

Tam Jai International Co. Limited
譚仔國際有限公司
(Stock Code: 2217.HK)

Annual Results Presentation

FY21/22 – May 2022



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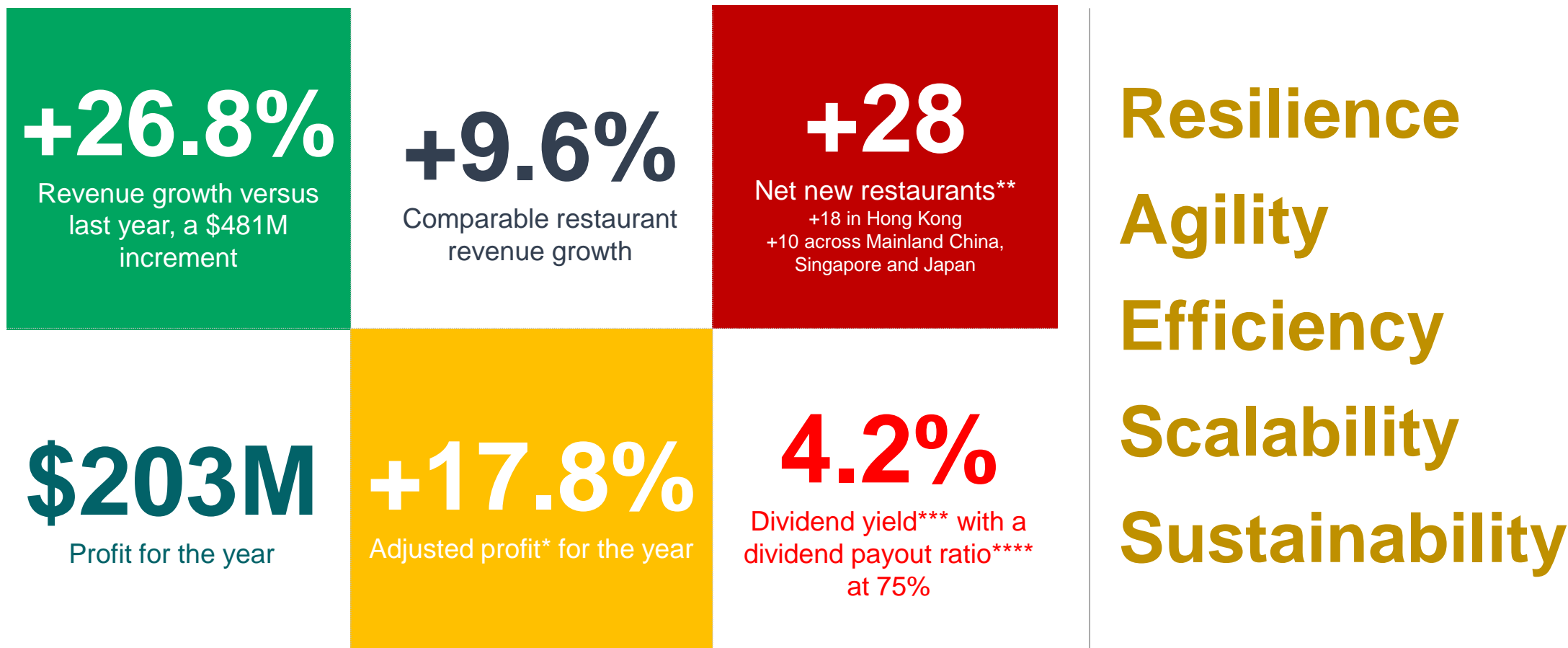
- ESG Framework
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1. Results Highlights

Results Highlights

Encouraging performance reflects the optimisation and agility of a one-of-a-kind restaurant chain.

(in HKD)



* -Adjusted profit for the year excludes the impact of one-off government subsidies in relation to COVID-19 and listing expenses.

** -29 new restaurants opened across Hong Kong, Mainland China, Singapore and Japan and 1 restaurant closed in Hong Kong.

*** -Calculated based on our proposed final dividend per share divided by the closing share price per share of the Company as at 13 May 2022 and multiplied by 100%

