

Uxin Fiscal Year Ended March 31, 2024, Annual Letter to Shareholders

Dear Shareholders,

First and foremost, on behalf of Uxin, I would like to extend our heartfelt gratitude for your unwavering support and trust. It is my pleasure to share with you the remarkable business progress we have made over the past fiscal year, as well as our strategic outlook for the future through this shareholder letter.

The current economic landscape in China is entering a new phase of development, bringing numerous challenges to various industries, including the used car sector. Notably, the competitive pricing strategies initiated by car manufacturers early last year have severely disrupted the price structure of the used car market, leading to a substantial decline in profitability across the industry.

However, we are pleased to see opportunities amidst these challenges. Over the past year, China's used car market has continued its rapid growth trajectory, with national used car transactions surpassing 18 million units in 2023, reflecting a near 15% year-over-year increase. The government's series of favorable policies to encourage the development of the used car industry, coupled with substantial incentives for trading in old cars for new ones, have spurred consumption growth in the sector. In an increasingly complex and dynamic operating environment, resources are beginning to concentrate towards leading used car dealers, providing long-term sustainable growth and profitability opportunities for companies that excel in scale, branding, and efficiency.

Uxin's unique business model, characterized by our flagship used car superstores, has demonstrated strong competitive advantages across various dimensions, becoming increasingly prominent in the cities where our superstores are located. In the four quarters of fiscal year 2024, our retail sales continued to grow, with a total of 10,179 units sold throughout the year. From January to March 2024, even during the traditional slow season of the Spring Festival, we achieved retail sales of 3,124 units, a 38% increase compared to the same period last year. Our superstores have become the leading brand in their respective regions, with a Net Promoter Score (NPS) consistently around 60 points for 10 consecutive quarters, the highest level in the industry, and a regional market share of 10% and growing. Our overall vehicle inventory turnover days are around 30 days, and our standardized, streamlined, and digitalized operating system has matured over the past year, significantly surpassing the industry average in operational capability and efficiency.

Reflecting on the past year, we have made substantial progress in numerous areas of our business, positioning us well for scalable profitability. I will highlight three key achievements:

First, our branding and sales capabilities have generated a positive flywheel effect, further enhancing sales efficiency. By connecting with customers through superior products and services, we have built a stronger network effect in regional markets as customer trust and reputation have grown, further boosting sales conversion rates. As a result, our in-store customer conversion rate has reached approximately 40%. Despite intense industry competition, our retail vehicle inventory turnover rate has improved by over 60% compared to the previous fiscal year, allowing us to achieve higher retail sales with the same inventory size.

Uxin's decade-long industry experience has greatly empowered our sales capabilities through digitalization. Our AI pricing model dynamically monitors six hundred thousands of used car data points across the internet, creating competitive models based on factors such as a car's model, age, condition, and mileage. This system, combined with customer viewing records and offline test drives, can generate purchase and sale prices and adjust them promptly to ensure Uxin's vehicles remain highly competitive in the market. During the new car price cuts, our pricing system responded quickly to adjust the acquisition and selling prices of similar models to accelerate the sales of impacted inventories. By adjusting our prices faster, we can accelerate vehicle sales, mitigate the effects of new car price reductions, and transition into the next regular sales cycle sooner.

Second, while increasing sales volume, we have also boosted our gross profit per vehicle. Our gross profit margin has risen from 1.2% in fiscal year 2023 to 5.9% in fiscal year 2024. In the used car industry, prices typically decrease as inventory ages. Therefore, by accelerating our sales turnover, we have naturally enhanced our gross profit per vehicle.

Meanwhile, leveraging our one-stop shopping experience at offline superstores and reconditioning factories, we have continuously expanded our high-margin value-added services. These include financing services, insurance, extended warranties, premium accessories, and maintenance. Over the past year, the penetration rate of these value-added services has rapidly increased, boosting our gross profit margin.

Additionally, our per-vehicle reconditioning costs have significantly decreased. Uxin's transparent factory is now fully operational, with vehicles taking an average of only three days to move from warehousing to sales, allowing for faster sales

entry. Through bulk procurement of parts, SMART repairs, and the application of 3D printing technology, our reconditioning cost per vehicle in fiscal year 2024 has decreased by 50% compared to the previous fiscal year.

Third, we have continued to reduce costs, improve efficiency, and optimize our operating expenses. Adjusted EBITDA^[1] for fiscal year 2024 was a loss of RMB176 million, representing a nearly 40% reduction in losses compared to fiscal year 2023. This year, we implemented a series of cost-reduction and efficiency-enhancement measures. Looking forward, we expect fixed costs and expenses in fiscal year 2025 to be reduced by over RMB100 million compared to fiscal year 2024, driving faster overall Adjusted EBITDA profitability at the company level.

[1] This is a non-GAAP measure. We believe non-GAAP measures help investors and users of our financial information understand the effect of adjusting items on our selected reported results and provide alternate measurements of our performance, both in the current period and across periods. See our Financial Supplement, filed as Exhibit 99.1 to our Current Report on Form 6-K on July 31, 2024 with the SEC, "Unaudited Reconciliations of GAAP And Non-GAAP Results" for a reconciliation and additional information on non-GAAP measures.

Take marketing as an example, we have developed a highly cost-effective customer acquisition strategy, reducing advertising and promotion expenses by more than 50% compared to last year. Leveraging our large venues, we actively explored community-integrated marketing strategies by organizing events such as sports meetings, anime conventions, job fairs, and vehicle test drives etc. These activities increased our regional market exposure, generating substantial organic traffic and significantly lowering customer acquisition costs.

In the past year, our offline superstore model has proven successful, placing Uxin on a rapid growth trajectory. Looking ahead to the new fiscal year, we have set three primary business objectives, aligning with our current development plan.

First, we aim to significantly increase sales volume, projecting a year-over-year retail sales growth of 150% for fiscal year 2025. We are confident in maintaining our current sales efficiency and will gradually ramp up inventory, expecting inventory levels to increase 2-3 times compared to the beginning of the fiscal year. This will drive continuous retail sales growth in the coming quarters, ensuring the achievement of our sales targets for the new fiscal year.

Second, we plan to achieve company-wide profitability at scale. Our goal is to achieve positive Adjusted EBITDA for the entire company in the quarter between October and December 2024. With new car prices stabilizing, the profitability of used cars is beginning to recover, and our inventory scales and sales continue to climb. We are confident in meeting this profitability target.

Third, we will finalize the location selection and operational preparations for 2-3 new superstores, enhancing our integrated online and offline superstore network. Recently, we announced a strategic partnership with the Zhengzhou Airport District government, with a joint investment of RMB170 million to establish a new Uxin used car superstore in Zhengzhou city. As a transportation hub in central China and one of the most active cities for used car transactions, Zhengzhou boasts a population of over 13 million and a car ownership of 5 million, making it an ideal location for operating a large-scale used car superstore. Besides Zhengzhou, we are also advancing implementation plans in several other cities, which will drive Uxin's national expansion and business growth in the coming years.

Everything is in place for us to achieve our goals. We have confidence in the competitive advantage of Uxin's superstore model and the momentum driving our business growth. We remain dedicated to leading the transformation and upgrading of China's used car industry with a steadfast commitment to customer-centric value creation. Once again, we sincerely thank you for your continued trust and support. We look forward to achieving new breakthroughs together in the coming fiscal year.

Kun Dai

Chairman and Chief Executive Officer of Uxin