

Uxin Fiscal Year Ended March 31, 2023, Annual Letter to Shareholders

Dear Shareholders,

First and foremost, on behalf of Uxin Group, I would like to express our heartfelt gratitude for your continued support throughout our journey. I am pleased to share our business progress over the past fiscal year as well as our reflections and outlook for the future through this shareholder letter.

The 2023 fiscal year, which spanned from April 2022 to March 2023, presented a myriad of challenges. Uxin, along with numerous other Chinese enterprises, had to navigate the societal and economic headwinds caused by the Covid-19 pandemic. Despite these obstacles, our online and offline used car retail operations experienced phases of growth, moments of stagnation, and subsequent resurgence. Nevertheless, we managed to overcome these hurdles and delivered a commendable performance. Our retail transactions increased to 10,703 units, recording a remarkable year-over-year growth of 105%. Notably, our Net Promoter Score (NPS) remained consistently high at approximately 60 points over six consecutive quarters, solidifying our position as an industry leader. The excellent quality of our used car offerings, combined with our exceptional customer service, received increasing recognition from our expanding consumer base. Furthermore, Uxin's offline superstores have become the benchmark for industry upgrades within China's used car sector.

China's flourishing used car market is a force to be reckoned with, already at a staggering trillion-RMB level. With a whopping 320 million vehicles, China boasts the world's largest car ownership. Each year, a significant number of vehicles enter the circulation stage, fueling the swift growth of the used car industry. In the first half of 2023, the nation witnessed a remarkable surge in used car transactions, reaching approximately 9 million units, showing a notable 15% increase compared to the previous year. Drawing from the mature market experience in the automotive industry, China is progressively pivoting towards a trajectory dominated by stock car transactions. We project that used car transactions in China will soon exceed 20 million units per year, with still a remarkable growth potential of 3 to 4 times.

While the upgrade and consolidation of China's used car industry are still in their early stages, the unique characteristics of each vehicle, the extremely fragmented market structure, and the lengthy, intricate transaction chains have all hindered the industry's transition towards brand-oriented, large-scale, and standardized development. Uxin's pioneering model of offline superstore + online nationwide purchase model, as a new format in the industry, has completed the leap from 0 to 1. This model, centered around advanced production, modern retail experience, and data-driven operation, has laid a solid foundation for the next stage of scalable profitability.

1 State-of-the-art Reconditioning Factories with Advanced Equipment and Technology Guarantee the Supply of Top-Quality Used Car Products

The supply of ultra-large-scale high-quality used cars is inseparable from modernized recondition factories with suitable production capacity. Following the launch of our new Xi'an superstore, which is also the largest in Northwest China with a scale of up to 3,000 units, the "Transparent Factory 1.0" management system that Uxin has explored and developed for one and a half years has also been put into use. This system seamlessly integrates inspection, evaluation, and repair processes, while employing an extensive range of digital monitoring tools to streamline the entire operational management spectrum. Full-scale efficiency is enhanced by the system's intelligent workshop planning, real-time tracking of vehicle and material status, and authentic data on work hours and costs. By leveraging Uxin's Transparent Factory 1.0 system, we have established the most advanced reconditioning factory management system in China's used car industry.

Furthermore, we continue to update our reconditioning techniques, introduce the latest technologies such as 3D printing and SMART repair, and develop an integrated parts supply system. As a result, the recondition time and cost per vehicle have been further reduced. Compared to a year ago, the time it takes for each car to go from factory intake to shelf sale has dropped by 70%, taking an average of only 4 days.

2 Superstore's Focus on "People, Products, and Venues," Has Reshaped the Way Consumers Buy and Sell Used Cars, a Leapfrog Consumer Experience that Surpasses Traditional Marketplaces

For the majority of consumers in China, buying a used car can be a challenging and uncertain experience. Traditionally, the process involves visiting up to hundreds of shops scattered across a used car marketplace, searching for specific models, inspecting multiple vehicles, and haggling with various dealers over prices. Yet, this tedious process offers no guarantee of purchasing a reliable used car at a fair price or receiving adequate

after-sales support.

In the past year, Uxin has revolutionized the used car buying experience by embracing modern retail standards. Our superstores offer consumers a relaxed and enjoyable car buying experience, comparable to that of modern shopping malls. When customers step into our superstores, they will be greeted by a bright and spacious venue, filled with thousands of carefully selected exhibition vehicles. Our cars are conveniently displayed according to the modern retail shelf mode, making it easy to compare different models. We have implemented a scoring system based on the National Standard, ensuring clarity and ease of understanding. Customers can be certain that our prices are transparent, with no hidden fees. Beyond the traditional dealership experience, we provide a one-stop solution for all your needs, including financing, insurance, extended warranty, accessories upgrade, and other value-added services. To further enhance customers' convenience, we have an on-site Vehicle Administration Office, allowing customers to complete all transaction transfer procedures on the same day. This eliminates unnecessary delays and ensures a smooth and efficient process.

