



## 2021 SECOND QUARTER EARNINGS CALL

August 12, 2021

Speakers  
Mr. Kevin Ma, Chairman and CEO  
Mr. Jun Zhang, President  
Ms. Amy Tung, CFO

# SAFE HARBOR

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Note: All U.S. dollar amounts in this presentation, relating to the financial results for the three months ended June 30, 2021, are converted from RMB using an exchange rate of 6.4566 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, research-based learning, overseas study counselling and other services through its training center network.



Over 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	\$2.86 (as of 8/9/2021)
Market Cap	\$89.7 million (as of 8/9/2021)
ADSs Outstanding	31.4 million
Book Value Per ADS	\$1.09

*All information as of 6/30/2021 unless otherwise noted.*



# SECOND QUARTER 2021 HIGHLIGHTS

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Amy Tung, Chief Financial Officer



# KEY OPERATING HIGHLIGHTS



YoY increase in  
**total student enrollment**

Q2 2021		Q2 2020
1,051	vs.	772



Stability in  
**portfolio training program  
credit hours delivered**

Q2 2021		Q2 2020
28,445	vs.	27,933



# 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.

	Second Quarter Ended June 30, 2021	Second Quarter Ended June 30, 2020	% Change
	No. of Credit Hours	No. of Credit Hours	
Time-based Program	14,224	16,191	(12.1%)
Project-based Program	14,221	11,742	21.1%
<b>Total</b>	<b>28,445</b>	<b>27,933</b>	<b>1.8%</b>

**Credit hours for project-based programs increased 21.1% YoY as ACG has made a conscious effort to shift more portfolio training students toward this program.**

# KEY FINANCIAL HIGHLIGHTS

**Q2 2021**

**RMB36.8 Million**

Total net revenues, up 39.4% from RMB26.4 million, driven primarily by increased contributions from portfolio training and other educational services

**43.4%**

Gross margin, compared to 25.1% in Q2 2020

**RMB14.1 Million**

Net income attributable to ACG, compared to net loss of RMB32.1 million in Q2 2020

**1H 2021**

**RMB74.4 Million**

Total net revenues, up 25.9% from RMB59.1 million, driven primarily by increased contributions from portfolio training and other educational services

**41.5%**

Gross margin, compared to 31.1% in the prior-year period

**RMB4.9 Million**

Net loss attributable to ACG, compared to RMB52.5 million in the prior-year period

# SUMMARY FINANCIAL RESULTS – Q2

	Q2 2020	Q2 2021	Q2 2020	Q2 2021
In 000s except margin and per ADS data	RMB		USD	
Net Revenues	26,396	36,761	\$3,736	\$5,694
Cost of Revenues	19,764	20,809	\$2,797	\$3,223
Gross Profit	6,632	15,952	\$939	\$2,471
Gross Margin	25.1%	43.4%	25.1%	43.4%
Operating Expenses	45,246	39,805	\$6,404	\$6,165
Loss from Operations	(38,503)	(23,847)	(\$5,450)	(\$3,693)
Net Income (Loss) Attributable to ACG	(32,081)	14,145	(\$4,541)	\$2,191
Diluted Earnings (Losses) per ADS Attributable to ACG	(1.08)	0.42	(\$0.16)	\$0.06



# SUMMARY FINANCIAL RESULTS – FIRST HALF

	1H 2020	1H 2021	1H 2020	1H 2021
In 000s except margin and per ADS data	RMB		USD	
Net Revenues	59,100	74,350	\$8,365	\$11,515
Cost of Revenues	40,744	43,524	\$5,767	\$6,741
Gross Profit	18,356	30,826	\$2,598	\$4,774
Gross Margin	31.1%	41.5%	31.1%	41.5%
Operating Expenses	83,672	77,909	\$11,843	\$12,066
Loss from Operations	(64,970)	(47,071)	(\$9,196)	(\$7,290)
Net Loss Attributable to ACG	(52,537)	(4,899)	(\$7,436)	(\$759)
Diluted Losses per ADS Attributable to ACG	(1.78)	(0.22)	(\$0.26)	(\$0.04)