**** -Calculated based on our proposed final dividend divided by profit for the year and multiplied by 100%.

2. Business Overview

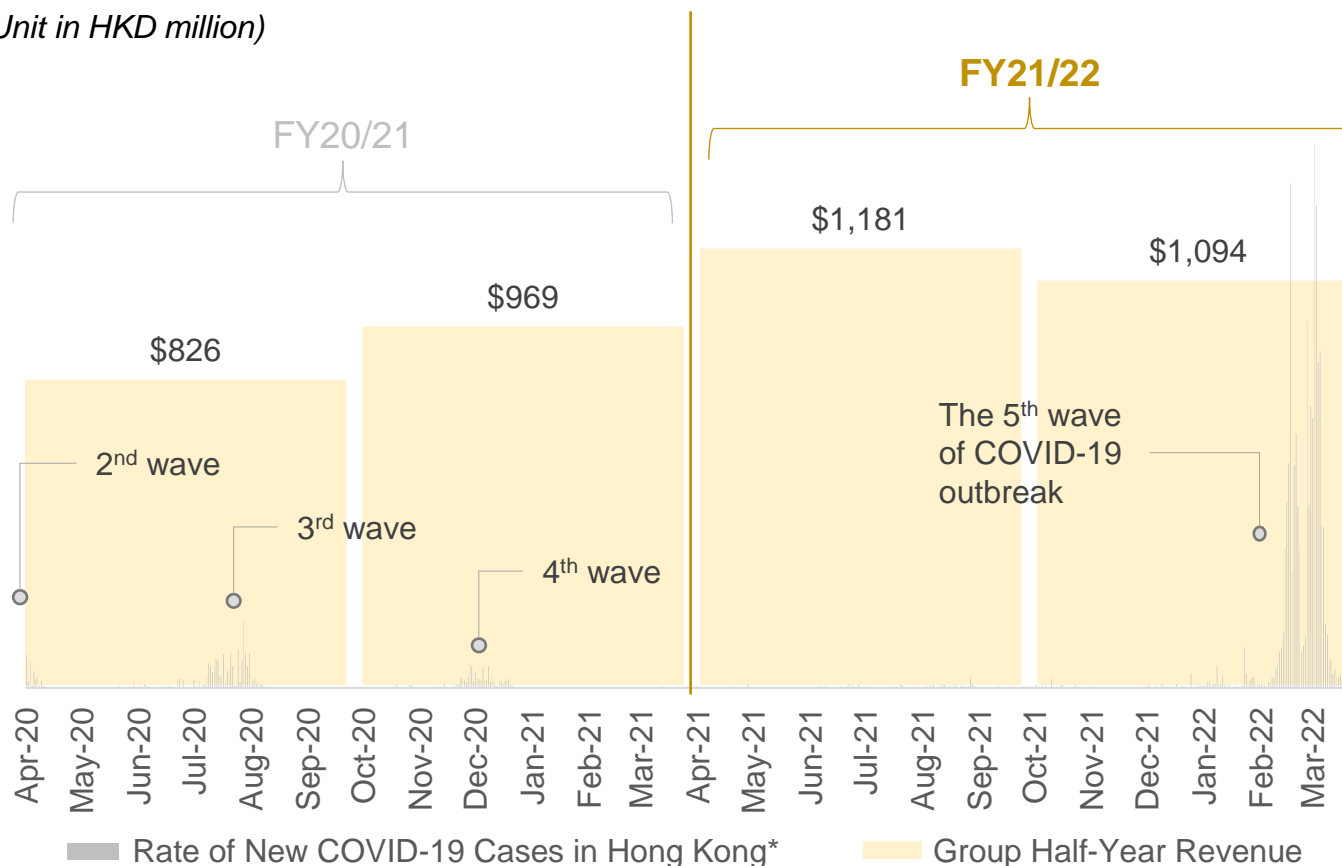
Resilience
Agility

Our Resilient Business Model

Demonstrated resilience by riding out the COVID-19 challenges.

With 97.6% contribution from Hong Kong in FY21/22, our revenue was resilient

(Unit in HKD million)



* - Source: Hong Kong Government Statistics

Rising through resilience

- 1 Shifted restaurant dine-in revenue to takeaway & delivery
- 2 Introduced new products, premium toppings and snacks
- 3 Launched innovative branding and marketing campaigns
- 4 Kept our momentum to expand our restaurants outside of Hong Kong

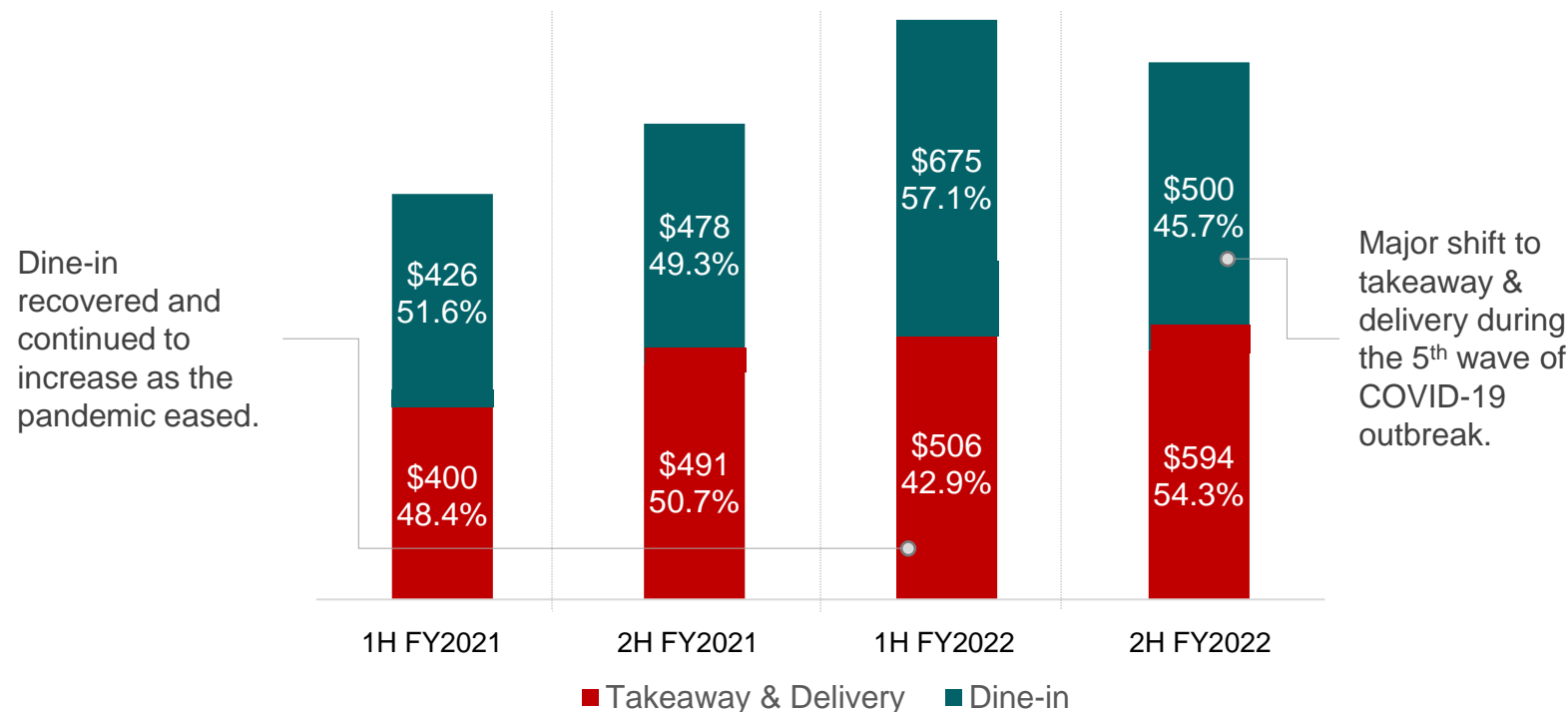
Restaurant Dine-in, Takeaway, and Delivery



Secured restaurant revenue by shifting between dine-in and takeaway & delivery streams.

Agile model in shifting revenue stream between dine-in and takeaway & delivery

(Unit in HKD million)



Competitive Advantage

Takeaway-friendly recipes

- Convenient, efficient, and consistent quality with high varieties.

Restaurant staff management

- We had deployed our staff to boost our takeaway/food delivery capacity.

Third-party delivery platforms partnerships

- Offered takeaway promotions and maintained a strong partnership with third-party delivery platforms in the face of setbacks stemming from dampened consumer sentiment and dine-in demand.

Product Innovation



Successful new products, snacks, beverages & premium toppings helped boost the average spending per customer and the average daily number of bowls served per seat.

