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***“With the current context, Everpia chooses to conserve our resources, focus on strengthening the core values, and perfecting the operating system. The decisions in the short-term plan all aim towards one common goal, which is to protect and maintain the stability of the company, preparing for a journey of sustainable development with a greater mission in the future”.***



## Dear our valued shareholders,

We went through the year 2023 with a series of prolonged difficulties: high inflation, tense political conflicts, supply chain disruptions, reduced trade and investment, extreme weather conditions, and pandemics. Considering this situation, all three of our businesses experienced declines in both revenue and profit.

### ENHANCING INTERNAL STRENGTH

When recognizing the pressures from prolonged inflation and stagnant purchasing power, investments in distribution channels and brand promotion during this period would not achieve the expected results. Therefore, the Company has decided to change its strategy: preserving existing values, conserving core resources, and gradually creating a future growth trajectory as the economy goes through difficulties. Took advantage of this quiet time to reflect and reaffirm: **“What Makes Us Everpia?”** From there, we build crucial plans for the future based on the foundations that have been established over the past 31 years.

Determining product quality and customers are the two core values that have made Everpia. In 2023, the company conducted in-depth surveys with over 5,000 customers nationwide to measure the health of the Everon brand, identify the gap between Everon's activities and customer behavior in the decision-making process, and subsequently develop a roadmap for restructuring the product portfolio and distribution system. At showrooms, Everpia installed technological solutions to clearly identify the target customers as well as their consumer preferences, thereby making the most appropriate adjustments to products and services. Additionally, the Company also promoted online sales activities with revenue growth of 50%, completing more than 1,000,000 orders, attracting 4,000,000 accesses and 500,000 thousand interactions on social networks. These are the results of successfully implementing the strategy of deeper penetration into e-commerce platforms that we have laid the foundation for since 2020. Through the programs implemented, Everpia has built a directory of ten thousand loyal customers.

The biggest milestone in 2023 was the launch of the Giang Dien factory on July 7th, 2023. Not only did it contribute to increasing production capacity and preparing internal

resources for strong future growth, but Everpia Giang Dien also symbolizes the company's commitment to sustainable development and its goal of carbon neutrality by 2050. Up to now, Everpia Giang Dien is one of eight projects in Vietnam to achieve the EDGE Advanced green certificate, with 402.48 tons of CO2 saved each year.

### READY FOR NEW OPPORTUNITIES

2024 will continue to be a challenging year. Product innovation and customer portfolio expansion will remain ongoing actions in the coming time to ensure that Everpia not only consistently brings the highest quality products but also a pioneer in introducing innovative products and materials to the market. By doing so, Everpia aims to gain the trust of many generations of consumers, especially young consumers.

I believe that Everpia is at an ideal time to change and create a new growth cycle. Possessing a strong financial foundation is a significant advantage, for us to have flexibility when making decisions and making appropriate adjustments that align with market fluctuations. This advantage, combined with the spirit of bringing Everpia back to the leading position in both the Bedding and Padding industry within each Everpian, will enable us to overcome immediate challenges and effectively seize growth opportunities. I have complete confidence to believe that the members of the Board of Directors, the Board of Management and all Everpia employees have the necessary capabilities, skills, creativity, and breakthrough potential to help Everpia achieve remarkable achievements and build a brighter future for the company. Everpia will strive to create value for the company, profits for shareholders, and partners in 2024.

Formed on a foundation of quality and trust, Everpia is committed to continuing the development of products and services to make meaningful contributions. The values that make up Everpia will serve as a guideline, allowing the company to confidently make breakthroughs in the journeys ahead. On behalf of the Board of Directors, I sincerely thank our esteemed shareholders for your continuous trust and support of Everpia. I believe that with your cooperation, unity, and trust, Everpia will achieve even more outstanding success and continue firmly on the path of creating sustainable value for society.

***We wish our Shareholders good health and success!***

**CHO YONG HWAN**  
Chairman of the Board

# 01

## FROM ORIGINS TO THE FUTURE

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# 1. COMPANY PROFILE

## EVERPIA JSC

Over 30 years of development, Everpia has continuously innovated technology, design, and management quality, gradually affirming its leading position in two main business segments: Bedding and Padding. We are proud of our brands and reliability that the Company has built over time. To achieve this success, Everpia always prioritizes product quality first, asserts brand reputation, and commits to dedicated services. Along with innovation and creativity, Everpia always looks towards the future, towards sustainable development for society.

### CÔNG TY CỔ PHẦN EVERPIA

Company name	Short name
EVERPIA JOINT STOCK COMPANY	EVERPIA JSC
Chairman of the board	Charter capital
CHO YONG HWAN	419,797,730,000 ĐỒNG
Head Office	Stock code
NOI THUONG RESIDENTIAL AREA, DUONG XA, GIA LAM, HA NOI, VIETNAM	EVE
Business license	Tel
0101402121	(+84-24) 3827 6490
Fax	Website
(+84-24) 3678 2030	WWW.EVERPIA.VN
	Email
	INFO@EVERON.COM

# 2. OUR PHILOSOPHY



## VISION

To become a global company being socially and environmentally responsible and bringing high value to investors, employees and the community



## MISSION

To develop products that have a positive impact on the planet and people through responsible manufacturing.  
To create an ideal working environment with dedicated and creative employees.



## CORE VALUES

- **Reputation:** Prioritize customers' interests and take responsibility for the environment and society
- **Transparency:** Ensure the accessibility to the company's information and be willing to honestly communicate policies and decisions
- **Dedication:** The enthusiasm, passion, and integrity of all employees are the factor pushing Everpia forward to overcome difficulties and achieve success.
- **Flexibility:** Proactively seizing opportunities and adapting to materiality in business and the VUCA world
- **Compliance:** Complying with national and international laws, rules, and regulations



## BUSINESS PHILOSOPHY

- Quality assurance
- Interest harmonizing
- Environment improvement
- Social support



### 3. HISTORY OF DEVELOPMENT

The name Everpia is a combination of the words “forEVER” and “utoPIA” - a beautiful world that is everlasting. Everpia’s mission is to take care of the Vietnamese family life and carry out sustainable activities to contribute to creating a lasting community. Everpia always sets criteria such as product quality, business reputation, and service excellence as a guideline in all notches of our business. These criteria have created a sustainable and successful Everpia as it is today.

1993 – 1998

ORIGIN

Everpia’s origin was a branch of Viko Moolsan Co., Ltd, a Korean padding manufacturer, first established in 1993, specializing in producing input materials for garment export companies.

In 1995, the Company expanded the business into the Bedding and Mattress industry

1999 – 2005

EFFORT

In 1999, EVERON - the first Korean bedding brand in Vietnam - was officially launched.

Everpia Vietnam became an independent company in 2003 under the Investment License No.195/GP-HN dated September 4th 2003. The two main businesses are Padding and Bedding. In the early years, the main market of the Company was in the North.

In October 2005, Everpia Vietnam opened its Hochiminh branch, starting to expand the business to the southern market.

2006 - 2010

BREAKTHROUGH

In 2007, the Company converted its form into a Joint Stock Company and changed its name to Everpia Vietnam JSC.

In December 2010, Everpia Vietnam was officially listed on the HOSE Exchange. Stock code: EVE.

In 2008, the Company reinforced the business philosophy “Commitment to quality” with ISO 9001:2000 Certificate (now ISO 9001:2015).

Having a foundation in quality and production technology, Everpia launched the first exclusive Padding brand – Dexfil, a low-denier polyester insulation brand and a high-end bedding brand - ARTEMIS.

★ 2008: Gold Cup for international economic integration

★ 2010: National famous trademark

2011 - 2014

ACCELERATING

Production capacity and market share were continuously expanded through the construction of 2 new factories: Dong Nai factory in 2011, Hung Yen factory in 2012 and the establishment of Da Nang branch in 2013.

Accessing modern production technology, the Company received the exclusive sub-license for the Style Master mattress brand for Vietnam, Cambodia and Laos.

★ 2012: Top 50 performing listed companies in Vietnam

Impressive Logo & Slogan in 2012

Golden trademark of the year

★ 2013: Top 100 products and services for the families

Top 500 of the biggest corporate income tax payable in Vietnam

Top 500 of the fastest growing businesses in the year of 2012

2015 - 2018

OPPORTUNITY

In 2015, the Company changed its name to Everpia Joint Stock Company.

During this period, a new subsidiary Everpia Korea was established in Korea, marking significant turning points, promising to increase resources and revenue for Everpia on its journey to step into the global market.

★ 2016: Corporate Social Responsibility 2016 for Korean companies in Vietnam

★ 2016-2018: Top 100 Sustainable Business in Vietnam

2018 - 2022

SUSTAINABLE

Building on previous successes, Everpia continued to increase resources across multiple aspects: Launched a cleaner production line at Dong Nai factory; acquired the licensorship to exclusively produce and distribute the King Koil mattress - No. 1 spring mattress brand in the US; launched d Everon curtains & blinds and K-Bedding - bedding brand for Online channe.

After a period of focused and diligent development, in this period, Everpia achieved numerous accomplishments:

★ 2019-2022: Top 100 Sustainable Business in Vietnam

★ 2019: Top 5 Corporate Governance

★ 2020-2021: Top 1 Best Annual report for small-cap listed companies

★ 2022: Top 5 Corporate Governance

Top 3 Listed companies with the best IR activities

2023

THE FUTURE

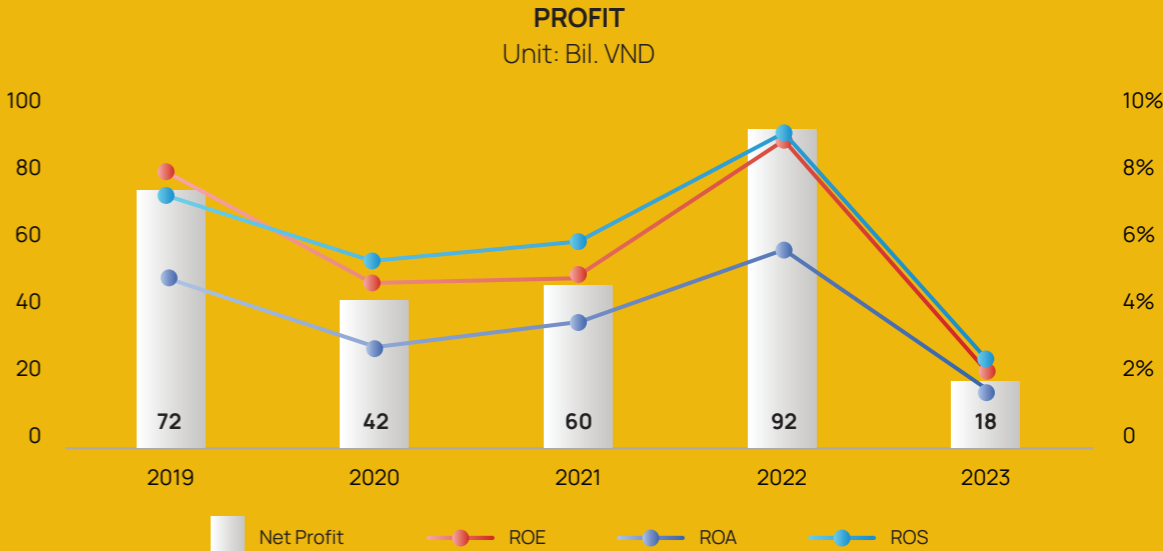
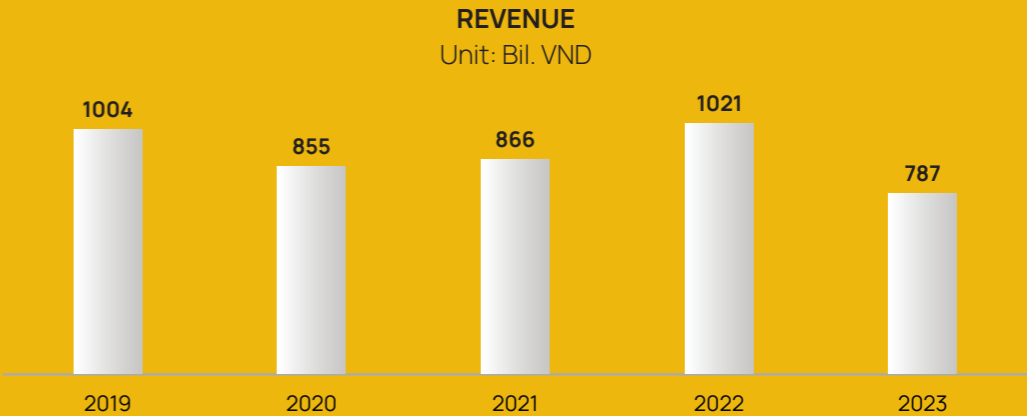
In July 2023, the Company officially launched a new 3-hectare factory in Giang Dieu Industrial Park. This is one of 8 factories awarded the EDGE ADVANCED green certificate with recognition as a green building. With a strong mindset, the company continues to integrate and implement ESG in strategy, management, and operations towards long-term sustainable development in the future.

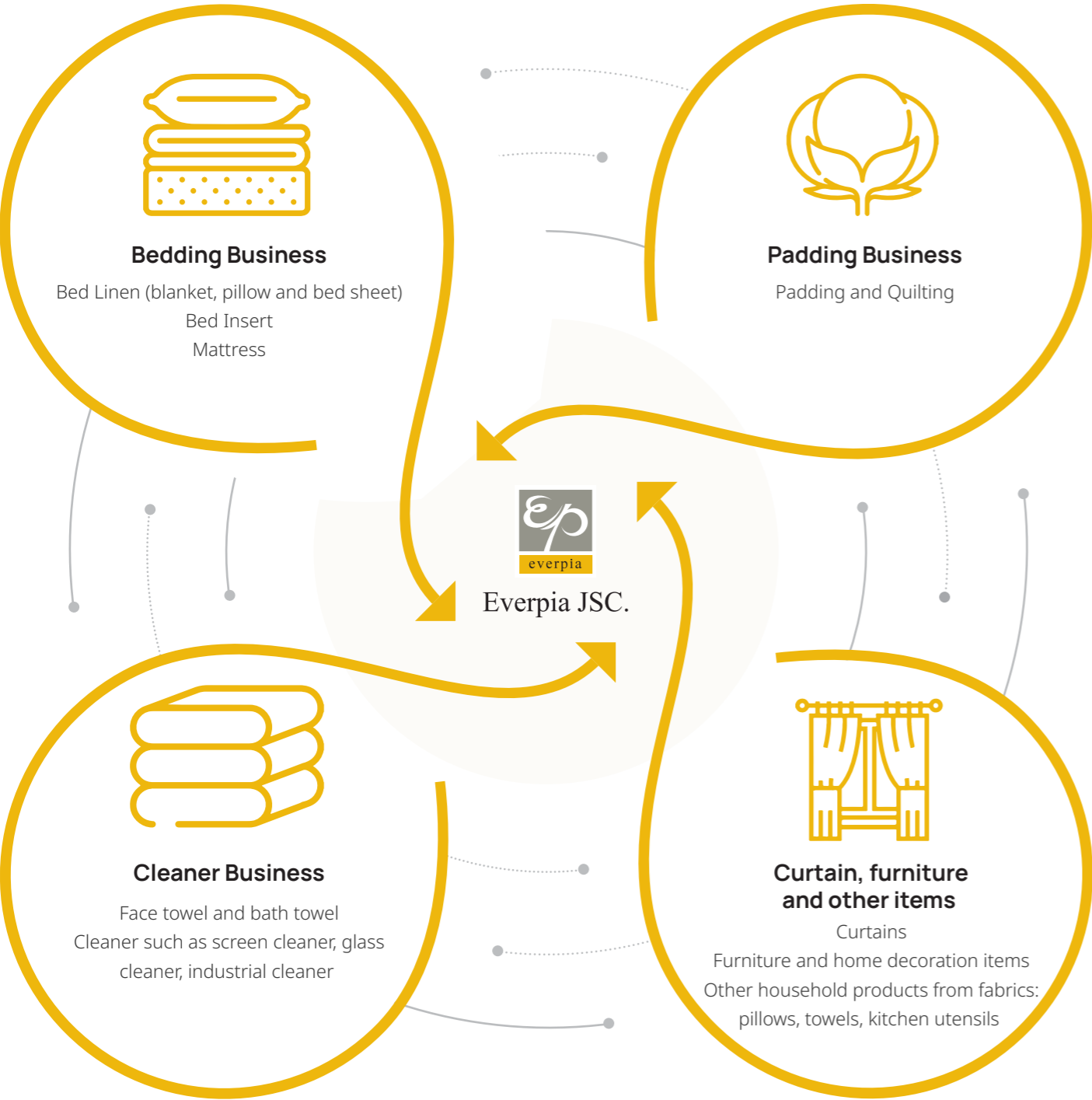
★ Top 100 Sustainable Business in Vietnam

★ Top 5 Corporate Governance



4. 2023 FINANCIAL HIGHLIGHTS





BEDDING AND MATTRESS INDUSTRY

1999 Mid-range market segment

Bed Linen (blanket, pillow and bed sheet)

Bed Insert (blanket, pillow)

PE mattress, Spring mattress

2010 High-end market segment

Four-season duvet cover set

PE mattress

2020 E-commerce channel and Supermarket sales channel

Bed Linen (blanket, pillow and bed sheet)

Bed Insert (blanket, pillow)

PE mattress

**KING KOIL** 2018  
MATTRESS CO.

The No. 1 spring mattress brand in the US is certified by the Interventional Spine and Pain Associates and the Orthopedic Research Institute to be suitable for the physiological curve of the spine.

**DEXFIL**

The thin, light padding brand is researched and developed by Everpia



The product is developed with a focus on the company's green manufacturing journey using 100% recycled PET materials.



The product uses polyester micro denier polyester staple fiber developed through direct spinning technology. It has a soft touch that can be applied to deluxe textiles or stuffs as substitute for duck down feather.



Since 2021, Everpia has partly replaced traditional fibers with Sorona fibers. Sorona's main ingredient is Bio-PDO, - a resin created through the fermentation of sugar extracted from corn. The natural fermentation process helps reduce energy consumption by 40% and reduce greenhouse gas emissions by about 20% compared to using materials derived from petroleum.



WOOL ECO is made from sheep wool combined with recycled fibers. Wool Eco has high heat retention, good durability, safe for the skin, and it's a great input material for high-end, environmentally friendly fashion products.

## 5. DISTRIBUTION SYSTEM

With the following key channels, Everpia has created and expanded its distribution system in both domestic and international markets:

### DOMESTIC CHANNELS

Domestic market: For 30 years of development in the Vietnamese market, Everpia has affirmed its name with a business network spanning all over the country and is known as a well-established enterprise with extensive distribution system in Vietnam.

#### B2C – NATIONWIDE AGENT NETWORK



- A network of 354 agents present in all provinces and cities throughout the country allows Everpia to reach consumers directly, conveniently and quickly.
- In addition to the exclusive agency model, Everpia implements a symbiotic business strategy with a chain of retail systems such as Con cung, The Gioi Nem in order to expand the brand's market presence.

#### D2C – DIRECT PRODUCTS DISTRIBUTION TO CUSTOMERS



Supermarkets, commercial centers in major cities, and showrooms with large premises and eye-catching designs, which are increasingly being extended in number, are locations for direct sales of products manufactured by Everpia as well as business model, display and model products introduction for agents to refer to and learn from.

#### E-COMMERCE



- For online shoppers, the e-commerce website [www.everon.com](http://www.everon.com) has gradually become a familiar shopping destination. Everpia is developing point-of-sale software that allows agents to receive and process orders at the website in order to enhance sales for agents and highlight the benefits of the nationwide sales chain.
- Furthermore, Everpia collaborates with e-commerce sites to provide clients with a youthfully designed product called K-Bedding.

#### B2B – BUSINESS CUSTOMERS



- For the Bedding business: Revenue from business and hotel customers accounts for a major amount of the industry's total revenue. Everpia is quickly becoming the leading supplier of international hotels and 5-star hotels in Vietnam, thanks to its excellent quality. This sales channel has long-term growth potential due to the expansion in accommodation facilities as well as the number of domestic and foreign tourists each year.
- For the industry: customers of domestic textile companies, fabric products manufacture facilities using non-woven fabrics

### EXPORTING MARKET

Throughout its development journey, Everpia has successfully demonstrated its prestige in the international market. By focusing on product quality and customer satisfaction, Everpia has received many orders from large customers and forward orders from suppliers from other countries.

Despite the challenging export situation at the beginning of 2023, there was a slight improvement in export activities during the last few months of the year. The annual revenue reached 233 billion VND, accounting for 30% of the total revenue.

For the Padding business: 75% of revenue comes from export orders, mainly to Korea.

For Bedding business: The main export markets for our bedding products are Korea, the UAE, and Dubai. Our company is always researching high-quality products and exporting its brands to high-demand markets such as the United States and Europe in order to achieve its aim of becoming a global company.

For Cleaner business: The company's key export markets are Germany, the Netherlands, the US and Korea.

7. SCALE OF PRODUCTION AND BUSINESS ACTIVITIES

Với hệ thống làm việc chuyên nghiệp và đội ngũ giàu kinh nghiệm, Everpia cam kết luôn là cầu nối kiến tạo và lan tỏa những giá trị tốt đẹp hơn.



HEAD OFFICE

Noi Thuong Residential Area, Duong Xa, Gia Lam, Hanoi



SUBSIDIARIES

Oversea



FACTORIES

In Hanoi, Hung Yen, and Dong Nai



BRANCHES THROUGHOUT THE COUNTRY

(Da Nang, Ho Chi Minh City, Hoa Binh, Binh Duong, Khanh Hoa)

7.1 Factory

All three of Everpia's factories meet production standards that are verified and certified by independent assessment organizations, including ISO14001, BSCI and Higg FEM. In particular, the factory in Dong Nai was also awarded the EDGE ADVANCE green building certificate at Vietnam Green Building Week 2022 organized by the Ministry of Construction in collaboration with the International Finance Corporation..

HANOI FACTORY	HUNG YEN FACTORY	DONG NAI FACTORY
<div><div>Noi Thuong Residential Area, Duong Xa – Gia Lam – Ha Noi</div><div>Square: 15.000m2</div><div>Tel: (84-24) 3827 6490</div><div>Fax: (84-24) 3827 6492</div><div>Production Items: Padding &amp; Quilting</div><div>Production capacity: 15 million yards/year</div></div>	<div><div>Tan Quang industrial zone – Tan Quang, Van Lam, Hung Yen</div><div>Square: 17.670m2</div><div>Tel: (84-221) 3791 777</div><div>Fax: (84-221) 3791 999</div><div>Production items: Bedding business, including linen and mattress.</div><div>Production Capacity: 3 million bedding items/year</div></div>	<div><div>Giang Dien Industrial Park, Tam Phuoc, Bien Hoa, Dong Nai</div><div>Square: 37.726m2</div><div>Tel: (84-251) 8869 152</div><div>Fax: (84-251) 8869 151</div><div>Production Items: Padding, bedding &amp; cleaner products</div><div>Production capacity: 10 million padding yards, 1 million bedding items and 1 million yards for cleaner items.</div></div>

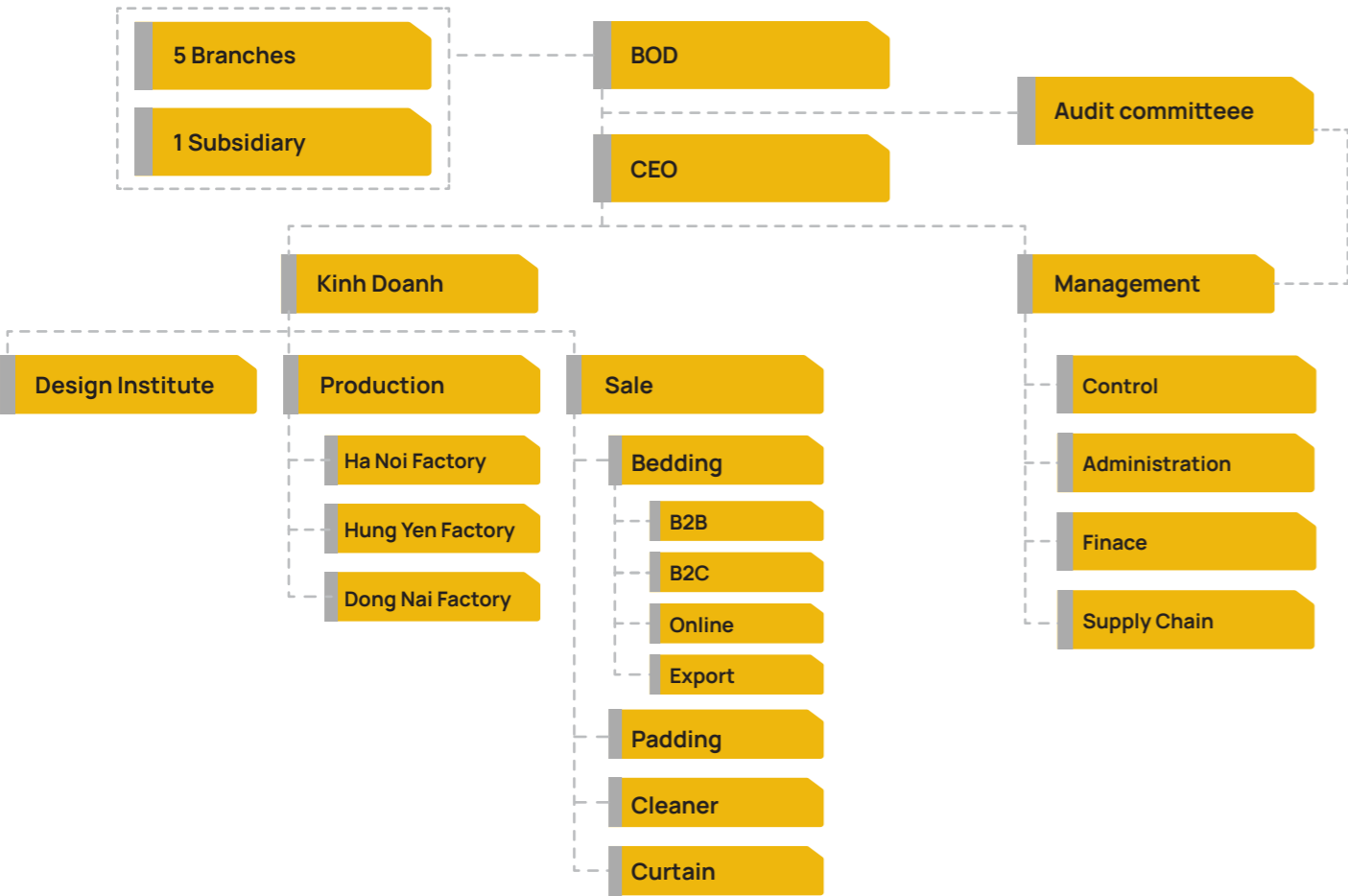
7.2 Branch, Subsidiary and Affiliated Company

BRANCH	
Ho Chi Minh Branch	Address: G26-G27 3A Street, KDC Him Lam, Tan Hung Ward, District 7, Ho Chi Minh City Tel: (84-28) 36 22 1233
Da Nang Branch	Address: No 439, Hoang Dieu St, Binh Thuan ward, Hai Chau District, Da Nang City Tel: (84-236) 381 5579      Fax: (84-236) 381 5679
Hoa Binh Branch	Address: Lam Son commune, Luong Son District, Hoa Binh province
Binh Duong Branch	Address: Lot L3-03, floor L3, Vincom center, Vincom Plaza Dĩ An building, Thong Nhat street, Dĩ An ward, Dĩ An town, Binh Duong Province
Khanh Hoa Branch	Address: Lot no.1, block CL5, Hon Ro II resettlement area, Phuoc Dong commune, Khanh Hoa province.

SUBSIDIARY	Everpia Korea JSC
Percentage ownership	100%
Business scope	(i) Trading and importing-exporting products, consulting and transferring technology in production and business fields of non-woven fabric, filter cloth, felt, blanket, bed cover, pillow, mattress, sleeping bag, kit-bag, handbag, underwear and other garment products in accordance to Korean regulation (ii) Importing-exporting products for dining table, kitchen, toilet, office, indoor, decoration, home furnishing products and/or other items which has similar purposes; furniture made of wood and other material.;
Charter capital	34,000,000,000 VND
Address	A-408, Hyeondae Knowledge Industry Center, 3 Godeung-ro, Sujeong-gu, Seongnam-si, Gyong Gyeonggi-do, Republic of Korea

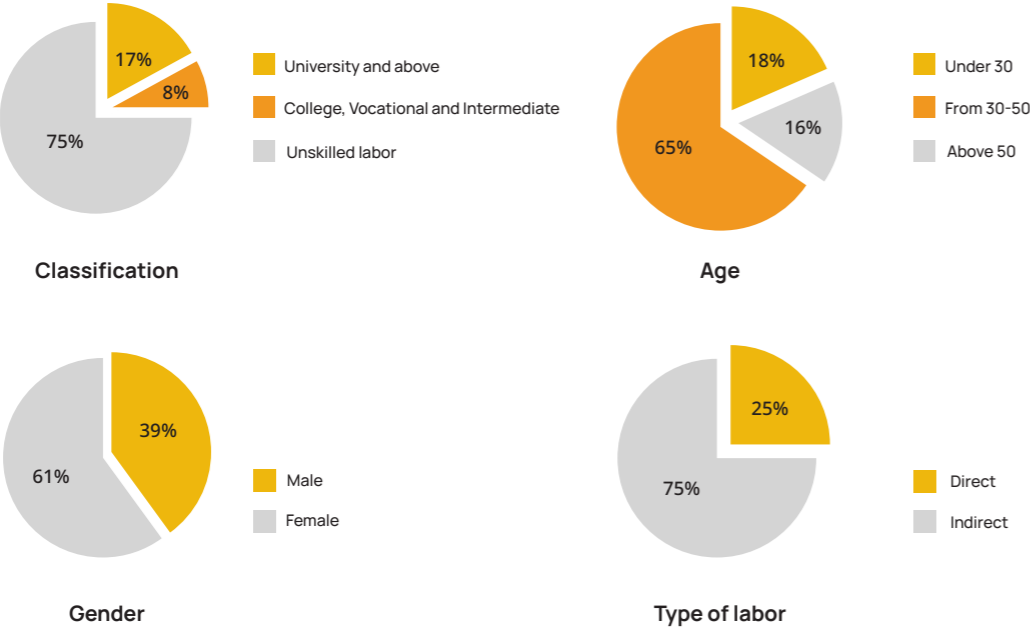


8. ORGANIZATIONAL CHART



Labor Structure

By the end of 2023, the total number of employees of the company is 1,201 people. Thanks to the efforts to improve technology and change the production process, the “Versatile Workers” training class has reduced direct labor by 6 people.



9. CHARTER CAPITAL INCREASING PROCESS

The charter capital increasing process after equitization took place in the following years:

Issue Date	Description	Number of new shares	Charter capital after the new issues (VND)
06/2007	Mirae Asset Maps Opportunity Vietnam Equity Balanced Fund 1	480,000	52,800,000,000
10/2007	Dream No.7 Investment Partnership	200,000	54,800,000,000
08/2008	Bonus share rate 2:1	2,740,000	82,200,000,000
06/2009	Private placement - Bao Viet Securities Company - Agriseco JSC. - Mr. Tran Ngoc Be	2,500,000	107,200,000,000
06/2010	Stock dividend (rate 15%)	1,607,996	123,279,960,000
07/2010	Private placement - Red River Holdings - Vietnam Japan Fund - FPT Capital - FC Capital	3,000,000	153,279,960,000
07/2011	Stock dividend (rate 50%)	7,663,990	229,919,860,000
11/2011	ESOP	410,000	234,019,860,000
07/2012	Stock dividend (rate 20%)	4,584,532	279,865,180,000
07/2016	Stock dividend (rate 50%)	13,993,255	419,797,730,000

Everpia has not increased charter capital in 2023.

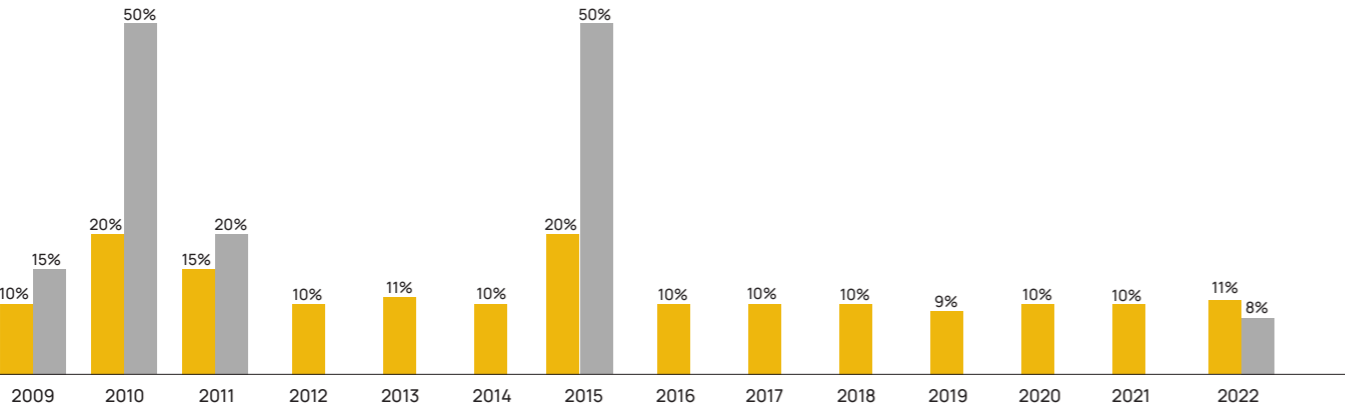


10. SHARES AND SHAREHOLDER STRUCTURE

Shares

The total number of shares of Everpia Joint Stock Company is 41,979,773 shares and all are circulating on the market. In 2022, the Company sold 888,184 shares under the program to use treasury shares to sell to employees in accordance with the Resolution of the Board of Directors Document No. 005/2022/HĐQT/NQ dated April 12, 2022. After the restriction period of 01 year ended, on September 21st 2023, Everpia adjusted the securities type for 880.184 shares from transfer restricted shares to freely transferable shares.

