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NEW ORIENTAL EDUCATION & TECHNOLOGY GROUP INC.

新东方教育科技(集团)有限公司*

(continued in the Cayman Islands with limited liability)

(Stock Code: 9901)

**UNAUDITED FINANCIAL RESULTS FOR
THE SIX MONTHS ENDED NOVEMBER 30, 2021**

We hereby announce our unaudited results for the six months ended November 30, 2021 (the “**Interim Results**”). This announcement is provided to our shareholders as our interim report for the six months ended November 30, 2021 under Rule 13.48(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Interim Results are available on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and our website (<http://investor.neworiental.org/>).

By order of the Board

New Oriental Education & Technology Group Inc.

Mr. Michael Minhong Yu

Chairman

Beijing, China, February 22, 2022

As at the date of this announcement, the board of directors of the Company comprises Mr. Michael Minhong Yu, Mr. Chenggang Zhou and Mr. Louis T. Hsieh as directors and Mr. Robin Yanhong Li, Mr. Denny Lee and Mr. John Zhuang Yang as independent directors.

* *for identification purposes only.*

Explanatory Note

New Oriental Education & Technology Group Inc. (“**New Oriental**” or the “**Company**”) (NYSE: EDU and SEHK: 9901), a provider of private educational services in China, today announced its unaudited financial results for the six months ended November 30, 2021 and provided business updates.

The Company has ceased its tutoring services related to academic subjects to students from kindergarten through grade nine (“**K-9 Academic AST Services**”) in all of its learning centers in China. The cessation of its K-9 Academic AST Services has had a substantial adverse impact on the Company’s revenues for the six months ended November 30, 2021. In addition, the Company has incurred considerable costs and expenses in connection with the termination of its lease agreements in relation to the closure of its learning centers and employee layoffs for the six months ended November 30, 2021.

The Company has shifted, and will continue to, shift its focus towards educational products and services that are not related to K-9 Academic AST Services, such as its test preparation courses, language training courses for adults and educational materials, and explore other business opportunities by leveraging its brand recognition and educational resources accumulated over its operating history. The Company’s management team will continue to work together to reshape the Company’s business operations and seek new growth initiatives.

The Company will continue to seek guidance from and cooperate with government authorities in various provinces and municipalities in China in connection with its efforts to comply with the relevant policies, guidelines and any related implementation rules, regulations and measures. The Company will further adjust its business operations as required, and update its shareholders as appropriate.

NEW ORIENTAL EDUCATION & TECHNOLOGY GROUP INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)

	As of November 30 2021 <i>(Unaudited)</i> <i>USD</i>	As of May 31 2021 <i>(Audited)</i> <i>USD</i>
ASSETS:		
Current assets:		
Cash and cash equivalents	1,026,912	1,612,211
Restricted cash	1,218	—
Term deposits	1,145,500	1,214,025
Short-term investments	2,632,398	3,434,726
Accounts receivable, net	12,908	8,667
Inventory, net	34,430	31,175
Prepaid expenses and other current assets, net	280,163	269,233
Amounts due from related parties, current	21,434	4,118
Total current assets	5,154,963	6,574,155
Restricted cash, non-current	22,000	19,916
Property and equipment, net	590,815	865,030
Land use rights, net	3,848	13,989
Amounts due from related parties, non-current	3,350	4,157
Long-term deposits	34,930	74,796
Intangible assets, net	3,655	4,836
Goodwill, net	73,283	73,254
Long-term investments, net	522,997	537,749
Deferred tax assets, non-current, net	6,463	103,587
Right-of-use assets	1,183,869	1,857,533
Other non-current assets	14,139	22,051
Total assets	7,614,312	10,151,053

As of November 30 2021 <i>(Unaudited)</i> USD	As of May 31 2021 <i>(Audited)</i> USD
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LIABILITIES AND EQUITY

Current liabilities:

Accounts payable (including accounts payable of the consolidated variable interest entities without recourse to New Oriental of US\$36,032 and US\$33,051 as of May 31, 2021 and November 30, 2021, respectively)	33,486	38,441
Accrued expenses and other current liabilities (including accrued expenses and other current liabilities of the consolidated variable interest entities without recourse to New Oriental of US\$900,877 and US\$777,334 as of May 31, 2021 and November 30, 2021, respectively)	804,323	908,231
Income taxes payable (including income tax payable of the consolidated variable interest entities without recourse to New Oriental of US\$46,248 and US\$53,178 as of May 31, 2021 and November 30, 2021, respectively)	62,860	84,321
Amounts due to related parties (including amounts due to related parties of the consolidated variable interest entities without recourse to New Oriental of US\$33 and US\$257 as of May 31, 2021 and November 30, 2021, respectively)	257	33
Deferred revenue (including deferred revenue of the consolidated variable interest entities without recourse to New Oriental of US\$1,923,007 and US\$1,062,150 as of May 31, 2021 and November 30, 2021, respectively)	1,065,823	1,926,386
Operating lease liability-current (including operating lease liabilities-current of the consolidated variable interest entities without recourse to New Oriental of US\$501,049 and US\$275,456 as of May 31, 2021 and November 30, 2021, respectively)	280,196	514,033
Total current liabilities	2,246,945	3,471,445

