



Hung Yên, 24th April 2024

REPORT OF BOARD OF SUPERVISORS

To: **Annual Shareholders' Meeting**

Pursuant to:

- *Law on Enterprise, Law on Securities, Company Charter of Everpia JSC*
- *Rights and duties of Board of Supervisors as prescribed.*
- *Audited Financial Report 2023 by Ernst & Young Viet Nam Limited.*

Board of Supervisors of Everpia JSC would like to report Annual Shareholders' Meeting the result of 2023 as follow:

1. Result of the Board of Supervisors' activities in 2023

In 2023, the Board of Supervisors fully implemented all functions and duties as provided in the Law on Enterprises, the Company's Charter and the Operation Regulation of the Board of Supervisors. Specifically:

- Perform the supervisory role through the following methods:
 - Monitor the activities of Board of Directors ("BOD") through discussion with BOD members, attend regular meetings, email meeting of BOD thereby giving out recommendations to the BOD
 - Supervise Board of Management through direct discussions to update the business performance, progress of the tasks assigned by Annual Shareholders' Meeting as well as resolutions of BOD
 - Monitor through reports of Audit firm
- The scope of supervision includes:
 - Supervise activities of the BOD, CEO and other executives;
 - Supervise business performance and finance of the Company;
 - Supervise information disclosure and related party transactions;
 - Supervise internal control system and risk management compliance.

In addition, based on monitoring results, the Board of Supervisors proposes recommendations and advice to the BOD and Board of Management on cost management, self-innovation activities, improvement of inventory management efficiency, and strengthening the internal audit function of the Internal Audit Department.

Based on the authority and responsibilities of the Board of Supervisors in the *Law on Enterprise* and the Company's Charter, and based on the operation plan approved by the Annual General Meeting of Shareholders 2023, the members of the Board of Supervisors implemented the following tasks:

- ***Mr. Truong Tuan Nghia - Chief Supervisor***

Responsible for overall supervision of the Board of Supervisors' activities; Represented the BOS in signing and issuing decisions and documents; Task assignments for BOS members; Approved the annual operational plan of the BOS; Supervised the implementation of development strategies and business strategies; Monitored and evaluated the exercise of rights and obligations by the Board of Directors and the CEO; Monitored the company's business operations; Prepares assessments of the financial report and other reports.

- ***Mr. Ko Tae Yeon - Member of the BOS***

Monitored investment activities and the business cooperation projects of the company; Assisted the BOS in updating information on the economic, financial, and currency situation domestically and internationally.

- ***Mr. Nguyen Dac Huong - Member of the BOS***

Monitored the implementation of the production and business plan; Assessed financial indicators to evaluate the operational efficiency and capital utilization; Directed internal auditing activities, monitored business risks, and provided timely recommendations; Coordinated with inspection teams during company inspections.

The BOS members diligently adhere to the contents of the approved operational plan of the BOS at the Annual General Meeting of Shareholders in 2023 and have completed the assigned tasks. The BOS always works with a high sense of responsibility, complies with the principles of independence and caution, always for the benefit of shareholders and the company's development.

2. Result of monitoring the activities

2.1. Evaluation of the performance of the Board of Directors

- The BOD has implemented and carried out the resolutions of the Annual General Meeting of Shareholders.
- The BOD organized and maintained quarterly meetings. In addition, the Board of Directors also consults the members of the BOD in written documents to promptly approve and make decisions in order to implement the contents approved by the ASM as well as closely follow the implementation of major projects throughout the year.
- In every BOD meeting in particular, and other BOD's activities in general, the members of the BOD participated fully and worked with a high sense of responsibility, provide evaluations and in-depth analyses of matters under the jurisdiction of the BOD, carrying out tasks in a truthful and careful manner, strictly adhering to the provisions of the Corporate Law, Company Charter, and Internal Governance Regulations.
- The Chairman plays a key role in effectively implementing the activities of the Board of Directors, encouraging all members to give opinion on matters within the jurisdiction of the Board. As a result, the resolutions of the Board of Directors achieve high consensus among all members.
- The BOD performed well in guiding, supervising, and supporting the BOM in the production and business activities. The BOS doesn't note any abnormalities in activities of the BOD members.

2.2. Evaluation of the activities of the Board of Management and the CEO

❖ Implementation of economic objectives:

- The BOM and the CEO have shown dedication in closely following activities of departments by promptly providing solutions to improve business results; for example, launching an exclusive beddings collection specifically for provincial markets, developing new products like mattresses, amending sales policies to be more flexible to increase revenue from Hotel and Padding orders, directly participating in meetings and negotiations on transaction conditions in bedding export orders. However, there are still areas that need to be improved and implemented more effectively in 2024, such as creating breakthrough marketing programs, ensuring the timely implementation and effectiveness of phase 2 of the rebranding project, better managing production costs and discount/promotion activities to ensure gross profit margins for each business team.
- The BOM and the CEO successfully increased the company's profitability through financial investment activities. As of December 31st 2023, the financial profit of the company was 26.8 billion VND.
- The CEO and the BOM regularly report on the business activities in each quarter and project plans for the upcoming quarter to the BOD and BOS. The company's activities are implemented in strict compliance with legal regulations and the Company Charter, and no signs of abnormalities or violations have been found in the operations under the leadership of the CEO and the BOM.

