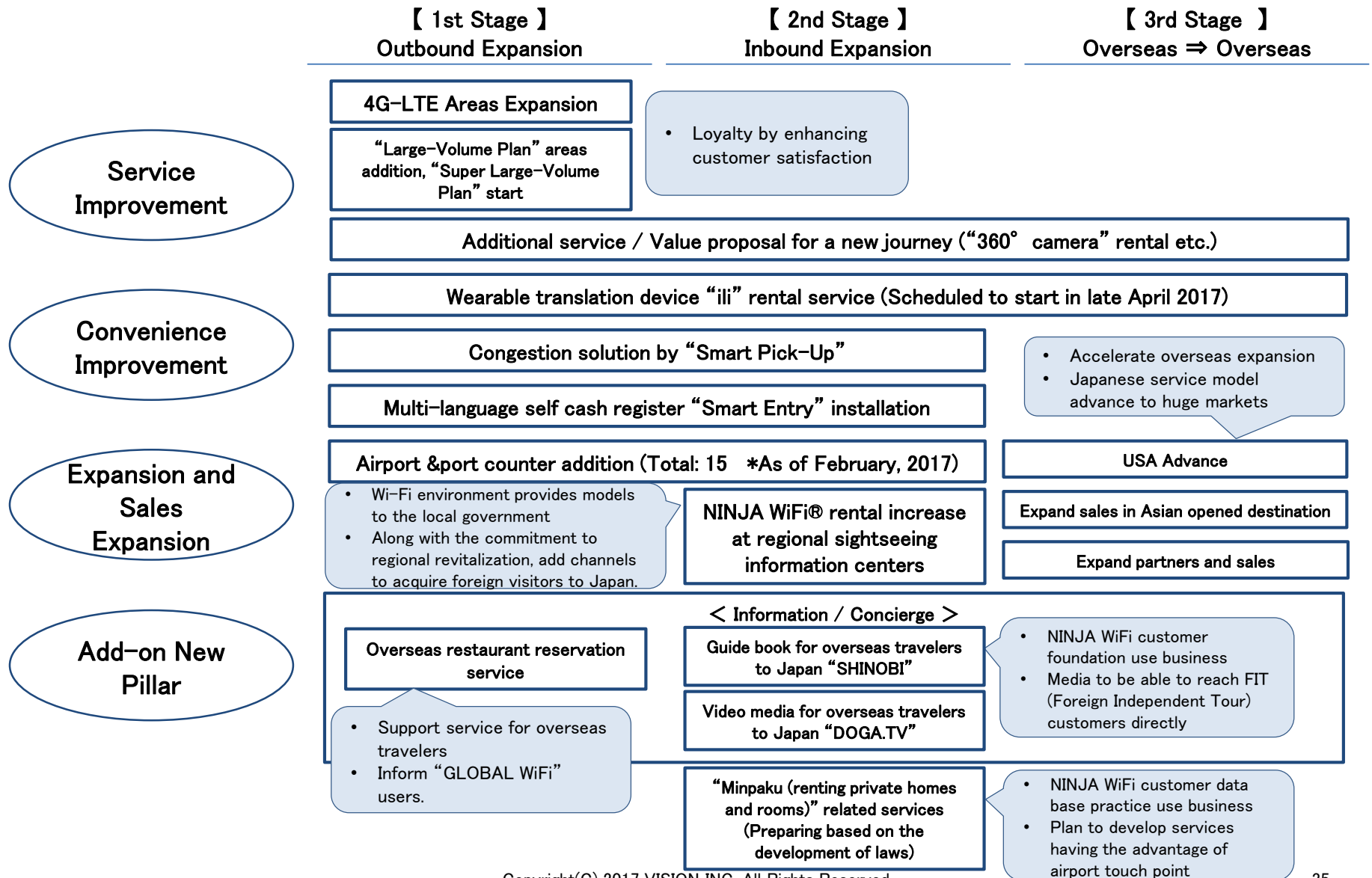
Accelerate business expansion at each stage.



\* Market size: Refer to Japan Tourism Agency and UNWTO materials. Estimate from Average Revenue Per User of our customer.

# “GLOBAL WiFi” Business Growth Strategy Topics

Steadily promote the growth strategies.



