

话务员

女士们先生们，你们好。欢迎参加优信集团 2023 财年第三季度截止 2022 年 12 月 31 日业绩电话会议。现在，所有参会者处于接听模式下。在管理层事先准备的讲话之后，将会有有一个提问环节。请注意此次电话会将被录音。现在有请电话会主持人，Jack Wang。

Jack Wang -- 电话会主持人

谢谢话务员。大家好，欢迎参加优信集团 2023 财年第三季度截止 2022 年 12 月 31 日业绩电话会议。参加今天会议的有集团创始人兼首席执行官戴琨先生以及首席财务官林峰先生。戴琨首先会对本季度公司表现进行总结，之后林峰会详细讨论公司财务和预期，然后接受大家的提问。

我们正式开始前，我想提醒大家，本次电话会议可能包含前瞻性声明，这些声明本身具有风险和不确定性，可能导致实际结果与我们目前的预期不同。关于风险和不确定性的详细讨论，请参考我们向美国证券交易委员会提交的备案文件。下面有请我们的首席执行官戴琨先生。

Operator

Ladies and gentlemen, thank you for standing by and welcome to Uxin's earnings conference call for the quarter ended December 31, 2022. At this time, all participants are in a listen-only mode. After management's prepared remarks, there will be a Q&A session. Today's conference call is being recorded. If you have any objections, you may disconnect at this time. I would now like to turn the call over to your host for today's conference call, Mr. Jack Wang. Please go ahead, Jack

Jack Wang -- Speaker Host.

Hello, everyone. Welcome to Uxin's earnings conference call for the quarter ended December 31, 2022. On the call with me today we have DK, our founder and CEO, and John Lin, our CFO. DK will review business operations and company highlights followed by John who will discuss financials and guidance. They will both be available to answer your questions during the Q&A session that follows.

Before we proceed, I would like to remind you that this call may contain forward-looking statements, which are inherently subject to risks and uncertainties that may cause actual results to differ from our current expectations. For detailed discussions of the risks and uncertainties, please refer to our filings with the SEC.

Now with that, I will turn the call over to our CEO, DK, please go ahead, sir.

戴琨先生 -- 优信集团创始人兼首席执行官

Mr. Dai Kun -- Founder and CEO of Uxin Limited



谢谢主持人。大家好，很高兴跟各位投资者们再一次通过电话会的形式见面，感谢大家来参加我们的业绩电话会。为了方便和国内外投资者进行交流，我会用中英文形式与大家分享一下公司最新的进展。

我将先对过去这个季度的重点进行回顾，再与大家分享一些我们正在发力的方向和在最近市场行情中看到的变化。

2023 财年的第三季度，也就是 2022 年 10 到 12 月，整个疫情防控的情况非常严峻，对市场造成巨大的影响和波动。在这样的情况下，我们的整体零售销量依然达到 2,928 台，较去年同期增长 77%。

在过去的一个季度里，我们在对客户服务、供应链效率提升、成本管控三个方面持续投入，进一步增强优信二手车业务在行业中的竞争力。

Thanks, Jack. Hello everyone, and thank you for joining our earnings conference call today. To accommodate both domestic and international investors, I will provide an overview of our business progress in both English and Chinese.

I will start today' s call by reviewing the key focal points of our efforts this quarter, then share an update on the direction we are pursuing as well as the recent market trends.

During the third quarter of fiscal year 2023, from October to December 2022, the stringent COVID control measures created huge impacts and fluctuations in the market. Despite such impacts, our retail sales volume for the quarter reached 2,928 units, representing an impressive 77% year-over-year growth.

In the recent quarter, we have consistently directed our resources towards enhancing customer service, optimizing supply chain efficiency, and managing costs to reinforce the competitive edge of Uxin's used car business in the industry.

我们继续夯实固化对客户服务和客户体验的各项工作，消费者群体内的好口碑和认可度不断巩固。2022年10-12月我们的NPS分数为60，连续四个季度保持在60以上的行业最高的水平。这也充分说明，我们完善的待客之道，购车体验，车辆标准与品质，售后服务，已经形成可长期获得客户满意的产品服务体系。

在效率提升方面，我们以“小时”为单位对车辆流转的各个环节进行管理，缩短车辆在生产线上流转的时间。在进行标准工时设置落地和时效跟踪机制升级等一系列动作后，2022年底车辆入仓到上架的时间大概在6天左右，比去年同期缩短了50%。接下来，我们将继续优化工序设置，强化用工协同，自动化备件管理等工作，目标是打造行业最先进、全局效率最优的二手车再制造透明工厂。

As we persist in strengthening our customer service capabilities and improving the car-buying experience, our solid reputation and growing brand recognition among consumers continue to advance. From October to December 2022, our NPS score of 60 remained at the top level in the industry for four consecutive quarters. This achievement is a testament to our success in building a product and service system that effectively meets our customers' needs over a long period of time driven by our commitment to elevated hospitality, improved car-buying experience, and refined vehicle standards, quality, and after-sales services.

