



ATA Creativity Global

NASDAQ: AACG

2024 FOURTH QUARTER EARNINGS CALL

March 25, 2025

Speakers:

Kevin Ma, Chairman & CEO

Ruobai Sima, CFO

Jun Zhang, President

Safe Harbor Statement

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Note: All U.S. dollar amounts in this presentation, relating to the financial results for the fourth quarter and full year ended December 31, 2024, are converted from RMB using an exchange rate of RMB7.2993 RMB:\$1.00. 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.

Welcome Remarks



Kevin Ma
Chairman & CEO

Key Highlights

Q4 2024 highlighted by significantly increased net revenues and net income

As compared to Q4 2023....

+20.7%
Total
net revenue

+21.6%
Gross profit

+35.6%
Portfolio training program
total credit hours delivered

+54.9%
RMB13.3 million of
Net income attributable to ACG

Continued to deliver quality offerings, entering the 2025 overseas school application season.

Key Highlights (cont.)

**FY 2024 reported strong growth in net revenues,
exceeding the high-end of FY 2024 guidance**

As compared to FY 2023....

+21.0%

**Total
net revenue**

+23.2%

Gross profits

+15.8%

**Overall
student enrollment rate**

+30.8%

**Portfolio training program
total credit hours delivered**

Net revenue growth primarily driven by portfolio training services contribution, due to significantly increased student enrollment and credit hours delivered.

Q4 2024 Operational Highlights

Portfolio Training Services

- **Portfolio Training Services remained main source (73.6%) of revenues**
- **Project-based programs** continued to account for the majority of portfolio training services (66.8% of total credit hours delivered vs 67.5% in Q4 2023)

Research-Based Learning Services

- **New programs** included:
 - October session UN Sustainable Development Goals Arts Boot Camp
 - Shanghai Fashion Week Program
 - Master Classes covering character animation, visual communication, and interior design

Overseas Study Counselling and Other Education Services

- Commenced 2025 Fall Enrollment **Application Season**
- **New institutional partnerships**
 - Provide educational services to The Central Academy of Drama and Nanjing University of Arts
- **Disposed of ACG's junior arts services**



Financial and Operational Results



Ruobai Sima
CFO

Q4 2024 Key Financial Metrics

Q4 2024 vs. Q4 2023

Net Revenue

+20.7%

RMB100.9M (or \$13.8M)

Gross Profit

+21.6%

RMB63.7M (or \$8.7M)

(In RMB)

(In USD)

Other metrics	Q4'24	Q4'23	Q4'24	Q4'23
Net Revenues	100.9M	83.6M	\$13.8M	\$11.8M
Gross profit	63.7M	52.4M	\$8.7M	\$4.4M
Gross margin	63.1%	62.6%	63.1%	62.6%
Total operating expenses	46.8M	43.3M	\$6.4M	\$6.1M
Income from operations	17.0M	9.1M	\$2.3M	\$1.3M
Net income attributable to ACG	13.3M	8.6M	\$1.8M	\$1.2M

FY 2024 Key Financial Metrics

FY 2024 vs. FY 2023

Net Revenue

+21.0%

RMB268.1M (or \$36.7M)

Gross Profit

+23.2%

RMB141.3M (or \$19.4M)

(In RMB)

(In USD)

