



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

**NASDAQ: AACG**  
**INVESTOR PRESENTATION**  
December 2023

# 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, including initiatives and adjustments by ACG as China eased COVID-19 pandemic-related restrictions; 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 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. 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: AACG
IPO	January 2008 (Underwriters: Merrill Lynch, Piper Jaffray)
Fiscal Year End	December 31
Recent Stock Price	\$0.879 (as of 11/30/2023)
Market Cap	\$27.6 million (as of 11/30/2023)
ADSs Outstanding	31.4 million
Book Value Per ADS	\$0.45

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



# INVESTMENT HIGHLIGHTS

Provider of Quality Art  
& Creative Studies  
Education and  
Research-based  
Learning Experiences  
for Students in China  
and Abroad

## Growth Strategy

- An opportunity to take advantage of China's continued increased demand for creative learning experiences domestically and internationally
- Successfully navigated the global pandemic environment in 2020-22, fully resumed in-person delivery of services since the beginning of 2023 when China withdrew both domestic and international COVID-related restrictions, 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
- Leverage 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
- Leverage technologies and increase outreach to support a growing population of students seeking creativity and arts learning experiences
- Continue exploring M&A opportunities within the education sector

# ACG'S EVOLUTION OVER THE YEARS

2008

- IPO on NASDAQ, ticker ATAI
- Administers 3.6m billable tests

2013

- Administers first computer-based China CPA exam
- Administers 8.7m billable tests

2019

- Closes acquisition of Huanqiuyimeng
- Changes corporate name to ATA Creativity Global, ticker to AACG
- Announced private placement with CL-TCC, resulting in approx. \$10.0M in gross proceeds

2023

Fully resumes on-campus class delivery and overseas programs

2011

China's 4 large state-owned banks become clients

2018

- Mar: Begins exploring options that would fulfill ACG's long-term strategy of becoming a leading international education service provider
- Aug: Completes sale of testing services business (ATA Online)

2020

Transitions majority of coursework online in light of COVID-19 beginning February 2020 (nearly full resumption of in-person instruction by end of Q2)

2021-22

Moves forward with strategy of creating fully-immersive educational experiences for students despite ongoing pandemic impact

1999

Company founded as a provider of large-scale, computer-based exams for professional licensure/certification and skills assessment in China



# PROVEN MANAGEMENT TEAM WITH EXTENSIVE EXPERIENCE

Kevin Ma	Jun Zhang	Ruobai Sima
Co-founder, Chairman and CEO	President, Director	Chief Financial Officer
<ul style="list-style-type: none"><li>• 20+ years in IT and IT-related education sectors</li><li>• Pioneer in commercializing China's testing industry</li><li>• Professional entrepreneur since 1996</li></ul>	<ul style="list-style-type: none"><li>• 20+ years of experience in art and creativity education</li><li>• Pioneer in industrialization of international art and creativity education in China</li><li>• Served as head or expert of several design and arts programs</li></ul>	<ul style="list-style-type: none"><li>• 15+ years of experience in finance/accounting, financial planning and execution at public and private companies in the financial, automotive and travel industries</li><li>• Served as CFO at various automotive services companies from 2016 to 2022, served as the financial director for Bitauto Holdings from 2015-16</li></ul>





# ACG

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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 campus locations 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](http://www.acgedu.cn)





