



Uxin Fiscal Year Ended March 31, 2022, Annual Letter to Shareholders

July 28, 2022

Dear Shareholders,

On behalf of Uxin Limited, I would like to express my sincere gratitude for everyone's constant trust and support. I am pleased to share the business highlights and achievements we have made in the fiscal year 2022 through this letter to our shareholders.

In my shareholder letter for fiscal year 2021, I elaborated on our growth strategy and business model transformation in order to provide our customers a hassle-free used car purchase experience with massive high-quality and value-for-money vehicle selections, as well as superior before-and-after sales services. Having successfully transitioned from a third-party commissioned-base model to an inventory-owning model, we opened Xi'an IRC, our first vehicle inspection and reconditioning center (IRC) as well as a warehouse-type superstore. Aiming at gaining reputation among customers, we began to adopt customer Net Promoter Score (NPS) as an indicator to evaluate consumer satisfaction levels. After one year, we have made significant progress in these areas despite COVID-19 pandemic and other challenges. As an e-commerce disruptor in China's used-car industry, we further strengthened our industry-leading position in quality used car offering, one-stop service, customer-centric experience, and social responsibility.

In the fiscal year 2022, we achieved our business goals for the year. Total transaction volume for the year was 15,755 units, representing an 49% year-over-year growth. Total retail transaction volume for the year was 5,211 units, maintaining sequential growth momentum in every quarter of the year. Total revenues were RMB1.64 billion, representing a strong 149% year-over-year growth. Our Xi'an IRC's operations were disrupted by COVID countermeasures in the fourth quarter, which is also the traditional used car off-season due to the Spring Festival holidays. However, we achieved a higher retail transaction volume as a result of the sales ramp-up in our Hefei IRC. While we still occasionally face COVID-related challenges, we are committed to executing our development plan and sustaining our growth momentum.

After building our first IRC in Xi'an, we opened our second IRC in Hefei in November 2021. This is the first phase of our Hefei IRC. The whole Hefei IRC is backed by our joint investment of RMB 2.5 billion with Hefei Changfeng government. Hefei is renowned for its booming auto industry with favorable policies, leading vehicle manufacturers, as well as mature upstream and downstream supply chains. Consolidating these resources, we plan to leverage our expertise and state-of-the-art technologies to recondition vehicles at a super large scale. The designed production capacity is expected to be between 60,000 and 100,000 units annually to ensure a stable and reliable supply of high-quality and cost-effective used cars. The project is progressing well, and the completion of the Hefei IRC will serve as a solid foundation for Uxin to gain customer trust and fuel its sustainable business growth in the long term.

In the past fiscal year, we have heavily invested in the refinement of our used car supply chain, especially in vehicles acquisitions, inspections, and reconditioning. We have established acquisition channels to purchase used cars from individual consumers, auction platforms, auto manufacturers, and car dealerships. Direct purchases from individual consumers accounted for more than 30% of our total acquired vehicles in the fourth quarter. The increasing proportion of such direct purchase allows us to further reduce our acquisition costs, which will ultimately enable us to offer more competitive pricing to our customers. As for vehicle inspections, we actively upgraded and optimized our inspection equipment and system powered by Check Auto, our national-patented used car inspection system, to ensure that our retail vehicles fulfill or surpass all National Standards. On the reconditioning front, we further streamlined workflows and introduced modern techniques to improve vehicle qualities with lower costs through economy of scale under our IRC operations. To maximize the end-to-end supply chain efficiency, we have developed an integrated information system covering the whole process from vehicle acquisition, inspection, and recondition, to sales and after-sales services.

In anticipation of the rising era of new energy vehicles (NEVs), Uxin is proactively expanding its business in this domain. Our used car offerings now cover multiple mainstream NEV brands including Tesla, NIO, Li Auto, XPeng, BYD, etc. We have proactively built vehicle acquisition channels and developed inspection, reconditioning, and service capabilities specially designed for used NEVs. Targeting on expanding existing service types, we are establishing strategic partnerships with NEV manufacturers, suppliers of spare parts, as well as NEV dealerships. With solid strategic and operational initiatives, Uxin is well prepared for the opportunities in the rising NEV market.