# BALANCE SHEET HIGHLIGHTS

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

In 000s	12/31/2020	6/30/2021	12/31/2020	6/30/2021
	RMB		USD	
Cash and Cash Equivalents	112,723	91,365	\$17,276	\$14,151
Total Current Assets	120,940	98,050	\$18,535	\$15,186
Total Assets	575,621	547,116	\$88,218	\$84,737
Total Current Liabilities	274,884	281,440	\$42,128	\$43,590
Total Liabilities	327,875	326,864	\$50,249	\$50,625
Mezzanine Equity	48,498	-	\$7,433	-
Shareholders' Equity	199,248	220,252	\$30,536	\$34,112
Total Liabilities, Mezzanine Equity & Shareholders' Equity	575,621	547,116	\$88,218	\$84,737

**USD\$14.2 million in cash and cash equivalents as of 6/30/2021**



# 2021 OUTLOOK & GROWTH STRATEGY

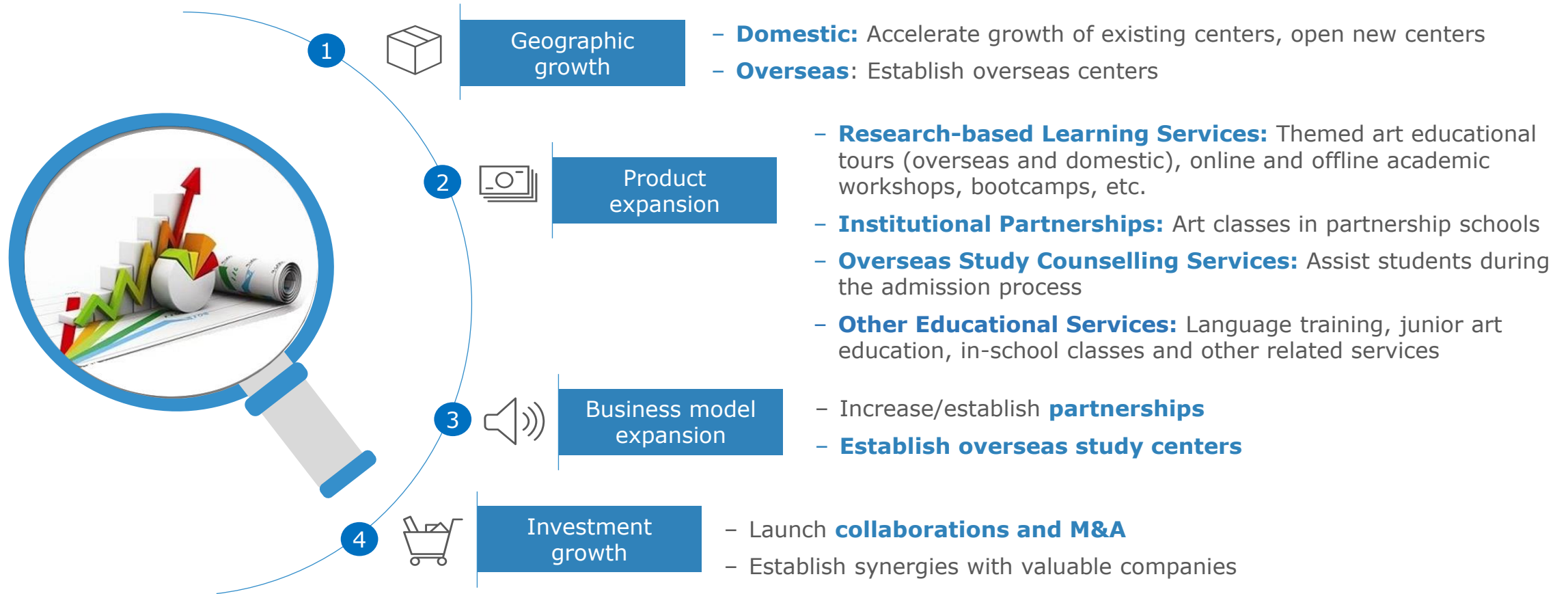
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Kevin Ma, Chairman and CEO  
Jun Zhang, President





# 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 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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