



## 2024 FIRST QUARTER EARNINGS CALL May 15, 2024

Speakers:  
Mr. Kevin Ma, Chairman & CEO  
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 months ended March 31, 2024, are converted from RMB using an exchange rate of 7.2203 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.

# ACG 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 range of services through its training center network:

- Portfolio training (core business)
- Research-based learning
- Overseas study counselling
- Other educational services such as institutional partnerships, language training services, etc.

**Ticker:**  
NASDAQ: AACG

**IPO:**  
January 2008  
(Underwriters: Merrill Lynch, Piper Jaffray)

**Fiscal Year End:**  
December 31

**Recent Stock Price:**  
\$0.90 (as of 5/10/2024)

**Market Cap:**  
\$28.3 million (as of 5/10/2024)

**ADSs Outstanding:**  
31.4 million

**Book Value Per ADS:**  
\$0.42



**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**

# First Quarter 2024 Highlights

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**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.

	First Quarter Ended March 31, 2024	First Quarter Ended March 31, 2023	% Change
	No. of Credit Hours	No. of Credit Hours	
Time-based Program	10,825	9,768	10.8%
Project-based Program	22,702	17,862	27.1%
Total	33,527	27,630	21.3%

Total student enrollment was 1,370, of which 863 were enrolled in portfolio training programs, during the first quarter of 2024.

# Key Financial Highlights



**Q1 2024**

**RMB48.1 million**

Total net revenues, an increase of **13.7%** from RMB42.3 million in Q1 2023, primarily due to increased revenue contributions from the portfolio training services

**45.5%**

Gross margin, compared to **44.3%** in Q1 2023, primarily due to increased revenues, partially offset by increased cost of services related to the hiring of additional teaching staff to support enrollment growth

**RMB17.9 million**

Net loss attributable to ACG, compared to net loss attributable to ACG of RMB17.8 million in Q1 2023, primarily due to increased sales expenses related to the hiring of additional sales personnel

# Summary Financial Results – Q1



	Three Months Ended March 31,		Three Months Ended March 31,	
	2023	2024	2023	2024
In 000s except margin and per ADS data	RMB		USD	
Net Revenues	42,318	48,126	\$6,162	\$6,665
Cost of Revenues	23,559	26,215	\$3,430	\$3,631
Gross Profit	18,759	21,911	\$2,732	\$3,034
Gross Margin	44.3%	45.5%	44.3%	45.5%
Operating Expenses	40,105	43,599	\$5,840	\$6,038
Loss from Operations	(21,346)	(21,666)	(\$3,108)	(\$3,001)
Net Loss Attributable to ACG	(17,752)	(17,949)	(\$2,585)	(\$2,486)
Diluted Losses per ADS Attributable to ACG	(0.56)	(0.58)	(\$0.08)	(\$0.08)

# Balance Sheet Highlights

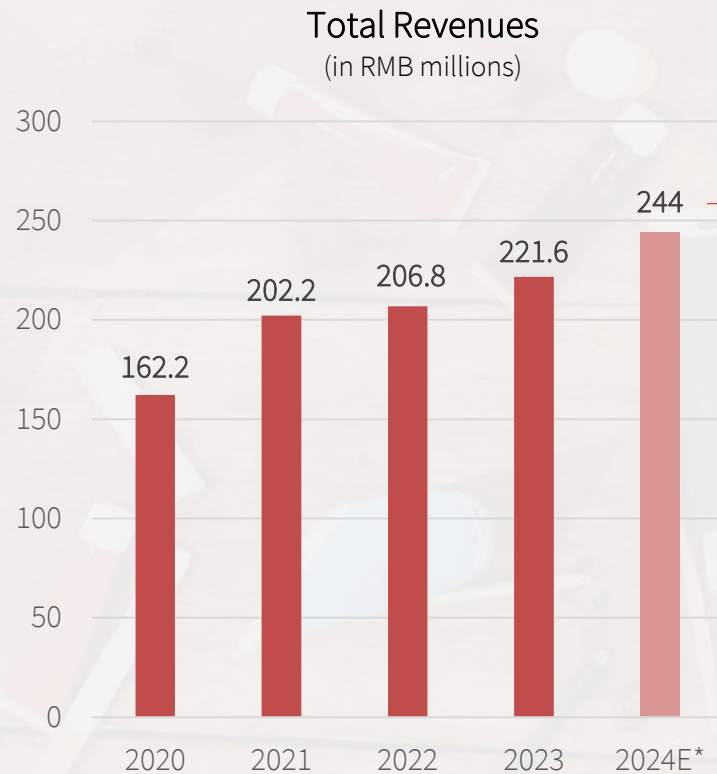
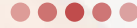


ACG continues to strengthen its balance sheet to support its growth strategy.

	12/31/2023	3/31/2024	12/31/2023	3/31/2024
In 000s	RMB		USD	
Cash and Cash Equivalents	60,167	57,593	\$8,474	\$7,976
Total Current Assets	70,445	78,756	\$9,922	\$10,908
Total Assets	448,939	468,545	\$63,232	\$64,893
Total Current Liabilities	314,403	345,063	\$44,283	\$47,791
Total Liabilities	335,965	372,417	\$47,320	\$51,579
Shareholders' Equity	112,974	96,128	\$15,912	\$13,314
Total Liabilities & Shareholders' Equity	448,939	468,545	\$63,232	\$64,893

**USD\$8.0 million in cash and cash equivalents as of 3/31/2024**

# Fiscal Year 2024 Revenue Guidance



ACG is reiterating guidance for total net revenues for the year ending December 31, 2024, of **RMB233 million to RMB255 million**, representing an increase of 5% to 15% year over year.

\*Midpoint of RMB233 million to RMB255 million guidance for total net revenues for the year ending December 31, 2024, as disclosed in the press release dated March 26, 2024.



# 2024 Outlook & Growth Strategy

**Kevin Ma, Chairman and CEO**

**Ruobai Sima, Chief Financial Officer**

# Global Growth Initiatives



## Geographic growth

- **Domestic:** Accelerate growth of existing centers, open new centers
- **Overseas:** Establish overseas centers

## Business model expansion

- Increase/establish **partnerships**
- **Establish overseas study centers**



## Product expansion

- **Research-based Learning Services:** Themed art educational tours (overseas and domestic), online and offline academic workshops, bootcamps, etc.
- **Overseas Study Counselling Services:** Assist students during the admission process
- **Other Educational Services:** In-school art classes in partnership schools, junior art education and other related services

## Investment growth

- Explore **collaborations and M&A opportunities**
- Establish synergies with valuable companies

# Growth Strategy



Leverage expertise in education technologies/services and industry relationships, to scale the growth and expand market 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

Ruobai Sima, CFO  
+86 (10) 6518 1133 x 5518  
[simaruobai@acgedu.cn](mailto:simaruobai@acgedu.cn)

## Investor Relations Counsel: The Equity Group

Carolyn Y. Sohn  
(408) 538-4577  
[csohn@equityny.com](mailto:csohn@equityny.com)

Alice Zhang  
(212) 836-9610  
[azhang@equityny.com](mailto:azhang@equityny.com)