



## Uxin Fiscal Year Ended March 31, 2021 Annual Letter to Shareholders

July 30, 2021

Dear Shareholders,

On behalf of Uxin Limited, I would like to express my sincere appreciation for your longstanding trust and support.

In this annual shareholder letter, I am pleased to provide updates on our business performance and some of our achievements over the past twelve months. Uxin turned 10 years old in 2021, which is also a year of great significance for our company. In a challenging business environment reshaped by the COVID-19 pandemic, we completed a series of upgrades and adjustments to our business model. We remained true to our original mission and committed our efforts to creating long-term value for our customers by providing high quality and value-for-money used vehicles, and a full suite of car purchasing services.

We are pleased to record another solid performance for the quarter ended March 31, 2021. We delivered on our operational target set in the quarter ended December 31, 2020, despite a slower quarter in the Chinese domestic used car market due to the Chinese New Year holiday and constraints on our working capital. As you can see from our guidance for the quarter ended June 30, 2021, Uxin has returned to a solid growth trajectory following our successful transformation into an inventory-owning model.

In the past year, we faced the challenge of sustaining sufficient working capital for our operations. This also put significant pressures on our ability to continue as a going concern. Together, we overcame the pressing financial constraints and delivered some key achievements.

First of all, we have transformed our business into an inventory-owning model. The transformation into an inventory-owning model has enabled us to substantially enhance the quality of the vehicles we offer to our customers as we apply very strict inspection standards. This was a critical decision driven by the enormous pressure on our business from the combined impact of COVID-19 and severe capital constraints. We faced the challenges head on and successfully transformed the business with a stronger foundation of a much leaner and efficient operation. As a customer-centric company, we believe the key to creating customer value is to continuously improve on customer satisfaction. In a used car transaction, the key to customer satisfaction is to enhance vehicle quality and provide best-in-class after-sales services. Under an inventory-owning model, we can have better control over the quality of our vehicles. Since September 2020, our veteran team have acquired used cars in more than 40 cities across China, and only the ones that met our strict standards in terms of quality and value for money were added to our vehicle inventory.

Customers come first. In order to better implement our goal of improving customer satisfaction, we have been closely monitoring our sales net promoter score, or NPS, since the second quarter of 2020. Our committed efforts in the past year have generated some impressive results. We were happy to see that our NPS remained at 42 in the quarter ended March 31, 2021, the same as the previous quarter despite of the negative impact on vehicle deliveries during the Chinese New Year holiday. To put the much improved score in perspective, our NPS was only 10 when we just started to monitor this metric in the quarter ended June 30, 2020. Maintaining an industry high NPS of 42 for two consecutive quarters reflects the strong customer recognition of our premium quality used vehicles and services. It also demonstrates that we are heading in the right direction with our inventory-owning business model. Moving forward, we will conduct regular assessments and necessary improvements to our products and services based on customers' feedback, in order to provide the best-in-class car-purchasing experience in the industry.

After more than a year of effort, we divested our loan facilitation business and settled our remaining guarantee liabilities in July 2020. In order to meet our customers' financing need, we established new cooperation with financial institutions to provide third-party auto loan financing options which we no longer undertake any credit risks.

We also made sustained efforts to enhance our operational cost management and adjusted our organizational structure accordingly following our business model transformation. Meanwhile, we constantly refined every step in our business process in order to further boost our operational efficiency. In the first quarter of 2021, non-GAAP adjusted loss from continuing operations decreased by 40% to RMB98 million compared with the quarter ended December 31, 2020. In the next quarter, we expect our operational loss to further narrow down. So far, we have developed a set of refined operational models that we believe are well aligned with our business development. Even when our cash liquidity was tight, such operational models still allowed us to focus our resources and capital on creating long-term value for our customers.

Our first inspection and reconditioning center (IRC) in Xi'an was officially in operation in March 2021. As an important infrastructure part of our business transformation, IRC has been designed to service a range of functions including vehicle refurbishment, warehousing and exhibition. Establishing our own IRC allows us to have stronger control and management over the front end of our supply chain. In the past six months, we have optimized our business processes in relation to the IRC business. As our inventory of used vehicles increases, we are expecting better operating leverage driven by our investment in IRC.

During the quarter ended March 31, 2021, we expanded our sourcing of vehicles to individual car owners. This enriched our channels for sourcing high-quality vehicles, and allowed us to empower the supply chain with our expertise in used cars from the very beginning. We also established strict inspection standards, so only select premium vehicles that met our online retail requirements will be refurbished and featured on our proprietary online platform. Those that do not meet our standards to list and sell through our e-commerce platform will be sold to wholesalers through offline dealerships. Vehicle wholesale is an efficient channel to sell used cars. When our working capital was constrained, the wholesale vehicle sales business enabled us to accelerate cash flow while maintaining our penetration rate for the acquisition of premium used vehicles.

Recently, we have secured key financing, which we believe is a game changer for our business going forward. We were glad to onboard two prominent investors, NIO Capital and Joy Capital, who share the same respect for Uxin's business strategy, and have entered into definitive agreements for a total investment of up to US\$315 million into the company, which is consist of 150 million senior convertible preferred shares and 165

million warrants. We closed the first tranche of the financing transaction on July 12, 2021 and are on track to close the remaining tranches. The additional funding addressed the pressing working capital issue that we were faced with in the past twelve months. Going forward, we will remain committed to our current business model and strategic direction, and steadily expand our business network.

Like other great companies in the history, we believed that the temporary difficulties we have encountered were only going to make us stronger and more resilient. We will continuously expand our experience and learn from our successes and challenges even at the toughest times. In response to many factors, we made a few decisive but painful decisions and adjustments that we believe will benefit us in the long term. We understand that only when we genuinely place our customers at heart can we achieve sustainable development. We believe that our committed focus on the quality of our products and services will drive organic and sustained business growth in the long run.

I would like to thank all our customers for their continued trust and support even during our most difficult times.

I would also like to thank the entire Uxin team for their dedication, innovative spirit, positive work attitude, and for their strength and resilience over the years. With a strong customer-centric model, we were able to continuously steer the development of Uxin in the right direction.

Finally, I would like to thank all of our investors and shareholders for supporting Uxin's strategic transformation and their continued trust in our management team.

With the additional financing capital going forward, we believe a new exciting chapter for Uxin lies ahead.

We will continue to explore new opportunities to further unlock the potential of our IRCs. While maintaining the quality of our used vehicles and customer satisfaction, we will focus on expanding our vehicle inventory and boosting our efficiency on refurbishing used cars. With our comprehensive measures, we believe our production capacity and business scale will steadily increase. We are confident that our sustained efforts and investments will generate greater returns for our shareholders in the long term.

Kun Dai  
Chairman and Chief Executive Officer of Uxin