❖ Implementation of environmental and social objectives:

- The BOM has quantified environmental targets using Key Performance Indicators (KPIs), enabling departments to make greater efforts in activities aimed at the sustainable development goals of the entire company.
- The 5S assessment and innovation reports are carried out monthly; the innovation competition is held semi-annually to increase the employees' self-improvement consciousness, productivity, cost-effective production, and efficient use of resources like energy, water, raw materials to achieve the long-term sustainable development goal.

2.3. Implementation of Resolutions of ASM

- Everpia experienced a prolonged year of difficulty with 786.8 billion VND in total revenue, 17.8 billion VND in profit after tax, down by 23% y/y and 81% y/y respectively, completing 72% of the revenue target and 32% of the profit target assigned by the Annual Shareholders' Meeting.
- The company paid dividends in 2022 in cash at the rate of 11% per share to all company shareholders on June 6th 2023, in the amount of VND 46.1 billion.
- The selection of an audit unit for financial statements and remuneration for members of the BOD and BOS was implemented in accordance with the provisions of the Resolution of the Annual Shareholders' Meeting.

2.4. Implementation of the Accounting and Financial Report

- Financial statements for the year 2022 (*including quarterly reports, interim reports, and annual audit reports*) were prepared and presented honestly in accordance with current regulations, reflecting truthfully the financial and business performance of the company.
- The BOS doesn't detect any unusual transactions or unusual fluctuations in assets or cheating or serious mistakes that could affect the integrity of the financial reports.
- Despite a major decline in revenue and profits, financial indicators such as liquidity and financial leverage were at safe levels.
- The Accounting Department has readily prepared to publish financial statements in accordance with International Financial Reporting Standards (IFRS) from 2025 in line with the plan of the Ministry of Finance.
- Independent audit service: The audit firm Ernst & Young and auditors were qualified. They acted independently. They audited the financial statements in a fair and objective manner, fulfilled all obligations as contracted, and complied with current accounting and auditing standards.

2.5. Information Disclosure & Transactions with related parties

- No violations or reminders regarding the obligation information disclosure in 2023.
- Transactions with related parties are closely controlled and comply with legal regulations, the company's bylaws and Charter. No conflicts of interest have been detected in transactions with related parties.
- No transactions occurred between Everpia, the subsidiary with members of the BOD, the CEO, other directors of the company, and affiliated persons of these parties.
- No transactions between Everpia and the companies where the BOD members, the CEO, other directors of the company have been founding members or members of Board of Directors, or CEOs in three latest years to the transaction time.

2.6. Internal audit

- In order to strengthen the management capacity of the company, to ensure transparency and the rights of shareholders and stakeholders, on September 30th 2023, Everpia issued the "Internal Audit Regulations" based on practical activities, relevant regulations, and reference to international standards. Moreover, the company appointed suitable personnels for the Internal Audit department.
- The internal audit activities carried out in 2023 include:
 - Enhancing a comprehensive internal audit system and risk management policies for the entire company and all the branches.
 - Supervising the compliance with legal regulations, internal policies/regulations in the management and operation of business activities.
 - Monitoring and managing company's activities with suppliers to ensure fairness, transparency, and a cooperative spirit for mutual benefit, as well as preventing and minimizing transaction risks.

- Providing recommendations for managing potential risks that may arise in the future, such as fabric quality inspection procedures, inventory management activities, or delivery truck system ...

3. Coordination between the Board of Supervisors with the Board of Directors, Board of Management, other executives, and shareholders

In the process of exercising its powers and duties, the Board of Supervisors always coordinates with the Board of Directors, BOM, and shareholders with the goal of achieving the best interests of the Company and its shareholders. The combination of activities has achieved the following results:

- While the Board of Directors, Board of Supervisors, and Board of Management all operate independently, they always work closely together to ensure that their rights and obligations are carried out with a high sense of responsibility, honesty, and diligence in the best interests of the Company and its shareholders.
- In the process of performing its duties, the Board of Supervisors worked closely with the Board of Directors to receive detailed and clear information regarding the company's operations and corporate governance. The Board of Supervisors discusses with the Board of Directors at meetings in order to analyze, evaluate, and make the best decisions while adhering to current laws and maximizing advantages for the Company's stakeholders.
- For shareholders: in 2023, the Board of Supervisors did not receive any recommendations or complaints from Shareholders as prescribed in the company's charter and current laws.