Attracted both new and repeated customers to visit and consume

Suggestive Selling



- Encouraged customers to order more snacks and beverages.
- Steered customers to try new snacks and beverages with a better margin.
- Gave regular training to frontline staff to enhance their suggestive selling skills and provide incentive based on sales performance.

Brand Building Campaigns

Positioning ourselves as the most popular fast-casual dining choice for all walks of life in Hong Kong.

Viral social media campaigns targeting cross generations



Key Objectives

Strengthen our Branding

- Attract attention from the public audience as well as the marketing professionals.

Create a “Culture”

- Reinforce our down-to-earth value and local roots.

Make it “Home”

- Stay connected with the heart and mind of Hong Kong people.

Restaurant Network

We remained disciplined on our international expansion plan under the COVID-19 impact.

Entered Mainland China and Japan markets



175 restaurants in operations and 28 net new restaurants

Geographic location	Mar-21	Mar-22	Net change
Hong Kong	144	162	+18
Mainland China	0	8	+8
Singapore	3	4	+1
Japan	0	1	+1
Total:	147	175	+28

Our Success

A resilient business model serving new generation comfort food in the fast-casual restaurant segment.

	<p>64.4%</p> <p>Market share in Hong Kong*</p>		<p>+16%</p> <p>CAGR</p> <p>FY19/20 – FY 21/22 of revenue under COVID-19</p>	
<p>175</p> <p>Self-owned restaurants across the world (as of Mar-22)</p>		<p>2</p> <p>Renowned Brands TamJai Yunnan Mixian TamJai SamGor Mixian</p>		<p>>35M</p> <p>Bowls served in FY21/22</p>

* - Source: Asian Noodle Specialty Restaurant, Euromonitor, in 2021

3. Financial Highlights

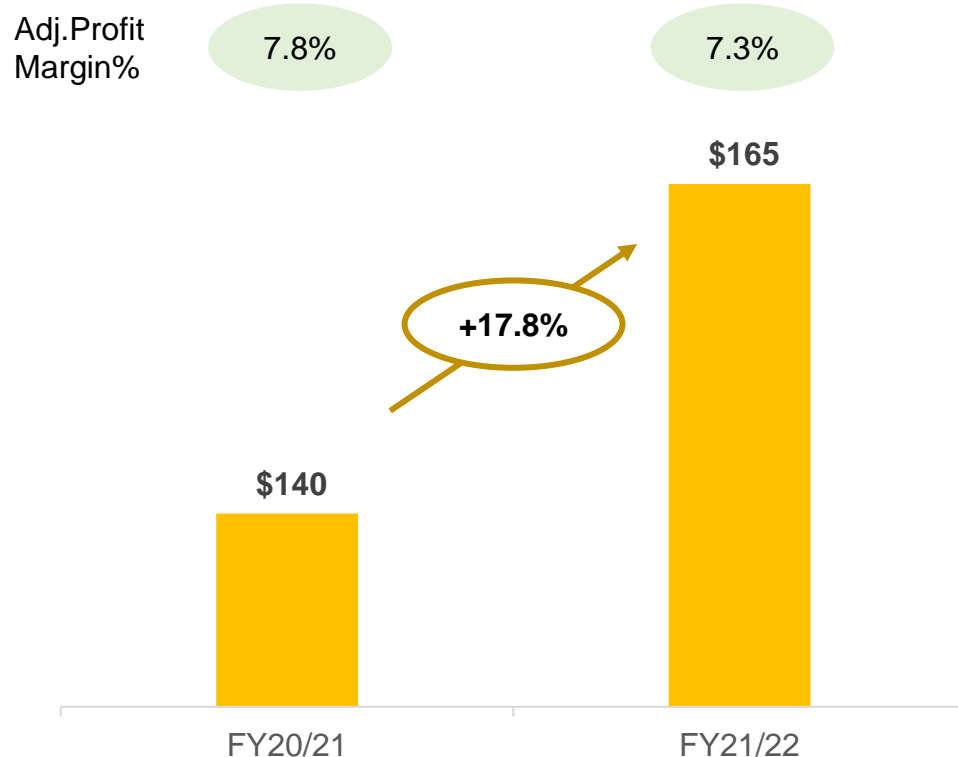
Efficiency

Results for the Year

Revenue and adjusted profit* surged by 26.8% and 17.8% versus last year (“LY”) respectively.

Adjusted profit* increased by 17.8% versus LY

(Unit in HKD million)



(Unit in HKD million)

Consolidated statement of profit or loss	Year ended 31-Mar	
	FY21/22	FY20/21
Revenue	\$2,275	\$1,795
Profit before taxation	\$245	\$320
Profit for the year	\$203	\$288
Profit margin	8.9%	16.0%
Adjustment for:		
Less: Government subsidies	\$55	\$155
Add: Listing expenses	\$17	\$7
Adjusted profit* for the year	\$165	\$140
Adjusted profit margin	7.3%	7.8%

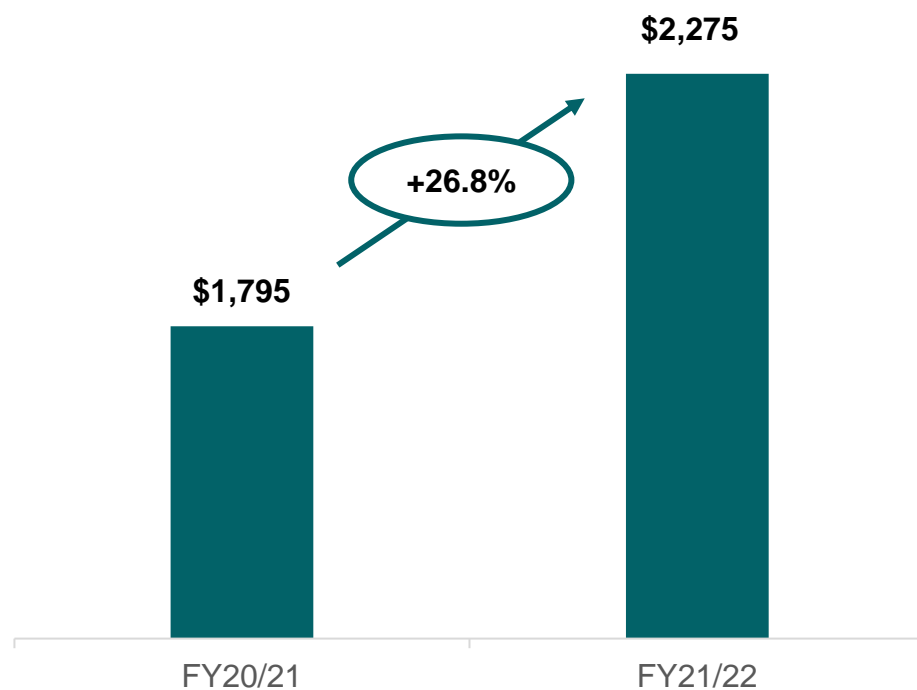
* - Adjusted profit for the year excludes the impact of one-off government subsidies in relation to COVID-19 and listing expenses.

