



**Empowering creative individuals to reach their full potential
in their educational and career goals**

ATA Creativity Global
NASDAQ: AACG
Investor Presentation
April 2024

Safe Harbor

This presentation may contain forward-looking statements, and management may make additional forward-looking statements in response to your questions. Such written and oral disclosures are made pursuant to the Safe Harbor provision of the Private Securities Litigation Reform Act of 1995.

All statements other than statements of historical fact in this presentation are forward-looking statements, including but not limited to ACG's future growth and results of operations; ACG's plans for mergers and acquisitions generally; ACG's growth strategy, anticipated growth prospects and subsequent business activities; ACG's 2024 guidance; market demand for, and market acceptance and competitiveness of, ACG's portfolio training programs and other education services.

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 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. 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.

ACG 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 range of services through its training center network:

- Portfolio training (core business)
- Research-based learning
- Overseas study counselling
- Other educational services such as institutional partnerships, language training services, etc.

Ticker:
NASDAQ: AACG

Recent Stock Price:
\$1.08 (as of 3/22/2024)

IPO:
January 2008
(Underwriters: Merrill Lynch, Piper Jaffray)

Market Cap:
\$34.0 million (as of 3/22/2024)

Fiscal Year End:
December 31

ADSs Outstanding:
31.4 million

Book Value Per ADS:
\$0.51



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

Investment Highlights



A Leader in Creative Arts Education for Students in China and Beyond

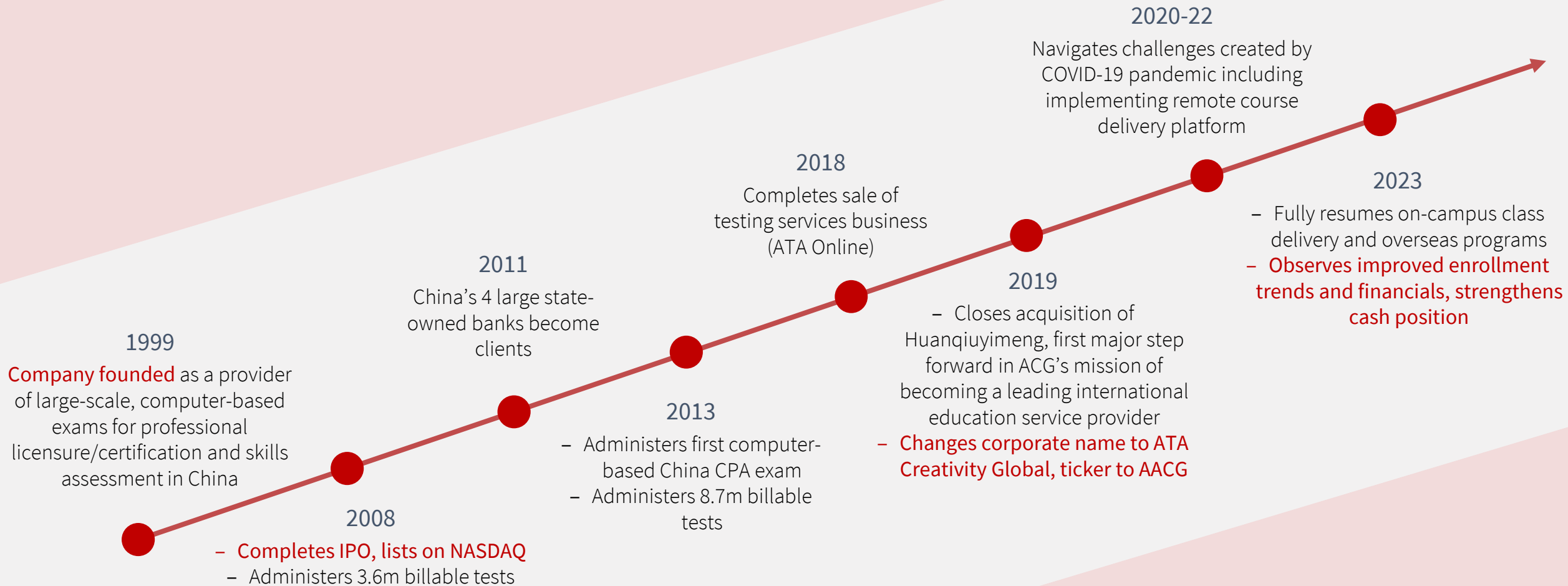
- Focused on positive student outcomes with its comprehensive academic offerings, experiential learning opportunities and counselling services
- Successfully navigated the global pandemic environment in 2020-22, resumed in-person delivery of services throughout 2023, hosted overseas programs in summer 2023 for the first time since 2020
- Exceptional management with a history of shareholder friendliness
- Recognized leader in innovation in education industry with 20+ years of experience in testing technologies and delivery services



