



Bright Scholar Announces Unaudited Financial Results for the Fourth Fiscal Quarter Fiscal Year 2020 Revenue Up 31.3% and Adjusted EBITDA Up 36.5%

FOSHAN, November 11, 2020 /PRNewswire/—Bright Scholar Education Holdings Limited (“Bright Scholar,” the “Company,” “we” or “our”) (NYSE: BEDU), a global premier education service company, today announced its unaudited financial results for the fourth fiscal quarter and fiscal year ended August 31, 2020.

Fourth Fiscal Quarter Ended August 31, 2020 Financial Highlights (in comparison to the same period of the last fiscal year):

| <i>RMB in million Except EPS and %</i> | Fourth Fiscal Quarter Ended August 31, 2020 | Fourth Fiscal Quarter Ended August 31, 2019 | YoY % Change |
|--|--|--|-----------------|
| Revenue | 652.1 | 711.6 | (8.4%) |
| Gross Profit | 149.5 | 212.1 | (29.5%) |
| Gross Margin | 22.9% | 29.8% | (6.9%) |
| Operating Loss | (171.9) | (44.4) | 286.9% |
| Operating Margin | (26.4%) | (6.2%) | (20.2%) |
| Net Loss | (148.6) | (48.1) | 208.8% |
| Net Margin | (22.8%) | (6.8%) | (16.0%) |
| Adjusted Gross Profit ⁽¹⁾ | 158.0 | 221.6 | (28.7%) |
| Adjusted Gross Margin ⁽¹⁾ | 24.2% | 31.1% | (6.9%) |
| Adjusted Operating Loss ⁽²⁾ | (80.4) | (28.4) | 183.4% |
| Adjusted Operating Margin ⁽²⁾ | (12.3%) | (4.0%) | (8.3%) |
| Adjusted Net Loss ⁽³⁾ | (59.0) | (34.1) | 72.9% |
| Adjusted Net Margin ⁽³⁾ | (9.1%) | (4.8%) | (4.3%) |
| Adjusted EBITDA ⁽⁴⁾ | 1.4 | 4.0 | (65.8%) |
| Adjusted EBITDA Margin ⁽⁴⁾ | 0.2% | 0.6% | (0.4%) |
| Basic and Diluted Loss per Share | (1.29) | (0.43) | 200.0% |
| Adjusted Basic and Diluted Loss per Share ⁽⁵⁾ | (0.54) | (0.31) | 74.2% |

Fiscal Year 2020 Ended August 31, 2020 Financial Highlights (in comparison to the same period of the last fiscal year):

| <i>RMB in million Except EPS and %</i> | Fiscal Year 2020 Ended August 31, 2020 | Fiscal Year 2019 Ended August 31, 2019 | YoY % Change |
|--|---|---|-----------------|
| Revenue | 3,366.5 | 2,563.0 | 31.3% |
| Gross Profit | 1,221.7 | 977.0 | 25.0% |
| Gross Margin | 36.3% | 38.1% | (1.8%) |
| Operating Income | 307.7 | 300.5 | 2.4% |
| Operating Margin | 9.1% | 11.7% | (2.6%) |
| Net Income | 164.2 | 252.8 | (35.0%) |
| Net Margin | 4.9% | 9.9% | (5.0%) |
| Adjusted Gross Profit ⁽¹⁾ | 1,263.2 | 1,000.3 | 26.3% |
| Adjusted Gross Margin ⁽¹⁾ | 37.5% | 39.0% | (1.5%) |
| Adjusted Operating Income ⁽²⁾ | 420.0 | 375.5 | 11.9% |
| Adjusted Operating Margin ⁽²⁾ | 12.5% | 14.6% | (2.1%) |
| Adjusted Net Income ⁽³⁾ | 267.7 | 322.6 | (17.0%) |
| Adjusted Net Margin ⁽³⁾ | 8.0% | 12.6% | (4.6%) |
| Adjusted EBITDA ⁽⁴⁾ | 670.8 | 491.6 | 36.5% |
| Adjusted EBITDA Margin ⁽⁴⁾ | 19.9% | 19.2% | 0.7% |
| Basic and Diluted Earnings per Share | 1.34 | 1.97 | (32.0%) |
| Adjusted Basic and Diluted Earnings per Share ⁽⁵⁾ | 2.20 | 2.54 | (13.4%) |

1. Adjusted gross profit/(loss) is defined as gross profit/(loss) excluding amortization of intangible assets. Adjusted gross margin is defined as adjusted gross profit/(loss) divided by revenue.

2. Adjusted operating income/(loss) is defined as operating income/(loss) excluding share-based compensation expense, amortization of intangible assets, impairment loss on operating lease right-of-use assets and impairment loss on goodwill. Adjusted operating margin is defined as adjusted operating income/(loss) divided by revenue.

- Adjusted net income/(loss) is defined as net income/(loss) excluding share-based compensation expense, amortization of intangible assets, tax effect of amortization of intangible assets, impairment loss on operating lease right-of-use assets and impairment loss on goodwill. Adjusted net margin is defined as adjusted net income/(loss) divided by revenue.
- Adjusted EBITDA is defined as net income/(loss) excluding interest income/(expense), net; income tax expense/benefit; depreciation and amortization, share-based compensation expense, impairment loss on operating lease right-of-use assets and impairment loss on goodwill. Adjusted EBITDA margin is defined as adjusted EBITDA divided by revenue.
- Adjusted basic and diluted earnings/(loss) per share is defined as adjusted net income/(loss) attributable to ordinary shareholders (net income/(loss) to ordinary shareholders excluding share-based compensation expense, amortization of intangible assets, tax effect of amortization of intangible assets, impairment loss on operating lease right-of-use assets and impairment loss on goodwill) divided by the weighted average number of basic and diluted ordinary shares or American depository shares (each an "ADS"), each representing one Class A ordinary share of the Company, on an as-converted basis.

For more information on these adjusted financial measures, please see the section captioned under "Non-GAAP Financial Measures" and the tables captioned "Reconciliations of GAAP and Non-GAAP Results" set forth at the end of this release.

BUSINESS PERFORMANCE HIGHLIGHTS

(in comparison to the same period of the last fiscal year)

Domestic K-12 Schools

The domestic K-12 schools comprise our international schools, bilingual schools, kindergartens in China.

- The average number of students increased by 6.6% for the fourth fiscal quarter and 9.9% for the fiscal year.
- Revenue amounted to RMB416.2 million and accounted for 63.9% of the total revenue in the fourth fiscal quarter. For the fiscal year, revenue increased by 4.1% to RMB1,968.3 million and accounted for 58.5% of the total revenue.
- For the fourth fiscal quarter, gross margin was 27.5% compared to 31.0% for the same period of the last fiscal year, and operating margin was (10.2%) compared to 7.5% for the same period of the last fiscal year. For the fiscal year, gross margin was 39.2% compared to 39.9% for the last fiscal year, and operating margin was 20.5% as compared to 24.4% for the last fiscal year.

Overseas Schools

The overseas schools comprise our overseas schools including Bournemouth, St. Michael's, Bosworth and CATS.