## • Smart Pick-Up

○Benefits of installation:

- Achieve zero for “GLOBAL WiFi” pick-up waiting time.
- The operating costs-control.
- Increase Walk-in customers to apply on the departure day by improvement of running counters.
- Installation points addition, the vending machine plan in the future.

<Haneda Airport Counter>

- ✓ Pick-Up time: Within 10 seconds
- ✓ Maximum number of pick-up: 184/day



## • Smart Entry

- Self check-in KIOSK terminal.
- 6 languages available. Customers can apply and pay by themselves.
- Start to install at Haneda Airport for “NINJA WiFi” at first.
  - Plan to support “Global WiFi”, add installation points, and add functions in the future.

○Benefits of installation:

- To simplify the application. To improve work efficiency.
- To make the screen media.
- In combination with “Smart Pick-Up”. To be realized as a vending machine.



- Media 「NINJA WiFi Travel Guide “SHINOBI”」
  - Guide book delivered directly to overseas travelers to Japan who use “NINJA WiFi.”
  - Advertising model.
  - Collaborate with digital media.

○Benefits of posted companies and facilities:

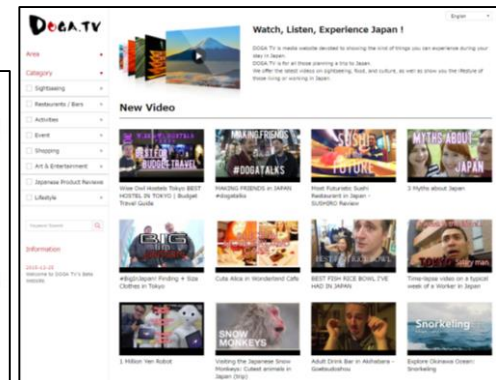
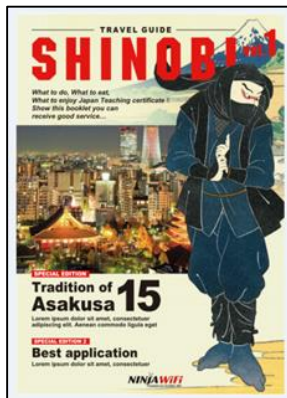
- Rare advertisement for FIT (Foreign Independent Tour) customers.
- Deliver directly = Reach surely.
- NINJA WiFi users = internet available = action (coming to a shop, reservation, application, etc.) rate is high.

- Video media 「DOGA.TV」  
<https://do-ga.tv/>

- Video specialty website for foreign tourists.
- Advertising model.

○Benefits of posted companies and facilities:

- Offer all elements related to posting from video production (planning, production, casting, translation, and marketing).
- Watched by “NINJA WiFi” users = Probability of attracting is high.
- Possible to collaborate with “SHINOBI”.



- Overseas restaurant reservation service
  - Inform “GLOBAL WiFi” users of the service that makes it easy to book overseas restaurants with PC or smartphone.



- New plan / Service addition

Development according to the needs ⇒  
Improve ARPU.

- **Large-volume plan, Super large-volume plan**
  - Attract business customers and customers in a group.
- **360° camera rental**
  - Suggestion to rent and use expensive items.
  - Suggestion of new pleasures and values of travel.
  - The same efforts will be added sequentially in the future.



- Rental service of wearable translator “ili”
  - Scheduled to start in late April 2017.
  - Capital and business alliance with Logbar Inc., the developing company.
    - First in the world as a rental service official partner
  - Suggest usage scenes for overseas travelers and foreign travelers visiting Japan.

## < What is “ili” ? >

A wearable translator that translates spoken words in a moment.  
Winning the “CES 2016 INNOVATION AWARDS HONOREE” etc.,  
the concept and technology are highly evaluated on a global level.



Easy to use



Use anywhere  
No internet  
connection



Use immediately  
Instant translation



Loud volume  
speaker



Equipped with  
the most  
suitable library  
for travel



- Touch point (customer service bases) addition
  - Airport & port counter Total: 15 \*
  - Sightseeing information center / facility Total: 22 \*
    - Enhance to take Inbound (overseas travelers to Japan).
    - Enhance to cooperate with local governments.
      - Possible to provide internet connection environment for short period and on a budget.
      - Contribute to the PR of sightseeing spots.
      - Cooperate with Shizuoka city, Kochi pref., and Niigata pref. etc. Expanding.

