



SENMIAO TECHNOLOGY

N A S D A Q : A I H S

Senmiao Technology Reports Fiscal 2021 Third Quarter Financial Results, Provides January 2021 Operating Metrics

CHENGDU, China, February 16, 2021 -- Senmiao Technology Limited ("Senmiao") (Nasdaq: AIHS), a provider of automobile transaction and related services targeting the online ride-hailing industry in China as well as its own online ride-hailing platform, today announced financial results for the fiscal 2021 third quarter ended December 31, 2020.

Management Commentary

Xi Wen, Chairman, Chief Executive Officer and President of Senmiao, stated, "During our fiscal third quarter, we were excited to launch Senmiao's own online ride-hailing platform, first in Chengdu in October and in Changsha in December 2020. Our platform has helped facilitate over 2.2 million rides since launch, and we are very optimistic about the growth opportunities we see in this business, particularly given the new strategic cooperation we have with various reputable technology and consumer brands in China, including Gaode Map, Meituan, and Chengdu Xingchong, a subsidiary of Star Charge. These partnerships will not only increase our exposure to an expanded customer audience but will also help drive our geographic growth in the years to come."

Mr. Wen continued, "We are pleased to have achieved sequential top line revenue growth during our third quarter for the second straight period, evidencing growth in our ride-hailing focused businesses. With the significant changes we have made to our business model and new partnerships forged over the course of the past year, we believe we have a tremendous growth opportunity in front of us. In that regard, we recently completed a registered direct offering for aggregate gross proceeds of \$7.0 million, which we intend to use toward executing our strategic growth initiatives."

Financial Review

Revenues

Total revenues were \$1,638,550 for the quarter ended December 31, 2020, compared to \$2,745,579 in the same period last year and \$1,390,396 for the quarter ended September 30, 2020. The decline from the same period of the prior year was largely due to the impact of COVID-19, which resulted in a significant decrease in the number of facilitated new automobile purchases and a significant number of ride-hailing drivers exiting the ride-hailing business and tendering their vehicles to Senmiao for sublease and sale.

As the ride-hailing markets in Chengdu and Changsha have gradually recovered from the impact of COVID-19 beginning in April 2020, Senmiao also experienced a decrease in the number of



automobiles tendered to it by the ride-hailing drivers exiting the business during the quarter ended December 31, 2020 as compared with prior quarters.

Monthly installments collected from automobile sale and leasing customers in the three months ended December 31, 2020, remained stable when compared to the three months ended September 30, 2020. Earlier in 2020, a higher number of ride-hailing drivers delayed their monthly installment payments as a result of the COVID-19 pandemic. However, Senmiao has seen a gradual improvement in collections through the end of 2020 and into 2021.

Senmiao strategically shifted its business focus to include automobile rental options for ride-hailing drivers as a measure of creating additional revenue. The automobile rental business generated revenue of \$939,645 for the quarter ended December 31, 2020.

As the ride-hailing industry in China continues to recover, and with Senmiao's recent partnerships and proactive measures to address the changing market conditions, Senmiao expects revenue to increase in the fourth quarter of its fiscal year 2021 and in subsequent periods.

Cost of Revenues

Cost of revenues was \$1,793,815 for the quarter ended December 31, 2020, compared to \$1,901,405 during the same period last year. The decline was primarily due to the decrease in the number of automobiles sold, partially offset by a \$1,205,826 increase in costs of automobiles under operating leases and \$396,965 in direct expense and technical service fees of online ride-hailing platform services, as a result of the commencement and expansion of those two businesses.

Gross Profit (Loss)

Gross loss was \$155,265, or approximately 9.5% negative gross margin, for the quarter ended December 31, 2020, compared to gross profit of \$844,174, or approximately 30.7% gross margin, in the prior-year period, due to the decreased number of facilitated new automobile purchases.

Selling, General and Administrative Expenses

Selling, general and administrative expenses were \$2,401,250 for the quarter ended December 31, 2020, compared to \$1,240,213 during the same period last year. The SG&A increase mainly consisted of an increase of \$413,072 in amortization of automobiles which were tendered to Senmiao but have not been sub-leased or sold, an increase of \$391,106 in salary and employee benefits as Senmiao's employees increased from 158 to 201, an increase of \$152,235 in professional service fees such as financial, legal and market consulting, and an increase of \$204,624 in advertising and promotion, rental and other office expenses.



