

Company Description

WASH HOUSE Co., Ltd.



1. Company Overview



Company overview

As of June 30, 2017

Name	WASH HOUSE Co., Ltd. (TSE Mothers, FSE Q-Board)
Established	November 28, 2001
Representative	Yasutaka Kodama, President and Representative Director
Headquarters	86-1 Shineicho, Miyazaki, Miyazaki Prefecture
Capital	JPY993,886,000 COIN LAUNDRY COIN LAUNDRY
Employees	104 (not including directors)
Lines of business	Planning, development, operation, and system provision for coin-operated laundries
Facilities	Tokyo Branch, Osaka Branch, Hiroshima Branch, Fukuoka Branch, Headquarters Sales Div. (Miyazaki), Yamaguchi Sales Office, Nagasaki Sales Office
Stores	431 (406 franchises, 25 directly operated stores)



Management philosophy and corporate message

Management philosophy

Remaining a presence truly needed by society, by basing all of our ideas on the customer's point of view.



Creating the de facto standard in the coin-operated laundry industry



COIN LAUNDRY

Store photo

FAL . COIN LAUNDRY COIN LAUNDRY COIN LAUNDRY **OIN LAUNDRY** 0.065 單中開体

Semicircular signage and round pillars make the red-and-white color scheme stand out





work tables.



COIN LAUNDRY

Washers and dryers painted in original color scheme. Design makes it easy for multiple customers to share

History (2001-2008)

2001	Nov.	Established as KDM Co., Ltd., a provider of consulting services on effective use of real-estate properties
2002	Dec.	Began franchise business and coin-operated laundry management business with simultaneous opening of Jogasaki and Oshima-dori stores, aiming to manage coin-operated laundry properties.
2004	Feb.	Secured first business-model patent in Miyazaki Prefecture for remote coin-operated laundry management system combining in-store Web cameras with remote operation of coin-operated laundry equipment (pat. no. 3520449, coin-operated laundry management system)
	May	Began directly operated business (opened Aoba Store under direct operation)
	Nov.	Advanced into Fukuoka Prefecture (opened Munakata Store under direct operation)
2005	Мау	Advanced into Oita Prefecture (opened Ino and Munakata stores simultaneously as franchises)
		Company name changed to WASH HOUSE Co., Ltd.
2006	Aug.	Advanced into Kumamoto Prefecture (opened Yokote Store under direct operation)
2007	Jan.	Advanced into Saga Prefecture (opened Tosu Honmachi Store as franchise)
2008	March	Chosen to receive the second High-Service Japan 300 presented by SPRING
	Aug.	Secured business-model patent for coin-operated laundry management system that customers can restore themselves using in-store touch panels (pat. no. 4172043: coin-operated laundry management system)

WASH



History (2009-2016)

2009	Мау	100th store opens (Sakanoue Store opened as franchise)
2010	Jan.	Secured business-model patent for a system enabling loading of coupons for free use from in- store touch panel devices to plastic cards with IC chips, prepaid cards, and mobile phones (pat. no. 441796: coin-operated laundry management system)
2013	June	Advanced into Yamaguchi Prefecture (opened Ayaragi Store as franchise)
2014	May	Opened Hiroshima Branch (Higashi Ward, Hiroshima); advanced into Hiroshima Prefecture (opened Hiroshima Yahata Store under direct operation)
	Dec.	200th store opens (Aeon Town Tasaki Store, as franchise)
2015	Jan.	Opened Oita Sales Office (Oita, Oita Prefecture)
	April	Opened Osaka Branch (Nishi Ward, Osaka)
	Oct.	Opened Tokyo Branch (Chuo Ward, Tokyo)
	Dec.	Advanced into Osaka Prefecture (opened Tondabayashi Koda Store as franchise)
2016	Feb.	Opened Kumamoto Sales Office (Kumamoto, Kumamoto Prefecture)
	March	300th store opens (D&D Yukuhashi Store, as franchise)
	June	Advanced into Nagasaki Prefecture (opened Omura Tominohara Store as franchise)
	July	Advanced into Tokyo (opened Shinjuku 7-chome Store under direct operation)