# MAJOR 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



## 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



## 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.

## Institutional Partnerships

Language + Artwork + Overseas Study – One-stop service

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

# ENROLLMENT UPDATE

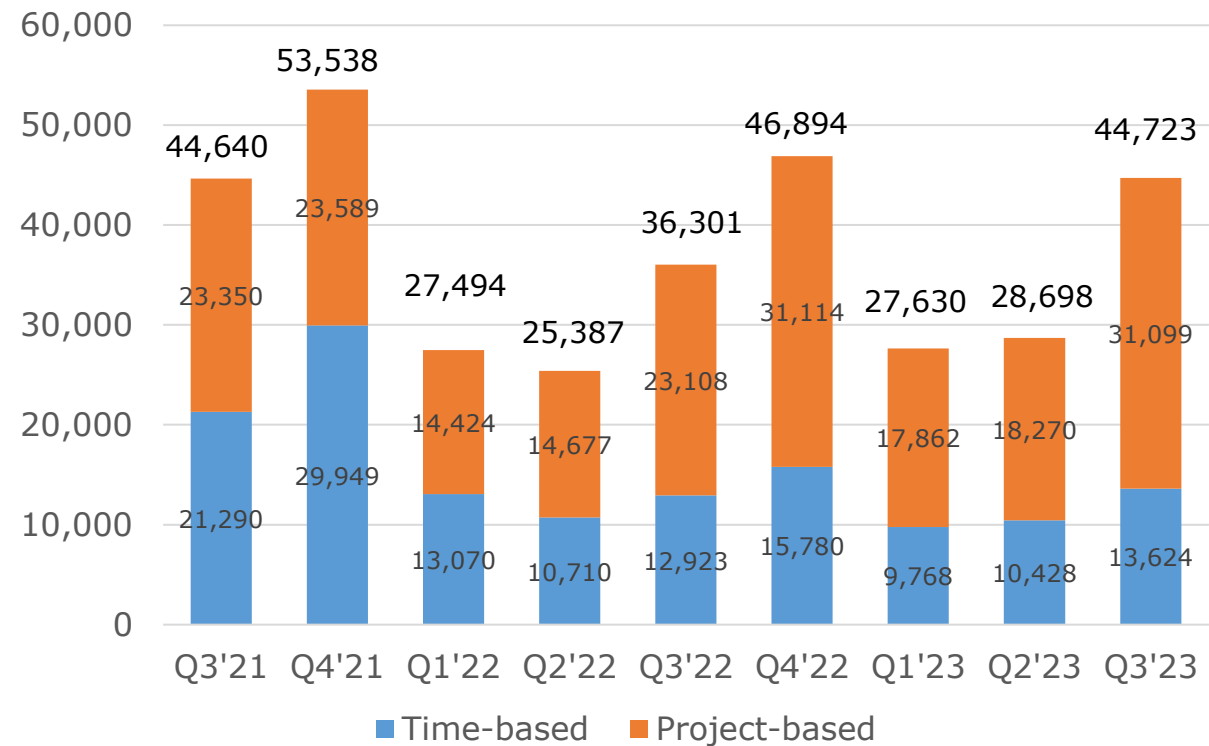
- Portfolio training programs are ACG's main line of business, consisting of time-based programs and project-based programs.
- Revenue is recognized proportionately per credit hour delivered.