- Revenue amounted to RMB69.1 million and accounted for 10.6% of the total revenue for the fourth fiscal quarter. For the fiscal year, revenue amounted to RMB835.9 million and accounted for 24.8% of the total revenue for the same period.
- For the fourth fiscal quarter, gross margin was (49.3%) and operating margin was (171.0%). For the fiscal year, gross margin was 29.6% and operating margin was (5.4%).

Education Technology

The education technology business comprises online career counselling, online Academic Olympiad training, and online international school.

- Revenue amounted to RMB31.6 million and accounted for 4.8% of the total revenue for the fourth fiscal quarter. For the fiscal year, revenue amounted to RMB103.3 million and accounted for 3.1% of the total revenue.
- For the fourth fiscal quarter, gross margin was 50.5% and operating margin was 20.5%. For the fiscal year, gross margin was 62.7% and operating margin was 30.2%.

Complementary Education Services

The complementary education services comprise language training, overseas study and counselling, camps and study tours, and others.

- Revenue amounted to RMB135.2 million and accounted for 20.7% of the total revenue for the fourth fiscal quarter. For the fiscal year, revenue was RMB459.0 million and accounted for 13.6% of the total revenue.

- For the fourth fiscal quarter, gross margin increased from 30.9% to 39.2%, and operating margin increased from 13.6% to 24.9%. For the fiscal year, gross margin was 30.0% compared to 31.8%, and operating margin was 10.5% compared to 12.0%.

“As with most businesses around the globe, COVID-19 pandemic has had an unprecedented impact on our industry and our Company in the second half of fiscal 2020. Amidst the significant challenges and disruptions particularly in our overseas schools, Bright Scholar still delivered solid revenue growth of 31.3% and a solid growth of 36.5% in adjusted EBITDA for fiscal year of 2020. We have also accelerated digital transformation as we continued to focus on executing our strategic priorities to build a global network of schools and a diverse business portfolio, enhance academic and operational performance, and expand the breadth and depth of our capabilities through investment in education technologies,” said Jerry He, Executive Vice Chairman of Bright Scholar.

“China’s encouraging signs of steady economic recovery from the pandemic and its continuous efforts to minimize the risk of resurgences of the virus provides strong impetus to strengthen our business recovery,” commented by Wanmei Li, Chief Executive Officer of Domestic K-12. “Over 54,000 students have enrolled for the September 2020 school term in our domestic K-12 schools, as of the reporting date. The average number of students increased by 6.6% for the fourth fiscal quarter and 9.9% for the fiscal year compared to the same period in the prior fiscal year. All of our K-12 campuses in China have re-opened with safeguards in all of our facilities to protect our students and staff, including increased frequency of cleaning and disinfecting facilities, social distancing practices and other measures to minimize any potential risks of resurgence. Despite the positive momentum, we stay vigilant of the continued impact and focus on optimizing utilization and profitability from our operations.” Ms. Li continued, “I am pleased to report that Fettes Guangzhou School and kindergarten opened as scheduled in September.”

“Despite the impact from COVID-19, revenue for fiscal year 2020 grew by 9.1% as compared to the prior fiscal year as we seized the opportunity in the summer by launching new products and services to strengthen our market position. The acquisition of Leti Camp will further expand our capability to include adoption of hands-on inquiry-based learning that offers enormous potential and synergy which will expedite the expansion of our outdoor camp business in the post COVID-19 period,” commented by Zi Chen, Chief Executive Officer of Complementary Education Services. “There are enormous market opportunities in complementary education service space including after school tutoring for K-12, study tours and camp activities. We plan to further leverage the collaboration with Country Garden to explore more opportunities in broadening our outdoor camp business within China, as well as acquisitions to expand our service offerings.”

Mr. He commented on the performance of overseas school business, “Overseas school operation was most negatively affected amid the continuing pandemic and lockdown in the UK. Our ‘We Care’ Campaign put the well-being of our students and employees first, has earned high marks from our parents and students. We also took this opportunity to reduce our cost structure, upgrade our IT and management systems, realign our sales and marketing strategies and improve our education outcome. We believe we will be in a more competitive position than our peers when students return to schools post COVID-19. Our global network is of strategic importance in enriching student lives and learning experience, enhancing academic performance through global recruitment and training, joint R&D, collaboration between our overseas and domestic schools, as well as across different business units within Bright Scholar.”

Mr. He continued on the performance of education technology business, “The COVID-19 crisis has been a major catalyst driving policymakers, service providers and more parents and families to explore online

learning options. The increasing awareness and acceptance of online resources merging offline activities for optimal educational results, bodes well for us to drive academic excellence as we continued to expand investments in this space. Our new education technology business comprises online career counselling, online Academic Olympiad training and online international school - the '3i Global Academy'. The launch of the online international schools with online-merge-offline model in June represents a major milestone in utilizing technology to provide access to high quality education for students around the globe. '3i Global Academy' has enrolled more than 170 paying students as of November 7th."

"We recognize that the uncertainties our road ahead entails, but we are excited at the combination of growth drivers coming into alignment for fiscal 2021. These growth drivers include the steady economic recovery from the pandemic in China, the improved service mix of our portfolio and the new exciting opportunities in the complementary business and education technologies. We have a strong balance sheet to pursue organic and acquisitive growth opportunities, a terrific portfolio of assets that drives long-term growth. We are very confident that the strategic initiatives will enable us to emerge from the crisis as a stronger company that is well positioned for long-term growth and success. Furthermore, to underscore the confidence in the Company's prospects, the Board has approved a new share repurchase plan of up to US\$50 million on November 11, 2020." Mr. He concluded.

UNAUDITED FINANCIAL RESULTS FOR THE FOURTH FISCAL QUARTER ENDED AUGUST 31, 2020

Revenue

| Revenue | Fourth Fiscal Quarter Ended August 31, 2020 | | Fourth Fiscal Quarter Ended August 31, 2019 | | YoY % Change |
|--------------------------------|---|----------------------|---|----------------------|----------------|
| | (RMB in million) | (% of Total Revenue) | (RMB in million) | (% of Total Revenue) | |
| Domestic K-12 Schools | 416.2 | 63.9% | 393.5 | 55.3% | 5.8% |
| <i>International Schools</i> | 177.4 | 27.2% | 154.3 | 21.7% | 15.0% |
| <i>Bilingual Schools</i> | 149.2 | 22.9% | 130.8 | 18.4% | 14.0% |
| <i>Kindergartens</i> | 89.6 | 13.8% | 108.4 | 15.2% | (17.3%) |
| Overseas Schools | 69.1 | 10.6% | 148.5 | 20.9% | (53.4%) |
| Education Technology | 31.6 | 4.8% | 27.7 | 3.9% | 14.0% |
| Complementary Education | 135.2 | 20.7% | 141.9 | 19.9% | (4.7%) |
| Total | 652.1 | 100.0% | 711.6 | 100.0% | (8.4%) |

Revenue for the quarter was RMB652.1 million, as compared to RMB711.6 million for the same period of the last fiscal year. The changes in revenue is primarily due to the COVID-19 impact on kindergartens, overseas schools and complementary business.