A Unique Competency in a Fragmented Market and a Multi-pronged Growth Strategy

- An opportunity to take advantage of China's continued growing demand for creative learning experiences domestically and internationally
- Leverage expertise in education technologies/services and industry relationships, to scale the growth and expand market presence in China and beyond
- Increase reach with expanded offerings that support a growing population of students seeking creative arts learning experiences
- Explore M&A opportunities within the education sector

ACG's Evolution



Proven Management Team with Extensive Experience



Kevin Ma

Co-founder, Chairman and CEO

- 20+ years in IT and IT-related education sectors
- Pioneer in commercializing China's testing industry
- Professional entrepreneur since 1996



Jun Zhang

President, Director

- 20+ years of experience in art and creativity education
- Pioneer in industrialization of international art and creativity education in China
- Served as head or expert of several design and arts programs



Ruobai Sima

CFO

- 15+ years of experience in finance/accounting, financial planning and execution at public and private companies in the financial, automotive and travel industries
- Served as CFO at various automotive services companies from 2016 to 2022, served as the financial director for Bitauto Holdings from 2015-16

Industry
experience

Execution

Technological
expertise

Financial
prudence

Corporate
governance

ACG

China's Leader in Education for
the Arts & Creative Studies





What is ACG?



- ACG is a **leading provider** of educational services for students in China interested in applying for overseas art study
- **21** training centers in **20** cities throughout China
- Offers diverse and customizable art and music study abroad programming
- Has expanded its careers to more than **60 sub-divisions** such as art, design, architecture, film and television, and music
- www.acgedu.cn

Our Services



Portfolio Training

Effective way to international art schools

- Interactive training in-person or via online platform
- Thousands of students sent to top art design colleges
- Over 2,100 offers from overseas institutions extended to ACG students for 2023 enrollment



Research-based Learning

- Academic educational learning: summer/winter courses at RISD, UAL and other well-known institutions, as well as online certificate programs with overseas partners
- Workshop experience: on-site and online workshop experience in professional studios or art projects at partner universities in the U.S. and U.K.
- Themed educational travel: fully organized and guided travel programs to local or overseas museums, art galleries, cultural relics, etc.

Services Delivered by Experienced Specialists

International industry experts/renowned professors teach online and in-studio courses and provide other support services

- Industry experts/professors hold themed or project-based lectures for art students, designers and college teachers
- These experts spend 4-6 weeks each quarter on average on ACG's education offerings



Institutional Partnerships

Effective way to international art schools

Partnerships with several institutions including:

- Beijing Shuren-Ribet School
- Beijing Aidi School
- RGS Guilford Nanjing
- Tsinghua Zhiqing International
- University of International Business and Economics
- Cambridge International School
- Kang Chiao International School
- Nanjing University of the Arts

Our Six Major Disciplines



Computer Design



- Combines design art with computer technologies, integrating conceptual ideas with technology
- Focused on computer design in visual/interactive/service design and user experience

Fashion



- Offers an innovative perspective in fashion design, looking to future trends
- Focused on fashion design, fabric design, jewelry design, fashion management and marketing, fashion media, footwear and accessory design, etc.

Music



- Cultivates professional knowledge and stage performance skills
- Focused on music production, film and television soundtrack, singing, instrumental performance, and music theory

Film and Animation



- Aims to cultivate interest in interdisciplinary and innovative arts with technology as a supplement
- Focused on film production, photography, animation, games, drama, performance, media, and theories

Architecture and Space



- Advocates non-linear and dynamic design, spatial narratives, and spatial design in the digital era
- Focused on architecture design, interactive architecture, urban design, landscape design, interior design, etc.

Fine Arts



- Focuses on self-expression, personality display, and emotional catharsis, combining abstract arts themes and concepts with sensory elements
- Focused on fine arts, illustration, arts theory and arts management

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.