4. Meetings of Board of Supervisors and conclusion, opinion of Board of Supervisors

In 2023, the Board of Supervisors conducted 2 regular meetings with the full participation of members and discussed the work under the assigned authority:

No	Meeting date	Meeting content	Conclusions of the Board of Supervisors
01	15/03/2023	1. Review internal audit activities in 2022 2. Operational plan for 2023	1. Review internal audit activities in 2022 - Activities of Board of Directors & Board of Management: All significant matters are openly and democratically discussed within the BOD. Issues are carefully evaluated and thoroughly discussed to reach unanimous decisions before resolutions are made. The BOM closely adheres to and diligently implements the resolutions of the BOD. The BOS does not detect any fraud or abnormal signs, both the BOD and the BOM comply with the resolutions of the Annual Shareholders' Meeting and operate in the best interests of the Company and shareholders - Financial status and financial indicators are at a safe level. Independent auditing activities are made

			<p>transparent and objective. The BOS does not identify any significant errors, fraud, or potential fraudulent risks in the financial statements.</p> <ul style="list-style-type: none"> - The system of procedures is under good control, providing positive support for managing the activities of the entire company; some processes are digitized, which helps to reduce time and increase efficiency in task processing, such as HR software and electronic approval processes. <p>2. Operational plan for 2023</p> <ul style="list-style-type: none"> - Monitor the implementation of the contents and plans approved at the General Meeting of Shareholders in 2023. - Oversee the issuance of financial regulations, operational regulations, and other policies issued by the BOD and the BOM. Ensure compliance with regulations and protect the shareholders' interests when enforcing these provisions. - Enhance cooperation between the BOS and the Internal Audit department, develop a joint action plan to assess and timely handle incidents, and monitor the solving process during and after inspections. - Provide support and advice to improve the internal auditing. - Thematically assess the effectiveness of factory self-innovation to improve the production management strategies to the BOM. - Update and oversee the construction progress to make sure the new factory in Giang Dien Industrial Park commerce operations on schedule.
02	15/12/2023	<p>1. Review the business performance for 11 months of 2023</p> <p>2. Evaluate the implementation of the Resolution of the Annual Shareholders' Meeting</p>	<p>1. Review the business performance for 11 months of 2023:</p> <ul style="list-style-type: none"> - Review and discuss the third-quarter financial data, the revenue and profit data for 11 months of 2023. - Review the explanation reports and the expected achievement of the business targets of the BOM. - Assess the impact of exchange rate and interest rate fluctuations on the business operations and financial investments.

		<p>3. Evaluate the implementation of the Resolution of the Board of Directors</p> <p>4. Evaluate the effectiveness of internal control activities</p>	<ul style="list-style-type: none"> - Discuss with the BOM and the BOD about optimizing the production efficiency of the Giang Dien factory. - Propose recommendations for the BOM: <ul style="list-style-type: none"> (i) Continue to enhance innovation activities in production to reduce cost of goods sold and increase competitiveness. (ii) Continuously update market conditions, conduct surveys of agents and customers to make appropriate adjustments in the business plan and promptly restore the revenue growth. <p>2. Evaluation of the implementation of the resolution of the Annual Shareholders' Meeting</p> <ul style="list-style-type: none"> - The tasks assigned by the Annual Shareholders' Meeting have basically been completed, such as paying dividends, remuneration for the independent Board of Directors and the Board of Supervisors. - The whole company is trying its best to achieve the assigned revenue and profit targets <p>3. Evaluation of the implementation of resolutions of the Board of Directors</p> <ul style="list-style-type: none"> - The resolutions of the Board of Directors issued in 11 months of 2023 have been implemented and completed by the company. <p>4. Evaluation of the effectiveness of internal control activities</p> <ul style="list-style-type: none"> - The "Regulation on Internal Audit" issued on 29/09/2023 has been amended and supplemented to comply with current legal regulations, align with best practices, and international standards, in order for the internal audit function to strengthen and to operate more effectively. - The Internal Control Department has performed well in the roles of compliance control and risk control, identify weaknesses and propose improvement measures in all operating activities at the Company.
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5. Remuneration of Board of Supervisors in 2023

Unit: VNĐ

Board of Supervisors	Position	Remuneration (before PIT)	Other expenses and interest
Mr. Truong Tuan Nghia	Chief	86,400,000	0
Mr. Ko Tae Yeon	Member	86,400,000	0
Mr. Nguyen Dac Huong	Member	86,400,000	0
Total		259,200,000	0

6. Operation Plan of the Board of Supervisors in 2024

On the basis of roles, duties and authorities, the Board of Supervisors determines the operation plan in 2024 as follows:

- Supervise the implementation of resolutions passed by the General Shareholders' Meeting.
- Monitor compliance with the law, the company's charter, and regulations in management activities
- Cooperate with Internal Audit department, verify the reliability and legality; the integrity and degree of caution in corporate management and administration; and the regularity, consistency, and suitability of accounting, statistical, and financial reporting
- Update and complete the risk management and management system for the company based on industry best practices
- Coordinate with the Finance and Accounting department to work more closely with the audit and tax consulting entities to improve the efficiency of financial and accounting work.
- Coordinate with the Accounting Department and the Consulting entities to complete the data system and forms to prepare and issue financial statements in line with IFRS by 2025, issue quarterly financial reports in both Vietnamese and English starting from 2024.
- Conduct research and updates on recently announced methods and policies; oversee, and suggest amendments and supplements to inappropriate issues at the Company to guarantee complete and prompt compliance with the provisions of the Law.

To:

- ASM 2024
- Board of Directors
- Board of Management
- Save : Planning Team

On behalf of. BOARD OF SUPERVISORS
Chief Supervisor



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