Cost of Revenue

Cost of revenue for the quarter was RMB502.7 million, as compared to RMB499.5 million for the same period of the last fiscal year. The changes in cost of revenue was mainly due to the cost increase in domestic K-12 schools and EdTech in the fourth fiscal quarter of 2020, partially offset by the cost reduction in overseas schools and complementary education.

Gross Profit, Gross Margin and Adjusted Gross Profit

| Gross Profit | Fourth Fiscal Quarter Ended August 31, 2020 | | Fourth Fiscal Quarter Ended August 31, 2019 | | YoY % Change |
|--------------------------------|--|----------------|--|--------------|-----------------|
| | (RMB in million) | (Margin %) | (RMB in million) | (Margin %) | |
| Domestic K-12 Schools | 114.6 | 27.5% | 122.0 | 31.0% | (6.0%) |
| <i>International Schools</i> | 49.2 | 27.7% | 36.9 | 23.9% | 33.5% |
| <i>Bilingual Schools</i> | 47.3 | 31.7% | 44.5 | 34.0% | 6.2% |
| <i>Kindergartens</i> | 18.1 | 20.3% | 40.6 | 37.5% | (55.2%) |
| Overseas Schools | (34.1) | (49.3%) | 25.2 | 17.0% | (235.5%) |
| Education Technology | 16.0 | 50.5% | 21.1 | 76.0% | (24.3%) |
| Complementary Education | 53.0 | 39.2% | 43.8 | 30.9% | 20.7% |
| Total | 149.5 | 22.9% | 212.1 | 29.8% | (29.5%) |

Gross profit for the quarter was RMB149.5 million, as compared to RMB212.1 million for the same period of the last fiscal year. Gross margin was 22.9% for the quarter, as compared to 29.8% for the same period of the last fiscal year.

Adjusted gross profit for the quarter was RMB158.0 million, as compared to RMB221.6 million for the same period of the last fiscal year. Adjusted gross margin was 24.2% for the quarter, as compared to 31.1% for the same period of the last fiscal year.

Selling, General and Administrative Expenses and Adjusted SG&A Expenses ⁽⁶⁾

| SG&A Expenses | Fourth Fiscal Quarter Ended August 31, 2020 | | Fourth Fiscal Quarter Ended August 31, 2019 | | YoY % Change |
|--|--|----------------------|--|----------------------|-----------------|
| | (RMB in million) | (% of Total Revenue) | (RMB in million) | (% of Total Revenue) | |
| Domestic K-12 Schools | 89.0 | 13.6% | 92.7 | 13.1% | (4.0%) |
| <i>International Schools</i> | 40.4 | 6.2% | 38.5 | 5.4% | 5.1% |
| <i>Bilingual Schools</i> | 28.9 | 4.4% | 29.6 | 4.2% | (2.5%) |
| <i>Kindergartens</i> | 19.7 | 3.0% | 24.6 | 3.5% | (19.8%) |
| Overseas Schools | 85.1 | 13.1% | 61.5 | 8.6% | 38.5% |
| Education Technology | 9.5 | 1.5% | 6.6 | 0.9% | 44.8% |
| Complementary Education | 25.8 | 3.9% | 24.7 | 3.5% | 4.0% |
| Unallocated Corporate Expenses ⁽⁷⁾ | 53.2 | 8.2% | 74.5 | 10.4% | (28.5%) |
| Total | 262.6 | 40.3% | 260.0 | 36.5% | 1.0% |

| Adj. SG&A Expenses ⁽⁶⁾ | Fourth Fiscal Quarter Ended August 31, 2020 | | Fourth Fiscal Quarter Ended August 31, 2019 | | YoY % Change |
|--|--|----------------------|--|----------------------|-----------------|
| | (RMB in million) | (% of Total Revenue) | (RMB in million) | (% of Total Revenue) | |
| Domestic K-12 Schools | 88.3 | 13.5% | 90.2 | 12.6% | (2.0%) |
| <i>International Schools</i> | 40.5 | 6.2% | 38.0 | 5.3% | 6.5% |
| <i>Bilingual Schools</i> | 28.6 | 4.4% | 28.4 | 4.0% | 0.7% |
| <i>Kindergartens</i> | 19.2 | 2.9% | 23.8 | 3.3% | (19.0%) |
| Overseas Schools | 85.1 | 13.1% | 61.5 | 8.6% | 38.5% |
| Education Technology | 9.5 | 1.5% | 6.6 | 0.9% | 44.8% |
| Complementary Education | 26.0 | 3.9% | 24.0 | 3.4% | 7.2% |
| Unallocated Corporate Expenses ⁽⁸⁾ | 52.3 | 8.1% | 71.1 | 10.1% | (26.2%) |
| Total | 261.2 | 40.1% | 253.4 | 35.6% | 3.1% |

6. Adjusted SG&A expenses is defined as selling, general and administrative expenses excluding share-based compensation expense.

7. Unallocated corporate expenses are mainly from headquarter, including staff cost, share-based compensation expense and other office expenses.

8. Adjusted unallocated corporate expenses is defined as unallocated corporate expenses excluding share-based compensation expense.

Total SG&A expenses for the quarter were RMB262.6 million, representing a 1.0% increase from RMB260.0 million for the same period of the last fiscal year. Adjusted SG&A expenses for the quarter were RMB261.2 million, representing a 3.1% increase from RMB253.4 million for the same period of the last fiscal year.

Operating Loss, Operating Margin and Adjusted Operating Loss

| Operating (Loss)/Income | Fourth Fiscal Quarter Ended August 31, 2020 | | Fourth Fiscal Quarter Ended August 31, 2019 | | YoY % Change |
|---------------------------------------|--|-----------------|--|----------------|-----------------|
| | (RMB in million) | (Margin %) | (RMB in million) | (Margin %) | |
| Domestic K-12 Schools | (42.5) | (10.2%) | 29.6 | 7.5% | (243.5%) |
| <i>International Schools</i> | (59.8) | (33.7%) | (1.2) | (0.8%) | 4,932.3% |
| <i>Bilingual Schools</i> | 18.5 | 12.4% | 14.9 | 11.4% | 24.5% |
| <i>Kindergartens</i> | (1.2) | (1.3%) | 15.9 | 14.7% | (107.6%) |
| Overseas Schools | (118.2) | (171.0%) | (36.3) | (24.4%) | 226.0% |
| Education Technology | 6.5 | 20.5% | 14.5 | 52.3% | (55.3%) |
| Complementary Education | 33.4 | 24.9% | 19.3 | 13.6% | 74.6% |
| Unallocated Corporate Expenses | (51.1) | - | (71.5) | - | (28.3%) |
| Total | (171.9) | (26.4%) | (44.4) | (6.2%) | 286.9% |

Operating loss for the quarter was RMB171.9 million, as compared to operating loss of RMB44.4 million for the same period of the last fiscal year. Operating margin was (26.4%) for the quarter, as compared to (6.2%) for the same period of the last fiscal year.

Adjusted operating loss for the quarter was RMB80.4 million, as compared to RMB28.4 million for the same period of the last fiscal year. Adjusted operating margin was (12.3%) for the quarter, as compared to (4.0%) for the same period of the last fiscal year.

Net Loss and Adjusted Net Loss

Net loss for the quarter was RMB148.6 million, as compared to net loss of RMB48.1 million for the same period of the last fiscal year.