To further improve operation efficiency, we manage every step of vehicle circulation on an hourly basis and reduced the waiting time vehicles spend on the production line. By implementing a series of actions such as standardizing processing hours, and upgrading our dynamic time-tracking system, we were able to reduce the time from acquiring a used car to listing for sale to around 6 days by the end of 2022, a 50% reduction compared to the same period last year. Going forward, we will continue to optimize our production process, strengthen cross-team coordination, automate spare parts management, etc., Our goal is to create an industry leading transparent factory on used car reconditioning to maximize our production efficiency.

同时，我们狠抓精益生产的体系建设，细化管理颗粒度，系统性提升各环节的成本控制能力。我们设计开发出适配优信大规模二手车运营的滴灌管理系统，以单车为管理单元协同调配各项业务任务。这类似于现代农业中通过精细管道对每一颗农作物进行准确剂量灌溉的生产方式。我们根据每台车不同车价、车龄、车况、品牌等指标均衡制定整备任务，对所有的中间成本进行精细判断，实行单车个性化整备，大幅降低整备成本。

此外，上个季度电话会中已经和大家分享过，我们在 2022 年 12 月完成西安大卖场的升级改造，建成了中国西北地区最大的全自营二手车卖场。升级后的西安卖场由二手车再制造工厂和仓储式卖场两部分构成，具备检测整备、车辆展售、增值业务、车管服务等服务综合功能，是优信未来可规模化复制的标准卖场形态。从最近几个月的经营情况来看，西安卖场的运营已经驶上轨道：凭借在“人、货、场”三个方面相对于传统市场的全方位优势，销售转化率持续提升，完善便捷的一站式购车体验

At the same time, we are dedicated to fine-tuning our production management to systematically improve our cost control capabilities. For Uxin's super-large-scale used car operations, we have implemented a so-called drip-irrigation system that evaluates and assigns various tasks or actions to each individual car. This is similar to modern agricultural production where precise timing and dosage of irrigation are applied to each crop. This approach involves developing balanced reconditioning tasks for each vehicle based on factors such as price, mileage, condition, branding etc. By making precise judgments on all intermediate costs and implementing customized reconditioning solutions for each vehicle, we have substantially reduced our overall reconditioning costs.

Additionally, as mentioned in our previous earnings call, we upgraded and transformed our Xi'an superstore in December 2022, establishing it as the largest fully self-operated used car superstore in northwest China. The revamped Xi'an IRC features two components: a used car reconditioning factory and a warehouse-style superstore, offering comprehensive in-house services such as vehicle inspection, reconditioning, exhibition and sales, value-added services, and DMV services. This all-inclusive store model paves the way for large-scale replication in the future.

受到客户强烈好评。随着库存的逐步爬升，西安卖场将为我们带来越来越多的销量贡献。

在近期市场行情中，我们也确实观察到中国的防疫政策全面转向后，经济环境和消费信心正在复苏。同时，2023 年一季度，也就是我们财年的四季度，中国的车市经历了巨大的价格波动。1 月份开始，特斯拉首先大幅降价。我们的 AI 定价系统通过车型价格竞争力分析判断，像特斯拉这样标杆车型的降价会引发一系列的连锁反应。所以我们从 1 月份开始在整个季度中都实施了谨慎的采购策略，成功在 2-3 月份将因新车价格波动造成的影响降到了最小。

Recent months' performance data indicate that our Xi'an IRC operations are on track. Capitalizing on the all-encompassing advantages over traditional used car dealers, our sales conversion rate has consistently improved and our customers have highly recognized our convenient one-stop car buying experience. As we gradually build up its inventory, the Xi'an IRC will increasingly contribute to our sales growth this year.

Regarding the current market conditions, we have observed a recovery in the economic environment and consumer confidence since China eased its COVID policies. At the same time, the Chinese auto market has experienced significant price fluctuations in the first three months of 2023, which is our fourth quarter of the fiscal year 2023. Starting from January, Tesla was the first to announce a significant price reduction. Our AI pricing system analyzed the salability of vehicle prices and concluded that price reductions by bestseller models like Tesla would trigger a series of chain reactions and lead to price volatility. Therefore, we implemented prudent vehicle acquisition strategies throughout the quarter starting from January, successfully minimizing the impact caused by new car price volatility in February and March.

戴琨先生 -- 优信集团创始人兼首席执行官

Mr. Dai Kun -- Founder and CEO of Uxin Limited



伴随着 2023 年一季度的结束，4 月份我们看到车市已经逐渐企稳。凭借在过去一段时间里打造的好的口碑与品牌，更高的商业效率，更低的环节成本，我们很有信心在 2023 年内实现单卖场盈利，并为大家呈现长期高质量增长的销售业绩表现。

我今天的分享先到这边，接下来我们的 CFO，John，会为大家展示财务上的情况，有请 John。

In April, we noticed that the auto market has been stabilizing. Looking forward, with our solid reputation, growing brand recognition, improved business efficiency, and reduced production costs, we are confident in delivering sustained high-quality sales performance, and achieving profitability on a single store basis in the calendar year of 2023.