WASH



History (Nov. 2016-)

2016	Nov.	Listed shares simultaneously on the Tokyo Stock Exchange's Mothers board and the Fukuoka Stock Exchange's Q-Board
2017	March	400th store opens (Fukuoka Nata Store, as franchise) Opened Yamaguchi Sales Office (Yamaguchi, Yamaguchi Prefecture) Opened Nagasaki Sales Office (Omura, Nagasaki Prefecture)
	June	Advanced into Okayama Prefecture (opened Okayama Saidaiji Store as franchise) Advanced into Kagawa Prefecture (opened Takamatsu Kitagawanishi Store as franchise) Advanced into Ehime Prefecture (opened Uwajima Warei Store as franchise)



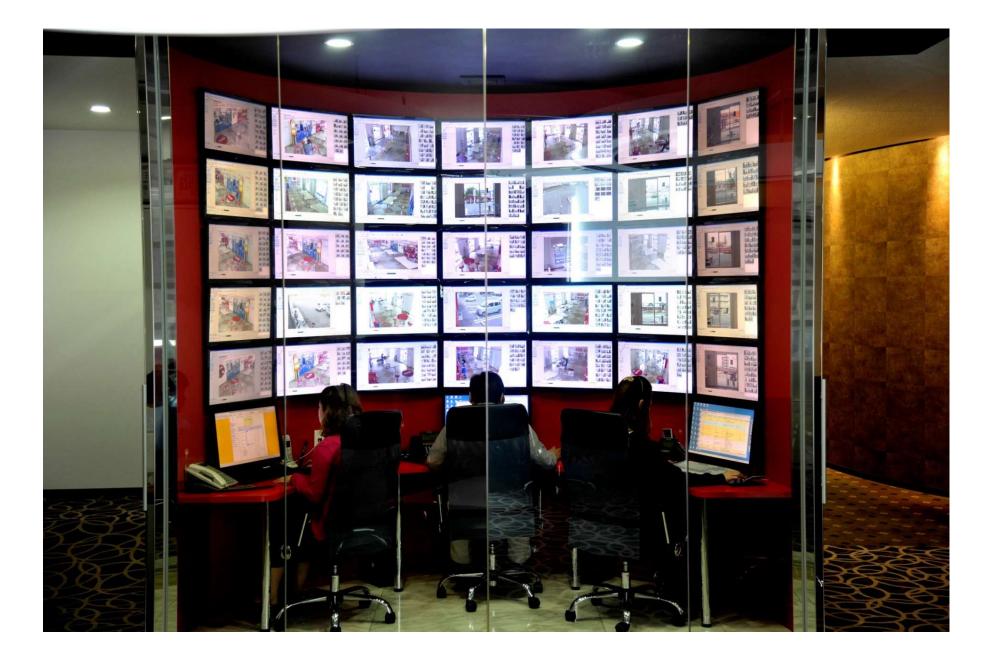
Remote management system for coin-operated laundry

This system combines security cameras and remotecontrol systems to provide customer service identical to that of a staffed store even though no staff are present in the store.