Adjusted net loss for the quarter was RMB59.0 million, as compared to adjusted net loss of RMB34.1 million for the same period of the last fiscal year.

Loss per ordinary share/ADS and Adjusted Loss per ordinary share/ADS

Basic and diluted net loss per ordinary share/ADS attributable to ordinary shareholders/ADS holders for the quarter were RMB1.29 and RMB1.29, respectively, as compared to loss per share of RMB0.43 and RMB0.43, respectively, for the same period of the last fiscal year.

Adjusted basic and diluted net loss per ordinary share/ADS attributable to ordinary shareholders/ADS holders for the quarter were RMB0.54 and RMB0.54, respectively, as compared to loss per share of RMB0.31 and RMB0.31, respectively, for the same period of the last fiscal year.

Adjusted EBITDA

Adjusted EBITDA for the quarter was RMB1.4 million, as compared to RMB4.0 million for the same period of the last fiscal year.

UNAUDITED FINANCIAL RESULTS FOR THE FISCAL YEAR ENDED AUGUST 31, 2020

Revenue

| Revenue | Fiscal Year 2020 Ended August 31, 2020 | | Fiscal Year 2019 Ended August 31, 2019 | | YoY % Change |
|--------------------------------|---|----------------------|---|----------------------|-----------------|
| | (RMB in million) | (% of Total Revenue) | (RMB in million) | (% of Total Revenue) | |
| Domestic K-12 Schools | 1,968.3 | 58.5% | 1,890.4 | 73.8% | 4.1% |
| <i>International Schools</i> | 872.9 | 25.9% | 745.0 | 29.1% | 17.2% |
| <i>Bilingual Schools</i> | 722.4 | 21.5% | 650.4 | 25.4% | 11.1% |
| <i>Kindergartens</i> | 373.0 | 11.1% | 495.0 | 19.3% | (24.6%) |
| Overseas Schools | 835.9 | 24.8% | 181.8 | 7.1% | 359.9% |
| Education Technology | 103.3 | 3.1% | 70.0 | 2.7% | 47.7% |
| Complementary Education | 459.0 | 13.6% | 420.8 | 16.4% | 9.1% |
| Total | 3,366.5 | 100.0% | 2,563.0 | 100.0% | 31.3% |

Revenue for fiscal year 2020 was RMB3,366.5 million, representing a 31.3% increase from RMB2,563.0 million for the last fiscal year.

Cost of Revenue

Cost of revenue for the fiscal year was RMB2,144.8 million, representing a 35.2% increase from RMB1,586.0 million for the last fiscal year.

Gross Profit, Gross Margin and Adjusted Gross Profit

| Gross Profit | Fiscal Year 2020 Ended August 31, 2020 | | Fiscal Year 2019 Ended August 31, 2019 | | YoY % Change |
|--------------------------------|---|--------------|---|--------------|-----------------|
| | (RMB in million) | (Margin %) | (RMB in million) | (Margin %) | |
| Domestic K-12 Schools | 771.9 | 39.2% | 755.0 | 39.9% | 2.2% |
| <i>International Schools</i> | 370.7 | 42.5% | 289.0 | 38.8% | 28.3% |
| <i>Bilingual Schools</i> | 300.5 | 41.6% | 250.4 | 38.5% | 20.0% |
| <i>Kindergartens</i> | 100.7 | 27.0% | 215.6 | 43.6% | (53.3%) |
| Overseas Schools | 247.1 | 29.6% | 36.3 | 19.9% | 584.0% |
| Education Technology | 64.8 | 62.7% | 51.9 | 74.1% | 24.9% |
| Complementary Education | 137.9 | 30.0% | 133.8 | 31.8% | 3.0% |
| Total | 1,221.7 | 36.3% | 977.0 | 38.1% | 25.0% |

Gross profit for the fiscal year was RMB1,221.7 million, representing a 25.0% increase from RMB977.0 million for the last fiscal year. Gross margin was 36.3% for the period, as compared to 38.1% for the last fiscal year. The increase in gross profit was primarily due to the acquisition of overseas schools including CATS, Bosworth and St. Michael's.

Adjusted gross profit for the fiscal year was RMB1,263.2 million, representing a 26.3% increase from RMB1,000.3 million for the last fiscal year. Adjusted gross margin was 37.5% for the fiscal year, as compared to 39.0% for the last fiscal year.

Selling, General and Administrative Expenses and Adjusted SG&A Expenses ⁽⁶⁾

| SG&A Expenses | Fiscal Year 2020 Ended August 31, 2020 | | Fiscal Year 2019 Ended August 31, 2019 | | YoY % Change |
|--|---|----------------------|---|----------------------|-----------------|
| | (RMB in million) | (% of Total Revenue) | (RMB in million) | (% of Total Revenue) | |
| Domestic K-12 Schools | 302.2 | 9.0% | 298.5 | 11.7% | 1.2% |
| <i>International Schools</i> | 125.7 | 3.7% | 110.4 | 4.3% | 13.9% |
| <i>Bilingual Schools</i> | 103.0 | 3.1% | 104.6 | 4.1% | (1.5%) |
| <i>Kindergartens</i> | 73.5 | 2.2% | 83.5 | 3.3% | (12.0%) |
| Overseas Schools | 301.9 | 9.0% | 75.9 | 3.0% | 297.7% |
| Education Technology | 34.2 | 1.0% | 18.7 | 0.7% | 83.1% |
| Complementary Education | 97.6 | 2.9% | 83.9 | 3.3% | 16.3% |
| Unallocated Corporate Expenses ⁽⁷⁾ | 135.3 | 4.0% | 214.9 | 8.3% | (37.1%) |
| Total | 871.2 | 25.9% | 691.9 | 27.0% | 25.9% |

| Adj. SG&A Expenses ⁽⁶⁾ | Fiscal Year 2020 Ended August 31, 2020 | | Fiscal Year 2019 Ended August 31, 2019 | | YoY % Change |
|--|---|----------------------|---|----------------------|-----------------|
| | (RMB in million) | (% of Total Revenue) | (RMB in million) | (% of Total Revenue) | |
| Domestic K-12 Schools | 297.8 | 8.8% | 288.2 | 11.2% | 3.3% |
| <i>International Schools</i> | 125.5 | 3.7% | 108.7 | 4.2% | 15.4% |
| <i>Bilingual Schools</i> | 100.8 | 3.0% | 100.2 | 3.9% | 0.6% |
| <i>Kindergartens</i> | 71.5 | 2.1% | 79.3 | 3.1% | (9.9%) |
| Overseas Schools | 301.9 | 9.0% | 75.9 | 3.0% | 297.7% |
| Education Technology | 34.2 | 1.0% | 18.7 | 0.7% | 83.1% |
| Complementary Education | 96.7 | 2.9% | 79.3 | 3.1% | 22.0% |
| Unallocated Corporate Expenses ⁽⁸⁾ | 151.2 | 4.5% | 178.1 | 7.0% | (15.1%) |
| Total | 881.8 | 26.2% | 640.2 | 25.0% | 37.7% |

6. Adjusted SG&A expenses is defined as selling, general and administrative expenses excluding share-based compensation expense.