	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>	24.1%

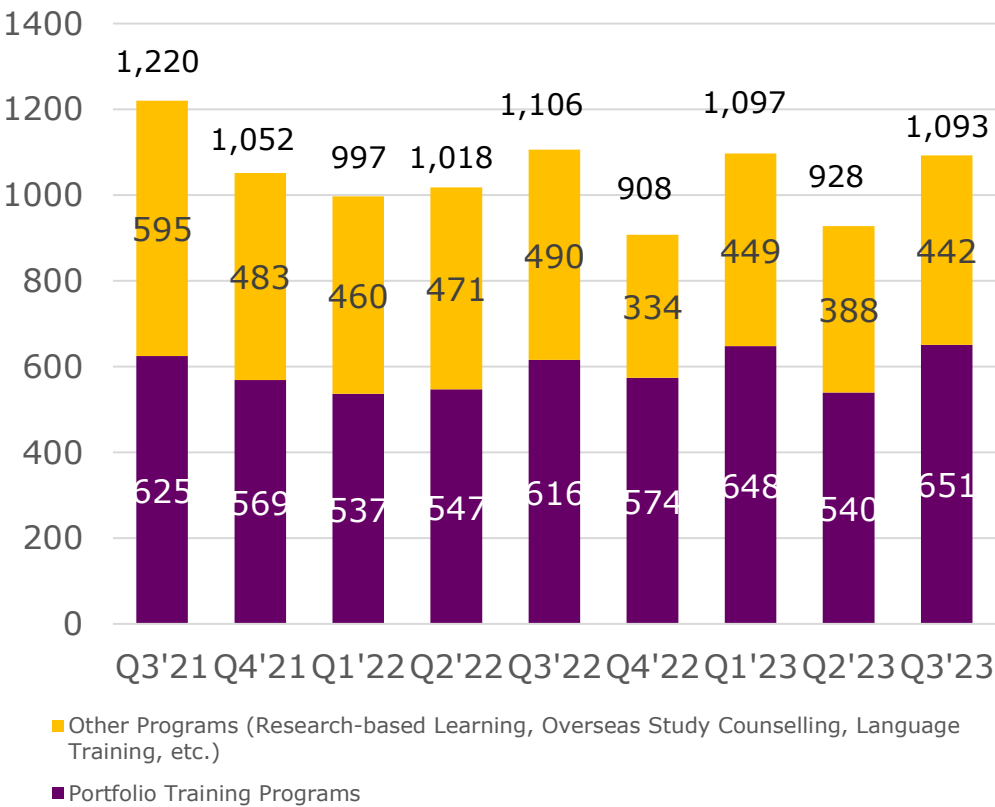
**Total student enrollment was 1,093, out of which 651 were enrolled in portfolio training programs, during the third quarter of 2023.**