Revenue Drivers

Strong revenue growth with a steady comparable restaurant revenue despite the COVID-19.

Revenue increased by 26.8% versus LY

(Unit in HKD million)



Revenue growth drivers

+9.6%

Comparable Restaurant* Revenue Growth

- **Increase in average daily number of bowls served per seat**
 - Engaging marketing campaigns
 - Promotions on new products
 - Support from loyal customers
- **Increase in average spending per customer**
 - Menu price adjustment in February 2022
 - Suggestive selling of snacks & beverages

+28

Newly opened restaurants (net)

- **Hong Kong**
 - 19 new restaurants opened and 1 restaurant closed in Hong Kong in FY21/22
- **Markets outside of Hong Kong**
 - 10 new restaurants opened in Mainland China, Singapore and Japan.

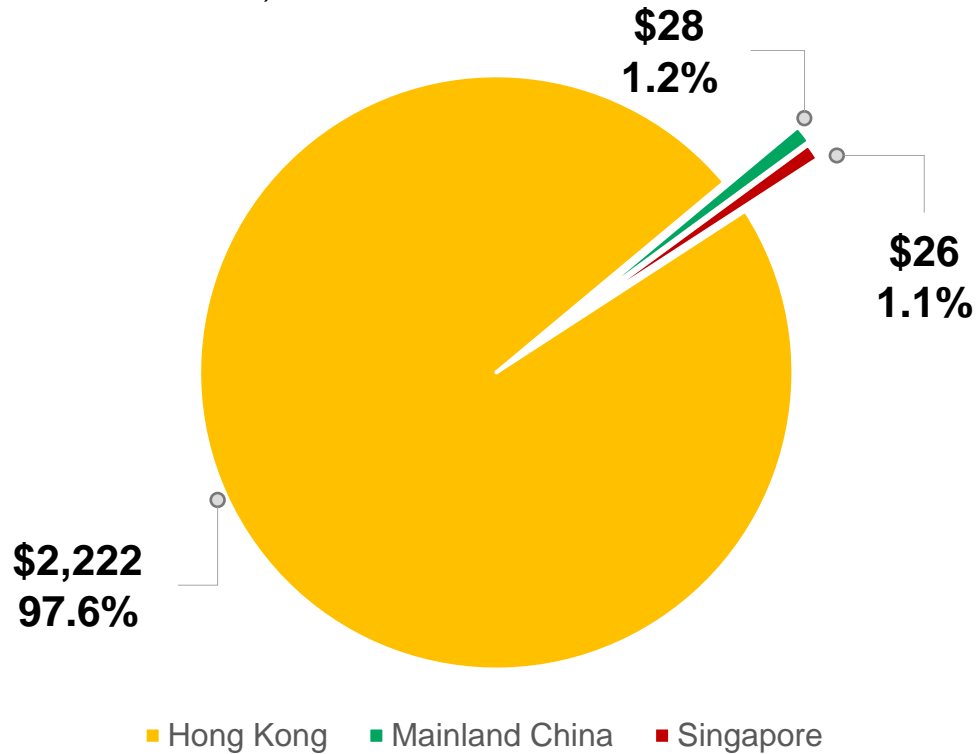
* - Comparable restaurants are defined as restaurants in full operation throughout the years under comparison, which exclude restaurants that are newly-opened, closed or renovated for a period over 30 days during the years concerned. In FY2022, all of the comparable restaurants were located in Hong Kong.

Revenue by Geographic Location & Order Type

Majority revenue contributed by Hong Kong with a significant amount from takeaway & delivery orders.

Majority contribution from Hong Kong during the year

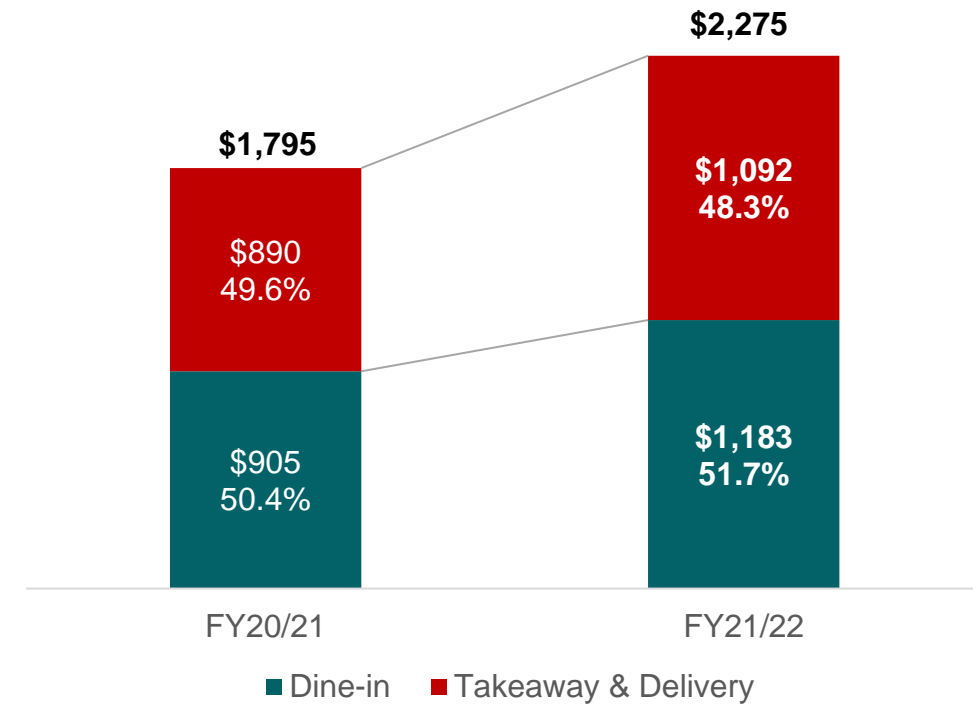
(Unit in HKD million)



Limited revenue contribution from Japan due to its limited operating days.

