

2nd Quarter, 2022

Business performance update

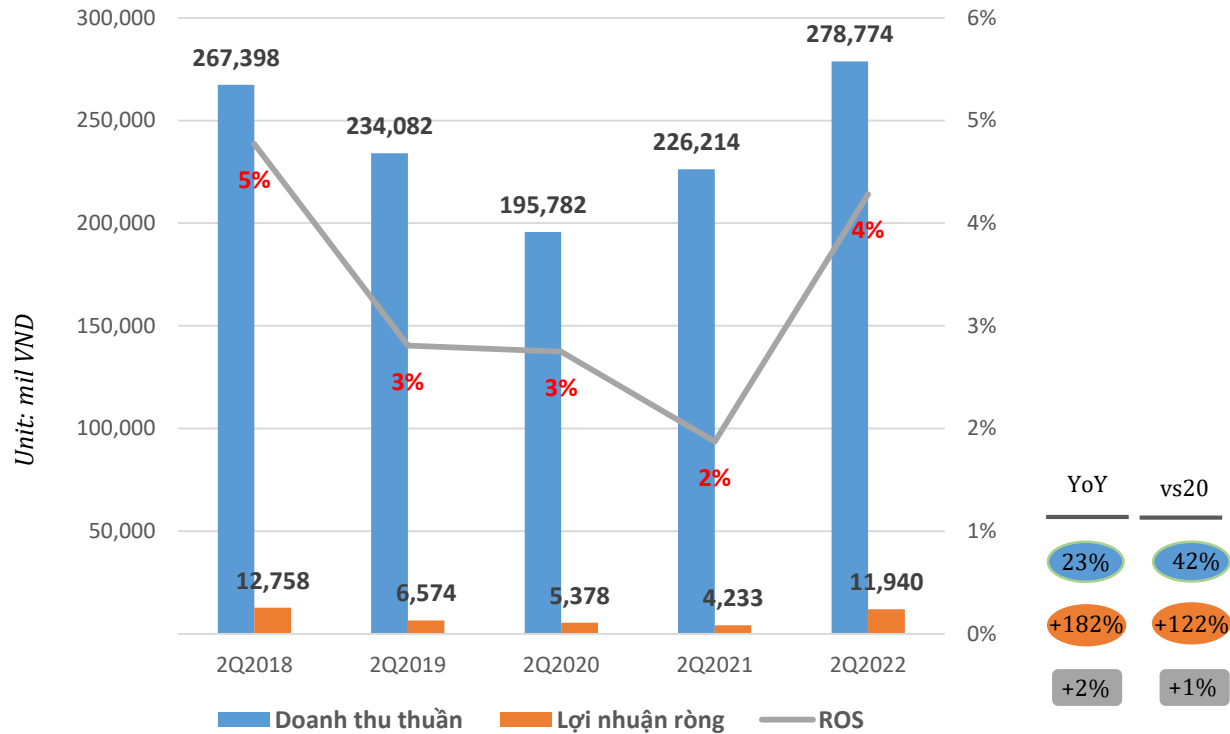


Everpia JSC | Planning team

| Content

1. Highlights of Q2/2022
2. Revenue structure
3. Profit structure
4. Cost structure
5. Outlook for 2H2022

Accumulated profit increased by 204% over the same period



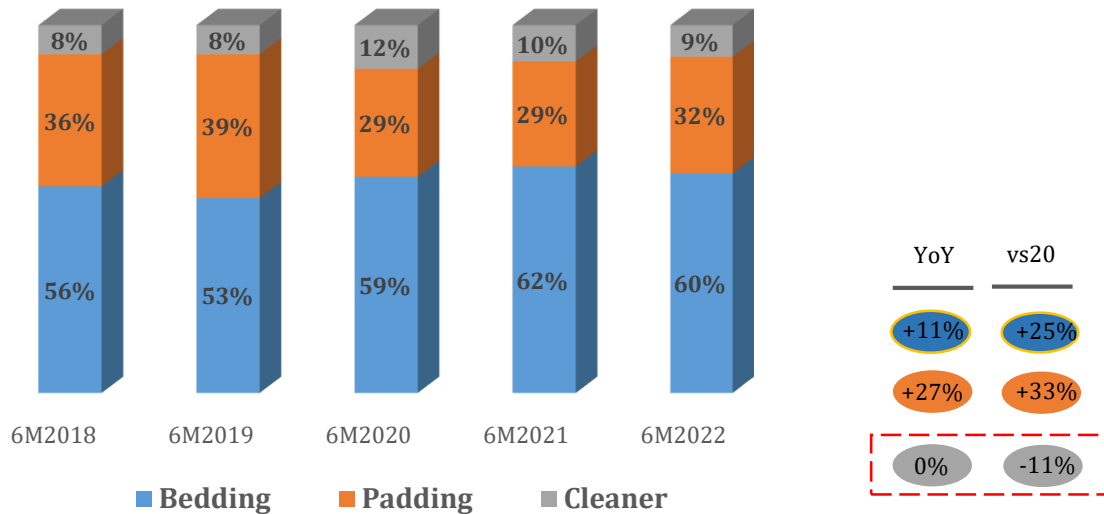
With padding and bedding as core businesses, Everpia's business is highly seasonal as performance often varies by a quarter in a year. Accordingly, Q2 and Q4 usually have higher revenue than the other two quarters. In this report, we focus on analyzing cumulative fluctuations over the previous 2 years.

Highlight

- ✓ Cumulative revenue for 6M2022 increased 14% YoY. The company's 6-month accumulated profit after tax increased by +204% over the same period in 2021, and ROS reached 6%
- ✓ Pre-order sales for the 2023 Collection increased by 10% compared to the 2022 Collection
