



2023 SECOND QUARTER EARNINGS CALL

August 10, 2023

Speakers:
Mr. Kevin Ma, Chairman and CEO
Mr. Jun Zhang, President
Mr. Ruobai Sima, CFO

SAFE HARBOR

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- 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 six months ended June 30, 2023, are converted from RMB using an exchange rate of 7.2513 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)
Fiscal Year End	December 31
Recent Stock Price	\$1.22 (as of 8/8/2023)
Market Cap	\$38.3 million (as of 8/8/2023)
ADSs Outstanding	31.4 million
Book Value Per ADS	\$0.48

All information as of 6/30/2023 unless otherwise noted.



SECOND QUARTER 2023 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.

	Second Quarter Ended June 30, 2023	Second Quarter Ended June 30, 2022	% Change
	No. of Credit Hours	No. of Credit Hours	
Time-based Program	10,428	10,710	(2.6%)
Project-based Program	18,270	14,677	24.5%
Total	28,698	25,387	13.0%

Total student enrollment was 928, out of which 540 were enrolled in portfolio training programs, during the second quarter of 2023.

KEY FINANCIAL HIGHLIGHTS

Q2 2023

RMB36.2 Million

Total net revenues, an increase of 6.5% from RMB34.0 million

39.5%

Gross margin, compared to 35.6% in Q2 2022

RMB17.2 Million

Net loss attributable to ACG, compared to RMB22.1 million in Q2 2021

1H 2023

RMB78.6 Million

Total net revenues, an increase of 3.1% from RMB76.2 million

42.1%

Gross margin, compared to 41.2% in the prior-year period

RMB35.0 Million

Net loss attributable to ACG, compared to RMB37.9 million in the prior-year period

SUMMARY FINANCIAL RESULTS – Q2

	Q2 2022	Q2 2023	Q2 2022	Q2 2023
In 000s except margin and per ADS data	RMB		USD	
Net Revenues	34,045	36,241	\$5,083	\$4,998
Cost of Revenues	21,921	21,934	\$3,273	\$3,025
Gross Profit	12,124	14,307	\$1,810	\$1,973
Gross Margin	35.6%	39.5%	35.6%	39.5%
Operating Expenses	38,568	35,691	\$5,758	\$4,922
Loss from Operations	(26,439)	(21,382)	(\$3,947)	(\$2,949)
Net Loss Attributable to ACG	(22,070)	(17,213)	(\$3,295)	(\$2,374)
Diluted Losses per ADS Attributable to ACG	(0.70)	(0.54)	(\$0.10)	(\$0.08)

SUMMARY FINANCIAL RESULTS – FIRST HALF

	1H 2022	1H 2023	1H 2022	1H 2023
In 000s except margin and per ADS data	RMB		USD	
Net Revenues	76,184	78,560	\$11,374	\$10,834
Cost of Revenues	44,789	45,494	\$6,687	\$6,274
Gross Profit	31,395	33,066	\$4,687	\$4,560
Gross Margin	41.2%	42.1%	41.2%	42.1%
Operating Expenses	76,617	75,796	\$11,439	\$10,453
Loss from Operations	(45,211)	(42,728)	(\$6,750)	(\$5,892)
Net Loss Attributable to ACG	(37,924)	(34,965)	(\$5,662)	(\$4,822)
Diluted Losses per ADS Attributable to ACG	(1.20)	(1.12)	(\$0.18)	(\$0.16)

BALANCE SHEET HIGHLIGHTS

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

In 000s	12/31/2022	6/30/2023	12/31/2022	6/30/2023
	RMB		USD	
Cash and Cash Equivalents	54,980	56,849	\$7,971	\$7,840
Total Current Assets	65,263	67,111	\$9,462	\$9,255
Total Assets	474,465	466,338	\$68,791	\$64,311
Total Current Liabilities	292,543	327,724	\$42,415	\$45,195
Total Liabilities	330,951	356,148	\$47,983	\$49,115
Shareholders' Equity	143,514	110,190	\$20,808	\$15,196
Total Liabilities & Shareholders' Equity	474,465	466,338	\$68,791	\$64,311

USD\$7.8 million in cash and cash equivalents as of 6/30/2023

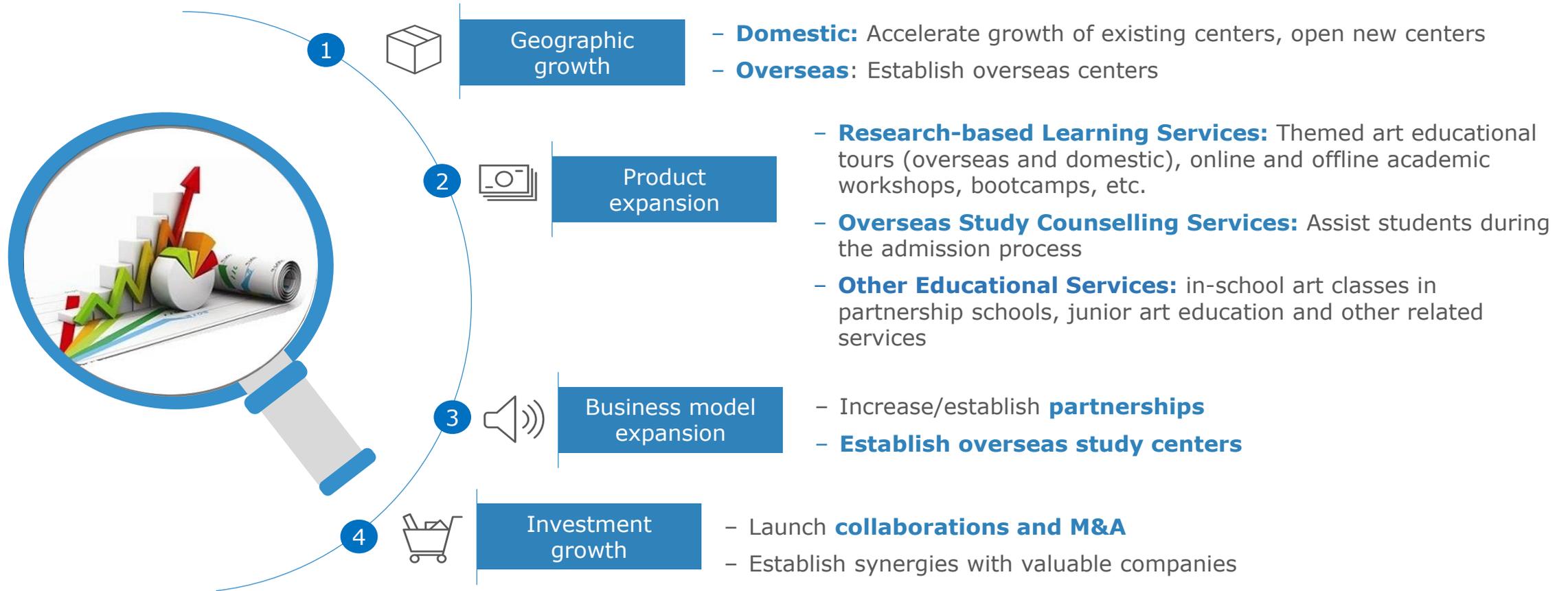


2023 OUTLOOK & GROWTH STRATEGY

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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