



ATA Creativity Global

NASDAQ: AACG

2025 FIRST QUARTER EARNINGS CALL

May 16, 2025

Speakers:

Kevin Ma, Chairman & CEO

Ruobai Sima, CFO

Jun Zhang, President

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Note: All U.S. dollar amounts in this presentation, relating to the financial results for the first quarter ended March 31, 2025, are converted from RMB using an exchange rate of RMB7.2567 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

Q1 2025 highlighted by double-digit increase in net revenues and gross profit

As compared to Q1 2024....

+15.9%

Total
net revenue

+15.9%

Gross profit

+5.8%

Portfolio training program
total credit hours delivered

Improved Bottom Line

RMB13.3 million of net loss
attributable to ACG,
vs. RMB17.9 million in Q1 2024

Net revenue growth primarily driven by portfolio training and research-based learning services, leading to improved bottom-line results.

Q1 2025 Operational Highlights

Portfolio Training Services

Main revenue contributor: 70.8%

- **Portfolio Training Services** growth of **11.5%**, remained main source (**70.8%**) of revenues
- **Project-based programs** continued to account for the majority of portfolio training services (73.9% of total credit hours delivered vs 67.7% in Q1 2024)

Research-Based Learning Services

Comprised 29.2% of Q1 2025 total net revenues (grew by 28.4% vs. Q1 2024)

- **Existing programs**
 - Master Classes covering character animation, fashion design, game design, auto design, etc.
 - Domestic and International experiential camps and tours (Hainan Province, the U.S., & Japan)
- **New programs**
 - Alibaba AI Training Camp
 - Milan Fashion Week Program
 - Creative Art Therapy training program

Overseas Study Counselling and Other Education Services

- Continued to report positive admission results during Fall 2025 enrollment **application season**
- **Other education service revenue growth** supported by recent new institutional partnerships in Q4 2024



Financial and Operational Results



Ruobai Sima
CFO

Q1 2025 Key Financial Metrics

Q1 2025 vs. Q1 2024

Net Revenue

+15.9%

RMB55.8M (or \$7.7M)

Gross Profit

+15.9%

RMB25.4M (or \$3.5M)

(In RMB)

(In USD)

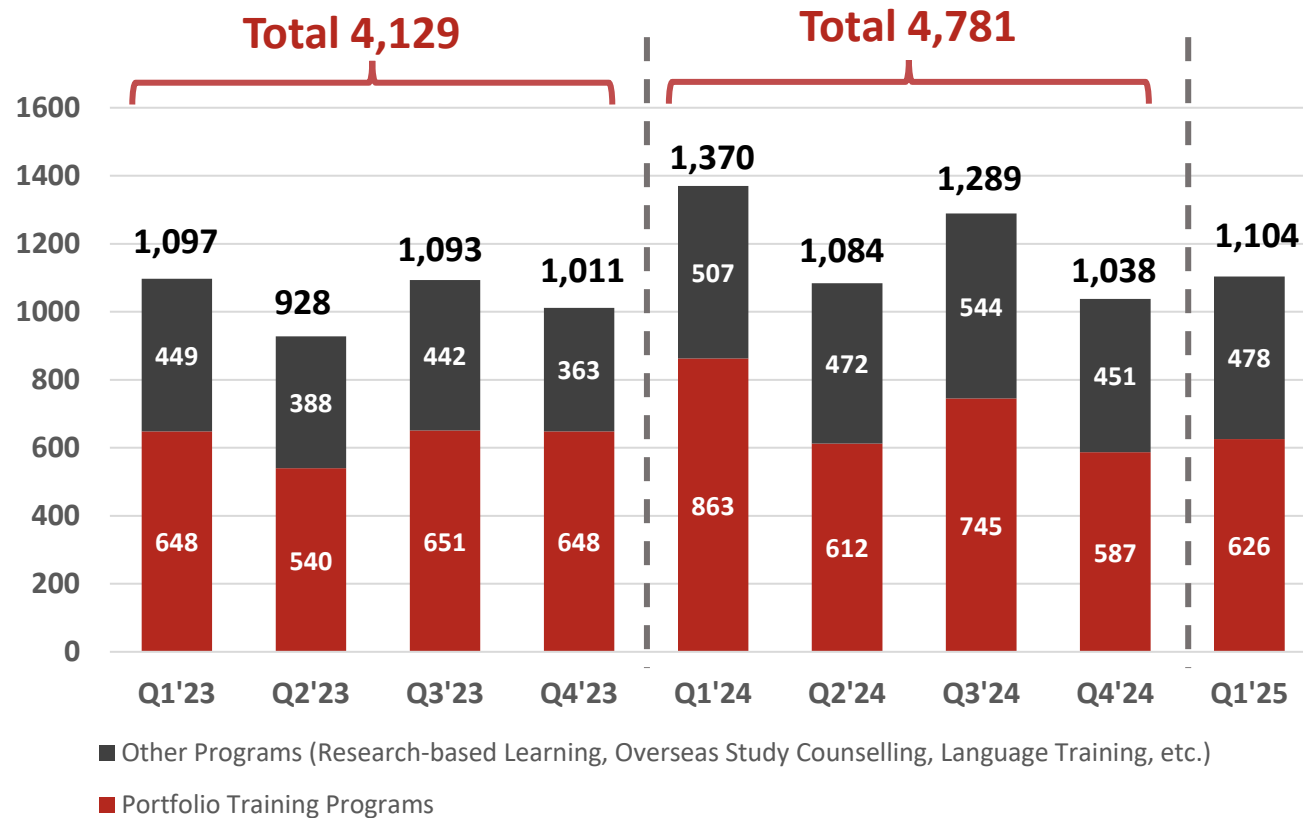
Other metrics	Q1'25	Q1'24	Q1'25	Q1'24
Net Revenues	55.8M	48.1M	\$7.7M	\$6.7M
Gross profit	25.4M	21.9M	\$3.5M	\$3.0M
Gross margin	45.5%	45.5%	45.5%	45.5%
Total operating expenses	42.2M	43.6M	\$5.8M	\$6.0M
Loss from operations	16.8M	21.7M	\$2.3M	\$3.0M
Net loss attributable to ACG	13.3M	17.9M	\$1.8M	\$2.5M

