

Appendix IV

ANNUAL REPORT

(Promulgated with the Circular No 96/2020/TT-BTC on November 16, 2020 of the Minister of Finance)

**ART DESIGN &
COMMUNICATION
JOINT STOCK COMPANY**

SOCIALIST REPUBLIC OF VIETNAM
Independence - Freedom - Happiness

No: 27/BC- MTTT

Hanoi, date 21 month 3 year 2025

ANNUAL REPORT

Year 2024

To: State Securities Commission
Stock Exchange

I. General information

1. General information

- Trading name: Art Design & Communication Joint Stock Company
- Business Registration Certificate No.: 0102365521.
- Charter capital: 39.779.360.000 VND
- Equity: 83.181.898.715 VND
- Address: Floor 12A, Diamond Flower Building, Lot C1 Trung Hoa Nhan Chinh Urban Area, Nhan Chinh Ward, Thanh Xuan District, Hanoi City, Vietnam.
- Telephone: 024 35121569
- Fax: 024 35121385

- Website: adc.net.vn
- Stock code ADC
- Establishment and development process:
 - Establishment: Decision No. 1064/QD-TCNS dated September 13, 2007.
 - Business registration for the first time: 0103019582 September 14, 2007.
 - Business registration last changed: 0102365521 August 23, 2024.
 - First trading day: 24/12/2010

2. Business lines and locations of the business:

- Business lines:
 - Publishing and releasing Educational products.
 - Design and print publications for the Education sector.
 - Trading in Books – Equipment and teaching aids ; Mini play area for children.
 - Communication, organization of fairs, exhibitions, introduction of commercial products.
- Location of business: Hanoi and other localities throughout the country.

3. Information about governance model, business organization and managerial apparatus

- Governance model (as stipulated in Article 137 of the Law on Enterprises):
Model according to section a), Clause 1, Article 137 of the Enterprise Law.
- Management structure.
 - General Meeting of Shareholders
 - Board of Directors
 - Supervisory Board
 - Director
- Subsidiaries, associated companies: No.

4. Development orientations

- Continue to focus and strengthen publishing and distribution activities.
- Continue to develop the system of Educational Equipment Book Centers into a large retail chain system.
- Delving into the business of preschool educational equipment and books serving the preschool market nationwide.
- Promote design and production of products with high aesthetic requirements and quality.
- Search for new areas of production and business activities to expand the Company's scale.

5. Risks

As a business unit of Books - Educational Equipment, risks will occur when there are fluctuations in the education sector, and risks cannot be avoided when there are impacts of natural disasters and epidemics.

II. Operations in the Year

1. Situation of production and business operations

- Target:

Target	Implementation 2024	Plan 2024	Ratio (I/P)
Revenue	414.304.455.267 VND	433.000.000.000 VND	95,7%
Profit	17.563.789.090 VND	19.150.000.000 VND	91,7%

- Compare production and business results 2024/2023

Target	Implementation 2024	Implementation 2023	Ratio (2023/2022)
Revenue	414.304.455.267 VND	433.293.373.762 VND	95,6%
Profit	17.563.789.090 VND	18.170.969.727 VND	96,7%

2. Organization and Human resource

- List of the Board of Management:

No.	Full name	Position	Summary of curriculum vitae	Number of shares owned	Share ownership ratio
1.	Pham Van Thang	General Director	Year of birth: 1982 Gender: Male Qualification: Master of Economics, Accounting	281.244	7,07%
2.	Nguyen Bich La	Deputy Director	Year of birth: 1972 Gender: Female Qualification: Bachelor of Arts	26.520	0,67%
3.	Nguyen Thi Hong Hanh	Deputy Director	Year of birth: 1974 Gender: Female Qualification: Bachelor of Education	6.370	0,16%
4.	Nguyen Van Quyet	Chief Accountant	Year of birth: 1990 Gender: Male Qualification: Bachelor of Economics	0	0%

- Changes in the Board of Management: No.

- Number of staffs: As of 31/12/2024

+ 335 official

+ 04 contract

+ 04 probationary

- Employee policy:

- + Pay social insurance, health insurance, unemployment insurance... according to the State's regulations
- + Leave, holidays... according to the State's regulations.
- + Work in a clean, airy environment with full amenities such as lighting, air conditioning, safety equipment such as fire prevention...
- + Enjoy internal benefits such as: Lunch (meals), sightseeing, vacation, participating in training courses to improve professional qualifications.
- + Receive attention and protection from the trade union organization such as: Visiting, subsidizing when you or your family have funerals, weddings, illnesses...; Organizing movements and programs for study tours, travel, vacations... to improve the lives of workers.