7. Unallocated corporate expenses are mainly from headquarter, including staff cost, share-based compensation expense and other office expenses.

8. Adjusted unallocated corporate expenses is defined as unallocated corporate expenses excluding share-based compensation expense.

Total SG&A expenses for the fiscal year were RMB871.2 million, representing a 25.9% increase from RMB691.9 million for the last fiscal year. The increase in SG&A expense was primarily due to the acquisition of overseas schools.

Adjusted SG&A expenses for the fiscal year were RMB881.8 million, representing a 37.7% increase from RMB640.2 million for the last fiscal year.

Operating Income, Operating Margin and Adjusted Operating Income

| Operating Income/(Loss) | Fiscal Year 2020 Ended August 31, 2020 | | Fiscal Year 2019 Ended August 31, 2019 | | YoY % Change |
|---------------------------------------|---|---------------|---|----------------|-----------------|
| | (RMB in million) | (Margin %) | (RMB in million) | (Margin %) | |
| Domestic K-12 Schools | 404.1 | 20.5% | 460.8 | 24.4% | (12.3%) |
| <i>International Schools</i> | 177.0 | 20.3% | 181.0 | 24.3% | (2.2%) |
| <i>Bilingual Schools</i> | 198.4 | 27.5% | 146.2 | 22.5% | 35.7% |
| <i>Kindergartens</i> | 28.7 | 7.7% | 133.6 | 27.0% | (78.5%) |
| Overseas Schools | (45.3) | (5.4%) | (39.8) | (21.9%) | 13.9% |
| Education Technology | 31.2 | 30.2% | 33.2 | 47.4% | (5.9%) |
| Complementary Education | 48.1 | 10.5% | 50.5 | 12.0% | (4.7%) |
| Unallocated Corporate Expenses | (130.4) | - | (204.2) | - | (36.2%) |
| Total | 307.7 | 9.1% | 300.5 | 11.7% | 2.4% |

Operating income for the fiscal year was RMB307.7 million, representing a 2.4% increase from RMB300.5 million for the last fiscal year. Operating margin was 9.1% for the fiscal year, as compared to 11.7% for the last fiscal year.

Adjusted operating income for the fiscal year was RMB420.0 million, representing an 11.9% increase from RMB375.5 million for the last fiscal year. Adjusted operating margin was 12.5% for the fiscal year, as compared to 14.6% for the last fiscal year.

Net Income and Adjusted Net Income

Net income for the fiscal year was RMB164.2 million, as compared to RMB252.8 million for the last fiscal year.

Adjusted net income for the fiscal year was RMB267.7 million, as compared to RMB322.6 for the last fiscal year.

Earnings per ordinary share/ADS and Adjusted Earnings per ordinary share/ADS

Basic and diluted earnings per ordinary share/ADS attributable to ordinary shareholders/ADS holders for the fiscal year were RMB1.34 and RMB1.34, respectively, as compared to earnings per share of RMB1.97 and RMB1.97, respectively, for the last fiscal year.

Adjusted basic and diluted earnings per ordinary share/ADS attributable to ordinary shareholders/ADS holders for the fiscal year were RMB2.20 and RMB2.20, respectively, as compared to earnings per share of RMB2.54 and RMB2.54, respectively, for the last fiscal year.

Adjusted EBITDA

Adjusted EBITDA for the fiscal year was RMB670.8 million, representing a 36.5% increase from RMB491.6 million for the last fiscal year.

Cash and Working Capital

As of August 31, 2020, the Company's cash and cash equivalents and restricted cash were RMB4,423.9 million (US\$646.1 million), as compared to RMB2,092.0 million as of May 31, 2020. As of August 31, 2020, we also have short-term investments of RMB13.7 million (US\$2.0 million). For the fiscal year ended August 31, 2020, the Company's capital expenditure was approximately RMB 149.8 million, down 3.5% compared to the last fiscal year.

GUIDANCE FOR FISCAL YEAR ENDING AUGUST 31, 2021

For the fiscal year 2021, the Company currently expects its revenue to be in a range of RMB3.77 billion and RMB3.87 billion, representing a year-over-year growth of 12% to 15%, and its average student enrolment in our domestic and overseas schools to be between approximately 56,000 and 57,000, representing a year-over-year increase of 8% to 10%.

This guidance is based on the current market and operating conditions and reflects the Company's current and preliminary estimates of such market and operating conditions and market demand, which are all subject to change.

CONFERENCE CALL

BEDU's management will host a conference call at **8:00 am US Eastern Time (9:00 pm Beijing/Hong Kong Time)** on November 12, 2020 to discuss its quarterly results and recent business activities.



To participate in the conference call, please dial the following number five to ten minutes prior to the scheduled conference call time:

| | |
|-------------------|----------------|
| Mainland China: | 4001-201-203 |
| Hong Kong: | 852-301-84992 |
| United States: | 1-888-346-8982 |
| Canada Toll Free: | 1-855-669-9657 |
| International: | 1-412-902-4272 |

*No passcode is required for the call. Please request to join Bright Scholar Education Holdings Ltd.'s call as you dial in.

The Company will also broadcast a live audio webcast of the conference call. The webcast will be available at <http://ir.brightscholar.com/>.

Following the earnings conference call, an archive of the call will be available by dialling:

| | |
|-------------------|-------------------|
| United States: | 1-877-344-7529 |
| International: | 1-412-317-0088 |
| Canada Toll Free: | 855-669-9658 |
| Replay Passcode: | 10149104 |
| Replay End Date: | November 19, 2020 |

CONVENIENCE TRANSLATION

The Company's business is primarily conducted in China and the significant majority of revenue generated are denominated in Renminbi ("RMB"). However, periodic reports made to shareholders will include current period amounts translated into U.S. dollars using the prevailing exchange rates at the balance sheet date, for the convenience of readers. Translations of balances in the condensed consolidated balance sheets, and the related condensed consolidated statements of operations, and cash flows from RMB into U.S. dollars as of and for the quarter and fiscal year 2020 ended August 31, 2020 are solely for the convenience of the readers and were calculated at the rate of US\$1.00=RMB6.8474, representing the noon buying rate set forth in the H.10 statistical release of the U.S. Federal Reserve Board on August 31, 2020. No representation is made that the RMB amounts could have been, or could be, converted, realized or settled into US\$ at that rate on August 31, 2020 or at any other rate.