The company has carried out procedures for transferring ESOP share ownership to the Labor Union of Everpia JSC in accordance with the Resolution of Board of Directors No. 003/2023/HĐQT/NQ dated April 19th, 2023, Circular No. 119/2020/TT-BTC dated December 31st, 2020 on registration, depository, clearing and settlement of securities.



\* History of dividend payment/bonus distribution over the years (2009-2023)

Cash dividends      Stock dividend / Stock bonus

Shareholder structure

According to the list of shareholders as of March 24th, 2024, Everpia Joint Stock Company has 2,465 investors including individual investors and domestic and foreign professional securities investors.

Professional Securities Investors

No	Type	Number of shares	Rate of ownership (%)	Number of shareholders	Shareholder structure	
					Institution	Individual
1	Major shareholders owning 5% or more of share capital are not professional securities investors	9,749,451	23,22%	2	0	2
		2,182,107	5,20%	1	0	1
	- Local	7,567,344	18,03%	1	0	1
	- Foreign					
2	Professional securities investors are major shareholders owning 5% or more of share capital	9,084,675	21,64%	3	3	0
		0	0,00%	0	0	0
	- Local	9,084,675	21,64%	3	3	0
	- Foreign					
3	Professional securities investors are shareholders owning < 5% of share capital	1,079,426	2,57%	36	36	0
		653,648	1,56%	20	20	0
	- Local	425,778	1,01%	16	16	0
	- Foreign					
TOTAL		19,913,552	51,78%	41	39	2

Major Shareholder

Shareholder name	No. of Shares	Rate of Ownership	Transfer Restriction
LEE Jae Eun	7,567,344	18,03%	-
AFC VF LIMITED	4,034,400	9,61%	-
NH Investment & Securities Co., Ltd.	2,890,410	6,89%	-
KOREA INVESTMENT & SECURITIES CO., LTD.	2,159,865	5,15%	-
Trịnh Xuân Giáo	2,182,107	5,20%	
TOTAL	18,834,126	44,86%	-

Shareholder Structure by Stock Type

Shareholder Type	Transfer Restriction	No Transfer Restriction	Total	Rate of Ownership (%)
I. Special Shareholders	-	8,226,252	8,226,252	19,60%
1. Board of Directors	-	8,164,704	8,164,704	19,45%
2. Managements	-	8,164,704	8,164,704	19,45%
3. Audit Committee	-	20,120	20,120	0,05%
4. CFO	-	135,600	135,600	0,32%
5. Chief Accountant	-	30,808	30,808	0,07%
6. Authorized personnel for information disclosure	-	135,600	135,600	0,32%
7. Appointed personnel by BOD	-	10,620	10,620	0,03%
II. Treasury Shares	-	-	-	0.00%
III. Union	-	-	-	0.00%
IV. Shareholders owning preferred shares	-	-	-	0.00%
V. Other Shareholders	8,000	33,745,521	33,745,521	80,40%
1. Local	8,000	14,267,746	14,267,746	34,01%
1.1. Individual	8,000	13,614,098	13,614,098	32,45%
1.2. Institution	-	653,648	653,648	1,56%
State:	-	-	-	0,00%
2. Foreign	-	19,477,775	19,477,775	46,40%
2.1. Individual	-	9,967,322	9,967,322	23,74%
2.2. Institution	-	9,510,453	9,510,453	22,65%
TOTAL	-	41,971,773	41,971,773	

NGHIỆP BỀN VỮNG VIỆT NAM 2023  
SUSTAINABLE BUSINESSES IN VIETNAM 2023



# 02

## CORE VALUE OF THE FUTURE

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# DEVELOPMENT STRATEGIES BASED ON CORE VALUES

Originating from a non-woven fabric manufacturer, Everpia has expanded its business into a manufacturer and distributor of bedding products with the highest recognition in the Vietnamese market. In addition, export activities of Padding, Cleaner and Bedding contribute 30% of the whole company's annual sales. With 354 agents across Vietnam and partnerships with 251 global fashion brands, Everpia's products have reached consumers both domestically and internationally. It is the products and loyal customer network that have contributed to Everpia's great business achievements. Recognizing this, Everpia builds mid- and long-term operating strategies based on these two core values.



## REGARDING THE PRODUCTS

- Strictly control product quality, every product meets the needs and expectations of customers.
- Improve existing products and develop new products with unique value compared to competing products on the market.
- Expand and diversify product lines: develop new products in accordance with the strategy to rebrand Everon with the goal of not only modernizing the Everon brand but also increasing its presence in the market to reach the new target customer group.

## REGARDING CUSTOMERS

- Creating great customer experiences from the purchasing process to after-sales.
- Personalize the shopping experience for each target customer group.
- Build a large network of loyal customers including end customers, business clients and brands.

## GREEN PRODUCTION AND GREEN CONSUMPTION

Creating green consumption experiences through a chain of activities from green production to green awareness of customers.

- Green products: Using recycled materials and reusable packaging for many different purposes,
- Green distribution: Deploy a special incentive program to encourage customers to reuse products
- Green communication: Completely eliminate carbon footprint in the product consumption process - marketing, sales, and after-sales activities are carried out on the online platform with environmentally friendly delivery methods.

# ACTION STRATEGY 2024

2024 is expected to be another difficult year for textile and garment businesses, including both new and long-term difficulties. Pressures related to geopolitical tensions, inflation issues and tightened spending have led to most component indexes of the commodity trade measure at average levels. With the foundations created since 2023 and the product and customer-oriented strategy, in addition to efforts to maintain strong cash flow, preserve capital to ensure the company's resilience in this difficult market period, Everpia will gradually implement activities to restructure products and distribution systems, increase customer experience, and prepare resources to accelerate when the macro environment shows signs of recovery.

## PRODUCT



### Bedding

The annual bedding collection will consist of the Spring/Summer Collection and Fall/Winter Collection, which will be launched in March and July respectively. Each Collection will feature designs that represent the core values of the brand and designs that follow fashion trends.



### Mattress

Eliminate ineffective products, focusing on three main product lines - Everon standard mattress, Everon Top Plus mattress and Artemis standard mattress. From there, research and improve the quality of each product line.



### Padding

Continue practicing good manufacturing by applying practical production requirements of manufacturing and product safety, such as GRS, ISO14001, Higg index, BSCI... In addition, continuously research and launch new product lines and new materials to increase options for customers and boost sales from selling through product grouping..



### Product expansion and diversification

Textile products and decorative items are expected to contribute 15% of domestic retail sales in 2024. The company will introduce seasonal collections of decorative products to take advantage of consumers' changing home decor preferences. These are home textile accessories including curtains, carpets, tablecloths and decorative items.

## CUSTOMERS

### Agents



- i) Upgrade and synchronize facilities and product displays to increase shopping experience for customers;
- ii) Periodically train employees not only on product knowledge and information but also soft skills to effectively care for and advise customers;
- iii) Organize Agent conference for first-tier agents to increase loyalty and promote communication about the company's new products.

### Business customers



- **Padding:** Launch a separate website with information and data designed specifically for customers in this industry group to enhance customer experience, increase the presence of the Padding brands in the market and reach new customers
- **Hotel bedding:** Using the retail website [www.everon.com](http://www.everon.com) as a tool to reach corporate customers through optimizing website information and search engine optimization.

### End customers



- i) Build a friendly and professional customer care team to optimize customer experience in every sales channel,
- ii) Increase a seamless multi-channel experience from the synchronous connection between website [www.everon.com](http://www.everon.com) and agents.

### Expand export network



- i) conduct market research on target markets, strengthen trade promotion activities to find new export customers;
- ii) seek opportunities to expand business in existing markets such as South Korea, USA, Germany, Netherlands, UEA...

# 03

## CONSTRUCTED FOUNDATIONS

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# A. BOARD OF MANAGEMENT REPORT

## I. OVERVIEW OF THE TEXTILE INDUSTRY IN 2023

The year 2023 witnessed the impact of the global economic crisis on all business sectors, with the textile and garment industry being one of the hardest-hit. The international textile and garment market went through a period of significant volatility and challenges due to decreased orders, inflation, and rising costs such as energy and labor expenses. Vietnamese textile and garment companies have faced high competitive pressure from Bangladesh and China, where production costs are extremely low. These obstacles caused a sharp decline in business growth, order volumes, and the ability to optimize production capacity.

The total export turnover of the textile and garment industry in Vietnam reached over 40 billion USD, a 9.2% decrease compared to the year 2022 and significantly lower than the initial target set. Purchasing power from major export markets such as the United States and the European Union declined dramatically, even though Vietnam's export scale has expanded to 104 countries. The current general situation is characterized by a large backlog of inventory, leading to predominantly small orders with low value. Numerous Vietnamese textile and garment businesses had to diversify their product portfolio and produce non-core items to survive in the industry.

By the end of 2023, the textile and garment industry hadn't fully recovered as it was before the pandemic. Nevertheless, companies and the industry as a whole are actively finding innovative solutions and pursuing sustainable recovery. Collaborating with international partners, investing in advanced technology, and cultivating a high skilled workforce can be vital steps to restore the textile and garment industry to a path of stable growth.

## II. BUSINESS PERFORMANCE

The textile and garment industry encounters many macroeconomic challenges such as the global economic recession (2008-2011) and the COVID-19 pandemic (2019-2020). However, remarkably, this industry has always been one of the sectors with an ability to recover quickly. By closely observing and monitoring Everpia's operations since its establishment, it's obvious that the company's business cycle fluctuates along with the overall economic cycle. Like other companies in the industry, Everpia's business results have experienced significant declines during the difficult periods of the economy. However, recovery always follows shortly after with a stable pace. The year 2023 witnessed continuous challenges posed to textile and garment companies, resulting in decreases in both sales and profits. Everpia was not immune to this economic downturn. Based on past experiences, we believe that recovery will certainly come after this challenging period.

In this nearly frozen year, Everpia took advantage of this temporary pause to bolster the competitive capabilities, strengthen internal resources, and prepare for the start of a new business cycle to meet market demands. We understand that success does not only come from immediately overcoming challenges but also from investing in sustainable development and creating a unique market differentiation. The economy will rebound, demand will recover, and with good preparation, Everpia will continue to develop and achieve breakthroughs in our forthcoming business journey.

### 1. BUSINESS OPERATION RESULTS

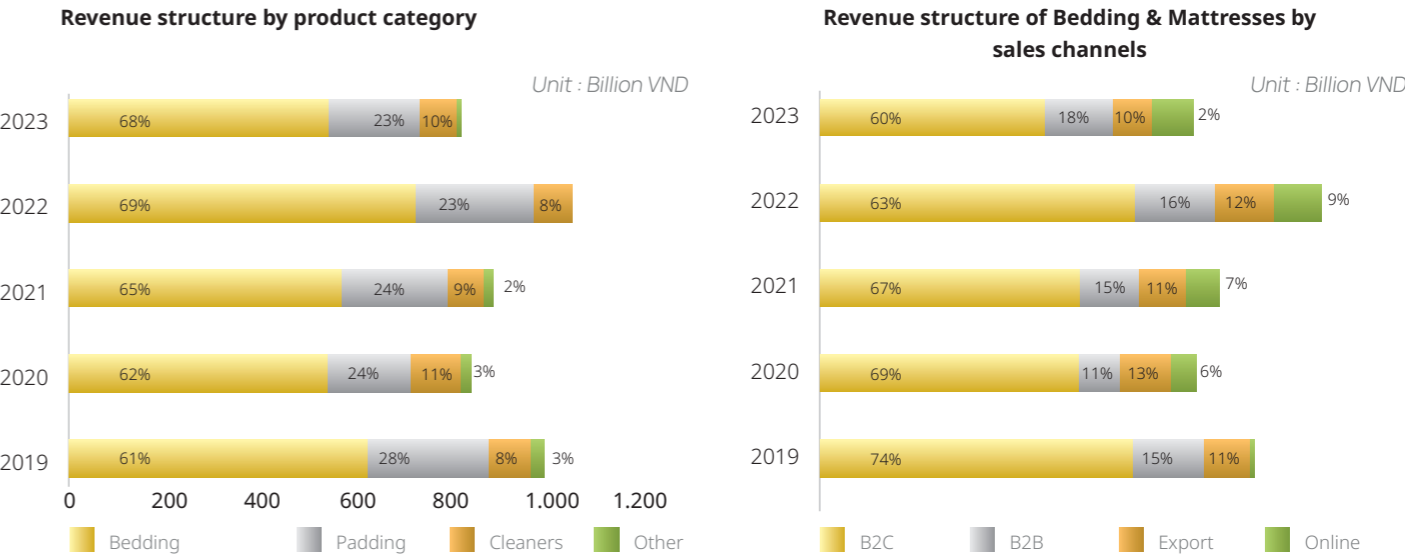
Achievement rate



Unit : Million VND

ITEM	FY 2023 TARGET	FY 2023 ACTUAL	FY 2022 ACTUAL	CHANGE RATE (%)
Revenue	1,100,000	786,853	1,021,248	-23%
Gross profit		251,082	384,184	-35%
Operating profit		17,494	114,813	-85%
Profit before tax		24,246	115,335	-79%
Net profit after tax	55,000	17,825	91,829	-81%
Total assets		1,355,871	1,456,695	-7%

In the face of a tough economic landscape, Everpia had a quite challenging business year in 2023. The company's consolidated revenue reached 787.7 billion VND, marking a 23% decline compared to the previous year. Profit indicators also experienced a decrease. The overall annual revenue and profit fell short of the targets set by the Annual Shareholders' Meeting, achieving only 72% and 32% respectively. The main reasons were tightened consumer spending, the negative impact of inflation, and the excess inventory level at agents and corporate clients.



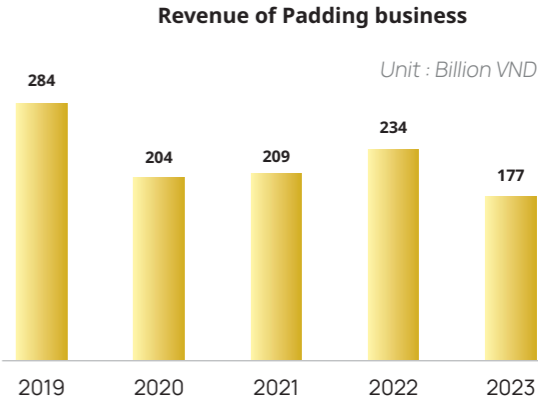
### 2. BEDDING BUSINESS

In 2023, the core bedding business suffered a challenging year across all sales channels, a total revenue reached over 533 billion VND, decreasing by 25% compared to the same period last year. In which, domestic retail operations (B2C channel) recorded a revenue of 322 billion VND, down by 28% from the previous year. Hotel order (B2B channel) generated 94 billion VND in revenue, reflecting a 17% decrease. Sales of the Online channel achieved 62 billion VND, slightly down by 5%. The export channel also experienced deductions in its business results but there were some improvements month by month at the end of the year, the total revenue of Export was approximately 55 billion VND.

WHAT HAS BEEN ACHIEVED IN 2023	WHAT WILL BE IMPROVED AND IMPLEMENTED IN 2024
2.1. Retail activities (B2C)	
<ul style="list-style-type: none"><li>➤ Researched and developed new product lines that suits diverse customer needs, such as Top Plus PE mattress, premium Kingcoil Arise spring mattress line, anti reflux pillow, exclusive bedding collection for provincial markets...</li><li>➤ Conducted in-depth surveys with over 5,000 customers nationwide to build progressive steps for brand and product development</li><li>➤ Developed provincial markets: 22 newly opened agents, in which 14 are in the northern region and 8 in the southern region, focusing on such provinces like Thai Nguyen, Vinh Phuc, Hai Phong, Kien Giang, and Phu Yen. Brought the provincial market sales revenue up by nearly 15% compared to the year 2022.</li><li>➤ Installed the Palexy AI camera system in all showrooms to map customer journeys and identify areas that need improvement for a better shopping experience. Thereby, made appropriate changes in product display and created training materials for sale staffs in both showrooms and agents.</li><li>➤ Distribution system: conducted market research and in-depth evaluation on activities of agents to develop a customised support plan for each agent.</li><li>➤ Increased the number of provincial agents who install and use the POS sales software provided by Everpia for daily sales. This facilitates quick order processing and aims to establish a multi-channel supply chain throughout the nationwide agent system.</li></ul>	<ul style="list-style-type: none"><li>➤ Restructure the bedding portfolio: The annual bedding collections will consist of a Spring-Summer Collection and a Fall-Winter Collection; their designs embody Everon's core values as well as the designs that align with the latest trends and preferences of the new generation of customers.</li><li>➤ - Restructure the mattress portfolio: Eliminate inefficient products, focus on three main product lines– Everon Standard Mattress, Everon Top Plus Mattress, and Artemis Standard Mattress. Thereby, conduct research and improvements to enhance the quality of each product line.</li><li>➤ - Enhance marketing channel, strengthen brand image and reach out to the millennial customer segment.</li><li>➤ - Modernize the showroom system, transform showrooms into model stores in terms of layout, management, and sales.</li><li>➤ - Take decisive measures to prevent the spread of counterfeit and fake products on the market: In addition to the marketing and consumer guidance on how to differentiate and recognize genuine products, Everpia will collaborate with relevant departments/ authorities/ agencies to close all facilities that manufacture and distribution of counterfeit Everon products.</li></ul>
2.2. Hotel order business (B2B)	
<ul style="list-style-type: none"><li>➤ Continue to act as a supplier for many 4-star to 5-star hotels operating under international standards.</li><li>➤ Efficiently controlled the accounts receivable, bad debt ratio reduced from 10% to 2%.</li></ul>	<ul style="list-style-type: none"><li>➤ Diversify product portfolio to meet a wider range of market needs.</li><li>➤ Approach a wider target customer group such as hospitals and university dormitories.</li><li>➤ Develop the marketing channels and implement promotional activities to increase awareness and visibility of hotel orders.</li></ul>
2.3. Online sales channel	
<ul style="list-style-type: none"><li>➤ Consistently ranked first in the Home Fashion category at Shopee Mall.</li><li>➤ Timely upgraded the process and methods of packaging at the Hung Yen warehouse, optimized productivity from 1,000 orders per month to over 4,000 orders per month, hence minimized the risk of order cancellations due to delivery speed issues.</li><li>➤ Utilized customer loyalty programs, support policies, and fully exploited the potential of Livestream to boost revenue increase the quantity of loyal customers.</li></ul>	<ul style="list-style-type: none"><li>➤ Conduct research and development of core products exclusively for the online channel.</li><li>➤ Increase the average order value at each store.</li><li>➤ Create sales programs with vouchers, maximize sales through livestreaming and TikTok channels.</li></ul>
2.4. Bedding export channel	
<ul style="list-style-type: none"><li>➤ Customers highly appreciated the stability of product quality and the delivery timeliness.</li><li>➤ Gained many new customers through referrals from existing customers.</li></ul>	<ul style="list-style-type: none"><li>➤ Optimize coststo increase the likelihood of receiving orders.</li><li>➤ Improve production capacity to meet large-volume orders with short production times from customers in the United States.</li></ul>

3. PADDING BUSINESS

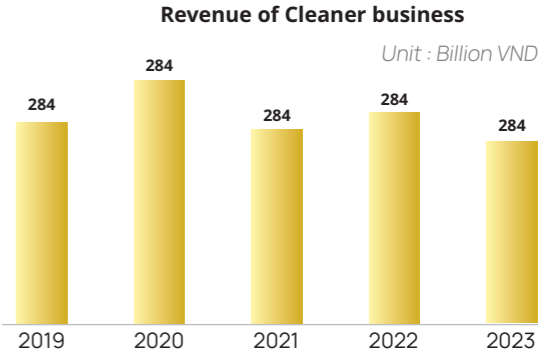
The 2023 revenue of Padding business reached nearly 177,5 billion VND - a decrease of 24% compared to the same period last year. One of the reasons for this major decline is that a few years ago, due to the COVID situation, many customers purchased a larger quantity of goods than usual to avoid logistic problems. After the COVID pandemic, various factors such as the inflation, wars, tightened consumer spending have occurred and affected this segment. Consequently, in 2023, many business customers experienced a shortage of orders while having excess inventory. Additionally, Bangladesh and Indonesia are countries that have an advantage over Vietnam due to low costs.



WHAT HAS BEEN ACHIEVED IN 2023	WHAT WILL BE IMPROVED AND IMPLEMENTED IN 2024
<ul style="list-style-type: none"><li>➤ Sales from new customers increased by 47% in 2023.</li><li>➤ Successfully developed a line of padding products made from recycled fibers.</li></ul>	<ul style="list-style-type: none"><li>➤ Improve the product quality controlling process by storing samples at each production stage, to ensure the consistency in product quality.</li><li>➤ Improve the environmental performance in the Higg Facility Environmental Module (FEM) compared to 2023.</li></ul>

4. CLEANER BUSINESS

Due to the stable order quantity from our traditional customer group, the sales of cleaner products in 2023 experienced minimal fluctuations, declining slightly by 5% compared to the same period last year, resulting in a revenue of around 75.6 billion VND.



WHAT HAS BEEN ACHIEVED IN 2023	WHAT WILL BE IMPROVED AND IMPLEMENTED IN 2024
<ul style="list-style-type: none"><li>➤ Expanded the market with new customers from Japan.</li><li>➤ Completed the BSCI assessment to facilitate exports to the European market.</li></ul>	<ul style="list-style-type: none"><li>➤ Effective cost management to reduce costs of goods sold.</li><li>➤ Efficient inventory management of both finished goods and raw materials.</li></ul>

5. OTHER PRODUCTS

In addition to the main product segments, revenue from additional products such as decorations, and kitchen utensils contributed to 864 million VND to the total 2023 revenue.

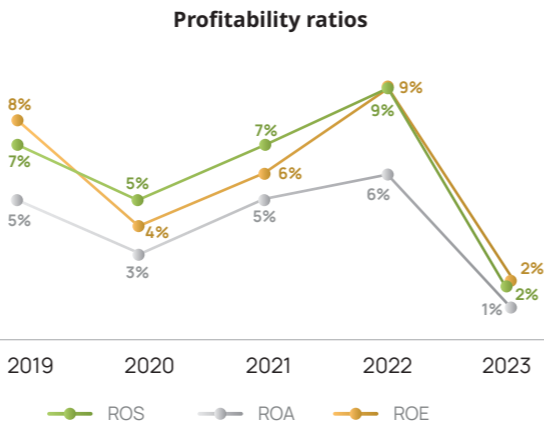
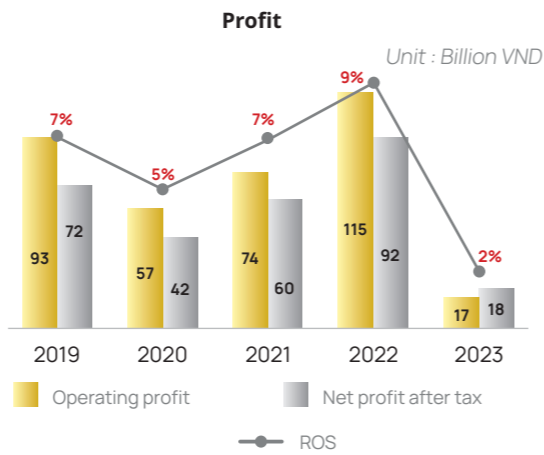
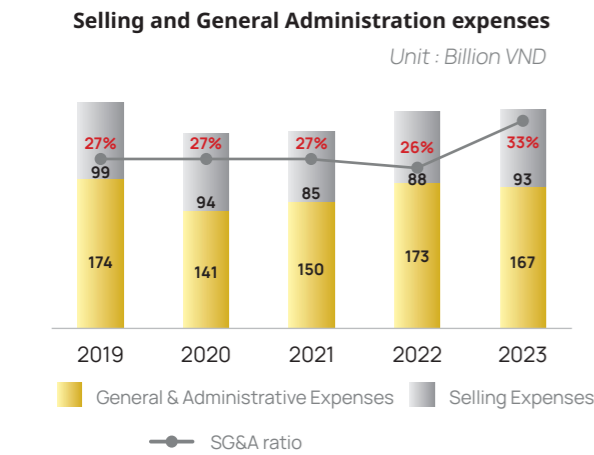


6. BUSINESS EFFECTIVENESS

The company's profit was negatively impacted by the unfavorable revenue and increased costs compared to 2022, which has led to a significant decrease in gross profit margin and operating profit margin. Expenses such as labor costs have increased by 14%, while outsourced service expenses increased by 28% due to expenses related to the organizing a summer vacation and team-building activities for all employees, operating costs for showrooms and electricity prices which were adjusted twice in 2023, increased 3% starting from May, and continued to rise by 4.5% from the beginning of November

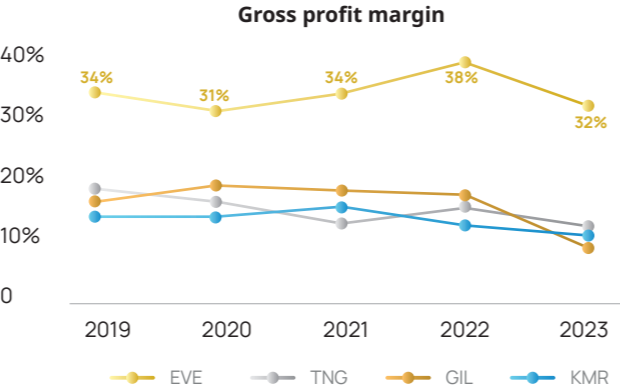
Effective cost management requires prudent consideration of every aspect and every business department. The company

established a system to track and record production productivity and manufacturing costs by factories, as well as SG&A costs by business departments. Regularly, on a monthly basis, the Accounting department compiles the expenses and reports to the BOM for updates and suitable improvement measures. This helps departments to identify problems early on, thereby to implement timely corrective measures and improvements. In addition, setting the operating profit targets as one of the Key Performance Indicators (KPIs) evaluation of all business departments will encourage them to prioritise developing appropriate budget plans and action plans



7. COMPARISON OF EVERPIA WITH PEERS IN TEXTILE INDUSTRY

In terms of revenue growth, the average revenue growth rate in the past five years has not been impressive compared to some businesses in the textile industry. However, Everpia's gross profit margin is high and stable, averaging at 34%, thanks to the company's effective management of cost of goods sold. In the challenging context of the textile and garment industry as a whole, the profits of most businesses decreased, leading to a decline in profitability indicators such as ROS, ROE, and ROA, some even experienced negative ratios.



	Unit	EVE	GMC	TNG	GIL	KMR
Valuation indicator						
Earnings per share in the last 4 quarter (EPS)	VND	425	(1,576)	2,095	406	158
Cost structure						
Cost of goods sold/ Revenue	%	68%	148%	86%	93%	87%
Profitability						
Gross profit margin	%	32%	-48%	14%	7%	13%
Net profit margin	%	2%	-553%	4%	-5%	3%
ROS	%	2%	-626%	3%	3%	2%
ROA	%	1%	-12%	4%	1%	1%
ROE	%	2%	-13%	12%	1%	2%
Leverage						
Debt-to-Assets ratio	%	26%	6%	65%	24%	27%
Equity-to-Assets ratio	%	74%	94%	35%	76%	73%
Debt-to-Equity ratio	%	36%	7%	182%	32%	37%

Comparing with others like TNG, GIL, or GMC, although having the least number of outstanding shares, Everpia has a relatively high equity-to-assets ratio due to the retained earnings from previous years. The company also manages cash flow effectively and proactively reduces debt obligations, hence the a debt-to-assets ratio of 26% is lower than the industry average.

III. INVESTMENT

1. SHORT-TERM FINANCIAL INVESTMENTS

Held-to-maturity investments represent deposits with terms from 1 month to 10 months which earn interest at rates ranging from 5.2% per annum to 10.5% per annum (2022: 3.8% per annum to 11.5% per annum). In addition, other investments include receivables from loans to VPS Securities Joint Stock Company with a term of 3 months and interest rates of 7.1%/year to 7.4%/year.

Unit: Million VND				
	ENDING BALANCE		BEGINNING BALANCE	
	Cost	Carrying value	Cost	Carrying value
Term deposit	210,235	210,235	305,806	305,806
Other investment	13,000	13,000		
Total	210,235	210,235	305,806	305,806

Total interest earned on deposits during the year was 30 billion VND, contributing to 62% of financial income in the period.

2. INVESTMENT IN OTHER ENTITIES

By the end of 2023, Everpia has 03 investments in the form of buying shares of unlisted enterprises, specifically:

Company	Number of shares	Ownership	Investment value (VND)
Bac Ninh Pharmaceutical JSC	309,600	4,7%	4,014,200,000
Hyojung Soft Tech JSC	96,000	19,2%	960,000,000
Kalon Investment Asset Co., Ltd	30,000	5,7%	5,382,000,000
Total			10,356,200,000

Everpia has invested in Bac Ninh Pharmaceutical since mid-2019, every year, the company regularly receives cash dividends at the average rate of 13%. the rate of return on this investment til the end of 2022 reached 51%.

Hyojung Soft Tech Joint Stock Company and Kalon Investment Asset Company are two investments arising in 2020 with the objective of financial investment and support for Everpia's core business activities. After 2 years of investment, the proceeds from the sale of shares together with the dividend helped Everpia recover the entire investment value in the Hyojung Soft Tech Joint Stock Company.

IV. ASSOCIATES PERFORMANCE

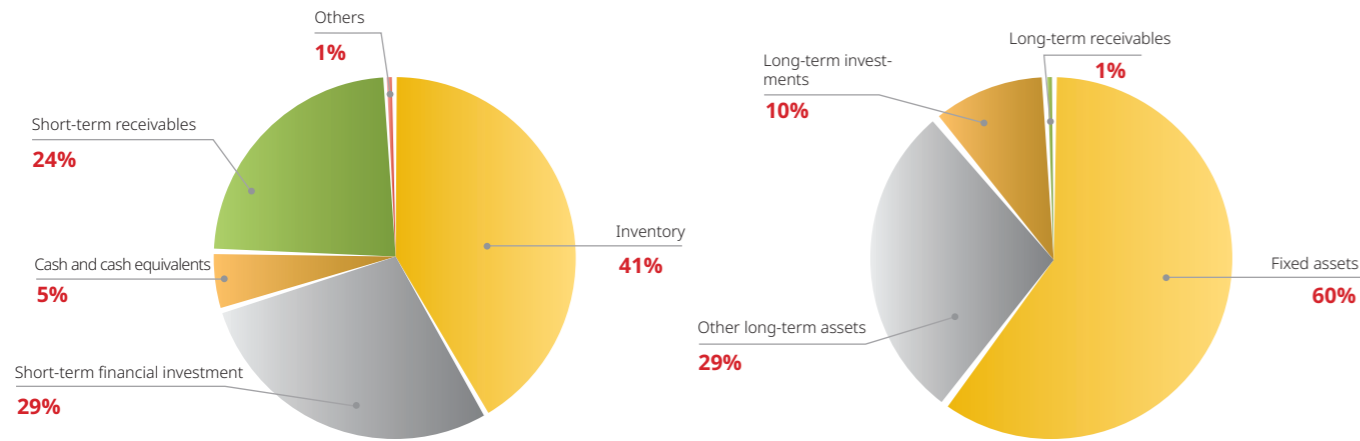
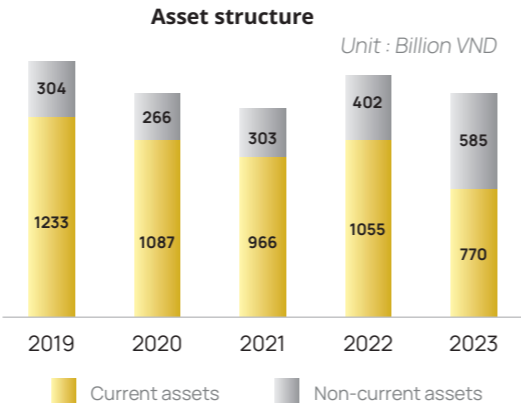
Currently, Everpia has 01 subsidiary in Korea - Everpia Korea Joint Stock Company. The main tasks of this Company are i) business development: finding export orders for Padding and Bedding and ii) product development: expanding supplier network, researching markets, and developing new products for Everpia.

In the challenging market conditions of the textile and garment industry, Everpia Korea managed to maintain a stable revenue of 102 billion VND in 2023. However, due to price competition and rising operating costs, Everpia Korea recorded a loss of 1.1 billion VND in 2023.

V. FINANCIAL POSITION

1. ASSETS

As of December 31, 2023, the total assets reached over 1,355 billion VND, slightly reduced by 7% compared to 2022. There was a shift in the asset structure in 2023, with a transition from short-term assets to long-term assets. In 2022, the ratio of short-term and long-term assets was 72% to 28%, however, in 2023, this ratio changed to 57% and 43% respectively.



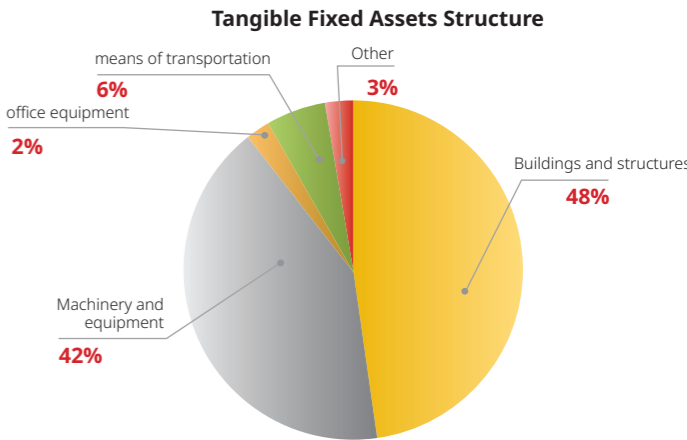
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The current assets amounted to over 770 billion VND, accounting for 57% of the total asset structure, instead of 72% in 2022. There were some fluctuations in the allocation of the current assets. Among them, cash and cash equivalents reached 40.8 billion VND, representing 5% of the total current assets. The available amount of cash and cash equivalents helps the company ensure liquidity and maintain proactive operations in all business activities, rather than depending on borrowings or external sources of funding. Inventory and accounts receivable accounted for 41% and 24% respectively. The company has effectively maintained a good policy for managing account receivables, reducing it by approximately 22% compared to the same period last year

Non-current assets reached 585 billion VND at the end of 2023, an increase of 46% compared from the amount of 401 billion VND in 2022. Of which, the cost of investment for the construction of Giang Dien factory amounted up to 190 billion VND, the cost of installing air conditioning and interior systems for Giang Dien factory was nearly 20 billion VND, the cost of purchasing additional production machinery for all three factories was nearly 30 billion VND. During this period, the company recognized a reduction from the disposal of old assets at Bien Hoa factory, with a value of 60 billion VND.

