
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

Form 6-K

**REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934**

For the month of September 2022

Commission File Number 001-39742

17 EDUCATION & TECHNOLOGY GROUP INC.

(Translation of registrant's name into English)

**16/F, Block B, Wangjing Greenland Center
Chaoyang District, Beijing 100102
People's Republic of China**
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F. Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

17 EDUCATION & TECHNOLOGY GROUP INC.

By: /s/ Michael Chao Du

Name: Michael Chao Du

Title: Chief Financial Officer

Date: September 13, 2022

EXHIBIT INDEX

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|--|
| Exhibit 99.1 | Press Release—17 Education & Technology Group Inc. Announces Second Quarter 2022 Unaudited Financial Results |

**17 Education & Technology Group Inc. Announces Second Quarter
2022 Unaudited Financial Results**



BEIJING, China, September 13, 2022 — (GLOBE NEWSWIRE) — 17 Education & Technology Group Inc. (NASDAQ: YQ) (“17EdTech” or the “Company”), a leading education technology company in China, today announced its unaudited financial results for the second quarter of 2022.

Second Quarter 2022 Highlights¹

- **Net revenues** were RMB133.5 million (US\$19.9 million), representing a year-over-year decrease of 80.1% from RMB670.9 million in the second quarter of 2021, and 11.2% higher than the high end of the estimate provided by the Company in June 2022.
- **Gross margin** was 52.2%, compared with 63.0% in the second quarter of 2021.
- **Net loss** was RMB26.4 million (US\$3.9 million), significantly decreasing from net loss of RMB266.7 million in the second quarter of 2021.
- **Net loss as a percentage of net revenues** was negative 19.8% in the second quarter of 2022, narrowing from negative 39.8% in the second quarter of 2021.
- **Adjusted net income² (non-GAAP)**, which excluded share-based compensation expenses of RMB30.1 million (US\$4.5 million), was RMB3.6 million (US\$0.5 million), improving from adjusted net loss (non-GAAP) of RMB218.2 million in the second quarter of 2021.
- **Adjusted net income (loss) (non-GAAP) as a percentage of net revenues** was 2.7% in the second quarter of 2022, compared with negative 32.5% in the second quarter of 2021.

First Half 2022 Highlights

- **Net revenues** were RMB366.9 million (US\$54.8 million), representing a year-over-year decrease of 68.0% from RMB1,145.1 million in the first half of 2021.
- **Gross margin** was 57.6%, compared with 62.0% in the first half of 2021.
- **Net loss** was RMB51.2 million (US\$7.6 million), significantly decreasing from net loss of RMB926.4 million in the first half of 2021.
- **Net loss as a percentage of net revenues** was negative 14.0% in the first half of 2022, narrowing from negative 80.9% in the first half of 2021.
- **Adjusted net income (non-GAAP)**, which excluded share-based compensation expenses of RMB64.7 million (US\$9.7 million), was RMB13.5 million (US\$2.0 million), improving from adjusted net loss (non-GAAP) of RMB807.1 million in the first half of 2021.
- **Adjusted net income (loss) (non-GAAP) as a percentage of net revenues** was 3.7% in the first half of 2022, compared with negative 70.5% in the first half of 2021.

¹ For a reconciliation of non-GAAP numbers, please see the table captioned “Reconciliations of non-GAAP measures to the most comparable GAAP measures” at the end of this press release.

² Adjusted net income (loss) represents net income (loss) excluding share-based compensation expenses.

Mr. Andy Liu, Founder, Chairman and Chief Executive Officer of 17EdTech commented, “In the second quarter of 2022, our businesses continued to maintain a healthy and sustainable development, laying a solid foundation for our future growth. During the quarter, the Company proactively promoted in-school teaching and learning software-as-a-service (“SaaS”) business as well as explored off-campus personalized self-directed learning products in compliance with applicable PRC laws and regulations. We successfully delivered a precision teaching and adaptive learning system based on intelligent homework covering the whole Minhang district in Shanghai in the second quarter of 2022. This learning system has been used regularly throughout the teaching and learning process and has been well received by teachers, schools and education authorities during the COVID-19 pandemic. This is a clear illustration of 17EdTech’s pioneering capability in this area which assists to reduce the burdens of students and schools and improved learning and teaching efficiency required by the ‘Double Deduction’ Policy.”