NON-GAAP FINANCIAL MEASURES

In evaluating our business, we consider and use certain non-GAAP measures, including primarily adjusted EBITDA, adjusted net income/(loss), adjusted gross profit/(loss), adjusted SG&A, adjusted operating income/(loss), adjusted earnings/(loss) per share attributable to ordinary shareholders basic and diluted as supplemental measures to review and assess our operating performance. The presentation of these non-GAAP financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with U.S. GAAP. We define adjusted gross profit/(loss) as gross profit/(loss) excluding amortization of intangible assets and adjusted gross margin as adjusted gross profit/(loss) divided by revenue. We define adjusted EBITDA as net income/(loss) excluding interest income/(expense), net; income tax expense/benefit; depreciation and amortization; share-based compensation expense; impairment loss on operating lease right-of-use assets; impairment

loss on goodwill, and adjusted EBITDA margin as adjusted EBITDA divided by revenue. We define adjusted net income/(loss) as net income/(loss) excluding share-based compensation expense; amortization of intangible assets; tax effect of amortization of intangible assets; impairment loss on operating lease right-of-use assets; impairment loss on goodwill, and adjusted net margin as adjusted net income/(loss) divided by revenue. We define adjusted SG&A as selling, general and administration expense excluding share-based compensation expense. We define adjusted operating income/(loss) as net operating income/(loss) excluding share-based compensation expense; amortization of intangible assets; impairment loss on operating lease right-of-use assets; impairment loss on goodwill and adjusted operating margin as adjusted operating income/(loss) divided by revenue. Additionally, we define adjusted earnings/(loss) per share attributable to ordinary shareholders, basic and diluted, as adjusted net income/(loss) attributable to ordinary shareholders (net income/(loss) to ordinary shareholders excluding share-based compensation expense; amortization of intangible assets; tax effect of amortization of intangible assets; impairment loss on operating lease right-of-use assets and impairment loss on goodwill) divided by the weighted average number of basic and diluted ordinary shares or American depositary shares (each an “ADS”), each representing one Class A ordinary share of the Company, on an as-converted basis.

We incur amortization expense of intangible assets related to various acquisitions that have been made in recent years. These intangible assets are valued at the time of acquisition and are then amortized over a period of several years after the acquisition. We believe that exclusion of these expenses allows greater comparability of operating results that are consistent over time for the Company’s newly-acquired and long-held business as the related intangibles does not have significant connection to the growth of the business. Therefore, we provide exclusion of amortization of intangible assets to redefine adjusted operating income/(loss), adjusted net income/(loss), and adjusted earnings/(loss) per share attributable to ordinary shareholders, basic and diluted.

We present the non-GAAP financial measures because they are used by our management to evaluate our operating performance and formulate business plans. Such non-GAAP measures include adjusted EBITDA, adjusted net income/(loss), adjusted gross profit/(loss), adjusted SG&A, adjusted operating income/(loss), adjusted earnings/(loss) per share attributable to ordinary shareholders basic and diluted. Non-GAAP financial measures enable our management to assess our operating results without considering the impact of non-cash charges, including depreciation and amortization and share-based compensation expense, and without considering the impact of non-operating items such as interest income/(expense), net; income tax expense/benefit; share-based compensation expense; amortization of intangible assets; tax effect of amortization of intangible assets; impairment loss on operating lease right-of-use assets and impairment loss on goodwill. We also believe that the use of these non-GAAP measures facilitates investors’ assessment of our operating performance.

The non-GAAP financial measures are not defined under U.S. GAAP and are not presented in accordance with U.S. GAAP. The non-GAAP financial measures have limitations as analytical tools. One of the key limitations of using these non-GAAP financial measures is that they do not reflect all items of income and expense that affect our operations. Interest income/(expense), net; income tax expense/benefit; depreciation and amortization; and share-based compensation expense, have been and may continue to be incurred in our business and are not reflected in the presentation of these non-GAAP measures, including adjusted EBITDA or adjusted net income/(loss). Further, these non-GAAP measures may differ from the non-GAAP information used by other companies, including peer companies, and therefore their comparability may be limited.



About Bright Scholar Education Holdings Limited

Bright Scholar is a global premier education service company, dedicated to providing quality international education to global students and equipping them with the critical academic foundation and skillsets necessary to succeed in the pursuit of higher education. Bright Scholar also complements its international offerings with Chinese government-mandated curriculum for students who wish to maintain the option of pursuing higher education in China. As of August 31, 2020, Bright Scholar operated 81 schools across ten provinces in China and eight schools overseas, covering the breadth of K-12 academic needs of its students. In the fiscal year ended August 31, 2020, Bright Scholar had an average of 51,825 students enrolled at its schools.

Safe Harbor Statement

This announcement contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements include, without limitation, the Company's business plans and development, which can be identified by terminology such as "may," "will," "expect," "anticipate," "aim," "estimate," "intend," "plan," "believe," "potential," "continue," "is/are likely to" or other similar expressions. Such statements are based upon management's current expectations and current market and operating conditions and relate to events that involve known or unknown risks, uncertainties and other factors, all of which are difficult to predict and many of which are beyond the Company's control, which may cause the Company's actual results, performance or achievements to differ materially from those in the forward-looking statements. Further information regarding these and other risks, uncertainties or factors is included in the Company's filings with the U.S. Securities and Exchange Commission. The Company does not undertake any obligation to update any forward-looking statement as a result of new information, future events or otherwise, except as required under law.

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BRIGHT SCHOLAR EDUCATION HOLDINGS LIMITED
 UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
 (Amounts in thousands)

| | As of | | |
|--|--------------------|--------------------|------------------|
| | August 31, 2019 | August 31, 2020 | |
| | RMB | RMB | USD |
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 3,246,995 | 3,377,684 | 493,280 |
| Restricted cash | 18,019 | 1,044,853 | 152,591 |
| Short-term investments | 241,270 | 13,695 | 2,000 |
| Accounts receivable | 21,528 | 19,271 | 2,814 |
| Amounts due from related parties | 10,652 | 18,521 | 2,705 |
| Other receivables, deposits and other assets | 177,150 | 198,593 | 29,003 |
| Inventories | 26,234 | 28,013 | 4,091 |
| Total current assets | 3,741,848 | 4,700,630 | 686,484 |
| Restricted cash – non current | - | 1,400 | 204 |
| Property and equipment, net | 899,510 | 1,076,590 | 157,226 |
| Land use rights, net | 88,204 | 86,076 | 12,571 |
| Intangible assets, net | 552,011 | 597,527 | 87,263 |
| Goodwill | 2,090,078 | 2,284,109 | 333,573 |
| Long-term investments | 28,455 | 55,137 | 8,052 |
| Prepayment for construction contract | 5,251 | 4,822 | 704 |
| Deferred tax assets, net | 30,333 | 35,678 | 5,210 |
| Deposit for acquisition | 338,585 | - | - |
| Other non-current assets | 13,362 | 16,654 | 2,432 |
| Operating lease right-of-use assets | - | 1,964,686 | 286,924 |
| Total non-current assets | 4,045,789 | 6,122,679 | 894,159 |
| TOTAL ASSETS | 7,787,637 | 10,823,309 | 1,580,643 |