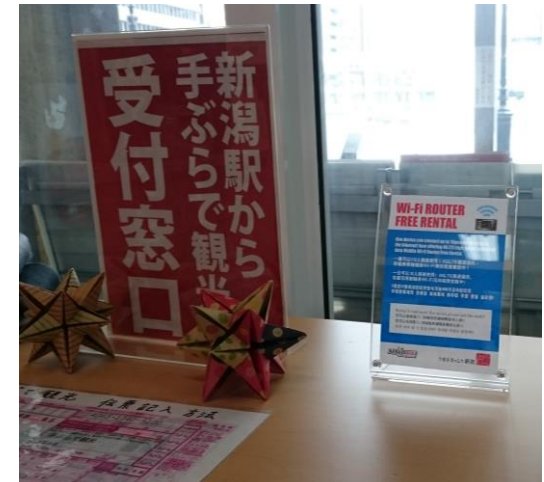
Shizuoka City Sightseeing  
Information Center



Kochi pref. Aki Sightseeing  
Information Center



Niigata Station Bandai Exit  
Tourist Information Center





- Accelerate overseas expansion

- Good performance in Asia.

- Promote expansion and sales expansion in overseas bases (Taiwan / Korea) and an overseas franchisee.

- Advance to North America.

- Put a successful model into a huge market.
    - Start operations in California (Los Angeles), USA (in November, 2016).

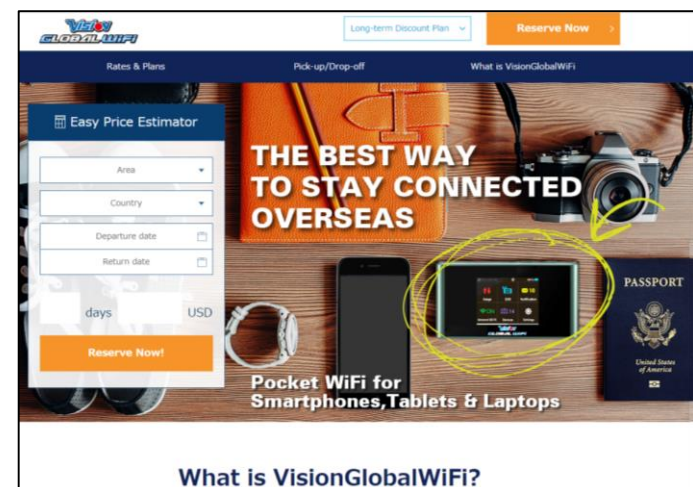
Korea subsidiary sales website



Taiwan subsidiary sales website



California, USA subsidiary sales website



# VISION INC. Business Summary

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Incorporated	December 4, 2001 (Founded June 1, 1995)
Management Philosophy	Contributing to the Information and Communications Revolution
Head Office	5F Shinjuku i-Land Tower, 6-5-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo 163-1305
Employees	Domestic: 517 Global: 74 (As of December 31, 2016)
Affiliated Companies	Domestic: 2 Global: 12 (As of December 31, 2016)