Mr. Michael Du, Director and Chief Financial Officer of 17EdTech commented, “We are pleased to report solid financial results in the second quarter of 2022. We continued to see progress in our in-school teaching and learning SaaS business, which contributed increasing net revenues for the second quarter of 2022. Our net loss on a GAAP basis continued to narrow in the second quarter of 2022 as compared with the same period in 2021, and we have achieved consecutive net profitability on a non-GAAP basis for the last three quarters as our operational efficiency continued to improve.”

Second Quarter 2022 Unaudited Financial Results

Net Revenues

Net revenues for the second quarter of 2022 were RMB133.5 million (US\$19.9 million), representing a year-over-year decrease of 80.1% from RMB670.9 million in the second quarter of 2021, mainly due to the cessation of the Company’s online K-12 tutoring services by the end of 2021 in order to be compliant with relevant PRC regulations, which prohibit the provision of tutoring services relating to academic subjects to K-12 students. Excluding net revenue from online K-12 tutoring services, net revenues increased significantly from RMB8.9 million to RMB133.5 million during the same period. The Company’s teaching and learning SaaS offerings are contributing an increasing proportion of the Company’s net revenues for the second quarter of 2022.

Cost of Revenues

Cost of revenues for the second quarter of 2022 was RMB63.8 million (US\$9.5 million), representing a year-over-year decrease of 74.3% from RMB248.0 million in the second quarter of 2021, which was largely in line with the decrease in net revenues due to the cessation of the Company’s online K-12 tutoring services under the new regulatory and business environment.

Gross Profit and Gross Margin

Gross profit for the second quarter of 2022 was RMB69.7 million (US\$10.4 million), representing a year-over-year decrease of 83.5% from RMB422.9 million in the second quarter of 2021.

Gross margin for the second quarter of 2022 was 52.2%, compared with 63.0% in the second quarter of 2021.

Total Operating Expenses

The following table sets forth a breakdown of operating expenses by amounts and percentages during the periods indicated (in thousands, except for percentages):

| | 2021 | | For the three months ended June 30, | | | Year-over-year |
|---|----------------|---------------|-------------------------------------|---------------|--------------|----------------|
| | RMB | % | RMB | USD | % | |
| Sales and marketing expenses | 306,731 | 45.7% | 11,650 | 1,739 | 8.7% | -96.2% |
| Research and development expenses | 229,535 | 34.2% | 35,709 | 5,331 | 26.7% | -84.4% |
| General and administrative expenses | 109,500 | 16.3% | 56,441 | 8,426 | 42.3% | -48.5% |
| Impairment for property and equipment and right-of-use assets | 56,882 | 8.5% | — | — | — | — |
| Total operating expenses | 702,648 | 104.7% | 103,800 | 15,496 | 77.7% | -85.2% |

Total operating expenses for the second quarter of 2022 were RMB103.8 million (US\$15.5 million), including RMB30.1 million (US\$4.5 million) of share-based compensation expenses, representing a year-over-year decrease of 85.2% from RMB702.6 million in the second quarter of 2021.

Sales and marketing expenses for the second quarter of 2022 were RMB11.7 million (US\$1.7 million), including RMB3.4 million (US\$0.5 million) of share-based compensation expenses, representing a year-over-year decrease of 96.2% from RMB306.7 million in the second quarter of 2021. This was mainly due to the decreases in promotional course expenses and advertising expenditures as a result of the changes in regulatory environment, as well as staff optimization in line with business adjustment.

Research and development expenses for the second quarter of 2022 were RMB35.7 million (US\$5.3 million), including RMB7.2 million (US\$1.1 million) of share-based compensation expenses, representing a year-over-year decrease of 84.4% from RMB229.5 million in the second quarter of 2021. The decrease was primarily attributable to staff optimization in line with business adjustment.

General and administrative expenses for the second quarter of 2022 were RMB56.4 million (US\$8.4 million), including RMB19.5 million (US\$2.9 million) of share-based compensation expenses, representing a year-over-year decrease of 48.5% from RMB109.5 million in the second quarter of 2021. The decrease was primarily due to staff optimization in line with business adjustment.

Impairment for property and equipment and right-of-use assets for the second quarter of 2022 were nil, compared with RMB56.9 million in the second quarter of 2021. As a result of the changes in regulatory environment in the online education industry, combined with the Company's financial performance, the Company had performed an impairment assessment on its long-term assets and recognized impairment losses in the second quarter of 2021.

