



BUBBLING WHAT'S ON YOUR MIND!

MEITO FRANCHISE F.A.Q

What is the concept of MEITO?

MEITO is the ultimate science of low calories, refreshing drinks offering a variety of 6.6 million different combinations, flavours and tastes, all in accordance to “The German Perfection” where an exclusive “state-of-the-art” dispensing machine are developed by top electronic engineers and robotic designers to produce an endless variety of bubble tea variations in just a few seconds.

MEITO has reinvented Bubble Tea from a single treat into a way of life and seriously cool social experience. With its commitment to sustainability, through the use of natural, repurposed materials and mainly locally sourced ingredients, MEITO works with franchise partners that share its values of fun, fairness and quality.

At MEITO’s Express concept – our signature drink Bubble Tea is offered along with hot and cold beverages and a wide selection of snacks; pastries and cakes. MEITO’s Express is available as Kiosk Version as well Food Truck concept and stand-alone/inline ranging from 80 up to 120 m².

MEITO Café, Lounge & Bubble Tea is a full store concept ranging between 140 m² to 200 m². In addition to the Express product range – a wide range of meal options are served. Freshly prepared on the spot.



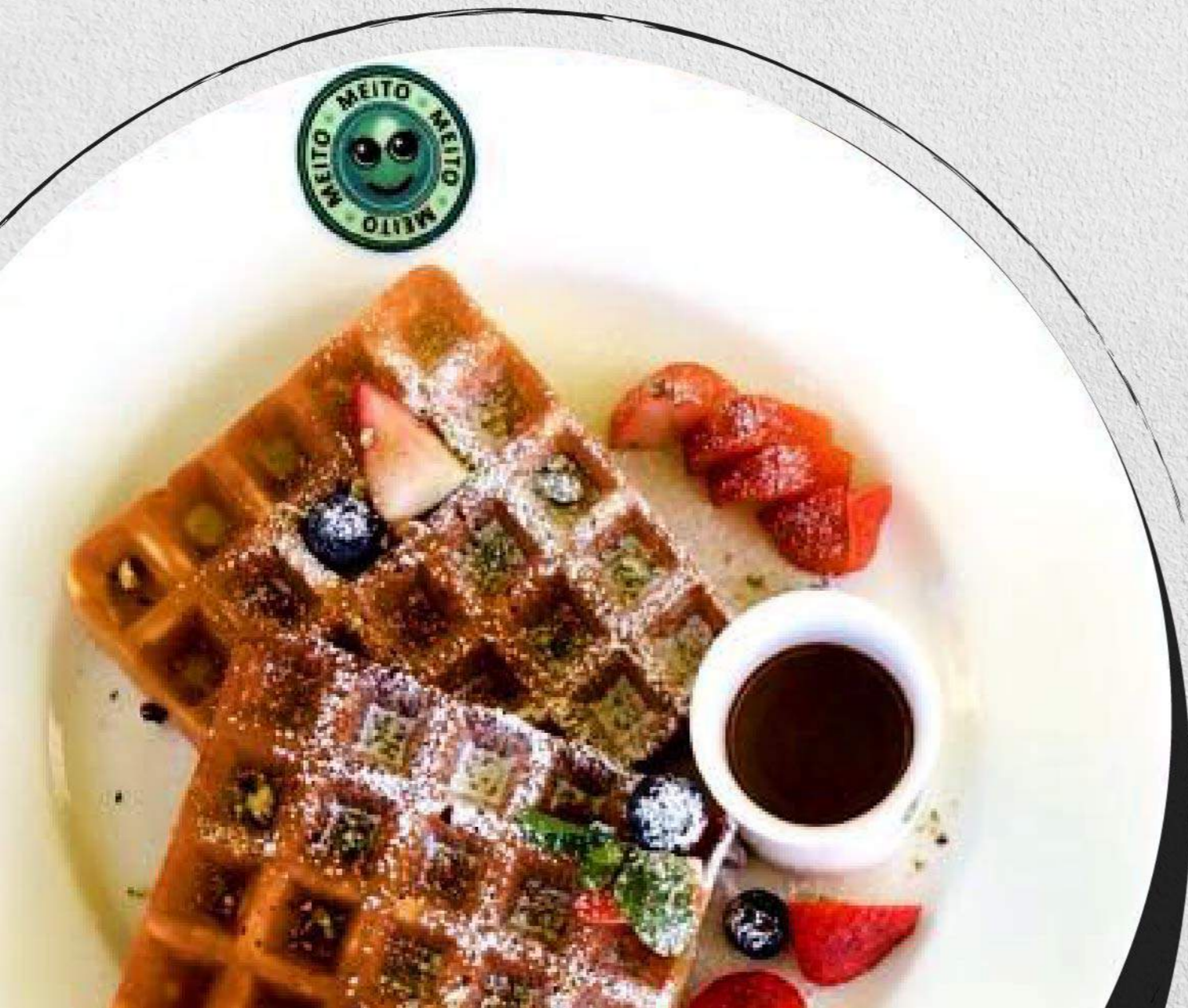


What franchise formats MEITO is offering?

Master Franchising – in a master franchise scenario, the franchisee purchases the rights to use MEITO trade name and marks, the right to use the know-how and business systems through training programs, provision of initial franchise support package and operating manuals and the right to offer MEITO products & services in the franchised territory.

The Master franchisee develops and owns an exclusive area development territory, and then sells portions of this territory to new sub-franchisees. Master Franchisees then function as a “sub-franchisor” and split the roles and responsibilities as well as the franchise fees and ongoing royalties with the franchisor.