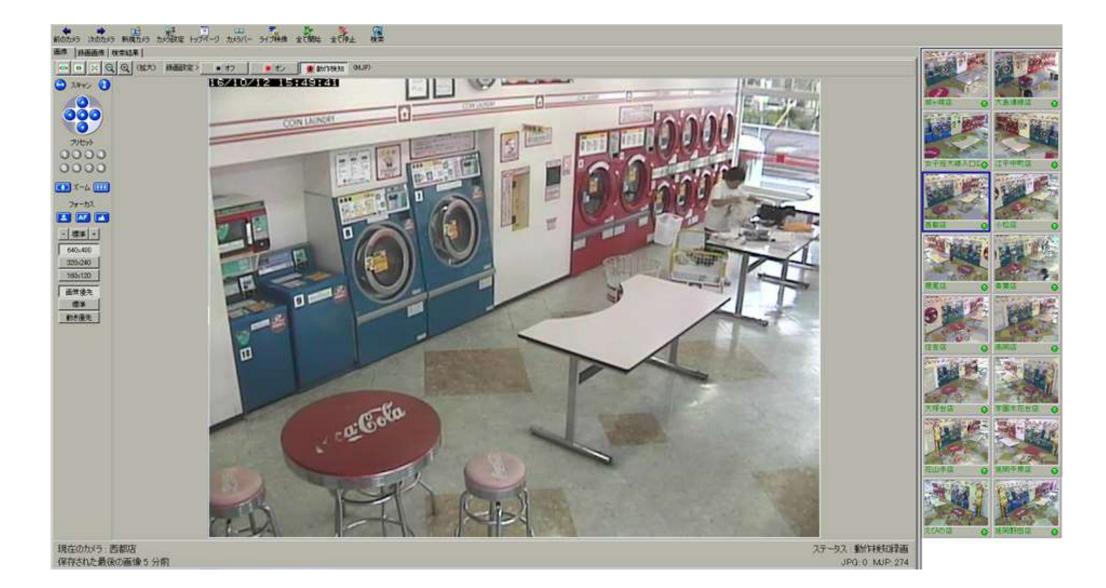


Business model patent attained (Patent no. 3520449)











1) Audio/video system

- Eyes: Cameras with sufficient resolution to view apparel tags Camera placement free from blind spots
- Ears: Voice system that enables interaction with customers without requiring them to call on the telephone

Mouth: Managers also can contact customers



2) Washers, dryers, remote-control system

Can provide customer service even without going to the store

WASH

COIN LAUNDRY

MENU	稼	助状	兄・遠隔運転		店舗レ	イアウ	٢		
我重加青報 我 重加青報									通常コース
					11 10 09 08 07	06 05	04 03 02	01	通常+除菌すすぎコース
◎ 売上情報									少量コース
¥ 料金·運転時間設定					_	-			少量+除菌すすぎコース
◎ 店舗管理									通常コース (すすぎ1から)
	更	新	実行 全て選	訳 :	全て解除 メンテナ	ソス状況	2		通常コース(すすぎ2から) 通常+除菌コース(すすぎ1から)
■操作説明書(PDF)						8421	-	1	104F10月12日11 通常+除菌コース(すすぎ2から)
	邐抧	機器 番号	機器名称		稼動状況	残り 運転 時間	運転 行程	支払 方法	少量コース (すすぎ1から)
■よくあるご質問(PDF)				上段	停止	0.9183			ジェコース (9921/16) 少星コース (すすぎ2から)
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		-		段上	Martin.				
	Пп	03	2段式ガス乾燥機 14	上段	停止				
			Kg×2	下段	停止				最終脱水から
			2段式ガス乾燥機 14	上段	◎ 乾燥運 転中	4分	<u>乾燥運</u> 転	コイン	ドラム洗浄 運転中止
		04	Kg×2	下段	停止				トラブルリカット
		05	ガス乾 <mark>燥機 25kg</mark>		較燥運転 中	10分	<u>乾燥運</u> 転	コイン	通常コース 通常+除菌すL、 少量コース
		06	ガス乾燥機 25kg		停止				少量+除菌すすぎコ-ス 通常コ-ス (すすぎ1から)
		07	ドラム式全自動洗濯 機 (電解水除菌) 22K g		停止				通常コース(すすぎ2から) 通常 + 除菌コース(すすぎ1から) 通常 + 除菌コース(すすぎ1から)
		08	ドラム式全自動洗濯 機 (電解水除菌) 12K g		通常 +除 菌すすぎ コース運転 中	35分	<u>ਰੋਰੋਣੋਂ 1</u>	コイン	少量コース(すすぎ1か5) 少量コース(すすぎ2か5) 少量+除菌コース(すすぎ2か5) 少量+除菌コース(すすぎ2か5) ✓
		09	渦巻式全自動洗濯機 (電解水除菌)7Kg		停止				最終税水から ドラム洗浄 運転中止
		10	スニーカーウォッ シャー		停止				温転甲止 トラブルリセット