Loss from Operations

Loss from operations for the second quarter of 2022 was RMB34.1 million (US\$5.1 million), compared with RMB279.8 million in the second quarter of 2021. Loss from operations as a percentage of net revenues for the second quarter of 2022 was negative 25.5%, improving from negative 41.7% in the second quarter of 2021.

Net Loss

Net loss for the second quarter of 2022 was RMB26.4 million (US\$3.9 million), compared with net loss of RMB266.7 million in the second quarter of 2021. Net loss as a percentage of net revenues was negative 19.8% in the second quarter of 2022, compared with negative 39.8% in the second quarter of 2021.

Adjusted Net Income (Loss) (non-GAAP)

Adjusted net income (non-GAAP) for the second quarter of 2022 was RMB3.6 million (US\$0.5 million), compared with adjusted net loss (non-GAAP) of RMB218.2 million in the second quarter of 2021. Adjusted net income (loss) (non-GAAP) as a percentage of net revenues was 2.7% in the second quarter of 2022, improving from negative 32.5% in the second quarter of 2021.

Please refer to the table captioned “Reconciliations of non-GAAP measures to the most comparable GAAP measures” at the end of this press release for a reconciliation of net loss under U.S. GAAP to adjusted net income (loss) (non-GAAP).

Business Outlook

Based on our current estimates, total net revenues for the third quarter of 2022 are expected to be between RMB120 million and RMB140 million. The estimated total net revenues for the third quarter of 2022 are derived entirely from the ongoing businesses after the Company’s business transformation and, as mentioned above, do not include revenues from the legacy online K-12 tutoring services. This estimated range represents a significant increase year-over-year when compared with the relatively small base of the net revenues generated from non-online K-12 tutoring services for the third quarter of 2021.

The above forecast reflects 17EdTech’s current and preliminary view and is therefore subject to change. Please see the section titled “Safe Harbor Statement” below for the factors that could cause actual results to differ materially from those contained in any forward-looking statement.

Conference Call Information

The Company will hold a conference call on Tuesday, September 13, 2022 at 9:00 p.m. U.S. Eastern Time (Wednesday, September 14, 2022 at 9:00 a.m. Beijing time) to discuss the financial results for the second quarter of 2022.

Please note that all participants will need to preregister for the conference call participation by navigating to <https://register.vevent.com/register/B1c4a6f95e1b7c49089e2e7337b4c7c270>.

Upon registration, you will receive an email containing participant dial-in numbers, and PIN number. To join the conference call, please dial the number you receive, enter the PIN number, and you will be joined to the conference call instantly.

Additionally, a live and archived webcast of this conference call will be available at <https://ir.17zuoye.com/>.

Non-GAAP Financial Measures

17EdTech’s management uses adjusted net income (loss) as a non-GAAP financial measure to gain an understanding of 17EdTech’s comparative operating performance and future prospects.

Adjusted net income (loss) represents net loss excluding share-based compensation expenses and such adjustment has no impact on income tax.

Adjusted net income (loss) is used by 17EdTech’s management in their financial and operating decision-making as a non-GAAP financial measure, because management believes it reflects 17EdTech’s ongoing business and operating performance in a manner that allows meaningful period-to-period comparisons. 17EdTech’s management believes that such non-GAAP measure provides useful information to investors and others in understanding and evaluating 17EdTech’s operating performance in the same manner as management does, if they so choose. Specifically, 17EdTech believes the non-GAAP measure provides useful information to both management and investors by excluding certain charges that the Company believes are not indicative of its core operating results.

The non-GAAP financial measure has limitations. It does not include all items of income and expense that affect 17EdTech’s income from operations. Specifically, the non-GAAP financial measure is not prepared in accordance with GAAP, may not be comparable to non-GAAP financial measures used by other companies and, with respect to the non-GAAP financial measure that excludes certain items under GAAP, does not reflect any benefit that such items may confer to 17EdTech. Management compensates for these limitations by also considering 17EdTech’s financial results as determined in accordance with GAAP. The presentation of this additional information is not meant to be considered superior to, in isolation from or as a substitute for results prepared in accordance with US GAAP.