Takeaway & delivery revenue remained significant

(Unit in HKD million)



Takeaway & delivery comprises takeaway orders made at the restaurants and delivery orders fulfilled through online delivery platforms.

Revenue by Operation Metrics

Our average daily revenue per restaurant recovered to the pre-COVID level in Hong Kong despite pandemic.

Geography	Average spending per customer (in HKD) [1]			Average daily # of bowls served per seat [2]			Average daily revenue per restaurant (in HKD) [3]		
	2022*	2021*	2020*	2022*	2021*	2020*	2022*	2021*	2020*
Hong Kong	\$59.7	\$58.3	\$58.4	6.4	6.0	6.5	\$41,060	\$37,472	\$40,603
Mainland China	\$58.3	-	-	4.4	-	-	\$19,666	-	-
Singapore	\$83.0	\$83.0	-	2.8	3.3	-	\$23,089	\$25,842	-
Japan (1-operating day)	\$96.0	-	-	7.7	-	-	\$51,370	-	-
Overall	\$59.8	\$58.4	\$58.4	6.3	6.0	6.5	\$40,175	\$37,369	\$40,603

[1] Calculated by dividing the revenue generated from our restaurants by the total number of customers served. We use the number of bowls of mixian sold as a proxy for the number of customers served.

[2] Calculated by dividing the total number of bowls served (including dine-in, takeaway and delivery orders) by the total seating capacity calculated with reference to the number of seats in the respective floor area of our restaurants by total operation days divided by the total number of restaurants.

[3] Calculated by dividing the revenue generated from our restaurants by the total restaurant operation days.

* - Twelve months ended 31 March of the year

Operating Profit Drivers

Operating profit increased by 38.2% versus LY reaching HK\$477M with a 20.9% margin.

(Unit in HKD million)

Income statement items	Year ended 31-Mar	
	2022	2021
Revenue	\$2,275	\$1,795
Restaurant and central kitchen operating costs:		
- Cost of food and beverages consumed	\$518	\$411
- Staff costs [1]	\$593	\$475
- Depreciation of right-of-use assets, rental and related expenses [1]	\$403	\$351
- Consumables and packaging	\$63	\$49
- Utilities expenses	\$53	\$36
- Handling charges	\$58	\$55
- Advertising and promotion	\$47	\$22
- Cleaning expenses	\$17	\$14
- Repair and maintenance	\$15	\$12
- Other expenses[1]	\$32	\$24
Operating profit	\$477	\$345
Operating profit margin	20.9%	19.2%

Management analysis

Improvement in restaurant performance

- Decrease in depreciation of right-of-use assets, rental and related expenses as a percentage of revenue, attributable to the improvement in our restaurant performance, in particular in the first three quarters of FY21/22.

Maintained cost of food and beverages consumed

- Substituted or upgraded our ingredients where we introduced new products, premium toppings to our customers with better margin.
- Integrated the central kitchen of TamJai and SamGor to reduce the costs in facilities, enhance efficiency, and optimization of food production.
- New supply chain management systems optimized cost control.

Increase in advertising and promotion expenses

- More branding and promotion campaigns in Hong Kong, Singapore, Mainland China and Japan.

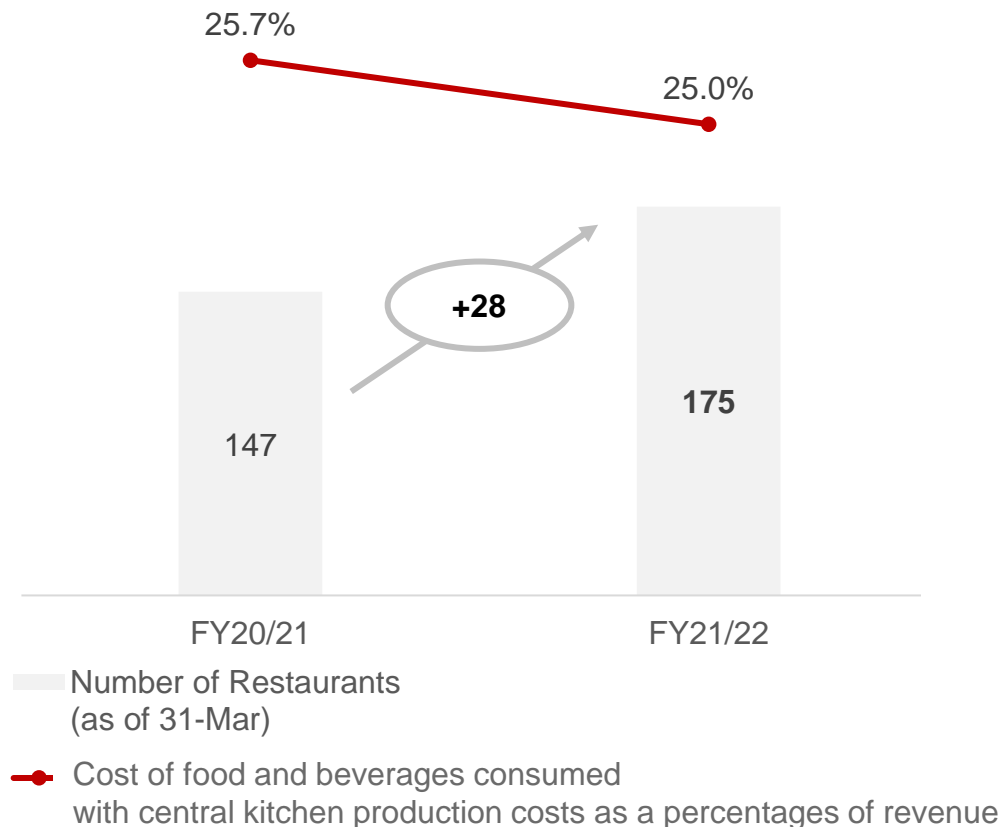
[1] Represent relevant costs attributable to our restaurants and central kitchens and exclude any costs attributable to headquarter and office.

Cost of Food and Beverages Consumed with Central Kitchen Production Cost*



Cost as a percentage of revenue decreased via central kitchen integration and bulk purchase.

Cost efficiency improved despite an increase in restaurants



Management analysis

Product Substitution or Upgrade

- Actively sourcing cost-effective substitutes and upgrades where we introduce new products and premium toppings to our customers with better margin.