With that, I'd like to turn the call over to our CFO to walk you through the financial results. John, please.

林峰先生 - - 优信集团首席财务官

Mr. John Lin -- CFO of Uxin Limited



感谢 DK，大家好，因为同时有国内和国外的投资者参会，为了方便和大家交流，我们这次依然用中文和英文与大家分享公司 2023 财年第三季度，也就是 2022 年 10-12 月份的财务情况。

刚才 DK 也分享了，因为众所周知的疫情管控原因，我们在 10 月和 11 月的零售销量有所下滑。12 月第二周疫情管控放开后，尽管各地区相继进入传染高峰，对国内二手车市场整体带来了较大影响。但我们欣喜的看到，优信销售情况已经领先于市场迅速反弹，在 12 月的零售销量达到了 1,350 台，已经超过了疫情前的最高水平。

三季度零售销量达到了 2,928 台，仅比二季度下降 6%，较去年同期增长 77%，作为对比，中国二手车交易在 10-12 月份环比下降了 8%，同比下降了 12%。我们的平均售价从上个季度的 12.0 万元下降到本季度的 11.2 万元。整体看，零售收入总额 3.29 亿元，环比下降 12%，同比增长 41%。

Thank you, DK, and hello everyone. Since we have both domestic and foreign investors attending our call, our remarks will be delivered in both Chinese and English for everyone's convenience. Now, I will provide a closer look at our financial results from the third quarter of fiscal year 2023, which is the three months ended December 31, 2022.

As DK mentioned earlier, our retail sales from October through November were disrupted by strict COVID control measures. Although these measures were lifted in the second week of December, the used car market across different regions continued to face challenges due to the varying infection rates. However, we are delighted to report that our sales have made a remarkable rebound and are outpacing the industry in business recovery. In fact, in December alone, we retailed 1,350 units, surpassing our pre-pandemic record levels.

Our retail transaction volume was 2,928 units, only 6% lower than the second quarter and up 77% year-over-year. In comparison, the total used car transaction volume in China declined 8% sequentially and 12% year-over-year in the three months between October and December. Our average selling price declined from RMB120,000 in the previous quarter to RMB112,000 in this quarter. Overall, retail revenue totaled RMB329 million, down 12% sequentially and up 41% year-over-year.

本季度批售销量 1,969 台，环比下降 33%。在疫情管控期间不利的市场大环境下，我们采用谨慎的车源采购策略，对不符合零售标准的车辆定价更为谨慎，采购量下降。批售车辆的均价也从上季度的 8.1 万元下降到本季度的 6.7 万元。三季度批售总收入 1.32 亿元，较上季度环比下降 45%。

综合看本季度零售和批售的销售情况，本季度总收入 4.71 亿元，环比降低 24%，主要是批售收入下降导致，同比下降 7%。

本季度毛利率水平为 0.6%，较上一季度的 1.3% 下降。在市场下行的情况下，我们对部分销售时间较长车辆计提了减值，同时为加快库存周转，我们在 10-12 月通过一定的定价调整来加速高价车的周转，这些主动应对市场变化的动作使毛利仍处于一个较低的水平。我们预期从四季度起毛利率开始明改善，在未来一年内达到 5% 以上的水平。

Wholesale transaction volume was 1,969 this quarter, down 33% compared to the previous quarter. During the pandemic, we faced an unfavorable market environment and adopted a prudent vehicle sourcing strategy. We priced vehicles that did not meet retail standards more cautiously and reduced our vehicle acquisition volumes. As a result, the ASP of wholesale vehicles decreased from RMB81,000 in the previous quarter to RMB67,000 in this quarter. Our total wholesale sales revenue for the third quarter was RMB132 million, which represents a 45% sequential decline from the previous quarter.

Our total revenues, including both retail and wholesale, was RMB471 million, down 24% sequentially, primarily due to lower wholesale revenue. On a year-over-year basis, our total revenues decreased by 7%.

Gross margin for the quarter was 0.6%, down from 1.3% in the previous quarter. During the market downturn, we took proactive steps to refine our inventory structure. As a result, we recorded write-downs on some of our un-sold vehicles. We also implemented various pricing strategies to accelerate the turnover of high-priced vehicles between October and December. These actions in response to the changing market conditions had a short-term impact on our gross margin. Looking ahead, we expect to see improvements in our gross margin starting in the fourth quarter, and we anticipate that it will exceed 5% in the coming year.