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■料金·運転時間設定						-				500円分	
◎ 店舗管理									H	600円分	
2機器管理	更	新	実行 全て選	択	全て解除 メンテナ	ンス状況		20	16年10	700円分	
■操作説明書(PDF)	選択	機器 番号	機器名称		稼動状況	残り 運転 時間	運転 行程	支払方法		800円分	
■よくあるご質問(PDF)		02	2段式ガス乾燥機 14	上段	停止					900円分	
		02	Kg×2	下段	停止					1000円分	
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				段	停止		8546.28			トラブルリセッ	1.1.1
		<u>04</u>	2段式ガス乾燥機 14 Kg×2	上段下	登 乾燥運 転中	4分	乾燥運 転	コイン	100F	トノノルウセク	1
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		06	ガス乾燥機 25kg		停止				700円分 800円分		
		<u>07</u>	ドラム式全自動洗濯 機(電解水除菌)22K g		停止				900円分 1000円分 - クールダウン		
		<u>08</u>	ドラム式全自動洗濯 機 (電解水除菌) 12K g		通常 +除 菌すすぎ コース運転 中	35%	<u>ਰੂ ਰੁੱਟੇ 1</u>	コイン	ークールタワン トラブルリモ		2
		<u>09</u>	渦巻式全自動洗濯機 (電解水除菌)7Kg		停止					~	



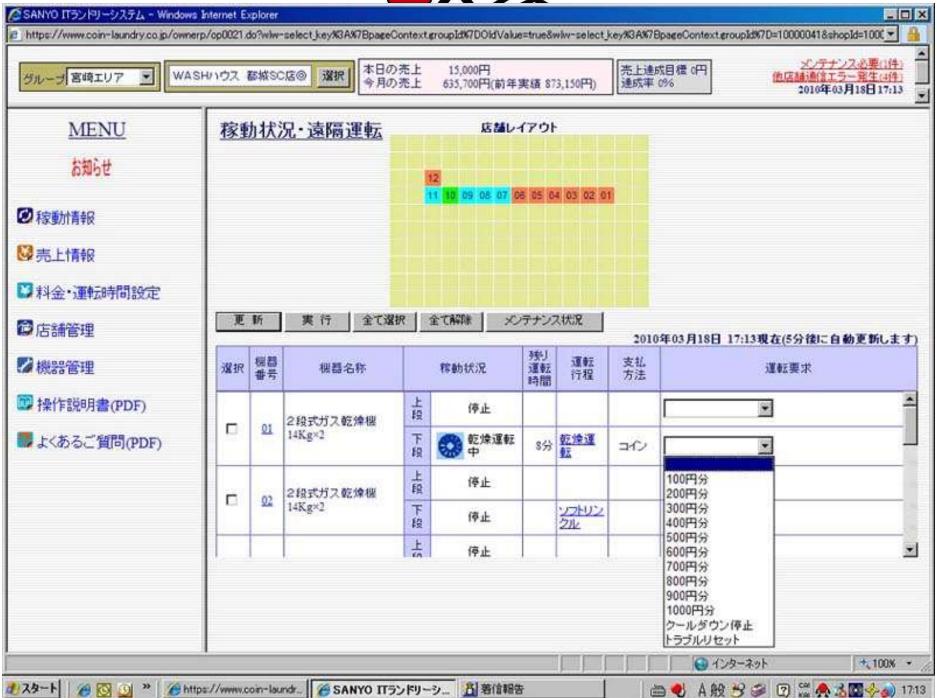
3) Sales management system

Clarification of issues involved in cash business

Also used for marketing



COIN LAUNDRY





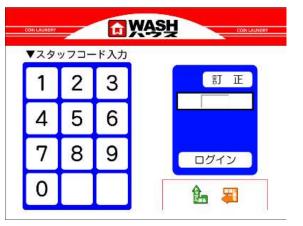
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03(0K)		1,000	600	1,100	1,900	1,000	1,500	900	1,500	1,800	600	400	300	13,200	
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19(金)		2,500	1,500	1,400	2,600	1,400	2,100	900	1,200	1,200	600	200	100	15,700	
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4) Labor management, business reporting system

Efficiently and appropriately handles management and instruction of store cleaning staff who work only 1 hr./day when convenient.