BRIGHT SCHOLAR EDUCATION HOLDINGS LIMITED
 UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS-CONTINUED
 (Amounts in thousands)

| | As of | | |
|--|--------------------|--------------------|------------------|
| | August 31, 2019 | August 31, 2020 | |
| | RMB | RMB | USD |
| LIABILITIES AND EQUITY | | | |
| Current liabilities | | | |
| Accounts payable (including accounts payable of the consolidated VIEs without recourse to Bright Scholar Education of RMB 32,842 and RMB 28,691 as of August 31, 2019 and August 31, 2020, respectively) | 94,295 | 93,090 | 13,595 |
| Amounts due to related parties (including amounts due to related parties of the consolidated VIEs without recourse to Bright Scholar Education of RMB 76,117 and RMB 52,567 as of August 31, 2019 and August 31, 2020, respectively) | 110,038 | 86,563 | 12,642 |
| Accrued expenses and other current liabilities (including accrued expenses and other current liabilities of the consolidated VIEs without recourse to Bright Scholar Education of RMB 364,734 and RMB 393,247 as of August 31, 2019 and August 31, 2020, respectively) | 615,082 | 633,397 | 92,500 |
| Short term loan (including short term loan of the consolidated VIEs without recourse to Bright Scholar Education of nil and RMB 7,500 as of August 31, 2019 and August 31, 2020, respectively) | 50,000 | 938,300 | 137,030 |
| Income tax payable (including income tax payable of the consolidated VIEs without recourse to Bright Scholar Education of RMB 50,968 and RMB 51,521 as of August 31, 2019 and August 31, 2020, respectively) | 93,479 | 118,716 | 17,337 |
| Contract liabilities (including contract liabilities of the consolidated VIEs without recourse to Bright Scholar Education of RMB 1,157,774 and RMB 1,291,781 as of August 31, 2019 and August 31, 2020, respectively) | 1,529,137 | 1,544,184 | 225,514 |
| Refund liabilities (including refund liabilities of the consolidated VIEs without recourse to Bright Scholar Education of RMB 19,132 and RMB 23,804 as of August 31, 2019 and August 31, 2020, respectively) | 20,259 | 70,711 | 10,327 |
| Operating lease liabilities (including operating lease liabilities of the consolidated VIEs without recourse to Bright Scholar Education of nil and RMB 30,601 as of August 31, 2019 and August 31, 2020, respectively) | - | 210,082 | 30,681 |
| Total current liabilities | 2,512,290 | 3,695,043 | 539,626 |
| Non-current portion of deferred revenue (including non-current portion of deferred revenue of the consolidated VIEs without recourse to Bright Scholar Education of nil and RMB 1,772 as of August 31, 2019 and August 31, 2020, respectively) | - | 1,772 | 259 |
| Deferred tax liabilities, net (including deferred tax liabilities of the consolidated VIEs without recourse to Bright Scholar Education of RMB 35,895 and RMB 34,641 as of August 31, 2019 and August 31, 2020, respectively) | 53,689 | 57,826 | 8,445 |
| Other non-current liability due to related parties (including non-current liabilities due to related parties of the consolidated VIEs without recourse to Bright Scholar Education of RMB 21,736 and RMB 26,843 as of August 31, 2019 and August 31, 2020, respectively) | 21,736 | 26,843 | 3,920 |
| Other non-current liability due to third parties (including non-current liabilities due to third parties of the consolidated VIEs without recourse to Bright Scholar Education of RMB 7,621 and RMB 18,368 as of August 31, 2019 and August 31, 2020, respectively) | 10,654 | 19,612 | 2,864 |
| Bonds payable | 2,106,000 | 2,017,369 | 294,618 |
| Long term loan (including long term loan of the consolidated VIEs without recourse to Bright Scholar Education of nil and RMB 77,500 as of August 31, 2019 and August 31, 2020, respectively) | - | 77,919 | 11,379 |
| Operating lease liabilities (including operating lease liabilities of the consolidated VIEs without recourse to Bright Scholar Education of nil and RMB 189,354 as of August 31, 2019 and August 31, 2020, respectively) | - | 1,802,544 | 263,245 |
| Total non-current liabilities | 2,192,079 | 4,003,885 | 584,730 |
| TOTAL LIABILITIES | 4,704,369 | 7,698,928 | 1,124,356 |

| | As of | | |
|--|--------------------|--------------------|------------------|
| | August 31, 2019 | August 31, 2020 | |
| | RMB | RMB | USD |
| EQUITY | | | |
| Share capital | 8 | 8 | 1 |
| Additional paid-in capital | 2,105,189 | 1,854,262 | 270,798 |
| Statutory reserves | 64,945 | 65,567 | 9,575 |
| Accumulated other comprehensive income | 78,955 | 185,371 | 27,072 |
| Accumulated retained earnings | 472,339 | 632,722 | 92,403 |
| Shareholders' equity | 2,721,436 | 2,737,930 | 399,849 |
| Non-controlling interests | 361,832 | 386,451 | 56,438 |
| Total equity | 3,083,268 | 3,124,381 | 456,287 |
| TOTAL LIABILITIES AND EQUITY | 7,787,637 | 10,823,309 | 1,580,643 |



BRIGHT SCHOLAR EDUCATION HOLDINGS LIMITED
 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 (Amounts in thousands, except for shares and per share data)

| | Three Months Ended August 31, | | | Twelve Months Ended August 31, | | |
|--|-------------------------------|------------------|-----------------|--------------------------------|------------------|----------------|
| | 2019 | 2020 | | 2019 | 2020 | |
| | RMB | RMB | USD | RMB | RMB | USD |
| Revenue | 711,560 | 652,119 | 95,236 | 2,563,005 | 3,366,503 | 491,647 |
| Cost of revenue | (499,453) | (502,664) | (73,409) | (1,586,014) | (2,144,786) | (313,226) |
| Gross profit | 212,107 | 149,455 | 21,827 | 976,991 | 1,221,717 | 178,421 |
| Selling, general and administrative expenses | (259,963) | (262,617) | (38,353) | (691,900) | (871,154) | (127,224) |
| Other operating income | 3,428 | 22,778 | 3,327 | 15,435 | 38,661 | 5,646 |
| Impairment loss on operating lease right-of-use assets | - | (12,772) | (1,866) | - | (12,772) | (1,866) |
| Impairment loss on goodwill | - | (68,723) | (10,036) | - | (68,723) | (10,036) |
| Operating (loss)/income | (44,428) | (171,879) | (25,101) | 300,526 | 307,729 | 44,941 |
| Interest (expense)/income, net | (8,036) | (53,048) | (7,747) | 24,254 | (159,352) | (23,272) |
| Investment income | 1,678 | 52,105 | 7,609 | 17,414 | 106,675 | 15,579 |
| Other expenses | (2,814) | (8,615) | (1,258) | (8,617) | (11,291) | (1,649) |
| (Loss)/Income before income taxes and share of equity in loss of unconsolidated affiliates | (53,600) | (181,437) | (26,497) | 333,577 | 243,761 | 35,599 |
| Income tax benefit/(expense) | 5,696 | 33,176 | 4,845 | (80,580) | (78,992) | (11,536) |
| Share of equity in loss of unconsolidated affiliates | (222) | (343) | (50) | (239) | (595) | (87) |
| Net (loss)/income | (48,126) | (148,604) | (21,702) | 252,758 | 164,174 | 23,976 |
| Net income attributable to non-controlling interests | 3,798 | 5,234 | 764 | 11,659 | 3,169 | 463 |
| Net (loss)/income attributable to ordinary shareholders | (51,924) | (153,838) | (22,466) | 241,099 | 161,005 | 23,513 |
| Net (loss)/earnings per share attributable to ordinary shareholders | | | | | | |
| —Basic | (0.43) | (1.29) | (0.19) | 1.97 | 1.34 | 0.20 |
| —Diluted | (0.43) | (1.29) | (0.19) | 1.97 | 1.34 | 0.20 |
| Weighted average shares used in calculating net (loss)/earnings per ordinary share: | | | | | | |
| —Basic | 120,585,274 | 119,641,203 | 119,641,203 | 122,322,894 | 120,158,001 | 120,158,001 |
| —Diluted | 120,645,073 | 119,641,203 | 119,641,203 | 122,430,457 | 120,158,001 | 120,158,001 |



