



2022 FOURTH QUARTER AND YEAR-END EARNINGS CALL

March 30, 2023

Speakers

Mr. Ruobai Sima, CFO

Mr. Jun Zhang, President

SAFE HARBOR

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Note: All U.S. dollar amounts in this presentation, relating to the financial results for the fourth quarter and year ended December 31, 2022, are converted from RMB using an exchange rate of 6.8972 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, research-based learning, overseas study counselling and other educational services through its training center network.



Over 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	\$1.83 (as of 3/29/2023)
Market Cap	\$57.4 million (as of 3/29/2023)
ADs Outstanding	31.4 million
Book Value Per ADS	\$0.66

All information as of 12/31/2022 unless otherwise noted.



FOURTH QUARTER 2022 HIGHLIGHTS

Ruobai Sima, Chief Financial Officer



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.

	Fourth Quarter Ended Dec. 31, 2022	Fourth Quarter Ended Dec. 31, 2021	% Change
	No. of Credit Hours	No. of Credit Hours	
Time-based Program	15,780	29,949	(47.3%)
Project-based Program	31,114	23,589	31.9%
Total	46,894	53,538	(12.4%)

Total student enrollment was 908, out of which 574 were enrolled in portfolio training programs, during the fourth quarter of 2022.

KEY FINANCIAL HIGHLIGHTS

Q4 2022

RMB78.5 Million

Total net revenues, up 8.2% from RMB72.6 million, driven primarily by increased contributions from portfolio training services and other educational services

60.6%

Gross margin, compared to 62.8% in Q4 2021

RMB2.0 Million

Net income attributable to ACG, compared to net loss of RMB2.5 million in Q4 2021

YE 2022

RMB206.8 Million

Total net revenues, up 2.3% from RMB202.2 million, driven primarily by increased contributions from other educational services and portfolio training services

49.6%

Gross margin, compared to 51.8% in the prior year

RMB47.9 Million

Net loss attributable to ACG, compared to net loss of RMB33.6 million in the prior year

SUMMARY FINANCIAL RESULTS – Q4

	Q4 2021	Q4 2022	Q4 2021	Q4 2022
In 000s except margin and per ADS data	RMB		USD	
Net Revenues	72,561	78,537	\$11,386	\$11,387
Cost of Revenues	27,028	30,929	\$4,241	\$4,485
Gross Profit	45,533	47,608	\$7,145	\$6,902
Gross Margin	62.8%	60.6%	62.8%	60.6%
Operating Expenses	42,669	42,711	\$6,696	\$6,193
Income from Operations	2,869	4,897	\$450	\$710
Net Income (Loss) Attributable to ACG	(2,550)	2,017	(\$400)	\$292
Diluted Earnings (Losses) per ADS Attributable to ACG	(0.08)	0.06	(\$0.02)	\$0.01

SUMMARY FINANCIAL RESULTS – YEAR-END

	YE 2021	YE 2022	YE 2021	YE 2022
In 000s except margin and per ADS data	RMB		USD	
Net Revenues	202,209	206,821	\$31,731	\$29,986
Cost of Revenues	97,413	104,316	\$15,286	\$15,124
Gross Profit	104,796	102,505	\$16,445	\$14,862
Gross Margin	51.8%	49.6%	51.8%	49.6%
Operating Expenses	171,207	159,108	\$26,866	\$23,069
Loss from Operations	(66,389)	(56,587)	(\$10,418)	(\$8,204)
Net Loss Attributable to ACG	(33,650)	(47,893)	(\$5,280)	(\$6,944)
Diluted Losses per ADS Attributable to ACG	(1.14)	(1.52)	(\$0.18)	(\$0.22)