- ✓ The excitement of Export activities created an impressive increase in sales of Padding and Bedding export
- ✓ Focus on Customer care activities with programs such as Home mattress warranty, Loyalty program, and E-voucher for new customers
- ✓ Giang Dien factory in Dong Nai achieved preliminary EDGE Advanced green building certification in three categories that have a huge impact on the environment, including Energy, Water and Materials Construction

Padding sales recovered strongly with 27% growth

Sales breakdown by business unit

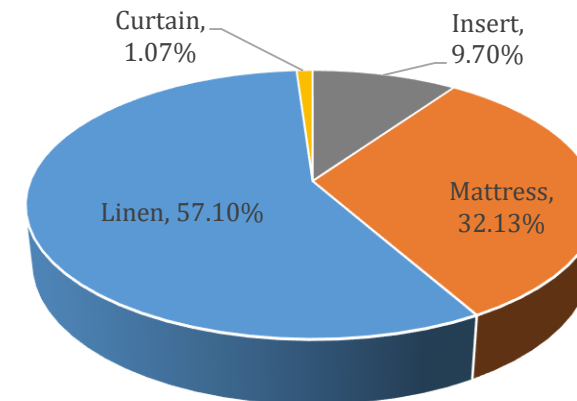


- **Padding sales** climbed impressively by 27% thanks to:

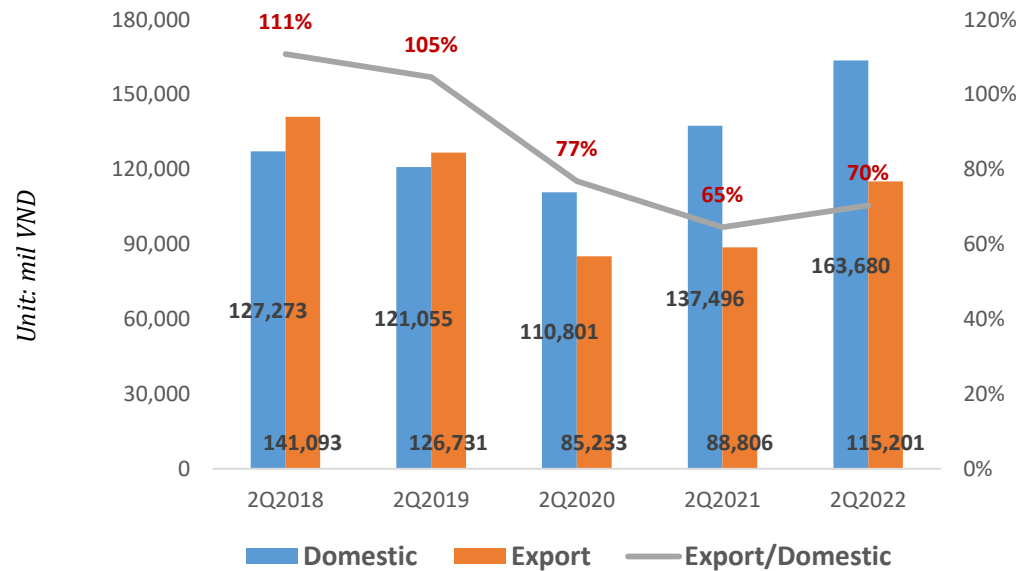
- sales from new customers;
- sales from quilting orders with high technology which brings not only quilting orders but also Padding to make quilted products;
- the increase in the proportion of orders from traditional customers thanks to the popularity of outdoor sports as the pandemic subsided.