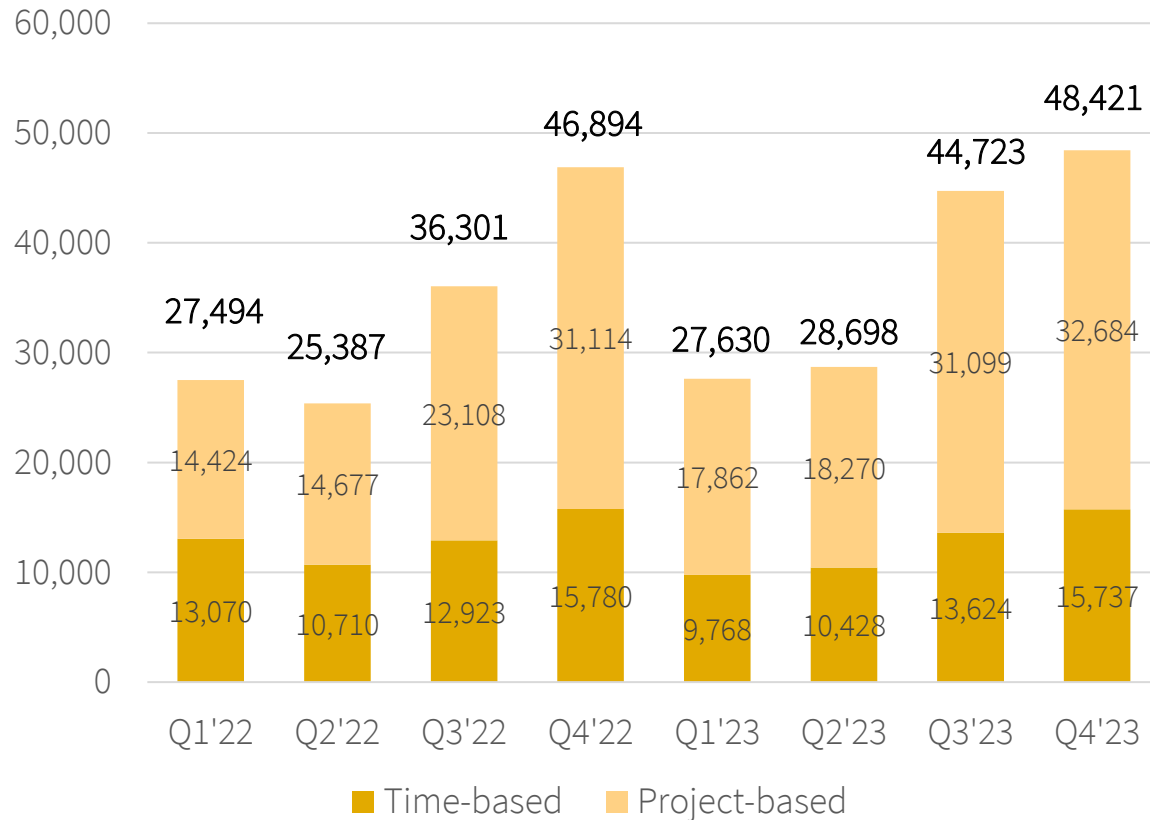
	Fourth Quarter Ended Dec. 31, 2023	Fourth Quarter Ended Dec. 31, 2022	% Change
	No. of Credit Hours	No. of Credit Hours	
Time-based Program	15,737	15,780	(0.3%)
Project-based Program	32,684	31,114	5.0%
Total	48,421	46,894	3.3%