Integration of central kitchen of TamJai and SamGor

- Integrated the central kitchen of TamJai and SamGor to lower the costs in facilities, enhance efficiency, and optimization of food production.

New Supply Chain Management Systems

- Optimized cost control and enhance production planning process.

Menu Price Increase

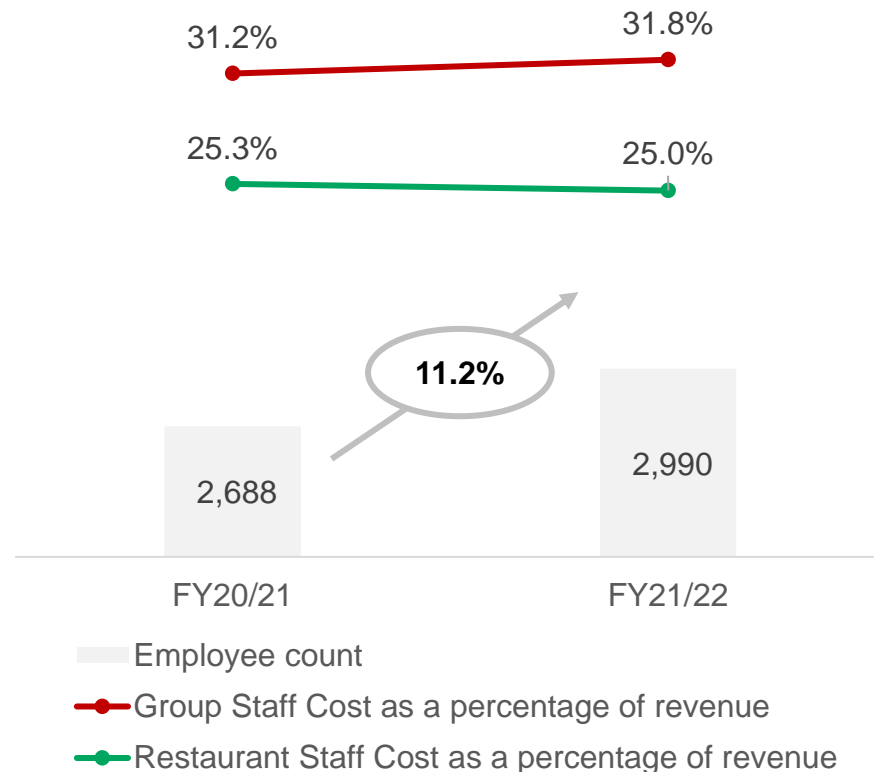
- With a strong headwind on food cost inflation, the group marked a menu price increase in February 2022.

* - Central Kitchen Production Cost is a sum of 1) central kitchen staff cost, 2) central kitchen's depreciation of right-of-use assets, rental and related expenses, and 3) other expenses incurred at central kitchen.

Staff Cost and Employee Count

Staff cost% increased by 0.6pp* as the group invested in the new markets management team.

Group staff cost% increased by 0.6pp*



Management analysis

“Smart-Rostering”

- We have implemented Smart Rostering to help maintain the right level of staff and productivity as business volume fluctuates in tandem with COVID-19 situation.
- Frontline staff were shifted to different workstations in order to boost our takeaway and delivery service in light of dine-in bans.

An agile wage system

- Full-time restaurant staffs are paid on an hourly wage basis. This allows the management team to control the staff cost effectively with the right revenue contribution measures.

Investment in new markets management team

- Increase in the investment in talents in new markets, i.e., Singapore, Mainland China and Japan, with a professional and experienced management team in each location.

* - Percentage points (“pp”) can be referred as the unit for the difference between two percentages. For this case, the difference between 31.2% and 31.8% shall be 0.6pp.

