



2020 THIRD QUARTER EARNINGS CALL

November 12, 2020

Speakers

Mr. Kevin Ma, Chairman and CEO

Mr. Jun Zhang, President

Ms. Amy Tung, CFO

SAFE HARBOR

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- All statements other than statements of historical fact in this presentation are forward-looking statements, including but not limited to ACG’s future growth and results of operations; ACG’s strategy of becoming a leading international education service provider; ACG’s plans for mergers and acquisitions generally; the benefits of the Huanqiuyimeng Acquisition; ACG’s ability to operate efficiently and maintain continued financial strength under unusual circumstances; ACG’s growth strategy and subsequent business activities; market demand for ACG’s portfolio training programs and other education services; the impact of the COVID-19 outbreak on ACG and its operations; ACG’s plan and anticipated benefits of the measures implemented in response to the COVID-19 outbreak; and the implementation, suspension or termination of the share repurchase program.
- Although we believe our expectations expressed in such forward-looking statements are reasonable, we cannot assure you that they will be realized. Investors are cautioned that such forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from the anticipated results, and therefore we refer you to a more detailed discussion of the risks and uncertainties in the Company’s filings with the Securities & Exchange Commission.

Note: All U.S. dollar amounts in this presentation, relating to the financial results for the three and nine months ended September 30, 2020, are converted from RMB using an exchange rate of 6.7896 RMB:1 USD. All historical conversions are accurate as of the time reported, unless otherwise noted. The Company reports its financial results under U.S. GAAP in RMB, and all percentages calculated in the presentation are based on RMB unless otherwise noted.

OVERVIEW

ATA Creativity Global (ACG) is an international educational services company focused on providing quality learning experiences that cultivate and enhance students' creativity. ACG offers a wide range of education services consisting primarily of portfolio training, educational travel, overseas study counseling and other educational services through its training center network.



Nearly 20 years of experience in testing technologies and delivery services, unrivaled knowledge of China's assessment/education market



Possesses industry relationships with educational institutions and enterprises all over China



Established reputation in learning technologies, committed to providing students with quality educational opportunities

ACG At-A-Glance

Ticker	NASDAQ: ACG
IPO	January 2008 (Underwriters: Merrill Lynch, Piper Jaffray)
Auditor	KPMG (since IPO)
Fiscal Year End	December 31
Recent Stock Price	\$1.15 (as of 11/10/2020)
Market Cap	\$36.1 million (as of 11/10/2020)
ADs Outstanding	31.4 million
Book Value Per ADS	\$1.22

All information as of 9/30/2020 unless otherwise noted.

2020 THIRD QUARTER HIGHLIGHTS

Amy Tung, Chief Financial Officer

KEY OPERATING HIGHLIGHTS

Continued online delivery of coursework in light of COVID-19

Prioritizing the safety of students, faculty and staff by delivering in-person coursework online since the beginning of February

Nearly full resumption of traditional in-person delivery of coursework since end of Q2

Q3 impacted by COVID-19

Causing enrollment deferrals and cancellation of most educational tours and overseas study programs

20.0% YoY decrease, 58.2% sequential increase

Credit hours delivered for portfolio training programs, primarily caused by the ongoing pandemic environment

ENROLLMENT UPDATE

- Portfolio training programs are ACG's main line of business, consisting of time-based programs and project-based programs.
- Revenue is recognized proportionately per credit hour delivered.

	July 1, 2020 – Sept. 30, 2020	July 1, 2019 – Sept. 30, 2019	% Change
	No. of Credit Hours	No. of Credit Hours	
Time-based Program	26,117	36,363	(28.2%)
Project-based Program	18,086	18,868	(4.1%)
Total	44,203	55,231	(20.0%)

Total student enrollment was 1,225, out of which 666 were enrolled in portfolio training programs, during the third quarter of 2020.

KEY FINANCIAL HIGHLIGHTS

Q3

RMB42.2 Million

Total net revenues, compared to RMB40.6 million in Q3 2019

37.4% (45.2% adj.)

Gross margin, compared to 35.9% in Q3 2019

RMB19.3 Million

Net income attributable to ACG, compared to a net loss of RMB25.2 million in the prior-year period

NINE MONTHS 2020

RMB101.3 Million

Total net revenues, an increase from RMB43.6 million, driven by contributions from Huanqiuyimeng business

33.7% (43.7% adj.)

Gross margin, compared to 34.3% in the prior-year period

RMB33.3 Million

Net loss from continuing operations attributable to ACG, compared to a net loss of RMB56.3 million in the prior-year period

SUMMARY FINANCIAL RESULTS – Q3

	Q3 2019	Q3 2020	Q3 2019	Q3 2020
In 000s except margin and per ADS data	RMB		USD	
Net Revenues	40,649	42,220	\$5,687	\$6,218
Cost of Revenues	26,076	26,440	\$3,648	\$3,894
Gross Profit (Loss)	14,573	15,780	\$2,039	\$2,324
Gross Margin	35.9%	37.4%	35.9%	37.4%
Operating Expenses	40,827	32,418	\$5,712	\$4,775
Loss from Operations	(26,148)	(16,513)	(\$3,658)	(\$2,432)
Net Income (Loss) Attributable to ACG	(25,233)	19,280	(\$3,530)	\$2,840
Diluted Earnings (Losses) per ADS Attributable to ACG	(1.02)	0.56	(\$0.14)	\$0.08