Balance Sheet Highlights

	<i>(In RMB)</i>	<i>(In USD)</i>
	As of 3/31/2025	
Cash and cash equivalents	39.4M	\$5.4M
Total current assets	73.2M	\$10.1M
Total assets	457.3M	\$63.0M
Total current liabilities	371.7M	\$51.2M
Total liabilities	390.9M	\$53.9M
Total shareholders' equity	66.4M	\$9.1M

Enrollment Trends*

Total Student Enrollment Breakdown

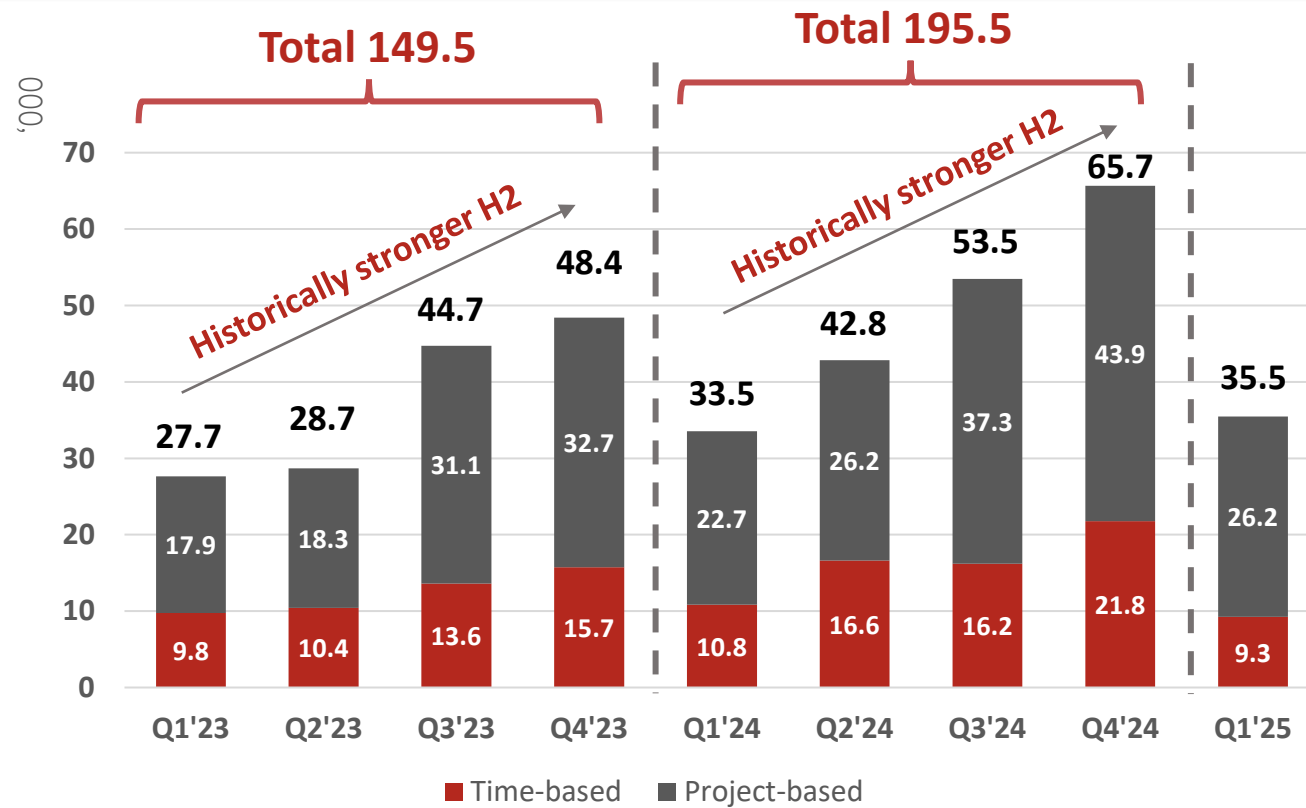


Student enrollment growth normalized in 2025,
as the surge in 2024 was due to significantly increased international traveling and studying activities following the COVID-19 pandemic recovery

*Student enrollment does not fully correlate with revenues for the same period.