TANGIBLE FIXED ASSETS STRUCTURE

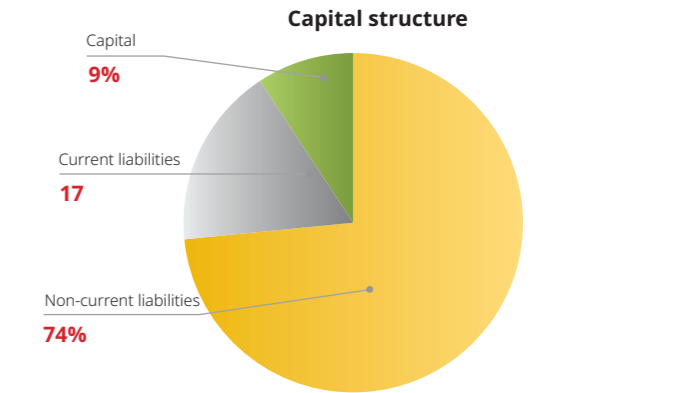
With the complete construction and operation of the new factory in Giang Dien, the proportion of Buildings and structures in tangible fixed assets increased from 35% in 2022 to 48% in 2023. The assets increased during the period with 220 billion VND, including the construction cost of the factory and related facilities worth 197 billion VND, the purchase of machinery and equipments worth 10 billion VND, the acquisition of new transportation vehicles worth 11 billion VND, and the purchase of office machinery worth 2 billion VND.



2. RESOURCES

In Everpia's capital structure, the proportion of equity capital slightly increased from 70.6% in 2022 to 73.8% in 2023 due to a portion of the retained earnings in 2022.

The total liabilities of the company at 31/12/2023 decreased by 17%, accounting for 26% of the total assets and 36% of the equity capital. The current liabilities were down by 25% thanks to a 28% reduction in short-term borrowings and a 16% decrease in short-term trade payables to suppliers. The reduction in liabilities has helped the company alleviate financial burdens and increase flexibility in cash flow management. Non-current liabilities increased by 5% compared to 2022, mainly due to the long-term loans from the Joint Stock Commercial Bank for Foreign Trade of Vietnam with an interest rate of 9.5% per annum over 7 years and from KEB Hana Bank with an interest rate of 3.64% per annum.



3. CASH FLOW

As of December 31, 2023, although there were many expenses increased during the year such as interest expenses and other production activities the net cash flow from operating activities was still positive. The driving force behind this result is not only the changes in inventories but also the held-for-trading securities.

Regarding investment activities, the collections from borrowers, short-term investments, interest and dividends received also play an important part in creating positive cash flow. The company has effectively managed investment activities and taken advantage of opportunities to create internal funding sources and increase cash flow for business activities. However, the net cash flow from financial activities was negative because the Company invested a large sum in building a new factory in Giang Dien and had to pay principal debts.

Cash and cash equivalents at the end of the year reached 40,858 billion VND, down by 25% compared to the previous year. Despite a slight decrease, maintaining positive cash flow shows its great efforts to effectively manage cash flow to create a premise for sustainable business development.

Unit: Million VND

ITEMS	2022	2023
Net cash flows from operating activities	85,260	148,248
Net cash flows used in investing activities	(182,274)	(70,951)
Net cash flows (used in)/from financing activities	98,296	(92,782)
Cash and cash equivalents at the end of the year	54,780	40,858

4. FINANCIAL INDICATORS

Items	UNIT	2022	2023
Liquidity			
Current ratio	times	3.4	3.3
Quick ratio	times	2.2	1.9
Activity Capacity			
Inventory turnover	times	1.8	1.6
Receivables turnover	times	4.9	3.8
Payable turnover	times	12.2	11.9
Total assets turnover	times	0.7	0.6
Profitability			
Gross profit margin	%	38%	32%
Pre-tax profit margin	%	11%	3%
ROS	%	9%	2%
ROE	%	9%	2%
ROA	%	6%	1%
Earnings per share	VND	2,215	425
Financial Leverage			
Debt-to-Equity ratio	times	0.42	0.36
Debt-to-Total Assets ratio	times	0.29	0.26

LIQUIDITY

Everpia’s liquidity has been maintained stable over the years, reflecting low risk of illiquidity. As of December 31, 2023, current assets decreased by 27%, while current liabilities decreased by 25%, mainly coming from the Company proactively paying off nearly 55 billion short-term borrowings, equivalent to a decrease of 28% over the same period. Paying off debt helps the Company reduce interest rate pressure and have flexible financing strategies for upcoming business activities.

ACTIVITY CAPACITY

- Activity capacity indicators have shown fluctuation and less favorable results than last year.
- The inventory turnover experienced a slight decrease, the value of inventory at the end of the year decreased by 12% compared to the same period. The company carried out various measures such as launching the 2023 Collection earlier and accepting production based on pre-orders to be able to calculate the quantity of raw materials needed for proactive production, avoiding the burden of concentrated production during peak seasons. The company also prioritizes dealing with products from collections from 2021 and earlier, and actively resolving fabrics and materials that have been in stock for over 3 years.
- The accounts receivables turnover was 3.8 in 2023. The proportion of receivables to revenue declined from 16% to 13% in 2023. Specifically, short-term receivables decreased by 22% compared to same period but still less significant than the overall revenue decrease of 27%. The provision for doubtful short-term receivables accounted for 16% of total short-term receivables, up from 12% at the beginning of the period.
- In addition, the modest 16% decrease in short-term payables to suppliers also caused the payables turnover to decrease significantly, 11.9 times.

PROFITABILITY

Profitability indicators were lower compared to 2022 due to inefficient business operations and higher costs, which eventually affected the profit after tax target.

FINANCIAL LEVERAGE

The debt-to-equity ratio has improved, as the Company proactively reduced its reliance on debt and strengthened financial stability throughout the year.

5. IMPACT OF EXCHANGE RATE FLUCTUATION AND INTEREST RATES

In addition to having an available source of foreign currency from export activities, the Company also manages the payment of raw material costs by borrowing USD from commercial banks to proactively import raw materials. With export activities in various business segments: padding, bedding, cleaners along with effective exchange rate risk management measures, Everpia has recorded a foreign exchange gain of 7.6 billion VND.

Unit: Million VND

ITEMS	2022	2023
Finance income		
Interest income	31,682	49,447
Foreign exchange gain	18,713	30,886
Gain from trading securities	8,084	7,687
Reversal of provision from trading securities	3,981	11
Dividends income	0	10,308
Other financial incomes	745	556
Finance expenses		
Interest expenses	159	0
Provision for diminution in value of held-for-trading securities	39,728	22,642
Loss from investing activities	6,739	14,494
Foreign exchange losses	17,435	0
Other finance expenses	0	453
	11,862	7,670
	3,693	25

VI. INNOVATION INITIATIVES

1. DIGITAL TRANSFORMATION IN MANAGEMENT

<b>Build a multi-channel retail chain</b>	The company continues to increase the number of agents using POS software provided by Everpia, which aims to automate the order receiving and delivery process. Additionally, the integration into the website www.everon.com allows agents to receive online orders from customers, contributing to increased sales for each sales point.
<b>Upgrade HR management software</b>	Everpia integrated all activities related to human resource management into a unified software - HRIS to provide comprehensive information on workforce changes, recruitment effectiveness, salary and bonus, and personnel structure. Employees can easily search, retrieve personal information, and receive announcements from the company

Install AI cameras to evaluate the showrooms’ performance

The company installed AI cameras in showrooms which allows: i) to analyse the customer’s purchasing journey, ii) to identify the “hot zones”, iii) to monitor and detailed evaluate the product performance in a specific period of time, iv) to analyze customers by groups such as age, gender, number of new customers... From this data, the company will make necessary improvements such as: rearranging the product displays in accordance with the customer’s movement itinerary, assign work for employees based on customer traffic and their sales skills... As a result, the Company can provide a better shopping experience and the effort of employees can also be recognized and evaluated more fairly.

2. CULTURAL DEVELOPMENT ACTIVITIES

Health care for employees

In July 2023, Everpia Collaborated with Nuvilab, a healthcare solution provider from South Korea, and installed AI food scanners in the factory's canteen. By recording meals, the AI food scanner device can measure the nutritional value of each dish and analyze portion sizes, eating habits and eating speed of employees. This is an innovative solution for adjusting food to achieve nutritional balance and ensure the health of the laborers.

Build a united working environment

After several years of postponing due to the impact of the pandemic, in 2023, Everpia organized a series of activities such as a summer trip, sports festival, and year-end party with a goal to create a united working environment, and build team spirit among employees. By organizing these activities within the company, Everpia aims to build a dynamic and harmonious business culture that values teamwork. We believe that a positive and cohesive working environment will promote creativity, enhance productivity, and assist to the sustainable development of the company in the future.

3. RISK MANAGEMENT

Appoint personnels of the Internal Audit department

Performing audit activities, risk-oriented consulting, and objective assessments of the effectiveness of operational processes is an important task in enhancing and protecting Everpia's values. To ensure that all activities of employees, the Board of Directors, and related parties comply with policies, regulations and governance standards, Everpia issued the new “Regulation on Internal Audit,” which has been amended/supplemented to comply with the provisions of Decree No. 05/2019/ND-CP of the Government and Circular 66/2020/TT-BTC of Ministry of Finance, as well as appointed members of the Internal Audit team. This department supports the Company in achieving its goals by applying a systematic and disciplined approach to review and evaluate every process, thereby proposes improvements in corporate governance, risk management and internal control that are appropriate and effective in line with the actual situation.

4. HUMAN RESOURCE MANAGEMENT AND TRAININGS

Open and transparent recruitment

During the recruitment process, the Human Resources department always enthusiastically guides candidates about their applications and recruitment process; advises and clearly explains the policies and benefits for employees. Clear explanations help build a positive and professional image during the recruitment process, thereby attracting and retaining high-quality talent.

Advanced training for employees

Along with recruitment, the company always prioritizes and promotes training programs for workers. We understand that training is especially important for new employees to help them access necessary knowledge about the company understand the Company's work processes, regulations and standards. We also provide in-depth training programs for experienced employees, offering opportunities for further career development.

Periodic assessments and performance-based compensation

Everpia continues to apply performance-based compensation to employees. The company conducts monthly performance evaluations for each department and all staffs. Thereby, the company improves the criteria in the KPI evaluation so that employees’ efforts are fully recognized and evaluated fairly, commensurate with the company's development orientation.

VII. ENVIRONMENTAL AND SOCIAL ASSESSMENT

2023 is the 8th consecutive year that Everpia was praised in the “Top 100 Sustainable Businesses in Vietnam” by the Vietnam Business Council for Sustainable Development. These awards prove Everpia's determination and relentless efforts in sustainable development in both management and production.

1. RESPONSIBILITY IN PRODUCTION

Reduce energy consumption

- Launched the new factory in Giang Dien Industrial Park, which was awarded the EDGE Advanced green certificate thanks to its green efforts in three categories: Water, Energy, and Construction Materials. The factory achieves a 44% energy savings, 23% reduction in water consumption, and 26% reduction in materials used for the complex factory.
- Utilize natural light, use energy-efficient lighting system.
- Optimize routes for product delivery and employee transportation schedule.

Reduce waste and emissions

- Recycle and reuse components and materials from products that do not meet quality requirements instead of destroying or discarding the product.
- Sell to other manufacturers who have a demand for using waste to regenerate raw materials.
- Install and use low-flow sanitary equipment.

Green materials

Everpia always prioritizes the selection of materials that are natural or have minimal impact on the environment throughout the life cycle of the product, as well as always strives to increase the proportion of sustainable materials for the primary material.

Nowadays, our achievements in finding and using green materials are as follows:

- 100% of the fabrics in the collection are cotton and wood pulp-based fabrics.
- 100% formaldehyde-free adhesives are used to manufacture padding.
- Introduced the WOOL ECO padding product line, made from sheep wool combined with recycled fibers.

2. RESPONSIBILITY TO SOCIETY

Society is the third important pillar besides the governance and environment to orient Everpia towards sustainable development. Social responsibility is not only demonstrated the values that the Company brings but also demonstrates the respect for its employees, suppliers, consumers and the community. On special occasions such as Lunar New Year and Mid-Autumn Festival, the Company gives gifts for all employees and gratitude gifts for its partners and customers. This is not only a way to bring joy, encouragement and gratitude for their efforts and companionship, but also an occasion to foster unity and happiness in the company. Moreover, traditionally, at the end of the year, the Board of Managers hands outs 10 special gifts to employees who have difficult circumstances but still consistently excel in their work. This is a very meaningful gesture, reflecting the spirit of compassion and love, “the leaves protect tattered ones”.



B. EVALUATION OF BOARD OF DIRECTORS

I. EVALUATION ON THE COMPANY OPERATION

2023 marks the third year of implementing the development strategy for the 2021-2025 period and also a challenging year economically, presenting several obstacles for Everpia. The tough global economy has transformed the market landscape, promoting the need for technological innovation and posing challenges even the most advanced manufacturing facilities. This requires the Board of Managers to develop new strategies, transform and upgrade in the next phase, becoming a pioneer in the field of home textiles in Vietnam.

With the key duties for the 2021-2025 period, in 2023, the Board of Directors has performed the following tasks:

Develop Everon into a home textile brand

Everpia simultaneously repositioned the Everon brand and researched product lines with the goal of expanding into household appliance products.

Refresh and upgrade the Everon brand to enhance its connection and attractiveness with Millennials. The “new” Everon will still have to maintain the core values that consumers already know and trust; At the same time, it also brings more unique values to our Millennial consumers .

Everon’s core values:

- High Quality
- Diversity and versatility
- Sophisticated and modern design
- Professional customer services
- Commitment to reliability and reputation

Expand product portfolio to home textile products, aiming to become a home fashion brand.

Responsible production and sustainable products

- Green the factory through efforts to improve and upgrade machinery; enhance maintenance for equipment; change the mode of operation; coordinate with consulting units to increase the efficiency of resources.
- Green products through the use of natural materials

Maintain a regular annual dividend payment rate with dividends paid to shareholders in 2022 of 11%.

II. EVALUATION OF BOD ON THE MANAGEMENT ACTIVITIES

1. Overall evaluation of the management activities

The Board of Directors highly appreciates the efforts and determination in the management work of the Board of Managers. The Board of Managers has provided timely and accurate guidance and adhering to risk management requirements, while ensuring consistency with the strategic direction set forth in the resolutions of the Annual General

Meeting of Shareholders and the Board of Directors. In the context of global macroeconomic and the domestic business environment facing numerous challenges, the Board of Managers has chosen a strategy to preserve resources and build a steady foundation for the following stages.

Regarding business activities:

With a complex economic situation and many difficulties, the Board of Managers has shown initiative and flexible response in managing and maintaining production and business activities to ensure stability and create momentum for future development.

- Strategic planning activities continue to be strengthened, strategic goals and action plans are clearly established, however, due to the difficulties in both the domestic retail market and the export market, the Board of Directors had to continuously change plans, and even postpone the implementation of strategies that weren’t appropriate to the market situation in order to preserve resources and better prepare for long-term growth.
- Expand the agent network and increase retail market share (B2C) in provinces, aiming to increase local presence and customer access on a regional scale.
- Continue to support agents in transitioning from traditional direct retail to omnichannel retail – a combination of direct and online channels.
- Strongly invest in product research and development and the quality of agent distribution channels - bringing the most comprehensive and complete experience to customers.
- Build and maintain collaborative relationships with partners, suppliers and business customers. The Board of Managers has shown dedication and professionalism in communicating and working with ministries, departments, authorities and relevant parties, and building long-term and trustworthy relationships as well.
- Increase market inspections. Cooperate closely with authorities to detect and address the counterfeit goods. Implement anti-counterfeiting technologies. Provide guidelines, and information to consumers on how to differentiate genuine and counterfeit products through advertising campaigns.

Regarding rebranding Everon brand activities:

The leadership and management of the Board of Managers plays a decisive role in continuing the implementation of strategic objectives of Everpia for the 2021-2025 period. With decisiveness, a clear vision and a long-term orientation, the Board of Managers always prioritizes affirming Everon’s core values, while encouraging innovation and creativity to shape a “new” Everon brand.

- Propose an overall strategy for the brand and a detailed internal training program to enhance Everon’s value.
- Conduct qualitative and quantitative research on the Bedding market and the Home Fashion Retail market. Analyze in details the market factors, consumer trends and competition to shape the appropriate business strategies, identify existing product weaknesses and potential challenges for the Company.

- Develop the product portfolio, make a pricing strategy and distribution channels for each type of product.
- Establish exclusive long-term agreements with suitable suppliers to ensure the stability and quality of supply, as well as to strengthen key partnerships for product development and market expansion.
- Complete product display for the first flagship store for furniture and household appliances.

Regarding environmental goals:

The Board of Management continues to implement measures to improve production process while reducing the impact on the surrounding environment. In 2023, all production activities of Everpia are directed towards an environmentally friendly factory, saving energy and water consumption, aiming to conserve energy and water consumption, reduce emissions, and properly manage waste and wastewater. Everpia has not recorded any violations received any warnings regarding environmental violations. Furthermore, the success of the padding product line from Sorona fiber and WOOL cotton serves as a motivation to continue developing more natural raw materials to gradually replace traditional materials. Besides, the company is planning to change product packaging from PVC materials to environmentally friendly materials such as paper and fabric.

Regarding social goals:

All benefits and welfare regimes for employees have strictly complied with current regulations and commitments of the Company to employees. During the period, the Company contributed more than 17.5 billion VND to the state budget.

2. Assement results of the CEO

In 2023, the Board of Managers, especially the CEO, made an excellent effort to complete the tasks assigned by the Annual General Meeting of Shareholders. With the achievements during the year, the Board of Directors highly appreciates the capabilities, proactivity and flexibility of the Board of Managers, especially the CEO in managing and implementing business plans and strictly complying with relevant laws and the company’s regulations. Every quarter, the Board of Managers reports business performance results, progress in task completion, and difficulties and advantages in operations. Based on the results of 2023, the Board of Managers, especially the CEO, has made efforts to preserve existing values and the core resources such as human resources, finance, technology; simultaneously, step by step build a growth path as the global and Vietnamese economies are going through difficulties. The Board of Directors believes that the Board of Managers will effectively lead the Company to success and growth in the future.

3. Assessment results of other executives

Members of the Board of Management have done an excellent job of directing and coordinating the Company’s specialized departments toward the Company’s highest aims and interests, earning the trust of employees, partners, customers, and stakeholders.

Laws and regulations in operational activities and provisions according to the Company’s Charter and Internal Governance Regulations, as well as the Resolutions of the Board of Directors have been all strictly complied with. The disclosure of information, financial statements, and corporate governance reports are performed promptly, transparently and effectively by the Board of Management.

III. REPORT ON THE PERFORMANCE OF THE BOARD OF DIRECTORS

Based on the Company’s Charter and Corporate Governance Regulations, the Board of Directors inspected and monitored activities of the CEO and members of the Board of Management in managing the production, business operations, and the implementation of resolutions of the Shareholders’ General Meeting and the Board of Directors in 2023.

In close collaboration with the Board of Management, the Board of Directors has effectively supported the process of achieving the strategic orientation and the proposed business plans, took advantage of opportunities from market changes due to external factors.

Strategic planning continued to be reinforced to adapt and catch up with the new market dynamics. The 5-year strategic objectives and long-term goals are periodically evaluated in the Board of Directors meetings with the Board of Management to ensure that the company stays on track. These goals are also disseminated to all employees, ensuring consistency in direction and action at all levels.

Corporate governance is also promoted. With the goal of adhering to the best practices of Corporate Governance Principles, the Board of Directors is gradually raising its governance standards to better practices, beginning with appointing personnel in charge of corporate governance to strengthening internal audit function for the three-line defense model in risk management..

IV. EVALUATION OF INDEPENDENT BOARD OF DIRECTORS

“The Board of Directors has worked diligently and effectively in supervising, directing and consulting the Board of Management. The Board of Directors and Board of Managements are always willing to listen and consider opinions and suggestions from independent BOD member, and provide satisfactory explanations if those opinions are not applied. Requests for clarifications from the independent BOD member are also answered fully, specifically and promptly.”

Independent BOD member also positively evaluated the Board of Directors’ good management ability and strategic vision in making important decisions for the long-term development. In every discussion on the business performance, international consumption trends or organizational structure, each BOD member has diverse opinions and in-depth expertise to support making the best decision for the Company.

The Board of Directors also demonstrates fairness and integrity in working with stakeholders, including shareholders, suppliers and customers. They have built and maintained trustworthy and long-term relationships, while supporting the sustainable development of the company.

The Board of Directors works with a sense of responsibility and transparency in governance; regularly direct and supervise the Board of Management in the implementation of the Resolutions of the Board of Directors and the General Meeting of Shareholders. In challenging economic conditions, the Board of Directors has clearly shown its leadership role, helping the Company operate stably, at the same time, laying the foundation for the next stage of development, harmonizing the interests of shareholders and all related parties.

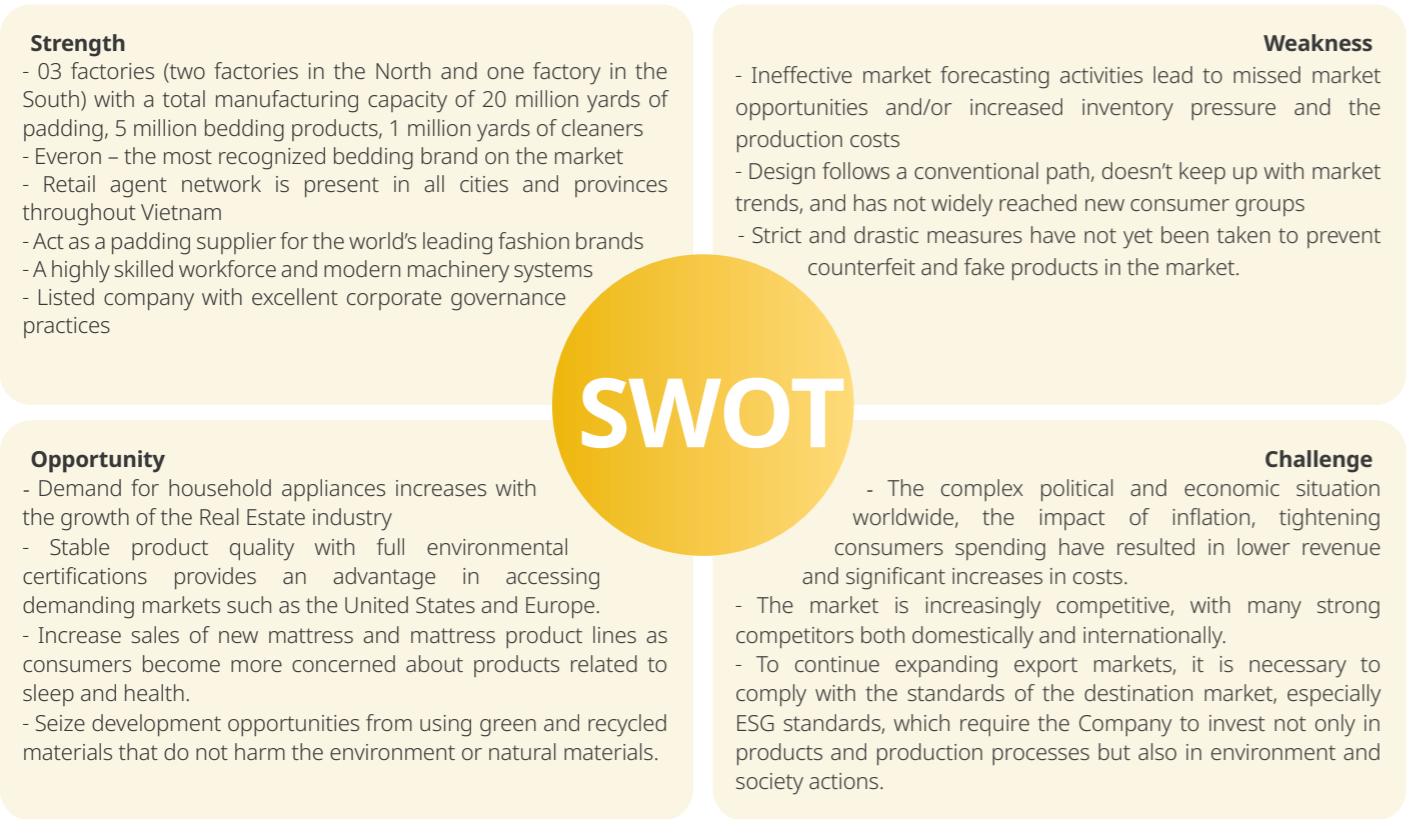
V. ACTION PLAN FOR 2024

1. Everpia's position in the market



From an initially export-oriented company, Everpia has grown strongly, established a strong presence in the domestic economy of Vietnam. Today, Everpia has become a leading retail company with the highest brand recognition in the Bedding and Mattress market, along with a nationwide network of 354 agents.

2. Everpia'a SWOT Analysis



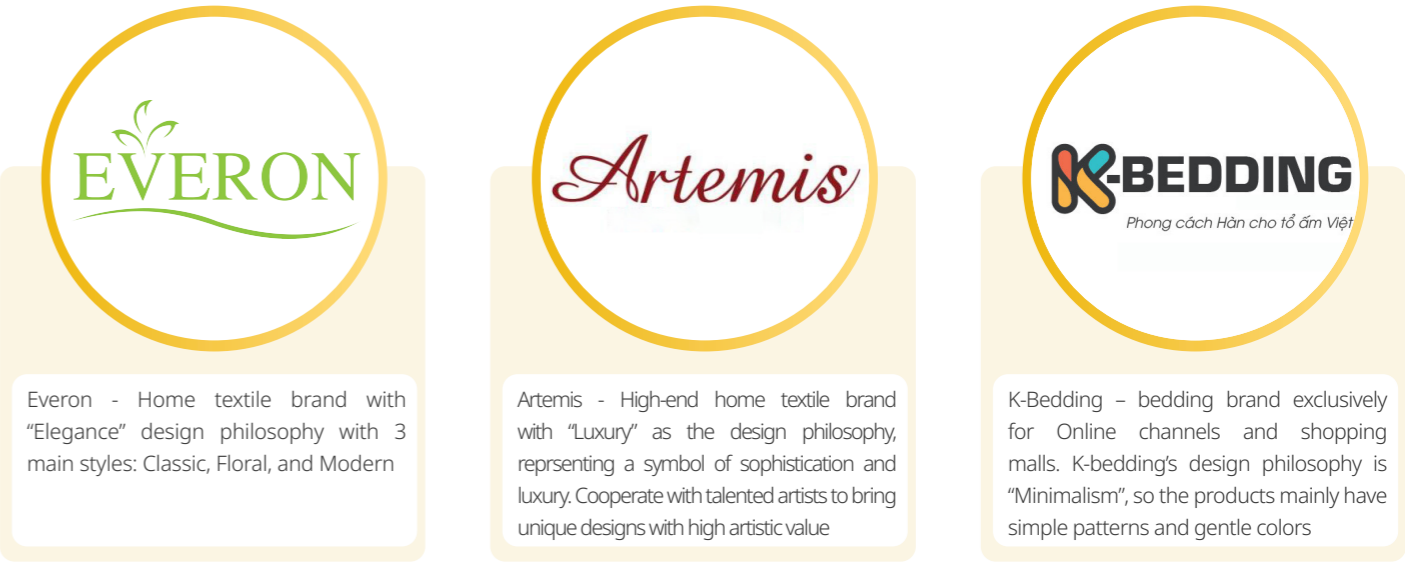
3. Business plan

- Set up sales and profit target for 2024

Items	Actual 2023(Million VND)	% of Revenue	Plan 2024 (Million VND)	% of Revenue	Increase
Revenue	786,853		1,000,000		27%
Profit after tax	17,825	2.3%	60,000	6.0%	237%

- Update, review, and adjust business goals, plan specific budgets for business departments, aiming to complete long-term goals for 2021-2025.
  - Developing a multi-channel distribution system to provide consumers with more choices when making a purchase.
  - Promote online business channel on E-commerce platforms.
- Establish strategic and long-term partnerships with potential partners and suppliers.
  - Strengthen trade activities to find new export customers.

4. Everon rebranding plan



Bedding: Restructure the product portfolio, solve the pain points of previous collections and avoid the overlap situation of the products among brands.

PE mattress and spring mattress: Focus on core products that bring high value to consumers

- Improve PE mattresses for the Everon and Artemis brands, investing in mattress technology, using a variety of materials and firmness levels to cater to diverse customer preferences
- Restructure product category, increase brand recognition and develop exclusive distribution stores for KingKoil spring mattresses - the No. 1 spring mattress brand in the US.

Expand the portfolio with Home Textile accessory product lines

Enhance interaction on all channels, expand brand recognition with the message: "Together with Everon, appreciate the everlasting values that are always exist deep in our cores and are spread throughout society despite how chaotic life is".

Continue to encourage agents to use POS software systems, invest in upgrading inventory management software and complete connection ports so agents can receive and process orders placed by customers on website everon.com, thereby help to increase revenue at each store.

5. Sustainable development strategy

- Conduct Higg FEM index assessment for Everpia's factories.
- Use paper or fabric for product packaging, limit the use of packaging made from fossil fuels with a goal of reducing non-recyclable materials in all packaging by 25%.
- Research the feasibility and take action regarding the EU Strategy for Sustainable and Circular Textiles, apply modern production standards, improve innovative activities related to environment and society.
- Continue to promote the leading role of the Sustainability Committee under the ultimate management of the CEO, in charge of managing sustainability issues. This committee will propose strategies, monitor the implementation, and promote improvements.

- Capture new trends, learn industry practices and strategies to increase the effectiveness of sustainable development activities through joining domestic and international industry associations and initiatives, looking for suitable financial support packages.

6. Human resource development plan

- Maintain and enhance a positive and professional corporate culture at Everpia, create a respectful working environment, encourage creativity and promote personal development of employees.
- Periodically evaluate the competencies of management positions and implement personnel restructuring to ensure the suitability and effectiveness of management roles.
- Training employees with leadership mindset, creativity and the ability to adapt to market changes.
- Review, adjust and update reasonable human resources policies to attract and retain talented people.

7. Company administration activities

- Review Everpia's Corporate Governance practices annually refer to Code of Conduct standards to continuously improve.
- Promote investor relations and information disclosure activities, ensuring transparency and fairness.
- Enhance information sharing, encourage independent BOD member to have in-depth assessments and analyzes on issues under the authority of the Board of Directors, provide practical and feasible recommendations for the Board of Directors to discuss and make decisions.
- Improve corporate governance capacity based on applying the international best practices practices to exploit resources effectively and create long-term sustainable values.

# 04

## POWER OF INTELLIGENCE AND UNITY

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1. MEMBERS OF THE BOARD OF DIRECTORS AND BOARD OF SUPERVISORS

MEMBERS OF THE BOARD OF DIRECTORS



01 Mr. Cho Yong Hwan  
Chairman  
Senior Director

**Nationality:** Korean **Year of birth:** 1965  
**Degree:** Bachelor of Polymer Chemistry  
**Experiences:** Since the early days of Everpia, he has been closely associated with the company and has demonstrated a strong vision, leading Everpia to continuous success. By maximizing the advantages in technology, production processes, and product quality, he has made significant contributions to the establishment and solidification of Everon brand as a prominent player in the bedding industry for over three decades. As the head director of the Ho Chi Minh branch since 2018, he has achieved notable accomplishments. The sales in the southern region have witnessed stable growth, and the K-Bedding – a brand specifically for e-commerce platforms and supermarket chains – has become a significant source of revenue contributing to the overall growth of the company. He is not only an exceptional leader but also a reliable and dedicated companion. With the motto “I can’t but we can,” he is the one who ignites and motivates employees to strive for excellence every day. He’s always willing to listen to the opinions and ideas of his employees to bring more positive changes, and to foster a dynamic and innovative working environment within the company.

**Position of BOD member at other companies:** None **Share ownership:** 461,760 EVE shares, accounting for 1.1%



02 Mr. Lee Jae Eun  
BOD member - CEO

**Nationality:** Korean **Year of birth:** 1964  
**Degree:** Bachelor of Economics - Major in Finance & Investment  
**Experience:** Mr. Lee Jae Eun, as the visionary leader, unifying force, and a strategist, has played a crucial role in charting strategic direction, driving Everpia's current success. He continuously generates groundbreaking ideas, keeps pace with trends, changes, and fluctuations of the market, steering Everpia towards a sustainable long-term growth. With over 20 years of experience in Finance and Investment in South Korea, the combination of his exceptional leadership and quick adaptability has transformed Everpia from a company on the brink of a second bankruptcy into a leading producer of bedding products in the market. The remarkable success of Everpia achieved throughout a 31-year journey stands as a testament to Mr. Lee's great leadership, outstanding managerial skills, and unwavering commitment to continually enhance the standards of quality and innovation within the company.

**Position of BOD member at other companies:** Texpia JSC **Share ownership:** 7,567,344 EVE shares, accounting for 18.03%



03 Mr. Yu Sung Dae  
BOD member  
Senior Director

**Nationality:** Korean **Year of birth:** 1965  
**Degree:** Master of Accounting  
**Experiences:** As an executive BOD member - Senior Director in charge of Management and an excellent manager, Mr. Yu Sung Dae always prioritizes the standardization and modernization of work processes, as well as develops an effective inventory management system for the company. With nearly 30 years of experience at the world-renowned audit corporation – PricewaterhouseCoopers and 28 years as a member of the Korean audit association, he performed a comprehensive reform in constructing financial statements in accordance with the international standards IFRS, which ensures high accuracy and transparency in the company's financial reporting.

