



2020 FIRST QUARTER EARNINGS CALL

May 14, 2020

Speakers

Mr. Kevin Ma, Chairman and CEO

Mr. Jun Zhang, President

Ms. Amy Tung, CFO

SAFE HARBOR

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- All statements other than statements of historical fact in this presentation are forward-looking statements, including but not limited to ACG’s future growth and results of operations; ACG’s strategy of becoming a leading international education service provider; ACG’s plans for mergers and acquisitions generally; the benefits of the Huanqiuyimeng Acquisition; ACG’s ability to operate efficiently and maintain continued financial strength under unusual circumstances; ACG’s growth strategy and subsequent business activities; market demand for ACG’s portfolio training programs and other education services; the impact of the COVID-19 outbreak on ACG and its operations; and ACG’s plan and anticipated benefits of the measures implemented in response to the COVID-19 outbreak.
- 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, 2020, are converted from RMB using an exchange rate of 7.0808 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, educational travel, overseas study counseling and other educational services through its training center network.



Nearly 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)
Auditor	KPMG (since IPO)
Fiscal Year End	December 31
Recent Stock Price	\$0.76 (as of 5/11/2020)
Market Cap	\$23.7 million (as of 5/11/2020)
ADs Outstanding	31.3 million
Book Value Per ADS	\$1.28

All information as of 3/31/2020 unless otherwise noted.

2020 FIRST QUARTER HIGHLIGHTS

Amy Tung, Chief Financial Officer

KEY OPERATING HIGHLIGHTS

Successful transition of Huanqiuymeng coursework to online format in light of COVID-19

Prioritizing the safety of students, faculty and staff by ceasing all in-person coursework since the beginning of February

Q1 impacted by COVID-19 and Spring Festival seasonality

8.7% YoY decrease

Credit hours delivered for portfolio training programs, an indicator of how Huanqiuymeng's business is performing

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.

	Jan. 1, 2020 – Mar. 31, 2020	Jan. 1, 2019 – Mar. 31, 2019	% Growth
	No. of Credit Hours	No. of Credit Hours	
Time-based Program	16,655	22,398	(25.6%)
Project-based Program	9,755	6,529	49.4%
Total	26,410	28,927	(8.7%)

Total student enrollment was 681, out of which 404 were enrolled in portfolio training programs, during the first quarter of 2020.

KEY FINANCIAL HIGHLIGHTS

A background image showing three stacks of coins of varying heights, each with a small green tea plant growing out of the top. The scene is set against a soft, out-of-focus background of green and yellow light, suggesting a natural, sunlit environment.

RMB32.7 Million

Total net revenues, an increase from RMB1.6 million, driven by contributions from Huanquiuyimeng business

35.8% (45.8% adj.)

Gross margin, compared to 25.3% in Q1 2019

RMB20.5 Million

Net loss attributable to ACG, compared to a net loss of RMB12.9 million in the prior-year period, mainly due to increased operating expenses from Huanquiuyimeng

SUMMARY FINANCIAL RESULTS – Q1

Note: The prior-year comparable period does not include financials from a major operating entity.

	Q1 2019	Q1 2020	Q1 2019	Q1 2020
In 000s except margin and per ADS data	RMB		USD	
Net Revenues	1,616	32,703	\$241	\$4,619
Cost of Revenues	1,208	20,980	\$180	\$2,963
Gross Profit	408	11,724	\$61	\$1,656
Gross Margin	25.3%	35.8%	25.3%	35.8%
Operating Expenses	16,547	38,426	\$2,466	\$5,427
Loss from Operations	(15,433)	(26,467)	(\$2,300)	(\$3,738)
Net Loss Attributable to ACG	(12,899)	(20,456)	(\$1,922)	(\$2,889)
Diluted Losses from Operations per ADS Attributable to ACG	(0.62)	(0.70)	(\$0.10)	(\$0.10)