林峰先生 - - 优信集团首席财务官

Mr. John Lin -- CFO of Uxin Limited



本季度运营费用总额与上季度相比降低 11%。在疫情期间我们对市场费用使用更加谨慎，公司业务在高速发展的过程中，我们会坚持的对费用支出实行严格管控，把降本增效的理念贯彻到日常管理中，使我们的业务模式在合理的投入成本产出水平上运行。

本季度的 Non-GAAP 运营亏损是人民币 8,560 万，比上个季度减少 690 万元。具体的财务数据请参见我们网上的业绩披露，这里我就不再重复具体数字了。但是和之前一样，我要再说一下本季度融资公允价值评估带来的非现金损益影响。由于股价变动导致 2021 年签署的融资协议里 warrants 公允价值变更，带来 150 万人民币的收入。这只是基于美国会计制度准则的财务处理，是一笔非现金的收入，并不反映公司的经营情况。

Total operating expenses for the quarter reduced by 11% from the previous quarter. As we navigated through the pandemic, we have taken a measured approach to our marketing expenses in order to manage our overall operating costs effectively. Even as our business grows rapidly, we remain committed to implementing cost reduction and efficiency improvement measures in our daily operations. This strategy will help us expand our business at an optimal ROI, while maintaining our focus on financial discipline.

Our non-GAAP adjusted loss from operations was RMB85.6 million, down RMB6.9 million from the previous quarter. The detailed financial statements were published in our earnings release online, so I will not repeat the numbers here. Same as before, there is a fair value impact related to our financing transactions. The changes in our stock price resulted in a gain of RMB1.5 million due to the fair value change of warrants related to the financing agreement we signed in 2021. This is a non-cash gain based on U.S. GAAP financial treatment and does not reflect our business operations.

林峰先生 - - 优信集团首席财务官

Mr. John Lin -- CFO of Uxin Limited



关于公司财务方面的重要进展，我们在 2019 年的时候同投资人进行了 2.3 亿美金的可转债融资，并在 2021 年进行了支付计划重组。我们很高兴的和各位投资人分享，我们已经在 3 月 31 日【注：现场口误，公司会后更正为 4 月 5 日】完成了所有剩余尾款总计 6,160 万美金的支付义务。可转债完全偿还后，公司的大额历史负债已经基本清除，资产负债结构大幅改善，使公司可以轻装上阵，将未来的资源专注投入到业务的发展上面。

同时，我们在 2022 年 6 月签署了 1 亿美金的融资协议，目前投资人已经累计完成了 8,000 万美金的出资义务，剩余的 2,000 万美金也会按照双方约定的支付计划完成。

关于 2023 财年四季度的业绩展望。2023 年春节在 1 月下旬，整个春节到元宵节是中国传统的假日季，前后约 3 周的时间是二手车交易的传统淡季。在 3 月的第二周，中国新车开始了大范围的降价潮，尽管新车实际成交价格并未显著降低，但购买二手车的潜在用户观望情绪严重。我们在 1-2 月维持稳健的采购策略，不跟风追高采购，库存结构的合理程度稳定提升。我

I'm also excited to share an update on our financial position. In 2019, we secured a \$230 million convertible note financing with our investors, and in 2021, we successfully restructured our payment plan. As of March 31 [Note: Misspoken on the call, Company has edited the date to April 5], we have fulfilled all remaining payment obligations totaling \$61.6 million. The successful payment completion of our convertible notes cleared most of our historical liabilities of large amounts while significantly strengthening our balance sheet structure, enabling us to further improve our financial flexibility and better focus our resources on future business development opportunities. In June 2022, we signed a \$100 million financing agreement with our investors. To date, our investors have successfully completed their payment of \$80 million, the remaining \$20 million will also be completed as per the agreed-upon payment schedule.

For the fourth quarter of fiscal year 2023. The Chinese New Year was on January 22nd, and the holiday season traditionally lasts until the Lantern Festival on February 5th, with the three weeks around it being an off-season for used car transactions. Additionally, we observed a widespread trend of price reductions for new cars in China in the second week of March, which has caused potential buyers to become more hesitant in purchasing used cars. Despite

们目前的库存零售水平较低，在售库存约 800 台左右，虽然较去年 11 月份的 2,400 台在售库存有明显降低，也显著降低了新车降价波动对优信的影响。我们整个四季度的销售周转效率继续改善，单车毛利也高于三季度。当然，低库存水平也限制了销量水平，四季度的整体零售销量会较三季度降低。

由于上述行业淡季叠加市场环境的影响，我们预计在 2023 财年第四季度，也就是 2023 年 1-3 月，整体销售情况相比于三季度下降：零售销量预计为 2,100 台，零售单车均价为 11.7 万元人民币；批售销量预计为 1,300 台，批售单车均价为 5.2 万元人民币。总销售收入，包含零售销售收入、批售销售收入和增值服务收入，预计在 3.1 亿人民币到 3.3 亿人民币之间。

the recent price fluctuations, we remained prudent in our vehicle acquisition strategies during January and February, enabling us to maintain a healthy and stable inventory expansion pace. Currently, our retail inventory level is relatively low, with approximately 800 units available for sale. In comparison, we had 2,400 used cars in our retail inventory in November 2022. The reduced size of our inventory helped to minimize the impact of new car price fluctuations on our business. Encouragingly, our sales turnover efficiency continued to improve, and achieved better margin profiles compared to the third quarter. However, the low inventory level restrained our sales performance, and we expect our retail sales in the fourth quarter to decrease compared to the third quarter.