Exchange Rate Information

The Company’s business is primarily conducted in China and all of the revenues are denominated in Renminbi (“RMB”). However, periodic reports made to shareholders will include current period amounts translated into U.S. dollars (“USD” or “US\$”) using the exchange rate as of balance sheet date, for the convenience of the readers. Translations of balances in the consolidated balance sheets and the related consolidated statements of operations, comprehensive loss, change in shareholders’ deficit and cash flows from RMB into USD as of and for the three months and the six months ended June 30, 2022 are solely for the convenience of the readers and were calculated at the rate of US\$1.00=RMB6.6981 representing the noon buying rate set forth in the H.10 statistical release of the U.S. Federal Reserve Board on June 30, 2022. No representation is made that the RMB amounts could have been, or could be, converted, realized or settled into US\$ at that rate on June 30, 2022, or at any other rate.

About 17 Education & Technology Group Inc.

17 Education & Technology Group Inc. is a leading education technology company in China, offering smart in-school classroom solution that delivers data-driven teaching, learning and assessment products to teachers, students and parents. Leveraging its extensive knowledge and expertise obtained from in-school business over the past decade, the Company provides teaching and learning SaaS offerings to facilitate the digital transformation and upgrade at Chinese schools, with a focus on improving the efficiency and effectiveness of core teaching and learning scenarios such as homework assignments and in-class teaching. The Company also provides a personalized self-directed learning product to Chinese families, which is not a tutoring service. The product utilizes the Company’s technology and data insights to provide personalized and targeted learning and exercise content that is aimed at improving students’ learning efficiency.

Safe Harbor Statement

This announcement contains forward-looking statements. These statements are made under the “safe harbor” provisions of the United States Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as “will,” “expects,” “anticipates,” “future,” “intends,” “plans,” “believes,” “estimates” and similar statements. Statements that are not historical facts, including statements about 17EdTech’s beliefs and expectations, are forward-looking statements. 17EdTech may also make written or oral forward-looking statements in its periodic reports to the SEC, in its annual report to shareholders, in press releases and other written materials and in oral statements made by its officers, directors or employees to third parties. Forward-looking statements involve inherent risks and uncertainties. A number of factors could cause actual results to differ materially from those contained in any forward-looking statement, including but not limited to the following: 17EdTech’s growth strategies; its future business development, financial condition and results of operations; its ability to continue to attract and retain users; its ability to carry out its business and organization transformation, its ability to implement and grow its new business initiatives; the trends in, and size of, China’s online education market; competition in and relevant government policies and regulations relating to China’s online education market; its expectations regarding demand for, and market acceptance of, its products and services; its expectations regarding its relationships with business partners; general economic and business conditions; and assumptions underlying or related to any of the foregoing. Further information regarding these and other risks is included in 17EdTech’s filings with the SEC. All information provided in this press release is as of the date of this press release, and 17EdTech does not undertake any obligation to update any forward-looking statement, except as required under applicable law.

For investor and media inquiries, please contact:**17 Education & Technology Group Inc.**

Ms Lara Zhao
Investor Relations Manager
E-mail: ir@17zuoye.com

17 EDUCATION & TECHNOLOGY GROUP INC.
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands of RMB and USD, except for share and per ADS data, or otherwise noted)

| | As of December 31 | As of June 30 | |
|---|-------------------------|-------------------------|-----------------------|
| | 2021 RMB | 2022 RMB | 2022 USD |
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 1,180,898 | 893,773 | 133,437 |
| Accounts receivable | — | 61,376 | 9,163 |
| Prepaid expenses and other current assets | 161,826 | 130,329 | 19,458 |
| Total current assets | <u>1,342,724</u> | <u>1,085,478</u> | <u>162,058</u> |
| Non-current assets | | | |
| Property and equipment, net | 69,811 | 49,947 | 7,457 |
| Right-of-use assets | 153,963 | 51,924 | 7,752 |
| Other non-current assets | 13,923 | 9,615 | 1,435 |
| TOTAL ASSETS | <u>1,580,421</u> | <u>1,196,964</u> | <u>178,702</u> |
| LIABILITIES | | | |
| Current liabilities | | | |
| Accrued expenses and other current liabilities (including accrued expenses and other current liabilities of the consolidated VIEs without recourse to the Group of RMB93,115 and RMB46,863 as of December 31, 2021 and June 30, 2022, respectively) | 392,293 | 174,593 | 26,066 |
| Deferred revenue and customer advances, current (including deferred revenue and customer advances, current of the consolidated VIEs without recourse to the Group of RMB239,267 and RMB139,193 as of December 31, 2021 and June 30, 2022, respectively) | 243,878 | 141,805 | 21,171 |
| Operating lease liabilities, current (including operating lease liabilities, current of the consolidated VIEs without recourse to the Group of RMB29,113 and RMB13,797 as of December 31, 2021 and June 30, 2022, respectively) | 46,885 | 25,042 | 3,739 |
| Total current liabilities | <u>683,056</u> | <u>341,440</u> | <u>50,976</u> |