BRIGHT SCHOLAR EDUCATION HOLDINGS LIMITED
 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 (Amounts in thousands)

| | Three Months Ended August 31, | | | Twelve Months Ended August 31, | | |
|---|-------------------------------|-----------|----------|--------------------------------|-----------|----------|
| | 2019 | 2020 | | 2019 | 2020 | |
| | RMB | RMB | USD | RMB | RMB | USD |
| Net cash generated from operating activities | 682,471 | 685,176 | 100,063 | 864,988 | 491,227 | 71,739 |
| Net cash (used in)/generated from investing activities | (1,418,471) | 1,829,279 | 267,149 | (2,256,009) | 72,567 | 10,598 |
| Net cash generated from/(used in) financing activities | 1,946,754 | (112,211) | (16,387) | 1,479,533 | 675,703 | 98,680 |
| Effect of exchange rate changes on cash | (2,820) | (70,281) | (10,264) | 12,421 | (80,574) | (11,767) |
| Net change in cash and cash equivalents, and restricted cash | 1,207,934 | 2,331,963 | 340,561 | 100,933 | 1,158,923 | 169,250 |
| Cash and cash equivalents, and restricted cash at beginning of the period | 2,057,080 | 2,091,974 | 305,514 | 3,164,081 | 3,265,014 | 476,825 |
| Cash and cash equivalents, and restricted cash at end of the period | 3,265,014 | 4,423,937 | 646,075 | 3,265,014 | 4,423,937 | 646,075 |

Reconciliations of GAAP and Non-GAAP Results

(Amounts in thousands, except for shares and per share data)

| | Three Months Ended August 31, | | | Twelve Months Ended August 31, | | |
|--|-------------------------------|-----------------|-----------------|--------------------------------|------------------|----------------|
| | 2019 | 2020 | | 2019 | 2020 | |
| | RMB | RMB | USD | RMB | RMB | USD |
| Gross profit | 212,107 | 149,455 | 21,827 | 976,991 | 1,221,717 | 178,421 |
| Add: Amortization of intangible assets | 9,452 | 8,556 | 1,250 | 23,284 | 41,447 | 6,053 |
| Adjusted gross profit | 221,559 | 158,011 | 23,077 | 1,000,275 | 1,263,164 | 184,474 |
| Operating (loss)/income | (44,428) | (171,879) | (25,101) | 300,526 | 307,729 | 44,941 |
| Add: Share-based compensation expense | 6,599 | 1,406 | 205 | 51,664 | (10,631) | (1,553) |
| Add: Amortization of intangible assets | 9,452 | 8,556 | 1,250 | 23,284 | 41,447 | 6,053 |
| Add: Impairment loss on operating lease right-of-use assets | - | 12,772 | 1,866 | - | 12,772 | 1,866 |
| Add: Impairment loss on goodwill | - | 68,723 | 10,036 | - | 68,723 | 10,036 |
| Adjusted operating (loss)/income | (28,377) | (80,422) | (11,744) | 375,474 | 420,040 | 61,343 |
| Net (loss)/income | (48,126) | (148,604) | (21,702) | 252,758 | 164,174 | 23,976 |
| Add: Share-based compensation expense | 6,599 | 1,406 | 205 | 51,664 | (10,631) | (1,553) |
| Add: Amortization of intangible assets | 9,452 | 8,556 | 1,250 | 23,284 | 41,447 | 6,053 |
| Add: Tax effect of amortization of intangible assets | (2,056) | (1,874) | (274) | (5,123) | (8,822) | (1,288) |
| Add: Impairment loss on operating lease right-of-use assets | - | 12,772 | 1,866 | - | 12,772 | 1,866 |
| Add: Impairment loss on goodwill | - | 68,723 | 10,036 | - | 68,723 | 10,036 |
| Adjusted net (loss)/income | (34,131) | (59,021) | (8,619) | 322,583 | 267,663 | 39,090 |
| Net (loss)/income attributable to ordinary shareholders | (51,924) | (153,838) | (22,466) | 241,099 | 161,005 | 23,513 |
| Add: Share-based compensation expense | 6,599 | 1,406 | 205 | 51,664 | (10,631) | (1,553) |
| Add: Amortization of intangible assets | 9,452 | 8,556 | 1,250 | 23,284 | 41,447 | 6,053 |
| Add: Tax effect of amortization of intangible assets | (2,056) | (1,874) | (274) | (5,123) | (8,822) | (1,288) |
| Add: Impairment loss on operating lease right-of-use assets | - | 12,772 | 1,866 | - | 12,772 | 1,866 |
| Add: Impairment loss on goodwill | - | 68,723 | 10,036 | - | 68,723 | 10,036 |
| Adjusted net (loss)/income attributable to ordinary shareholders | (37,929) | (64,255) | (9,383) | 310,924 | 264,494 | 38,627 |
| Net (loss)/income | (48,126) | (148,604) | (21,702) | 252,758 | 164,174 | 23,976 |
| Less: Interest (expense)/income, net | (8,036) | (53,048) | (7,747) | 24,254 | (159,352) | (23,272) |
| Add: Income tax (benefit)/expense | (5,696) | (33,176) | (4,845) | 80,580 | 78,992 | 11,536 |
| Add: Depreciation and amortization | 43,177 | 47,196 | 6,893 | 130,819 | 197,425 | 28,832 |
| Add: Share-based compensation expense | 6,599 | 1,406 | 205 | 51,664 | (10,631) | (1,553) |
| Add: Impairment loss on operating lease right-of-use assets | - | 12,772 | 1,866 | - | 12,772 | 1,866 |
| Add: Impairment loss on goodwill | - | 68,723 | 10,036 | - | 68,723 | 10,036 |
| Adjusted EBITDA | 3,990 | 1,365 | 200 | 491,567 | 670,807 | 97,965 |
| Selling, general and administrative expenses | 259,963 | 262,617 | 38,353 | 691,900 | 871,154 | 127,224 |
| Less: Share-based compensation expense | 6,599 | 1,406 | 205 | 51,664 | (10,631) | (1,553) |
| Adjusted selling, general and administrative expenses | 253,364 | 261,211 | 38,148 | 640,236 | 881,785 | 128,777 |
| Weighted average shares used in calculating (loss)/earnings per ordinary share: | | | | | | |
| —Basic | 120,585,274 | 119,641,203 | 119,641,203 | 122,322,894 | 120,158,001 | 120,158,001 |
| —Diluted | 120,645,073 | 119,641,203 | 119,641,203 | 122,430,457 | 120,158,001 | 120,158,001 |
| Adjusted net (loss)/earnings per share attributable to ordinary shareholders | | | | | | |
| —Basic | (0.31) | (0.54) | (0.08) | 2.54 | 2.20 | 0.32 |
| —Diluted | (0.31) | (0.54) | (0.08) | 2.54 | 2.20 | 0.32 |