 ペンチ拭き清掃 スニーカードライヤーフィルタ清掃 れ物ボックス拭き清掃 灰皿清掃 レップ・掃除機がけ 両替機清掃 均マット清掃 洗濯機・乾燥機内清掃・消毒 ガパネル清掃・印刷確認 自動ドアレール清掃 ゴミ箱清掃 	行わなかった清掃	テスト店舗 をタッチして選択してください。
れ物ボックス拭き清掃 灰皿清掃 Eップ・掃除機がけ 両替機清掃 関マット清掃 洗濯機・乾燥機内清掃・消毒 パチパネル清掃・印刷確認 自動ドアレール清掃 星機・乾燥機外清掃・消毒 ゴミ箱清掃	乾燥機フィルター清掃	カゴ拭き清掃
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対マット清掃 洗濯機・乾燥機内清掃・消毒 ナデパネル清掃・印刷確認 自動ドアレール清掃 星機・乾燥機外清掃・消毒 ゴミ箱清掃	忘れ物ボックス拭き清掃	灰皿清掃
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POP吹き清掃	壁POP吹き清掃	

5) Inventory management system





Concepts that inspired the startup of WASH HOUSE

- 1) What would be feasible without requiring much money?
- 2) How could we ensure sustained growth in sales and profits in a time in which Japan's population steadily is decreasing due to low birth rates and the ageing of society?
- 3) Are there any predecessors in the market, can we succeed in competition, is the business resistant to easily being copied?
- 4) Can we develop a business based on the existing building stock?
- 5) Can we generate additional revenues accompanying the core business?
- 6) Can the market promise a scale of JPY1 trillion?
- 7) Is the business an important one for society?



1) What would be feasible without requiring much money?

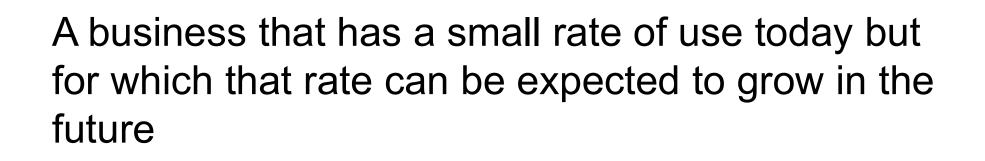
Brokerage, software development, design, architecture and construction, consulting, education, etc.



Franchising business

2) How could we ensure sustained growth in sales and profits in a time in which Japan's population steadily is decreasing due to low birth rates and the ageing of society?

COIN LAUNDRY



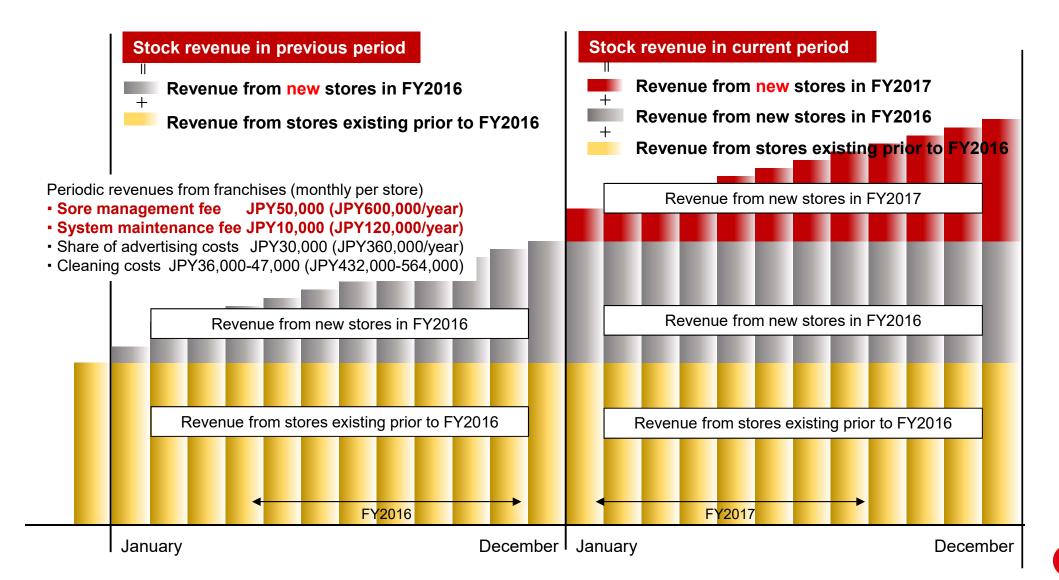
- 3) Are there any predecessors in the market, can we succeed in competition, is the business resistant to easily being copied?
- An industry in which a predecessor has an overwhelming presence would be difficult

- Are there any industry associations (resisting forces)?
- Can we develop a system that could not be copied easily?