**Position of BOD member at other companies:** None **Share ownership:** 135,600 EVE shares, accounting for 0.32%



04 Mr. Le Kha Tuyen  
Independent BOD Member

**Nationality:** Vietnamese **Year of birth:** 1979  
**Degree:** Bachelor of Banking and Finance, Master of Business Administration  
**Experience:** Mr. Tuyen has many years of experience in senior management positions in enterprises in the field of investment and securities. As an independent member of the Board of Directors, he has made significant contributions in establishing relationships with government agencies, providing advice on investment activities, and consulting on medium and long-term development strategies.

**Position of BOD member at other companies:** None **Share ownership:** None

MEMBERS OF THE BOARD OF SUPERVISORS:



01 Mr. Truong Tuan Nghia  
Chief Supervisor

**Nationality:** Vietnamese  
**Experience:** Prior to joining Everpia's Board of Supervisors, Mr. Nghia had over 20 years of experience in the fields of Finance-Investment and Accounting-Audit. His deep understanding of accounting principles and regulations, along with his financial analysis and risk management skills, have made strong contributions to oversee the activities of the Board of Management and the Board of Directors, strengthen the role of Internal Control, ensure the truthfulness and transparency of financial statements, as well as assess and monitor risks that may impact financial statements.

**Share ownership:** None



02 Mr. Ko Tae Yeon  
Supervisor

**Nationality:** Korea  
**Experience:** Held senior management position at LG Electronics and currently serving as the Managing Director of Heesung Electronic in Vietnam, Mr. Ko Tae Yeon has leveraged and applied his knowledge and expertise to provide valuable and practical insights for projects related to supply chain risk management and cost-effective operations management of each production location. Mr. Ko is a key driver in optimizing operational expenses, managing business activities, and driving the development and success of the company.

**Share ownership:** None



03 Mr. Nguyen Dac Huong  
Supervisor

**Nationality:** Vietnamese  
**Experience:** His profound knowledge and extensive experience in the fields of Accounting and Business Administration have made improvements for the efficiency of the company's accounting and financial management. He ensures that the company's accounting system strictly adheres to relevant accounting standards and legal regulations. Additionally, he undertakes the critical tasks of examining, evaluating, and monitoring the accounting processes and financial reporting to guarantee the accuracy, transparency, and reliability.

**Share ownership:** None

2. CORPORATE GOVERNANCE REPORT

The great achievements in corporate governance over the past years are the ongoing efforts for Everpia to maintain and enhance our corporate governance practices. Company continuously updates and seeks innovative solutions to improve the internal governance system, aiming to elevate the quality of governance and create a groundwork for breakthroughs in business operations, aligning with the sustainable development goal, thereby propagating and sharing positive values to the community.

- 

Fully comply with the comprehensive regulations, legal requirements, and governance charters for listed companies in Vietnam.
- 

Apply the “Vietnam Corporate Governance Code of Best Practices” for public companies, which was jointly developed by the State Securities Commission (SSC), the International Finance Corporation (IFC) and the World Bank Group in conjunction with the international corporate governance standards in the G20/OECD Principles of Corporate Governance (revision) and the ASEAN Corporate Governance Scorecard.
- 

Ensure transparency in all company activities, safeguard shareholder rights.
- 

Integrate Environmental, Social, and Governance (ESG) into governance practices, with a focus on sustainable and resilient development.

Corporate Governance at Everpia is built based on 05 core values:



**FAIRNESS**

Everpia guarantees the fairness in protection of shareholder rights, avoiding bias, favoritism, and discrimination, including minority and foreign shareholders. Company adheres to legal regulations and guarantees transparency in granting equal rights to all shareholders.



**RESPONSIBILITY**

Everpia recognizes and protects the rights of stakeholders as established by law. In addition, Company always values active cooperation with stakeholders to create a professional, fair, and trustworthy partnership environment.



**TRANSPARENCY**

Everpia’s primary goal is to build a business environment characterized by honesty and transparency. The BOD is committed to disclosing comprehensive, accurate, and timely information including financial status, business performance and other important matters to all shareholders and related parties.



**ACCOUNTABILITY**

Strategic guidance is a vital part of Everpia’s Corporate Governance framework. The BOD performs the monitoring and assessing the operational effectiveness of the Board of Management in order to support the sustainable long-term development of the Company.



**SUSTAINABILITY**

Everpia assures a harmonious balance between financial and non-financial interests so as to create sustainable value for shareholders.

In the context of Vietnam's economy being affected by the harsh economic challenges in the region and the world, Everpia's management places special emphasis on the Corporate Governance practices to ensure Company operates continuously and sustainably. In 2023, Everpia made major efforts to innovate and improve our corporate governance activities, put the principle descriptions into practices, aligning closely with regional standards. Compared with the criteria in the Vietnam Corporate Governance Code of Best Practices for public companies in Vietnam issued by the State Securities Commission in collaboration with the International Financial Institution (hereinafter referred to as Code of Conduct for short), in this report, Everpia will demonstrate the detail activities the company has undertaken in 2023.

A RESPONSIBILITY OF THE BOARD OF DIRECTORS

Principle 1: Establishing clear roles, responsibilities, and commitments of the Board

**Principle 1.1**  
**The Board should clearly define and disclose the full scope of its roles, responsibilities, and accountabilities.**



The roles and responsibilities of the Board of Directors are specified in the Charter, Internal Regulations on Governance of the Company, and Operational Regulation of the Board of Directors. All these documents are issued in both English and Vietnamese, are reported to the State Securities Commission and the Ho Chi Minh City Stock Exchange, and are widely available in the market and on the company's website. The main information the Company has announced is:



Organizational chart



Company Regulation



Internal Regulations on Corporate Governance



Operational Regulations of the Board of Directors



Principles of Corporate Ethics

The Board of Directors reviews and approves the Company's strategic direction, risk management policies, annual business plans, major investments valued at 35% of total assets, and all external investment projects that form joint ventures, associates, and subsidiaries. The Board of Directors also supervises these investments by receiving reports from the Board of Directors and giving directions at the quarterly meeting.

Since 2020, under the direction of the Board of Directors, the Board of Management has added long-term strategic objectives to the performance evaluation criteria of senior managers in addition to short-term financial goals, based on Balanced Scorecard standards, such as enhancing customer satisfaction & staff competence or digitalizing the management system of distribution channels.

Annually, the Board of Directors reviews and develops not only financial goals but also environmental and social objectives, identifies and assesses non-financial risks, and monitors the implementation of the set of Corporate Ethics to build the foundations for the company's sustainable development. The Company's commitments to the Environment and related parties are fully disclosed on the website.

**Principle 1.2**  
**Board members should fully understand their fiduciary duties to act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company and the shareholders, while taking into account the interest of the company's stakeholders.**

All members of the Board of Directors are experienced individuals with a comprehensive understanding of their roles and responsibilities as described in the law and company policies. Strictly adhering to the requirements in the Company's Charter, Internal regulations on Corporate Governance, and Operation Regulation of BOD, Everpia's BOD members always fulfill their duties with integrity, loyalty, prudence and in the best interests of the company, as well as refrain from using any business opportunities for personal purpose.

Meeting documents regarding the issues to be discussed in quarterly meetings are delivered to the BOD members at least 7 days before the meeting date. In case shareholders' opinions are collected via email, all relevant documents are sent at least 03 working days in advance to provide sufficient time for reviewing, preparing and providing valuable opinions. All meeting minutes documenting all discussed matters are also sent to the BOD members. In order for BOD members to proactively organize their work, the proposed schedules for upcoming meetings and important events are scheduled and notified to the BOD in the fourth quarter meeting of the preceding year.

In 2023, the BOD conducted a total of 10 meetings, consisting of 04 quarterly meetings and 06 meetings to collect opinions on issues under the authority of the Board of Directors. All members actively participate in overseeing the Company's activities, participate in discussions, and propose recommendations for necessary changes for the Company.

The corporate governance report in 2023 recognizes the full participation of all Board of Directors members at meetings throughout the year.

No.	BOD MEMBERS	TITLE	NUMBER OF MEETINGS ATTENDED	MEETING ATTENDANCE RATE
1	Mr. Cho Yong Hwan	Chairman	10/10	100%
2	Mr. Lee Jae Eun	Member	10/10	100%
3	Mr. Yu Sung Dae	Member	10/10	100%
4	Mr. Park Sung Jin <sup>(1)</sup>	Member	3/3	100%
5	Mr. Lee Bang Hyun <sup>(2)</sup>	Member	3/3	100%
6	Mr. Le Kha Tuyen	Member	10/10	100%

(1) Member submitted his resignation on 10/03/2023 and was dismissed by the ASM from 27/04/2023.  
(2) New member was elected on 27/04/2023; submitted his resignation on 08/08/2023

Due to the language barrier, the Korean members of the Board of Directors do not have a certificate of corporate governance training issued by the State Securities Commission. To overcome this issue, the person in charge of corporate governance not only possesses professional training certification but also regularly attends lectures and stays updated on regulations of corporate governance, then conveyed the information to the Board of Directors at the regular meeting in the second quarter.

**Principle 1.3**  
**Together with senior management, the Board should promote good corporate governance culture within the company and monitor its effectiveness at all times.**



The board of directors sits at the center of the corporate governance system of the company and plays a critical oversight role. The main mission of the BOD is to ensure the company's strategy and business goals are implemented effectively. They oversee all activities of the Board of Management to ensure compliance with legal regulations and ethical standards, at the same time, to make sure that the company operates in a manner that benefits shareholders and other stakeholders.

In addition to monitoring and management responsibilities, the Board also ensures that its corporate governance code is regularly updated and is based upon domestic and international best practices which fosters confidence among shareholders, investors and other parties.

**Principle 1.4**  
**The Board should be responsible for ensuring and adopting an effective succession planning program for BOD members, CEO and Board of Management to ensure growth and a continued increase in the shareholders' value.**

The succession plan has been implemented by the Board of Directors since 2019 and is specially promoted in 2023 by assigning more tasks with greater responsibilities and authority to young managers and recruiting more qualified external candidates for senior management roles in important business areas. In addition to fostering vertical qualifications, future leaders are also trained in management knowledge, leadership capacity, and other necessary skills to be ready to take on the job when they are assigned the responsibility.

The BOD commits to supervising and implementing the Company's policies seriously, objectively, and transparently. This includes seeking, training, and developing succession personnel for the BOM and other key management positions within the Company.

BOD members attended the meetings

8100%

BOD members have a Master degree

850%

BOD members are foreigners

886%

**Principle 2: Establish a competent and professional Board of Directors**

**Principle 2.1**  
**Collectively, the Board should possess a diversified and broad range of views, expertise, skills, and competencies, sufficient to provide effective stewardship and oversight of the company.**

The composition of the Board of Directors reflects the diversity of expertise, skills, experiences, and nationalities, creating a Board with multi-dimensional views in many fields with valuable contributions to the Company's long-term development. These professionals are selected and trusted by shareholders through official elections according to the process of appointment, dismissal, and replacement of BOD members, which is clearly stated in the Company's Charter and Internal Regulation on corporate governance.

**Principle 2.2**  
**The Board should be composed of at least two-thirds of non-executive directors**

After two members of the BOD resigned in 2023, on December 31, 2022, Everpia's Board of Directors consisted of 04 members, including 01 independent member, and 03 executive members. Everpia has been actively implementing several measures to search for suitable candidates for the BOD positions who will be appointed at the Annual Shareholders' Meeting 2024. Language barrier is a main factor in finding the right candidates because candidates need to be proficient in either English or Korean in addition to their knowledge of the industry, management, and financial investment.

In the Invitation Letter to the Annual Shareholders' Meeting as well as the Regulation on election and candidates for members of the Board of Directors, the company always emphasizes the rights of shareholders and groups of shareholders in nominating candidates for the Board of Directors. The Company is constantly looking for qualified and suitable candidates for the position of independent and non-executive members of the Board of Directors, who can advise, support and promote the Company's development, while also progressively moving towards international practice.

**Principle 2.3:**  
**The Board shall appoint a professionally qualified Corporate Secretary**

The person in charge of corporate governance is appointed pursuant to Resolution of Board of Directors No. 005/2023/HĐQT/NQ dated April 28th, 2023. The criteria for selecting personnel for this position are clearly specified in the Company's Charter and Internal Regulation on Corporate Governance. Everpia doesn't appoint a Company Secretary, because the person in charge of corporate governance fully performs the roles and duties of the Company Secretary. Main responsibility of the person in charge of corporate governance is to track, update, and examine the effectiveness of the Company's governance practices, as well as to ensure full compliance with relevant legal regulations. This personnel acts as a bridge for information between the company and its shareholders and stakeholders. Furthermore, this individual manages the processes related to the annual shareholder meeting; manages all logistics for Board of Directors meetings; advises the Board of Directors on corporate information disclosure and compliance with corporate regulations, securities, and listing requirements.

**Principle 2.4**  
**The Company should provide in its Board Charter and Corporate Governance Regulations a policy on the continuing development of directors**

During the search phase, the prospective candidates are carefully oriented upon joining the BOD to ensure that they thoroughly understand their responsibilities and are able to effectively fulfill the duties and obligations entrusted by shareholders. With the support of the person in charge of corporate governance, the current BOD members promptly provide guidance to the newly appointed members immediately after officially becoming a BOD member on crucial matters regarding corporate governance, business operations, the company's Charter, and the Code of Corporate Ethics. In terms of training, since most of the training courses on Corporate Governance in Vietnam are conducted in Vietnamese, there are obstacles for foreign members of the Board of Directors/Board of Management to participate. Therefore, the Company often appoints the person in charge of corporate governance to attend and re-train Board members.

Principle 3: Ensure effective Board leadership and independence

Principle 3.1  
Once elected, all board members have a responsibility to the company

With the sense of responsibility of Board members, the decisions of the BOD always obtain the necessary objective, capable of well-performing the function of monitoring and evaluating independently the operation of the BOM. Independent directors have privileged access to relevant information through the Planning and Accounting Department. All board members are given full access to any information without restriction.

To ensure independence and objectivity for the resolutions of the Board of Directors, members with ties or conflicts of interest will not be allowed to vote on related issues.

Principles 3.2, 3.3, and 3.4  
Independent BOD members

At the present, Mr. Le Kha Tuyen is the sole independent member among the total of 4 members of Everpia’s BOD. He does not hold any EVE shares; has no affiliations with the Company, affiliated businesses, or Everpia personnel. He is highly qualified and possesses the capabilities, professional experience, therefore meets the criteria set by the IFC for the definition of an “Independent Director” which helps ensure more objective decision-making, particularly in conflict of interest situations. Mr. Tuyen was elected a member of the Board of Directors in the mid-term of the Board of Directors 2017-2022 and continued to be elected for the next term of 2022-2026. With a profound understanding of the financial market, he gave valuable advisory opinions on financial investment activities, assisting significantly to the Company’s profitability.

Principle 4: Establish Board Committees

Everpia did not establish the Board of Directors subcommittees because the operational scale of the Company is not too large and is still under the control of the Board of Directors. Moreover, the specialized departments, the Internal Audit team as well as the Independent Audit have effectively supported the Board of Directors in operational control and internal risk management.

Principle 5: Ensure effective performance of the Board

Principle 5.1  
The Board should conduct an annual self-assessment of its performance

In 2023, the Board of Directors of the company conducted 10 meetings including both regular meetings and other consultation sessions. All meetings were held in accordance with the procedures and processes with active participation, comments, and approval of members of the Board of Directors. The resolutions and decisions of the Board of Directors are adopted based on the high consensus of the members in order to ensure the best interests of shareholders and the sustainable development of the Company. In addition to issues under the authority of the Board of Directors, the meetings in 2023 mainly focused on the development strategy of the retail business; closely followed the evolution of business results in each quarter to make timely decisions and directions in line with market fluctuations.

Resolutions of the Board of Directors in 2023:

No.	RESOLUTION/DECISION NO.	DATE	CONTENT	APPROVAL RATE
01	001/2023/HĐQT/NQ	24/02/2023	Approve the plan of holding ASM 2023	100%
02	002/2023/HĐQT/NQ	05/04/2023	- Approve the 2022 Profit distribution plan - Approve the Business target for 2023 - Approve the meeting documents for the ASM 2023	100%
03	003/2023/HĐQT/NQ	19/04/2023	Approve the plan on repurchasing ESOP share by Everpia Labor Union	100%
04	005/2023/HĐQT/NQ	28/04/2023	- Dismiss Mr. Lee Bang Hyun from the position of the Person in charge of Corporate Governance - Appoint Ms. Dinh Thi Thanh Nhan as Person in charge of Corporate Governance	100%
05	006/2023/HĐQT/NQ	11/05/2023	Plan on paying cash dividend for 2022	100%
06	007/2023/HĐQT/NQ	30/06/2023	Select the independent audit firm for the financial statement of 2023	100%
07	008/2023/HĐQT/NQ	29/09/2023	- Approve the amended / supplemented “Regulation on Internal Audit” - Appoint the personnels of Internal Audit team	100%
08	009/2023/HĐQT/NQ	04/10/2023	- Change the location of Dong Nai branch - Close the investment project of Everpia JSC branch	100%

At each 4Q meeting, the Board of Directors reviews the overall performance and evaluates the level of work completion of each member, while also approves of goals and action plans for the coming year. The Internal Regulations on Corporate Governance, as well as the Board of Directors’ Operational Regulations, precisely specify operational evaluation requirements. At the Annual Shareholders’ Meeting, the outcomes of this evaluation are summarized and presented to Shareholders by the representative BOD member and the independent BOD member.

Principle 5.2  
The Board of Directors should have in place a system that provides, at the minimum, criteria and process to determine the performance of the Board and its members.

The evaluation of members of the Board of Directors shall be conducted in accordance with the guidelines for performance evaluation specified in the Company’s Internal Corporate Governance Regulations and the Operational Regulation of the Board of Directors. The evaluation criteria include business performance indicators, non-financial indicators, and the compliance with legal regulations. This evaluation is conducted fairly and transparently, ensuring objectivity and accuracy; subsequently, the results is compiled and reported to the shareholders at the Annual Shareholders’ Meeting.

Principle 5.3  
Board of Directors’ Remuneration

Remuneration for the Board of Directors is approved at the Annual Shareholders Meeting each year. This remuneration is fixed from 2013 till now. The remuneration for each member is determined objectively, scientifically, and transparently based on their capabilities and the contributions to the overall performance, creating motivation for the BOD to lead the Company to achieve both short-term and long-term goals.

The members of the Board of Directors holding executive positions do not receive remuneration, only receive salaries corresponding to their positions and responsibilities, with business performance indicators accounting for 70% and sustainable development targets accounting for 30%. The remuneration structure for independent Board of Director members is paid based on the contributions of each member. Detailed information regarding the remuneration of each BOD member is disclosed in the quarterly financial reports and the audited financial statements. Board of Directors Remuneration before tax in 2023 is as follows:

Unit: VND

No.	NAME OF BOD MEMBER	POSITION	REMUNERATION	SALARY	BONUS AND OTHER INTERESTS	TOTAL
01	Cho Yong Hwan	Chairman	0	2,643,781,770	0	2,643,781,770
02	Lee Jae Eun	Executive Member	0	5,544,416,003	0	5,544,416,003
03	Yu Sung Dae	Executive Member	0	2,651,815,208	0	2,651,815,208
06	Le Kha Tuyen	Independent Member	86,400,000	0	0	86,400,000
Total			86,400,000	10,840,012,981	0	10,926,412,981

Principle 6: Establish and maintain a company ethical corporate culture

Principles 6.1 and 6.2

The Board should issue and ensure the adoption a Code of Business Ethics

The Corporate Ethics Principles is published in the Corporate Governance section on the Company's website:



Since 2017, the Board of Directors and the Board of Management have signed a decision to issue the Corporate Ethics Principles in order set an appropriate ethical business culture within the Company. It stipulates 05 principles of conduct with key stakeholders including:

- (1) Respect customers;
- (2) Respect shareholders;
- (3) Respect employees;
- (4) Companionship with partners;
- (5) Commitment to nation and society.

The clauses and policies reflect the principles of responsibility, fairness, and transparency. The principles are disseminated and implemented among the managers and all employees, and diligently oversee the adherence to these Principles throughout the company's operations.

In addition, an ethics hotline that directly connects with the Internal Control department has also been established to encourage internal people and stakeholders to speak up about non-standard behaviors and uphold the spirit of compliance, contributing to the development of a transparent and sustainable Everpia. At the beginning of each financial year, the Corporate Legal department delivers the “Ethical Practice Plan” to all suppliers and owners of the company’s agents to inform them of Everpia’s transparency policy. The Internal Control Department and the Legal Department are responsible not only for enforcing the checkpoints to ensure the Code is followed but also for keeping information secret so that people who speak up do not face reprisal.

This set of principles will be updated and augmented to reflect changes in the social - environment in order to unite and complement the execution of Everpia cultural principles.

Principle 6.3

The Board of Directors is the focal point of and collectively bears accountability for the governance of the company, its long-term success, and the delivery of sustainable value to its stakeholders.

In all relationships, the Company's Board of Directors and Board of Management behave ethically, honestly, and with integrity. At the same time, Everpia's Board of Directors and Management guarantee that all laws, rules, standards, and internal norms and regulations are followed. All deliberations and resolutions are based on core values, responsibility, fairness and transparency; ensuring that the Company complies with applicable laws, regulations, standards and internal policies of Everpia. The Board of Directors is always a role model for the Board of Management and employees in the Company.

B CONTROL ENVIRONMENT

Principle 7: Establishing a sound risk management and control environment

Principle 7.1

The Board of Directors should ensure integration of strategy, risk, and control

The Board of Management and the Board of Directors always carefully takes into account relevant risk factors in all business operations. In addition to the business development and expansion strategy, the Board of Directors always integrates considering potential risks and risk control factors such as: ensuring the profit/revenue ratio, integrating ESG in the Strategy, Management managing, and monitoring the performance of the Board of Directors. At the quarterly meeting, the Board of Directors updated and approved the adjustment of the action plan toward medium and long-term operational goals. (Please refer to the Risk Management section on page 68 for more information )

Principles 7.2

The Board of Directors should establish an internal audit function

To standardize the internal audit activities, the Board of Directors has approved the Resolution No. 008/2023/HDQT/NQ dated 29/09/2023 on appointing members of the Internal Audit team. Internal audit team helps the BOD to assess the work of internal audit activity's plan, as well as improve the effectiveness of governance, risk management, and control processes. Internal Audit members are selected based on the criteria set by the current legislation and they regularly participate in training courses to enhance their professional competence.

The Resolution No. 008 also approved the new “Regulation on Internal Audit,” which has been amended/supplemented to comply with the provisions of Decree No. 05/2019/ND-CP of the Government and Circular 66/2020/TT-BTC of the Ministry of Finance. This regulation clearly states the authority, responsibilities and Scope of activities of the internal audit team.

Principles 7.3, and 7.4

The Board of Directors should establish a function like a line of risk defense

At Everpia, the Internal audit team and Inspection team were established as a second line of defense. The main function of these departments is to control the management processes and operational procedures to prevent, detect, and address risks, ensuring effectiveness and high productivity in operations. Its authority, responsibilities, and mission are clearly defined in the Company's Internal Audit Activity Charter.

Under the monitoring of the Board of Supervisors, the Board of Directors implemented activities to secure the investments of the shareholders and the company's assets. Complying with Vietnamese laws and regulations, the Board of Directors built an internal risk control system by identifying structural subjects and setting up a preventive monitoring system following the Sarbanes-Oxley Act of 2002, under the guidance of the auditing firm PwC. Besides processes that are directly related to production and business activities, processes to guarantee IT security, social environment, and legal environment are also created with specialized risk management points.

Principle 7.5

The Board should ensure that the company establishes a cybersecurity management framework

Under the advice of Auditing Firm PwC, since 2017, the Company has established an information technology system safety management process called Information Technology General Controls (ITGC) including the following contents:

- i) IT Control environment
- ii) Access to programs and data
- iii) Control system operation Computer Operations
- iv) Program Change
- v) Program Development

This process enables the company to systematically orient, install, monitor, and evaluate security operations, as well as support the adoption of network security solutions such as data encryption, authentication, access control, monitoring, and vulnerability mitigation. Therefore, this process has been an integral part of the overall risk management system of the company.

**Principle 7.6**  
**The Board of Directors should establish the selection criteria for the external auditor**

The Shareholders approve and decide on the list of independent auditing companies, according to Clause 1, Article 14 of the Company's Charter. The Board of Directors held a meeting based on the approved list of Shareholders to discuss the development of service quality criteria to ensure the report's transparency and standards, as well as to select the appropriate audit unit to review and audit the financial statements. Everpia's financial statements have been audited by one of the top four accounting companies in the world (Big4) since 2009.


When choosing an independent auditing firm, the Board of Supervisors take into consideration the experience, professional qualifications, recognized achievements, and the independence when providing auditing services without any relationship or interests with the Company. Moreover, the Board of Supervisors, with active support from the Internal Audit, is responsible for monitoring the audit process and evaluating the independent audit firm to ensure the audit quality. Based on the recommendations of the Board of Supervisors, the Board of Directors chooses a reputable firm with the most reasonable cost, ensuring the effectiveness of the audit process. The signing of the Audit contract is disclosed on the Company website at the signing date. Pursuant to the Resolution of Annual Shareholders' Meeting No. 01/ĐHĐCĐ2023/NQ dated 27/04/2023 and the Resolution of BOD meeting No. 007/2023/HĐQT/NQ dated 30/06/2023, the Ernst and Young Vietnam Ltd (EY) continues to be chosen as the independent audit firm for the consolidated financial statements in 2023.

Periodically, based on the reports of the Internal Audit and the independent audit company on financial control, operation, compliance, and information technology, the Board of Directors runs an evaluation of compliance with the relevant laws and protection of the Company assets from potential risks.

**C DISCLOSURE AND TRANSPARENCY**


**Principle 8: Strengthen Company disclosure practices**

**Principle 8.1**  
**The Board should establish the guidelines and procedures for disclosure of information**




**03 portals**

Always fully disclose information on 3 portals: Company's website, Portal of the Ho Chi Minh Stock Exchange, Portal of the State Securities Commission.



**Bilingual**

In addition to quarterly financial statements, all information periodically disclosed and information disclosed on ad hoc basis are made bilingually, Vietnamese and English.



**Transparent**

The disclosed content is clear, complete, understandable and accessible.

As a listed company on the stock market, Everpia always fully complies with the requirements for information disclosure on the stock market in accordance with current regulations. All information is disclosed simultaneously, promptly, and accurately to all shareholders in both Vietnamese and English. They are also fully disclosed through the Portal of the Ho Chi Minh Stock Exchange, the State Securities Commission, and the Company's official website.

The information related to the quarterly business performance reports or the shareholder rights is promptly updated all shareholders via emails.


**Principle 8.2.**  
**The Board should ensure easy and nondiscriminatory access to disclosed information**



Everpia always prioritizes the goal of promoting effective, ensure easy and nondiscriminatory access to disclosed information. The Planning Department is responsible for investor relations activities; publishing information in a non-discriminatory manner; complying with legal regulations regarding information storage; and communicating with shareholders, investors and analysts.

In 2023, the company greatly benefited from direct conversations and face-to-face meetings with analysts from securities companies and investment funds. Through these discussions, the Company had the opportunity to present our detailed business strategies, gain a deeper understanding of the perspectives and evaluations from experts, and listen to the feedback and proposals of investors for the development direction of the Company in the medium and long-term.

Contact information for the Investor Relations department is presented in the Investor Information section of this Annual Report and is also available in the Investor Relations section of the company website. This entire communication is aimed at promoting effective, easy, and non-discriminatory access to information.

Contact for the Investor Relations team- Planning Department

 Everpia Joint Stock Company, Tan Quang, Van Lam, Hung Yen

 (+84 – 221) 3791777 | Internal Number: 348  info@everpia.vn

**Investor Relations Page:**



In order for shareholders to stay informed about the information on the Company's production and business activities, the company actively publishes news regarding significant events and the quarterly business analysis reports via emails and on the Company's website at: <https://everpia.vn/quan-he-co-dong/ket-qua-Kinh-doanh-cte22.html> . By adopting this approach, the company fosters trust and strengthens our reputation within the investment community and the public, thereby contributing to long-term sustainable development.

**Principle 8.3 The Board of Directors ensures the disclosure of non-financial information**



In addition to the information disclosure related to the Company's operations and governance, Everpia also discloses information on environmental and social issues on the Sustainability Report according to standards issued by the Global Reporting Initiative (GRI).

Through this report, Everpia presents commitments and implementation processes and activities taken to maintain long-term partnerships with stakeholders and the environment. These commitments are an essential part of the company's management strategy and operational effectiveness to drive sustainable success.

Commitments which are related to the environment, stakeholders, and corporate governance are displayed on the company's website to help stakeholders, such as customers, shareholders, and the community, gain a better understanding of Everpia's efforts in promoting sustainable development and making positive contributions to society and the environment.

**Principle 8.4**  
**The Board of Directors should ensure remuneration of members of the board and key executives is disclosed publicly**

The remuneration of Board of Directors members and the salary of the Board of Management are shown in detail in the quarterly financial statements of the company. For transparency and openness, this information is widely published on the information channels of the State Securities Commission, the Stock Exchange, the company website and is reported to the shareholders at the annual meeting.

D SHAREHOLDERS RIGHTS

Principle 9: Establishing a framework for effective exercise of shareholders rights

Principle 9.1 The Board should establish and disclose the policies protecting shareholders' rights

Everpia recognizes and values the rights of its shareholders, including minority and foreign shareholders. The rights of shareholders are specified in the Company's Charter including basic rights to the number of shares owned, the priority to buy newly offered shares corresponding to the percentage of shares owned, access to information, address, and vote at the Annual Shareholders' Meeting.

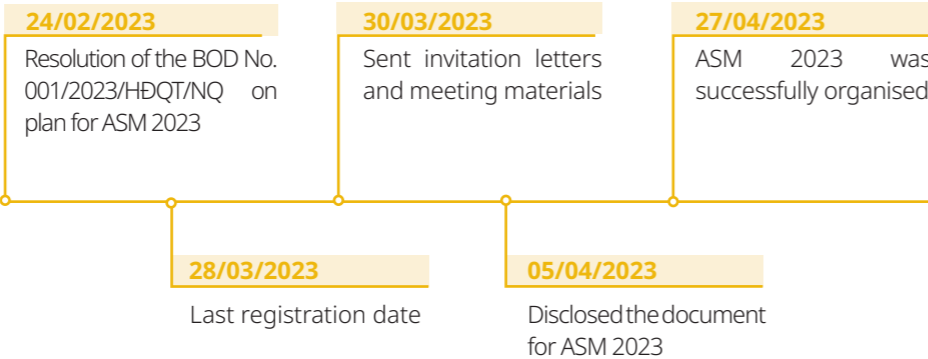
All shareholders are treated equally. The simultaneous and transparent information disclosure builds trust and enhances interaction between the company and the shareholders.

Shareholders or a group of shareholders owning from 5% and above have rights to request the organization of General Shareholders Meeting, review of Board of Supervisors on specific issues, checking the list of shareholders, and other rights stipulated by law.

Principle 9.2 The Board should organize effective shareholders' meetings

All procedures for organizing a Annual Shareholder's Meeting of the Company are always carried out in accordance with the provisions of the Charter, Internal Governance Regulations, and the Law on Enterprises. The company has always been successful from the first organization and has not had any complaints related to the previous meetings. This proves that the company strictly complied with procedures and regulations, met all the requirements and obligations for information disclosure, as well as created a fair environment for all shareholders. Furthermore, Everpia's Annual Shareholders Meeting is conducted through a combination of in-person and remote voting methods, this provides opportunities for all shareholders to exercise their rights. Questions from shareholders are fully addressed and recorded in the meeting minutes.

The procedure timeline for ASM preparation including closing shareholder list, sending invitations, and meeting materials are fully complied, details as followed:



Detailed information about BOD/BOS candidates' backgrounds and experiences is announced in meeting materials. During the meeting, the BOD, BOM, and BOS were always willing to answer every question and concern from shareholders, thereby all the proposals were approved with high consensus. The ASM minutes were announced within 24 hours from the end of the meeting.

Principle 9.3 The Board should develop and implement a fair and consistent dividend policy.

Since its public listing, every year, Everpia dividends have been approved by the ASM based on the Company's business performance and the profit distribution policy. As the operation of the factories stabilized, the General Director and the Board of Directors proposed an amendment to the profit distribution policy: the BOD and BOM adjusted the ratio to 50% for dividends and 50% for production and business activities, instead of the old ratio of 1/3 for dividends, 1/3 for investment and 1/3 for production, business activities.

Accordingly, for the 2022 profit, the business issued a cash dividend at a rate of 11%, with a total payment value of VND 46.1 billion, corresponding to 50.2% of yearly earnings. The dividend list was carried out in accordance with Resolution of the BOD No. 006/2023/HĐQT/NQ dated May 11th, 2023.

Principle 9.4 All shareholders shall be treated equally

Shareholders' rights and obligations are clearly and transparently stated in the Charter and Internal Corporate Governance Regulations to ensure fair treatment for all shareholders. All important information about the company's operations, information that may affect share prices, or shareholders' decision to hold shares is disclosed fully, accurately, timely, and transparently.

Principle 9.5 Related-party transactions (RPTs) should be approved and conducted in a manner that ensures proper management of conflict of interest.

Transactions with related parties are strictly controlled and implemented by the Board of Directors in accordance with the assigned rights, ensuring transparency and prioritizing the interests of the Company and the shareholders, avoiding conflict of interests among internal persons and related parties. These transactions are also published every 6 months in the Corporate Governance Report.

E STAKEHOLDERS RELATIONS

Principle 10: Building effective stakeholder engagement

Principle 10.1 The Board should ensure establishing rules for stakeholder protection and engagement.

Everpia respects the legal rights and interests of related stakeholders. Our commitment is reflected through the strict compliance with regulations and the application of the Code of Business Ethics.