BALANCE SHEET HIGHLIGHTS

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

In 000s	12/31/2021	12/31/2022	12/31/2021	12/31/2022
	RMB		USD	
Cash and Cash Equivalents	71,339	54,980	\$11,195	\$7,971
Total Current Assets	75,407	65,263	\$11,833	\$9,462
Total Assets	507,175	474,465	\$79,587	\$68,791
Total Current Liabilities	267,979	292,543	\$42,052	\$42,415
Total Liabilities	316,276	330,951	\$49,631	\$47,983
Shareholders' Equity	190,899	143,514	\$29,956	\$20,808
Total Liabilities & Shareholders' Equity	507,175	474,465	\$79,587	\$68,791

USD\$8.0 million in cash and cash equivalents as of 12/31/2022

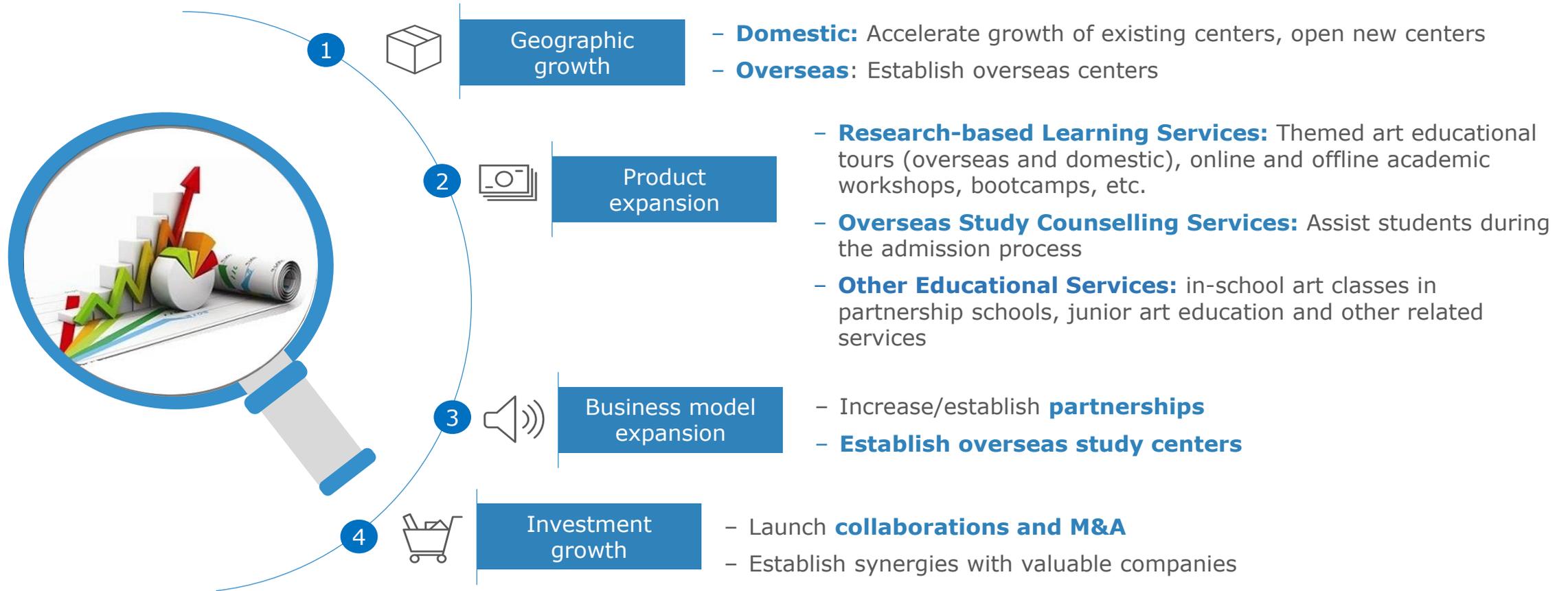


2023 OUTLOOK & GROWTH STRATEGY

Ruobai Sima, Chief Financial Officer
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 counselling 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 research-based learning programs



Continue exploring M&A opportunities within the education sector





At ATA Creativity Global

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