- **Bedding sales** increased by 11% which can be explained by the constant launch of new trending products which meet the need to improve the sleep quality of domestic customers for high-quality bedding products.
- The largest contributor to the bedding segment's sales in the first six months of the year was linen, which contributed nearly 60% of total bedding sales. The mattress also had a stable revenue as it reached more than VND90 bil, equivalent to 32% of the revenue of the bedding business.

Bedding sales structure



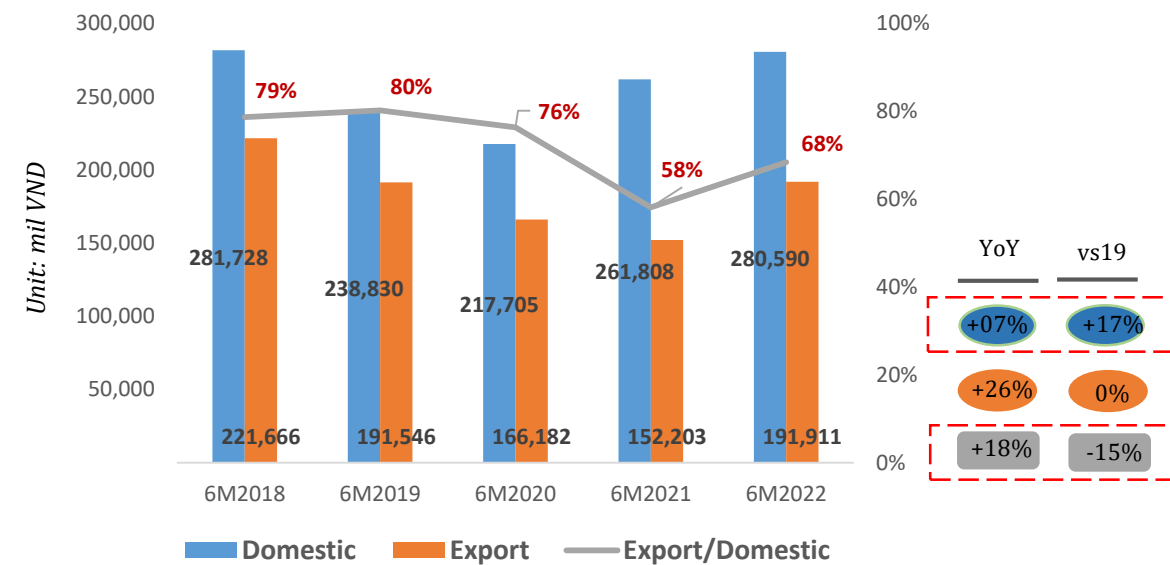
Export activities contributed a large proportion in revenue and profit



Export sales for Q2.2022 and 6M22 have increased by **30% yoy** and **26% yoy** respectively. This is because:

- international trade with Vietnam has been fully restored
- the number of orders increased due to the riskier attitude of customers after the pandemic;
- input material prices, particularly 100% cotton fabric, decreased;
- high-quality products have built a great reputation in foreign markets, thereby increasing customer retention rates