(Detail information is presented in Chapter 5 - Sustainability Report – page 72 of the Annual Report.)

Principle 10.2 The Board should ensure and oversee the appropriate dialogue between the company and its stakeholders.

The Investor Relations Department and the Customer Services Department acts significantly as the focal points to receive information from relevant parties, and directly handle or coordinate with functional departments to solve the problems of the stakeholders The Investor Relations Department acts as a bridge between the company and its shareholders, responsible for receiving and handling requests, suggestions, and complaints from shareholders, providing support regarding their rights and interests, as well as addressing inquiries related to the company's operations. The Customer Services Department is responsible for receiving direct information from customers and addressing their issues and concerns efficiently. The Internal Audit team is assigned to supervise these activities.

F SUSTAINABILITY AND RESILIENCE

ENVIRONMENT AND SOCIETY

In addition to considering the two-way impact of financial factors, the BOD and the BOM of Everpia also pay special attention to the interrelation of non-financial factors, including environmental and social issues that can affect the company's asset value, long-term revenue and profitability, as well as the impact on society and the environment, for example, responsibilities related to greenhouse gas emissions, human rights policies, training programs... While sustainability risks may not seem financially significant in the short term, they are crucial financial matters in the long run, therefore, Everpia has established discussion channels with the employees, shareholders, and related parties to clearly identify the essential roles of exchanging information for the decision-making process of the management and to enhance trust in the long-term business.

Based on the changes in the contextual impact on Everpia, the stakeholders’ needs and interests to identify important issues and assess the company’s resources, the Global Reporting Initiative (GRI) and 17 sustainable development goals of Vietnam. Everpia presents the mid and long-term sustainable development goals at the Sustainable Development Report. Everpia started preparing the Sustainable Development Report in 2018, which provides the yearly relevant sustainability data and the maintenance and improvement measures undertaken. As part of the Annual Report, this report is fully published on the company’s website, the portal of the State Securities Commission, and of the Ho Chi Minh Stock Exchange for all investors to have the ability to access, evaluate the reliability and monitor the achievement progress of each goal and target.

(Please refer to the detailed Sustainable Development Report on the page 79)

GOVERNANCE

**Principle 11**  
The company implements dialogues between the company and shareholders and stakeholders to exchange views on sustainability matters as relevant to the company’s business strategy.

Everpia establishes communication channels including email and hotline to receive and respond to the concerns of investors and stakeholders regarding sustainable development activities. In 2023, foreign investment funds, who are shareholders, frequently request updates on information about environmental and social certifications such as BSCI, GRS, Higg, and Edge Advance. Every request and inquiry from shareholders and stakeholders is promptly acknowledged and addressed by the company.

To enhance shareholder rights, the company plans to add more appropriate mechanisms to our corporate governance regulations so as to fairly consider the rights of dissenting shareholders, which includes requiring the consent of a majority of shareholders or granting the option for shareholders to sell their shares back to the company at a reasonable price.

As for employees, the quarterly Labor Conference serves as a platform for all employees to assess critical environmental issues, express their perspectives on sustainability matters, and propose improvements for the company to enhance the working environment, carry out more activities for the community and the environment.

**Principle 12**  
Boards adequately consider material sustainability risks and opportunities when reviewing, monitoring, and guiding governance practices, strategy, disclosure, risk management, and internal control systems, including with respect to climate-related physical and transition risks.

By receiving the quarterly reports from the person in charge of corporate governance, the Internal Audit Department, and the Sustainable Development Committee, the BOD oversees and ensures that internal governance and control are conducted in accordance with procedures and regulations to increase reliability in risk management activities and the information disclosure, particularly sustainability information. The BOD regularly discusses medium and long-term strategies in both the Bedding and Fiber industries to address the challenges of rising temperatures, additionally, the BOD also evaluates the risks associated with speed and adaptation level of Everpia to internal and external changes in order to reduce greenhouse gas emissions and renewable energy transition.

To ensure financial stability, the BOD reviews and approves some projects worth 35% of total assets, which are primarily long-term investment projects for factories aiming for green factory standards and sustainable production.

**Principle 13**  
The corporate governance code considers the rights, roles and interests of stakeholders and encourages active cooperation between companies, shareholders and stakeholders in creating value, quality jobs, and sustainable and resilient companies

The competitiveness and ultimate success of a company stem from the collective efforts and contributions of its stakeholders, such as investors, employees, suppliers, customers, and other relevant parties.

Promoting collaboration among these parties can create a valuable resource for building competitive advantages and generating long-term benefits. Recognizing this, Everpia not only fully complies with relevant regulations and agreements with each party but also implements many additional commitments with stakeholders, for instance, disseminating widely Corporate Ethics Principles and Business Ethics Implementation Plan on the company’s website, disclosing of salary scale for employees, issuing Collective Labour Agreement, establishing and publicizing democratic mechanism in the workplace, exchanging and dialoguing information in the workplace, establishing the Labor Union, creating conditions for programs and activities. All stakeholders have the right to access these regulations in a comprehensive, timely, and regular manner.

3. OPERATIONAL PLAN OF THE BOARD OF DIRECTORS’ CORPORATE GOVERNANCE

With the evaluation of Everpia’s corporate governance based on the Vietnam Corporate Governance Code of Best Practices and the ASEAN Corporate Governance Scorecard, the BOD recommends and sets forth several objectives that require focused implementation and completion in order to continuously enhance the quality of governance, and to adapt changes for the new goals.

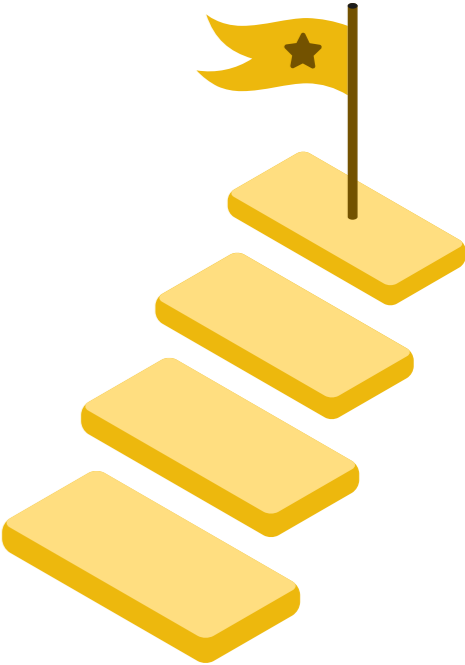
SHORT TERM OBJECTIVES



-  Maintain and expand investor relations activities and information disclosure to uphold transparency and fairness.
-  Revise, supplement, and issue Internal Regulations on Corporate Governance according to the new standards set forth in the G20/OECD Principles of Corporate Governance (revised) in 2023.
-  Continuously enhance the capabilities and expertise of the BOD, BOM, the person in charge of corporate governance, and other key managers through a combination of internal training and participation in training programs organized by the State Securities Commission and other credible institutions.
-  Strongly implement a stakeholder engagement strategy, collect feedback from shareholders, employees, customers, and the community with an aim to ensure alignment in company’s activities with the stakeholders’ interests.
-  Continue the environmental footprint assessments and seek opportunities to reduce carbon emissions, minimize waste generation, and conserve the resources.

LONG TERM OBJECTIVES

-  Enhance the company’s governance capacity by maximizing the application of international Best Practices to ensure efficient resource utilization and create long-term sustainable value.
-  Find and appoint new members to the BOD who have visionary leadership and innovative thinking to bring strong transformations to the company in the future. Enhance the participation of independent BOD members, encourage them to conduct in-depth evaluation and analysis of issues that fall under the purview of the Board of Directors, and present feasible solutions for the Board of Directors’ consideration and decision-making.
-  Regularly acquire knowledge and update practices in corporate governance both domestically and internationally, also proactively share information regarding corporate governance and organizational models with major shareholders, including foreign investment funds, to leverage their experiences in developing international-standard corporate governance models.
-  Promote the integration of ESG in governance towards sustainable development through a transformation roadmap to realize the set goals and commitments. Collaborate with suppliers to promote sustainability throughout the supply chain, emphasize the responsible sourcing activities, safeguard the rights of workers, and reduce environmental impacts.
-  Develop a roadmap for transitioning to renewable energy sources such as solar or wind power to reduce dependence on fossil fuels and minimize carbon emissions.




4. BOARD OF SUPERVISORS REPORT

4.1. Review Board of Supervisors' activities


4.1.1. Supervise Board of Directors, Board of Management, and Shareholders:

METHOD OF SUPERVISING




1

Directly monitoring the activities of the Board of Directors ("BOD") through regular meetings and email meetings with BOD, discussing with all the members, thereby giving out recommendations to the BOD.




2

Supervising the Board of Management through direct discussions to update the business performance, the progress of the tasks assigned by the Annual Shareholders' Meeting as well as resolutions of BOD



3

Monitoring through reports and direct discussion with Leaders of specialized departments in the Company such as Finance and Accounting, Internal Control, Shareholder Relations, Human Resources, Purchase, Sales, and Production departments.



4

Monitoring through reports and discussions with an Audit firm

THE 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.

4.1.2. Meetings of the Board of Supervisors in 2023

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	<p><b>1. Review internal audit activities in 2022</b></p> <p><b>2. Operational plan for 2023</b></p>	<p><b>1 Review internal audit activities in 2022</b></p> <ul style="list-style-type: none"><li>Activities of Board of Directors &amp; 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</li><li>Financial status and financial indicators are at a safe level. Independent auditing activities are made transparent and objective. The BOS does not identify any significant errors, fraud, or potential fraudulent risks in the financial statements.</li><li>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.</li></ul> <p><b>2 Operational plan for 2023</b></p> <ul style="list-style-type: none"><li>Monitor the implementation of the contents and plans approved at the Annual Meeting of Shareholders in 2023.</li><li>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.</li><li>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.</li><li>Provide support and advice to improve the internal auditing.</li><li>Thematically assess the effectiveness of factory self-innovation to improve the production management strategies to the BOM.</li><li>Update and oversee the construction progress to make sure the new factory in Giang Dien Industrial Park commerce operations on schedule.</li></ul>
02	15/03/2023	<p><b>1. Review the business performance for 11 months of 2023</b></p> <p><b>2. Evaluate the implementation of the Resolution of the Annual Shareholders' Meeting</b></p> <p><b>3. Evaluate the implementation of the Resolution of the Board of Directors</b></p> <p><b>4. Evaluate the effectiveness of internal control activities</b></p>	<p><b>1 Review the business performance for 11 months of 2023:</b></p> <ul style="list-style-type: none"><li>Review and discuss the third-quarter financial data, the revenue and profit data for 11 months of 2023.</li><li>Review the explanation reports and the expected achievement of the business targets of the BOM.</li><li>Assess the impact of exchange rate and interest rate fluctuations on the business operations and financial investments.</li><li>Discuss with the BOM and the BOD about optimizing the production efficiency of the Giang Dien factory.</li><li>Propose recommendations for the BOM:<ul style="list-style-type: none"><li>(i) Continue to enhance innovation activities in production to reduce cost of goods sold and increase competitiveness.</li><li>(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.</li></ul></li></ul>

- 2 Evaluation of the implementation of the resolution of the Annual Shareholders' Meeting
- 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
- 3 Evaluation of the implementation of resolutions of the Board of Directors
- The resolutions of the Board of Directors issued in 11 months of 2023 have been implemented and completed by the company.
- 4 Evaluation of the effectiveness of internal control activities
- 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.

4.1.3. Remuneration of Board of Supervisors in 2023

Unit: VND

No.	BOARD OF SUPERVISORS	POSITION	REMUNERATION (BEFORE PIT)	OTHER EXPENSES AND INTEREST
1	Mr. Truong Tuan Nghia	Chief	86,400,000	0
2	Mr. Ko Tae Yeon	Member	86,400,000	0
3	Mr. Nguyen Dac Huong	Member	86,400,000	0
Total			259,200,000	0

4.2. Monitoring results report in 2023

Evaluation of the performance of the Board of Directors

- The BOD has implemented and carried out the resolutions of the Annual 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.

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 comspany.
- 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.

Implementation of Resolutions of ASM

- Everpia experienced a prolonged year of difficulty with VND 786.8 billion in total revenue, 17.8 billion in net 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 46.1 billion VND.
  - 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.

Evaluation of the implementation of the Accounting and Financial Report

- Financial statements for the year 2023 (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.

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.

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.
- 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.
- Supervising the compliance with legal regulations, internal policies/regulations in the management and operation of business activities.
- 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...

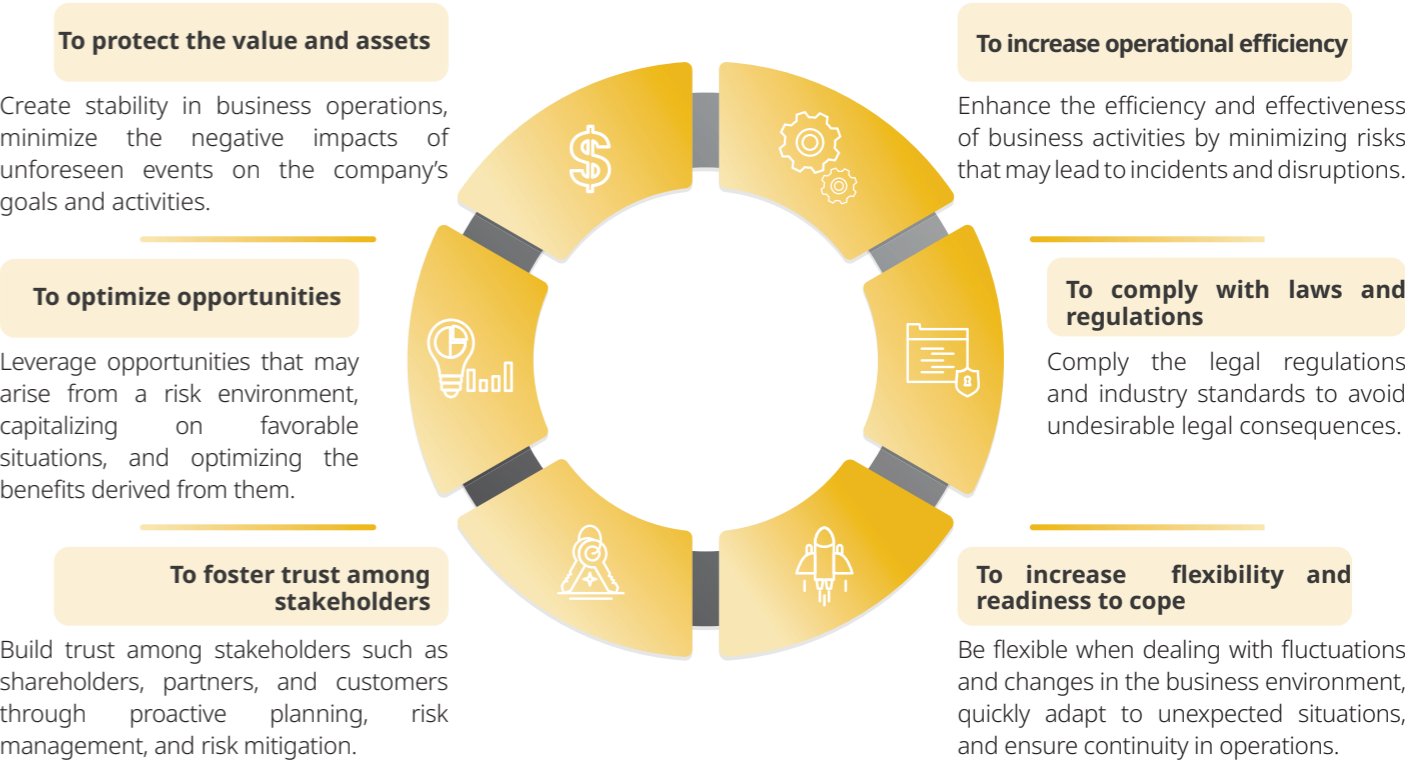
4.3. Operation Plan of the Board of Supervisors in 2024

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 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.

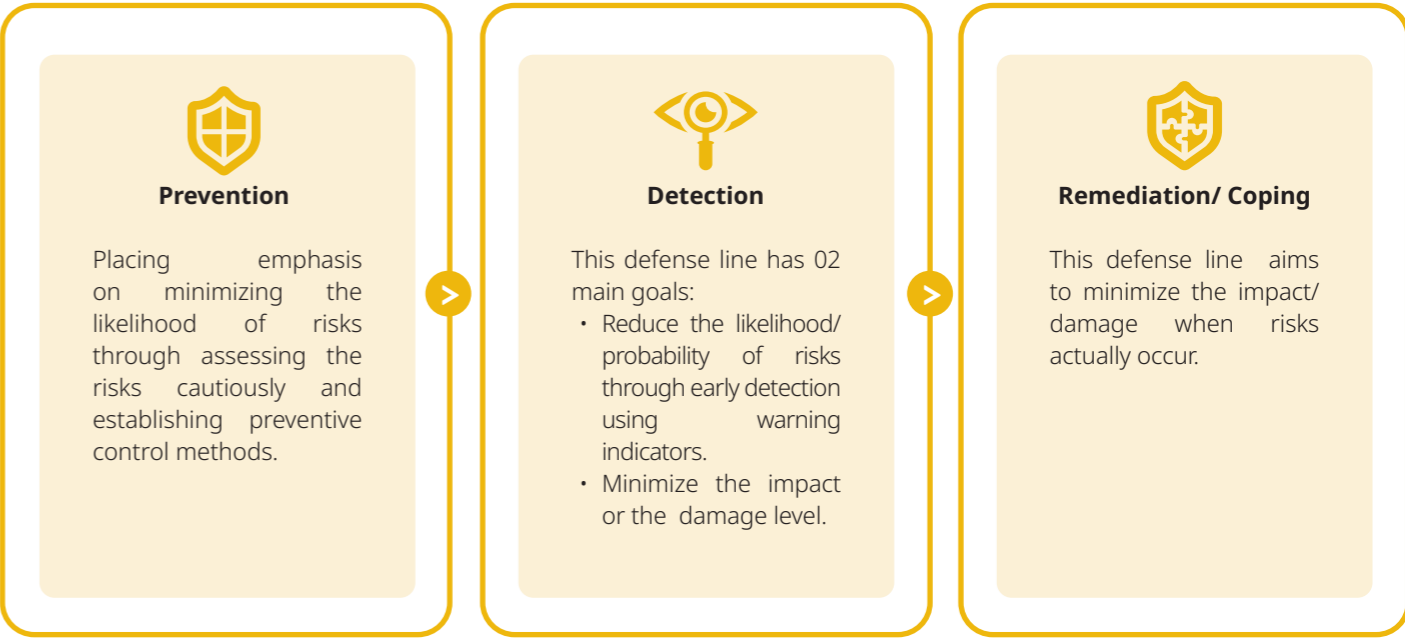
5. RISK IDENTIFICATION AND MANAGEMENT

5.1. Purpose

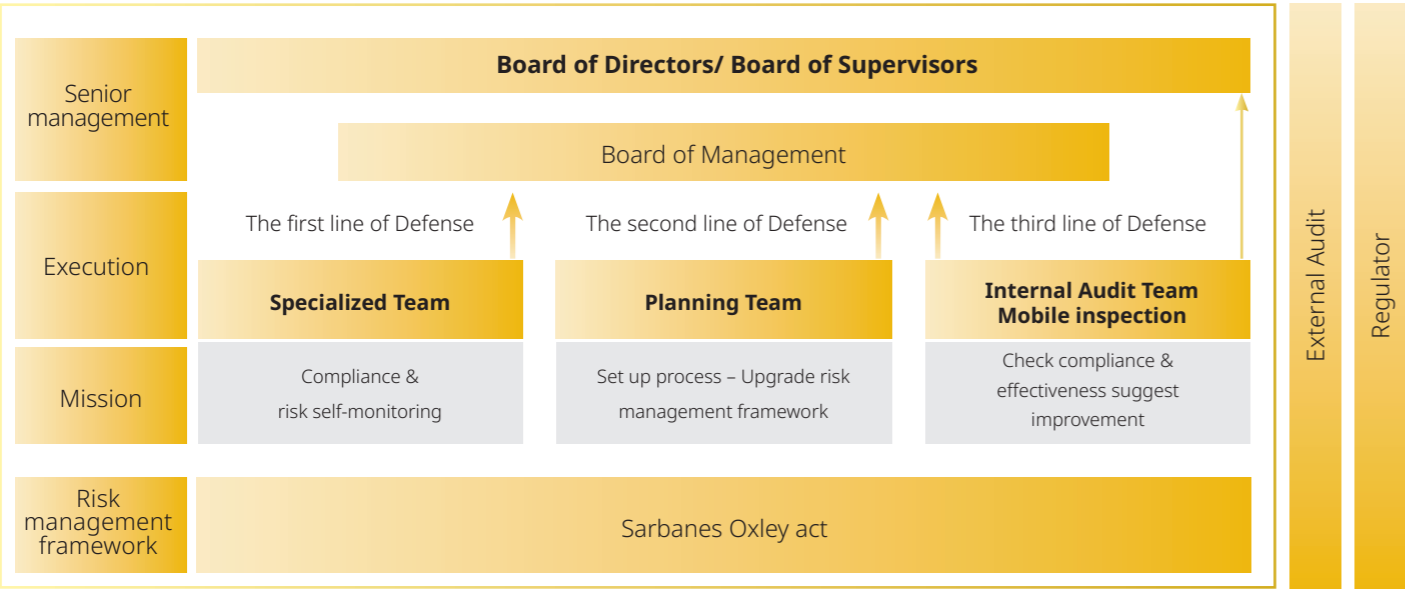


5.2. Risk management system

In addition to building a risk matrix and governance measures according to the Sarbanes-Oxley Act standards with 10 main procedures to ensure that the figures in the financial statements are accurate and reliable, Everpia also built the 3 line of defense model to ensure governance for all company's operating processes.



3 lines:



**General Director and Department manager**

- Set up a risk matrix for each corporate business process.
- Evaluate and rate the risks after identifying them by the levels of their influence on the Company
- Periodically assess compliance and develop improvement measures to limit risks in each activity.

**Internal control**

- Monitor and control activities of departments to ensure compliance
- Promptly prevent and handle occurred faults or potential risks

**Mobile inspection**

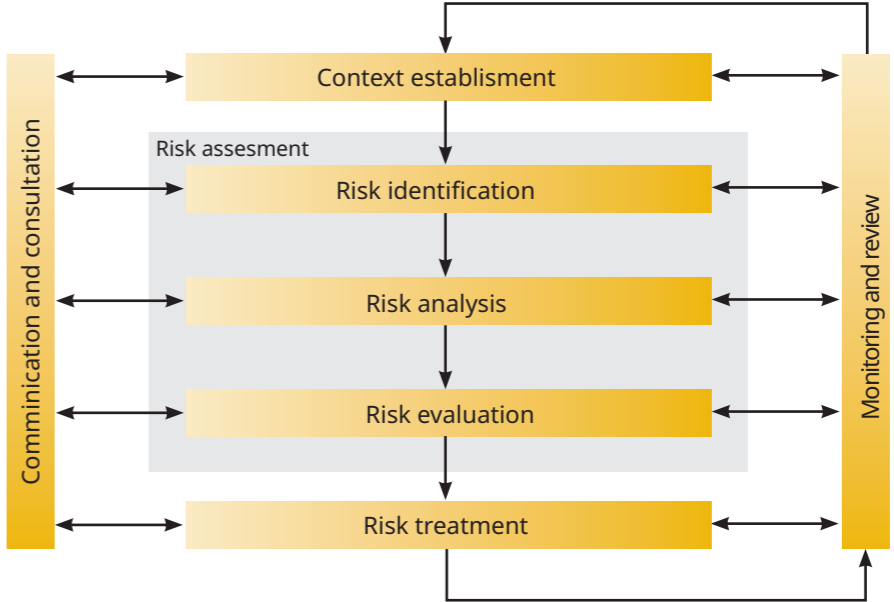
- Organize random inspection of production activities at factories
- Ensure factory safety after working hours

**Supervisory Board**

- Ensuring the effectiveness of governance, risk management and internal control, including an independent assessment of how Board of Directors and internal control fulfill their control and risk management objectives.

From 2022, the 2nd line of defense will be supplemented with a mobile inspection department with the task of focusing on monitoring compliance in the entire process from input materials, production and warehousing; patrol the warehouse area and the path surrounding the factory after working hours. Together with the Supervisory Board, line of defense 2 strengthens and increases activities in supporting and consulting for the Company to effectively manage risks.

**5.3. Risk management process**



**5.4. Risk management activities in 2023**

The BOM assessed and identified the major risks in 2023, including external impacts on the company's business operations as well as the interplay between core activities of the company and the environment.

RISK DETECTION		RISK MANAGEMENT	
<b>Product quality</b> Not meeting the quality standards.		<ul style="list-style-type: none"><li>• Strictly adhere to quality inspection and evaluation procedures of raw materials before importing into the warehouse and finished goods before shipping out</li><li>• Regularly evaluate the quality of the suppliers</li><li>• Automate certain production processes to reduce manual operations</li></ul>	
<b>Inventory</b> Damaged and obsolescent inventory when stored for too long in the warehouse.		<ul style="list-style-type: none"><li>• Strictly adhere to minimum inventory requirements</li><li>• For products based on orders: only produce when receive at least 50% of the contract value</li><li>• For retail products B2C: conduct surveys on the market demand and agents' demand to optimize the storage of fabrics and finished bedding products</li></ul>	
<b>New products</b> Not meeting market demands, revenue not meeting target.		<ul style="list-style-type: none"><li>• Fully adhere to the evaluation and implementation process for new products</li><li>• Support agents in product display and provide product training for sales staffs</li><li>• Build suitable marketing channels</li></ul>	

RISK DETECTION	RISK MANAGEMENT
<b>Unsustainable material usage</b> The primary raw materials that the company uses are fabrics and fibers, while the secondary raw materials are polyester bags and labels – the manufacture of these can contribute to environmental pollution and depletion of natural resources.	<ul style="list-style-type: none"><li>• Continue using 100% natural origin fabric as the main fabric</li><li>• Gradually replace polyester bags and labels with natural materials or those that are recyclable and reusable</li></ul>
<b>Energy consumption and emissions</b> The primary raw materials that the company uses are fabrics and fibers, while the secondary raw materials are polyester bags and labels – the manufacture of these can contribute to environmental pollution and depletion of natural resources.	<ul style="list-style-type: none"><li>• Optimize production and transportation processes to save energy and resources</li><li>• For sewage: construct a wastewater collection system for treatment before release into the environment</li><li>• For hazardous and ordinary waste: classify each type of waste and collect at the designated locations</li><li>• The company is in the process of asking for permits to install a solar rooftop system for Dong Nai factory</li></ul>

5.5. Identify risks and set up control methods

Through analysis and evaluation, the company's BOM has identified two fundamental risks that may arise in the pursuit of long-term goals: Strategic Risks and Operational Risks. Strategic Risks relate to fluctuations in the macroeconomic environment and sudden changes in market development that may create obstacles or impact the implementation of business strategies. Operational Risks are uncertainties in daily business operations doe to inadequate or inappropriate systems, policies, or procedures.

To strengthen the risk management system, under the supervision of the BOS, Everpia builds a risk control system to track feasibility and impact capacity. The risk control system updates any significant movement in the macro environment as well as internal operations, thereby helping the Company to promptly adjust strategy or provide response solutions.

RISK	CONTROL METHOD
<b>Strategy Risk</b>	
<b>Investment Strategy Risk</b>	
Inappropriate and ineffective investment strategies will cause loss to the company in terms of human resources, capital, and cash flow. Investment projects in subsidiaries or mergers and acquisitions have many potential risks in terms of efficiency when it is difficult to accurately determine the synergistic values that will bring after the investment. Besides the risk from long-term capital contribution, short-term financial investments also contain risks related to market fluctuations.	Investment decisions are carefully evaluated and verified by the Board of Management and Board of Directors through in-depth analysis reports based on the market situation and the potential of the business. Each investment project must be financially or strategically meaningful in expanding business lines and building an ecosystem for Everon. In addition, the company also has a contingency plan to react promptly to the worst possible cases.

RISK	CONTROL METHOD
<b>Market Strategy Risk</b>	
In business activities, grasping market changes in order to promptly adjust and respond can be considered as one of the key factors determining the success of an enterprise. The wrong assessment of the tastes and needs of target customers will lead to wrong decisions on pricing strategy, product strategy, communication strategy leading to sales decline, loss of competitive advantage, inventories increased, unable to take advantage of scale.	The sales and marketing departments conduct annual market research to periodically update market changes, customers’ demand, as well as communication channels, thereby launching high-quality products with eye-catching designs and appropriate communication, promotion and customer service strategies. In addition, the Company also promotes the flexibility to develop sales policies to adapt to different seasons, increase market share as well as optimize costs.
<b>Risks in new product development strategies</b>	
In order to differentiate products and raise the competitiveness of brand positioning, the Company must continuously improve and diversify the new product portfolio to meet the needs of the market. The deployment of a new category generates risks such as the strategy of developing a new category that is not suitable to the market's needs at the time of launch; human resources, supply chain, and finance are not sufficient to effectively support and maintain long-term development.	The company conducts a thorough survey on market demand, competitors, and how to approach target customers; makes a plan to arrange suitable human resources, search for suppliers in advance, cooperate and deploy; prepares financial resources and assesses risks, and makes a full provision plan before launching new products.
<b>Operational risks</b>	
<b>Business risks</b>	
As a textile manufacturing company, bad debt and inventory control are extremely important in the company's operating results. Risks of bad debt and high inventory will affect cash flow and working capital.	Building a principle contract on debt policy, using the ERP system in the statistics of debt indicators, setting up a standard process to evaluate before implementing the project, closely managing the debt of customers upon completion, and making provision for bad debts. In addition, the company has also made efforts to manage the inventory system through the implementation of reasonable production and classification policies, making the inventory target a vital part of the review of KPIs.
<b>Product quality risks</b>	
At Everpia, product quality is always the guideline for all activities of the company. The failure of product quality not only negatively affects customers, but also damages the reputation and image of the brand. Product quality can be affected by input materials, and errors in the production process.	The company has established standards, and procedures to check the quality of input materials and finished output and apply technology and management tools to ensure product quality requirements from customers. In addition, the Company also continuously upgraded the technology platform and automated some production stages to reduce manual operations.

RISK	CONTROL METHOD
Risk of counterfeit goods and counterfactual information	
Counterfeit and imitation products, unfavorable information on social networks and electronic information sites all significantly affect the brand image, product quality, and the Company's reputation. These risks will reduce the trust of customers, shareholders, partners and the community, leading to financial losses.	The Marketing Department regularly checks and updates the market situation to promptly detect the stores and organizations selling counterfeit products. Moreover, the company regularly improves anti-counterfeiting stamps and operates a barcode system to search and check the genuineness of products.  To prevent the spread of counterfactual information, the PR Department regularly checks social network platforms and the Internet to identify counterfactual information and react immediately to ensure the brand image and reputation of the Company.
Exchange rate risk	
The Company's raw materials for production and business activities are mainly polyester fibers and fabrics imported from foreign partners. Fluctuations in exchange rates may affect production costs and profit.	Everpia monitors exchange rate fluctuations, forecasts and implements material purchasing contracts via L / C to prevent the risk of foreign currency shortage, the impact of exchange rate fluctuation.
Legal risks	
In Vietnam, laws and sub-law documents are often changed and not synchronized. The risks include lawsuits, disputes and penalties in contracts and agreements.	The Legal and Compliance department is responsible for updating legal changes and legal impacts on business activities to promptly advise the Board of Directors and the Board of Management; send emails to update the new regulations to the relevant departments. Additionally, this department also develops Contracts to mitigate legal risks.
Human resource risks	
With the characteristics of textile and garment enterprises, the number of workers quitting and recruiting new jobs is relatively high every year. This leads to the risk of unqualified human resources due to lack of experience, reducing labor productivity and increasing training costs. In addition, inefficiencies in human resource management can lead to a shortage of employees in the peak season or an excess of employees in the off-peak season.	The Board of Directors always upholds the implementation of human resource planning with long-term remuneration and orientation policies, always ensures internal fairness and competition with the market, regularly organizes internal training sessions to improve knowledge and encourages career development opportunities for employees.
IT system risks	
The IT system is one of the core parts of the corporate governance system: risks to the IT system such as data loss, viruses, software systems not keeping up with administrative requirements, leak of important information... all have great impacts on the Company's operations and competitiveness.	The company performs daily data backups to avoid data loss, regularly updates, refines the software system, and improves computer system security.

RISK	CONTROL METHOD
Environmental and climate change risks	
Environmental incidents not only result in significant penalties but also have a significant impact on the company's image and reputation.	In terms of overall management, the company strictly follow to the requirements of Environmental Laws and international standards such as Higg FEM, GRS, and ISO 14001.
Preventing Pollution	
Currently, the company still uses fossil fuel energy, specifically diesel, for power generators, forklifts, and some trucks. In addition, the production process still generates waste, including solid waste and hazardous waste. The high energy consumption and improper waste management can affect negatively on the ecosystem, like biodiversity loss and climate change.	The company continuously optimizes the production processes to save energy and resources. It has invested in constructing new factory that meets green factory standards. Furthermore, Everpia carries out regular environmental monitoring and reports in written form, in which indicators regarding wastewater, emissions, noise, dust, lighting ... have comply with current regulations. Additionally, the Company issued various policies to protect against pollution risks, such as establishing a periodic ISO Committee to assess compliance with environmental policies in workshops, organizing Innovation competitions to encourage resource conservation and the reduction of plastic waste and solid waste.
Impact on water resources	
Everpia's production process does not involve weaving and dyeing, thus minimizing water consumption and the wastewater is primarily domestic sewage. However, the company's water usage has somewhat affected the local water supply and can potentially cause pollution to surface and groundwater if not treated properly.	Company does not use underground water sources or discharge waste directly into the water of natural sources. In addition, the water source used at the company is provided and guaranteed in quality by Hanoi Clean Water Company and Management Board of the Industrial Park and the quality of the discharged wastewater is guaranteed before being connected to the industrial park's treatment system.
Greenhouse gas (GHG) emissions	
The exploitation and the use of raw materials for production contributes to resource depletion. Moreover, emissions from production and transportation create large amounts of greenhouse gas emissions from fuel combustion.	To reduce greenhouse gas emissions in scopes 1 and 2, Company has implemented comprehensive set of solutions: i. Eliminating the use of fossil fuels in the production process, ii. Improving energy efficiency by improving processes and equipment, iii. Improving production processes to reduce waste and emissions, iv. Improving recycling and reuse, v. Improving with contractors on installation installing a rooftop solar power system for Dong Nai factory, vi. Optimizing transportation routes, vii. Adding sustainability standards to supplier selection criteria.
Respond to emergency incidents	
Incidents such as explosions, floods, or fires can cause severe damage to the Company's assets, equipment, and infrastructure; disrupt the production and delivery processes, and result in revenue loss and reputation damage. Additionally, it can cause environmental pollution, including air, water and soil pollution, causing can harm ecosystems and human health.	To respond to unforeseen events that may occur such as oil spills, natural disasters, fire..., the Company proactively conducts drill programs to raise awareness and provide guidance to employees on how to react promptly in the event of incidents. Regular drills for firefighting, first aid, and emergency evacuation are conducted once a year at all three factories to increase awareness and provide training for all employees on response procedures when an emergency occurs. At each workshop, there is an Emergency Response Plan handbook for all employees to execute.



