



## 2022 SECOND QUARTER EARNINGS CALL

August 11, 2022

### Speakers

Mr. Kevin Ma, Chairman and CEO

Mr. Jun Zhang, President

Mr. Ruobai Sima, CFO

# SAFE HARBOR

- This presentation was developed by ATA Creativity Global (“ACG” or the “Company”) and is intended to be used solely in connection with ACG’s earnings call for the quarter and six months ended June 30, 2022. This presentation is not to be construed as an offer to sell or the solicitation of an offer to buy the Company’s securities. This presentation is based upon information available to the public, as well as other information from sources which management believes to be reliable, but is not guaranteed by the Company as being accurate nor does it purport to be complete. The forward-looking statements contained in this presentation are made only of this date, and ACG is under no obligation to revise or update these forward-looking statements.
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Note: All U.S. dollar amounts in this presentation, relating to the financial results for the three and six months ended June 30, 2022, are converted from RMB using an exchange rate of 6.6981 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	\$1.91 (as of 8/10/2022)
Market Cap	\$60.0 million (as of 8/10/2022)
ADs Outstanding	31.4 million
Book Value Per ADS	\$0.73

All information as of 6/30/2022 unless otherwise noted.



# SECOND QUARTER 2022 HIGHLIGHTS

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Ruobai Sima, 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.

	Second Quarter Ended June 30, 2022	Second Quarter Ended June 30, 2021	% Change
	No. of Credit Hours	No. of Credit Hours	
Time-based Program	10,710	14,224	(24.7%)
Project-based Program	14,677	14,221	3.2%
<b>Total</b>	<b>25,387</b>	<b>28,445</b>	<b>(10.8%)</b>

**Total student enrollment was 1,018, out of which 547 were enrolled in portfolio training programs, during the second quarter of 2022.**

# KEY FINANCIAL HIGHLIGHTS

Q2 2022

**RMB34.0 Million**

Total net revenues, compared to RMB36.8 million, mainly as a result of temporary training center closures during citywide lockdowns implemented to combat local COVID-19 resurgences

**35.6%**

Gross margin, compared to 43.4% in Q2 2021

**RMB22.1 Million**

Net loss attributable to ACG, compared to net income of RMB14.1 million in Q2 2021

1H 2022

**RMB76.2 Million**

Total net revenues, compared to RMB74.4 million

**41.2%**

Gross margin, compared to 41.5% in the prior-year period

**RMB37.9 Million**

Net loss attributable to ACG, compared to RMB4.9 million in the prior-year period

# SUMMARY FINANCIAL RESULTS – Q2

	Q2 2021	Q2 2022	Q2 2021	Q2 2022
In 000s except margin and per ADS data	RMB		USD	
Net Revenues	36,761	34,045	\$5,694	\$5,083
Cost of Revenues	20,809	21,921	\$3,223	\$3,273
Gross Profit	15,952	12,124	\$2,471	\$1,810
Gross Margin	43.4%	35.6%	43.4%	35.6%
Operating Expenses	39,805	38,568	\$6,165	\$5,758
Loss from Operations	(23,847)	(26,439)	(\$3,693)	(\$3,947)
Net Income (Loss) Attributable to ACG	14,145	(22,070)	\$2,191	(\$3,295)
Diluted Earnings (Losses) per ADS Attributable to ACG	0.42	(0.70)	\$0.06	(\$0.10)

# SUMMARY FINANCIAL RESULTS – FIRST HALF

	1H 2021	1H 2022	1H 2021	1H 2022
In 000s except margin and per ADS data	RMB		USD	
Net Revenues	74,350	76,184	\$11,515	\$11,374
Cost of Revenues	43,524	44,789	\$6,741	\$6,687
Gross Profit	30,826	31,395	\$4,774	\$4,687
Gross Margin	41.5%	41.2%	41.5%	41.2%
Operating Expenses	77,909	76,617	\$12,066	\$11,439
Loss from Operations	(47,071)	(45,211)	(\$7,290)	(\$6,750)
Net Loss Attributable to ACG	(4,899)	(37,924)	(\$759)	(\$5,662)
Diluted Losses per ADS Attributable to ACG	(0.22)	(1.20)	(\$0.04)	(\$0.18)