SENMIAO TECHNOLOGY

N A S D A Q : A I H S

Net Loss

Net loss from Senmiao's continuing operations for the quarter ended December 31, 2020 was \$3,673,892, compared to \$962,700 for the quarter ended December 31, 2019, which was primarily the result of the decrease in revenue and gross profit and increase in selling, general and administrative expenses as stated above, as well as an increase of \$545,443 in the change of the fair value of derivative liabilities recorded for the three months ended December 31, 2020.

Loss per Share

Loss per share for continuing operations was approximately \$0.07 based on a weighted average number of basic and diluted common stock of 43,822,321, compared to approximately \$0.03 based on a weighted average number of basic and diluted common stock of 28,825,281.

Financial Position

As of December 31, 2020, Senmiao had cash and cash equivalents of \$3,537,630, compared to \$833,888 as of March 31, 2020 for its continuing operations. Total stockholders' equity was \$739,755 as of December 31, 2020, compared to \$1,472,357 as of March 31, 2020.

Subsequent to the end of the quarter (on February 10, 2021), Senmiao closed a registered direct offering of an aggregate of 5,072,465 shares of common stock at a price of \$1.38 per share for aggregate gross proceeds of \$7.0 million. Senmiao has approximately 49.3 million common shares outstanding after the offering.

Impact of COVID-19

With a local outbreak reported in Chengdu in mid-December 2020, the COVID-19 pandemic continued to have an adverse effect on Senmiao's business operations, financial condition and operating results in the quarter ended December 31, 2020, including but not limited to a decrease in revenues from its online ride-hailing services. However, as the ride-hailing market in Chengdu has recovered from the impact of COVID-19 and with the launch of its online ride-hailing platform in Changsha, Senmiao expects its business to continue to improve in the remainder of its current fiscal year ending March 31, 2021.

Further information regarding Senmiao's results of operations for the quarter ended December 31, 2020 can be found in Senmiao's Quarterly Report on Form 10-Q, which will be filed with the Securities and Exchange Commission.



SENMIAO TECHNOLOGY

N A S D A Q : A I H S

Operating Metrics for January 2021 – Over 910,000 Completed Rides on Senmiao’s Ride-Hailing Platform

Since its launch in Chengdu in October 2020 and in Changsha in December 2020, over 2.2 million rides have been completed using Senmiao’s online ride-hailing platform, including over 910,000 rides during January 2021. The growth rate of the number of completed orders and drivers completing rides and earning income via the platform (known as Active Drivers) from December 2020 to January 2021 was approximately 47% and 65%, respectively.

Senmiao has seen a significant increase in the number of rides and Active Drivers following its strategic cooperation with Gaode Map and Meituan, two well-known ride-hailing aggregation platforms in China. Senmiao continued to see strong adoption of its platform in Changsha since its launch in late December 2020.

The table below presents approximate, unaudited operating metrics of Senmiao’s online ride-hailing platform since its launch in October 2020.

	Completed Orders (Approximate, in thousands)	Total Fares Paid by Riders (Approximate, \$ in thousands USD)	Active Drivers (Approximate)
October 2020	161	531	1,800
November 2020	537	1,646	3,400
December 2020	620	1,862	5,000
January 2021	910	2,626	8,300
Cumulative	2,228	6,665	N/A

In addition, as of January 31, 2021, approximately 32% of Active Drivers also lease automobiles from Senmiao, which demonstrates early results from Senmiao’s strategy to cross sell its core ride-hailing focused automobile finance and leasing business with the newer ride-hailing business.

About Senmiao Technology Limited

Headquartered in Chengdu, Sichuan Province, Senmiao provides automobile transaction and related services including sales of automobiles, facilitation and services for automobile purchase and financing, management, operating lease, guarantee and other automobile transaction services aimed principally at the growing ride-sharing market in Senmiao’s areas of operation in China. Senmiao also operates Xixingtianxia, its own proprietary online ride-hailing platform. For more information about Senmiao, please visit: <http://www.senmiaotech.com>.



