



2021 THIRD QUARTER EARNINGS CALL

November 10, 2021

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

SAFE HARBOR

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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 three and nine months ended September 30, 2021, are converted from RMB using an exchange rate of 6.4434 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	\$2.32 (as of 11/8/2021)
Market Cap	\$72.8 million (as of 11/8/2021)
ADSs Outstanding	31.4 million
Book Value Per ADS	\$0.96

All information as of 9/30/2021 unless otherwise noted.



THIRD QUARTER 2021 HIGHLIGHTS

Amy Tung, 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.

	Third Quarter Ended Sept. 30, 2021	Third Quarter Ended Sept. 30, 2020	% Change
	No. of Credit Hours	No. of Credit Hours	
Time-based Program	21,290	26,117	(18.5%)
Project-based Program	23,350	18,086	29.1%
Total	44,640	44,203	1.0%

Total student enrollment was 1,220, out of which 625 were enrolled in portfolio training programs, during the third quarter of 2021.

KEY FINANCIAL HIGHLIGHTS

Q3 2021

RMB55.3 Million

Total net revenues, up 31.0% from RMB42.2 million, driven primarily by increased contributions from portfolio training and research-based learning services

51.4%

Gross margin, compared to 37.4% in Q3 2020

RMB26.2 Million

Net loss attributable to ACG, compared to net loss of RMB14.9 million in Q3 2020

YTD 2021

RMB129.6 Million

Total net revenues, up 28.0% from RMB101.3 million, driven primarily by increased contributions from portfolio training, research-based learning and foreign language training services

45.7%

Gross margin, compared to 33.7% in the prior-year period

RMB31.1 Million

Net loss attributable to ACG, compared to net loss of RMB67.4 million in the prior-year period

SUMMARY FINANCIAL RESULTS – Q3

	Q3 2020	Q3 2021	Q3 2020	Q3 2021
In 000s except margin and per ADS data	RMB		USD	
Net Revenues	42,220	55,297	\$6,218	\$8,582
Cost of Revenues	26,440	26,860	\$3,894	\$4,169
Gross Profit	15,780	28,437	\$2,324	\$4,413
Gross Margin	37.4%	51.4%	37.4%	51.4%
Operating Expenses	32,418	50,630	\$4,775	\$7,858
Loss from Operations	(16,513)	(22,187)	(\$2,432)	(\$3,443)
Net Loss Attributable to ACG	(14,852)	(26,201)	(\$2,187)	(\$4,066)
Diluted Losses per ADS Attributable to ACG	(0.52)	(0.84)	(\$0.08)	(\$0.14)

SUMMARY FINANCIAL RESULTS – YTD

	9 Months 2020	9 Months 2021	9 Months 2020	9 Months 2021
In 000s except margin and per ADS data	RMB		USD	
Net Revenues	101,320	129,648	\$14,923	\$20,121
Cost of Revenues	67,184	70,385	\$9,895	\$10,924
Gross Profit	34,136	59,263	\$5,028	\$9,197
Gross Margin	33.7%	45.7%	33.7%	45.7%
Operating Expenses	116,090	128,538	\$17,098	\$19,949
Loss from Operations	(81,482)	(69,258)	(\$12,001)	(\$10,749)
Net Loss Attributable to ACG	(67,389)	(31,100)	(\$9,925)	(\$4,827)
Diluted Losses per ADS Attributable to ACG	(2.28)	(1.06)	(\$0.34)	(\$0.16)

BALANCE SHEET HIGHLIGHTS

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

In 000s	12/31/2020	9/30/2021	12/31/2020	9/30/2021
	RMB		USD	
Cash and Cash Equivalents	112,723	75,233	\$17,276	\$11,676
Total Current Assets	120,940	80,341	\$18,535	\$12,469
Total Assets	575,621	524,051	\$88,218	\$81,331
Total Current Liabilities	274,884	281,814	\$42,128	\$43,737
Total Liabilities	327,875	329,920	\$50,249	\$51,202
Mezzanine Equity	48,498	-	\$7,433	-
Shareholders' Equity	199,248	194,131	\$30,536	\$30,129
Total Liabilities, Mezzanine Equity & Shareholders' Equity	575,621	524,051	\$88,218	\$81,331

USD\$11.7 million in cash and cash equivalents as of 9/30/2021

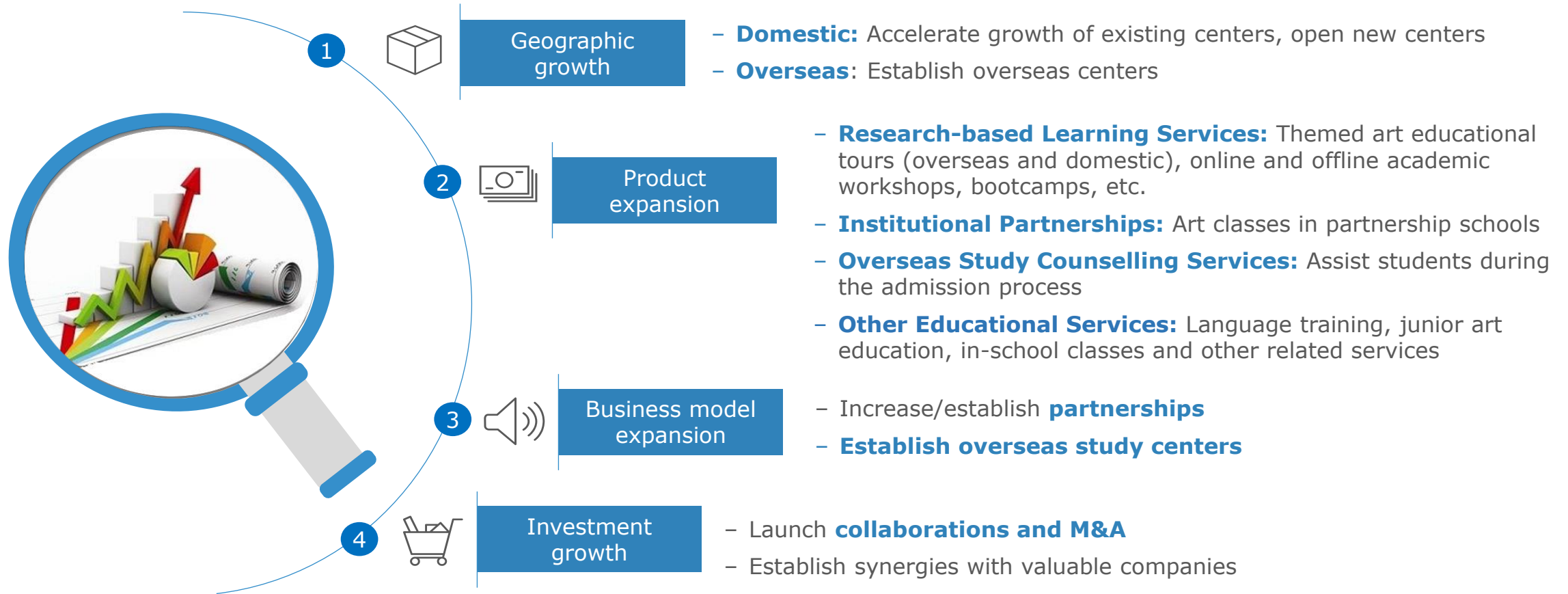


2021 OUTLOOK & GROWTH STRATEGY

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 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





At ATA Creativity Global

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