3. Investment activities, project implementation

a) Major investments:

No.

b) Subsidiaries, associated companies:

No.

4. Financial situation

a) Financial situation

Indicators	Year 2024	Year 2023	% change
* Applicable for organization other than credit institutions and non-bank financial institutions:			
Total asset	174.870.723.461	162.247.976.401	107,8%
Net revenue	412.293.682.419	431.661.958.216	95,5%
Profit from business activities	17.719.369.163	18.457.155.544	96,0%
Other profits	(155.580.073)	(286.185.817)	54,4%
Profit before tax	17.563.789.090	18.170.969.727	96,7%
Profit after tax	13.961.942.478	14.231.810.170	98,1%
Payout ratio	42,7%	41,9%	101,9%

Indicators	Year 2024	Year 2023	% change
* Applicable to credit institutions and non-bank financial institutions:			
Total asset value			
Revenues			
Taxes and payables			
Before tax profit			
After tax profit			

- Other figures: No.

b) Major financial indicators:

Indicators	Year 2024	Year 2023	Note
1. Solvency ratio			
+ Current ratio: (Short term Asset/Short term debt)	1,62	1,58	
+ Quick ratio: Short term Asset - Inventories Short term Debt	1,25	1,08	
2. Capital structure Ratio			
+ Debt/Total assets ratio	0,52	0,52	
+ Debt/Owner's Equity ratio	1,10	1,08	
3. Operation capability Ratio			
+ Inventory turnover: Cost of goods sold/Average inventory	7,17	6,08	
+ Total asset turnover: (Net revenue/ Average Total Assets)	2,45	2,66	
4. Profitability			
+ Profit after tax/ Net revenue Ratio	0,034	0,033	
+ Profit after tax/ total capital Ratio	0,17	0,19	
+ Profit after tax/ Total assets Ratio	0,083	0,088	
+ Profit from business activities/ Net revenue Ratio	0,043	0,043	

5. Shareholders structure, change in the owner's equity

a) Shares

- Total number of shares: 3.977.936 share.
- Types of shares outstanding: common shares.
- Number of freely transferable shares: 3.977.936 share.
- Number of shares subject to transfer restrictions: 0 share.
- Securities traded abroad or sponsoring the issuance and listing of securities abroad: No.

b) Shareholders structure

- Number of shareholders as of March 21, 2024: 265 shareholders
- Capital structure and number of shares by type:

No.	Capital structure	Number of shares held (CP)	Equity value (VND)	Ownership ratio
Total number of shares		3.977.936	39.779.360.000	100%
A	ORGANIZATION (5)	1.499.719	14.997.190.000	37,70%
1	<u>Domestic (4):</u>			
	1. Vietnam Education Publishing House	1.487.772	14.877.720.000	37,40%
	2. Other organizations (3)	747	7.470.000	0,02%
2	<u>Foreign (01):</u>			
	1. SBI SECURITIES CO.,LTD.	11.200	112.000.000	0,28%
B	INDIVIDUAL (260)	2.478.217	24.782.170.000	62,30%
1	<u>Domestic (256):</u>			
	1. Le Hoang Hai	409.645	4.096.450.000	10,30%
	2. Pham Van Thang	281.244	2.812.440.000	7,07%
	3. Nguyen Viet Hung	198.640	1.986.400.000	4,99%
	4. Pham Thi Ngoc Diep	195.780	1.957.800.000	4,92%
	5. Pham Xuan Ha	189.900	1.899.000.000	4,77%
	6. Other shareholders (230)	884.093	8.840.930.000	22,22%

<u>Foreign (04):</u>				
2	1. DENNIS PETER ERIC	317.925	3.179.250.000	7,99%
	2. Other shareholders (3)	990	9.900.000	0,02%

c) Change in the owner's equity

- 16/12/2010: First time securities registration: 10.000.000.000 VNĐ.
- 04/12/2013: 1st additional registration: 5.000.000.000 VNĐ (Public Offering).
- 20/11/2014: 2nd additional registration: 3.000.000.000 VNĐ (Stock dividend).
- 27/04/2016: 3rd additional registration: 12.600.000.000 VNĐ (Public Offering).
- 06/09/2021: 4th Additional Registration: 9.179.360.000 VNĐ (Increase capital stock from equity).