BALANCE SHEET HIGHLIGHTS

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

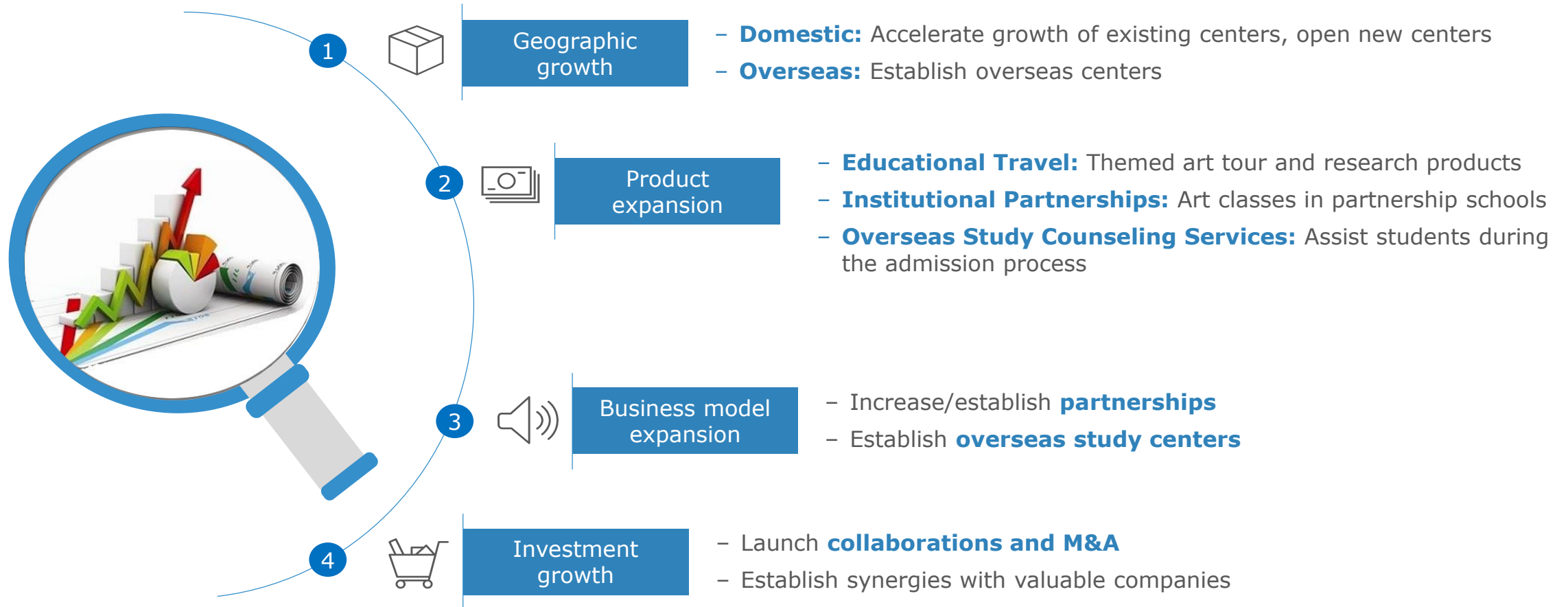
In 000s	12/31/2019	3/31/2020	12/31/2019	3/31/2020
	RMB		USD	
Cash and Cash Equivalents	154,198	152,844	\$22,149	\$21,586
Total Current Assets	183,560	186,528	\$26,367	\$26,343
Total Assets	676,090	664,364	\$97,115	\$93,826
Total Current Liabilities	264,816	281,010	\$38,038	\$39,686
Total Liabilities	325,558	335,029	\$46,764	\$47,315
Mezzanine Equity	44,896	45,766	\$6,449	\$6,463
Shareholders' Equity	305,635	283,569	\$43,902	\$40,048
Total Liabilities, Mezzanine Equity & Shareholders' Equity	676,090	664,364	\$97,115	\$93,826

USD\$21.6 million in cash and cash equivalents as of 3/31/2020

2020 OUTLOOK & GROWTH STRATEGY

Kevin Ma, Chairman and CEO
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 counseling 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 educational travel programs



Continue exploring M&A opportunities within the education sector





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