SENMIAO TECHNOLOGY

N A S D A Q : A I H S

Cautionary Note Regarding Forward-Looking Statements

This press release contains forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995. These forward-looking statements (including statements concerning the development of Senmiao's automobile transaction, financing, rental and related services and online ride-hailing platform, the Chinese ride-hailing and automobile financial leasing markets, Senmiao's plans, objectives, goals, strategies, and performance, and the impact of COVID-19 on Senmiao's business), as well as the assumptions such statements and other statements that are not statements of historical facts are subject to significant risks, uncertainties and assumptions, including those detailed from time to time in the Senmiao's filings with the SEC, and represent Senmiao's views only as of the date they are made and should not be relied upon as representing Senmiao's views as of any subsequent date. Senmiao undertakes no obligation to publicly revise any forward-looking statements to reflect changes in events or circumstances.

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**SENMIAO TECHNOLOGY**

N A S D A Q : A I H S

SENMIAO TECHNOLOGY LIMITED
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(Expressed in U.S. dollar, except for the number of shares)

	<u>December 31,</u> <u>2020</u>	<u>March 31,</u> <u>2020</u>
ASSETS		
Current assets		
Cash, and cash equivalents	\$ 3,537,630	\$ 833,888
Restricted cash	5,190	-
Accounts receivable, net, current portion	1,165,695	660,645
Inventories	428,503	1,000,675
Finance lease receivables, net, current portion	672,960	459,110
Prepayments, other receivables and other assets, net	2,906,688	2,798,780
Due from related parties	69,099	26,461
Current assets - discontinued operations	490,235	826,580
Total current assets	9,276,000	6,606,139
Property and equipment, net		
Property and equipment, net	1,104,104	469,201
Property and equipment, net - discontinued operations	7,884	11,206
Total property and equipment, net	1,111,988	480,407
Other assets		
Operating lease right-of-use assets, net	398,563	473,661
Operating lease right-of-use assets, net, related parties	358,850	236,305
Financing lease right-of-use assets, net	5,697,293	5,440,362
Intangible assets, net	979,000	777,621
Goodwill	145,954	-
Accounts receivable, net, non-current	448,658	882,078
Finance lease receivables, net, non-current	501,250	734,145
Total other assets	8,529,568	8,544,172
Total assets	\$ 18,917,556	\$ 15,630,718
LIABILITIES AND EQUITY		
Current liabilities		
Borrowings from financial institutions	\$ 426,715	\$ 226,753
Accounts payable	238,871	4,065
Advances from customers	153,185	90,349
Income tax payable	25,899	16,267
Accrued expenses and other liabilities	4,772,208	2,008,391
Due to related parties and affiliates	168,837	152,679
Operating lease liabilities	142,245	149,582
Operating lease liabilities - related parties	211,622	151,655
Financing lease liabilities	5,103,911	3,473,967
Derivative liabilities	1,043,430	342,530
Current liabilities - discontinued operations	2,627,510	4,516,292
Total current liabilities	14,914,433	11,132,530
Other liabilities		
Borrowings from financial institutions, non-current	47,456	64,221
Operating lease liabilities, non-current	202,408	297,167
Operating lease liabilities, non-current - related parties	179,021	88,349
Financing lease liabilities, non-current	2,789,337	2,576,094
Deferred tax liability	45,146	-
Total other liabilities	3,263,368	3,025,831

**SENMIAO TECHNOLOGY**

N A S D A Q : A I H S

**SENMIAO TECHNOLOGY LIMITED
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(CONTINUED)****(Expressed in U.S. dollar, except for the number of shares)**

	<u>December 31,</u> <u>2020</u>	<u>March 31,</u> <u>2020</u>
Total liabilities	<u>18,177,801</u>	<u>14,158,361</u>
Commitments and contingencies		
Stockholders' equity		
Common stock (par value \$0.0001 per share, 100,000,000 shares authorized; 44,201,052 and 29,008,818 shares issued and outstanding at December 31 and March 31, 2020, respectively)	4,420	2,901
Additional paid-in capital	34,793,916	27,013,137
Accumulated deficit	(30,947,104)	(23,704,863)
Accumulated other comprehensive loss	(741,183)	(507,478)
Total Senmiao Technology Limited stockholders' equity	<u>3,110,049</u>	<u>2,803,697</u>
Non-controlling interests	(2,370,294)	(1,331,340)
Total equity	<u>739,755</u>	<u>1,472,357</u>
Total liabilities and equity	<u>\$ 18,917,556</u>	<u>\$15,630,718</u>