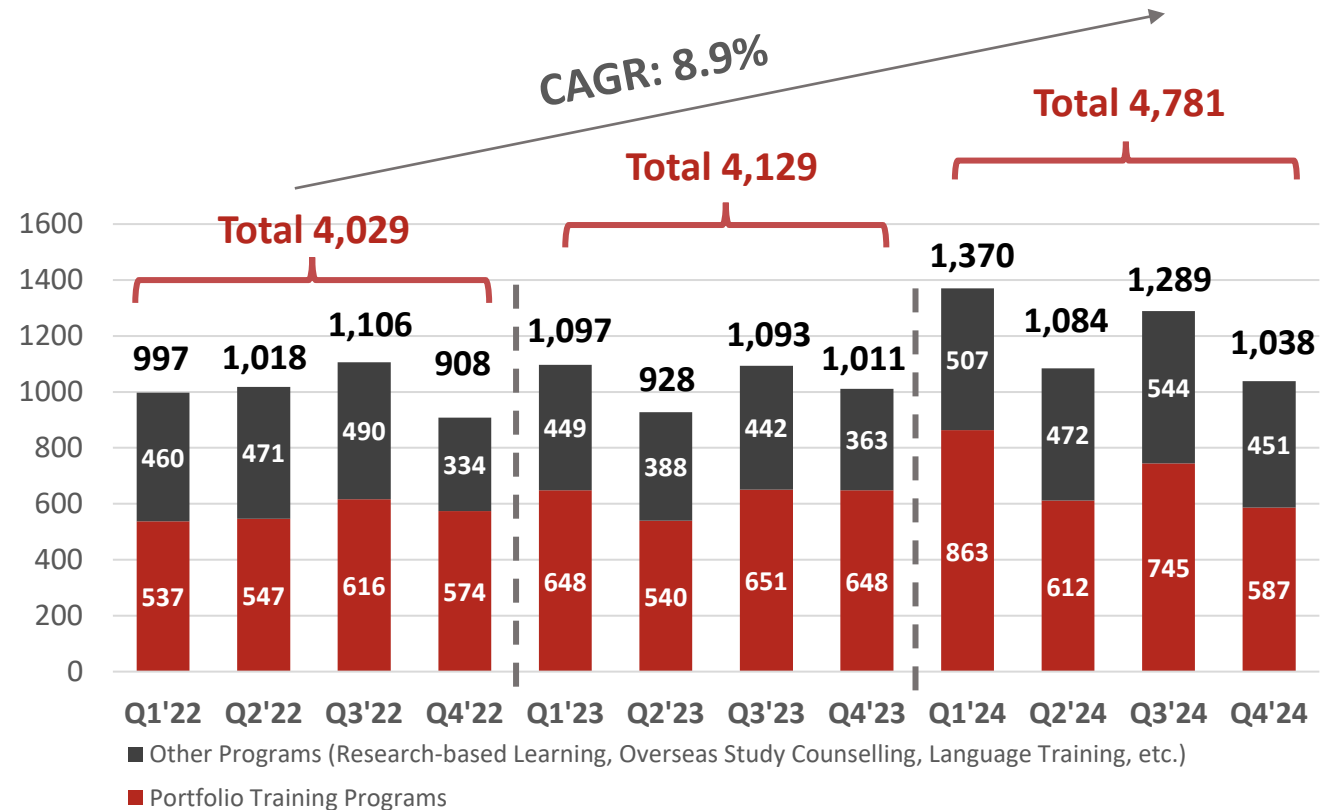
Other metrics	FY'24	FY'23	FY'24	FY'23
Net Revenues	268.1M	221.6M	\$36.7M	\$31.2M
Gross profit	141.3M	114.7M	\$19.4M	\$16.1M
Gross margin	52.7%	51.7%	52.7%	51.7%
Total operating expenses	184.5M	156.2M	\$25.3M	\$22.0M
Loss from operations	43.0M	41.5M	\$5.9M	\$5.8M
Net loss attributable to ACG	36.1M	33.7M	\$4.9M	\$4.7M

Balance Sheet Highlights

	<i>(In RMB)</i>	<i>(In USD)</i>
	As of 12/31/2024	
Cash and cash equivalents	36.5M	\$5.0M
Total current assets	66.6M	\$9.1M
Total assets	456.9M	\$62.6M
Total current liabilities	354.5M	\$48.6M
Total liabilities	377.3M	\$51.7M
Total shareholders' equity	79.6M	\$10.9M