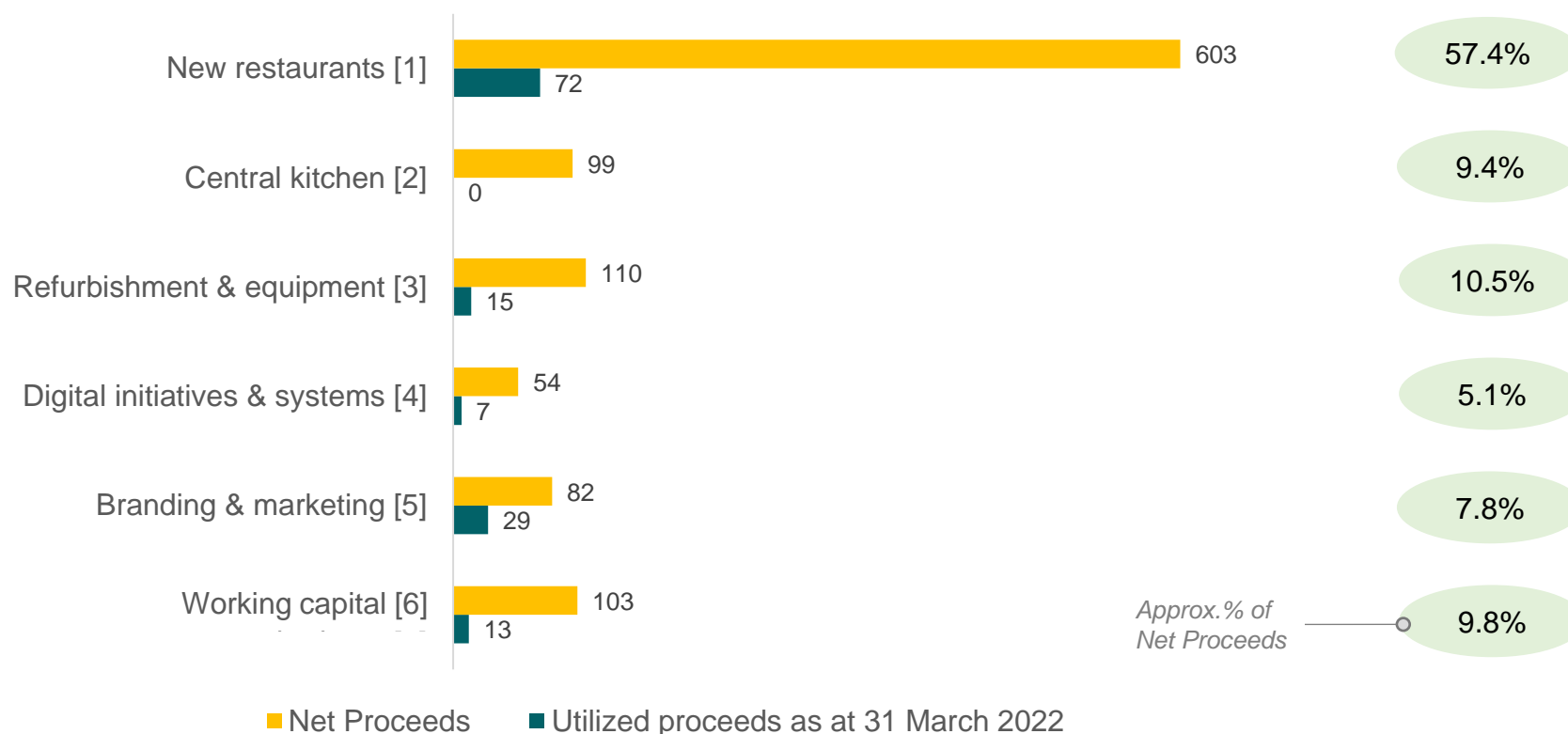
Use of Proceeds

Remained unchanged from our IPO business plan.

HK\$136M out of HK\$1,051M net proceeds were utilized as at 31 March 2022

(Unit in HKD million)

Expected timeline of full utilization: before 31 March 2024



[1] New restaurants - expansion of the restaurant network.

[2] Central kitchen - Expanding the central kitchen in Hong Kong and establishing new central kitchens in Mainland China, Singapore, and Australia.

[3] Refurbishment & equipment - Refurbishment of the restaurants and enhancing the operating equipment.

[4] Digital initiatives & systems - Implementing a customer relationship management ("CRM") system, a voice ordering system, an enterprise resources planning ("ERP") system, and upgrading the information and technology infrastructure.

[5] Branding & marketing - International brand building and new market entry promotion.

[6] Working capital - General corporate purposes and working capital.

Other Financial Information

Healthy financial situation.



Key financial metrics		Full-year ended 31-Mar	
		FY21/22	FY20/21
Earnings per share (HK cents)	Basic	17.5	28.8
	Diluted	17.4	28.8
Dividend yield [1]		4.2%	N/A
Dividend payout [2]		75%	N/A
Current ratio [3]		2.6	1.1
Quick ratio [4]		2.6	1.0
Return on assets [5]		10.2%	23.1%
Return on equity [6]		19.3%	62.4%

[1] Calculated based on our proposed final dividend per share divided by the closing share price per share of the Company as at 13 May 2022 and multiplied by 100%.

[2] Calculated based on our proposed final dividend for the relevant years divided by the profit for the year for the relevant years and multiplied by 100%.

[3] Calculated based on our total current assets as at the end of the relevant years divided by our total current liabilities as at the end of the corresponding years.

[4] Calculated based on our total current assets less inventories as at the end of the relevant years divided by our total current liabilities as at the end of the corresponding years.

[5] Calculated based on our profit for the relevant years divided by our average total assets as at the beginning and the end of the corresponding years and multiplied by 100%.

[6] Calculated based on our profit for the relevant years divided by our average total equity attributable to our equity shareholders as at the beginning and the end of the corresponding years and multiplied by 100%.

4. Business Development





Scalability

Restaurant Expansion Pace

Outside of Hong Kong, we have also been able to expand into our targeted markets against all odds.



175 restaurants in operations and 28 net new restaurants

Geography	Mar-21	Mar-22	Net change
 Hong Kong	144	162	+18
 Mainland China	0	8	+8
 Singapore	3	4	+1
 Japan	0	1	+1
Total:	147	175	+28

Market Entry Campaigns



Exciting and engaging campaigns promoting our “Tam Jai Taste” in new markets.

Over 7M impressions on Chinese social media platforms in April 2021 alone



Mainland China



Our Shinjuku opening in Japan was featured in 10+ local TV programs



Japan



International Expansion Plan

Maintain our expansion momentum, while remain prudent and disciplined on delivering over 60+ new restaurants by Mar 2023.

On-track to deliver 300+ restaurants by March 2024

Geography	Target Number of Restaurants			New restaurants	
	FY21/22	FY22/23	FY23/24	FY22/23	FY23/24
Hong Kong	162	176	186	+14	+10
Mainland China	8	34	71	+26	+37
Singapore	4	15	24	+11	+9
Japan	1	9	24	+8	+15
Australia	0	7	15	+7	+8
Total:	175	241	320	+66	+79

Management expectations

Mainland China expansion remains optimistic

- Hold high hopes for its great potential amid pandemic impact.

Resuming Singapore expansion

- Signs of recovery could be seen with the Singapore restaurants achieving record-high sales in Q4 FY21/22.

Rapturous reception in Japan

- To capture the market momentum with the robust support from Toridoll Japan as marketing activities start picking up.

Delaying Australia market entry



- Due to border controls and quarantine requirements, the group's mobilization team is still finding the right time to enter the country.

Investing in Systems to Enhance Efficiency

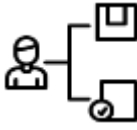



Continuously driving digital initiatives to improve our customer experience and operational efficiency.

Growth Prospect

Customer Engagement & Loyalty Building

Major projects	Schedule
 <p>CRM system</p> <ul style="list-style-type: none"> Expand customer loyalty programme Enhance engagements with customers by understanding their habits 	Beta version by FY2023
 <p>Mobile ordering / voice ordering system</p> <ul style="list-style-type: none"> Reach wider audience Promote efficiency Enhance customer experience and satisfaction Interactive and fun experience 	Beta version by FY2023