Sales breakdown by domestic/export

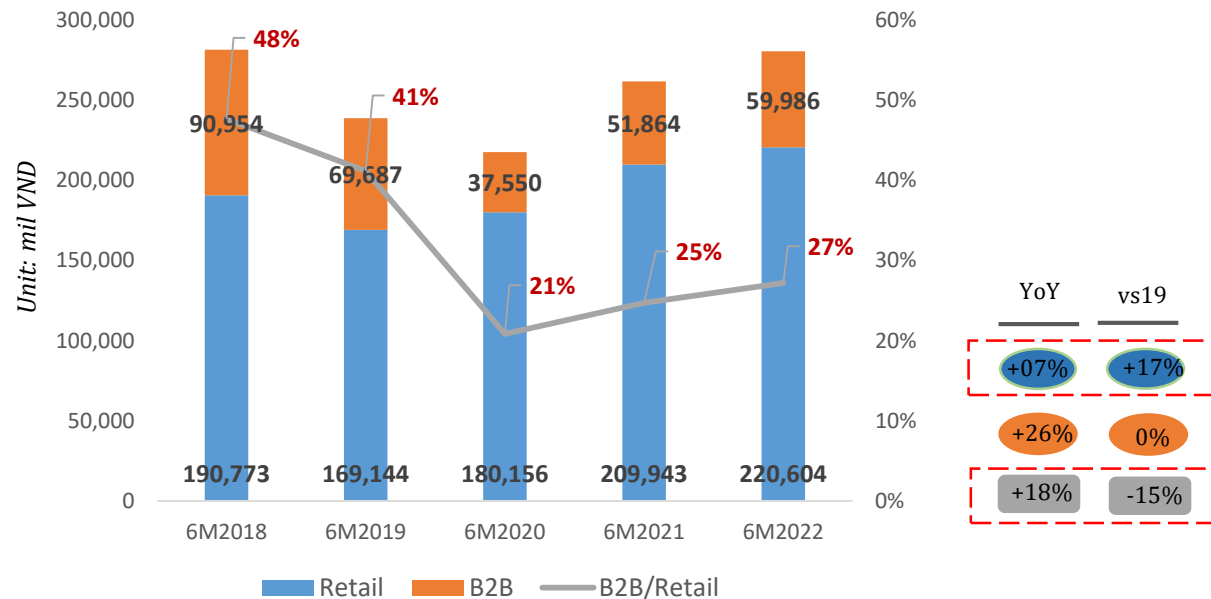


Domestic sales - 6M22 also witnessed a **7% yoy** increase, notably, exceeding 17% to the time before the COVID-19 pandemic appeared. This can be explained by:

- pent-up market demand during the pandemic, which resulted in a trend of buying boom;
- the promotion of online sales in response to new consumer trends through e-commerce channels.

B2B channel has positive growth in 2022

Sales breakdown by distribution channels



The B2B channel achieved the highest revenue (VND 60 bil.) ever since the pandemic appeared, and is expected to exceed the value in 2019 soon.

- Full combo orders including mattress, bedding, and towel reached more than **31%** of its revenue.
- The proportion of orders from 5-star hotel projects increased by **230%** over the same period

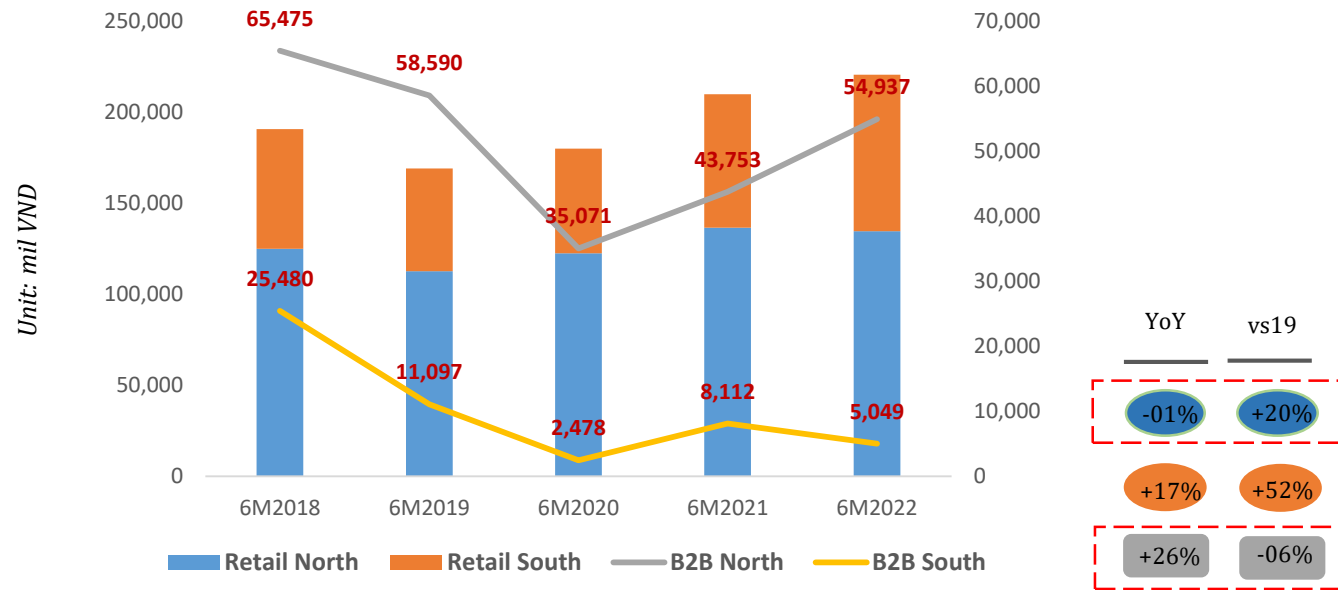
B2C channel focused on restructuring the distribution system and Online activities