Revenue structure

Overview of stock revenue





5) Can we generate additional revenues accompanying the core business?

Ideal business style



Conglomerate business style

Everything from entry to exit handled within the group

6) Can the market promise a scale of JPY1 trillion?

While this also depends on the content of business, In simplified terms the business can be expected to lead to a large market through the following approach:

Becoming a leading company in Miyazaki:

JPY100 billion

In Kyushu: JPY300 billion Nationwide: JPY1 trillion 7) Is the business an important one for society?

- Contemporary trends
- Themes in society
- Environmental issues
- Health issues
- Energy efficiency

"Green economic and social innovations," Japan's version of President Obama's "Green New Deal" policy



Consideration of the above led to:

The coin-operated laundry business



Growth market

While the domestic market is growing at a pace of more than 500 stores per year, there are no major predecessor firms in the market



▼ Number of coin-operated laundries (stores)





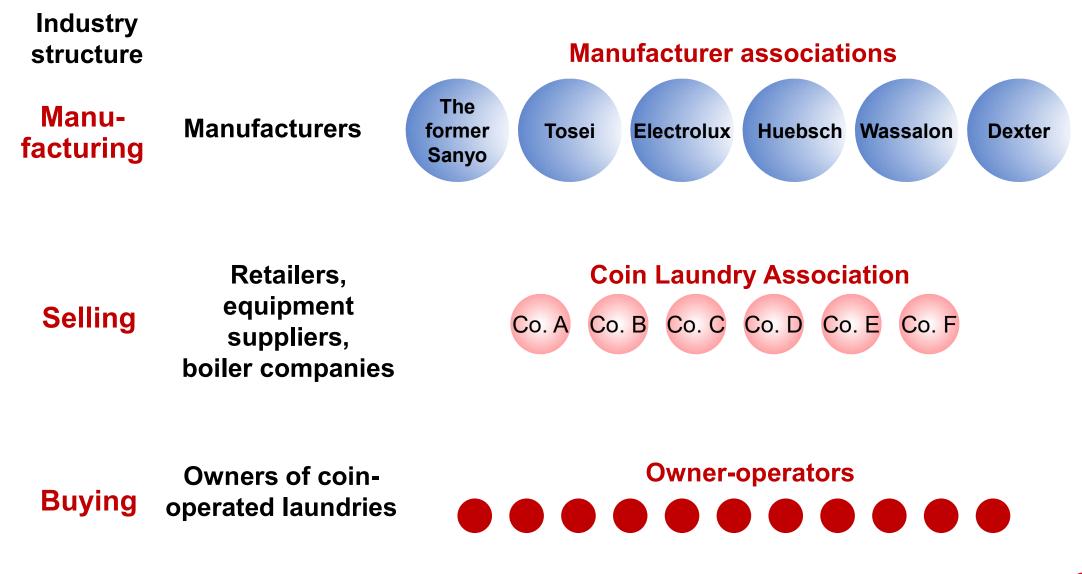
Distinguishing features of the coin-operated laundry business

WA5

- 1) A business that can succeed even with low usage rates
- 2) A cash business with almost no losses and inventories
- Operations do not depend on individual abilities Machines do not slack, no need for individual training Low risk of failure
- 4) Most are owner-operator businesses No corporate players
- 5) Some coin-operated laundries are in violation of the law
- 6) Can be expected to see increasing needs in light of background social conditions



The structure of the coin-operated laundry industry





Current issues in the coin-operated laundry business

Ordinary coin-operated laundries: Since most are owner-operator businesses, they lack the ability (or awareness) to address compliance-related issues