# ENROLLMENT TRENDS

Portfolio Training Program  
Credit Hour Breakout



Student Enrollment Breakout<sup>(1)</sup>

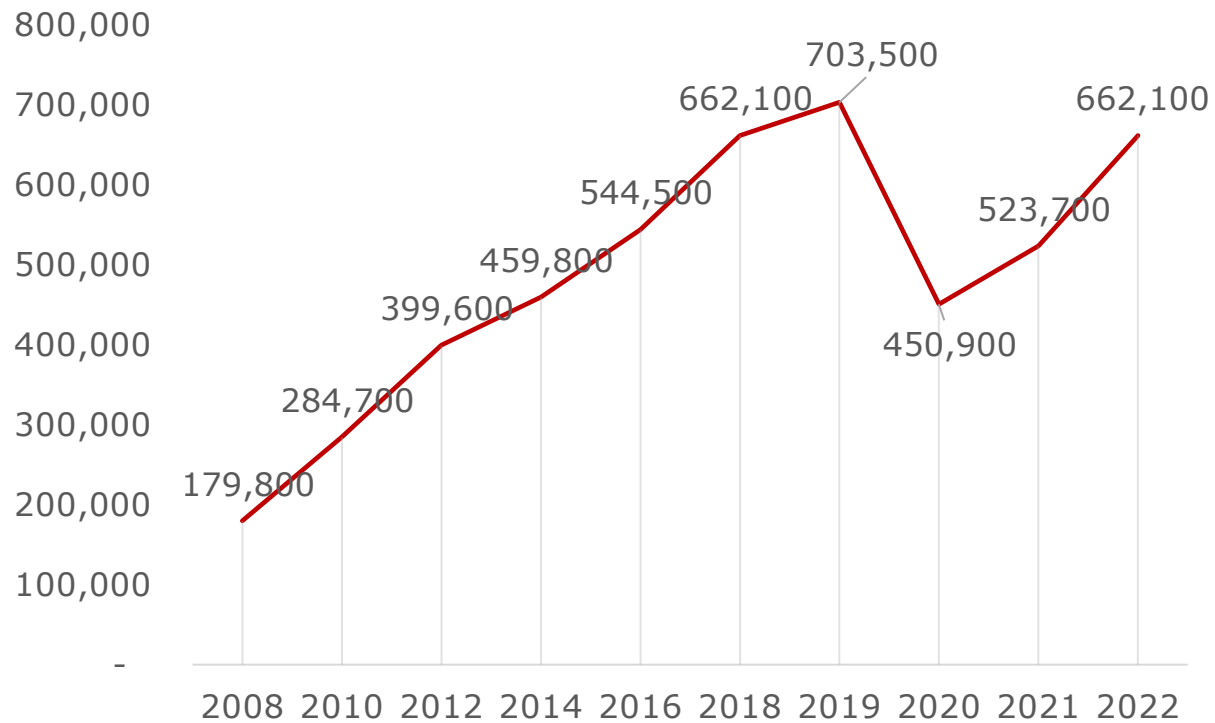


(1) Enrollment numbers prior to Q3'22 include students enrolled in foreign language training services. ACG disposed of the entity operating foreign language training services in Third Quarter 2022.



# CHINA STUDENTS SEEK STUDY ABROAD EXPERIENCES

Growing # of Students from China Studying Overseas



Source:

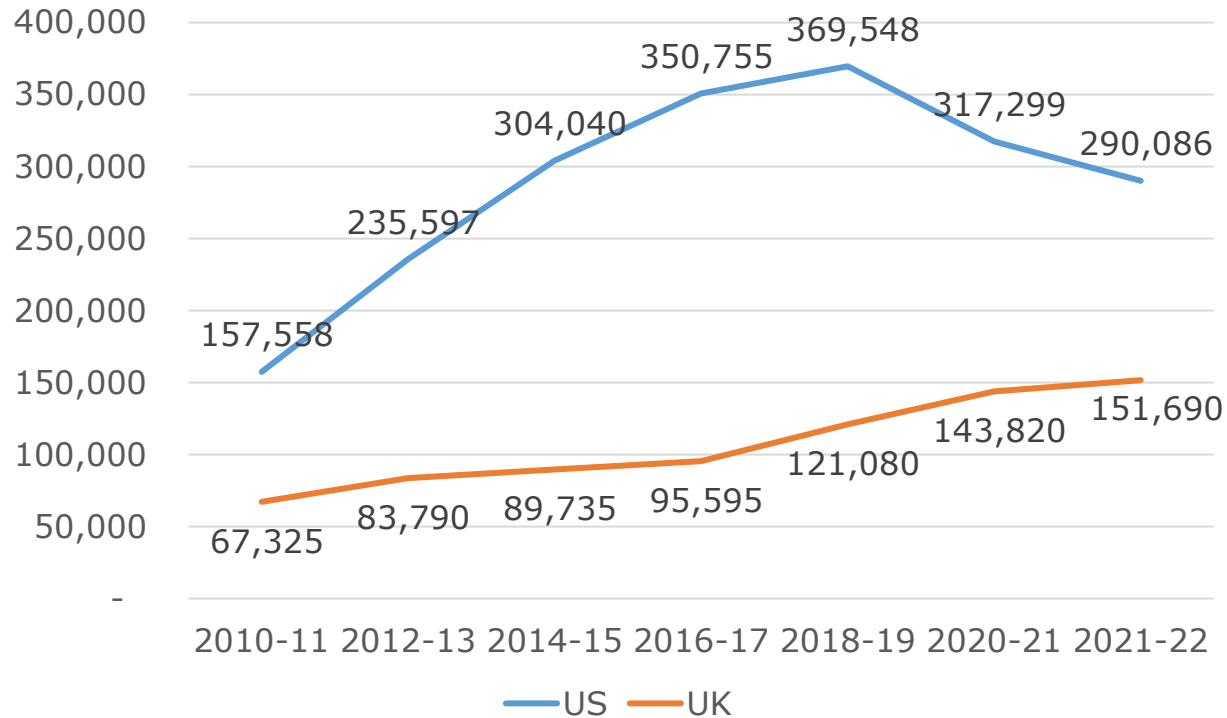
- (1) 2008-19 data from Ministry of Education of the People's Republic of China
- (2) 2020-22 data from [Golden Arrow Study Abroad](https://www.goldenarrow.com.cn/)