# 05

## STEADFAST SURVIVAL

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CREATE FUTURE VALUE FROM CURRENT COMMITMENTS

When the COVID-19 pandemic has just passed, rising inflation, war and shortages of energy have caused various impacts in different forms. Businesses, governments and consumers had to face difficult choices in a volatile world. Building upon a solid foundation of creating shared value, Everpia focuses our resources on creating positive impacts on a large scale in the future.

The Company's greenhouse gas emissions decreased below the 2019 baseline, even as the Company expanded its production capacity, showing that Everpia is making positive progress on its carbon neutrality journey. With this report, Everpia is the first company to reveal how to move towards carbon neutrality from serving nutrition meals to our workers.

As one of the few businesses ranked in the top 100 sustainable development businesses in Vietnam for 8 consecutive years, Everpia not only wishes to be a business that fully complies with regulations on Environment - Society - Governance, creating a happy working environment for employees, contributing to achieving the national goals of the Vietnamese Government but also being a leading company in sustainable development through continuously supporting innovative initiatives to promote change.

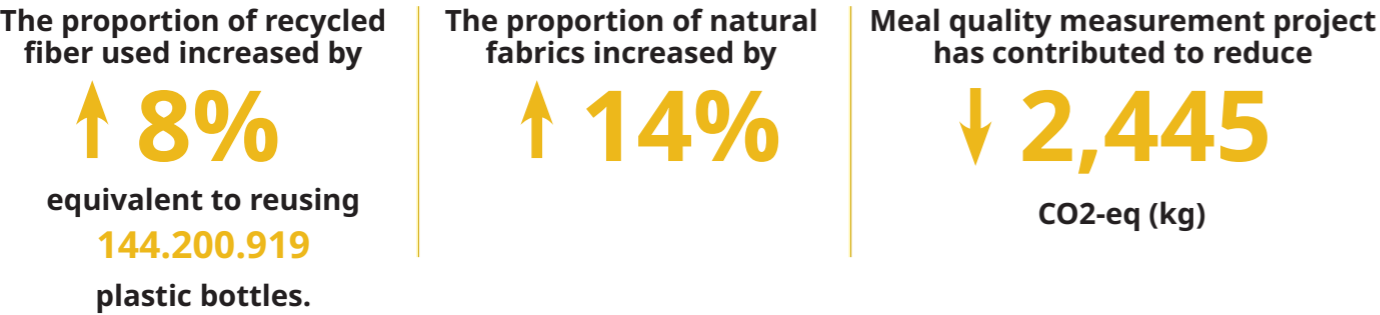
Action goals on Sustainable Development for the period 2021-2025 and result assessment of 2023

Field	Items	Baseline in 2019	Targets	Year of completion	SDG	2023 results
ENVIRON- MENT	Basic goal		Halve the environ- mental impact by the Company	2025		Review the current sta- tus of all 3 factories and provide solutions
	Emissions		Calculate the green- house gas emissions Level 1 and Level 2	2020	12, 13	Started calculating and publishing since 2020
			Calculate the green- house gas emissions Level 3	2025		Study the implementa- tion method through trainings with CAC and self-research
	Energy	7,70 MJ/kg	Reduce energy con- sumption per unit of padding product by 10%	2025	12, 13	Down by 4% Through energy saving solutions
			Access renewable en- ergy resources	2025	12, 13	The entire boiler was converted to renewable energy. Working with a consulting unit to install rooftop solar power for the Dong Nai factory.
		67% of total energy	Reduce the propor- tion of energy from diesel and LPG to 50%	2025	12, 13	66% No new investment in technology yet
	Water	Level 1	Achieve Higg Index level 2	2025	12	Higg score 2023: level 1

ENVIRON- MENT	Wastewa- ter	Level A	Maintain wastewater quality at level A	2020	12	Achieved level A according to periodic observation results
	Chemistry	Not yet com- pleted level 1	Complete Higg Index level 1	2020	12	Completed level 1 according to Higg score 2020
	Materi- als for producing beddings	53% natural fabric	Increase the propor- tion of natural fabric to 70%	2025	12	66% natural fabric 100% of the new collec- tion uses natural fabrics
	Packaging Products	0%	Increase the pro- portion of recycled plastic in plastic packaging to 50%	2025	12	10% Continue searching for the right suppliers
		0%	Replace 20% of plas- tic packaging with other environmental- ly friendly materials	2025	12	5% Conducted trial run but have not found a suitable solution for wider appli- cation
SOCIETY	Recycling	47%	Increase the propor- tion of recycled fiber to 80% of total fiber input	2023	12	81% of the recycled fiber
	Basic goal		Improve the lives of local communities and the entire Viet- namese society	2020	8	Every year, the company carries out scholarship and social charity pro- grams
			Build an inspirational business culture	2020	8	Team-building activities and welfare benefits are consistently maintained and regularly expanded.
	Gender equality	39% of senior leaders are fe- male	Increase the pro- portion of female members in the lead- ership apparatus	2025	5	50%
	Career develop- ment	4.9 hours of training	Design skill develop- ment programs for all staff levels	2022	8	6 hours of training For: new recruit training and innovation training
	Diversity and equal- ity		Establish a policy to prioritize ethnic minorities in the re- cruitment process	2020	8, 10	Issued a recruitment poli- cy with equality
	Communi- ty develop- ment		Commit to spend 1-2% of profit for community develop- ment activities	2020	10	Spent ~1% of profit for community development activities



CIRCULATION AND RECYCLING



I. OVERALL MANAGEMENT METHOD

1. METHODS OF MANAGING SUSTAINABLE DEVELOPMENT ISSUES

With the belief that sustainable development is the key to prosperous development for businesses and the whole society, from 2022 we re-established the governance structure to address sustainable development issues, as well as clearly define authority and responsibilities at each level in order to ensure that sustainable development remains at the core of every investment decision and associated with all daily business activities of Everpia.

Board of Directors	<ul style="list-style-type: none"><li>Approve the company's goals, strategies and general direction on sustainable development;</li><li>Approve investment plans and investment projects;</li><li>Engage with stakeholders.</li></ul>
Sustainability Committee	<ul style="list-style-type: none"><li>Develop the medium and long-term sustainability goals and strategies;</li><li>Monitor the implementation of sustainable development strategies;</li><li>Report on the implementation of the sustainable development strategies to the Board of Directors;</li><li>Engage with stakeholders.</li></ul>
Risk management system	<ul style="list-style-type: none"><li>Integrate ESG risk management into the company's risk management framework;</li><li>Monitor and control the activities of all departments to ensure compliance and effectiveness of the risk management process.</li></ul>
Functional departments	<ul style="list-style-type: none"><li>Comply with operating procedures of departments;</li><li>Implement approved sustainable development goals and strategies;</li><li>Together with the Sustainability Committee to research and develop improvement plans.</li></ul>
Staff	<ul style="list-style-type: none"><li>Perform daily tasks related to sustainability strategies and goals;</li><li>Propose actions for improvement.</li></ul>

To ensure that the Board of Directors and managers in charge are regularly updated with knowledge and skills on sustainable development, Everpia always sends representatives to attend training sessions related to sustainable development organized by the State Securities Commission, IFC, VCCI and Vietnam Textile and Apparel Association (VITAS). In addition, specialized departments also proactively learn and update the latest regulations and standards from governmental agencies and industry associations.



“PLAN – DO – CHECK – ACT” METHOD



Plan

- Integrate ESG risk assessment into risk management system;
- Increase engagement with stakeholders;
- Set action targets for the period 2021 - 2025, vision 2030.



Perform

- Build operating procedures based on risk identification table;
- Make action plans, prepare labor and material resources;
- Follow the process and action plan.



Check

- Carry out periodic measurement and monitoring;
- Annual performance appraisal by a third party:
  - » GRS assessment for recycled padding production at Hanoi factory and Dong Nai factory by Control Union;
  - » ISO 14001:2015 assessment for Hung Yen factory and Dong Nai factory by NQA;
  - » Higg FEM self-assessment at Hanoi factory and Dong Nai factory, verified by SGS auditors;
  - » Oeko-Tex Standard 100 certification confirms the ecological and human safety of padding;
  - » KOTITI Korean quality inspection for Modal fabric line used for children;
  - » BSCI social and labor environment assessment at Hung Yen factory.



Act

- Report on implementation results, through: meetings with management, Annual Report, Sustainable Development Report;
- Continuously contribute improvements. Initiatives from the Factory Innovation Competition contribute to create a lean and sustainable production. Everpia also cooperates with international organizations on sustainable development to reach practical and effective solutions.

ORGANIZATIONS AND INITIATIVES THAT EVERPIA CURRENTLY PARTICIPATES ARE:





To better understand the current status of energy use and assess the impact of production and business activities on the environment, Everpia has maintained the Innovation Program for all factories since 2018. A number of initiatives from the program have helped improve the efficiency of resource management in production, increase the efficiency of machinery and equipment and increase labor productivity. Everpia also cooperates with international organizations such as Sustainable Apparel Coalition (SAC), Textile Exchange, and NQA to manage the environmental impact and ensure the production of Everpia meets international standards. Currently, we are looking for opportunities to collaborate with brands and suppliers for solar-powered access projects organized by CEIA through the Climate Action Corps, as a founding member together with Patagonia, R.E.I and etc. Here are our following memberships and initiatives:



2. STAKEHOLDER ENGAGEMENT

Any party that has related interests, affects or is affected by Everpia's operational activities is considered a stakeholder. From that perspective, we analyze the entire value chain of the business to accurately identify key stakeholders. For Everpia, maintaining two-way dialogue with stakeholders through various communication channels helps us identify risks associated with the business operations, thereby making the appropriate decisions, harmonizing the benefits of all parties and effectively communicating the company's sustainability efforts.

 Stakeholders	 Communication channels	 Expectations	 Actions	 Results
 Shareholders	<ul style="list-style-type: none"><li>Annual Shareholders' Meeting</li><li>Periodic reports</li><li>Media/Phone</li><li>Information disclosure channel on the stock market</li></ul>	<ul style="list-style-type: none"><li>Sustainable growth</li><li>Information transparency</li><li>Ensure shareholders' rights</li><li>Advanced corporate governance</li></ul>	<ul style="list-style-type: none"><li>Consult at the Annual Shareholders' Meeting.</li><li>Fully comply with regulations on information disclosure.</li><li>Proactively update the company's performance results through quarterly analysis reports and the latest news.</li><li>Comply with the Sarbanes-Oxley Act and build the "Three-layer of defense" model for risk management.</li></ul>	<ul style="list-style-type: none"><li>The Annual Shareholders' Meeting was held in April 2023.</li><li>Top 5 companies with the best corporate governance for the small capitalization group.</li></ul>
 Customers	<ul style="list-style-type: none"><li>Media</li><li>Survey</li><li>Omicall application</li></ul>	<ul style="list-style-type: none"><li>Product price</li><li>Product quality</li><li>Preferential programs, after-sale support</li><li>Corporate social responsibility</li></ul>	<ul style="list-style-type: none"><li>Develop an effective pricing strategy.</li><li>Ensure product quality from input materials to end consumers.</li><li>Develop preferential programs and after-sale support.</li><li>Integrate ESG factors into daily business operations.</li></ul>	<ul style="list-style-type: none"><li>Customer satisfaction Score – CSAT reached 97%</li><li>100% of the bedding products in the annual collection are made from natural origin fabrics.</li></ul>

 Employees	<ul style="list-style-type: none"><li>Periodic conversation</li><li>Training for employees</li><li>internal website</li></ul>	<ul style="list-style-type: none"><li>Salary, bonus and welfare</li><li>Safe working environment</li><li>Recognition and respected</li><li>Promotion opportunities</li></ul>	<ul style="list-style-type: none"><li>Develop transparent and fair salary, bonus and welfare policies.</li><li>Create a working environment according to BSCI standards.</li><li>Encourage workers to participate in the Company's Labor Union and have regular dialogue.</li><li>Conduct annual employee excellence reviews.</li><li>Organize professional and skill trainings.</li></ul>	<ul style="list-style-type: none"><li>Annual employee conference.</li><li>27 employees were awarded as outstanding employees of the year.</li><li>100% of new employees are professionally trained.</li></ul>
 Suppliers	<ul style="list-style-type: none"><li>Due diligence</li><li>Communicate via email/phone</li><li>Survey</li></ul>	<ul style="list-style-type: none"><li>Collaborate to provide quality products and services</li><li>Build long-term co-operative relationships</li><li>Maintain ability to pay on schedule as committed</li></ul>	<ul style="list-style-type: none"><li>Follow the purchasing processes and supplier selection standards.</li><li>Ensure the common interests of all parties.</li></ul>	<ul style="list-style-type: none"><li>Number of new suppliers increased by 18%.</li><li>Business ethics principles are strictly followed.</li></ul>
 Governmental authorities	<ul style="list-style-type: none"><li>Meeting and inspections</li><li>Periodic reports</li></ul>	<ul style="list-style-type: none"><li>Comply with legal regulations</li></ul>	<ul style="list-style-type: none"><li>Comply with the law.</li><li>Regularly update the latest legal regulations.</li></ul>	<ul style="list-style-type: none"><li>No penalty during the period.</li></ul>
 Community	<ul style="list-style-type: none"><li>Community activities</li><li>Media</li></ul>	<ul style="list-style-type: none"><li>Carry out social environmental responsibility</li><li>Address the employment problem</li><li>Support local economic development</li></ul>	<ul style="list-style-type: none"><li>Integrate ESG factors into daily business operations.</li><li>Develop appropriate recruitment policies, prioritize recruiting local workers.</li><li>Participate in charity and other community activities.</li></ul>	<ul style="list-style-type: none"><li>Top 100 sustainable enterprises in Vietnam for the 8th consecutive year.</li></ul>

3. MATERIALITY IDENTIFICATION

Process for materiality identification



ACTION GOALS ON SUSTAINABLE DEVELOPMENT FOR 2021-2025 PERIOD, VISION 2030

Based on changes in the context affecting Everpia, the needs and interests of stakeholders to identify material issues and an assessment of the company's actual resources, we have made adjustments to Sustainable development goals in the medium and long-term as follows:

VISION 2030



GOALS FOR 2021-2025 PERIOD

ENVIRONMENT



- **Emissions**
  - Reduce 30% of greenhouse gas emissions across Scope 1 and Scope 2 by 2025, from the baseline in 2019
  - Conduct monitoring and disclose greenhouse gas reports from 2025
- **Energy**
  - Obtain EDGE Advanced certification for Everpia - Giang Dien factory before 2025
  - Reduce energy consumption per unit of padding product by 10% by 2025, from the baseline in 2019
  - Reduce the proportion of diesel and LPG usage by 50% by 2025, from the baseline in 2019
- **Water and wastewater**
  - Reduce water consumption by 10% by 2025, from the baseline in 2021
  - Maintain wastewater quality at level A
- **Waste**
  - Reduce the amount of hazardous waste by 10% by 2025, from the baseline in 2021
  - Reduce the amount of non-hazardous waste by 50% by 2025, from the baseline in 2021
- **Chemistry**
  - Comply with chemical management according to legal regulations, Higg FEM and customer requirements
- **Materials**
  - Increase the proportion of natural fabrics to 70% by 2025
  - Increase the proportion of recycled fiber usage to 90% by 2025
  - Increase the proportion of environmentally friendly packaging usage to 50% by 2025

SOCIETY

5

GENDER EQUALITY

8

DECENT WORK AND ECONOMIC GROWTH

10

REDUCED INEQUALITIES

➤ Gender equality

• Maintain the gap between male and female senior leaders no more than 10%

➤ Career development

• Design training programs, including improving professional skills and training new skills for all levels of employees

➤ Turnover rate

• Reduce the turnover rate to 10% by 2025

➤ Labor health and safety

• Promote and manage the physical and mental health of workers

➤ Community contribution

• Commit to spend 1~2% of net profits for local development activities

GOVERNANCE

16

PEACE, JUSTICE AND STRONG INSTITUTIONS

➤ Corporate culture

• Maintain a people-centered corporate culture

➤ Diversity of the Board

• Ensure the gender balance and the ratio of independent members and non-executive members of the Board of Directors

➤ Risk management

• Identify, evaluate, monitor and execute risk mitigation strategies, including ESG risks

➤ Regulatory compliance

• Fully comply with corporate governance regulations applicable to listed companies

• Apply corporate governance principles according to the corporate governance code of best practices

➤ Procurement practices

• Select suppliers that meet the prescribed standards according to the company's procurement process, including compliance and good implementation of environmental and social aspects

5. IMPLEMENTATION METHODS FOR THE PROPOSED SUSTAINABLE DEVELOPMENT GOALS

Analyze and evaluate the current situation

➤

Identify specific goals and targets

➤

Set KPIs for relevant departments according to specific criteria

➤

Educate and build awareness

➤

Measure and track

➤

The Board of Management evaluates the level of completion of KPIs of all departments

This entire process is supervised by the Board of Management and the Sustainability Committee to ensure compliance with the sustainable development orientation set by the Company.

	<div></div> <div>Economic Sustainable Development Goals</div>	<div></div> <div>Environmental Sustainable Development Goals</div>	<div></div> <div>Labor - Social Sustainable Development Goals</div>
<div></div> <div>Business departments</div>	<div>• Business departments</div>	<div>• Administration</div> <div>• Supplies</div> <div>• Production departments</div>	<div>• Labor Union</div> <div>• Human Resources</div> <div>• Production departments</div>
<div>Related department</div>			
<div><div></div><div>KPI</div></div> <div><div>• Monthly sales results in terms of revenue and profit.</div><div>• Quantity of new customers and markets.</div></div>	<div><div>• Production process and environmental policy.</div><div>• Supplier selection.</div><div>• Electricity consumption level.</div><div>• Volume of raw materials and materials used.</div><div>• Water consumption level.</div><div>• Electricity and water costs.</div><div>• Implementation of electricity and water conservation measures.</div><div>• Waste, wastewater, and emissions discharge level.</div><div>• Wastewater and waste treatment costs.</div></div>	<div><div>• Production process and human resources policy.</div><div>• Recruitment results.</div><div>• Labor force participation rate.</div><div>• Training performance results.</div><div>• Manage costs for training.</div><div>• Employee turnover rate.</div><div>• Manage salary and welfare expenses.</div><div>• Compliance with safety and hygiene policies.</div><div>• Compliance with labor policies.</div><div>• Manage expenses of scholarship and welfare funds.</div></div>	
<div><div></div><div>Person in charge of supervision</div></div> <div><div>• Board of Management</div><div>• Leaders of business teams</div><div>• Planning team</div></div>	<div><div>• Board of Management</div><div>• Factory Director</div><div>• Head of Administration</div><div>• Head of Supplies team</div></div>	<div><div>• Board of Management</div><div>• Factory Director</div><div>• Labor Union</div><div>• Head of Human Resources</div></div>	

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CHAPTER 5| STEADFAST SURVIVAL 87

PROCESS OF IMPLEMENTING A SUSTAINABLE VALUE CHAIN

Integrate sustainability factors in the company's operations

		
<b>Economic development</b>	<b>Environmental protection</b>	<b>Labor and Social Development</b>
<ul style="list-style-type: none"><li>• Arrange production machinery to optimize efficiency for each product line.</li><li>• Ensure stable machine operation, minimize downtime, machine changes, and cost savings.</li></ul>	<ul style="list-style-type: none"><li>• Design consumption norms of raw materials, energy, and water for 1 unit of product.</li><li>• Make plans to reuse materials, raw materials, and waste products.</li><li>• Create a plan for conserving electricity, water and fuel usage.</li></ul>	<ul style="list-style-type: none"><li>• Provide skill trainings and strengthen professional expertise for employees.</li><li>• Equip workers with safety measures.</li><li>• Use local sources of materials and labor.</li></ul>
<ul style="list-style-type: none"><li>• Negotiate prices effectively.</li><li>• Arrange goods, optimize warehouses and storage space, save costs.</li></ul>	<ul style="list-style-type: none"><li>• Evaluate and select suppliers that meet environmental and social responsibility criteria.</li><li>• Conduct quality and origin assessments of raw materials.</li><li>• Repair and reuse tools and equipment.</li></ul>	<ul style="list-style-type: none"><li>• Provide training to employees in purchasing and supply teams.</li><li>• Use local transportation services.</li></ul>
<ul style="list-style-type: none"><li>• Reduce the rate of defective products.</li><li>• Regular machinery maintenance.</li><li>• Improve product quality rate.</li><li>• Develop new value-added products.</li></ul>	<ul style="list-style-type: none"><li>• Conserve electricity and water.</li><li>• Utilize energy efficiently.</li><li>• Avoid wasting raw materials.</li></ul>	<ul style="list-style-type: none"><li>• Manage human resources appropriately.</li><li>• Create opportunities for career advancement and salary increases.</li><li>• Establish a safe working environment.</li><li>• Foster a culture of good behavior.</li><li>• Ensure fairness and equality.</li></ul>
<ul style="list-style-type: none"><li>• Negotiate prices with shipping units, optimize transportation costs.</li></ul>	<ul style="list-style-type: none"><li>• Provide product usage instructions.</li><li>• Combine freight transportation plans and use transportation methods effectively.</li><li>• Reuse pallets for deliveries.</li></ul>	<ul style="list-style-type: none"><li>• Provide training in sales, and import - export operations.</li><li>• Develop an incentive policy when achieving KPIs.</li><li>• Increase income for local workers.</li></ul>

II. ECONOMIC VALUE CREATION

We understand that economic efficiency is the most basic quantitative measure that reflects the influence and responsibility of a business to its stakeholders. The impact of economic efficiency on each stakeholder is measured through indicators of revenue, cost breakdowns, dividends, taxes, and social contributions,... These indicators are a crucial benchmark, always closely monitored by Everpia to sustain favorable impacts on stakeholders.

Everpia manages economic efficiency through 03 action groups:

- (1) Set up performance measurement index;
- (2) Issue policies to promote business efficiency;
- (3) Control the accuracy of accounting data.

Implementing good economic efficiency management helps the Company clearly determine its position and direction, gradually realizing the long-term sustainable development goal.

Evaluation of management methods

Faced with a difficult economic situation, Everpia experienced a challenging business year with revenue reaching 787.7 billion VND and net profit after tax reaching 17.8 billion VND, reflecting a decrease of 23% and 81% respectively compared to the same period in 2022. However, the Company maintained the timely and committed payment of salaries, bonuses, and welfare benefits to all employees. The year-end party and other holiday activities are held at the headquarters and all branches of the company. The total expenses for salaries and welfare benefits paid to employees was 217 billion VND. Additionally, on June 6, 2023 the company distributed dividends for the year 2022 at the rate of 11%/share to all shareholders with a total amount of 46.1 billion VND.

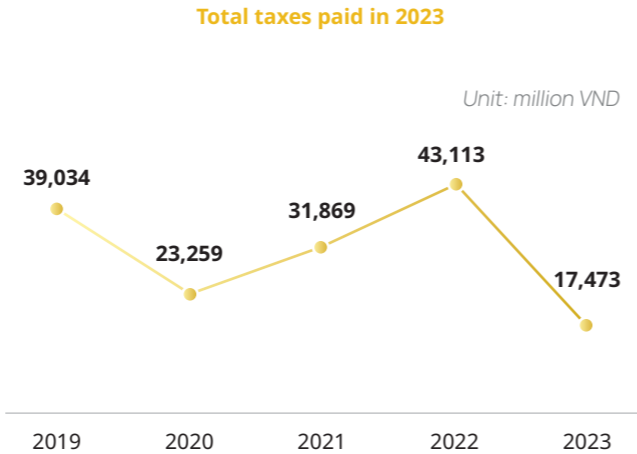
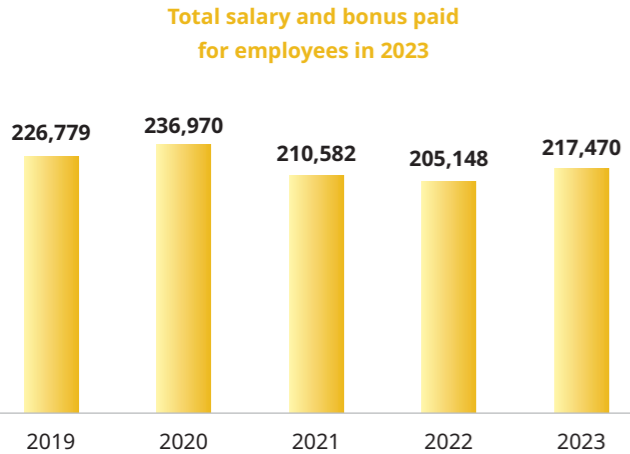
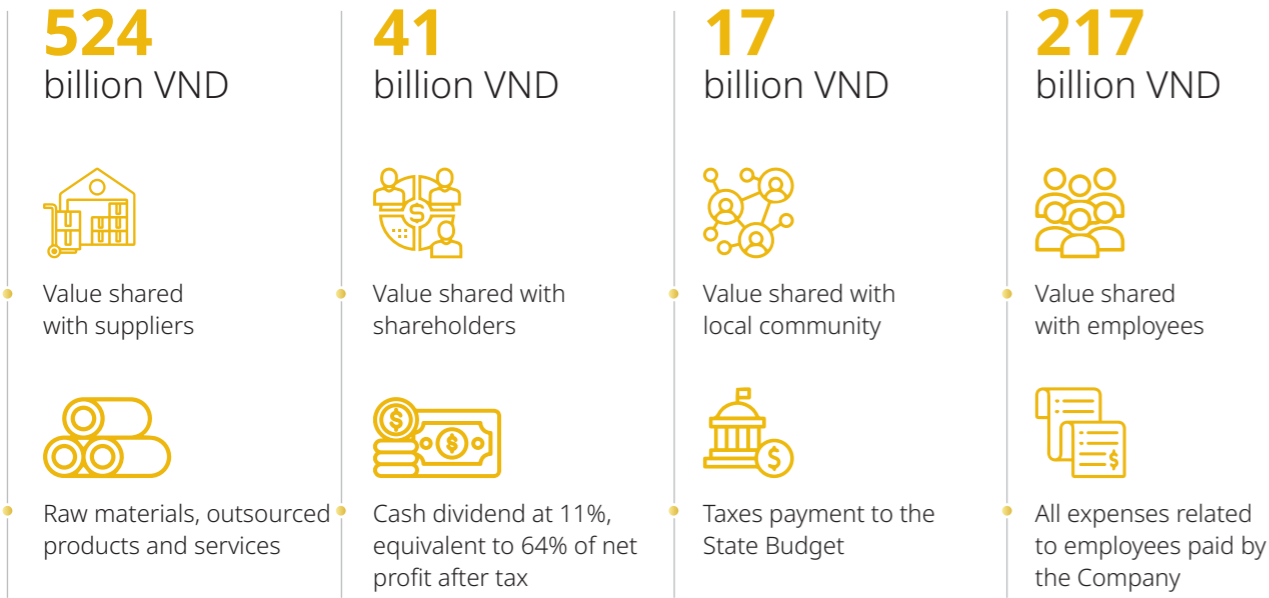
Components of management approach

<b>Policy</b>	<ul style="list-style-type: none"><li>• Revenue and profit targets, Business plan, Sales policy</li><li>• KPI for departments</li><li>• Salary payment policy based on KPI</li><li>• Periodical reporting plan on factory innovation activities</li></ul>
<b>Commit</b>	<ul style="list-style-type: none"><li>• Fair competition, all business activities and economic development comply with current laws</li><li>• Comply with regulations on salary and bonus policies</li></ul>
<b>Target</b>	<ul style="list-style-type: none"><li>• Increase revenue and profit according to business plan</li><li>• Successfully implement the Everon rebranding plan</li><li>• Innovation activities to increase productivity and reduce costs</li></ul>
<b>Responsibility</b>	General Director, Board of Management
<b>Resource</b>	All departments in the company, with their functions and duties, make efforts and contribute to the accomplishment of revenue and profit targets of the company.
<b>Specific actions</b>	<ul style="list-style-type: none"><li>• Make daily, weekly, monthly sales reports</li><li>• Senior leaders have a weekly meeting to update business results and make corresponding decisions</li><li>• Sales campaigns and promotional programs closely follow the business targets.</li></ul>

1. ECONOMIC VALUE AND ITS DISTRIBUTION

Unit: million VND

Items	2021	2022	2023
Revenue	897,988	1,046,148	835,384
Distributed Revenue	838,035	956,566	817,609
Operating costs	532,248	657,321	522,015
Cost of employee salary & benefits	210,582	204,596	217,470
Capital expenditures	61,682	51,515	60,650
Payment to the national budget	31,869	43,113	17,473
Community investment	1,653	20	
Undistributed Revenue	59,954	89,583	17,775



2. OBLIGATIONS UNDER THE MANDATED WELFARE REGIME

Over 30 years of operation, we deeply understand the profound correlation between individual success and the collective achievement of the organization. The consistent efforts of each individual have contributed to building the sustainable Everpia today. Therefore, we always strive to improve our salary policy, implement various incentive programs, and improve working quality to create and maintain motivation for our employees. We aim to ensure that employees enjoy rights and benefits that go beyond the basic thresholds as prescribed by law.

In accordance with Resolution 69/2022/QH15, the Company decided to increase the basic salary for employees, accordingly, the total salary expenses paid to employees increased by 6% compared to 2022. Each skilled garment worker and electro-mechanical staff also received additional monthly allowances of 700,000 VND, 1,000,000 VND or 1,300,000 VND, depending on skills and seniority. Every loading worker working in the warehouse received an additional 200,000 VND/month. The average salary of workers in 2023 is 12 million VND/month.

Unit: million VND

Items	2021	2022	2023
Number of employees	1,212	1,206	1,201
Total salary before tax	175,497	164,432	107,731
Welfare	15,874	16,421	19,066
Insurance value paid by the company	19,211	24,294	20,110
TOTAL	210,582	205,147	217,470

The Company considered the ratio of the starting salary compared to the regional minimum wage based on the Company's location of Hanoi, Hung Yen and Dong Nai factories.

Unit: million VND

Wage	Hanoi	Hung Yen	Dong Nai
Regional minimum wage	4,680,000	4,160,000	4,680,000
Lowest salary at Everpia	7,200,000	7,750,000	7,950,000

3. TRANSACTION VALUE WITH DOMESTIC SUPPLIERS

The entire purchasing value from suppliers including raw materials, outsourced products and services, expenses related to the new factory in Giang Dien Industrial Park is 822 billion VND, of which 86% comes from domestic suppliers. Due to high requirements for quality, currently, all main raw materials including fabrics and fibers are still imported from Korea and China.

4. ANTI-CORRUPTION

In order to ensure the sustainable development of the economy and a healthy working environment, the Internal audit team and the Company's Inspection team supervise all payment and shipment activities; organize the work of preventing, propagating, investigating, detecting, and recommending activities to handle cases of fraud, corruption, conflicts of interest and other acts contrary to the Code of Conduct and Core Values of the Company, thereby promoting and enhancing transparency, equality and fair competition for stakeholders in all production and business activities of the Company.



During the period, no corruption cases were recorded and handled. Recommendations of the Internal audit team and Inspection team were received and implemented seriously and promptly by relevant departments.

III. ENVIRONMENTAL SUSTAINABILITY

Climate change, resource depletion, environmental pollution and strict customer requirements for sustainable products are the key driving forces for companies to manufacture responsibly. Textile is the fourth greatest emitter of greenhouse gas, accounting for 5%-10% of CO2 emissions and is also the second largest environmental polluter globally due to its extensive use of water, energy, and chemicals and a generator of a huge amount of waste throughout the production process. As a component in the global textile supply chain, Everpia is aware of the urgency of ensuring environmental sustainability. Responsible production is one of our top principles. It is not only social responsibility but more deeply - it is business ethics.

Components of management approach

We manage environmental issues according to ISO 14001:2015 standards, specifically:

PLAN

- Identify risks and opportunities through assessing environmental aspects at each location, operating and production processes in the offices and 3 factories;
- Set environmental targets for the period 2021 - 2025, vision 2030.

DO

- Establish operating procedures based on the assessment of environmental aspects;
- Develop action plans and assign person in charge of each factor, including energy, emissions, water and wastewater, waste, and chemicals at each factory.

CHECK

- Adopt methods and measures to quantify the consumption level of resources;
- Carry out periodic reviews through internal and independent assessments to ensure governance methods are effective:
  - Internal assessment: The Sustainability Committee conducts quarterly meetings to update the implementation of all issues, and reports to the Board of Directors at the first meeting every year.
  - Independent assessment: carry out reports according to Higg Index's environmental module, GRS, ISO 14001:2015 , Oeko-Tex, BSCI certification and hire an independent third party to conduct evaluation and verification through onsite audit

ACT

- Carry out constant improvements through:
  - Green investment project
  - Factory innovation initiatives ;
  - Initiatives launched in the 2020 Independent Assessment of Resource Efficient and Cleaner Production (RECP) by the consulting center – Vietnam Cleaner Production Center (VNCPC) for all 03 factories.