Considering seasonal and market factors, we anticipate a decrease in transaction volume during the fourth quarter of fiscal year 2023, ended on March 31, 2023, compared to the previous quarter. We project that our retail transaction volume will reach approximately 2,100 units, with an anticipated ASP of RMB117,000 for retailed cars. Our wholesale transaction volume is expected to be around 1,300 units, with an ASP of approximately RMB52,000. Our total revenues, which include retail and wholesale vehicle sales revenue, as well as value-add-services revenue, are estimated to range between RMB310 million to RMB330 million.

林峰先生 - - 优信集团首席财务官

Mr. John Lin -- CFO of Uxin Limited



基于对第四季度的展望，2023 财年全年，也就是 2022 年 4 月 -2023 年 3 月，全年零售销量预计达到 10,500 台，同比增长 104%；批售销量预计为 9,300 台，同比降低 9%。总销售收入，包含零售销售收入、批售销售收入和增值服务收入，预计在 20.2 亿人民币到 20.4 亿人民币之间，全年同比上升 23%-25%。

这些就是我们今天准备的和大家分享的内容，谢谢各位。主持人，我们可以开始问答环节了。

In line with our fourth quarter outlook, we are now projecting that for the full fiscal year of 2023, which concluded on March 31, 2023, our retail transaction volume will reach approximately 10.5 thousand units, reflecting a year-over-year growth of 104%. Meanwhile, our wholesale transaction volume is anticipated to reach around 9.3 thousand units, representing a year-over-year decline of 9%. Furthermore, we estimate that our total revenues for the fiscal year, including retail vehicle sales revenue, wholesale vehicle sales revenue, and value-add-services revenue, will be in the range of RMB2.02 billion to RMB2.04 billion, representing an year-over-year increase of 23% to 25%.

This concludes our prepared remarks today. Operator, we are ready for questions.

Tom Kerr – Zacks 分析师

问题一：目前，新冠疫情对运营是否还有影响，特别是在两个 IRC 所在的城市？

戴琨先生- 优信集团创始人兼首席执行官

新冠疫情在去年 10-11 月对我们的影响比较大，不管是卖场的运营还是我们的车辆采购，物流运输，都因为严峻的防控形势受到中断。在 2022 年 12 月第二周防疫政策全面转向后，市场开始迅速开始反弹，目前新冠疫情对于我们运营已经完全没有影响。

Tom Kerr – Zacks 分析师

问题二：西安 IRC 的升级扩建是否已经 100% 完成？关于未来进一步升级有何计划？

Tom Kerr – Zacks Senior Equity Analyst

Are there any remaining Covid-19 issues, particularly in the regions where the two IRCs are?

Mr. Dai Kun -- Founder and CEO of Uxin Limited

From October to November in 2022, the COVID-19 pandemic significantly impacted our business, affecting everything from vehicle acquisition, to sales and logistics. However, since the second week of December 2022, when the epidemic prevention policies were lifted, the market has rebounded rapidly. As of now, COVID no longer poses any impact on our operations.

Tom Kerr – Zacks Senior Equity Analyst

Is the upgrade and buildout of the Xian IRC 100% complete at this point. Any plans for future upgrades?

戴琨先生- 优信集团创始人兼首席执行官

西安的 IRC 扩建已经 100% 完成了。作为中国西北最大的全自营二手车卖场，我们的展厅面积扩展到了 3000 台的容量，较之前增加了 5 倍。库存逐渐爬坡可以给客户提供更充分的选择，也会给优信带来相应的销售转化。随着西安 IRC 先进二手车再制造工厂的建设完成，我们也推出了更全面的售后维修服务，提供了丰富的车辆精品加装升级选择，充分满足购车用户的多样化需求。同时，我们也具备了将我们领先的二手车再制造能力向外部输出的条件。西安 IRC 是优信第一个完整的 full-functioned IRC 标准形态，从经营管理流程，服务体验标准，到业务支持系统，都已经具备了在其他城市复制的条件。

Mr. Dai Kun -- Founder and CEO of Uxin Limited

The expansion and upgrade of our IRC in Xi'an is now 100% complete. As the largest used car superstore in northwest China with 100% self-owned inventory, we have expanded our showroom capacity to 3,000 vehicles, which is five times larger than before. The increase in inventory will provide customers with a much wider selection, which will in turn drive our sales conversions. With the completion of our state-of-the-art used car reconditioning factory in Xi'an, we are now offering comprehensive after-sales maintenance services, and also providing an extensive selection of vehicle accessories, modifications, and upgrades to meet the diverse needs of our customers. On top of that, we are now capable of exporting our cutting-edge used car reconditioning capabilities externally. The Xi'an IRC is our first fully formed IRC and super-store with full functions. All of its operations, from management processes and service standards to business systems are now capable of being replicated in other cities.