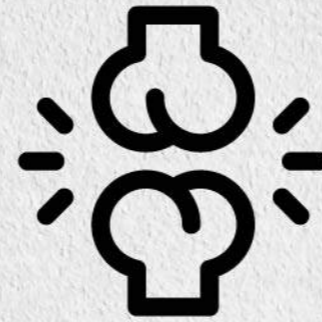
Multi - Unit Franchising – a multi-unit franchisees purchase the rights to use MEITO trade name and marks, the right to use the know-how and business systems through training programs, provision of initial franchise support package and operating manuals and the right to offer MEITO products and services in the territory. A Multi-Unit Franchisee develop, own and operate more than one outlet within a defined territory.





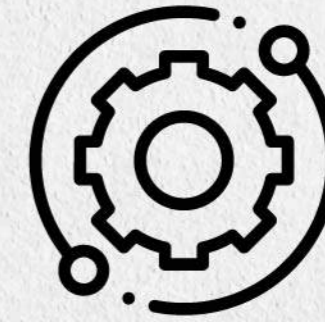
Can I obtain the franchise for just one store?

No, MEITO does not grant single-unit franchises outside Europe. Under the multi-unit franchise agreement, you must commit to develop a minimum of 2 stores. Under the master franchise agreement, you must commit to develop a number of stores over an agreed period.



Is joint-venture an option?

No, we have invested so much time, money and efforts in building our franchise system and we employ franchising as the only way for international expansion.



What support do I get when I obtain MEITO franchise rights?

MEITO offers a comprehensive turn-key franchise support package to allow you to learn the business and swiftly establish and operate locations in your country/area. This package includes; initial operational training in MEITO franchisor company-owned stores as well pre- and post-launch training in prior opening in your country/area. It also includes support in the customization of store designs, customization of point of sales program and launch and on-going marketing programs.



How do I know that I'm qualified to obtain MEITO franchise rights?

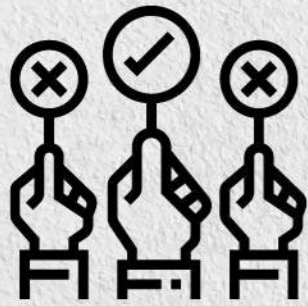
MEITO is looking for franchise partners who believe in its brand values, business integrity and its huge potential for financial success. We welcome individuals who celebrate diversity, and strive to lead themselves, their teams and their communities with integrity and teamwork.