Operational Efficiency Improvements

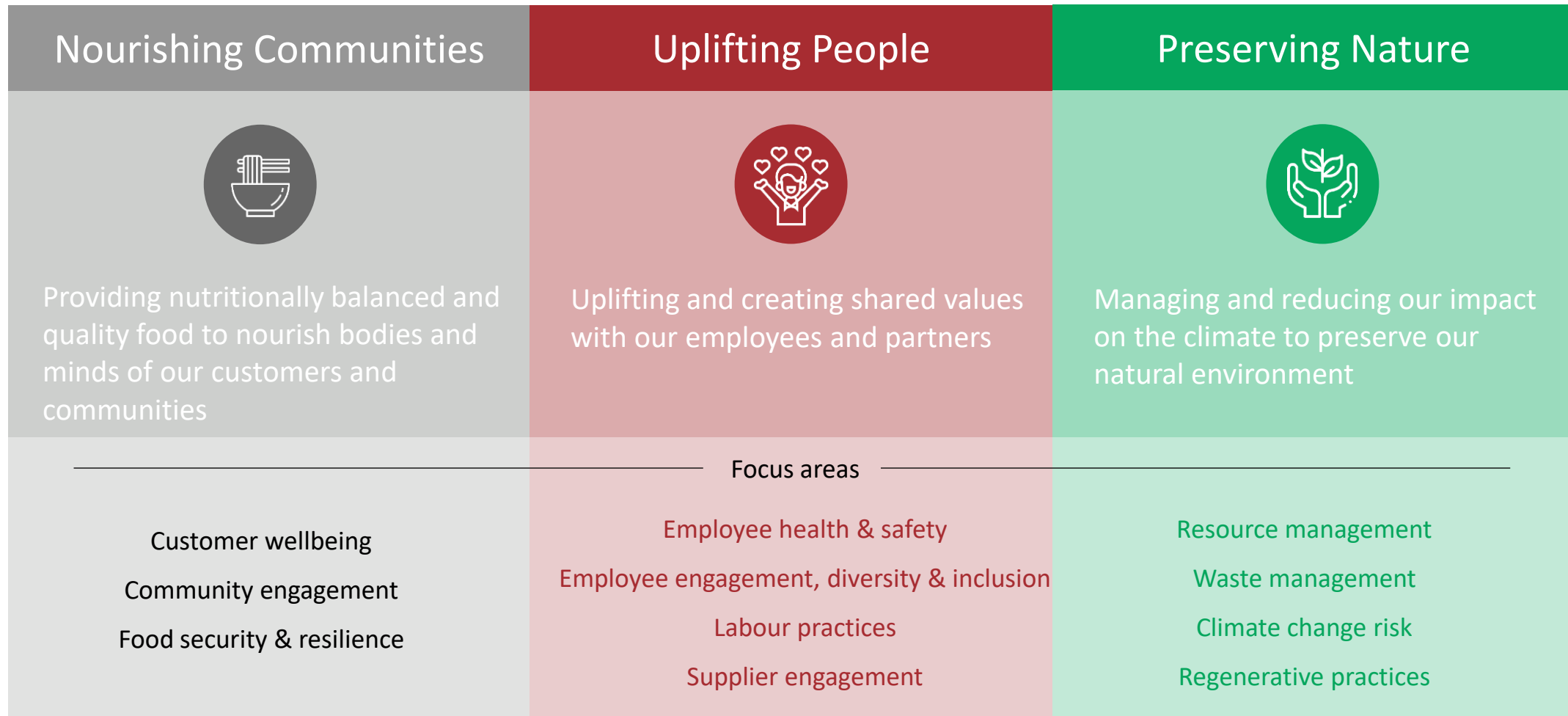
Major projects	Schedule
 <p>Supply chain management (“SCM”) system</p> <ul style="list-style-type: none"> Strengthen procurement, production, logistics, and stock management 	2 nd Phase target FY2023
 <p>ERP system</p> <ul style="list-style-type: none"> Improve efficiency of report preparation process 	1 st Phase target FY2023
 <p>IT Infrastructure</p> <ul style="list-style-type: none"> Implement data management system 	1 st Phase target FY2023
 <p>Proprietary Equipment</p> <ul style="list-style-type: none"> Standardizing kitchen tools for rapid expansion 	Ongoing

5. Sustainable Development

Sustainability

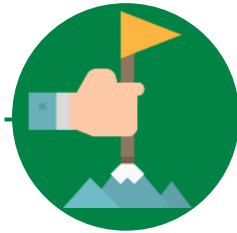
Tam Jai International ESG Framework

Echoing our motto “Giving back to society (取諸社會，用諸社會)”.



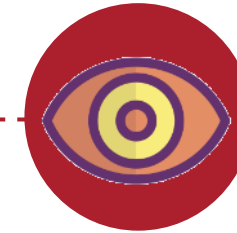
Tam Jai Goodness Trust

Promoting our values to surrounding communities.



MISSION

Tam Jai Goodness Trust is dedicated to **enriching the minds and souls of humanity** through a wide range of programmes that **advance the wellness of people** and **promote sustainable practices in society.**



VISION

- ① To be the leader in the food and beverage industry and be one of the most impactful Trust Fund.
- ② To empower people and create shared value that benefit everyone.
- ③ To build a better future by nurturing and empowering our stakeholders, and by promoting sustainable practices in the food and beverage industry.

Appendix

Awards and Recognitions



Brand Awards



Service and Marketing Awards



香港服務名牌
HONG KONG TOP
SERVICE BRAND



Food Awards



CSR Awards



HAPPY 開心企業
COMPANY

商界展關懷

caringcompany 2020-22

Awarded by The Hong Kong Council of Social Service
香港社會服務聯會頒發



New Restaurants in Hong Kong

 雲南米線



Kwong Yuen Estate, Shatin



Amoy Plaza, Kowloon Bay



Manhattan Mid-town, Mei Foo



Lake Silver, Ma On Shan



Laguna City, Lam Tin

New Restaurants in Hong Kong

譚仔 雲南米線



Mei Lam, Tai Wai



D-Park, Tsuen Wan



+Woo, Tin Shui Wai



Marina Square, Ap Lei Chau



Lok Fu Plaza

New Restaurants in Hong Kong



Pak Tin Estate (Phases 11), Sham Shui Po



King's Road, North Point



Kwai Shing East Estate, Kwai Chung



Tak Tin Estate, Lam Tin



Belcher's Street, Kennedy Town

New Restaurants in Hong Kong



Hin Keng Estate, Shatin



Cheong Hong Estate, Tsing Yi



Hysan Place, Causeway Bay



Wellington Street, Central

New Restaurants in Mainland China (Shenzhen)



Luohu Space 1234, Shenzhen



HaiYa Mega Mall, Shenzhen



East Pacific Mall, Shenzhen



Nanshan Coastal City, Shenzhen



Cocopark Shopping Mall, Shenzhen



Wong Tee Plaza, Shenzhen

New Restaurants in Mainland China (Guangzhou)



Liwan LINK Plaza, Guangzhou



Tianhe Teemall, Guangzhou



New Restaurants in Singapore



City Square Mall, Singapore

New Restaurants in Japan



Shinjuku, Japan

Thank You