



2020 FOURTH QUARTER AND YEAR-END EARNINGS CALL
March 29, 2021

Speakers
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 and year ended December 31, 2020, are converted from RMB using an exchange rate of 6.5250 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	\$4.92 (as of 3/26/2021)
Market Cap	\$154.2 million (as of 3/26/2021)
ADs Outstanding	31.4 million
Book Value Per ADS	\$0.97

All information as of 12/31/2020 unless otherwise noted.

2020 FOURTH QUARTER & ANNUAL HIGHLIGHTS

Amy Tung, Chief Financial Officer

KEY OPERATING HIGHLIGHTS

Continued online delivery of coursework in response to global pandemic

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

Nearly full resumption of traditional in-person delivery of coursework since end of Q2

2020 impact of COVID-19

Enrollment deferrals, cancellation of educational tours/overseas study programs, development of international travel alternatives such as online bootcamps and local tours

Seeing gradual recovery as public health situation in China has essentially returned to state of normalcy

13.0% YoY decrease, 2.8% sequential increase

Credit hours delivered for portfolio training programs, primarily caused by the ongoing pandemic environment

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.

	Fourth Quarter Ended Dec. 31, 2020	Fourth Quarter Ended Dec. 31, 2019	% Change
	No. of Credit Hours	No. of Credit Hours	
Time-based Program	25,165	34,434	(26.9%)
Project-based Program	20,269	17,768	14.1%
Total	45,434	52,202	(13.0%)

Total student enrollment was 1,122, out of which 636 were enrolled in portfolio training programs, during the fourth quarter of 2020.

KEY FINANCIAL HIGHLIGHTS

Q4

RMB60.8 Million

Total net revenues, up 12.4% from RMB54.1 million in Q4 2019 despite the ongoing impact of the pandemic

48.5% (53.1% adj.)

Gross margin, a significant increase from 38.6% in Q4 2019

RMB24.8 Million

Net loss attributable to ACG, compared to RMB70.9 million in the prior-year period

YE 2020

RMB162.2 Million

Total net revenues, compared to RMB97.8 million, driven by the full-year contributions from Huanquiuyimeng business

39.2% (47.1% adj.)

Gross margin, compared to 36.7% in the prior year

RMB92.2 Million

Net loss attributable to ACG, compared to RMB122.3 million in the prior year

SUMMARY FINANCIAL RESULTS – Q4

	Q4 2019	Q4 2020	Q4 2019	Q4 2020
In 000s except margin and per ADS data	RMB		USD	
Net Revenues	54,139	60,848	\$7,777	\$9,325
Cost of Revenues	33,240	31,337	\$4,775	\$4,802
Gross Profit	20,899	29,511	\$3,002	\$4,523
Gross Margin	38.6%	48.5%	38.6%	48.5%
Operating Expenses	76,959	55,365	\$11,055	\$8,485
Loss from Operations	(56,034)	(25,996)	(\$8,049)	(\$3,984)
Net Loss Attributable to ACG	(70,853)	(24,809)	(\$10,177)	(\$3,802)
Diluted Losses per ADS Attributable to ACG	(2.54)	(0.86)	(\$0.36)	(\$0.14)

SUMMARY FINANCIAL RESULTS – FULL-YEAR

	FY 2019	FY 2020	FY 2019	FY 2020
In 000s except margin and per ADS data	RMB		USD	
Net Revenues	97,770	162,168	\$14,044	\$24,853
Cost of Revenues	61,914	98,521	\$8,894	\$15,099
Gross Profit	35,856	63,647	\$5,150	\$9,754
Gross Margin	36.7%	39.2%	36.7%	39.2%
Operating Expenses	154,216	171,455	\$22,152	\$26,277
Loss from Continuing Operations	(117,772)	(107,478)	(\$16,917)	(\$16,472)
Net Loss Attributable to ACG	(122,254)	(92,198)	(\$17,561)	(\$14,130)
Diluted Losses per ADS Attributable to ACG	(5.04)	(3.14)	(\$0.72)	(\$0.48)