Agents/ Showroom	North	Da Nang	South	Total
Total Agents	127	34	209	363
- Agent	55	28	58	141
- GDB + DB	65	6	151	222
- New 6M2022	7	0	8	15
- Close 6M2022	11	1	6	18
Total Showrooms	7	4	11	22

- **Regarding in-store sales:** the continuous search for a suitable location to expand and shut down ineffective agents and showrooms would have a positive impact on the retail field in the upcoming months.
- **Regarding Online sales:** revenue from online channels has increased by **123% yoy** because of the new consumer purchasing trend during the pandemic and the continuous promotion policies to encourage customers to order on Ecommerce platforms.

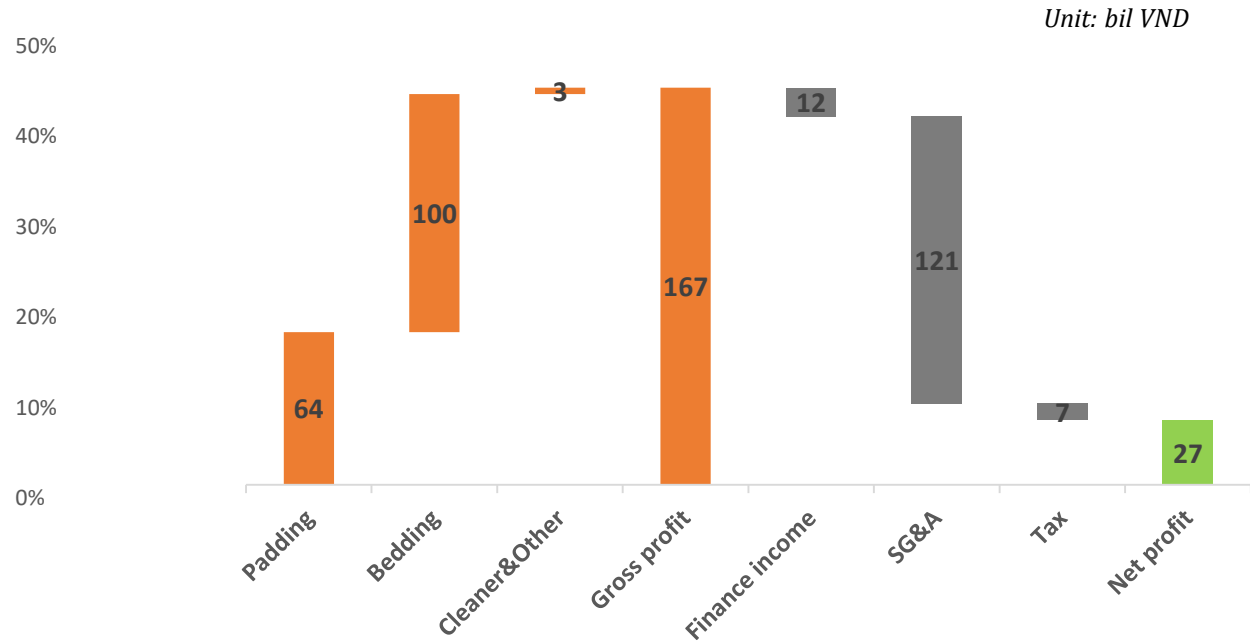
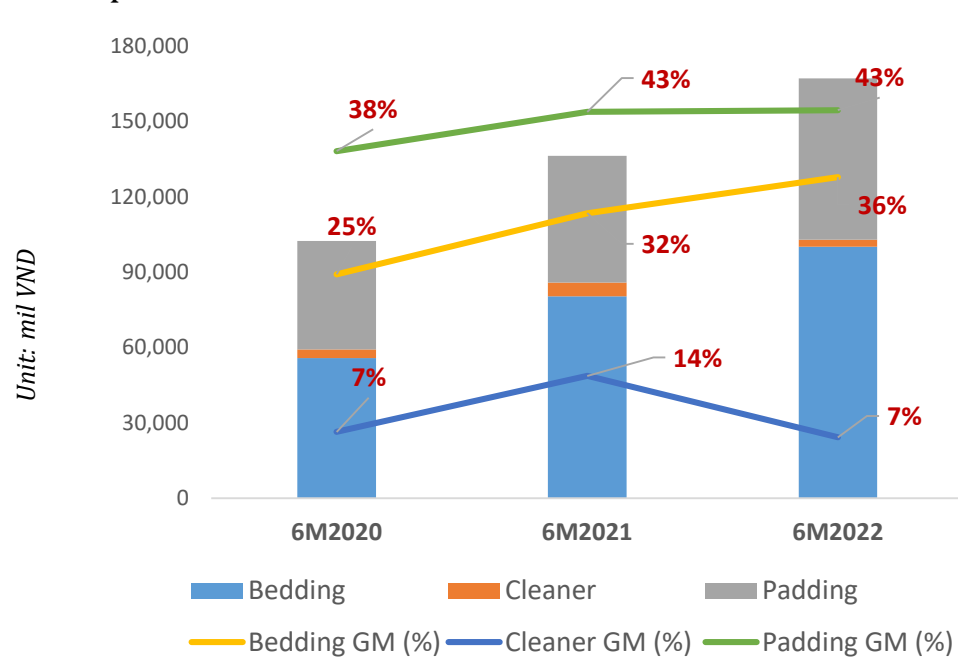
The retail and B2B segment sales of two regions show an opposite trend