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

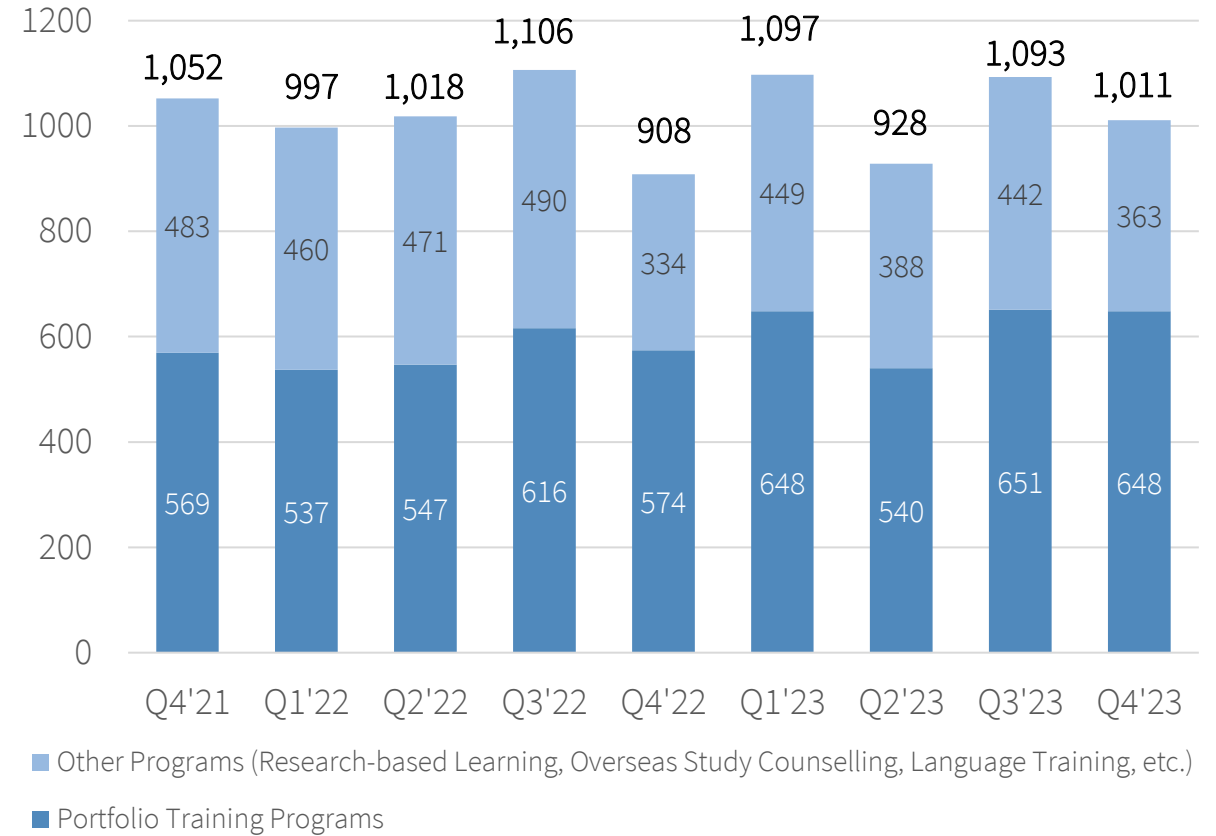
Enrollment Trends



Portfolio Training Program Credit Hour Breakout



Student Enrollment Breakout⁽¹⁾

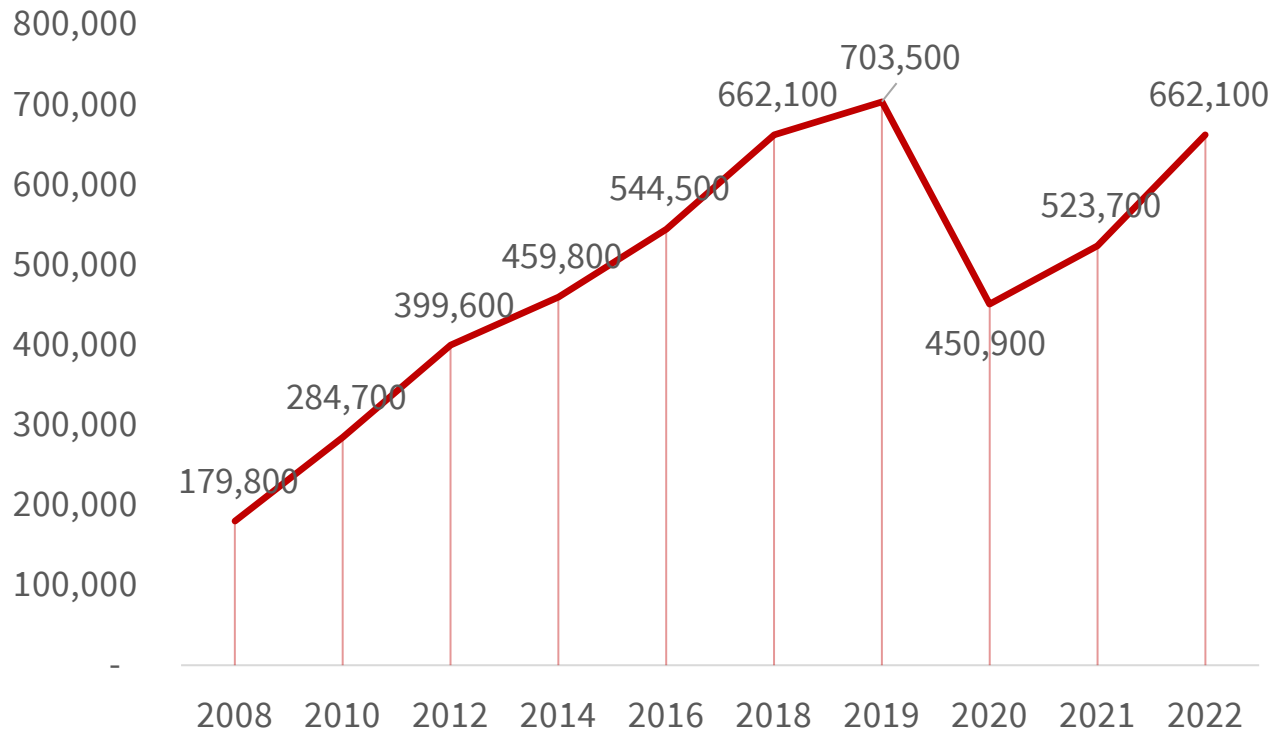


(1) Enrollment numbers prior to Q3'22 include students enrolled in foreign language training services. ACG disposed of the entity operating foreign language training services in Third Quarter 2022.

China Students Seek Study Abroad Experiences



Growing # of Students from China Studying Overseas



China is the #1 source of international students.

International education is seeing a recovery as Chinese students once again seek study abroad experiences in a post-pandemic environment.



Source:

(1) 2008-19 data from Ministry of Education of the People's Republic of China

(2) 2020-22 data from [Golden Arrow Study Abroad](#)