	As of November 30 2021 <u>(Unaudited)</u> <u>USD</u>	As of May 31 2021 <u>(Audited)</u> <u>USD</u>
Deferred tax liabilities, non-current (including deferred tax liabilities of the consolidated variable interest entities without recourse to New Oriental of US\$12,924 and US\$10,367 as of May 31, 2021 and November 30, 2021, respectively)	10,614	13,172
Unsecured senior notes (including unsecured senior notes of the consolidated variable interest entities without recourse to the New Oriental of nil and nil as of May 31, 2021 and November 30, 2021, respectively)	179,364	297,631
Operating lease liabilities (including operating lease liabilities of the consolidated variable interest entities without recourse to New Oriental of US\$1,333,961 and US\$990,912 as of May 31, 2021 and November 30, 2021, respectively)	996,838	1,350,629
Total long-term liabilities	1,186,816	1,661,432
Total liabilities	3,433,761	5,132,877
Equity		
New Oriental Education & Technology Group Inc. shareholders' equity	4,104,578	4,913,275
Non-controlling interests	75,973	104,901
Total equity	4,180,551	5,018,176
Total liabilities and equity	7,614,312	10,151,053

NEW ORIENTAL EDUCATION & TECHNOLOGY GROUP INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands except for per share and per ADS amounts)

	For the Six Months Ended November 30	
	2021	2020
	<i>(Unaudited)</i> USD	<i>(Unaudited)</i> USD
Net revenues	1,967,132	1,874,055
Operating costs and expenses (note 1):		
Cost of revenues	1,133,717	918,529
Selling and marketing	277,403	250,471
General and administrative	1,291,682	586,897
Total operating costs and expenses	2,702,802	1,755,897
Operating (loss)/income	(735,670)	118,158
Loss from fair value change of investments	(14,323)	(2,154)
Other (loss)/income, net	(2,358)	127,501
Provision for income taxes	(113,831)	(65,939)
(Loss)/gain from equity method investments	(41,778)	1,047
Net (loss)/income	(907,960)	178,613
Add: Net loss attributable to non-controlling interests	31,980	49,941
Net (loss)/income attributable to New Oriental Education & Technology Group Inc.	(875,980)	228,554
Net (loss)/income per share attributable to New Oriental-Basic (note 2)	(0.52)	0.14
Net (loss)/income per share attributable to New Oriental-Diluted (note 2)	(0.52)	0.14
Net (loss)/income per ADS attributable to New Oriental-Basic (note 2) (note 3)	(0.52)	0.14
Net (loss)/income per ADS attributable to New Oriental-Diluted (note 2) (note 3)	(0.52)	0.14

Notes:

Note 1: Share-based compensation expenses (in thousands) are included in the operating costs and expenses as follows:

	For the Six Months Ended November 30	
	2021	2020
	(Unaudited)	(Unaudited)
	USD	USD
Cost of revenues	(205)	3,836
Selling and marketing	(3,049)	5,930
General and administrative	77,476	24,547
Total	<u>74,222</u>	<u>34,313</u>

Note 2: For the six months ended November 30, 2020, the earnings per share have been retrospectively adjusted to reflect the 1-for-10 share split that became effective on March 10, 2021.

Note 3: Each ADS represents one common share.

NEW ORIENTAL EDUCATION & TECHNOLOGY GROUP INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (In thousands)

	For the Six Months Ended November 30	
	2021	2020
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>USD</i>	<i>USD</i>
Net cash (used in)/provided by operating activities	(1,074,835)	802,276
Net cash provided by/(used in) investing activities	653,374	(796,800)
Net cash (used in)/provided by financing activities	(113,259)	1,641,471
Effect of exchange rate changes	(47,277)	81,753
Net change in cash, cash equivalents and restricted cash	(581,997)	1,728,700
Cash, cash equivalents and restricted cash at beginning of period	1,632,127	919,424
Cash, cash equivalents and restricted cash at end of period	1,050,130	2,648,124