Total capital to date: 39.779.360.000 VNĐ.

d) Transaction of treasury stocks

- Current number of treasury shares: 0 shares
- Treasury stock transactions: No.

e) Other stock:

No.

6. Environment-Social-Governance (ESG) Report of the Company

6.1. Environmental Impact:

No.

6.2. Management of raw materials:

a) The total amount of raw materials used for the manufacture and packaging of the products as well as services of the organization during the year:

No.

b) The percentage of materials recycled to produce products and services of the organization:

No.

6.3. Energy consumption

a) Energy consumption - directly and indirectly:

About 900,000 kWh/01 year.

b) Energy savings through initiatives of efficiently using energy:

No.

c) The report on energy saving initiatives (providing products and services to save energy or use renewable energy); report on the results of these initiatives:

No.

6.4. Water consumption (water consumption of business activities in the year)

a) Water supply and amount of water used:

No.

b) Percentage and total volume of water recycled and reused:

No.

6.5. Compliance with the law on environmental protection:

a) **Number of times the company is fined for failing to comply with laws and regulations on environment:**

No.

b) **The total amount to be fined for failing to comply with laws and regulations on the environment:**

No.

6.6. Policies related to employees

a) **Number of employees, average wages of workers.**

- Number of staffs: As of 12/31/2024

+ 335 official

+ 04 contract

+ 04 probationary

- Average salary for employees: 165,000,000 VNĐ/01 year/01 person.

b) Labor policies to ensure health, safety and welfare of workers.

Pay social insurance, health insurance, unemployment insurance... according to State regulations.

Leave, holidays, etc. according to State regulations.

Work in a clean, airy environment with full amenities such as lighting, air conditioning, safety equipment such as fire prevention and fighting...

Periodic health check-up once a year at a medical facility.

Enjoy internal benefits such as: Lunch (meal shift), sightseeing, vacation, participating in training courses to improve professional qualifications.

Receive attention and protection of rights from the trade union such as: Visiting and providing allowances when the employee or family has funerals, weddings, illnesses, etc.; Organizing movements and programs for study tours, tourism, vacations, etc. to improve the lives of workers.

c) Employee training

Average training hours per year, by employee and by employee classification: 24 hours/01 employee/01 year (Short-term training course of 03 days for professional work).

Skills development and continuing education programs to support employees in securing employment and career development: Depending on the job position, there is short-term or long-term training to meet the employee's tasks.

6.7. Report on responsibility for local community.

The community investments and other community development activities, including financial assistance to community service:

Charity work in 2024 reached 309,280,000 VND.

6.8. Report on green capital market activities under the guidance of the ssc.

No.

III. Reports and assessments of the Board of Management (The Board of Management reports and assesses the Company's situation through every facet)

1. Assessment of operating results

In 2024, the distribution business had many achievements, but the company still had to face many difficulties. Competitors were constantly growing. Their working methods were also changing unpredictably. In order to maintain the market in 2024, the Sales - Distribution department worked very hard to complete and exceed the set business plan.

Retail operations in 2024 was faced many difficulties, due to the general impact of the marco economy. Many industries have been facing difficulties, staff reduction, adjusting wage, leading to a decrease in people's purchasing power. Retail revenue has not reached the desired level. However, in 2024, the company opened another retail store on Tran Phu Street, Ha Dong, Hanoi, so in terms of business data, the Retail Business segment still achieved and exceeded the revenue plan.

Communications, administration, and accounting are stable sectors in 2024.

The company is internally united. The enterprise implements well the democratic regulations at the grassroots level, organizes well the emulation movements; takes care of the material and spiritual life of the collective; practices thrift; fully implements the regimes and policies for all members of the collective.

The results of 2024 are the result of the solidarity and coordination of the entire company. That result has demonstrated the hard work, determination, and efforts of each individual, each department in particular, and the entire company in general over the past year.

2. Financial Situation

a) Assets

Asset situation, asset situation changes: Total assets increased compared to 2023.

b) Debt Payable

No major fluctuations.

3. Improvements in organizational structure, policies, and management

No.