Sales breakdown by regional distribution



- **Regarding retail business:** the South increased strongly (+17%), while sales in the North decreased slightly (-1%). The stronger growth of the South in the first 6 months of 2022 can mainly be explained by the positive momentum coming from the online sales segment, which accounts for 29% of its revenue.
- In contrast, the **B2B revenue** of the North (+26%) illustrates a more stable performance than the South (-38%) as it has increased for the third consecutive period after the pandemic. This trend is due to a boost in orders at hotels and resorts due to the momentum from the peak tourist season.

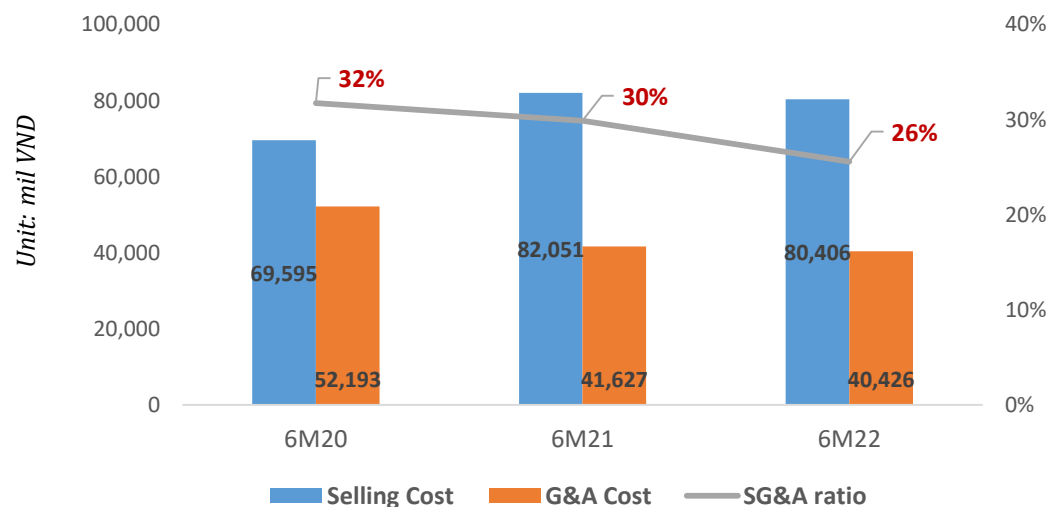
6M22 profit reached VND 167 billion



- Profit indicators have shown a **positive outlook** for the company in the first 6 months of the year. Total gross profit increased by **22.7%** over the same period last year, reaching VND 167 billion.
- Gross profit margin increased from **33% to 35%** in the first 6 months. In detail, the profit structure does not have many significant changes over the years:
- The Bedding segment is still the most profitable segment with over 100 billion dong, had an impressive growth of **24%** compared to that of 6M21, and has a positive profit margin of **36%**.
- The Padding segment increased by **36%**, reaching 64 billion in profit. Notably, Padding segment has the highest and most sustainable profit margin among all 3 core segments with PM fluctuating **around 43%**.

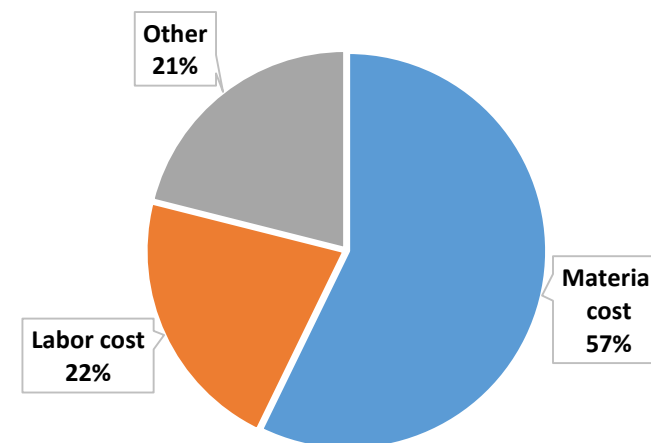
Cost management efficiency has been improved.

SG&A Cost



- SG&A expenses fell **2.3% y/y** while net revenue increased **14%**, resulting in a decrease to **26%** of the SG&A-to-revenue ratio in 6M2022.
- The main driving force comes from the decrease in selling expenses **-2%** compared to the previous period because the company promotes sales through online channels, which can both reduce costs and increase sales. Meanwhile, the administrative cost increased slightly due to the growth in the cost of outsourced services.