Enrollment Trends – Growing Student Interest

Total Student Enrollment Breakdown ⁽¹⁾



FY 2024
vs FY 2023



Total Enrollment
+15.8%

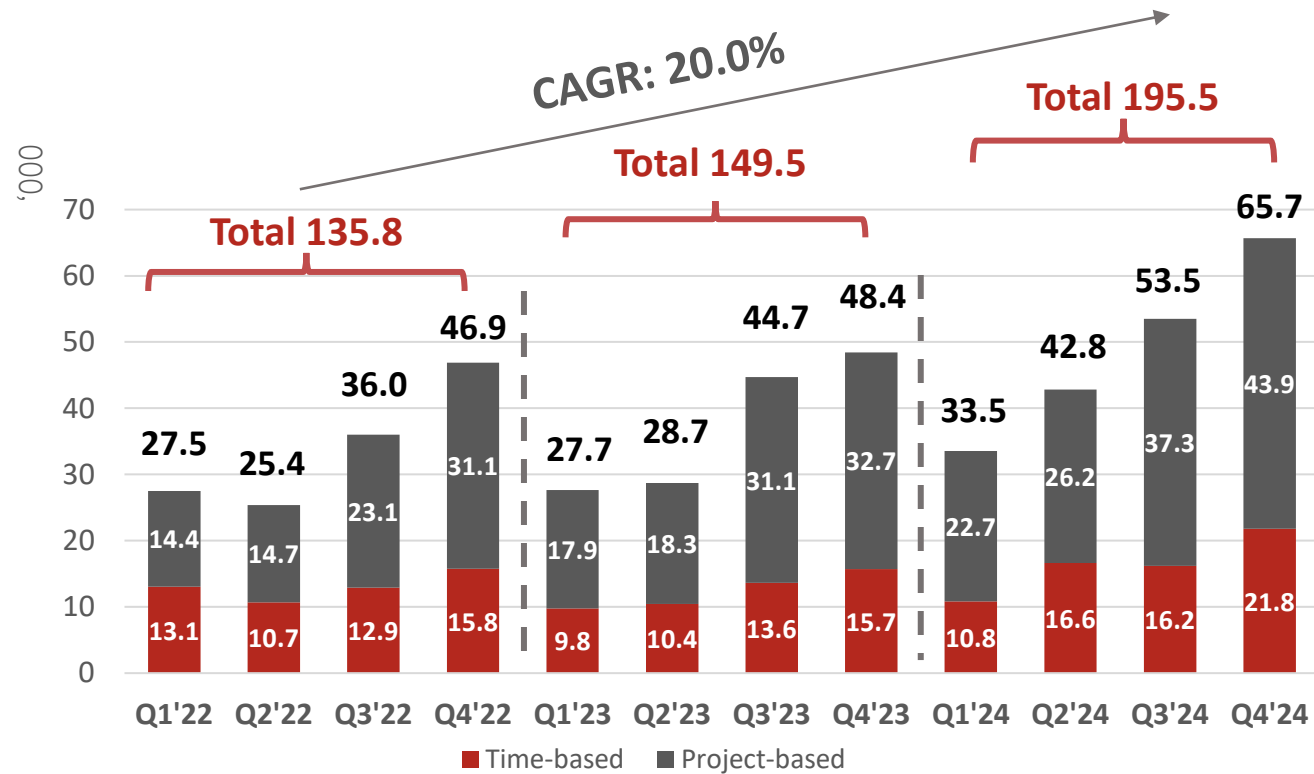
Portfolio Training
+12.9%

All Other Programs
+20.2%

(1) Enrollment numbers prior to Q3'22 include students enrolled in foreign language training services. ACG disposed of the entity operating foreign language training services in Third Quarter 2022.

Enrollment Trends – Increased Credit Hours Delivered

Portfolio Training Program Credit Hours Breakout



FY 2024

vs FY 2023



Total Credit Hours

+30.8%

Time - Based

+32.0%

Project - Based

+30.2%

Revenue Growth to Continue in 2025

- **FY 2025 Revenue Guidance**
Approximately RMB276M – RMB281M
+~3% to +~5% vs FY 2024
- Expectations supported by **strong enrollment and expansion of new services/offerings**
- **Portfolio training services will continue to be the primary growth driver** and serve as the main student acquisition channel for other business lines

2025 Growth Strategy



Jun Zhang
President

Growth Strategy

1

Organic: focus on higher fee /margin services

- Encourage students to opt for **project-based programs**
- Ramp up of revenues generated via **Research-Based Learning** and **Overseas Study Counselling services**
- Involve teaching staff in **product design and sales** to improve program quality and boost sales

2

Strengthen & expand geographic footprint

- **Domestic:** Expand coverage in existing cities, concentrate regional resources on larger centers
- **Overseas:** Establish overseas centers
- Increase/establish domestic and international **partnerships**

3

Launch of new services

- **Continued innovation and introduction** of new research-based learning programs
- **Other Educational Services:** Overseas college foundation programs, in-school art classes in partnership schools, and more

4

M&A opportunities

- Exploring collaborations and **M&A opportunities in a highly fragmented market**

Q&A Session

Contact Us



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Balance Sheet – As of December 31, 2024

	December 31, 2023 RMB	December 31, 2024 RMB	December 31, 2024 USD
ASSETS			
<i>Current assets:</i>			
Cash and cash equivalents	60,167,232	36,523,995	5,003,767
Accounts receivable	2,235,490	2,712,845	371,658
Prepaid expenses and other current assets	8,042,169	27,402,834	3,754,173
Total current assets	70,444,891	66,639,674	9,129,598
Long-term investments	38,000,000	38,000,000	5,205,979
Property and equipment, net	30,235,985	38,698,086	5,301,616
Intangible assets, net	58,886,111	46,236,111	6,334,321
Goodwill	196,289,492	196,289,492	26,891,550
Other non-current assets	31,691,417	35,156,141	4,816,372
Right-of-use assets	23,391,247	35,907,761	4,919,343
Total assets	448,939,143	456,927,265	62,598,779
LIABILITIES AND SHAREHOLDERS' EQUITY			
<i>Current liabilities:</i>			
Accrued expenses and other payables	49,146,103	56,372,960	7,723,064
Lease liabilities-current	13,110,449	18,085,643	2,477,723
Deferred revenues	252,145,949	280,036,806	38,364,885
Total current liabilities	314,402,501	354,495,409	48,565,672
Lease liabilities-non-current	9,496,422	17,120,842	2,345,546
Deferred income tax liabilities	12,066,513	5,664,822	776,077
Total liabilities	335,965,436	377,281,073	51,687,295
<i>Shareholders' equity:</i>			
Common shares	4,730,128	4,755,623	651,518
Treasury shares	(8,201,046)	(8,201,046)	(1,123,539)
Additional paid-in capital	545,222,465	547,915,003	75,064,048
Accumulated other comprehensive loss	(37,004,507)	(36,952,183)	(5,062,428)
Accumulated deficit	(391,709,172)	(427,806,949)	(58,609,312)
Total shareholders' equity attributable to ACG	113,037,868	79,710,448	10,920,287
Non-redeemable non-controlling interests	(64,161)	(64,256)	(8,803)
Total shareholders' equity	112,973,707	79,646,192	10,911,484
Commitments and contingencies	—	—	—
Total liabilities and shareholders' equity	448,939,143	456,927,265	62,598,779