4. Development plans in future

Continue to build and strengthen to continue developing the company to become a strong brand in the publishing market as well as the retail business of books and stationery.

Develop new business segments, build new brands to expand scale and increase production and business efficiency.

Maintain a stable growth rate along with improving and consolidating all aspects of production and business activities to ensure sustainable development.

5. Explanation of the Board of Management for auditor's opinions (if any)

No.

6. Assessment Report related to environmental and social responsibilities of the Company

a. Assessment concerning the environmental indicators (water consumption, energy, emissions, etc.).

No negative impact on the environment.

b. Assessment concerning the labor issues

Most employees have stable mentality, stable income, and long-term commitment to the Company.

c. Assessment concerning the corporate responsibility for the local community

Fulfill obligations to the State and locality.

IV. Assessments of the Board of Directors on the Company's operation (for joint stock companies)

1. Assessments of the Board of Directors on the Company's operation, including the assessment related to environmental and social responsibilities.

The company operates in accordance with the provisions of State Law. Production and business activities do not affect the environment and society. Ensure

stable income, life and welfare of staff.

2. Assessment of Board of Directors on Board of Management s performance

The Board of Directors has performed well the assigned tasks. The company operates stably, complying with the provisions of State Law.

3. Plans and orientations of the Board of Directors

Continue to direct the company's development direction to maintain growth momentum.

Closely monitor the development of production and business situation in 2023 to make timely adjustments in direction and development orientation.

Orientation for the Board of Directors: Actively seek and exploit the expansion of production and business activities; Take advantage of all opportunities, focus on investing in product development and market expansion; Complete and improve the efficiency of corporate governance; Focus on improving the quality of human resources to keep up with the operational requirements and long-term development strategy of the Company.

V. Corporate governance

1. Board of Directors

a) Members and structure of the Board of Directors:

No.	Full Name	Position	Summary of background	Number of shares owned at the end of the period	End of period share ownership ratio
1.	Dinh Gia Le	Chairman of the Board of Directors, independent member	Year of birth: 1971 Gender: Male Qualification: Associate Professor – Doctor of Cultural Studies	0	0

No.	Full Name	Position	Summary of background	Number of shares owned at the end of the period	End of period share ownership ratio
2.	Pham Van Thang	Board Member and Director	Year of birth: 1982 Gender: Male Qualification: Master of Economics, Accounting	281.244	7,07%
3.	Nguyen Bich La	Member of Board of Directors and Deputy Director	Year of birth: 1972 Gender: Female Qualification: Bachelor of Arts	26.520	0,67%
4.	Pham Huy Phong	Board member, independent member	Year of birth: 1986 Gender: Male Qualification: Master of Economics	0	0
5.	Le Hoang Hai	Board member, independent member	Year of birth: 1969 Gender: Male Qualification: Bachelor of Economics, major in Foreign Economics	409.645	10,30%

b) The committees of the Board of Directors: (The list of the subcommittees of the Board of Directors and list of members of each subcommittee)

No.

c) Activities of the Board of Directors: Assessing activities of the Board of Directors and specifying the number of Board of Directors meetings, their contents and results.

In 2024, the Board of Directors had 9 meetings (official and unofficial) to decide on important issues and promptly direct and resolve difficulties and problems arising in production and business activities.

No.	Resolution/ Decision Number	Date	Content
1	01-2024/NQ- HDQT	04/01/2024	- Approval of the 2023 business results - Approval of the 1 st quarter 2024 business plan - Approval of some other important tasks that need to be done immediately
2	02-2024/NQ- HDQT	21/02/2024	- Approval of the policy of appointing the Deputy Director of Art Design & Communication Joint Stock Company - Approval of the work of implementing the process of appointment of the Deputy Director of Art Design & Communication Joint Stock Company
3	03-2024/NQ- HDQT	23/02/2024	- Approval of the last registration date to exercise the right to attend the 2024 Shareholders' Meeting - Approval of the last registration date to exercise the right to receive interim cash dividends in 2023
4	04-2024/NQ- HDQT	02/04/2024	- Approval of the 1 st quarter 2024 business results - Approval of the 2 nd quarter 2024 business plan
5	05-2024/NQ- HDQT	28/05/2024	- Approval of the policy of reappointing the Deputy Director of Art Design & Communication

