



2021 FOURTH QUARTER AND YEAR-END
EARNINGS CALL
March 17, 2022

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 and year ended December 31, 2021, are converted from RMB using an exchange rate of 6.3726 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 educational 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	\$1.24 (as of 3/14/2022)
Market Cap	\$38.9 million (as of 3/14/2022)
ADs Outstanding	31.4 million
Book Value Per ADS	\$0.95

All information as of 12/31/2021 unless otherwise noted.



FOURTH 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.

	Fourth Quarter Ended Dec. 31, 2021	Fourth Quarter Ended Dec. 31, 2020	% Change
	No. of Credit Hours	No. of Credit Hours	
Time-based Program	29,949	25,165	19.0%
Project-based Program	23,589	20,269	16.4%
Total	53,538	45,434	17.8%

Total student enrollment was 1,052, out of which 569 were enrolled in portfolio training programs, during the fourth quarter of 2021.

KEY FINANCIAL HIGHLIGHTS

Q4 2021

RMB72.6 Million

Total net revenues, up 19.3% from RMB60.8 million, driven primarily by increased contributions from portfolio training services

62.8%

Gross margin, compared to 48.5% in Q4 2020

RMB2.5 Million

Net loss attributable to ACG, compared to net loss of RMB24.8 million in Q4 2020

YE 2021

RMB202.2 Million

Total net revenues, up 24.7% from RMB162.2 million, driven primarily by increased contributions from portfolio training and research-based learning services

51.8%

Gross margin, compared to 39.2% in the prior year

RMB33.6 Million

Net loss attributable to ACG, compared to net loss of RMB92.2 million in the prior year

SUMMARY FINANCIAL RESULTS – Q4

	Q4 2020	Q4 2021	Q4 2020	Q4 2021
In 000s except margin and per ADS data	RMB		USD	
Net Revenues	60,848	72,561	\$9,325	\$11,386
Cost of Revenues	31,337	27,028	\$4,802	\$4,241
Gross Profit	29,511	45,533	\$4,523	\$7,145
Gross Margin	48.5%	62.8%	48.5%	62.8%
Operating Expenses	55,365	42,669	\$8,485	\$6,696
Income (Loss) from Operations	(25,996)	2,869	(\$3,984)	\$450
Net Loss Attributable to ACG	(24,809)	(2,550)	(\$3,802)	(\$400)
Diluted Losses per ADS Attributable to ACG	(0.86)	(0.08)	(\$0.14)	(\$0.02)

SUMMARY FINANCIAL RESULTS – YEAR-END

	YE 2020	YE 2021	YE 2020	YE 2021
In 000s except margin and per ADS data	RMB		USD	
Net Revenues	162,168	202,209	\$24,853	\$31,731
Cost of Revenues	98,521	97,413	\$15,099	\$15,286
Gross Profit	63,647	104,796	\$9,754	\$16,445
Gross Margin	39.2%	51.8%	39.2%	51.8%
Operating Expenses	171,455	171,207	\$26,277	\$26,866
Loss from Operations	(107,478)	(66,389)	(\$16,472)	(\$10,418)
Net Loss Attributable to ACG	(92,198)	(33,650)	(\$14,130)	(\$5,280)
Diluted Losses per ADS Attributable to ACG	(3.14)	(1.14)	(\$0.48)	(\$0.18)

BALANCE SHEET HIGHLIGHTS

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

In 000s	12/31/2020	12/31/2021	12/31/2020	12/31/2021
	RMB		USD	
Cash and Cash Equivalents	112,723	71,339	\$17,276	\$11,195
Total Current Assets	120,940	75,407	\$18,535	\$11,833
Total Assets	575,621	507,175	\$88,218	\$79,587
Total Current Liabilities	274,884	267,979	\$42,128	\$42,052
Total Liabilities	327,875	316,275	\$50,249	\$49,631
Mezzanine Equity	48,498	-	\$7,433	-
Shareholders' Equity	199,248	190,900	\$30,536	\$29,956
Total Liabilities, Mezzanine Equity & Shareholders' Equity	575,621	507,175	\$88,218	\$79,587

USD\$11.2 million in cash and cash equivalents as of 12/31/2021

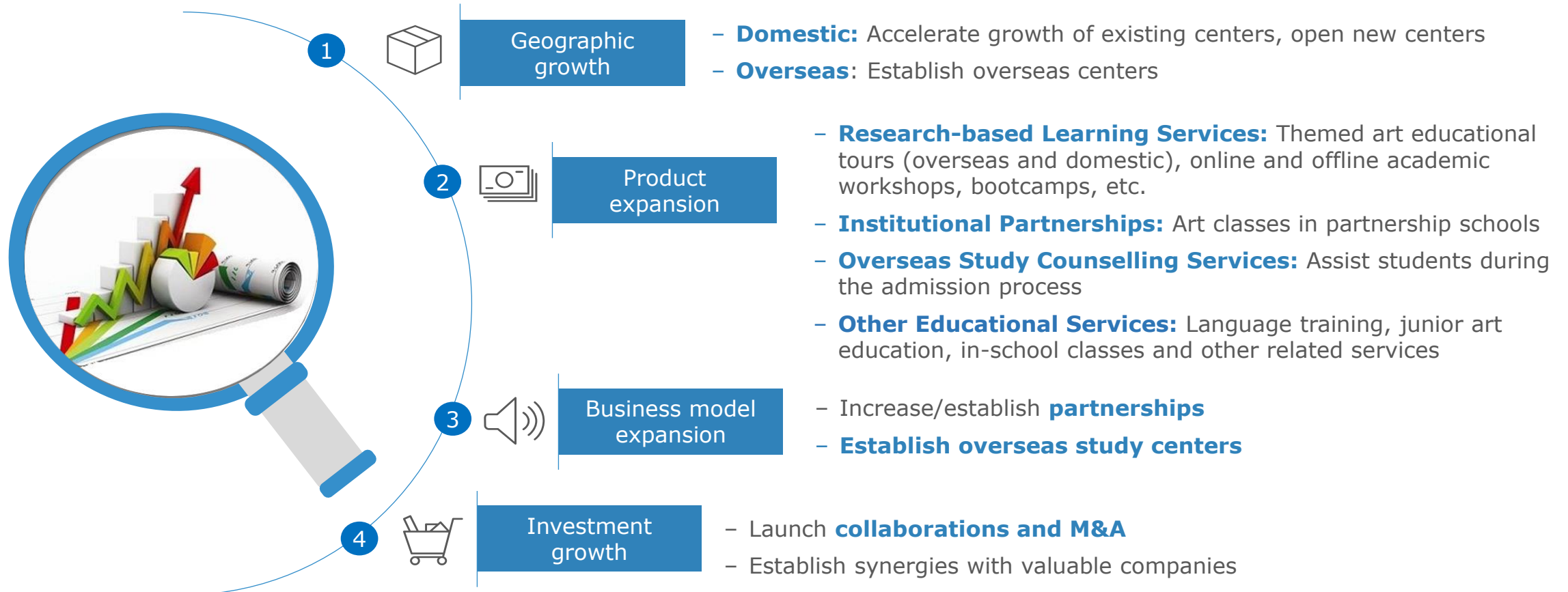


2022 OUTLOOK & GROWTH STRATEGY

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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