WASH HOUSE:

As coin-operated laundries operated by a corporation, the maximum attention is paid to compliancerelated issues and the safety of users is given the top priority No clear management standards for the steadily increasing number of coin-operated laundries

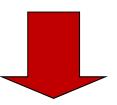


Laws and regulations related to coin-operated laundries

- 1. Issues related to procedures for opening the business
- 2. Land-zoning issues
- 3. Building Standards Act issues
- 4. Issues related to the Fire Service Act and the Gas Business Act
- 5. Business-guidance issues

Societal background

Changes in living environmental conditions Increasing allergens Increasing numbers of allergy patients PM 2.5



Increasing numbers of people who need to use coin-operated laundries



Matters given consideration in business planning

 Low level of sales unless operating a large number of stores But businesses in the industry lack funds and credit As an equipment-based business, a company opening numerous stores by itself would face high depreciation costs, so that it could experience losses even while generating cash flow → Franchising, off-balance-sheet transactions

2) Resolution of issues related to franchising (franchising businesses have a bad image) Antagonism between franchise headquarters and franchisees/area franchises

→ Developing a brand-new franchise system Employing financial tools from the perspective of investment to increase number of franchisees

3) Issues in operating a large number of stores

Sales stop when there are no more areas into which to expand \rightarrow System of opening directly operated stores

Avoiding a rights-based business \rightarrow Distribution business

4) How to compensate for low rates of use

Japanese trends and culture are created by the mass media Among products with the same level of quality, price and name recognition are decisive Incorporating from the start a system under which advertising costs are triple those of an ordinary business



2. Lines of Business and Store Operation



Lines of business

Franchising business

1

2

3

Creating a unique operations-subcontracting franchise business

Bundling store design, construction, machinery installation, etc. Selling the WASH HOUSE coin-operated laundry system as a whole. Receiving advertising and preparatory costs when opening and franchise fees.

Store management business

Standardizing quality through adoption of an integrated management method for all stores

Receiving the prices of providing services including immediate support through a 24-hr./day, 365-day/year call center, Web cameras, and remote controls, daily inspection and cleaning, refilling detergent, maintenance, collection of cash, and ascertaining activities

Directly operated businesses etc.

Directly operated stores are trial shops for entering new areas

Receiving payment for use of washers and dryers from store users. Opened mainly in new areas for the stores. These raise awareness of the WASH HOUSE brand, stimulate use of coin-operated laundries, and serve as model stores for franchise owners and land owners.