SUMMARY FINANCIAL RESULTS – YTD

	9 Months 2019	9 Months 2020	9 Months 2019	9 Months 2020
In 000s except margin and per ADS data	RMB		USD	
Net Revenues	43,632	101,320	\$6,104	\$14,923
Cost of Revenues	28,675	67,184	\$4,012	\$9,895
Gross Profit	14,957	34,136	\$2,092	\$5,028
Gross Margin	34.3%	33.7%	34.3%	33.7%
Operating Expenses	77,257	116,090	\$10,809	\$17,098
Loss from Continuing Operations	(61,738)	(81,482)	(\$8,637)	(\$12,001)
Net Loss from Continuing Operations Attributable to ACG	(51,401)	(33,257)	(\$7,876)	(\$4,898)
Diluted Losses from Continuing Operations per ADS Attributable to ACG	(2.48)	(1.20)	(\$0.34)	(\$0.18)

BALANCE SHEET HIGHLIGHTS

A solid balance sheet will allow ACG to execute its growth strategy.

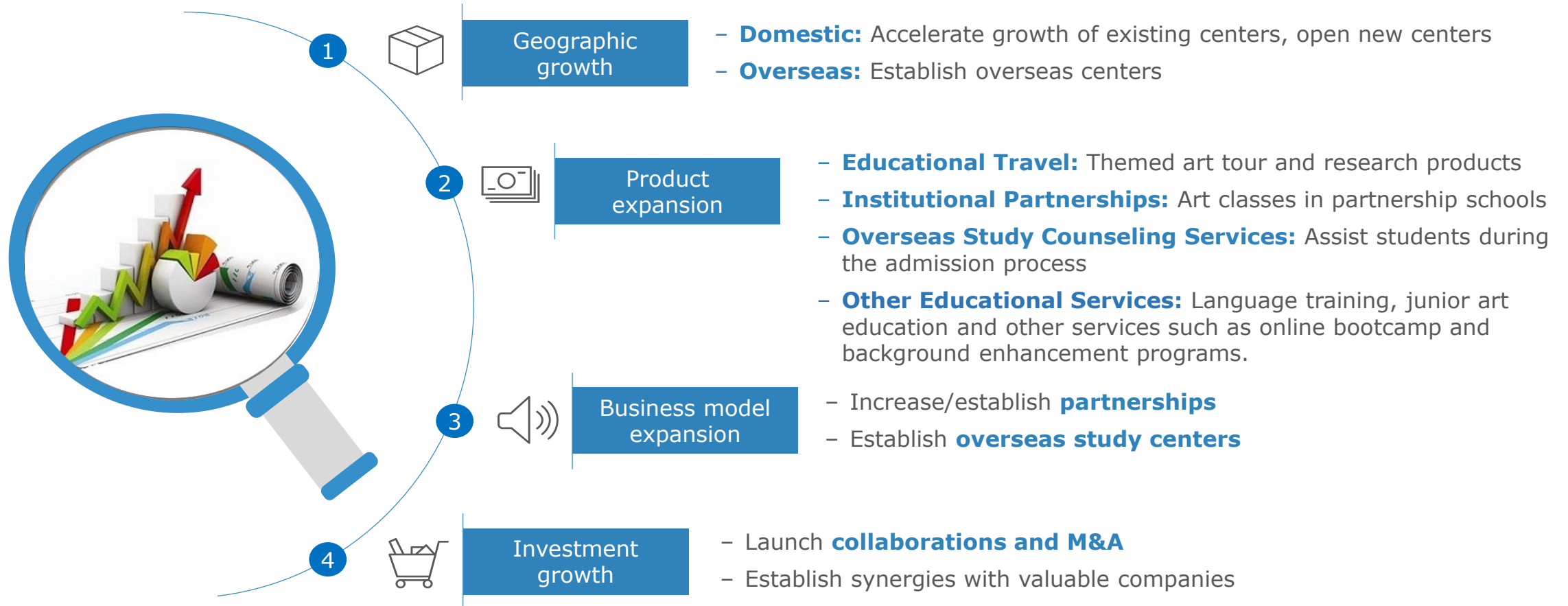
In 000s	12/31/2019	9/30/2020	12/31/2019	9/30/2020
	RMB		USD	
Cash and Cash Equivalents	154,198	111,864	\$22,149	\$16,476
Total Current Assets	183,560	132,485	\$26,367	\$19,513
Total Assets	676,090	619,678	\$97,115	\$91,269
Total Current Liabilities	264,816	267,351	\$38,038	\$39,377
Total Liabilities	325,558	312,356	\$46,764	\$46,005
Mezzanine Equity	44,896	47,567	\$6,449	\$7,006
Shareholders' Equity	305,635	259,756	\$43,902	\$38,258
Total Liabilities, Mezzanine Equity & Shareholders' Equity	676,090	619,678	\$97,115	\$91,269

USD\$16.5 million in cash and cash equivalents as of 9/30/2020

2020-21 OUTLOOK & GROWTH STRATEGY

Kevin Ma, Chairman and CEO
Jun Zhang, President

GLOBAL GROWTH INITIATIVES



GROWTH STRATEGY

ACG plans to leverage its expertise in assessment/education technologies and services, as well as extensive industry relationships, to scale the growth of well-established education enterprises to expand its presence in China and beyond



Increase outreach to support a growing population of students:

- Those seeking overseas study experiences to whom we can offer portfolio training and overseas study counseling services (particularly those applying for art majors)
- Those looking to enhance their capabilities outside academics, using art as a tool
- Those seeking out-of-classroom learning experiences to whom we can offer educational travel programs



Continue exploring M&A opportunities within the education sector





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