



2023 FOURTH QUARTER AND YEAR-END EARNINGS CALL

March 26, 2024

Speakers:

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 fourth quarter and year ended December 31, 2023, are converted from RMB using an exchange rate of 7.0999 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	\$1.08 (as of 3/22/2024)
Market Cap	\$34.0 million (as of 3/22/2024)
ADSs Outstanding	31.4 million
Book Value Per ADS	\$0.51

All information as of 12/31/2023 unless otherwise noted.



FOURTH QUARTER & YEAR-END 2023 HIGHLIGHTS

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.

	Fourth Quarter Ended Dec. 31, 2023	Fourth Quarter Ended Dec. 31, 2022	% Change
	No. of Credit Hours	No. of Credit Hours	
Time-based Program	15,737	15,780	(0.3%)
Project-based Program	32,684	31,114	5.0%
Total	48,421	46,894	3.3%

Total student enrollment was 1,011, out of which 648 were enrolled in portfolio training programs, during the fourth quarter of 2023.

KEY FINANCIAL HIGHLIGHTS

Q4 2023

RMB83.6 Million

Total net revenues, an increase of 6.5% from RMB78.5 million

62.6%

Gross margin, compared to 60.6% in Q4 2022

RMB8.6 Million

Net income attributable to ACG, an increase of 324.1% from RMB2.0 million in Q4 2022

Year-End 2023

RMB221.6 Million

Total net revenues, an increase of 7.2% from RMB206.8 million

51.7%

Gross margin, compared to 49.6% in the prior year

RMB33.7 Million

Net loss attributable to ACG, compared to net loss attributable to ACG of RMB47.9 million in the prior year

SUMMARY FINANCIAL RESULTS – Q4

	Three Months Ended Dec. 31,		Three Months Ended Dec. 31,	
	2022	2023	2022	2023
In 000s except margin and per ADS data	RMB		USD	
Net Revenues	78,537	83,609	\$11,387	\$11,776
Cost of Revenues	30,929	31,243	\$4,485	\$4,400
Gross Profit	47,608	52,366	\$6,902	\$7,376
Gross Margin	60.6%	62.6%	60.6%	62.6%
Operating Expenses	42,711	43,283	\$6,193	\$6,096
Income from Operations	4,897	9,111	\$710	\$1,283
Net Income Attributable to ACG	2,017	8,556	\$292	\$1,205
Diluted Earnings per ADS Attributable to ACG	0.06	0.28	\$0.01	\$0.04

SUMMARY FINANCIAL RESULTS – YEAR-END

	Year Ended Dec. 31,		Year Ended Dec. 31,	
	2022	2023	2022	2023
In 000s except margin and per ADS data	RMB		USD	
Net Revenues	206,821	221,619	\$29,986	\$31,214
Cost of Revenues	104,316	106,962	\$15,124	\$15,065
Gross Profit	102,505	114,657	\$14,862	\$16,149
Gross Margin	49.6%	51.7%	49.6%	51.7%
Operating Expenses	159,108	156,184	\$23,069	\$21,998
Loss from Operations	(56,587)	(41,496)	(\$8,204)	(\$5,845)
Net Loss Attributable to ACG	(47,893)	(33,660)	(\$6,944)	(\$4,741)
Diluted Losses per ADS Attributable to ACG	(1.52)	(1.08)	(\$0.22)	(\$0.16)

BALANCE SHEET HIGHLIGHTS

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

In 000s	12/31/2022	12/31/2023	12/31/2022	12/31/2023
	RMB		USD	
Cash and Cash Equivalents	54,980	60,167	\$7,971	\$8,474
Total Current Assets	65,263	70,445	\$9,462	\$9,922
Total Assets	474,465	448,939	\$68,791	\$63,232
Total Current Liabilities	292,543	314,403	\$42,415	\$44,283
Total Liabilities	330,951	335,965	\$47,983	\$47,320
Shareholders' Equity	143,514	112,974	\$20,808	\$15,912
Total Liabilities & Shareholders' Equity	474,465	448,939	\$68,791	\$63,232

USD\$8.5 million in cash and cash equivalents as of 12/31/2023

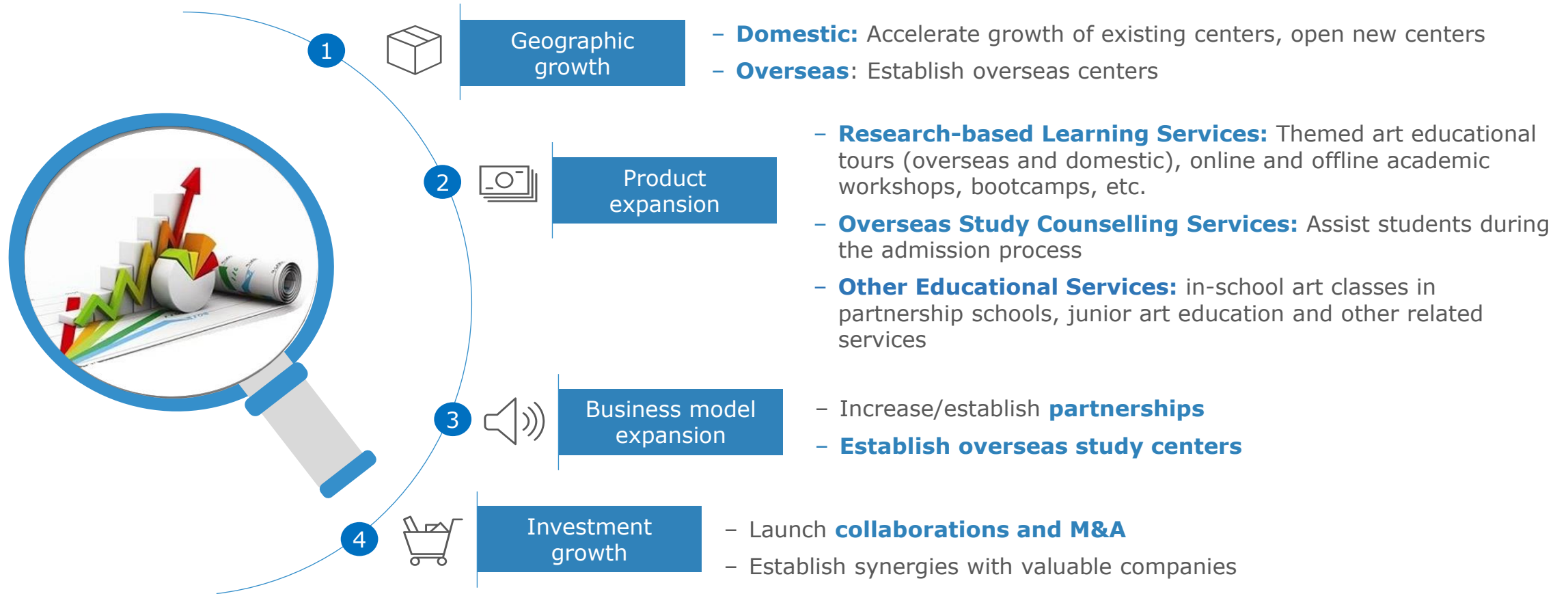


2024 OUTLOOK & GROWTH STRATEGY

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

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