Evaluation of management methods

Circulation and recycling		Production innovation initiatives		
Percentage of recycled fibers usage <b>81%</b>	Equivalent to reusing <b>144,200,919</b> plastic bottles	Energy consumption reduced <b>▼ 17%</b>	Electricity consumption reduced <b>▼ 11%</b>	Diesel consumption reduced <b>▼ 50%</b>

- No overflows, spills or leaks of wastewater and waste were recorded.
- The Company's monitoring results on the environmental assessment and its impact on the environment also recorded and were within the allowable limits according to current environmental regulations set by government authorities.

1. CHOOSING SUSTAINABLE MATERIALS

Everpia's sustainable development journey begins with the fibers woven into Everon blankets, blended into insulated polyester, and twined around KingKoil pocket coils. Towards the circular economy, we choose every material with care. Everpia places a premium on materials of natural origin or has a small impact on the environment throughout the whole life cycle. To achieve our goal of increasing the use of sustainable materials for all of our main products, we engage actively with the supply chain to promote the use of certified eco-friendly materials.

Consumption quantity of main materials

Materials	Unit	2021	2022	2023	+/-
Fabric	Metre	3,981,233	3,217,256	3,610,648	12%
Fiber	Kg	5,694,118	2,343,325	3,078,988	31%
Resin	Kg	672,550	815,190	606	-26%
Poly bag	Kg	165,175	267,167	216,171	-19%
PVC bag	Piece	629,084	1,932,632	1,280,858	-34%
Labels, catalogs	Piece	5,361,529	5,891,766	5,626,648	-4%

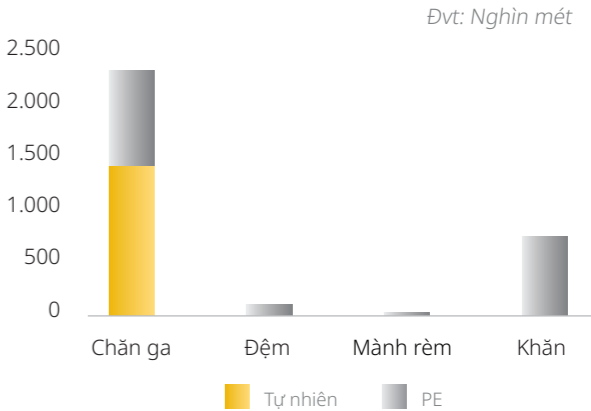
1.1. Fabric

Due to products' characteristics and revenue structure, the amount of fabric used for Bedding products accounted for the largest proportion of Everpia's total fabric consumption.

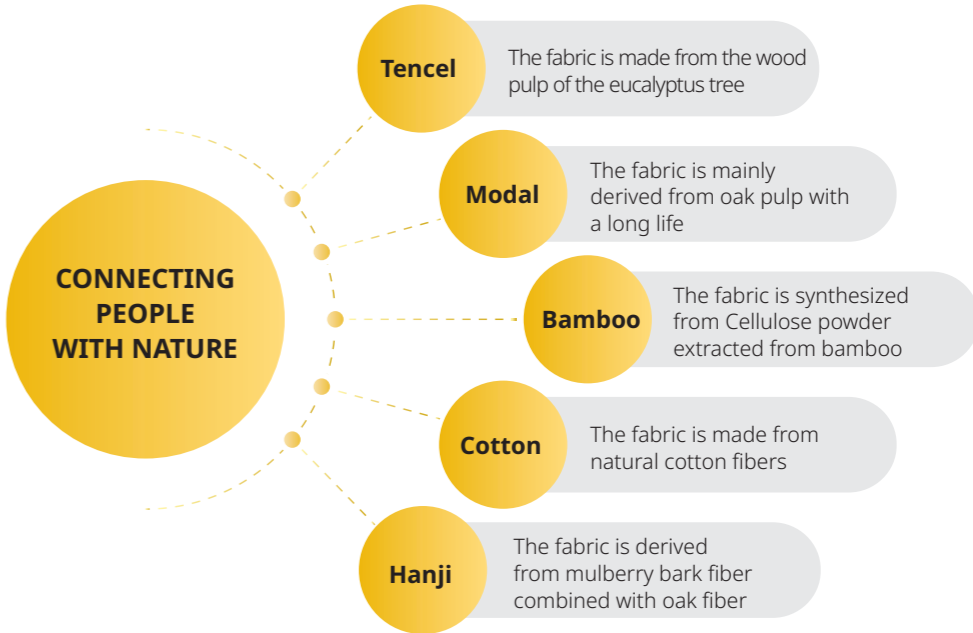
The mix of natural and synthetic fabrics used in Bedding production is superior to increase durability and lower raw material costs for each product. With the meaning of **Connecting people with nature**, Everpia implements the goal of gradually increasing the proportion of natural, sustainable fibers in bedding products. Humans harmonize with nature in each product design, but also through a direct sense of nature through each fabric.

The main used fabric is natural. Polyester and CVC fabrics are used as linings and cover for blankets and pillows to help the product fold, limiting creases during use and more long-lasting after washing.

Total amount of fabric used in 2023



In 2023,  
**3,6 mil meters**  
of fabric was used for  
bedding products, of  
which, **60%**  
are natural fabrics with  
sustainable origin.





To standardize the quality of fabrics, Everpia applies national technical standards on chemical content in products. 100% of the fabrics used for Everpia's bedding, cleaner, and curtain products must be free of chemicals in the Manufacturing Restricted Substance List (MRSL). Everpia prioritizes fabrics certified by Oeko-Tex, Bluesign, Greenguard, or suppliers with ISO 9001 quality management, and Higg Index verification.

1.2. Fiber

One of Everpia's main business lines is Padding. The product is formed mainly from virgin fibers and recycled fibers.

- **Virgin fiber:** 100% virgin fiber is formed during the petrochemical process
- **Recycled fiber:** Recycled fiber is derived from discarded PET bottles and containers

The amount of recycled fiber used in 2023 is equivalent to recycling 144,200,919 plastic bottles 500 ml.

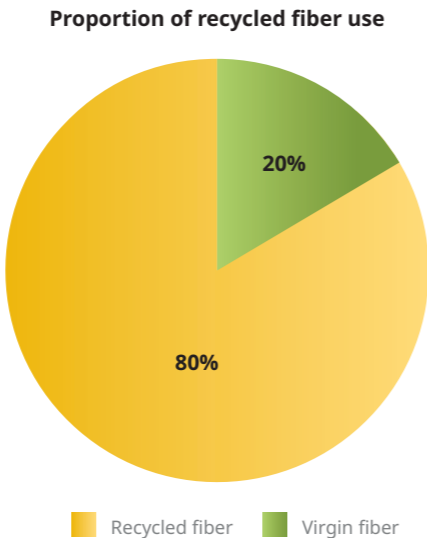
As a testament to our efforts, we have applied the Global Recycling Standard (GRS), which is assessed and certified by Control Union for origin recycling, manufacturing process, chemical management as well as environmental and social impacts.

1.3. Product packaging

Packaging plays an important part in preserving Everpia's products from damage caused by moisture, mold, and keeping the products in good condition when shipped to agents and customers. Currently, polyethylene (PE) and nylon are materials that suit our requirements because of their high durability and capacity to preserve products.

The use of plastic packaging has been one of the biggest concerns over the past time because of its impact on the environment. In 2022, we reset the goal of increasing the proportion of environmentally friendly packaging usage to 30%

For fabrics that do not meet the above criteria, we take the products after production to check the quality according to Fiti standards for product safety before delivering to consumers.



by 2025. The search for a suitable alternative packaging that ensures that Bedding products do not stain or yellow or durable enough to prevent the packaging from being torn or punctured during transportation, requires a lengthy period of research and testing. Everpia continues to actively communicate with suppliers and customers to provide the most effective solutions.

Currently, we prioritize choosing suppliers with sustainable production processes. All poly bags chosen from suppliers are certified with ISO 9001 for quality management systems

2. RESPONSIBLE PRODUCTION

Each production line at the factory poses different problems in terms of energy consumption, water consumption, chemical management, waste and wastewater control. Therefore, all members of Everpia's Sustainability Committee always coordinate closely to maintain sustainable production in a harmonious manner at all three factories in Hanoi, Hung Yen and Dong Nai.

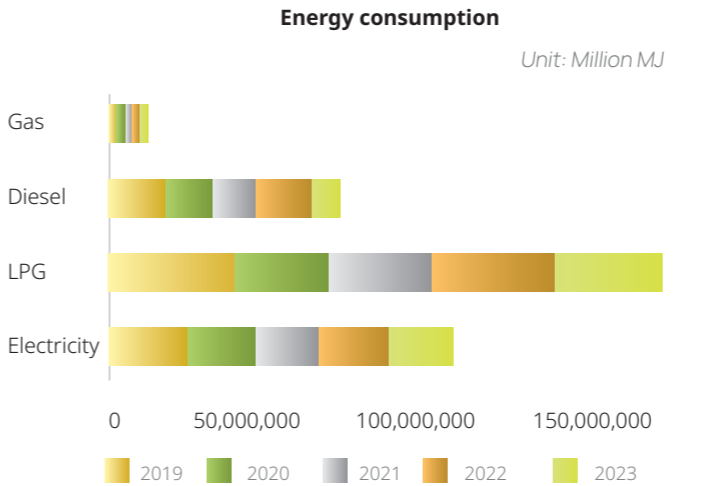
- Thoroughly assess the impact of production and business activities on the environment before implementation, monitor, measure and analyze environmental factors through quarterly monitoring.
- Obtain environmental management certification according to BS EN ISO 140001:2015 standards by the NQA for all 03 factories. All padding factories undergo an annual assessment according to the Higg index. Through these assessments, the Sustainability Committee will develop

2.1. Energy

Maintaining a business requires a huge amount of energy consumption. At Everpia, electricity, liquefied petroleum gas (LPG), diesel, and gasoline are the energy sources used in production and distribution. Among them, LPG used for padding and bedding production is the most consumed energy source. Over the years, we are constantly looking for solutions to make our production and products more energy efficient.

Unit: Million MJ

	Consumption 2021	Consumption 2022	Consumption 2023	Proportion
Electricity	16,081,610	17,347,921	15,504,300	31,6%
Non-renewable energy	38,061,905	46,225,606	33,530,874	68,4%
TOTAL	54,143,516	63,573,527	49,035,174	100%



strategies to reduce overall greenhouse gas emissions, recycle waste, and establish an environmental management system for the entire supply chain.

- Widely organize the factory innovation programs and environmental impact reduction initiatives to achieve the goal of increasing renewable energy sources, increasing resource efficiency and minimizing water consumption and emissions, discharge until 2023.
- Continue to apply initiatives launched in the 2020 independent Resource Efficiency and Cleaner Production (RECP) assessment by the consulting firm - Vietnam Cleaner Production Center (VNCPC) for all 3 factories.

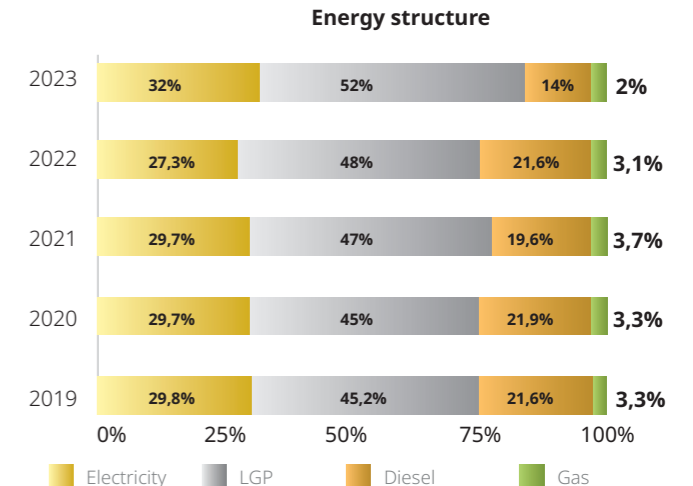
Thanks to diligent management from the Sustainability Committee, in 2023, Everpia did not incur any environmental compliance violations.

From 2021, the Sustainability Committee has changed the method to track energy consumption. Specifically:

- Each production line and each workshop is connected with a meter to monitor its electricity consumption
- LPG, diesel and gasoline are tracked based on the workshop code used
- The accounting department keeps track of production costs by each workshop.

Closely monitoring the performance of each production line helps us make recommendations to the factory directors and workshop managers on options to optimize fuel sources.

In 2023, the energy consumption level decreased by 27% compared to the base year 2019 and decreased by 23% compared to 2022. This reduction comes from 02 factors: i) efficiency gained from energy-saving operations and equipment, ii) decreased production output during the period due to difficulties and decline in the number of orders.



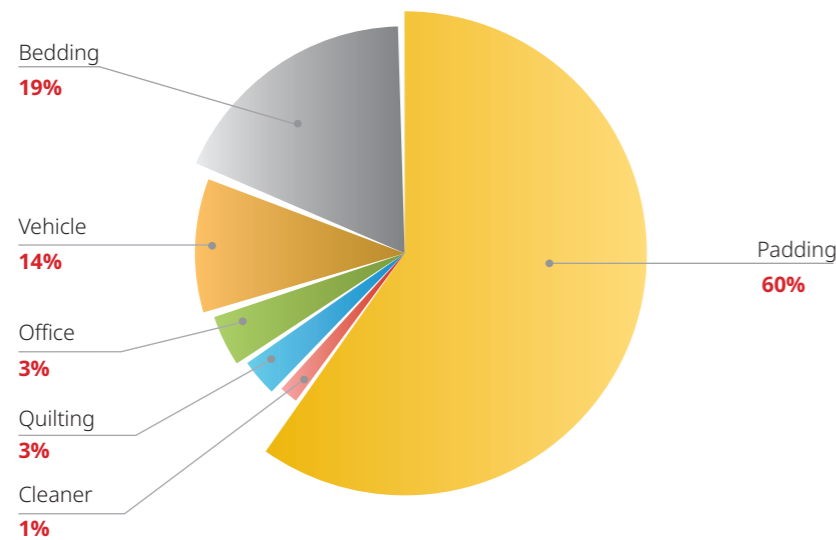
Strive for continuous improvement

Efforts to improve and reduce energy consumption come from the smallest actions such as the habit of responsibly using energy-consuming equipment on a daily basis, from the production department to the office. Understanding the structure and operation of machines allows us to optimize energy consumption for the machinery system, through periodic maintenance and selection of high-performance machines.

In 2023, we continued to apply various initiatives introduced in the 2020 review of potential resource efficiency improvements for factories to save energy. In particular:

- Overall maintaining the transformer, making the transformer run out of heat, and turning off its cooling fan. It is estimated that the transformer efficiency increases by about 2%, saving 17,040 kWh/year.
- Increasing maintenance frequency of the air compressors from once a month to every 2 weeks. Replaced broken valves and compressed air leaks, saved 21,000 kWh/year.
- The inverter for the drying fan helps control the drying chamber temperature, no more situation of opening the drying chamber to lower the temperature: 100% reduction in LPG loss due to opening the drying chamber door.

Energy consumption by business unit



2.2. Waste

In the operating process, waste generation is inevitable. Recognizing the potential waste of the business, we are always careful to minimize the amount of waste at each stage. We classify and manage waste in accordance with ISO 14001:2015 standards on the basis of contract based with waste collection and treatment companies. Waste is categorized into 3 groups:

DOMESTIC WASTE

78 %

NON-HAZARDOUS INDUSTRIAL WASTE

11 %

HAZARDOUS INDUSTRIAL WASTE

1 %

- Domestic waste: accounted for 78%, originating largely from office, canteens, and lavatories, is collected daily for classification, and delivered to qualified treatment companies as regulated by law.
- Non-hazardous industrial waste: accounted for 11%, most of which are raw materials in the production process such as excess fabric, thread, straps, waste paper and cardboard. These types of waste are collected, sorted daily and sold to the Industrial Waste Collection Company weekly for recycling or other treatments.
- Hazardous industrial waste: accounted for 1%, including fluorescent light bulbs, print cartridges, machine oil and oily rags. All wastes are classified, marked, and stored in a locked area, separate from domestic waste and non-hazardous industrial waste, and they will be collected and transported by qualified agencies for appropriate disposal.
- Towards the long-term goal of increasing the life cycle of machines, enhancing operational efficiency and reducing energy consumption, from 2021, Everpia has changed the frequency of machine maintenance from every 6 months to every 3 months at Hanoi and Hung Yen factory. This change has helped reduce the amount of hazardous waste by 19% compared to 2022.

Type of waste	Hanoi	Hung Yen	Dong Nai	Total at Everpia
Hazardous waste	140	299	118	557
Non-hazardous waste	300	1,020	3,484	4,804
Domestic waste	1,380	3,250	30,660	35,290
Industrial solid waste	-	1,650	3,051	4,701
Total	1,820	6,219	37,313	45,352

Innovation initiatives to limit waste

- Installing a fiber wastes bin to the front of the Blayca machine for grinding and recycling fiber wastes before being fed into the Carding machine with fiber for the production pressed cotton mattresses.
- Installing metal lattice sheets on the vacuum chamber to minimize the amount of cotton flying out and causing dust in the blanket workshop.
- Installing support tools to the sewing machine and enhancing the sewing procedure to reduce sewing time and reduce excess fabric due to errors.



2.3. Chemical management plan

Everpia is well aware that the use of chemicals in production is toxic and harmful to the environment and human health if not managed systematically and appropriately.

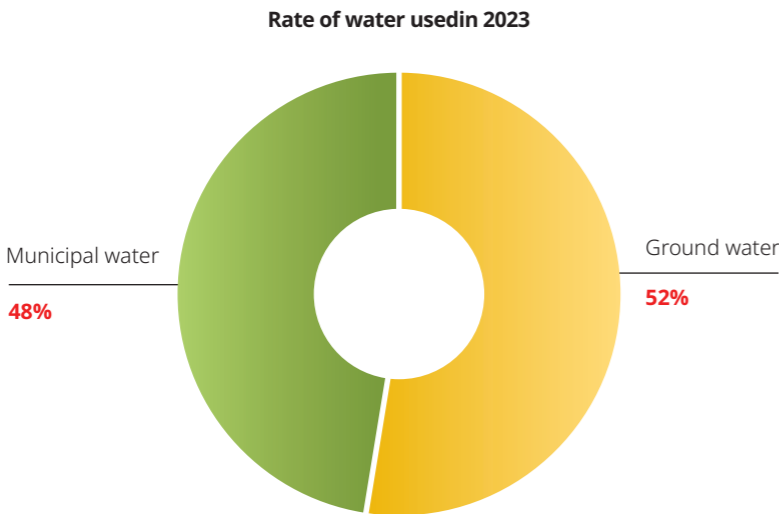
- 100% Resin used at Everpia has an Oeko-Tex certificate to ensure safety for health. Suppliers are required to provide detailed information, and specific instructions on chemical composition, usage, storage, and methods of responding to chemical incidents in accordance with the Globally Harmonized System of Classification and Labelling of Chemicals (GHS) and refer to advanced international practices such as Restricted Substance List (RSL/MRSL) of ZDHC's restricted.
- All information about chemicals such as chemical types, suppliers, the amount used, MRSL compliance, and expiration dates are tracked through a Chemical List.
- Chemicals are sorted, stored, and protected in a separate warehouse, with spill-proof edges, and accessible only to the persons in charge. The amount of chemicals needed for production for a day is calculated and transferred to a temporary storage area, near the chemical mixing area. In these areas, all information related to the respective chemicals will be clearly displayed, and there will be barriers around the mixing area and lids for mixing tanks.
- Employees working directly with chemicals are trained on chemicals and preparation for potential chemical spills annually, or before working for new employees, and are equipped with full labor protection equipment such as masks, gloves, glasses, and protective clothing.
- We successfully designed a Resin mixer to prevent employee exposure to chemicals and assure higher product quality. Employees no longer physically mix Resin using sticks. The resin is blended more thoroughly, and there are fewer residues..

We are conducting research to reduce the amount of formaldehyde-containing resin used in padding production and reuse excessive glue to minimize the wastewater in the environment. In 2023, we did not record any chemical spills.

2.4. Water and wastewater

While there are no dyeing and finishing processes at Everpia – two of the most water-intensive processes in the textile industry, we still understand the importance of consuming and managing wastewater generated from the factories.

Everpia uses water from two water sources: Municipal water from local water suppliers and groundwater treated through an on-site drilled well. Our total water intake for operation used in 2023 is 24,481 m3, of which, municipal water accounted for 52%. We continued to reduce the water flow of the hand-washing faucet from 20 liters/minute to 10 liters/minute and check water leakage and overflow, saving 500 m3 in 2023. Currently, we have not built any system to use recycled and reused water in our operation.



Since all Everpia's factories are located in industrial zones, the environmental impact of our water supply to the local communities has been. Everpia's groundwater withdrawal follows the License on underground water exploitation issued by the local Department of Natural Resources and Environment for each factory

Wastewater quality management is also an important aspect of our responsible production:

- For Hanoi and Hung Yen factories: The on-site wastewater treatment system ensures that wastewater from factories do not affect the surface water environment at Everpia's discharge points. Our system meets the national wastewater quality standard No. QCVN 14:2008/BTNMT according to the test report of the Institute of Occupational and Environmental Health and the 1st Technical Center of Quality Measurement Standards.
- For Dong Nai factory: The local industrial zone management treats wastewater through its infrastructure, under the wastewater treatment contract
- Pursuant to the Water Discharge Permit and Environmental Protection Scheme approved by the State Authority, Everpia conducts domestic wastewater monitoring four times a year to ensure that indicators in wastewater do not exceed the threshold when being discharged into the environment. According to the most recent monitoring results at Everpia's 03 factories, there is no indicator that exceeds the threshold specified in QCVN 14:2008 BTNMT.

At the same time, in 2023, Everpia had no violations regarding water and wastewater.

Results of monitoring domestic wastewater

No	Testing indicators	Unit	Testing method	Results	QCVN 14:2008 MONRE
1	pH	-	TCVN 6492: 2011	7,74	5 – 9
2	Total suspended solids		TCVN 6625: 2000	23	50
3	Total dissolved solids	Mg/L	CEECS/NT/HT/TDS	361	500
4	BOD <sub>5</sub> (20°C)		TCVN 6001-1: 2008	23,7	30
5	COD		SMEWW 5520C:2017	62,3	-
6	Animal and vegetable oils and fats		SMEWW 5520B&F:2017	1	10
7	Surfactants		TCVN 6622 : 2000	0,10	5
8	Phosphate (calculated on P)		TCVN 6202:2008	1,28	6
9	Sulphide (calculated on H <sub>2</sub> S)		TCVN 6637:2000	0,297	1
10	Amoni (calculated on N)		US EPA Method 350,2	0,31	5
11	Total Coliforms	MPN/100mL	TCVN 6187-2:1996	2800	3000

2.5. Emissions

\* Greenhouse gas emissions

Greenhouse gas emissions are one of the major impacts of the manufacturing industry on the environment. Based on the goal of limiting temperature rise to below 1.5 degrees Celsius under the Paris Agreement and the Government's commitment to “Net-Zero emissions”, Everpia sets a target of “net zero emissions” by 2030 for scope 1 and scope 2. Based on the method of GHG Protocol Corporate Accounting and Reporting Standard (GHG Protocol), we calculate greenhouse gas emissions as follows:

Determine the scope of operations to find emission sources:

**Scope 1:** Direct GHG emissions are calculated based on our fuel consumption for on-site combustion and transportation, including diesel, LPG for padding production, and diesel, petrol for transportation, adding the refrigerant

**Scope 2:** Indirect emissions from the amount of electricity Everpia uses.

**Scope 3:** We continue to research and participate in training with the Vietnam Textile and Apparel Association and the Climate Action Corps (CAC) to identify and calculate other indirect emission sources.

Everpia uses emission coefficients from the IPCC guidelines on greenhouse gas inventories 2019 version and from Vietnam's electricity grid to measure emissions.

Results of the greenhouse gas emissions in Scope 1 and Scope 2 at Everpia's 03 factories are as follows:

Scope	2023	2022	2021
Scope 1	2,201	2,664	2,623
Scope 2	3,932	4,078	4,078
Scope 1&2	6,133	6,742	6,702

Scope 1 and scope 2 emissions in 2023 decreased by 9% over the same period. After analyzing the data, we found that the padding production generated the largest amount of CO2

emissions, accounting for 51% % of the total emissions under Scope 1 and Scope 2. Therefore, we focus on monitoring and managing detailed emissions levels for this segment. With the padding production line, we optimize the production by reducing the no-load time between the different types of products, saving electricity and LPG consumption, and regularly checking the gas pipes to avoid leakage.

\* Indirect greenhouse gas emissions from energy

- In fact, the Company does not generate emissions because it does not use boilers or coal in production activities.
- Every 3 months, the Company conducts emissions testing in outdoor areas and production areas to take immediate remedial measures when there is emission pollution.
- Controlling vehicles of the Company such as containers, trucks, forklifts, and passenger cars in terms of dust and smoke emissions.
- Regular maintenance of vehicles, machinery, and equipment using gasoline and DO oil to minimize exhaust pollution

\* Emissions

Monitoring harmful gasses is one of the most significant aspects of environmental monitoring. We understand toxic gas concentrations exceeding the allowable threshold will harm both employees and the company: a polluted environment will harm workers' health, the company's productivity will suffer, and the company's reputation will be ruined. Therefore, we conduct with a regular frequency of 4 times/year.

Everpia's main source of emissions

- Dust generated from the process of importing goods, transporting, loading, gathering raw materials and products...
- Operation of boilers used in padding production generates dust and pollutant gasses such as SO2, NOx, CO...
- Emissions generated from the operation of transportation vehicles entering and leaving the company areas.



Results of monitoring toxic gas in the factory area

No	Indicators	Testing Method	Results					Unit	QCVN 26:2016/BYT
			KK1	KK2	KK3	KK4	KK5		
1	Temperature	QCVN 46:2012/BTNMT	31.6	30.9	30.9	31.8	31.8	oC	18-32
2	Humidity	QCVN 46:2012/BTNMT	51.8	57.9	55.7	60.3	48.8	%	40-80
3	Wind speed	CEECS/01	0.27	0.31	0.63	0.39	0.31	m/s	0,2-1,5
4	Noise level	TCVN 7878-2: 2010	67.8	81.2	84.6	83.9	71.6	dBa	85
5	CO	CEECS/04	<1.16	<1.16	<1.16	<1.16	<1.16	Mg/m³	40
6	SO <sub>2</sub>	TCVN 5971:1995	<0.27	<0.27	<0.27	<0.27	<0.27	Mg/m³	10
7	NO <sub>2</sub>	TCVN 6137:2009	<0.19	<0.19	<0.19	<0.19	<0.19	Mg/m³	10
8	Total dust does not contain silica	QCVN 02:2019/BYT	0,092	0,079	0,085				1

Measures taken control emissions

- Install ventilation and fume hoods to control indoor air quality issued from the padding workshop. The system has been maintained annually by the Company's maintenance team.
- Regularly clean factories and machinery
- For loading and unloading vehicles and trucks, carry out regular maintenance and operate with the correct load to minimize emissions.

JOURNEY TOWARDS CARBON NEUTRALITY

Climate change is already present.  
Urgent action is needed.

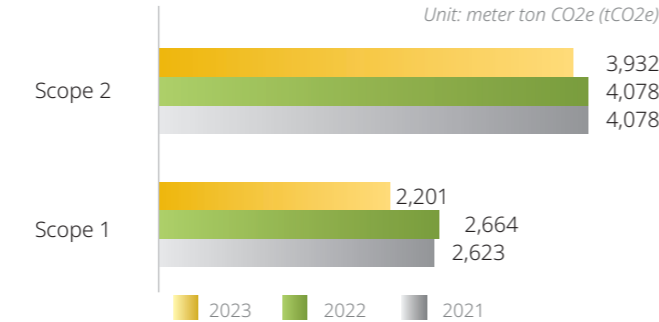
At Everpia, we strive to minimize carbon through production innovation activities, green investment projects and finding partners who meet the green production requirements.

1. Green factory

On July 7, 2023, Everpia officially launched its factory in Lot 16, Road 10 & 12, Giang Dien IP, Tam Phuoc District, Bien Hoa City, Dong Nai province. As of now, Everpia Giang Dien is one of 8 factories awarded EDGE ADVANCED certification by the International Finance Corporation and World Bank, recognized as a Green Building.

Taking advantage of a simple design method to increase the overall sustainability of the project, Everpia Giang Dien factory is oriented to achieve EDGE ADVANCED green building certification right during the design phase, aiming to optimize performance across three major environmental impact categories: Energy, Water, and Construction Materials. According to a detailed evaluation report, the energysavings reached 44%, water savings reached 23%, and construction material savings reached 26% for the complex factories, and 54% energy savings, 25% water savings, and 29% material savings for the padding workshop compared to the initial design. They have reduced emissions compared to conventional construction by 402.48 tCO2/year.

Differing from conventional factory standards, Everpia Giang Dien has a high level of energy efficiency by installing walls panels with XPS insulation and fiberglass insulation for the roofs, solar energy panels and using energy-saving LED lighting. In addition, low-flow sanitary fixtures also help reduce water consumption. Currently, both the complex factory and the Padding factory have obtained temporary EDGE Advanced certifications. After completion, the project will be officially certified if it fully complies with the EDGE criteria as advised by the Green Building Design team..



2. Recycled fiber project

Everpia has gradually used virgin fibers with recycled fibers since 2020. In 2023, the proportion of recycled fibers used reached 81%. Using recycled materials, the Company has recycled 445 million plastic bottles, contributing to protection of the ocean from plastic waste, which is one of the urgent environmental issues globally.

3. Meal quality measurement project - AI food scanner in canteen

In July 2023, Everpia cooperated with Nuvilab - a Korean healthcare solution provider and installed AI food scanner devices at the factory canteen.

By recording meals, the AI food scanner devices measure the nutritional values of each dish and analyze the portion sizes, eating habits and eating speed of employees. This is an effective solution in adjusting diets to balance nutrition, thereby ensuring the health of the laborers.

In addition, AI food scanners can analyze and manage leftover food, helping the company optimize food processing time, while also reducing the greenhouse effect. Within just 3 months of testing (Q4 2023), with no leftover food, Everpia successfully reduced 2,445kg of greenhouse CO2-eq.

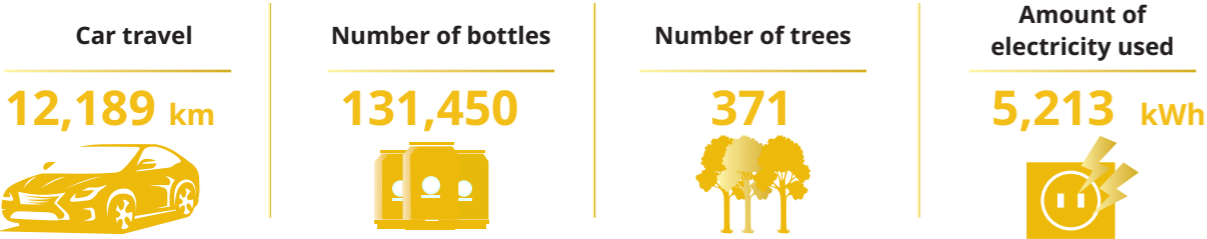


Number of turns no leftovers  
9,589 times



Volume of equivalent CO2-eq (kg)  
2,445 kg CO<sub>2</sub>-eq

THE REDUCTION OF GREENHOUSE GAS EMISSIONS IS EQUAL TO



IV. SOCIAL RESPONSIBILITY

Besides the governance and environment pillars, society is the third most important pillar to orient Everpia towards sustainable development. Social responsibility not only shows the values we bring but also shows our respect for employees, suppliers, consumers, and the community. In addition to the business ethics standards for stakeholders, we apply the Standards of Compliance with Social Responsibility (BSCI) within the business. We build an environment that is about work and opportunities for employees to maximize their potential and achieve maximum efficiency at work; we do not merely manage people; we guarantee they are engaged, motivated, and inspired at work.



Components of management approach



Policy

- Salary and bonus regime;
- Reward regulations;
- Recruitment proposal from departments;
- Training scheme for new employees and improving skills for sewing staff;
- Safety - hygiene - labor policy in accordance with GRS 4.0 standards;
- Regulations on occupational safety in compliance with Decree 44/2016/ND-CP;
- Procedures and policies of GRS, OEKO – TEX 100, and BSCI systems.



Commitment

- Commitment to salary and benefit payment policy in compliance with Decree 90/2019/ND-CP regulating regional minimum wages;
- Commit to maintaining a stable income for employees;
- Commit to transparency in the recruitment process and ensures a fair and transparent working environment for applicants;
- Commit to transparency in the recruitment process and ensures a fair and transparent working environment for applicants;
- Commit to offering clients high-quality items that are completely safe;
- Commit to carrying out the responsibility to contribute to the development of the local community.



## Target

- Sustainable growth;
- Maintain stable human resources;
- Develop stable and highly skilled human resources;
- Minimize workplace safety hazards for employees;
- Satisfy customer needs and enhance reputation in the market;
- Improve income levels, educational levels and living conditions of local workers



## Responsibility

General Director, Board of Management



## Power

Board of Management, Labor Union, Administration - Human Resources Department, Customer Services Department, ESG Department.



## Specific actions

- Publicly announce the salary and bonus regime in 2023 in Group Everpia;
- Apply transparency in recruitment;
- Conduct internal training programs for 9 office staff and 60 workshop staffs;
- Motivate leaders to pay more attention to employee concerns and company operations along with the business activities by encouraging employees to contribute ideas through discussions with senior managers/ Human Resources / Board of Management, call the hotline, send a letter to the feedback box;
- Coordinate with evaluation firms to assess the compliance level, and then get the certificates of GRS, BSCI, OEKO - TEX 100 in 2023;
- Deploy many activities to prevent and protect consumers against the Everon counterfeiting issues.

## Evaluation of management approach

- The policy on salary, bonus, and welfare has been improved with the average basic salary increasing by 6% compared to 2022
- Several bonus policies based on the seniority and skills for garment and electrical workers
- Overtime hours were significantly reduced thanks to the cost-effective management of each department/factory
- No occupational accidents were recorded in the period.
- Encourage employees to give their feedback, suggestions, and ideas to increase work efficiency and innovation within the company via dialogues.
- The company continues to accompany Korcham in providing scholarships for students in difficult circumstances with good academic achievements.