# BALANCE SHEET HIGHLIGHTS

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

In 000s	12/31/2021	6/30/2022	12/31/2021	6/30/2022
	RMB		USD	
Cash and Cash Equivalents	71,339	60,516	\$11,195	\$9,035
Total Current Assets	75,407	67,019	\$11,833	\$10,006
Total Assets	507,175	482,360	\$79,587	\$72,014
Total Current Liabilities	267,979	290,945	\$42,052	\$43,437
Total Liabilities	316,276	329,033	\$49,631	\$49,123
Shareholders' Equity	190,899	153,327	\$29,956	\$22,891
Total Liabilities & Shareholders' Equity	507,175	482,360	\$79,587	\$72,014

**USD\$9.0 million in cash and cash equivalents as of 6/30/2022**



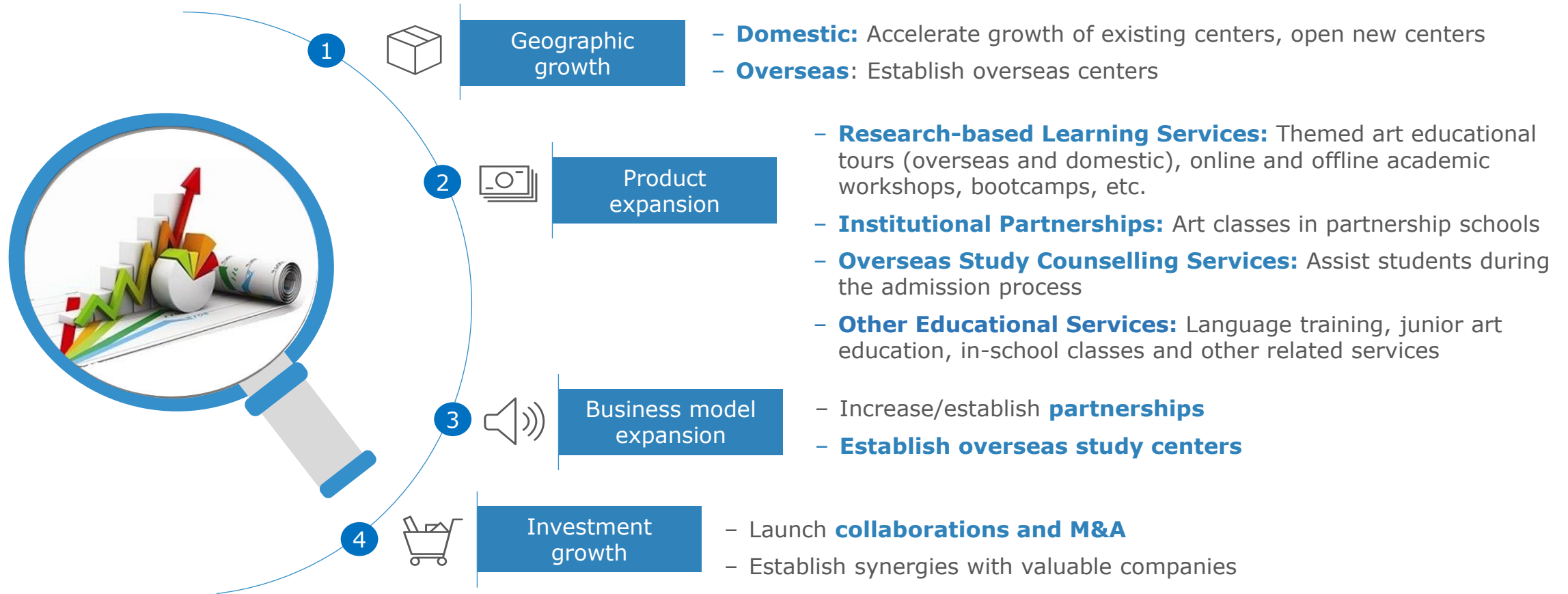
# 2022 OUTLOOK & GROWTH STRATEGY

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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





**At ATA Creativity Global**

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