

Senheng's expansion strategies pave the way for future growth

- *Successfully launched 31 new/upgraded stores from 2022 until June 2023 under Group's 'Territory Champions' expansion strategy*
- *Ongoing weakness in consumer sentiment impacted 2Q23 growth*

Kuala Lumpur, Malaysia, 28 August 2023 - Senheng New Retail Berhad (Senheng or the Group; Bloomberg: SENHENG MK; 新兴集团) continued its strategic expansions by successfully launching 31 new or upgraded stores between 2022 and June 2023, reflecting its commitment to enhance its market presence.

The expansion strategy entails establishing new and upgraded stores, alongside innovative retail channels, to enhance brand visibility and customer satisfaction. From 2022 to 30 June 2023, the expansions comprised 17 Grand Senheng and Grand Senheng Elite stores, 1 Senheng x Samsung Premium Experience Store, as well as 4 senQ, Grand senQ, and senQ Elite stores. The enhanced outlets measure approximately 10,000 square feet (sq. ft.) to 30,000 sq. ft. in size and are tailored to meet latest consumer preferences.

Complementing its Territory Champions strategy, Senheng also ventured into the mobile phones and gadgets market through Senheng Mobile. These small-format outlets, covering around 1,000 sq. ft. each, enhances the Group's brand exposure and provides a new avenue for customer engagement. Since its introduction in January 2023, a total of 9 stores have been launched.

The ongoing expansions are an integral part of its 'Territory Champions' strategy, aimed at enriching in-store experiences and boosting per-store sales. With a goal to establish a total of 61 new and/or upgraded stores nationwide from 2022 until 2024, Senheng is well positioned to be leader - in terms of store space and product offerings - within a 5 kilometre radius of each store.

"Senheng's expansion initiatives reflect our understanding of latest consumer preferences. Through seamless integration of refreshed physical stores and our omnichannel approach, we strive to provide customers with a seamless blend of online convenience and engaging in-store experiences.

"Despite the prevailing challenges in consumer sentiment, the Group remains dedicated to our expansion and transformation goals. This commitment gives us the advantage to capitalize on future growth opportunities and deliver value to our customers."

Mr Lim Kim Heng ("林金兴")
Executive Chairman, Senheng New Retail Berhad

In tandem with its growth initiatives, the Group has intensified digital enhancements to enhance the customer experience, complemented by digital marketing campaigns with rewarding promotions for increased engagement. These efforts aim to reach a wider audience, enrich the brand ecosystem, and elevate the customer's shopping journey.

Additionally, Senheng recently launched the S-Coin Redemption Centre, an extension of its rewards platform within the Senheng App. Customers can now earn S-Coin rewards on purchases from various third-party merchants' products and services. These S-Coins can be used to buy consumer electronics at Senheng and senQ, enhancing the shopping experience with rewards.

Senheng also implemented an Online-Merge-Offline (OMO) approach to deliver seamless shopping experience. The unique and service-oriented strategy provides personalized service to online shoppers through skilled salespersons across its nationwide stores. Combined with efficient delivery, installation services, and convenient collection from nearby stores, the comprehensive options ensure a hassle-free experience.

Despite a promising start to the year, the Group's growth trajectory was curtailed by ongoing challenges in consumer sentiment. The Group reported a revenue decline of 18.2% to RM325.3 million in the second quarter ended 30 June 2023 (2Q23) from RM397.7 million in the previous year due to weaker consumer sentiment affecting sales.

Group net profit decreased to RM6.5 million in 2Q23 from RM16.1 million previously, primarily due to the lower sales, changes in product mix, reduced other income, and increased operating costs due to ongoing store upgrades and expansions.

Commenting on the Group's prospects, Mr. Lim added, "The weaker consumer sentiment poses a challenge to achieving growth in 2023. In response, alongside our long-term growth strategies to enrich shopping experiences and reinforce our market leadership, we are implementing attractive digital marketing campaigns aimed at engaging a wider range of consumers nationwide."

"These initiatives aim to increase customer footfall, while enhancing PlusOne membership renewals and engagement, thereby contributing to a thriving brand ecosystem."

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About Senheng New Retail Berhad

Senheng is Malaysia's leading consumer electrical and electronics retailer. Founded in 1989, the Group has grown its retail network to over 100 physical stores across Peninsular and East Malaysia, and is supported by various online retail platforms.

The Group's stores carry more than 280 renowned consumer E&E brands, featuring a comprehensive range of digital gadgets, audio visuals, home appliances and related products.

An early adopter of digitalisation and business transformation, Senheng continues to deliver excellent customer satisfaction via its seamless New Retail Model. The Group has a growing customer base, with over 3 million PlusOne loyalty members to-date.

Issued for and on behalf of SENHENG NEW RETAIL BERHAD by Aquilas Advisory (Malaysia) Sdn Bhd

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