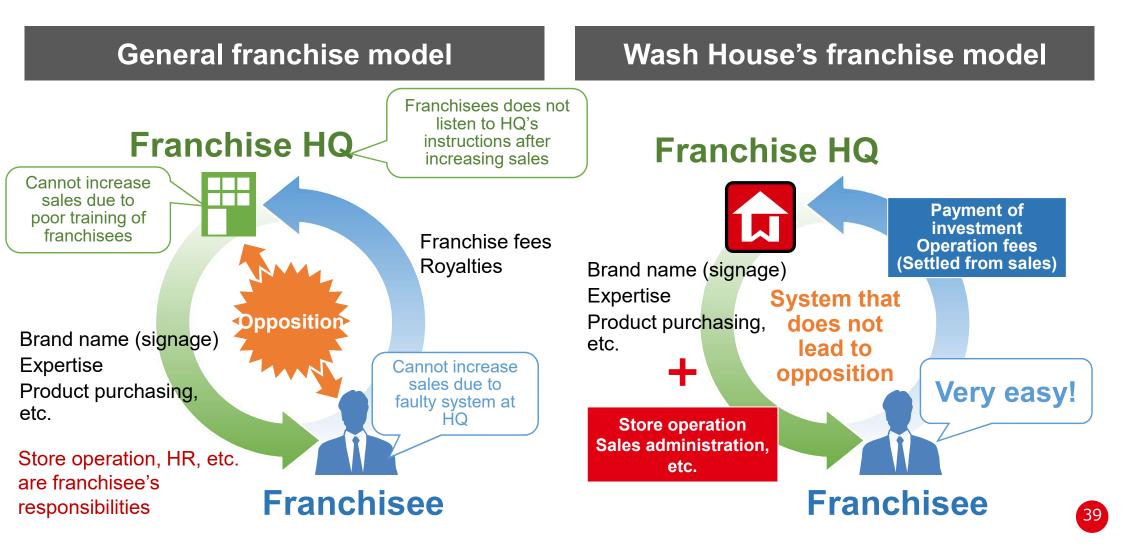






Franchise system

The new business model will resolve issues with the existing franchise system





System for accelerating store openings

Developing a system aimed at opening a large number of stores from the start

- 1. Centralized management of each store's sales, labor and operations from headquarters
- 2. No need to train human resources when opening a store. Machines offer uniform capabilities and do not slack.
- 3. Choosing vendors to handle key aspects of construction nationwide
- 4. Securing multiple construction contractors to handle simultaneous opening of new stores

Also responded to shortage of contractors after the Kumamoto Earthquakes through cooperation among multiple construction contractors.

- 5. A system that makes it easy for a single franchise owner to open multiple stores
 - A system for repeat franchisees (passage of 10-year period)
 - Since franchisees do not have to manage the stores, the business does not depend on their management abilities
 - No antagonistic relationship develops with headquarters



Lessening the psychological burden of sales

 Resolving the difficulties of new business development Telephone calls for new business development pose a significant burden Not having sales staff conduct telephone calls for new business development

Not too much difficulty presented in securing new franchise owners

Telephone Appointer (TAP) system

- Visiting only customers and real estate companies with whom appointments have been made
- Pairing sales staff with TAPs to create an environment conducive to communicating key points
- Having sales staff focus on thorough coverage through a system of assigning sales territories
- 2. Separating tasks such as simulation and preparing contracts Having sales staff focus on mobile work.



Analysis of number of properties to develop based on 15 years of data

Calculating base numbers of contracts that can be concluded per year based on experience

- Five years or more: 7
- Branch manager: 6
- Leader: 4
- One year or more: 2
- Less than one year: 1



COIN LAUNDRY

3. Future business advancement



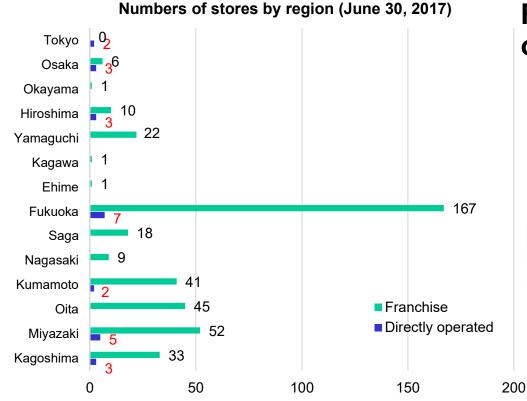
Future advancement

- 1. Expanding area of new store openings
- 2. Expanding business infrastructure
- 3. Media strategy





Expanding store area



Full-fledged area expansion centered on the Chugoku and Shikoku areas



- Number of households in Miyazaki Prefecture: 466,718 (Estimated by the Miyazaki Prefecture General Policy Planning Dep., Statistics and Research Div., June 1, 2017)
- Number of stores in Miyazaki Prefecture: 57
- Coverage (households per store) 466,718÷57=8,188
- Number of households in Japan: 56,412,140 (Ministry of Internal Affairs and Communications, Local Administration Bureau, Residents Administration Policy and Management Div., January 1, 2017)



Expansion of business infrastructure

Securing human resources

- Increasing number of hiring personnel
- Proactively hiring manager-class human resources

Advancing into related and peripheral businesses

- Increasing opportunities for revenues and cutting costs through bringing activities in-house
- Entering new businesses based on the existing business model



🔂 Media strategy

Deploying an integrated brand strategy for all stores nationwide, based on the concepts of peace of mind, safety, and cleanliness, to establish an overwhelmingly strong brand image far above the competition.

- Growing the market
- Media strategy using systems such as TV commercials to enhance advertising and promotion and using key local broadcasters
- Firm establishment of the practice of washing futons







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