在 4 月份车市行情企稳后，我们会逐步补充我们的库存车辆，库存的提升将为我们带来越来越多的销量贡献。同时，我们也会依照我们的战略规划和资金储备水平，稳健进行新的 IRC 的扩张，相关的计划也在同步推进中，将在合适的时候向大家披露具体进展。

戴飞 – 天风证券分析师

问题一：我关注到公司最近进行了 6160 万美金全部剩余可转债的清偿，请再具体说明一下这个事情的安排和对公司未来业务发展的影响？

As the auto market stabilizes in April, we will increase our inventory to drive sales growth. Simultaneously, we will continue the expansion of our IRC network in a steady pace, in accordance with our cash positions and strategic planning. Our expansion plans are already underway, and we look forward to updating everyone on our progress in due course.

Fei Dai – TF Securities Analyst

I see that company recently fully repaid US\$61.6 million convertible notes. Can you please provide more details on these arrangements, and its impacts on your future business developments?

林峰先生- 优信集团首席财务官

是的，我们最近发布了一个公告，主要是两个内容：一个是蔚来资本 2022 年 6 月与我们签订的 1 亿美金高级可转债认购协议，其中已经按计划累计到账 8000 万美金了。

另一个就是你提到的对 6160 万美金可转债剩余金额的清偿。我们在 2019 年进行了 2.3 亿美金的可转债融资，且后续进行了几次可转债重组，有总计 60% 的可转债转为了优信股份，剩余的分期支付，到此次偿还前总计剩余 6160 万美金待偿还。这也是截止 2023 年 3 月 31 日，公司单一最大金额的需要支付历史负债。公司经过对财务状况的综合评估，决定清偿所有 6160 万美金的剩余可转债债务，这给公司带来以下三个方面的好处。

Mr. John Lin -- CFO of Uxin Limited

Correct, we have recently issued an announcement with two major updates. Firstly, we have received \$80 million of the planned total of \$100 million from the subscription agreement of senior convertible preferred shares signed with NIO Capital in June 2022.

Secondly, as you asked, we have announced our full repayment of the remaining \$61.6 million convertible note balance. In 2019, we raised \$230 million through convertible note financing and underwent several restructurings. As a result, about 60% of the convertible notes were converted into Uxin's shares, while the remainder was to be paid in installments. As of March 31, 2023, this outstanding liability of \$61.6 million represented Uxin's largest historical debt. After comprehensive evaluations, we have decided to fully repay and clear the outstanding obligations from the convertible note, which will bring three significant benefits to our company.

首先，全部清偿剩余可转债后，我们资产负债表结构有了极大改善，公司未来需要支付的历史债务降低到了较低的水平，公司的经营安全性得到了极大提升，长期财务结构变得更加健康。

第二，可转债的完全清偿，为公司未来的潜在融资创造了更好的条件。未清偿的大额可转债，一直是公司潜在投资人的重大顾虑。在可转债全部清偿后，投资人对优信的投资风险显著降低，投资款可以专注投入到业务的发展上，而不是清偿历史债务。随着今年公司实现单仓盈利，可以用更好的状态进行资本市场的一系列规划。

Firstly, with the full repayment of the remaining convertible note, our balance sheet structure is greatly improved. After the payment, our historical debts that we need to pay in the future has been significantly reduced, which will enhance our financial safety, making the long-term financial structure of Uxin much healthier.

Secondly, the complete repayment creates better conditions for potential financing in the future. The outstanding convertible note had been a major concern for potential investors who are interested in the company. With the full repayment, the investment risk of Uxin has significantly decreased, allowing future investment funds to focus on our business development rather than debt repayment. Accompanied by our efforts to achieve profitability on a single store basis this year, this repayment will enable us to plan for a series of capital market initiatives from a more favorable position.

第三，可转债的清偿，为我们和金融机构的相关合作奠定了基础。目前，我们在同几家国内知名的金融机构大力推进供应链金融的多种合作，可转债的清偿扫清了我们之间的合作障碍。车辆采购，是优信商业模式中资金使用最多的环节，供应链金融的广泛落地，将显著减少公司在车辆采购过程中的自有资金占用。我们按业务计划进入新区域建立新卖场的时候，资金需求大幅降低。这样公司在业务拓展的节奏上有更大的弹性，可快可慢，也为我们的业务模式带来更高的投入产出回报。

Thirdly, the complete repayment has laid the foundation for our cooperation with domestic financial institutions. At present, we are actively collaborating with several well-known domestic financial institutions to implement various forms of supply chain financing partnerships. With the full repayment of convertible notes, it has cleared the way for smoother cooperation between us and financial institutions.