Total Cost Structure



- 6M2022 costs 431 billion VND, a **+9.3%** increase over the same period the previous year. The **cost of raw materials** continues to make up the majority of costs (**57%**) due to the characteristics of the business.
- Aside from a minor decrease in raw material costs, particularly those of 100% cotton fabric (**-0.6%**), most expenses relatively increase from the same period last year, with labor costs (**+6.3%**) and outsourced service costs (**+96%**) being the main drivers.

❖ Sales and profit forecast

Padding sales and **Bedding** sales for 2H2022 are expected to increase by **29%** and **10%** respectively compared to that of 2021. **Cleaner** sales are expected to remain stable over the same period. Hence, **whole year sales** will probably **achieve the sales target** of 1.000 billion VND

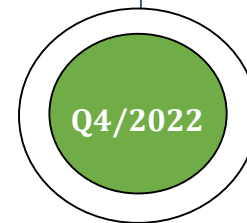
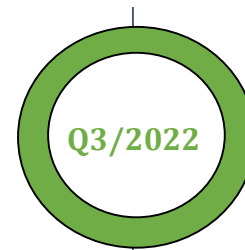
❖ New factory in Giang Dien

- **The groundbreaking ceremony** will take place in **mid-August**
- Construction could be completed by mid-2023

❖ Rebranding and Home Textile Plan

Rebranding Plan

- Build and analyze the indicators of brand health and competitors to reposition the **brand image** in the eyes of customers.
- Design and standardize **new layouts** for key stores and showrooms to suit the Millennials target customers.
- Develop and apply Standard Operating Procedure (**SOP**) to **all** stores and showrooms to enhance the brand experience.

Home Textile Plan

- Research **new product lines** to make Everon become a leading brand in home textile.
- Develop and strictly manage the **production process** of home textile products based on the standards of quality and appearance.
- Build a **flagship store** to gain customer satisfaction along with the goal of maximizing revenue and profit.

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