Business

**GLOBAL WiFi**

Mobile Wi-Fi router rental service



**Information and Communications Service**

Information and communications-related distributor

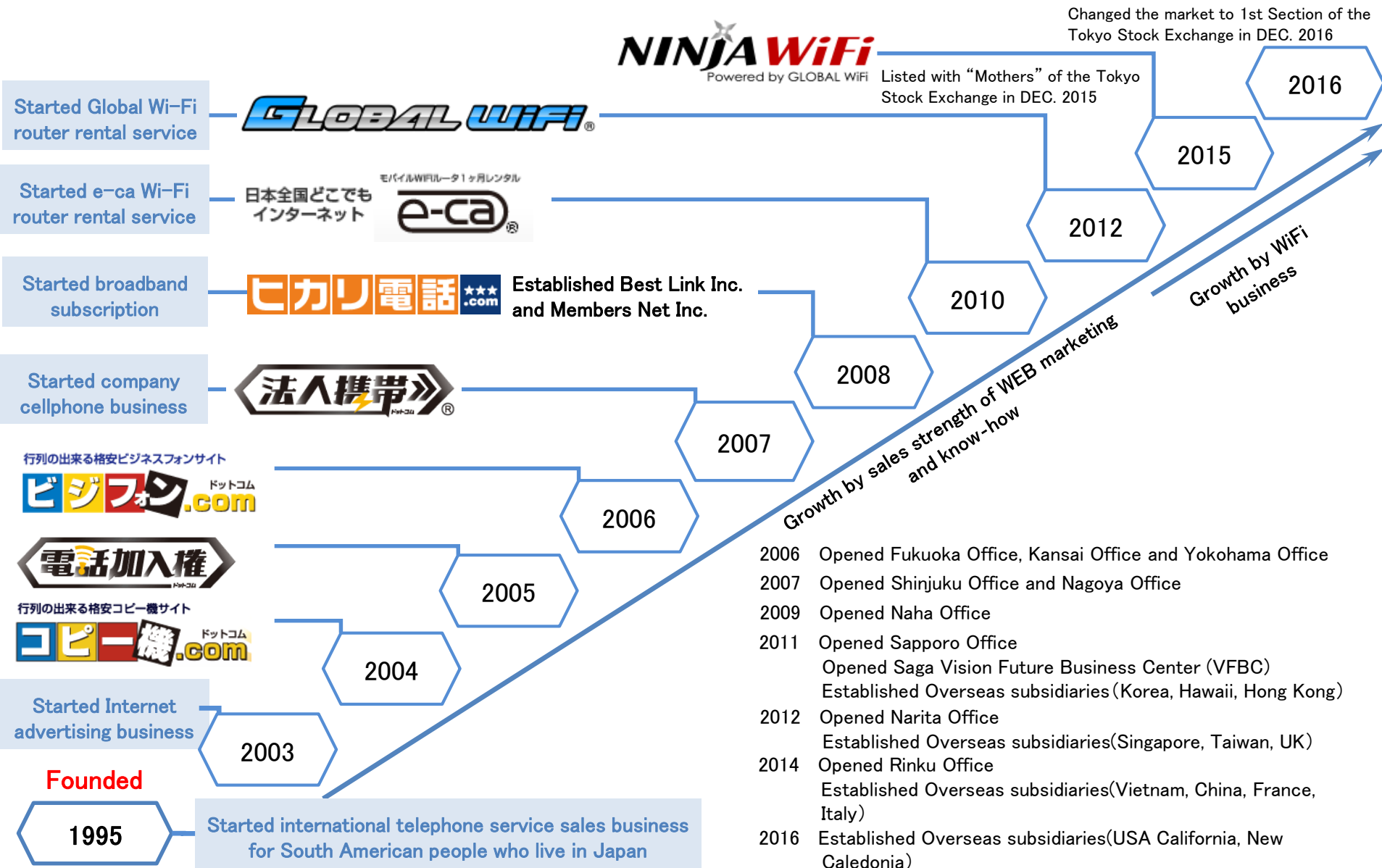


# Profile of Vision Group



- Domestic Affiliated Companies: 2
  - Domestic Operation Bases: 10
  - Domestic Airport Counter: 14
  - Global Affiliated Companies: 12
- October, 2011 Korea  
 USA, Hawaii  
 December, 2011 Hong Kong  
 January, 2012 Singapore  
 February, 2012 Taiwan  
 April, 2012 The United Kingdom  
 March, 2014 Vietnam  
 April, 2014 China, Shanghai  
 November, 2014 France  
 December, 2014 Italy  
 July, 2016 USA, California  
 August, 2016 New Caledonia