**SENMIAO TECHNOLOGY**

N A S D A Q : A I H S

SENMIAO TECHNOLOGY LIMITED
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Expressed in U.S. dollar, except for the number of shares)

	For the Three Months Ended December 31,		For the Nine Months Ended December 31,	
	2020	2019	2020	2019
Revenues	\$ 1,638,550	\$ 2,745,579	\$ 4,175,862	\$ 13,643,429
Cost of revenues	(1,793,815)	(1,901,405)	(3,588,586)	(10,632,901)
Gross profit	(155,265)	844,174	587,276	3,010,528
Operating expenses				
Selling, general and administrative expenses	(2,401,250)	(1,240,213)	(7,110,884)	(3,258,161)
Bad debts (expenses) Recovery, net	187,907	(99,025)	106,835	(228,249)
Impairments of long-lived assets	(41,983)	-	(122,206)	-
Total operating expenses	(2,255,326)	(1,339,238)	(7,126,255)	(3,486,410)
Loss from operations	(2,410,591)	(495,064)	(6,538,979)	(475,882)
Other income (expense)				
Other income (expense), net	(72,586)	(37,636)	56,795	(53,364)
Interest expense	(2,158)	(17,248)	(37,698)	(79,593)
Interest expense on finance leases	(150,227)	-	(587,457)	-
Change in fair value of derivative liabilities	(1,030,843)	(485,400)	(1,443,784)	1,509,406
Total other income (expense), net	(1,255,814)	(540,284)	(2,012,144)	1,376,449
Income (Loss) before income taxes	(3,666,405)	(1,035,348)	(8,551,123)	900,567
Income tax benefits (expenses)	(7,487)	72,648	(14,464)	(32,950)
Net income (loss) from continuing operations	(3,673,892)	(962,700)	(8,565,587)	867,617
Net loss from discontinued operations, net of applicable income taxes	(572)	(4,399,236)	(78,351)	(5,593,627)
Net loss	(3,674,464)	(5,361,936)	(8,643,938)	(4,726,010)
Net loss (income) attributable to non-controlling interests from continuing operations	593,452	34,769	1,401,697	(89,264)
Net loss attributable to stockholders	\$ (3,081,012)	\$ (5,327,167)	\$ (7,242,241)	\$ (4,815,274)
Net loss	\$ (3,674,464)	\$ (5,361,936)	\$ (8,643,938)	\$ (4,726,010)
Other comprehensive income (loss)				
Foreign currency translation adjustment	(61,953)	206,432	(215,452)	(253,983)
Comprehensive loss	(3,736,417)	(5,155,504)	(8,859,390)	(4,979,993)
Total comprehensive income (loss) attributable to noncontrolling interests	(252,130)	30,015	(1,038,954)	28,467
Total comprehensive loss attributable to stockholders	\$ (3,484,287)	\$ (5,185,519)	\$ (7,820,436)	\$ (5,008,460)

**SENMIAO TECHNOLOGY**

N A S D A Q : A I H S

SENMIAO TECHNOLOGY LIMITED
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(CONTINUED)

(Expressed in U.S. dollar, except for the number of shares)

	<u>For the Three Months Ended December 31,</u>		<u>For the Nine Months Ended December 31,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Weighted average number of common stock				
Basic and diluted	43,822,321	28,825,281	36,906,608	27,733,885
Earnings (loss) per share - basic and diluted				
Continuing operations	\$ (0.07)	\$ (0.03)	\$ (0.19)	\$ 0.03
Discontinued operations	\$ (0.00)	\$ (0.15)	\$ (0.00)	\$ (0.20)

**SENMIAO TECHNOLOGY**

N A S D A Q : A I H S

SENMIAO TECHNOLOGY LIMITED
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in U.S. dollar, except for the number of shares)