Vehicle acquisition is a capital-intensive process in our business model. With the implementation of supply chain financing, it will significantly reduce the need for our own cash in the vehicle acquisition process. As we continue to expand into new areas and establish new superstores in accordance with our business plans, our funding needs will be significantly reduced. This provides greater flexibility in our pace of business expansion, allowing us to move faster or slower as necessary, while simultaneously bringing a higher return on investment to our business model.

最后，我想和大家再说，优信是一家坚持长期主义的公司，优信的财务管理也匹配业务的发展目标有着长期的规划。这次融资款的到位和可转债的完全清偿，让我们可以在今后的征程中轻装上阵，为接下来的高质量发展带来新的推动力。

康凯 – 中信证券分析师

问题一：怎么看待 3 月初价格战对二手车市场的冲击？对于电动车和燃油车都相继开始价格战，我们的应对措施是什么？

Finally, I would like to emphasize that at Uxin, we prioritize sustained growth and long-term value. Our financial management is also strategically planned to align with our long-term business development goals. With the successful receipt of NIO Capital's investment and the full repayment of our convertible note, we can move forward with greater agility and fuel high-quality development in the future.

Kai Kang – CITIC Securities Analyst

How do you view the impact of price cuts in early March on the used car market? What are your strategies in response to price cuts on both electric and gasoline cars?

戴琨先生- 优信集团创始人兼首席执行官

这波车市的波动实际上从 1 月初特斯拉降价就已经有苗头了。当时整个二手车市场还处在疫情放开后的复苏行情中，总体上需求多，车源少，车商都在高价收车。直到 2 月份下旬，新车开始广泛出现大幅的降价，很多本来要买二手车的消费者便转为观望，市面上的库存二手车出现很大的周转压力，整个中国二手车行业都受到了较大的负面影响。

Mr. Dai Kun -- Founder and CEO of Uxin Limited

Market volatility began to surface in early January when Tesla announced a price reduction. At that time, the used car market was still recovering from the impact of COVID, with high demand and limited supply resulting in most used car dealers purchasing cars at higher prices. From late February, industry-wide new car price cuts started across various brands. Consumers who initially intended to buy used cars decided to adopt a wait-and-see approach, leading to turnover pressure on inventory in the used car industry and a notable impact on the market.

优信在这一轮新车价格波动中受到的影响有限，因为优信在大数据和信息系统上做经营决策，有严格的管理纪律。防疫放开后中国二手车行业迅速反弹，从 1 月和 2 月几乎所有二手车商都在高价收车。我们的 AI 定价模型实时对自有销售数据和市场外部数据进行扫描分析，在 1 月份对在库车辆进行同车型市场竞争力分析的时候，就得出了行情异常的判断。所以整个 2023 年的第一季度，我们都坚持实施了谨慎的采购策略，保持了较低的库存水平。在较低的库存规模和合理的库存结构下，控制了因新车价格波动造成的风险敞口，并将价格波动的影响降到最低。我们的一季度库存周转效率没有受到影响，且单车的利润贡献还有所提升。

We were minimally affected by the recent fluctuations in new car prices. We rely on our sophisticated big data analysis and information systems to make informed business decisions, which are guided by our strict management governance discipline. Following the easing of COVID restrictions, the Chinese used car market experienced a rapid recovery, with most used car dealers purchasing vehicles at elevated prices in January and February. However, our AI pricing model continually scanned and analyzed both internal and external market data, conducting vehicle competitive analysis versus the market, and came to a conclusion that current market acquisition price has deviated from its reasonable level. Following the analysis, we implemented a prudent vehicle acquisition strategy and maintained low inventory levels throughout the first three months of 2023. With a relatively low inventory scale and a reasonable inventory structure, we have controlled our risk exposure to fluctuations in new car prices and minimized the impact of price fluctuations. As such, our inventory turnover efficiency in the first three months of 2023 was not affected, and the profit contribution per vehicle has also increased.

我们在过去十一年多的经营数据中训练出来的 AI 定价能力，以及系统化的管理决策机制，在过去 2 年严峻的市场环境下经受了考验，也进一步增加了我们对优信业务模式和管理能力的信心，为接下来的业务拓展打下了坚实基础。

随着一季过去，我们在 4 月份已经看到车市逐步企稳，我们判断二手车市场今年基本不会再有前段时间那么大的波动。2023 年中国二手车整体还是会有 15% 左右的增长，在这个行业大趋势下，我们也将逐步提升库存，实现超行业水平的业绩增长。

Our AI pricing capabilities based on over 11 years of data, as well as our systematic decision-making mechanism have withstood the challenges of the market under extreme conditions especially in the past 2 years. This further bolsters our confidence in our business model and management capabilities and provides a solid foundation for our future business expansion.

Now that the first three months of 2023 have passed, we have observed that China's new and used car markets have been stabilizing since April. We anticipate that the rest of the year will not see the same level of volatility observed earlier this year. As such, we expect China's used car sales to grow by approximately 15% year-over-year in 2023. With this in mind, we plan to gradually increase our inventory and achieve a far higher growth rate than the industry average.