Partners should be able to demonstrate the ability and passion to establish the franchise business successfully in their country/area. We are looking for people who have sales and management experience, are passionate about the MEITO brand, have funds to invest, have a great network with good resources, have a strong ambition to succeed, want to be part of the MEITO family, journey and its growth.



How long is the training and what does it entail?

MEITO offers a 2-week initial technical, operational and managerial training prior to the opening of the first location. We also provide a 1-week pre-launch training in your own store in addition to another 1-week post-launch support and on the job training. In total, we provide a 4-weeks technical and operational training with opening your first location.



Does MEITO assist me with the site-selection, design and development process?

Yes, MEITO provides you with full support in scouting for locations based on an established site selection criteria and full support in customization of store designs and layouts and advice and guidance in the construction, décor fittings, selection of equipment and guide you every step of the way until day number one of operation.



What marketing support do I expect from MEITO?

MEITO will provide samples of advertising and marketing material and assists you in the customization of the launch and on-going marketing programs and public relation and social media plans in your area. MEITO will share material for new promotions and introduction of new products and/or menu items as and when they are implemented in our own stores. MEITO must approve all marketing material before the launch of any campaign.





Will MEITO consider making regional menu changes and adaptations?



MEITO allows for menu customization according to variables in your country/area and will assist in the productions of standard recipes, presentations and imaging of new food items and will support you in the development of supply chain systems for these items.

Do I have to use a specific point of sales software?



Yes, MEITO uses its own software for cash registers and back-of-house POS system. MEITO's POS software is available worldwide and we offer 24/7 support resolve any problems.

Is the franchisee able to set their own pricing in their respective market?



Yes, in consultation with MEITO and based on cost/plus and competitive pricing strategy.

How will I purchase my inventory?



Fresh ingredient items such as chicken, meat, vegetables, soft drinks, water, etc. will be sourced locally from approved vendors (around 70% of our daily used products). Proprietary products such as Bubble Tea raw materials as well as machinery will be purchased from our nominated suppliers who produce our products to our exclusive specifications. Stock orders are placed and received approximately on a quarterly basis and MEITO will work together with you to ensure that all necessary health certificates and documentation is in place as required by law in your country/region.



What's the average store size?

MEITO stores are scalable and subject to the store model.

MEITO's Express (Kiosk – Food Truck – Inline – Stand-Alone) ranging between 16 m² up to 120 m². MEITO Café, Lounge & Bubble Tea ranging between 140 m² to 200 m².



What are the store set-up costs?

Depending on the size and store model, the fitting-out and equipment .

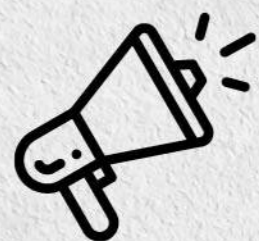
Cost may range between USD 150,000 to USD 390,000.



Who is responsible for producing store designs?

MEITO provides technical support in relation to customized store designs and layouts and provides of examples of interior and exterior look and feel and sample charts for building materials. MEITO employs its own architect to produce the designs according to the requirements in your country/area. Each store design will be charged at cost.





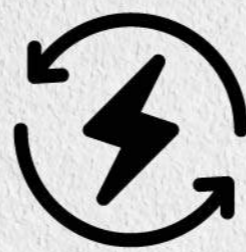
How much do I have to spend on launch marketing and promotion?

We recommend that you allocate an amount of U\$D 10,000 for the launch marketing activities to cover print of promotional material and menus, local store marketing, social media and PR campaigns. As for ongoing marketing and promotion, we recommend that you spend 3-5 % of your Total Turnover to invest in local/regional marketing.



Do I have to find a location before I sign the franchise agreement?

Not at all. After the signing of the franchise agreement, MEITO will assist you in identifying the first location according to established site selection criteria.