Consolidated Statements of Comprehensive Income (Q4 2024)

	Three-month Period Ended		
	December	December	December
	31,	31,	31,
	2023	2024	2024
	RMB	RMB	USD
Net revenues	83,608,695	100,915,609	13,825,382
Cost of revenues	31,242,849	37,251,567	5,103,444
Gross profit	52,365,846	63,664,042	8,721,938
Operating expenses:			
Research and development	1,651,359	779,087	106,734
Sales and marketing	20,721,614	27,505,624	3,768,255
General and administrative	20,909,931	18,473,416	2,530,847
Total operating expenses	43,282,904	46,758,127	6,405,836
Other operating income, net	28,208	88,345	12,103
Income from operations	9,111,150	16,994,260	2,328,205
Other income (expense):			
Loss on deconsolidation of a subsidiary and others, net	—	(438,153)	(60,027)
Interest income, net of interest expenses	270,599	133,870	18,340
Foreign currency exchange losses, net	(4,496)	(11,321)	(1,551)
Income before income taxes	9,377,253	16,678,656	2,284,967
Income tax expense	823,327	3,421,946	468,805
Net income	8,553,926	13,256,710	1,816,162
Net loss attributable to non-redeemable non-controlling interests	(1,676)	(23)	(3)
Net income attributable to ACG	8,555,602	13,256,733	1,816,165
Other comprehensive loss:			
Foreign currency translation adjustment, net of nil income taxes	(72,568)	114,269	15,655
Comprehensive income attributable to ACG	8,483,034	13,371,002	1,831,820
Basic and diluted earnings per common share attributable to ACG	0.14	0.21	0.03
Basic and diluted earnings per ADS attributable to ACG	0.28	0.42	0.06

Consolidated Statements of Comprehensive Income (FY 2024)

	Year Ended		
	December 31,	December 31,	December 31,
	2023	2024	2024
	RMB	RMB	USD
Net revenues	221,618,968	268,060,162	36,724,092
Cost of revenues	106,961,759	126,795,209	17,370,872
Gross profit	114,657,209	141,264,953	19,353,220
Operating expenses:			
Research and development	4,629,880	3,703,178	507,333
Sales and marketing	78,737,492	99,892,804	13,685,258
General and administrative	72,816,606	80,888,058	11,081,618
Total operating expenses	156,183,978	184,484,040	25,274,209
Other operating income, net	30,865	174,931	23,965
Loss from operations	(41,495,904)	(43,044,156)	(5,897,024)
Other income (expense):			
Loss on deconsolidation of subsidiaries and others, net	—	(438,153)	(60,027)
Interest income, net of interest expenses	978,530	1,001,735	137,237
Foreign currency exchange losses, net	(4,876)	(18,989)	(2,601)
Loss before income taxes	(40,522,250)	(42,499,563)	(5,822,415)
Income tax benefit	(6,811,709)	(6,401,691)	(877,028)
Net loss	(33,710,541)	(36,097,872)	(4,945,387)
Net loss attributable to non-redeemable non-controlling interests	(50,296)	(95)	(13)
Net loss attributable to ACG	(33,660,245)	(36,097,777)	(4,945,374)
Other comprehensive income (loss):			
Foreign currency translation adjustment, net of nil income taxes	(1,422)	52,324	7,168
Comprehensive loss attributable to ACG	(33,661,667)	(36,045,453)	(4,938,206)
Basic and diluted losses per common share attributable to ACG	(0.54)	(0.57)	(0.08)
Basic and diluted losses per ADS attributable to ACG	(1.08)	(1.14)	(0.16)