China Students Seek Study Abroad Experiences

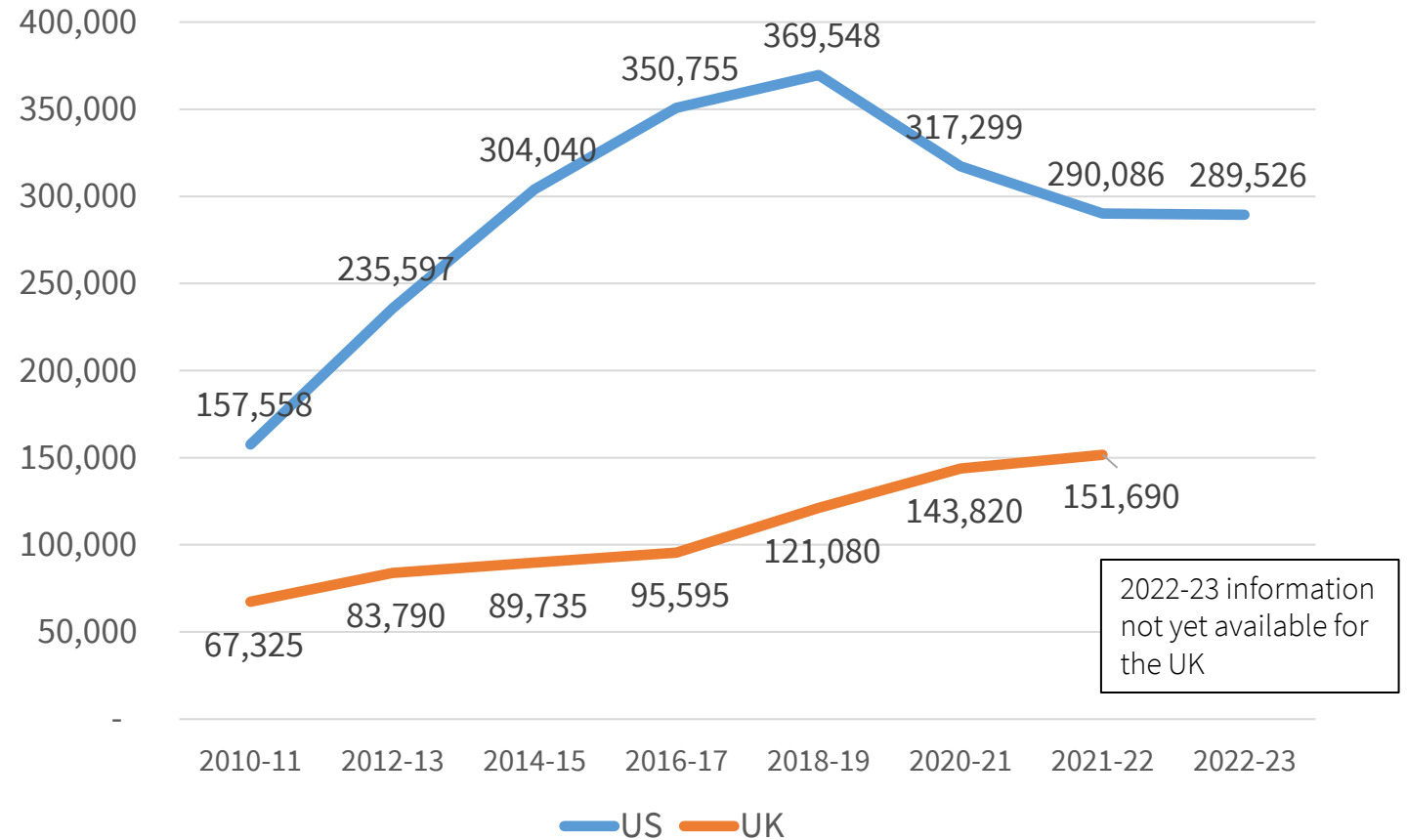


China is the #1 source of international students.

International education continues to be a high-demand market as students seek study abroad experiences in a post-pandemic environment.



Growing # of Students from China Studying in the US and UK



Source:

US statistics from [Open Doors](#), UK statistics from [HESA \(Higher Education Statistics Agency\)](#)

Extensive Network of Training Centers Throughout China



ACG has **21** training centers in 20 cities across China, each equipped to prepare students for their overseas study experiences with a full range of art education and support services.



Existing Training Centers:

Tier 1 Cities

- Beijing
- Shanghai
- Guangzhou
- Shenzhen

Provincial Capital and Municipal Cities

- Jinan
- Nanjing
- Hangzhou
- Zhengzhou
- Chengdu
- Wuhan
- Hefei
- Kunming
- Shenyang
- Xi'an
- Changsha
- Tianjin
- Chongqing

Other Cities

- Qingdao
- Suzhou
- Dalian

Enabling Positive Student Outcomes



ACG has sent its students to several top art schools around the world. ACG students received offers from several top institutions in the arts in the U.S. and U.K., including:

- Harvard University
- Columbia University
- Cornell University
- Carnegie Mellon University
- Berklee College of Music
- Fashion Institute of Technology
- Parsons School of Design
- Pratt Institute
- Rhode Island School of Design
- Art Center College of Design



- University of Oxford
- University College London
- Royal College of Art
- University of the Arts London
- The University of Edinburgh
- The University of Sheffield
- University of Leeds
- Goldsmiths University of London
- The Glasgow School of Art
- Kingston University London

ACG's Business Model



ACG has three major lines of business:



Portfolio Training

- Revenue driven by # of credit hours
- List price of RMB1,000-2,000/credit hour (discounts vary)



Research-based Learning

Revenue driven by # of students and unit price of programs in terms of program categories



Overseas Study Counselling Services

Revenue driven by # of students and price of programs

- **1,011** students took part in ACG's programs in Fourth Quarter 2023, up 11.3% from 908 in the prior-year period.
- ACG delivered **48,421** credit hours of portfolio training in Fourth Quarter 2023, up 3.3% from 46,894 in the prior-year period.
- Of the applications submitted for 2023 enrollment, ACG students have received over **2,100** offers from overseas institutions such as MIT, Harvard, University of Oxford, as well as Parsons School of Design, Rhode Island School of Design, and Royal College of Art. The Company expects this number to increase for 2024 enrollment given an increase in anticipated student applications.

