



## 2023 THIRD QUARTER EARNINGS CALL

November 13, 2023

Speakers:  
Mr. Jun Zhang, President  
Mr. Ruobai Sima, CFO

# SAFE HARBOR

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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 and nine months ended September 30, 2023, are converted from RMB using an exchange rate of 7.2960 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)
Fiscal Year End	December 31
Recent Stock Price	\$0.85 (as of 11/9/2023)
Market Cap	\$26.7 million (as of 11/9/2023)
ADSs Outstanding	31.4 million
Book Value Per ADS	\$0.45

*All information as of 9/30/2023 unless otherwise noted.*



# THIRD 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.

	Third Quarter Ended Sept. 30, 2023	Third Quarter Ended Sept. 30, 2022	% Change
	No. of Credit Hours	No. of Credit Hours	
Time-based Program	13,624	12,923	5.4%
Project-based Program	31,099	23,108	34.6%
<b>Total</b>	<b>44,723</b>	<b>36,031</b>	<b>24.1%</b>

**Total student enrollment was 1,093, out of which 651 were enrolled in portfolio training programs, during the third quarter of 2023.**



# KEY FINANCIAL HIGHLIGHTS

Q3 2023

**RMB59.5 Million**

Total net revenues, an increase of 14.1% from RMB52.1 million

**49.2%**

Gross margin, compared to 45.1% in Q3 2022

**RMB7.3 Million**

Net loss attributable to ACG, compared to RMB12.0 million in Q3 2022

YTD

**RMB138.0 Million**

Total net revenues, an increase of 7.6% from RMB128.3 million

**45.1%**

Gross margin, compared to 42.8% in the prior-year period

**RMB42.2 Million**

Net loss attributable to ACG, compared to RMB49.9 million in the prior-year period

# SUMMARY FINANCIAL RESULTS – Q3

	Three Months Ended Sept. 30,		Three Months Ended Sept. 30,	
	2022	2023	2022	2023
In 000s except margin and per ADS data	RMB		USD	
Net Revenues	52,100	59,450	\$7,324	\$8,148
Cost of Revenues	28,598	30,225	\$4,020	\$4,142
Gross Profit	23,502	29,225	\$3,304	\$4,006
Gross Margin	45.1%	49.2%	45.1%	49.2%
Operating Expenses	39,780	37,105	\$5,592	\$5,086
Loss from Operations	(16,273)	(7,879)	(\$2,288)	(\$1,080)
Net Loss Attributable to ACG	(11,986)	(7,251)	(\$1,685)	(\$994)
Diluted Losses per ADS Attributable to ACG	(0.38)	(0.24)	(\$0.06)	(\$0.04)



# SUMMARY FINANCIAL RESULTS – YTD

	Nine Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
	2022	2023	2022	2023
In 000s except margin and per ADS data	RMB		USD	
Net Revenues	128,283	138,010	\$18,034	\$18,916
Cost of Revenues	73,386	75,719	\$10,317	\$10,378
Gross Profit	54,897	62,291	\$7,717	\$8,538
Gross Margin	42.8%	45.1%	42.8%	45.1%
Operating Expenses	116,397	112,901	\$16,363	\$15,474
Loss from Operations	(61,483)	(50,607)	(\$8,643)	(\$6,936)
Net Loss Attributable to ACG	(49,910)	(42,216)	(\$7,016)	(\$5,786)
Diluted Losses per ADS Attributable to ACG	(1.60)	(1.34)	(\$0.22)	(\$0.18)



# BALANCE SHEET HIGHLIGHTS

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

In 000s	12/31/2022	9/30/2023	12/31/2022	9/30/2023
	RMB		USD	
Cash and Cash Equivalents	54,980	65,506	\$7,971	\$8,978
Total Current Assets	65,263	75,467	\$9,462	\$10,344
Total Assets	474,465	466,257	\$68,791	\$63,906
Total Current Liabilities	292,543	337,806	\$42,415	\$46,300
Total Liabilities	330,951	362,740	\$47,983	\$49,718
Shareholders' Equity	143,514	103,517	\$20,808	\$14,188
Total Liabilities & Shareholders' Equity	474,465	466,257	\$68,791	\$63,906

**USD\$9.0 million in cash and cash equivalents as of 9/30/2023**



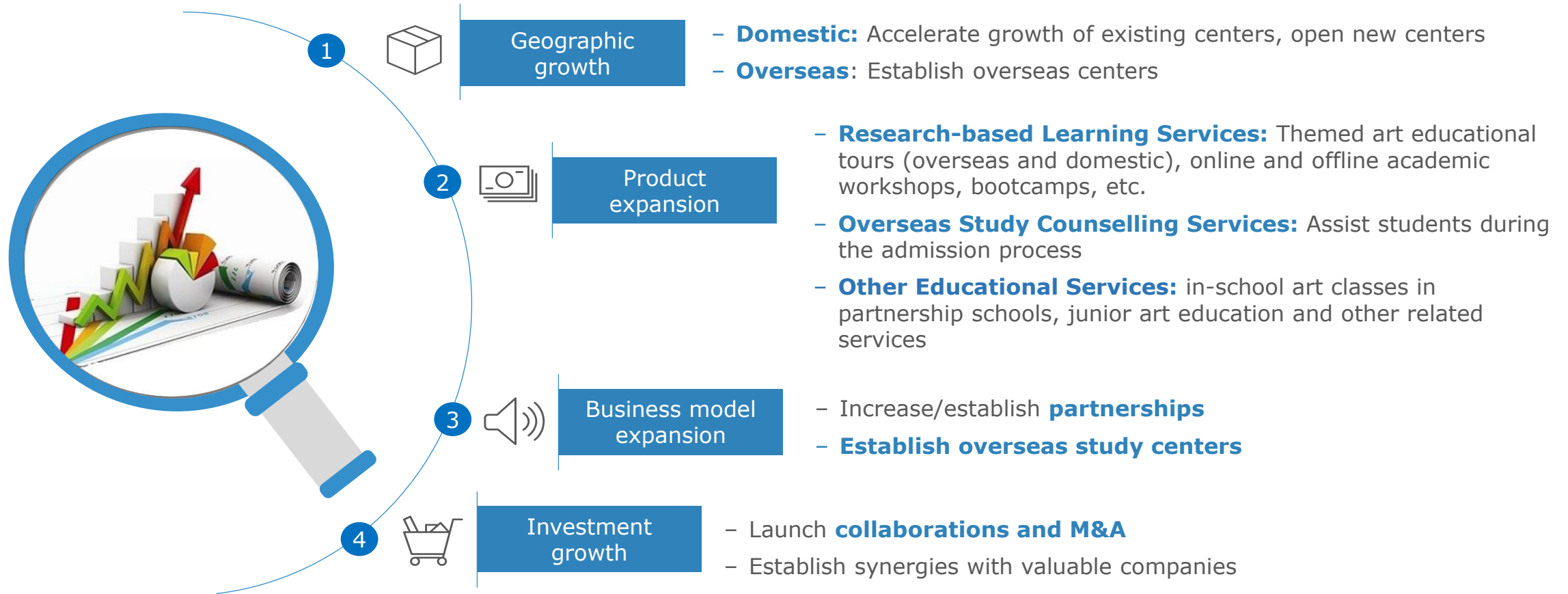
# 2023 OUTLOOK & GROWTH STRATEGY

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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)