Enrollment Trends – Increased Credit Hours Delivered

Portfolio Training Program Credit Hours Breakout



Q1 2025
vs Q1 2024



Total Credit Hours
+5.8%

Time – Based
-14.5%

Project – Based*
+15.5%

*Project-based programs credit hours (both as a number and as a percentage of total credit hours) continued to grow in the recent years.

Revenue Growth to Continue in 2025

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

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**
- Help students complete their portfolio creation projects more efficiently through mindful planning and intensified coaching
- 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 March 31, 2025

	December 31, 2024 RMB	March 31, 2025 RMB	March 31, 2025 USD
ASSETS			
<i>Current assets:</i>			
Cash and cash equivalents	36,523,995	39,410,928	5,430,971
Accounts receivable	2,712,845	2,310,382	318,379
Prepaid expenses and other current assets	27,402,834	31,518,971	4,343,430
Total current assets	66,639,674	73,240,281	10,092,780
Long-term investments	38,000,000	38,000,000	5,236,540
Property and equipment, net	38,698,086	36,854,928	5,078,745
Intangible assets, net	46,236,111	41,802,778	5,760,577
Goodwill	196,289,492	196,289,492	27,049,415
Other non-current assets	35,156,141	35,555,050	4,899,617
Right-of-use assets	35,907,761	35,600,931	4,905,939
Total assets	456,927,265	457,343,460	63,023,613
LIABILITIES AND SHAREHOLDERS' EQUITY			
<i>Current liabilities:</i>			
Accrued expenses and other payables	56,372,960	52,432,984	7,225,458
Short-term loan	—	13,031,929	1,795,848
Lease liabilities-current	18,085,643	16,922,442	2,331,975
Deferred revenues	280,036,806	289,321,892	39,869,623
Total current liabilities	354,495,409	371,709,247	51,222,904
Lease liabilities-non-current	17,120,842	16,960,986	2,337,286
Deferred income tax liabilities	5,664,822	2,278,714	314,015
Total liabilities	377,281,073	390,948,947	53,874,205
<i>Shareholders' equity:</i>			
Common shares	4,755,623	4,758,893	655,793
Treasury shares	(8,201,046)	(8,201,046)	(1,130,134)
Additional paid-in capital	547,915,003	547,992,475	75,515,382
Accumulated other comprehensive loss	(36,952,183)	(36,939,934)	(5,090,459)
Accumulated deficit	(427,806,949)	(441,151,591)	(60,792,315)
Total shareholders' equity attributable to ACG	79,710,448	66,458,797	9,158,267
Non-redeemable non-controlling interests	(64,256)	(64,284)	(8,859)
Total shareholders' equity	79,646,192	66,394,513	9,149,408
Commitments and contingencies	—	—	—
Total liabilities and shareholders' equity	456,927,265	457,343,460	63,023,613

Consolidated Statements of Comprehensive Income (Q1 2025)

	Three-month Period Ended		
	March 31,	March 31,	March 31,
	2024	2025	2025
	RMB	RMB	USD
Net revenues	48,125,819	55,790,906	7,688,192
Cost of revenues	26,215,352	30,402,595	4,189,590
Gross profit	21,910,467	25,388,311	3,498,602
<i>Operating expenses:</i>			
Research and development	1,030,262	748,002	103,077
Sales and marketing	22,561,908	21,256,231	2,929,187
General and administrative	20,006,938	23,974,143	3,303,725
Provision for loan receivable and other receivables	—	(3,781,662)	(521,127)
Total operating expenses	43,599,108	42,196,714	5,814,862
Other operating income, net	23,088	18,805	2,591
Loss from operations	(21,665,553)	(16,789,598)	(2,313,669)
<i>Other income (expense):</i>			
Interest income, net of interest expenses	333,145	61,546	8,481
Foreign currency exchange losses, net	(564)	(2,726)	(376)
Loss before income taxes	(21,332,972)	(16,730,778)	(2,305,564)
Income tax benefit	(3,384,168)	(3,386,108)	(466,618)
Net loss	(17,948,804)	(13,344,670)	(1,838,946)
Net loss attributable to non-redeemable non-controlling interests	(28)	(28)	(4)
Net loss attributable to ACG	(17,948,776)	(13,344,642)	(1,838,942)
<i>Other comprehensive income (loss):</i>			
Foreign currency translation adjustment, net of nil income taxes	12,811	12,249	1,688
Comprehensive loss attributable to ACG	(17,935,965)	(13,332,393)	(1,837,254)
Basic and diluted losses per common share attributable to ACG	(0.29)	(0.21)	(0.03)
Basic and diluted losses per ADS attributable to ACG	(0.58)	(0.42)	(0.06)