	For the Nine Months Ended December 31,	
	2020	2019
Cash Flows from Operating Activities:		
Net loss	\$ (8,643,938)	\$ (4,726,010)
Net loss from discontinued operations	(78,351)	(5,593,627)
Net income (loss) from continuing operations	(8,565,587)	867,617
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization of property and equipment	175,884	82,672
Stock compensation expense	445,000	-
Amortization of right-of-use assets	3,119,274	89,095
Amortization of intangible assets	59,209	197
Provision (recovery) for doubtful accounts	(106,835)	228,249
Impairment loss of financing lease right-of-use assets	122,206	-
Loss (gain) on disposal of equipment	(420)	4,593
Change in fair value of derivative liabilities	1,443,784	(1,509,406)
Change in operating assets and liabilities		
Accounts receivable	227,174	(2,985,722)
Inventories	226,852	(72,278)
Prepayments, other receivables and other assets	137,701	(1,226,099)
Finance lease receivables	113,911	(1,146,021)
Accounts payable	174,160	55,464
Advances from customers	52,453	29,693
Income tax payable	7,847	5,860
Accrued expenses and other liabilities	2,223,905	548,545
Operating lease liabilities	(132,885)	(80,297)
Operating lease liabilities - related parties	68,326	-
Net cash used in operating activities from continuing operations	(208,041)	(5,107,838)
Net cash used in operating activities from discontinued operations	(1,578,633)	(1,896,242)
Net Cash used in Operating Activities	(1,786,674)	(7,004,080)
Cash Flows from Investing Activities:		
Purchases of property and equipment	(199,896)	(414,958)
Prepayment of intangible assets	-	(470,000)
Cash acquired from acquisition of XXTX, net of cash paid to XXTX ¹	7,975	-
Net cash used in investing activities from continuing operations	(191,921)	(884,958)
Net cash provided by (used in) investing activities from discontinued operations	(2,258)	1,822
Net Cash Used in Investing Activities	(194,179)	(883,136)
Cash Flows from Financing Activities:		
Net proceeds from issuance of common stock in registered direct offering	-	5,142,124
Net proceeds from issuance of common stock and warrants in an underwritten public offering	6,098,297	-
Net proceeds from issuance of common stock upon warrants exercised	496,117	111
Borrowings from financial institutions	508,275	-
Repayments to stockholders	-	(90,000)
Repayments to third parties	-	(459,635)
Borrowings from related parties and affiliates	-	555,616
Repayments from related parties	-	27,577
Repayments to related parties and affiliates	(213,342)	(1,554,423)
Repayments of current borrowings from financial institutions	(354,504)	(129,698)
Release of escrow receivable	-	600,000
Principal payments of finance lease liabilities	(1,771,214)	-
Net cash provided by financing activities from continuing operations	4,763,629	4,091,672

¹ XXTX is the entity associated with Senmiao's Xixingtianxia ride-hailing platform.

**SENMIAO TECHNOLOGY**

N A S D A Q : A I H S

**SENMIAO TECHNOLOGY LIMITED
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(CONTINUED)****(Expressed in U.S. dollar, except for the number of shares)**

	For the Nine Months Ended December 31,	
	2020	2019
Net cash provided by (used in) financing activities from discontinued operations	(167,315)	154,103
Net Cash Provided by Financing Activities	4,596,314	4,245,775
Effect of exchange rate changes on cash, cash equivalents and restricted cash	83,332	(196,028)
Net increase (decrease) in cash, cash equivalents and restricted cash	2,698,793	(3,837,469)
Cash, cash equivalents, and restricted cash, beginning of period	844,027	5,020,510
Cash, cash equivalents, and restricted cash end of period	<u>3,542,820</u>	<u>1,183,041</u>
Less: Cash, cash equivalents, and restricted cash from discontinued operations	-	(9,520)
Cash, cash equivalents, and restricted cash from continuing operations, end of period	<u>\$ 3,542,820</u>	<u>\$ 1,173,521</u>
Supplemental Cash Flow Information		
Cash paid for interest expense	\$ 35,419	\$ 79,593
Cash paid for income tax	\$ -	\$ -
Non-cash Transaction in Investing and Financing Activities		
Recognition of right-of-use assets and lease liabilities	\$ 3,145,506	\$ 957,472
Acquisition of equipment through prepayment and financing lease	\$ 540,968	\$ -
Allocation of fair value of derivative liabilities for issuance of common stock proceeds	\$ (241,919)	\$ 3,150,006
Allocation of fair value of derivative liabilities to additional paid in capital upon warrants exercised	\$ 984,803	\$ 1,010,752
Acquisition of XXTX with payables	\$ 314,290	\$ -
Goodwill recognized in acquisition of XXTX	\$ 145,954	\$ -