



## 2024 SECOND QUARTER EARNINGS CALL August 7, 2024

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

# Safe Harbor

This presentation was developed by ATA Creativity Global (“ACG” or the “Company”) and is intended to be used solely in connection with ACG’s earnings call for the second quarter and six months ended June 30, 2024. This presentation is not to be construed as an offer to sell or the solicitation of an offer to buy the Company’s securities. This presentation is based upon information available to the public, as well as other information from sources which management believes to be reliable but is not guaranteed by the Company as being accurate nor does it purport to be complete. The forward-looking statements contained in this presentation are made only of this date, and ACG is under no obligation to revise or update these forward-looking statements.

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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 second quarter and six months ended June 30, 2024, are converted from RMB using an exchange rate of 7.2672 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:**  
\$0.66 (as of 8/6/2024)

**Market Cap:**  
\$20.8 million (as of 8/6/2024)

**ADSs Outstanding:**  
31.5 million

**Book Value Per ADS:**  
\$0.35



**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**

# Second 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.

	<b>Second Quarter Ended June 30, 2024</b>	<b>Second Quarter Ended June 30, 2023</b>	<b>% Change</b>
	No. of Credit Hours	No. of Credit Hours	
Time-based Program	16,611	10,428	59.3%
Project-based Program	26,230	18,270	43.6%
Total	42,841	28,698	49.3%

Total student enrollment was 1,084, of which 612 were enrolled in portfolio training programs, during the second quarter of 2024.

# Key Financial Highlights



**Q2 2024**

**RMB51.8 million**

Total net revenues, an increase of 42.8% from RMB36.2 million

**49.6%**

Gross margin, compared to 39.5% in Q2 2023

**RMB16.8 million**

Net loss attributable to ACG, compared to net loss attributable to ACG of RMB17.2 million in Q2 2023

**1H 2024**

**RMB99.9 million**

Total net revenues, an increase of 27.2% from RMB78.6 million

**47.7%**

Gross margin, compared to 42.1% in the prior-year period

**RMB34.7 million**

Net loss attributable to ACG, compared to net loss attributable to ACG of RMB35.0 million in the prior-year period

# Summary Financial Results – Q2



	Three Months Ended June 30,		Three Months Ended June 30,	
	2023	2024	2023	2024
In 000s except margin and per ADS data	RMB		USD	
Net Revenues	36,241	51,764	\$4,998	\$7,123
Cost of Revenues	21,934	26,072	\$3,025	\$3,588
Gross Profit	14,307	25,692	\$1,973	\$3,535
Gross Margin	39.5%	49.6%	39.5%	49.6%
Operating Expenses	35,691	46,471	\$4,922	\$6,395
Loss from Operations	(21,382)	(20,758)	(\$2,949)	(\$2,856)
Net Loss Attributable to ACG	(17,213)	(16,753)	(\$2,374)	(\$2,305)
Diluted Losses per ADS Attributable to ACG	(0.54)	(0.54)	(\$0.08)	(\$0.08)

# Summary Financial Results – First Half



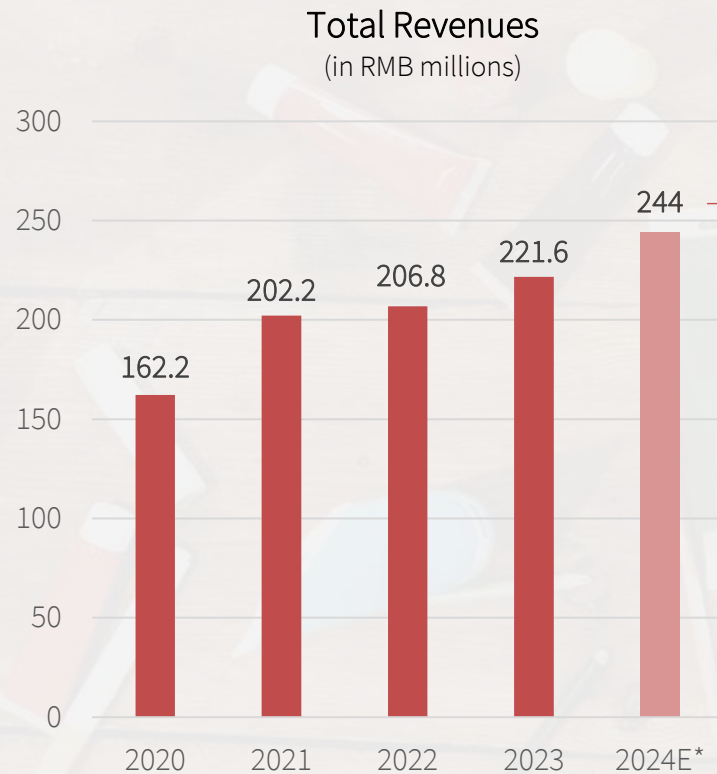
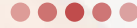
	Six Months Ended June 30,		Six Months Ended June 30,	
	2023	2024	2023	2024
In 000s except margin and per ADS data	RMB		USD	
Net Revenues	78,560	99,890	\$10,834	\$13,745
Cost of Revenues	45,494	52,287	\$6,274	\$7,195
Gross Profit	33,066	47,603	\$4,560	\$6,550
Gross Margin	42.1%	47.7%	42.1%	47.7%
Operating Expenses	75,796	90,070	\$10,453	\$12,394
Loss from Operations	(42,728)	(42,424)	(\$5,892)	(\$5,838)
Net Loss Attributable to ACG	(34,965)	(34,702)	(\$4,822)	(\$4,775)
Diluted Losses per ADS Attributable to ACG	(1.12)	(1.10)	(\$0.16)	(\$0.16)

# Balance Sheet Highlights



	12/31/2023	6/30/2024	12/31/2023	6/30/2024
In 000s	RMB		USD	
Cash and Cash Equivalents	60,167	40,107	\$8,474	\$5,519
Total Current Assets	70,445	63,686	\$9,922	\$8,764
Total Assets	448,939	464,657	\$63,232	\$63,939
Total Current Liabilities	314,403	359,782	\$44,283	\$49,508
Total Liabilities	335,965	384,454	\$47,320	\$52,903
Shareholders' Equity	112,974	80,203	\$15,912	\$11,036
Total Liabilities & Shareholders' Equity	448,939	464,657	\$63,232	\$63,939
<b>USD\$5.5 million in cash and cash equivalents as of 6/30/2024</b>				

# 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**

**Jun Zhang, President**

# 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



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