Based on our in-depth understanding of customers' used car purchasing behaviors in China, we have upgraded our sales channels from online only to an omni-channel approach. In 2018, we launched the Uxin Nationwide Online Shopping Mall, making us the first to offer one-stop online cross-region purchase services in the used car industry in China. After 4 years of operations, we managed to achieve best-in-class cross-region online transaction capabilities and experiences for our consumers. On top of our leading online model, we opened IRCs in Xi'an and Hefei, as a type of warehouse superstores, where regional customers can have a direct in-store experience through visiting, selecting, consulting, test-driving, and purchasing their favorite cars. Specifically, the first phase of our Hefei IRC is currently the largest self-owned used-car superstore in China, with a total floor area of nearly 100,000 square meters and a capacity for 2,500 retail vehicles with compact, midsize, and luxury models from 52 brands. Our Hefei and Xi'an IRCs and warehouse superstores have become famous and popular used car shopping destinations in their respective regions. Both stores have gained leading regional market shares that are still growing. The regional brand recognition and reputation among customers will further strengthen our credibility nationwide and boost our online sales.

Our commitment to providing high-quality vehicle products and superior customer services is paying off. We are now one of the most trusted used car brands in China. In the fourth quarter, our NPS increased by 45% year-over-year to 61, making it the sixth consecutive quarter with NPS improvements. We vigorously analyze and respond to customers' feedback in all aspects, from sales to delivery and after-sales services. We are encouraged by the NPS increase and will remain focused on its further improvements. Uxin believes that reputation among customers is the ultimate driver of sustainable and high-quality business growth.

Used car industry is an integral component of China's circular economy. The healthy circulation of used cars serves to extend the vehicle

lifecycles and maximize their residual values and plays a critical role in lowering production wastes, reducing disposal pollutions, and improving resources utilization. As an industry leader, Uxin takes the concept of environmental protection seriously and acts as a pioneer in energy conservation and emission reduction. In July 2022, we released our inaugural ESG report to highlight how we integrated sustainable development principles into our business planning, IRC design and construction, and daily operations. Uxin is determined to lead China's used car industry to evolve in a more socially responsible and green direction.

China's used car market is experiencing its golden age of growth. It is reported that China has become the world's largest auto market measured by vehicle units by 2021. Building on that, China's used car market is already massive with more than 17 million units sold in 2021, and has tremendous growth potential compared to developed markets. The used car industry has become a key area of focus to state regulators, who have introduced multiple supporting policies in the past 4 years. Notably, in July 2022, the Ministry of Commerce, together with 16 other state departments, published an official notice to stimulate auto circulation and consumption with comprehensive measures to facilitate cross-region registration and filing, regulate accounting treatments and invoice issuance, and remove restrictions on used car business operations. In 2021, government policies required the digitization of car documents and more than 300 cities have implemented electronic title transfer and registration. In 2020, the used car transaction value-add-tax was reduced from 2% to 0.5%. All these policies and initiatives demonstrated regulators' strong guidance to build a unified national market for used car transactions and promote strong-brand, large-scale, and compliant used car companies in the industry. We have been deeply rooted in the industry for over 11 years as a used car e-commerce company with nationwide coverage and regional market penetration. We believe that Uxin as a well-branded, super-large-scale, highly socially responsible company in the used car industry will fly well when the tailwind arrives.

In the new fiscal year 2023, Uxin will focus on the following three priorities. First, to significantly expand our brand recognition and credibility among customers to boost sales and market shares. We aim to gain more customers by enabling them to experience our products and services. Second, to further upgrade the end-to-end supply chain information system, AI pricing system, intelligent inventory management system, etc., at an individual vehicle level. Third, to continuously optimize operational efficiency to control cost and expenses with the ultimate target of profitability in the mid- to long-term.

Once again, I would like to thank our customers for their trust and every member in our Uxin family for their hard work. I am so grateful for the strong support from our shareholders and investors. We will stay committed and focused to shape the industry in the new era and deliver sustainable returns to our shareholders on our journey to high-quality growth.

Kun Dai

Chairman and Chief Executive Officer of Uxin