Global Growth Initiatives



Geographic growth

- **Domestic:** Accelerate growth of existing centers, open new centers
- **Overseas:** Establish overseas centers

Business model expansion

- Increase/establish **partnerships**
- **Establish overseas study centers**



Product expansion

- **Research-based Learning Services:** Themed art educational tours (overseas and domestic), online and offline academic workshops, bootcamps, etc.
- **Overseas Study Counselling Services:** Assist students during the admission process
- **Other Educational Services:** In-school art classes in partnership schools, junior art education and other related services

Investment growth

- Explore **collaborations and M&A opportunities**
- Establish synergies with valuable companies



Growth Strategy



Leverage expertise in education technologies/services and industry relationships, to scale the growth and expand market presence in China and beyond.

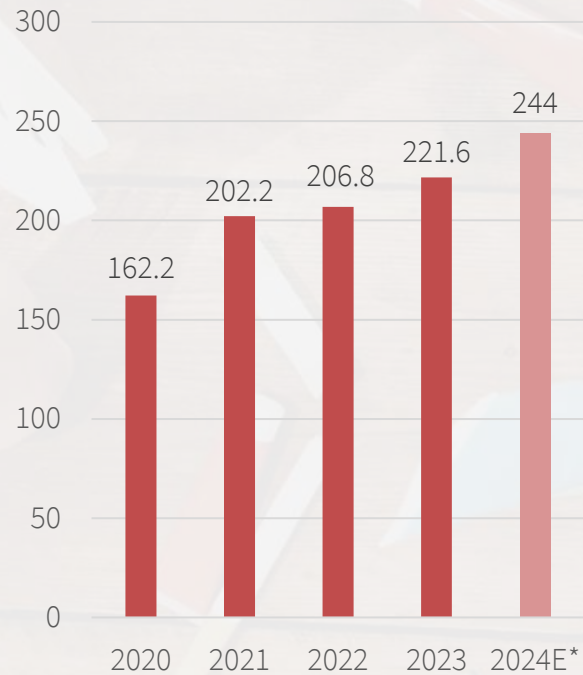


- Increase outreach to support a growing population of students:
 - Those seeking overseas study experiences to whom we can offer portfolio training and overseas study counselling services (particularly those applying for art majors)
 - Those looking to enhance their capabilities outside academics, using 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

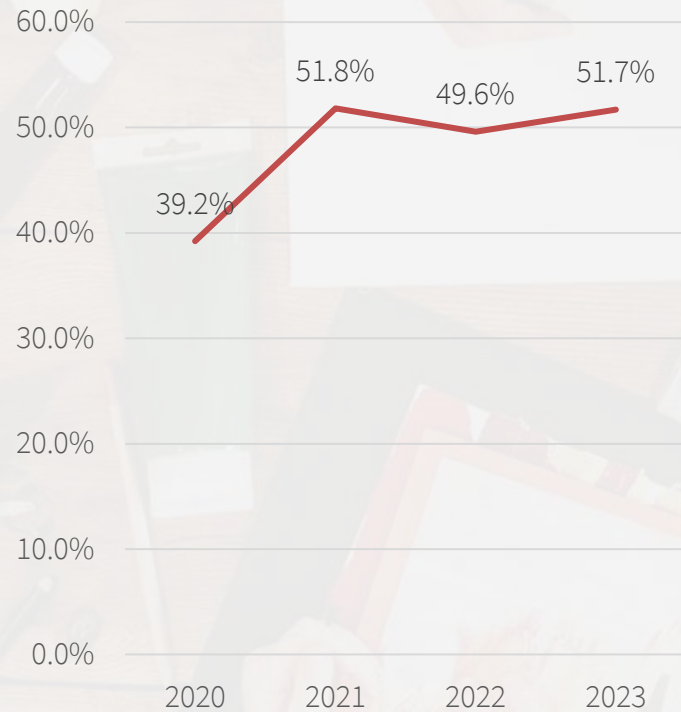
Key Financial Highlights – Improving Annual Performance