No.	Resolution/ Decision Number	Date	Content
			Joint Stock Company - Approval of the implementation of the process of reappointing the Deputy Director of Art Design & Communication Joint Stock Company.
6	06-2024/NQ- HDQT	04/07/2024	- Approval of the production and business results for the first 6 months of 2024 - Approval of the production and business plan for the 3 rd quarter of 2024 - Approval of the selection of an auditing unit for 2024
7	07-2024/NQ- HDQT	17/07/2024	- Approval of the reappointment of the Deputy Director of Art Design & Communication Joint Stock Company
8	08-2024/NQ- HDQT	08/08/2024	- Approval of the dismissal of Mr. Le Hoang Hai - Approval of the election of Mr. Dinh Gia Le as Chairman of the Board of Directors
9	09-2024/NQ- HDQT	30/09/2024	- Approval of the production and business results for the first 9 months of 2024 - Approval of the production and business plan for the 4 th quarter of 2024

Evaluation of the Board of Directors' performance in 2024: The Board of Directors has comprehensively, closely and specifically directed all production and business activities of the company to preserve capital, dividends and shareholders' rights.

d) Activities of the Board of Directors independent members. Activities of the Board of Directors' subcommittees:

- Independent Board Member: Perform assigned tasks well.
- Activities of subcommittees in the Board of Directors: No.

e) The list of members of the Board of Directors possessing certificates on corporate governance. The list of members of the Board of Directors participating in corporate governance training programs in the year.

Board member with corporate governance training certificate: Mr. Pham Van Thang.

Board members participating in corporate governance programs during the year: Mr. Pham Van Thang completed the Corporate Governance Training Course for Public Joint Stock Companies from June 13, 2024 to June 14, 2024 of the Securities Science Research and Training Center under the State Securities Commission.

2. Board of Supervisors/Audit Committee

a) Members and structure of the Board of Supervisors:

No.	Full Name	Position	Summary of background	Number of shares owned at the end of the period	End of period share ownership ratio
1	Nguyen Thi Thu Hong	Head of control board	Year of birth: 1984 Gender: Female Qualification: Bachelor of Corporate Finance	0	0
2	Tran Thi Thu Huong	Board member	Year of birth: 1970 Gender: Female Qualification:	2.059	0,05%

No.	Full Name	Position	Summary of background	Number of shares owned at the end of the period	End of period share ownership ratio
			Bachelor of Economics, Accounting		
3	Vu Duc Tinh	Board member	Year of birth: 1991 Gender: Male Qualification: Bachelor of Economics, Business Administration	0	0

b) Activities of the Board of Supervisors:

The Board of Supervisors held 4 meetings in 2024.

In 2024, the Board of Supervisors will conduct inspection and supervision of compliance with the provisions of the Enterprise Law, the Company's Charter of Organization and Operation in managing and operating all production and business activities, specifically:

- Inspect and supervise the implementation of resolutions of the Shareholders' Meeting for the Board of Directors and Board of Directors of the Company.
- Check and supervise the implementation of the company's 2024 production and business plan.
- Review the appropriateness of the decisions made by the Board of Directors and the Board of Management; control the order and procedures for issuing the Company's documents in accordance with the provisions of the Law and the Company's Charter.
- Check and supervise monthly and quarterly financial reports to assess the reasonableness of financial figures; consider the impact of accounting errors on

production and business activities; supervise the Board of Directors in implementing recommendations made by the Auditor,

- Check and supervise information disclosure in accordance with the provisions of the Charter and regulations of the State Securities Commission.

3. Transactions, remunerations and benefits of the Board of Directors, Board of Management and Board of Supervisors/ Audit Committee

- a) **Salary, rewards, remuneration and benefits:** According to regulations.
- b) **Share transactions by internal shareholders:** No.
- c) **Contracts or transactions with internal shareholders:** No.
- d) **Assessing the Implementation of regulations on corporate governance:**
Well done.

VI. Financial statements

1. Auditor's opinions:

"In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31/12/2024, and its financial performance and its cash flows for the year then ended in accordance with the Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and the statutory requirements relevant to the preparation and presentation of financial statements".

2. Audited financial statements

Announced information and submitted to state management agencies as prescribed.

Recipients:

- SSC
- HNX
- Website adc.net.vn
- Save: Clerical

CONFIRMATION BY THE COMPANY'S LEGAL REPRESENTATIVE

(Signature, full name and seal)



PHAM VAN THANG

C.P *