



2023 FIRST QUARTER EARNINGS CALL  
May 11, 2023

Speakers  
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 three months ended March 31, 2023. 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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- 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 months ended March 31, 2023, are converted from RMB using an exchange rate of 6.8676 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<br>(Underwriters: Merrill Lynch, Piper Jaffray) |
| Auditor            | KPMG (since IPO)   |
| Fiscal Year End    | December 31  |
| Recent Stock Price | \$1.81 (as of 5/9/2023)                                      |
| Market Cap         | \$56.8 million (as of 5/9/2023)                              |
| ADs Outstanding    | 31.4 million   |
| Book Value Per ADS | \$0.59   |

*All information as of 3/31/2023 unless otherwise noted.*



# FIRST QUARTER 2023 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.

|                       | First Quarter<br>Ended<br>March 31, 2023 | First Quarter<br>Ended<br>March 31, 2022 | %<br>Change |
|-----------------------|--|--|-------------|
|                       | No. of<br>Credit Hours                   | No. of<br>Credit Hours                   |             |
| Time-based Program    | 9,768                                    | 13,070                                   | (25.3%)     |
| Project-based Program | 17,862                                   | 14,424                                   | 23.8%       |
| <b>Total</b>          | <b>27,630</b>                            | <b>27,494</b>                            | 0.5%        |

**Total student enrollment was 1,097, out of which 648 were enrolled in portfolio training programs, during the first quarter of 2023.**

# KEY FINANCIAL HIGHLIGHTS



**RMB42.3 Million**

Total net revenues, compared to RMB42.1 million in Q1 2022

**44.3%**

Gross margin, compared to 45.7% in Q1 2022

**RMB17.8 Million**

Net loss attributable to ACG, compared to RMB15.9 million in Q1 2022

# SUMMARY FINANCIAL RESULTS – Q1

|  | Q1 2022  | Q1 2023  | Q1 2022   | Q1 2023   |
|--|----------|----------|-----------|-----------|
| In 000s except margin and per ADS data     | RMB      |          | USD       |           |
| Net Revenues                               | 42,139   | 42,318   | \$6,647   | \$6,162   |
| Cost of Revenues                           | 22,868   | 23,559   | \$3,607   | \$3,430   |
| Gross Profit                               | 19,271   | 18,759   | \$3,040   | \$2,732   |
| Gross Margin                               | 45.7%    | 44.3%    | 45.7%     | 44.3%     |
| Operating Expenses                         | 38,049   | 40,105   | \$6,002   | \$5,840   |
| Loss from Operations                       | (18,772) | (21,346) | (\$2,961) | (\$3,108) |
| Net Loss Attributable to ACG               | (15,854) | (17,752) | (\$2,501) | (\$2,585) |
| Diluted Losses per ADS Attributable to ACG | (0.50)   | (0.56)   | (\$0.08)  | (\$0.08)  |

# BALANCE SHEET HIGHLIGHTS

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

| In 000s                                  | 12/31/2022 | 3/31/2023 | 12/31/2022 | 3/31/2023 |
|--|------------|-----------|------------|-----------|
|  | RMB        |           | USD        |           |
| Cash and Cash Equivalents                | 54,980     | 65,637    | \$7,971    | \$9,557   |
| Total Current Assets                     | 65,263     | 73,091    | \$9,462    | \$10,643  |
| Total Assets                             | 474,465    | 475,230   | \$68,791   | \$69,199  |
| Total Current Liabilities                | 292,543    | 316,819   | \$42,415   | \$46,132  |
| Total Liabilities                        | 330,951    | 348,945   | \$47,983   | \$50,810  |
| Shareholders' Equity                     | 143,514    | 126,285   | \$20,808   | \$18,389  |
| Total Liabilities & Shareholders' Equity | 474,465    | 475,230   | \$68,791   | \$69,199  |

**USD\$9.6 million in cash and cash equivalents as of 3/31/2023**





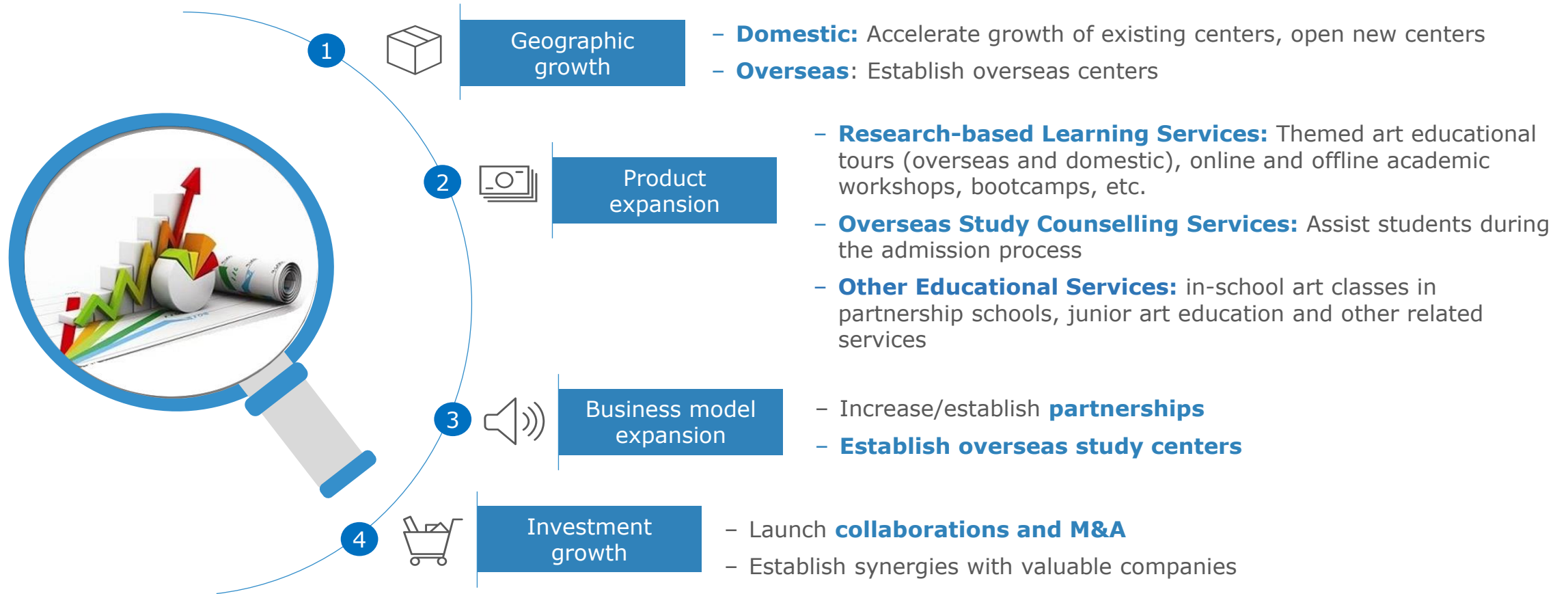
# 2023 OUTLOOK & GROWTH STRATEGY

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Ruobai Sima, Chief Financial Officer  
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**

Ruobai Sima, CFO  
+86 (10) 6518 1133 x 5518  
[simaruobai@acgedu.cn](mailto:simaruobai@acgedu.cn)



**Investor Relations Counsel:  
The Equity Group**

Carolyn Y. Sohn  
(408) 538-4577  
[csohn@equityny.com](mailto:csohn@equityny.com)

Alice Zhang  
(212) 836-9610  
[azhang@equityny.com](mailto:azhang@equityny.com)