



## 2022 THIRD QUARTER EARNINGS CALL

November 30, 2022

### Speakers

Mr. Kevin Ma, Chairman and CEO

Mr. Jun Zhang, President

Mr. Ruobai Sima, CFO

# SAFE HARBOR

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Note: All U.S. dollar amounts in this presentation, relating to the financial results for the three and nine months ended September 30, 2022, are converted from RMB using an exchange rate of 7.1135 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	\$1.76 (as of 11/28/2022)
Market Cap	\$55.2 million (as of 11/28/2022)
ADs Outstanding	31.4 million
Book Value Per ADS	\$0.64

All information as of 9/30/2022 unless otherwise noted.



# THIRD 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.

	Third Quarter Ended Sept. 30, 2022	Third Quarter Ended Sept. 30, 2021	% Change
	No. of Credit Hours	No. of Credit Hours	
Time-based Program	12,923	21,290	(39.3%)
Project-based Program	23,108	23,350	(1.0%)
<b>Total</b>	<b>36,031</b>	<b>44,640</b>	<b>(19.3%)</b>

**Total student enrollment was 1,106, out of which 616 were enrolled in portfolio training programs, during the third quarter of 2022.**

# KEY FINANCIAL HIGHLIGHTS

**Q3 2022**

**RMB52.1 Million**

Total net revenues, compared to RMB55.3 million, down primarily due to lower contributions from portfolio training services as a result of local COVID-19 resurgences and subsequent lockdowns

**45.1%**

Gross margin, compared to 51.4% in Q3 2021

**RMB12.0 Million**

Net loss attributable to ACG, compared to net loss of RMB26.2 million in Q3 2021

**YTD 2022**

**RMB128.3 Million**

Total net revenues, compared to RMB129.6 million, down due to lower contributions from portfolio training services, partially offset by increased contributions from overseas study counselling services

**42.8%**

Gross margin, compared to 45.7% in the prior-year period

**RMB49.9 Million**

Net loss attributable to ACG, compared to net loss of RMB31.1 million in the prior-year period

# SUMMARY FINANCIAL RESULTS – Q3

	Q3 2021	Q3 2022	Q3 2021	Q3 2022
In 000s except margin and per ADS data	RMB		USD	
Net Revenues	55,297	52,100	\$8,582	\$7,324
Cost of Revenues	26,860	28,598	\$4,169	\$4,020
Gross Profit	28,437	23,502	\$4,413	\$3,304
Gross Margin	51.4%	45.1%	51.4%	45.1%
Operating Expenses	50,630	39,780	\$7,858	\$5,592
Loss from Operations	(22,187)	(16,273)	(\$3,443)	(\$2,288)
Net Loss Attributable to ACG	(26,201)	(11,986)	(\$4,066)	(\$1,685)
Diluted Losses per ADS Attributable to ACG	(0.84)	(0.38)	(\$0.14)	(\$0.06)

# SUMMARY FINANCIAL RESULTS – YTD

	9 Months 2021	9 Months 2022	9 Months 2021	9 Months 2022
In 000s except margin and per ADS data	RMB		USD	
Net Revenues	129,648	128,283	\$20,121	\$18,034
Cost of Revenues	70,385	73,386	\$10,924	\$10,317
Gross Profit	59,263	54,897	\$9,197	\$7,717
Gross Margin	45.7%	42.8%	45.7%	42.8%
Operating Expenses	128,538	116,397	\$19,949	\$16,363
Loss from Operations	(69,258)	(61,483)	(\$10,749)	(\$8,643)
Net Loss Attributable to ACG	(31,100)	(49,910)	(\$4,827)	(\$7,016)
Diluted Losses per ADS Attributable to ACG	(1.06)	(1.60)	(\$0.16)	(\$0.22)



# BALANCE SHEET HIGHLIGHTS

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

In 000s	12/31/2021	9/30/2022	12/31/2021	9/30/2022
	RMB		USD	
Cash and Cash Equivalents	71,339	59,858	\$11,195	\$8,415
Total Current Assets	75,407	66,280	\$11,833	\$9,317
Total Assets	507,175	472,329	\$79,587	\$66,399
Total Current Liabilities	267,979	298,675	\$42,052	\$41,987
Total Liabilities	316,276	329,830	\$49,631	\$46,367
Shareholders' Equity	190,899	142,499	\$29,956	\$20,032
Total Liabilities & Shareholders' Equity	507,175	472,329	\$79,587	\$66,399

**USD\$8.4 million in cash and cash equivalents as of 9/30/2022**



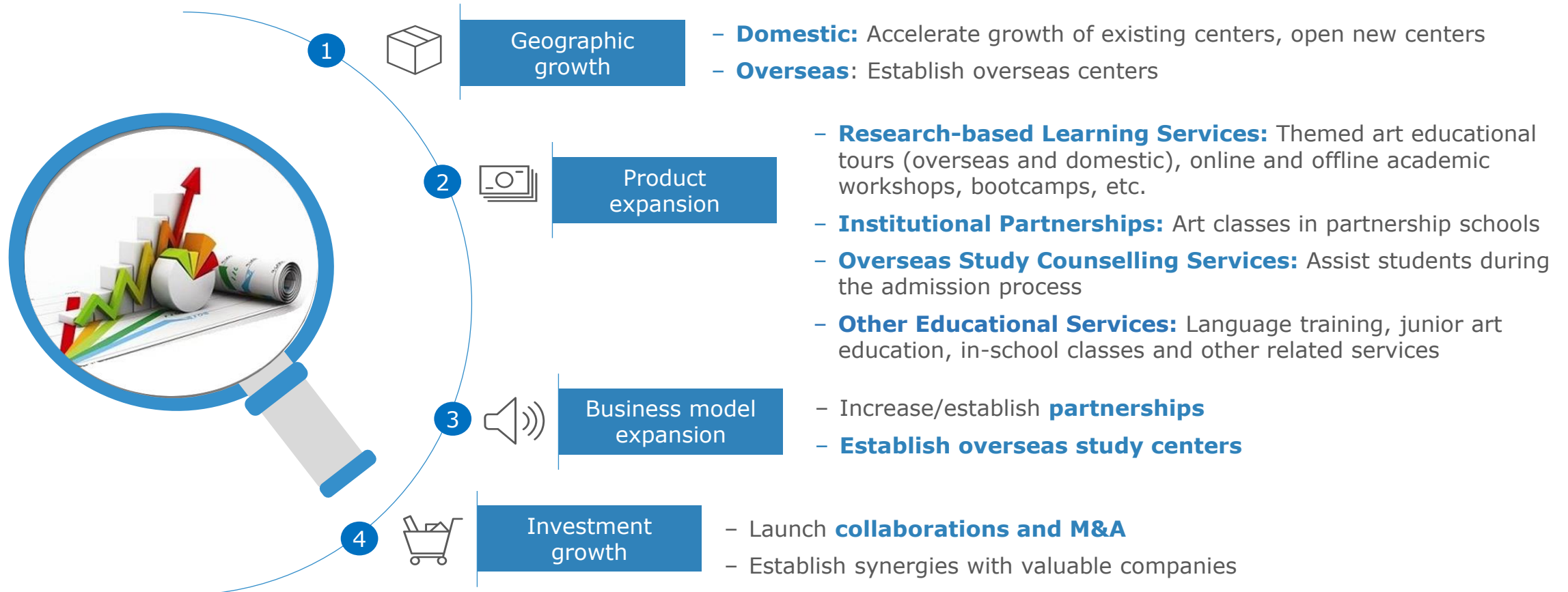
# 2022-23 OUTLOOK & GROWTH STRATEGY

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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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