We are delighted to share that our superstores in Xi'an and Hefei have quickly become the go-to destinations for used car purchases in their respective cities. Within just one year of opening, we have established ourselves as the leading brand in local used car recognition. The positive word-of-mouth within the consumer group has created a network effect, attracting a steady stream of native traffic to our superstores.

3 Uxin's End-to-End Digital Decision-Making Forms a Highly Competitive Moat in Large-Scale Used Car Operations

Uxin's business process is managed on a per-vehicle basis, with the system's capacity built upon the singular vehicle dimension. Our proprietary "Drip Irrigation" system, like the irrigation practices in modern agriculture that cater to each individual crop, runs through every step of the used car transaction chain, from car acquisition, reconditioning, sales, and delivery to after-sales service. We make business decisions based on data at the vehicle level, which constitutes our core competitive advantage that sets us apart from traditional car dealerships.

Taking vehicle pricing as an example, Uxin has established an intelligent pricing model based on more than a decade of accumulated massive Chinese used car transaction data. The model determines the individual price of each vehicle based on its age, condition, mileage, color, and other parameters, while also considering factors such as customer demand, current inventory structure, offline test drive feedback, and real-time market conditions for dynamic adjustments. By continuously training relevance parameters and iterating the pricing system using large-scale actual transaction data, Uxin's initial pricing becomes more accurate, and the adjustment process becomes timelier. This leads to continuous improvement in sales efficiency, with the average time from listing to sale being less than 45 days.

As our sales volume increases, the number of parameters that can be input into the system also increases, enriching our price decision anchors and expanding the boundaries of our pricing capabilities. The flywheel effect of digital systems is scale-increasing, which is the key to continuously solidifying competitive advantages in our ultra-large-scale used car operation system and one of our important moats.

Over the past year, in addition to progress in our business, our financial situation has also improved towards long-term health. At the beginning of this year, we completed the restructuring and repayment of the 2019 convertible notes, effectively resolving the majority of historical debt and greatly optimizing the structure of our balance sheet. This allows us to better allocate resources to future business development. Furthermore, we have actively promoted cooperation with banks in supply chain financing, obtaining credit lines of approximately 300 million RMB from several reputable banks. These arrangements have facilitated the increased efficiency of our capital utilization. These efforts will support the achievement of our business plans for fiscal year 2024.

Looking ahead into the 2024 fiscal year, we will primarily focus on three key areas based on our current strategic planning:

First, the launch of our new flagship superstore in Hefei: We would like to inform everyone that the construction of the flagship superstore, which is jointly invested by us and the Hefei government, has entered the final stage of equipment and system calibration after one-and-a-half-year construction period. We plan to commence trial operations in August and have the grand opening within this calendar year. The new superstore has a total area of 450,000 square meters and consists of the world's most advanced used car reconditioning factory and the largest used car sales area, which can accommodate up to 10,000 vehicles for display and sale when reaching full capacity.

The Hefei flagship superstore serves as Uxin's central hub for our expansion plans in the used car industry, anchoring in Hefei but extending its reach across the Anhui province and facilitating sales nationwide. It is an important joint initiative for both Uxin and the local government of Hefei to promote the development of the

automotive aftermarket industry in Anhui province and build a leading brand in China's used car industry.

Secondly, achieving profitability of our superstores: After over a year of consistent development, Uxin's superstores have continuously improved sales efficiency, increased gross profit margin, and substantially improved overall cost structure. As a result, our gross profit margin is expected to exceed 6% for the first quarter of fiscal year 2024. Our mid-term gross margin target will be 10% or above. In the past few months, due to disturbances in the new car market, Uxin has maintained a prudent purchasing strategy and has not significantly increased inventory. Starting from August, we will accelerate the increase in vehicle inventory to generate more sales conversions. We have confidence in achieving positive EBITDA for the Xi'an and Hefei stores by the end of this year.

Thirdly, completing the expansion planning of 2-3 new superstores: Based on the proven success of Uxin's offline superstore model, we are actively strategizing for expansion into new regions. We aim to finalize the location selection and operational preparations for 2-3 new superstores to further enhance our regional coverage and branding, as well as improve synergy between cohesive online-and-offline sales networks. These efforts will lay a solid foundation for our business growth in the coming years.

The Chinese used car sector is vast with significant potential, and our tenacity will ensure our growth to be exponential. By upholding our commitment to value creation, we believe there are spectacular opportunities ahead to serve consumers in the used car business we are passionate about, and to generate greater returns for our shareholders, employees, and society at large.

Once again, I extend my deepest gratitude for your unwavering trust and support. I sincerely welcome you to visit our super stores to experience it firsthand, as well as explore our products and services on our mobile platform. We also look forward to achieving new milestones in the new fiscal year at Uxin.

Kun Dai

Chairman and Chief Executive Officer of Uxin

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