| | As of December 31, 2021 RMB | As of June 30, 2022 RMB | 2022 USD |
|---|--------------------------------------|-------------------------------|----------------|
| Non-current liabilities | | | |
| Operating lease liabilities, non-current (including operating lease liabilities, non-current of the consolidated VIEs without recourse to the Group of RMB57,906 and RMB14,229 as of December 31, 2021 and June 30, 2022, respectively) | 100,329 | 22,106 | 3,300 |
| TOTAL LIABILITIES | 783,385 | 363,546 | 54,276 |
| SHAREHOLDERS' EQUITY | | | |
| Class A ordinary shares | 293 | 294 | 44 |
| Class B ordinary shares | 38 | 38 | 6 |
| Additional paid-in capital | 10,859,107 | 10,920,829 | 1,630,437 |
| Accumulated other comprehensive income | 18,691 | 44,547 | 6,650 |
| Accumulated deficit | (10,081,093) | (10,132,290) | (1,512,711) |
| TOTAL SHAREHOLDERS' EQUITY | 797,036 | 833,418 | 124,426 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 1,580,421 | 1,196,964 | 178,702 |

17 EDUCATION & TECHNOLOGY GROUP INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands of RMB and USD, except for share and per ADS data, or otherwise noted)

| | For the three months ended June 30, | | |
|--|-------------------------------------|------------------|-----------------|
| | 2021 | 2022 | 2022 |
| | RMB | RMB | USD |
| Net revenues | 670,892 | 133,492 | 19,930 |
| Cost of revenues (Note 1) | (248,003) | (63,773) | (9,521) |
| Gross profit | 422,889 | 69,719 | 10,409 |
| Operating expenses (Note 1) | | | |
| Sales and marketing expenses | (306,731) | (11,650) | (1,739) |
| Research and development expenses | (229,535) | (35,709) | (5,331) |
| General and administrative expenses | (109,500) | (56,441) | (8,426) |
| Impairment for property and equipment and right-of-use assets | (56,882) | — | — |
| Total operating expenses | (702,648) | (103,800) | (15,496) |
| Loss from operations | (279,759) | (34,081) | (5,087) |
| Interest income | 8,092 | 1,581 | 236 |
| Foreign currency exchange gain (loss) | 2,808 | (18) | (3) |
| Other income, net | 2,118 | 6,087 | 909 |
| Loss before provision for income tax | (266,741) | (26,431) | (3,945) |
| Income tax expenses | — | — | — |
| Net loss | (266,741) | (26,431) | (3,945) |
| Net loss available to ordinary shareholders of 17 Education & Technology Group Inc. | (266,741) | (26,431) | (3,945) |
| Net loss per ordinary share | | | |
| Basic and diluted | (0.55) | (0.05) | (0.01) |
| Net loss per ADS (Note 2) | | | |
| Basic and diluted | (5.50) | (0.50) | (0.10) |
| Weighted average shares used in calculating net loss per ordinary share | | | |
| Basic and diluted | 482,811,981 | 509,153,443 | 509,153,443 |

Note 1: Share-based compensation expenses were included in the cost and operating expenses as follows:

| | For the three months ended June 30, | | |
|---|-------------------------------------|---------------|--------------|
| | 2021 | 2022 | 2022 |
| | RMB | RMB | USD |
| Share-based compensation expenses: | | | |
| Sales and marketing expenses | 6,519 | 3,368 | 503 |
| Research and development expenses | 12,286 | 7,175 | 1,071 |
| General and administrative expenses | 29,713 | 19,516 | 2,914 |
| Total | 48,518 | 30,059 | 4,488 |

Note 2: Each one ADS represents ten Class A ordinary shares. Effective on November 17, 2021, the Company changed the ratio of its ADS to its Class A ordinary shares from two ADSs representing five Class A ordinary shares to one ADS representing ten Class A ordinary shares. All earnings per ADS figures in this report give effect to the foregoing ADS to share ratio change.