康凯 – 中信证券分析师

问题二：根据我们在西安和合肥的经验，我们的一个卖场从开业到盈亏平衡需要多长时间？刚在电话会中提到说 2023 年内单卖场要实现盈利，请具体说明一下实现单卖场盈利的发力点在哪里？

林峰先生– 优信集团首席财务官

经过过去两年的艰辛努力，优信单体自营卖场的运营管理体系和业务增长轨迹已经跑的比较清楚。我们在一个新区域建立新的卖场，从 0 开始投入运营到实现盈利，预计需要 12-18 个月的时间。我们目前可以做到当单卖场月零售销量在 1000 台左右时实现盈亏平衡。我们同时也在继续努力，争取通过对业务的进一步优化，可以在更低的销量水平下实现盈利。

Kai Kang – CITIC Securities Analyst

Based on our experience in Xi'an and Hefei, how long does it take for one of your stores to break even? You talked about single-store break-even earlier. What are your key plans to achieve that ?

Mr. John Lin -- CFO of Uxin Limited

After two years of hard work, we are now very clear about the management systems, operation specifics, and business growth trajectories of each of our IRCs and superstores. When we establish a new superstore in a new area, we expect it to take about 12 to 18 months from the initial launch to achieving profitability. Currently, we are able to achieve breakeven when the monthly retail sales volume of a single store reaches around 1,000 units. We are also continuing to optimize the business and strive to achieve profitability at even lower sales volumes.

我们今年的主要经营目标之一，就是在 2023 年内实现单卖场的盈亏平衡。具体的实现路径主要有以下三点：

第一是逐步增加库存，保持高销售周转，提升零售销量。前面 DK 讲到我们在 23 年的第一季度采取谨慎收车的策略以降低行情波动带来的负面影响，所以目前卖场的在售库存处在一个比较低的水平，但是我们的销售周转在不断提高。从 4 月份开始，我们会逐步提升库存，在保持高销售周转的基础上，使单仓月零售销量达到 1000 台水平。在 22 年 9 月份的时候，我们合肥单卖场的零售销量就接近 1000 台，今年在同样甚至更低的销量水平下，合肥单卖场就可以实现盈亏平衡。

One of our main business objectives this year is to achieve break-even on a single-store basis. To achieve this, we have identified three key areas of focus.

Firstly, we plan to increase our inventory levels while maintaining high sales turnover to boost retail transaction volume. As DK mentioned earlier, in the first three months of 2023, we adopted a prudent acquisition strategy to minimize the negative impact of market fluctuations. As a result, our in-store inventory levels are currently relatively low. However, our sales turnover has been steadily increasing in the first three months of 2023. Starting from April, we will gradually ramp up our inventory and aim to achieve a monthly retail sales volume of 1000 units per store, while maintaining high sales turnover. In September 2022, our Hefei superstore had achieved 1000 retail sales. If similar or even lower retail sales is achieved in 2023, our Hefei superstore would break even and started to generate profit.

第二是进一步提升单车收入的毛利水平。我们在近期的销售中明显发现，优信的产品力，服务力和品牌力在行业中的竞争优势已经更好的体现出来，我们的车辆销售的毛利开始明显提升。同时，随着新卖场开业和整备工厂建设完成，我们的增值服务，比如金融、保险、售后维修、汽车配件升级等毛利较高业务的开展，会逐步提升我们来自增值服务的收入和毛利贡献。

The second area of focus is to further increase the gross margin of each vehicle we sell. In the past months, we have observed that our advantages in product strength, service quality, and branding power have resulted in a notable increase in our gross profit from vehicle sales. Additionally, with the opening of our new superstore and the completion of our advanced reconditioning factory, we will gradually grow our revenue and gross profit contribution from high-margin value-added services such as vehicle financing, insurance, after-sales maintenance, accessories upgrades, and others.

第三是持续推进精益管理，坚持降本增效。我们将不断优化业务和管理流程，提升数字化系统的支持能力，引进运用先进的二手车再制造技术，全方位的降低业务成本，提升管理效率，以保障在单卖场可以在月销量 1000 台或者更低水平时实现盈利。

刚才 DK 也和大家分享了，我们对于 2023 年内实现单卖场盈利是很有信心的，请大家看我们的经营表现，谢谢。

Thirdly, we will continue our drive for lean management and maintain our focus on cost reduction and efficiency improvement. We will continually refine our business and management processes, enhance our digital systems, incorporate cutting-edge used-car reconditioning technologies, and reduce operational costs across all aspects of our business. By doing so, we will improve our management efficiency to ensure that each of our store can achieve profitability at a monthly sales volume of 1000 vehicles or lower.

As DK shared earlier, we are very confident in our ability to achieve single-store profitability by 2023. Stay tuned for our performance in achieving this goal. Thank you.