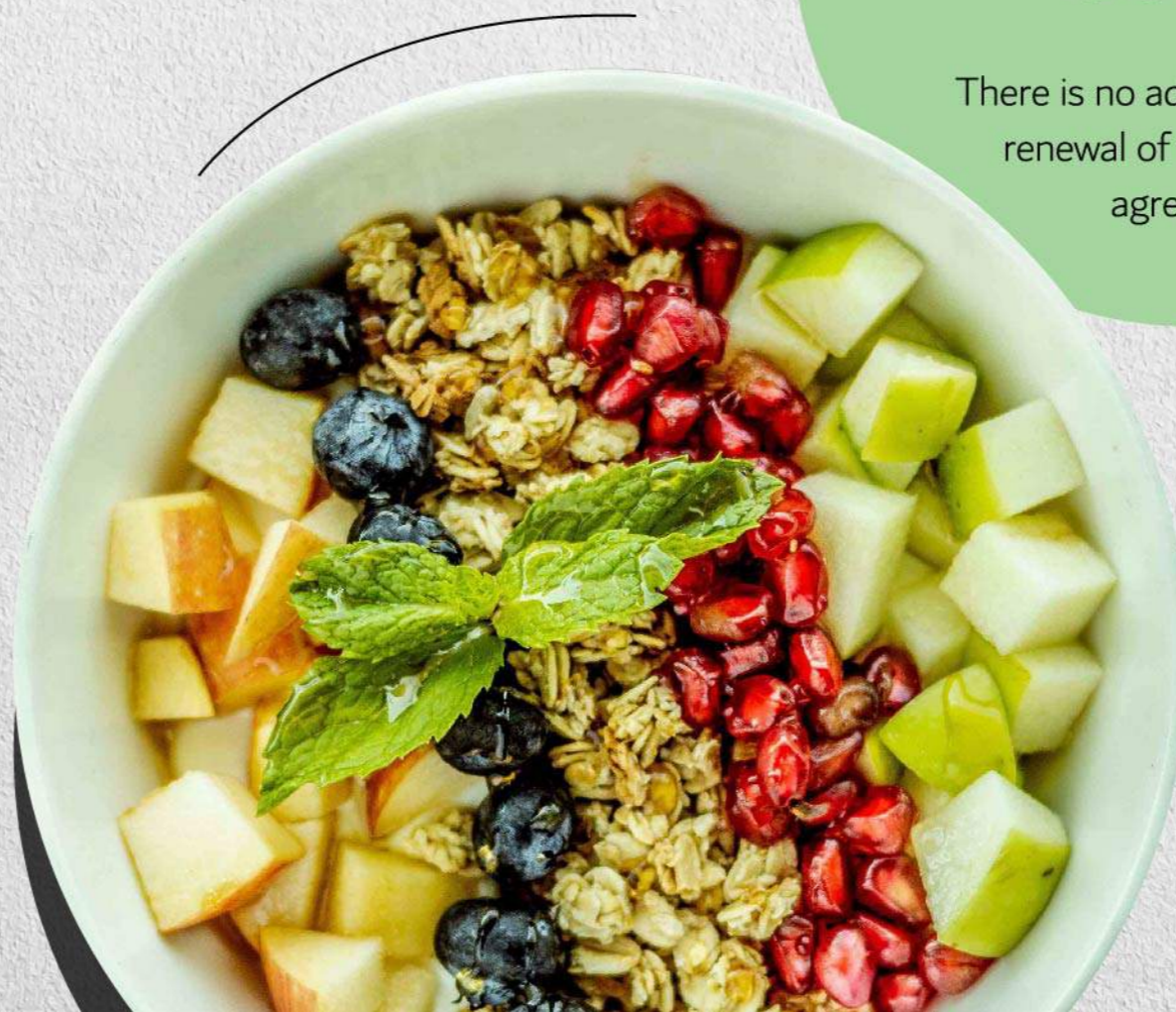
How long is the franchise agreement and can I renew it?

The master franchise agreement term is 10 years with a 10-year renewal option subject to you being in good standing, in compliance with the terms and conditions of the franchise agreement and fulfilling MEITO standards. The multi-unit agreement term is 5 years with a 5-year renewal option subject to terms and conditions as stated below under master franchise agreement terms.



How much is the renewal fee?