17 EDUCATION & TECHNOLOGY GROUP INC.
Reconciliations of non-GAAP measures to the most comparable GAAP measures
(In thousands of RMB and USD, except for share, per share and per ADS data)

| | For the three months ended June 30, | | |
|-----------------------------------|-------------------------------------|-----------------|----------------|
| | 2021 | 2022 | 2022 |
| | RMB | RMB | USD |
| Net Loss | (266,741) | (26,431) | (3,945) |
| Share-based compensation | 48,518 | 30,059 | 4,488 |
| Adjusted net (loss) income | (218,223) | 3,628 | 543 |

17 EDUCATION & TECHNOLOGY GROUP INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands of RMB and USD, except for share and per ADS data, or otherwise noted)

| | For the six months ended June 30, | | |
|--|-----------------------------------|------------------|-----------------|
| | 2021 | 2022 | 2022 |
| | RMB | RMB | USD |
| Net revenues | 1,145,138 | 366,938 | 54,782 |
| Cost of revenues (Note 1) | (435,628) | (155,558) | (23,224) |
| Gross profit | 709,510 | 211,380 | 31,558 |
| Operating expenses (Note 1) | | | |
| Sales and marketing expenses | (920,258) | (33,647) | (5,023) |
| Research and development expenses | (439,462) | (133,185) | (19,884) |
| General and administrative expenses | (239,218) | (107,742) | (16,085) |
| Impairment for property and equipment and right-of-use assets | (56,882) | — | — |
| Total operating expenses | (1,655,820) | (274,574) | (40,992) |
| Loss from operations | (946,310) | (63,194) | (9,434) |
| Interest income | 15,089 | 3,646 | 544 |
| Foreign currency exchange gain | 1,861 | 185 | 28 |
| Other income, net | 2,932 | 8,166 | 1,219 |
| Loss before provision for income tax | (926,428) | (51,197) | (7,643) |
| Income tax expenses | — | — | — |
| Net loss | (926,428) | (51,197) | (7,643) |
| Net loss available to ordinary shareholders of 17 Education & Technology Group Inc. | (926,428) | (51,197) | (7,643) |
| Net loss per ordinary share | | | |
| Basic and diluted | (1.92) | (0.10) | (0.02) |
| Net loss per ADS (Note 2) | | | |
| Basic and diluted | (19.20) | (1.00) | (0.20) |
| Weighted average shares used in calculating net loss per ordinary share | | | |
| Basic and diluted | 482,100,675 | 508,882,655 | 508,882,655 |

Note 1: Share-based compensation expenses were included in the cost and operating expenses as follows:

| | For the six months ended June 30, | | |
|---|-----------------------------------|---------------|--------------|
| | 2021 | 2022 | 2022 |
| | RMB | RMB | USD |
| Share-based compensation expenses: | | | |
| Sales and marketing expenses | 11,594 | 7,348 | 1,097 |
| Research and development expenses | 23,249 | 14,360 | 2,144 |
| General and administrative expenses | 84,524 | 42,996 | 6,419 |
| Total | 119,367 | 64,704 | 9,660 |

Note 2: Each one ADS represents ten Class A ordinary shares. Effective on November 17, 2021, the Company changed the ratio of its ADS to its Class A ordinary shares from two ADSs representing five Class A ordinary shares to one ADS representing ten Class A ordinary shares. All earnings per ADS figures in this report give effect to the foregoing ADS to share ratio change.

17 EDUCATION & TECHNOLOGY GROUP INC.
Reconciliations of non-GAAP measures to the most comparable GAAP measures
(In thousands of RMB and USD, except for share, per share and per ADS data)

| | For the six months ended June 30, | | |
|-----------------------------------|-----------------------------------|-----------------|----------------|
| | 2021 | 2022 | 2022 |
| | RMB | RMB | USD |
| Net Loss | (926,428) | (51,197) | (7,643) |
| Share-based compensation | 119,367 | 64,704 | 9,660 |
| Adjusted net (loss) income | (807,061) | 13,507 | 2,017 |