# Growth by Internet Media Strategy, Know-How and Wi-Fi Business



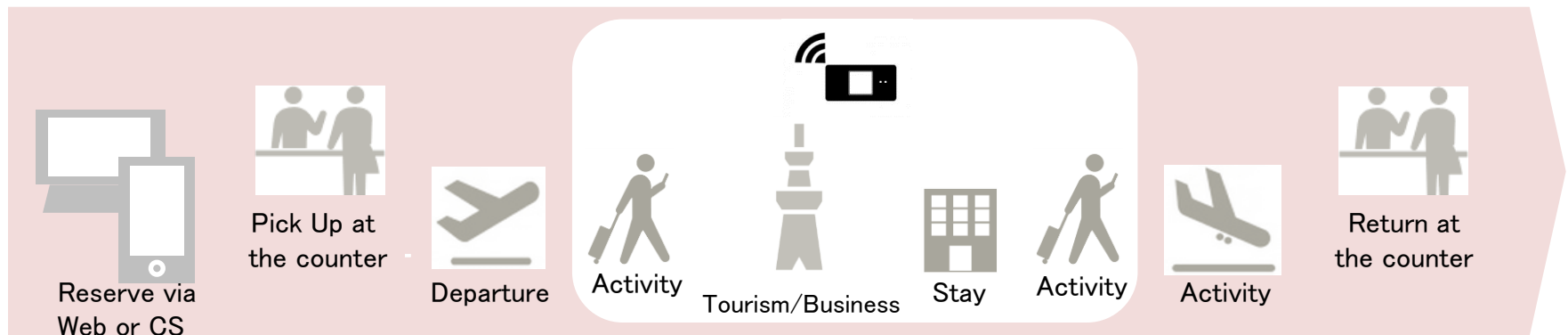
# “GLOBAL WiFi” Business

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# “GLOBAL WiFi” “NINJA WiFi”

- Offer anytime, anywhere, safe, secure and comfortable mobile Internet environment all over the world.
- Rental service, costs only when traveling.
- Several devices (smartphone, PC, etc.) can be connected at the same time.

<Haneda Airport Counter>





# Internet Connection

\* Created by our research and standard



“Global WiFi” “NINJA WiFi” is the best way to use internet for everyone.

Internet connection	Price	Area to connect	Speed	Management	Security
Wi-Fi Spot (Hotel, Cafe, etc.)	○	×	△	○	×
	Problem with Security (Hacking), Coverage (Not available during the move).				
Roaming	×	△	△	○	○
	Problem with Pricing. (From JPY1,980 to JPY2,980/day. Maybe charged even more.)				
Prepaid SIM	△	△	○	×	○
	Need to know how to manage (set-up, activation, recharge...), cannot use own TEL number when swap SIM.				
 	○	○	○	○	○
	Best quality subscriber in each local area. Low Price, Secure, Safe, Available to connect anywhere. Easy to set-up, Easy to manage.				



# “GLOBAL WiFi” “NINJA WiFi” Service and Competitive Advantage



Far Less  
Expensive  
Fixed-rate

Maximum cost benefits ▲89.9%  
• 300 yen/day~

\* Cellphone companies' fixed-rate  
discount ratio

Areas

Available in over 200 countries and regions worldwide,  
leading the industry in the number

Comfortable

High-speed communications in partnership with telecom  
carriers around the world

Safe  
Secure

Secure, and 42 support bases available 24 hours a day, 365  
days a year, around the world

Corporate  
Sales

Uptake ability of corporate needs

Customer

Number of users is the industry's largest class



Travelers' Choice 2016  
1st place in the mobile  
Wi-Fi router category

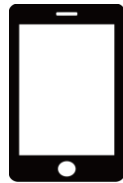
# Information and Communications Service

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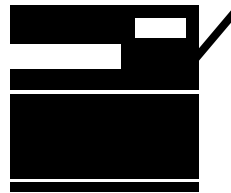
- Offer the most suitable information and communications-related products and services tailored to the stage and needs of the company.



Telephone Line  
Arrangements



Cellphone  
Support



Office  
Automation



Website Support



Security





行列の出来る格安コピー機サイト



行列の出来る格安ビジネスフォンサイト



PC・スマホ対応ホームページ制作サービス



## Start-up Companies

Have new dealings with annual total 18,000 or more newly established companies \*

▪ National corporate registration number : 111,238 (2015)

\* Source: Ministry of Justice

## WEB Strategy

Ability to attract customers due to our own WEB marketing (media strategy)

## Customer Loyalty

CRM strategy, our own know-how

- Maximization of continued revenue = Stock business
- Up/Cross Selling which is high productivity

\* Total number of companies established within 6 months (including sole proprietors), starting business with us (our research)

Materials and information provided in this announcement include so-called “forward-looking statements”.

They are estimated at the present and are based on the assumption that involves forecasts and risks, and substantially they include uncertainties which could cause different results from these statements.

These risks and uncertainties include general industry and market conditions, and general domestic and international economic conditions, such as interest rates and currency exchange fluctuations.

In the future, even if there is new information or future events etc., we does not undertake any obligation to update and modification of the “forward-looking statements” included in this announcement.

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Contributing to the Information and Communications Revolution