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

# CHINA STUDENTS SEEK STUDY ABROAD EXPERIENCES

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



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

Source:

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

# GEOGRAPHIC PRESENCE

**ACG has 21 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 Campus Locations

### Tier 1 Cities

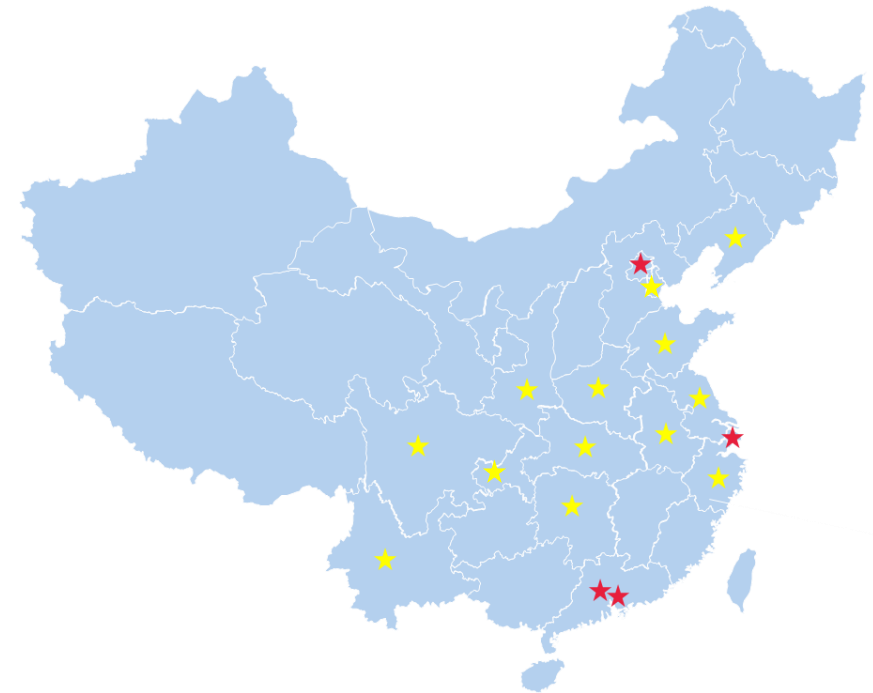
- Beijing
- Shanghai
- Guangzhou
- Shenzhen

### Provincial Capital and Municipal Cities

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

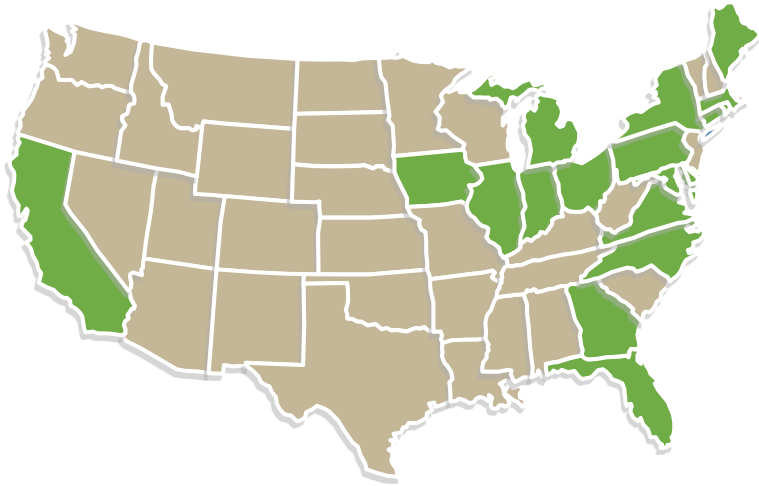
### Other Cities

- Qingdao
- Suzhou
- Dalian





# INTERNATIONAL PARTNERS



**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 has sent its students to several top art schools around the world.**