BALANCE SHEET HIGHLIGHTS

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

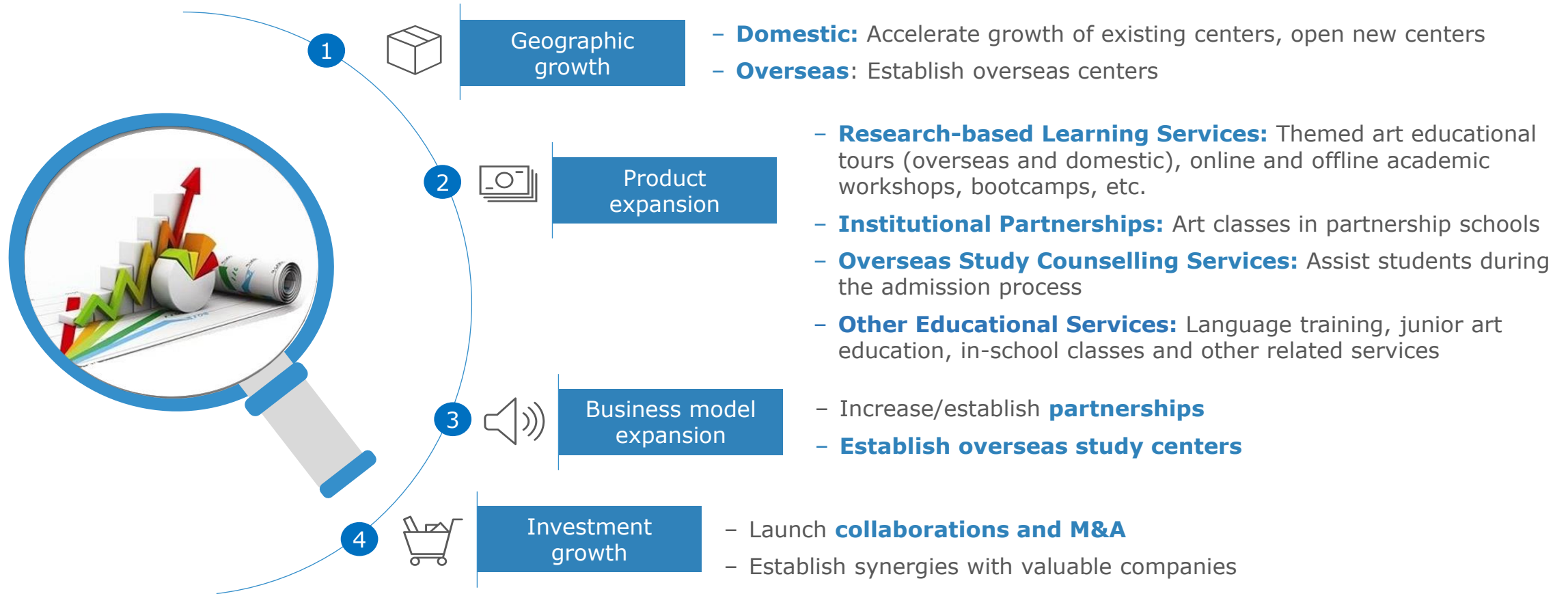
In 000s	12/31/2019	12/31/2020	12/31/2019	12/31/2020
	RMB		USD	
Cash and Cash Equivalents	154,198	112,723	\$22,149	\$17,276
Total Current Assets	183,560	120,940	\$26,367	\$18,535
Total Assets	676,090	575,621	\$97,115	\$88,218
Total Current Liabilities	264,816	274,884	\$38,038	\$42,128
Total Liabilities	325,558	327,875	\$46,764	\$50,249
Mezzanine Equity	44,896	48,498	\$6,449	\$7,433
Shareholders' Equity	305,635	199,248	\$43,902	\$30,536
Total Liabilities, Mezzanine Equity & Shareholders' Equity	676,090	575,621	\$97,115	\$88,218

USD\$17.3 million in cash and cash equivalents as of 12/31/2020

2021 OUTLOOK & GROWTH STRATEGY

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

Amy Tung, CFO
+86 (10) 6518 1133 x 5518
amytung@acgedu.cn

**Investor Relations Counsel:
The Equity Group**

Carolyn Y. Sohn
(415) 568-2255
csohn@equityny.com

Adam Prior
(212) 836-9606
aprior@equityny.com