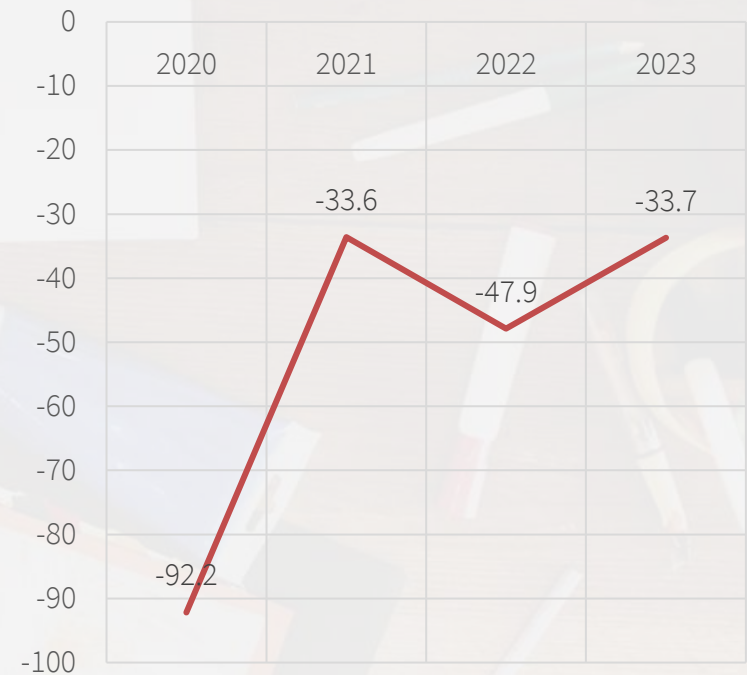
Total Revenues
(in RMB millions)



Gross Margins



Net Loss Attributable to ACG
(in RMB millions)



*Midpoint of RMB233 million to RMB255 million guidance for total net revenues for the year ending December 31, 2024, as disclosed in the press release dated March 26, 2024.

Balance Sheet Highlights



ACG continues to strengthen its balance sheet to support its growth strategy.

	12/31/2022	12/31/2023	12/31/2022	12/31/2023
In 000s				
		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

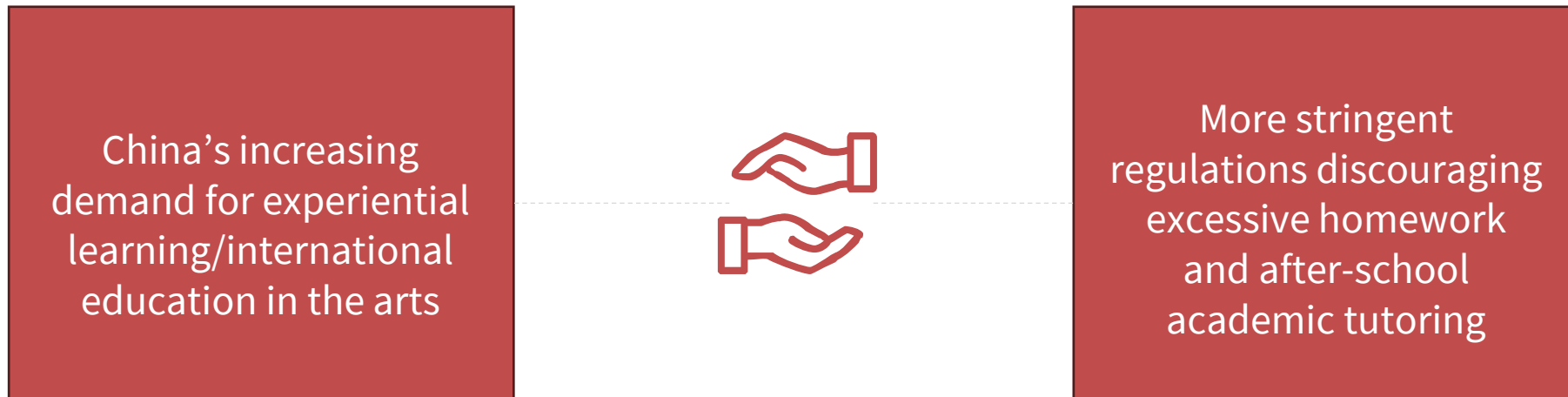
USD\$8.5 million in cash and cash equivalents as of 12/31/2023

Investment Conclusions



Exceptional management with a history of shareholder friendliness

A strong opportunity to take advantage of:





At ATA Creativity Global

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Appendix

Financials



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

YE 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)