# FINANCIALS

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

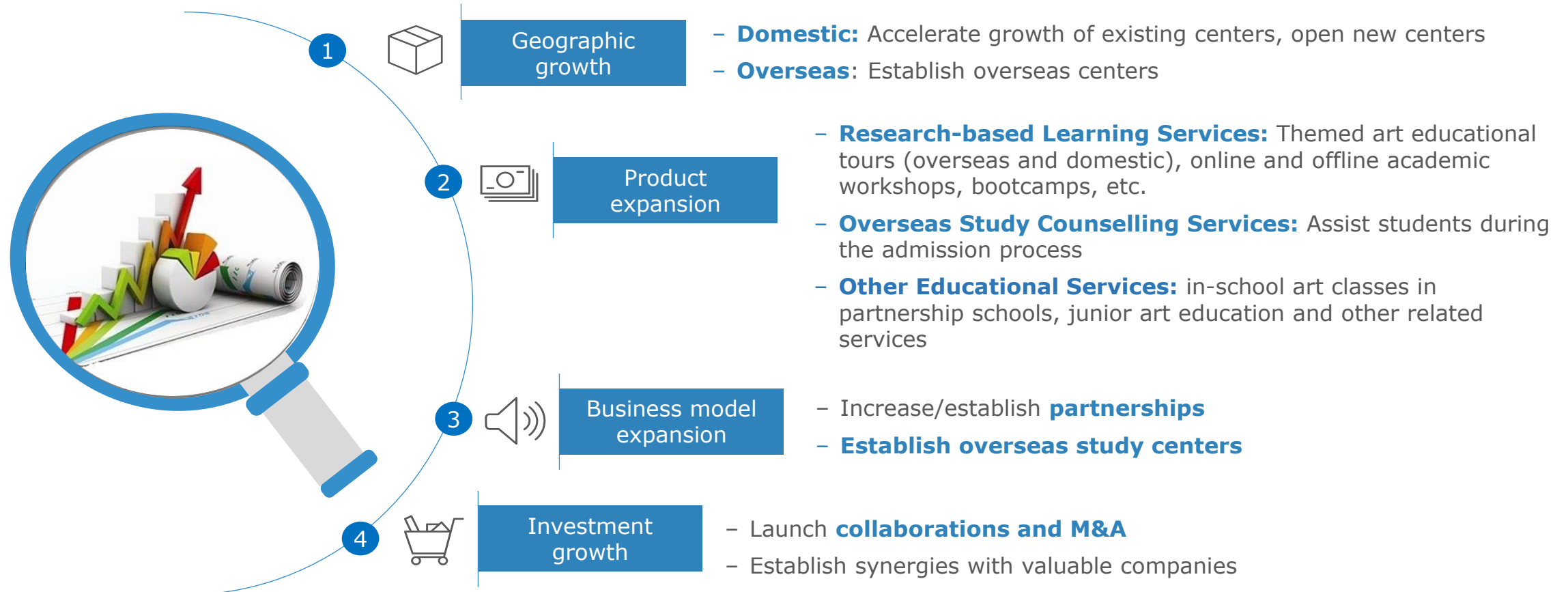
Revenue driven by # of students and unit price of programs in terms of program categories

## Overseas Study Counselling Services

Revenue driven by # of students and price of programs

- 1,093 students took part in ACG's programs in Third Quarter 2023 (vs. 1,106 in the prior-year period).
- ACG delivered 44,723 credit hours of portfolio training in Third Quarter 2023 (vs. 36,031 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





# 2023-24 OUTLOOK & GROWTH STRATEGY

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# 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



# BALANCE SHEET HIGHLIGHTS

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

	12/31/2022	9/30/2023	12/31/2022	9/30/2023
In 000s	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**



# INVESTMENT CONCLUSIONS

**Exceptional management with a history of shareholder friendliness**

**A strong opportunity to take advantage of:**

- 1) China's increasing demand for experiential learning/international education in the arts**
- 2) more stringent regulations discouraging excessive homework and after-school academic tutoring**





### **At ATA Creativity Global**

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# APPENDIX

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## Financials



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# 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)