There is no additional cost for renewal of the franchise agreement.





How long after I sign the franchise agreement, before my first store may be opened?

Within a maximum period of six to nine months from the date of execution of the franchise agreement, you will have to obtain the legal right of possession of the first store through buying or leasing and must obtain MEITO approval for the location.



How long does it usually take to complete the store fit out?

In average the construction and fitting out of a store takes around three to five months. This time may vary based on contractors, local building requirements and municipality laws for issuing store licenses.



What's the typical sales performance per day in for an average MEITO store?

MEITO's Express – the average number of tickets range between 80 to 250 per day and average check is U\$D 4,50 per ticket. MEITO Café, Lounge & Bubble Tea - the average number of tickets range between 80 and 150 per day and average check is U\$D 15 per ticket.



What is the expected cost of goods on the menu items sold?

On average, the direct food, beverage and packaging cost is 24 %. This leaves you with 76 % gross margin to spend on other overheads and maintain a good level of EBIDTA and return on investment.



What is the initial Master Franchise Fee and why do I have to pay it?



In return of the license to use MEITO intellectual property rights, the right to use the know-how and business systems, the right to offer the products and services and the provision of the initial franchise support, we charge a Master franchise fee which varies between countries/regions based on market size and development potential.

What are the store opening fees and why do I have to pay it?



After establishing the second store; you will pay a store opening fee of U\$D 12,500 for each of your owned stores to cover the cost of supporting you in establishing the business in new locations.

What is the on-going royalty fee?



In return of the on-going support you will pay 6 % of total turnover for each of your owned stores on monthly base.

Do I have to pay any marketing fees and why?



You will pay 3 % of total turnover for each of your owned stores on monthly base into the marketing fund. In addition, you need to spend at least 3-5 % of your total turnover for each of your owned stores on local marketing activities.



In my country, there are government funds and bank loans available. Can I apply for a loan to open the first store?

Usually the process for approving government and bank funds and loans is lengthy and complicated. You must have sufficient funds to pay the franchise fee and establish the first store from your own resources before you apply for any external funds or loans to support further expansion of the business.



How do I apply to become a MEITO master or multi-unit franchisee?

For purpose of initial mutual evaluation and for you to be able to demonstrate your general business experience and financial, managerial and operational capabilities that qualify you to become MEITO master or multi-unit franchisee, we require the completion of a franchisee registration form & your business profile/presentation or web link.

What are the next steps?



1

For purpose of mutual evaluation, we encourage you to review all information we shared with you and material available on our public domain.

2

Once you reach the conclusion that MEITO is your chosen franchise, you will need to complete the franchise registration form and send to us together with your business profile.

3

Upon approval of your application, we will send you the terms and conditions for the grant of the franchise rights in your area.

4

We also encourage you to come and meet with us in person, visit some of our locations, sample the menu items and get to fully understand MEITO business concept and franchise model.

5

Should you want to secure an exclusive negotiation period, where we will not negotiate the grant of the franchise rights in your country with another individual or corporation for the duration of this letter of intent, you will have to sign a letter of intent and pay the commitment fee.

Why do I have to pay a commitment fee upon signing the letter of intent?

The payment of the commitment fee secures you an exclusive negotiation period of four (4) weeks which MEITO will not negotiate the franchise rights in your country/area with another individual or corporation. During the duration of the letter of intent you will receive the following:



- 1** Customization of a financial study for MEITO business according to the variables in your country/area.



- 2** Copy of the franchise agreement for legal review by your lawyer.



- 3** Upon request, you receive specific presentations or the standard store designs for discussing locations with real estate/mall's owners and/or managers.



- 4** An invitation for MEITO franchise discovery day to meet with MEITO team, visit locations and sample the menu items.



- 5** An invitation to view samples of operating manuals such as standard operating procedures, and standard recipes, store designs and corporate identity manuals.



- 6** Upon request and subject to the payment of travel & accommodation costs, organize a visit by one of MEITO's personnel to your area to identify possible locations and local suppliers, study competition and formulate an action plan for the launch of the business in your country/area.