## 1. Connect with officials and employees



**1201**  
EMPLOYEES



**61%**  
ARE FEMALE WORKERS



**100%**  
OF EMPLOYEES PARTICIPATE IN THE  
COLLECTIVE LABOR AGREEMENT



**80%**  
OF FEMALE EMPLOYEES RETURN  
TO WORK AFTER MATERNITY LEAVE



**19 TỶ**  
TOTAL VOLUNTARY BENEFITS  
PAID DURING THE YEAR

### 1.1. Employee life cycle

Employee retention determines the health and growth of Everpia. We understand that a high turnover rate will negatively affect the company's performance and reputation. Therefore, our employee retention strategy focuses on increasing the positive employee experience, interaction, and connection with Everpia at each employee lifecycle stage, starting from recruitment until the time of termination of employment.





## Recruitment

- Our recruitment information is posted publicly and transparently on the recruitment section on our website “everpia.vn” and Facebook page “Everon recruitment”
- Employees are also recruited from within the company or through employee referrals. However, that doesn't imply that we will give prioritize those candidates and skip any recruitment procedures
- Develop a suitable recruitment process and requirements for each professional position, each target group and each department.
- Individuals belonging to policy families or ethnic minorities mostly have difficult circumstances, especially economically and lacking in facilities. In order to help these people have equal rights with others in society and have opportunities to participate in the labor market, in December 2021, the Human Resources Department presented a proposal for approval by the Board of Directors during the company meeting. Accordingly, we will have a scoring criterion for each candidate on a scale of 100, and candidates from policy families or ethnic minorities will receive a priority bonus of 3-5 points.
- Everpia commits not to use child labor



## Integration – Training – Retention

- Creating an ideal working environment is our way of attracting and retaining talent. Regardless of gender, education level, or position, all employees receive equal treatment based on performance and ability to work. Respect for diversity and equal opportunities is affirmed through our corporate culture and even in the recruitment process to effectively manage and operate human resources.
- We always strive to improve the salary policy, issue many innovative bonus programs, and improve working quality in order to create and maintain motivation for employees.
- We always offer our staff professional training and skills through internal training sessions and in-depth training. From the impact of the Covid epidemic, we want to improve the self-learning spirit of employees through the online learning program “Everon Academy” and improve training methods through the new training program “Versatile Employees” – training one person to be able to do many different tasks.
- We establish occupational safety and health standards that are applicable to all employees. We also periodically train employees on occupational safety, inspection, and reporting the execution of rules on standards to guarantee a safe working environment for employees.
- Every year, we provide our workers with a meaningful playground through two major annual events: the year-end party at the end of December and the sports festival at the end of March to strengthen the connection and get a deeper understanding of one another. Members and their families can get together, interact, and participate in these activities.



## Labor termination

- Every employee is a part of the Everpian community and even when they leave, we always feel grateful for their efforts and contributions during their working time.
- For everyone who leaves the job, we conduct a survey as a basis for making improvements to improve the quality of the working environment.
- At Everpia, leaders also act as “career mentors”. They are ready to give advice and support employees who are about to leave their jobs in orienting the next path.
- Employees are supported so that the handover procedure is carried out smoothly and the company's obligations to the employee are fully paid before leaving.
- Information on employee departures and records of their contributions will be posted on our Everpians community group.

In 2023, Everpia recorded 44 new hires and 74 resignations

### \* Quantity and ratio of employee new hires by gender and age group

Criteria	Quantity						Ratio					
	Male			Female			Male			Female		
	<30	30-50	>50	<30	30-50	>50	<30	30-50	>50	<30	30-50	>50
HN, HY, DN area	6	1	1	9	2	0	14%	2%	2%	20%	5%	0%
Surrounding area	4	6	0	8	5	2	9%	14%	0%	18%	11%	5%
Total by age	10	7	1	17	7	2	23%	16%	2%	39%	16%	5%
Total by gender	18			26			41%			59%		
TOTAL	44						100%					

### \* Quantity and ratio of employee turnover by gender and age group

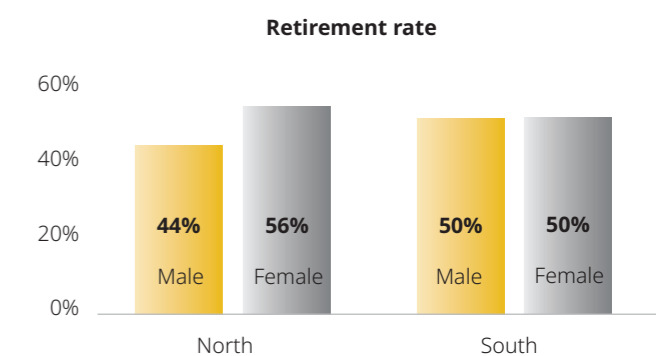
Criteria	Quantity						Ratio					
	Male			Female			Male			Female		
	<30	30-50	>50	<30	30-50	>50	<30	30-50	>50	<30	30-50	>50
HN, HY, DN area	0	17	0	2	16	1	0%	23%	0%	3%	22%	1%
Surrounding area	1	18	1	2	16	0	1%	24%	1%	3%	22%	0%
Total by age	1	35	1	4	32	1	1%	47%	1%	5%	43%	1%
Total by gender	37			37			50%			50%		
TOTAL	74						100%					

### 1.2. Welfare regime

Apart from ensuring basic rights for employees in accordance with the regulations including salary, insurance, and allowance regimes, Everpia also proactively offers suitable remuneration policies for employees. When becoming an official employee of Everpia, benefits beyond the basic salary include:

- Cars for senior managers, cars for employees on business trips;
- Daily pick-up and drop-off buses for office staff, parking fees support, travel allowance of 10,000 VND per worker;
- Housing rent support of 30,000VND/day for out-of-province staff from May 1, 2022;
- Seniority allowances;
- Attendance allowance, Telephone allowance;
- Kid allowance for employees with children under 06 years old 100,000 VND/month/child;
- Sick/wedding/funeral allowance for employees and their families;

- Toxic and dangerous allowances apply to heavy, hazardous, and dangerous labor jobs;
- Allowances for employees under harsh working conditions: providing snacks such as cakes, milk, ice, etc. to serve workers in factories during hot days or overtime.



1.2. Welfare regime (Next)

Unit: VND

Benefit type	Benefit name	Value (VND)
Obligatory	Social insurance	18,788,070,413
Obligatory	Health Insurance	1,030,522,885
Obligatory	Unemployment insurance	291,295,822
Obligatory	Union fee	1,878,236,365
Obligatory	Physical examination	168,855,700
Voluntary	Meal allowance	7,214,071,200
Voluntary	Pick up cars & buses	329,499,691
Voluntary	Child support allowance	285,207,073
Voluntary	Birthday	169,800,000
Voluntary	Parking support	37,751,000
Voluntary	Awards for excellent staffs	90,000,000
Voluntary	Attendance allowance	2,636,200,000
Voluntary	Traveling support	1,575,000,000
Voluntary	Teambuilding	4,681,855,284
Voluntary	Housing rental support	
TOTAL BENEFITS		40,716,233,999

The total salary and benefits the Company paid in 2023 is 217 billion VND, of which the total salary is 178 billion VND, accounting for 82%. The basic salary of each employee increases by 6% compared to 2022. In 2023, the company spent more benefits for employees on the summer tourism activities with a total cost of 4.7 billion VND.

Maternity

Total number of employees who have been and are currently on maternity leave	59
Total number of employees who returned to work in the year following the end of maternity leave	47
Total number of employees who returned to work and retained their position, within 12 months, after the end of the maternity leave	47

Among social welfare regimes, maternity regime is one of the most concerning issues. In 2023, across the Company, there will be 59 employees entitled to maternity benefits, including 43 female employees and 8 male employees. 80% of employees after maternity leave continued working.

Collective activities

Every year, Everpia has the tradition of organizing two large collective activities: the year-end party on December 31st and the Sports festival on the first Saturday of March. These are the meaningful playgrounds for employees and their families to gather, share and participate in activities to enhance solidarity and better understand each other.

After many years of cancel due to the impact of covid pandemic, in 2023, Everpia organized a three-day summer trip at three beautiful beaches: Sam Son, Da Nang and Mui Ne for all employees working in the northern, Da Nang and the southern areas with a total cost of more than 4 billion VND. These activities not only helped reduce stress and recharge employees after a stressful working period, but also increase their creative spirit and their readiness to work after the trip. Furthermore, this is an opportunity for employees to connect and bond with each other outside the workplace, build cohesive relationships and create stronger solidarity within teams to help strengthen positive working culture in the company

1.3. Personal development opportunities

With Everpia, people grow which means businesses grow. Realizing the importance of enhancing human resources, we provide professional training, labor skills, and soft skills to all employees through internal training sessions and in depth seminars with specialists.

- For the production department: Employees are trained for 5 days at the workshop to familiarize themselves with the work.
- Periodic assessment of sewing workers’ abilities: quarterly, experienced staff will evaluate the sewing skills of each worker at the sewing factory. If they pass the test, these workers will receive allowances ranging from VND 700,000 to VND 1,300,000 according to their skill level for each income level.

- For the office staff: New employees will be introduced to and disseminated about the organizational structure, and corporate culture within 01 day and then, receive professional training directly in their departments.
- In 2023, the total number of training hours for new recruits is 132 hours for office staffs and 6200 hours for the production staffs.
- Every 6 months, Everpia organizes an Innovation Contest for each department to present its innovative initiatives to the Board of Directors. The top 5 initiatives with the highest

scores from the Board of Directors will be honored and awarded as a recognition for their continuous efforts.

At the end of the year, all employees are evaluated on their work performance and voted for the best employees and departments in a transparent and fair manner. Management level officials are evaluated twice a year, through 2 steps:

- (i) Self assessment
- (ii) Evaluated and rated by their leaders

Innovating training methods

• Versatile worker

From the successes of the “Versatile worker” training program in Hanoi and Hung Yen, this model has been replicated at the Dong Nai factory with the number of training hours as follows:

Training contents	Number of employee trained	Number of training hours
Training workers in warehouse to use and operate electric forklifts	12	36
Training workers in garment workshop on sewing techniques to improve productivity	125	500
Training workers in the cutting workshop to use new machinery and equipments	6	48
Training workers in padding production line on product quality management	9	144
Train workers in quilting factory on how to read the quilting patterns and check the machine when threads are broken	5	80

• Self-studying spirit

Through a pilot e-learning program called “Everon Academy” on the Company’s internal software, we hope to build a spirit of self-learning in the entire Everpia community. Accordingly, the content of lectures by foreign experts will be recorded and uploaded to the system along with related documents. Most of the lesson content is related to the process and innovative options for the production department. For other departments, self-study is also conducted through online training sessions with experts and attending seminars held by organizations.

We set KPIs for all employees to achieve 10 hours of self-study in the year. The system would keep track of how much time each staff member spent on the lecture. Employees submitted a monthly report to the Head of the Department for evaluation. For the Annual Training Hour Report, the Human Resources Department was in charge of compiling evaluation reports from the Head of Department.

• Potential creativity

At Everpia, employees are continuously encouraged to think creatively; in 2023 several projects were developed and put forth by employees themselves, such as:

- Creating a feather blowing nozzle now only requires 1 person to operate, instead of 2 people in the previous process, the completion time is only 12 minutes per product compared to 45 minutes per product, reducing the production time by 73%.

- Creating a fabric lifting machine which requires only 1 person to move fabric rolls, instead of 2 people like previously and the workers themselves don’t have to use much physical labor.
- Applying barcodes on all fabric rolls to ensure accurate shipment and reduce counting time.
- Installing guide for lace sewing which helps the lace to be tighter and more even, not only that, production time reduced from 1 minute 02 seconds to 42 seconds, a reduction of 40%.
- Changing the method of sewing angled corners from blocking the corner to easing the corner, reducing the sewing time to 1 minute 42 seconds, a 37% reduction. After that, this method continued to be improved from easing the corner to folding the corner, the time to sewing one corner was 1 minute 05 seconds, reducing 37 seconds equivalent to 36%.
- Trimming the pillowcase lace ends after blocking the corner takes 11 minutes 02 seconds.
- Changing the sewing method, the lace ends don’t need to be trimmed, the angle is more perpendicular, sewing time is 09 minutes 40 seconds, reducing 1 minute 22 equivalent to 12%.
- The pleating of the duvet cover used to require holding it both above and below, resulting in inconsistencies in size and uneven pleats. Additionally, it takes 8 minutes and 50 seconds to pleat of duvet cover. The workers used a piece of cardboard to make the bottom gauge and tape to attach the top of the presser foot, making the product faster and more beautiful. The time is now 5 minutes and 30 seconds, decreasing 3 minutes and 20 seconds equivalent to 37%.

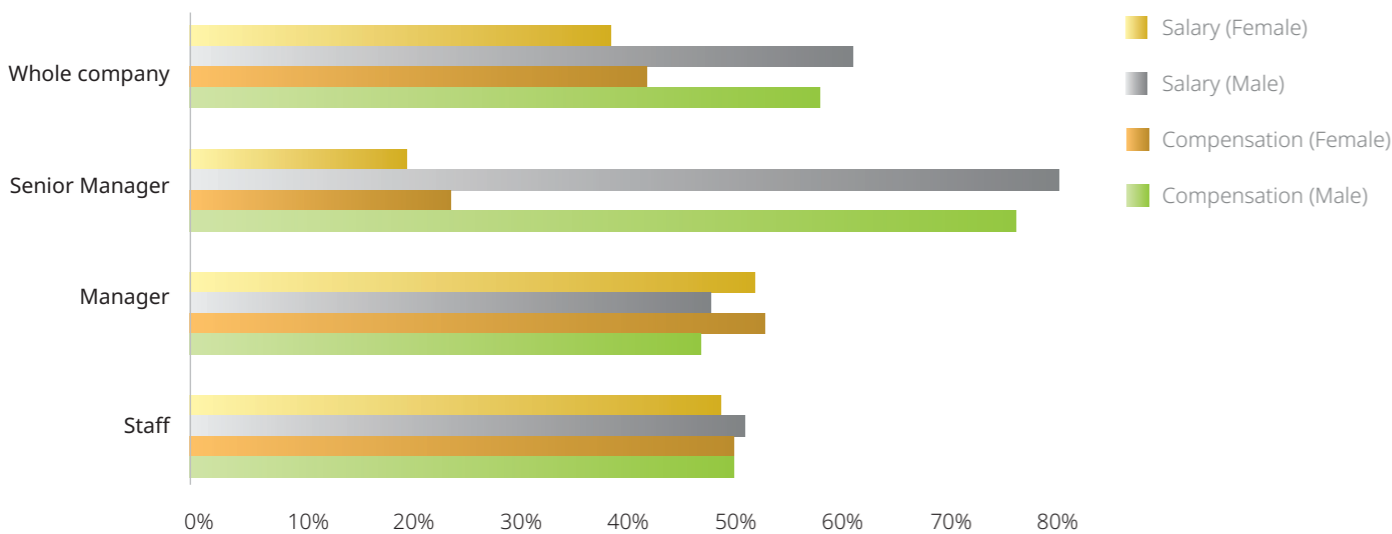
1.4. A fair, civilized and democratic workplace

Creating an ideal working environment is a necessary requirement for Everpia because that is how we attract and retain talent. We want every employee who comes to Everpia to feel like this is where they belong. All employees are treated fairly based on performance and work capacity, regardless of gender, education, and title. From company culture to the recruitment process to how to manage and operate human resources, respect for diversity and equal chances is affirmed throughout.

Diversity of management and employees

Type of labor	Male				Female			
	<30	30-50	>50	Total	<30	30-50	>50	Total
Staff	82	233	77	392	137	443	86	666
Manager	1	36	18	55	-	43	4	47
Senior manager	-	13	8	21	-	15	5	20
TOTAL	83	282	103	468	137	501	95	733

Ratio of female workers’ income to male workers in 2023



In terms of basic salary and remuneration, Everpia applies a common policy to both male and female workers so the income ratio of men and women is relatively balanced.

At Everpia, employees are cared for and democratically empowered through clear regulations on the Regulation of grassroots democracy in the workplace.

- Employees have the right to voice their opinions and decide on the negotiation content of the Collective Bargaining Agreement and are encouraged to join the Trade Union and other occupational associations.
- Quarterly dialogues between the Board of Management and employees or an Employee Conference are organized to summarize opinions. Such opinions on updating production and business situations and discussing issues related to labor contracts, collective bargaining agreements, working conditions, or other requirements from employees or employers will be updated to the Trade Union.

Due to the characteristics of the garment industry, at the staff level, it is clear that the number of female workers under the age of 50 is overwhelming. At the management level (from the head of the department and above), the number of men accounts for a higher proportion, but at the senior management level (from the team leader and above), the number of men and women is relatively balanced. This diversity reflects the level of gender equality in our personnel assessment and appointment policy.

- In the event that an issue arises and one of the parties requests a dialogue, both parties will have to arrange a meeting within 10 working days from the date of request.
- Our Suggestion Box and Internal Hotline of the Company are available.

Moreover, the Company commits not to employ workers under the age of 18 and does not engage in any activity that poses a major risk of forced labor, as verified and certified by BSCI specialists.

In addition, the Human Resources Department cooperates with the Trade Union to regularly organize seminars to present regulations and policies related to human rights, share experiences, and answer questions for employees. These training sessions are recorded and shared in the “Everon Academy” section so that all employees can easily access them.

1.5. Occupational safety and health

Everpia is willing to do every possible way to create a safe and healthy environment for all employees. We set occupational safety and health standards that apply to all Everpia employees.



Labor health

- Besides the officer in charge of overall occupational safety and health in the Sustainability Committee, Everpia also established an occupational safety and health team (OHS) at 03 factories, in which each factory appoints 1-2 representatives to ensure occupational safety and health is implemented and closely monitored.
- Every Tuesday, the OHS team collaborates with the Factory Innovation Team to check the implementation of 5S cleaning at the facilities.
- Every 06 months or in case of emergency, the OHS will report the situation to the Board of Directors and Trade Union and notify the Sustainability Committee to agree on the implementation, and direction, and provide quick and timely solutions.
- Health checks are provided to all employees once a year, or twice a year for employees doing laborious or toxic work. The original health records are delivered to each employee in sealed envelopes. General information is transferred in hard copy to the Human Resources Department and is kept confidential in a locked file cabinet, directly managed by the Head of the Department.



Labor safety

- The Trade Union develops provisions specifying the responsibilities and obligations of employees and employers regarding occupational safety issues in the Collective Bargaining Agreement.
- When a health and safety-related accident occurs, an Investigation Team, presented by a Board of Management representative, the Chairman of the Trade Union, the Medical Department leader, and the Officer in charge of OHS, will be immediately formed, and the occupational accident investigation process will be activated. Our Medical Department will provide support to contractors working at Everpia.
- Reviews of the entire production process and working environment are conducted at all factories, potential impacts on the environment and employees are assessed, and occupational safety and health risks are classified.
- Communication and training for each employee are conducted on an annual basis and before starting work, at the same time protective equipment is provided and the safety compliance of employees is strictly supervised.
- Training on fire prevention and fight and first aid are provided



Labor accidents

In 2023, the company did not record any occupational accidents. To do this, Everpia always fully applies the following measures:

- Provide adequate labor protection equipment for employees, and ensure working areas are always clean and safe.
- Regularly check working equipment and tools to ensure they are in good condition and do not pose any danger to workers.
- Analyze and assess occupational risks to have appropriate prevention solutions.
- Regularly inspect and supervise to ensure that occupational safety is fully and effectively implemented.
- Raise awareness and responsibility of employees, educate and train employees on occupational safety

2. STRATEGIC PARTNERSHIP WITH SUPPLIERS

In order to spread the values of sustainable development towards the goal of reducing greenhouse gas emissions and building a diversified and balanced ecosystem in the supply chain, from 2022, Everpia has added 02 criteria in its supplier selection including:

- **Innovation and development:** Suppliers need to be innovative and progressive to provide Everpia with the latest products and services, in line with the market demands.
- **Compliance with environmental regulations and business ethics:** Suppliers need to comply with environmental regulations and business ethics to ensure consumer safety and protect customers’ rights.

Besides, there are 04 basic criteria including:

- **Credibility:** A supplier’s credibility is reflected in their legal status, policies, methods, procedures control, and compliance. This is demonstrated by suppliers’ legal records and transaction history with other partners
- **Quality, cost, and delivery:** Quality is always the most important aspect of Everpia’s supplier selection, especially when it comes to materials as it has a direct impact on our products. Reasonable costs and on-time delivery are also other key factors since they enable us to lessen the burden of prime cost and avoid the risk of materials scarcity.
- **Financial capacity:** The financial stability of the supplier determines whether the supplier continues to be a reliable partner of Everpia and whether the supply of products and services will not be disrupted due to the financial risk.
- **Long-term relationship:** Everpia believes that to build a long-term relationship, both parties must work toward the mutual goal of supplying the best products to customers, not only through product and service quality assurance but also through supply chain sustainability practices.

How does Everpia collect supplier information?

- Information is collected through direct interaction, referencing the existing partner network, or searching the internet.
- Prior to the transaction, or at least once a year for Principle Contracts, the content of price and delivery time will be negotiated. If an issue arises, Everpia and the supplier will discuss and agree on a solution based on the idea of interest harmonization.

Raw material traceability is mostly accomplished through Oeko-Tek certification and direct interviews with suppliers.



Does Everpia prefer Vietnamese suppliers or foreign suppliers?

If product qualities are satisfied, we will prioritize choosing local suppliers, in order to enhance the stability of materials supply and increase the rate of localization.

Most of our main materials such as fabric, fiber, and resin are currently imported from overseas since the domestic sources have not met our demand for capacity and quality.

However, for sub-materials such as rubber bands, thread, interlining, and resin, the number of Vietnamese suppliers is dominating.

We believe that with the advancement of the domestic supply chain, the participation of Vietnamese suppliers in our value chain is becoming more and more prevalent.

Comparison between Domestic and International Suppliers

Supplier	Quantity	Ratio in 2023	Ratio in 2022	Purchase value	Ratio in 2023	Ratio in 2022
Domestic suppliers	487	87%	88%	257,545,918,321	49%	50%
International suppliers	73	13%	12%	266,859,149,032	51%	50%
TOTAL	594	100%	100%	822,043,159,598	100%	100%

3. RESPONSIBILITY TO CONSUMERS

As a consumer goods manufacturer, it is not only our responsibility but also our purpose to protect our consumers’ health and safety. Everpia rigorously researches the impact of each product line on consumers’ health at each stage.



- Regarding the initial control stage, the R&D department of each business unit takes responsibility. This section will create new features for items to fulfill various customer requirements through research and market demand analysis. The finished product will be made available immediately after several testing and improvement phases.
- Regarding the production stage and after finishing, all raw materials, semi-finished products, and finished products are stored under standard temperature and humidity conditions. Output products must pass the final quality check before being stored and delivered to consumers, including metal detection, iron filings in cotton, spring elasticity mattress testing, as well as other product quality standards. Everpia is the first manufacturer in Vietnam to equip a curtain steaming machine with Korean technology, which can create and sustain waves for curtains while destroying 99.9% of bacteria such as staphylococcus aureus and bacilli.
- Regarding the obligation to provide product information for customers, 100% of Everpia’s output meets this criterion. For semi-finished goods of padding, quilting, and fabrics, we standardize and comply with the product specifications in each contract; the manufacturer will also have full information to provide to the end users. For bedding, curtains, and cleaner that is distributed directly to users, apart from presenting all the necessary information on product labels, we also create videos and articles about the use of each fabric, or each product, as well as instructions for proper use and care, and widely disseminated through social networks to provide more information to customers.

Customer feedback is a reliable and valuable source of information for us to evaluate product impact and make reasonable adjustments. Customers are encouraged to send their feedback after using the product to Everpia through our store system, hotline, website, or social media accounts.

No	Label type	Content
1	Product information	(i) Product name (ii) Specifications: material, size...; (iii) Instructions for use and maintenance; (iv) Name, address, and phone number of Everpia.
2	Brand	The brand name is printed on packages or attached to the products, for the purpose of recognition and preventing counterfeiting.
3	Quality inspection stamps	Confirmation of passing the final inspection and eligibility for circulation.
4	Product barcode	Including product name and internal code, listed selling price
5	Anti-counterfeiting stamps	The company logo, applies the technology of broken-stamp & ice-testing techniques, allowing SMS verification to authenticate the genuine products.
6	Warranty	Red company stamps and the information fields need to be provided for the warranty

Measures to prevent and completely solve the counterfeiting issues

Everon bedding is frequently imitated, seriously harming the interests of consumers. In light of how severe it is, the firm has put in place a number of steps to prevent and address the issue of fake and counterfeit items:

- 1. Inform on all channels owned by Everon: actively promote on social media to warn customers to be aware of fake and counterfeit products and to avoid falling into tricks of counterfeit goods sellers.
- 1. Call for the participation of the press: The cases handled by the law due to the production and sale of fake Everon goods have been widely reported to the public by press agencies.
- 1. Work with representatives of e-commerce platforms: Everpia has been working with representatives of the Shopee e-commerce site to regularly review and handle accounts selling fake products, imitating Everon brand.
- 1. Coordinate with authorities to dismantle organizations selling fake and counterfeit goods: With the cases of selling fake and counterfeit goods with sophisticated details and remarkable scale, Everpia has coordinated with the authorities to promptly handle them.
- 1. Actively participate in anti-counterfeiting events: Recently, a representative of Everpia participated in the seminar “The current situation and solutions to identify counterfeit goods and intellectual property violations from the perspective of Korean enterprises with the desire to raise the issue of fake and counterfeit goods, while simultaneously calling for a more synchronous and drastic intervention from the authorities.

Customer information security

SThe number of customers shopping at the company's online shopping platform is constantly increasing, up to now, more

4. RESPONSIBILITY TO THE COMMUNITY

As a business entity in society, Everpia is aware of its role and responsibility towards the community. By contributing to the local community as well as to Vietnamese society, we play an active role in fostering community prosperity and development, empowering the success of community members, and strengthening community connections.

In 2023, the Company presented gifts to financially disadvantaged households in Ho Chi Minh City to help them partly overcome difficulties and gain more confidence and energy in life. At the end of the year, the company's Labor Union at all branches gave special Tet gifts to 10 employees facing difficult financial circumstances.

than 520,000 customers have created accounts at the online sales website www.everon.com , Facebook Everon has 141,000 people. Facebook K-Bedding has 30,000 followers. Security of customer data is not only fulfilling the commitments made to customers but also creating a healthy and sustainable business environment. To ensure the security of customer information, Everpia synchronously implements the following measures:

- 1. Apply a strict security system to prevent unauthorized people from accessing customer information.
- 2. Educate employees about information security to ensure employees understand the importance of protecting customer information and know how to apply effective information security measures.
- 3. Check and evaluate the information security policy regularly to ensure its effectiveness and enhance the company's capacity to respond in safeguarding consumer information.



V. GRI INDEX

This sustainability report is one of Everpia's tools for informing the public about the management and advancement of our sustainability activities.

Everpia's Sustainability Report has been prepared according to GRI standards, the core option - a widely recognized international standard from the Global Reporting Initiative (GRI), for the fiscal year from January 1st 2023 to December 31st 2023. General standards and information disclosure standards are presented in accordance with the guidelines at GRI 2021, which take effect from January 1st 2023.

Unlike the Consolidated Financial Statements in Chapter 6 with reports on the scope of the Company and Subsidiaries, the Sustainability Report covers the entire Everpia Joint Stock Company (excluding Subsidiaries), where production activities occur and have significant effects on the environment, labor, and society. This report also highlights Everpia's dedication to aligning with the United Nations' Sustainable Development Goals.

Everpia adheres to the principles of honesty, accuracy, and transparency when disclosing figures in reports by third parties:

- Operational processes, compliance with regulations on the working environment, performance indicators (policy on environmental compliance - safety - labor, labor policies, welfare, salary, and bonus and commitments on social responsibility, number of recycle chips used, recycle volume produced) are standardized into SOPs and guaranteed by GRS, Higg Index.

- The social responsibility index is periodically evaluated by several customers who are leading fashion brands in the world.
- Information about products and non-toxic production processes such as the origin of raw materials, materials, and quantities of materials used in production are guaranteed by Oekotex100.
- Information about the results of measurement and testing of the working environment (indices of microclimate, light, noise, dust concentration, toxic gas) is guaranteed by the National Working Environment Monitoring Station.
- Information on waste treatment (wastewater and solid waste volume and treatment costs) is confirmed by specialized companies providing wastewater and hazardous waste disposal services..
- Information on energy saving (electricity, water and usage costs) is based on data from utility bills.
- Information on the results of occupational workplace assessments (microclimate index, light, noise, dust concentration, toxic gas) is guaranteed by Dai Nam Environment Joint Stock Company.
- Financial information (revenue, profits, taxes, bonus and welfare fund) is audited by Ernst & Young.

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EVERPIA JOINT STOCK COMPANY

# CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

## GENERAL INFORMATION

### THE COMPANY

Everpia Joint Stock Company ("the Company") is a joint stock company incorporated under the Law on Enterprise of Vietnam following a change in legal form from a 100% foreign-owned company, Everpia Vietnam Co., Ltd., in pursuant to the Investment Certificate No. 011033000055 issued by Hanoi Department of Planning and Investment on 27 April 2007, and the subsequent amended Investment Certificates, with the latest, being the 21th Amended Investment Registration Certificate, dated 28 April 2022.

The shares of the Company have been listed (under ticker of EVE) on the Ho Chi Minh City Stock Exchange since 17 December 2010.

The principal activities of the Company are to produce, distribute (wholesale and retail) and export bedding-related products and other activities as registered in the investment certificate.

The Company has its head office located at Duong Xa Commune, Gia Lam District, Hanoi and seven branch offices located in Hung Yen, Ho Chi Minh City, Hoa Binh, Dong Nai, Binh Duong, Da Nang and Khanh Hoa, respectively.

### BOARD OF DIRECTORS

Members of the Board of Directors during the year and at the date of this report are:

<b>Mr Cho Yong Hwan</b>	Chairman	
<b>Mr Lee Jae Eun</b>	Member	
<b>Mr Yu Sung Dae</b>	Member	
<b>Mr Le Kha Tuyen</b>	Member	
<b>Mr Lee Bang Hyun</b>	Member	Appointed 27 April 2023 Resigned on 8 August 2023

### BOARD OF SUPERVISION

Members of the Board of Supervision during the year and at the date of this report are:

<b>Mr Truong Tuan Nghia</b>	Head of Board of Supervision
<b>Mr Ko Tae Yeon</b>	Member
<b>Mr Nguyen Dac Huong</b>	Member

### MANAGEMENT

Members of the management during the year and at the date of this report are:

<b>Mr Lee Jae Eun</b>	General Director
<b>Mr Cho Yong Hwan</b>	Deputy General Director in charge of Ho Chi Minh City Branch
<b>Mr Yu Sung Dae</b>	Deputy General Director

### LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of this report is Mr Lee Jae Eun, General Director of the Company.

### AUDITOR

The auditor of the Company is Ernst & Young Vietnam Limited – Hanoi Branch.

REPORT OF MANAGEMENT

Management of Everpia Joint Stock Company (“the Company”) is pleased to present this report and the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2023.

MANAGEMENT’S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the consolidated financial statements of each financial year which give a true and fair view of the consolidated financial position of the Company and its subsidiaries and of the consolidated results of its operations and its consolidated cash flows for the year. In preparing these consolidated financial statements, the management is required to:

- » select suitable accounting policies and then apply them consistently;
- » make judgements and estimates that are reasonable and prudent;
- » state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- » prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue its business.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the consolidated financial position of the Company and its subsidiaries and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Company and its subsidiaries and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Management confirmed that it has complied with the above requirements in preparing the accompanying consolidated financial statements.

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Company and its subsidiaries as at 31 December 2023, and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprises Accounting System and the statutory requirements relevant to the preparation and presentation of consolidated financial statements.

Hanoi, Vietnam  
25 March 2024

For and on behalf of management:



Lee Jae Eun  
General Director

Reference: 11453398/67061582-HN

INDEPENDENT AUDITORS’ REPORT

To: The Shareholders of Everpia Joint Stock Company

We have audited the accompanying consolidated financial statements of Everpia Joint Stock Company (“the Company”) and its subsidiaries as prepared on 25 March 2024 and set out on pages 5 to 44, which comprise the consolidated balance sheet as at 31 December 2023, the consolidated income statement and the consolidated cash flow statement for the year then ended and the notes thereto.

Management’s responsibility

Management of the Company is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the consolidated financial statements, and for such internal control as the management determines is necessary to enable the preparation and presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company’s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Company and its subsidiaries as at 31 December 2023, and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of consolidated financial statements.

Công ty Trách nhiệm Hữu hạn Ernst & Young Việt Nam – Chi nhánh Hà Nội



Nguyen Manh Hung  
Deputy General Director  
Audit Practising Registration  
Certificate No. 2401-2023-004-1



Le Thi Thu  
Kiểm toán viên  
Auditor  
Audit Practising Registration  
Certificate No. 5606-2020-004-1

Hanoi, Vietnam, 26 March 2024

CONSOLIDATED BALANCE SHEET

as at 31 December 2023

B01-DN/HN  
Currency: VND

Code	Assets	Notes	Ending balance	Beginning balance
100	CURRENT ASSETS		770,385,094,402	1,055,145,769,022
110	Cash and cash equivalents	4	40,858,611,052	54,780,353,092
111	Cash		39,012,957,587	37,834,469,145
112	Cash equivalents		1,845,653,465	16,945,883,947
120	Short-term investments		223,235,937,241	396,498,286,055
121	Held-for-trading securities		-	108,759,627,374
122	Provision for held-for-trading securities		-	(18,067,423,469)
123	Held-to-maturity investments	5	223,235,937,241	305,806,082,150
130	Current accounts receivables		182,263,347,093	232,722,338,012
131	Short-term trade receivables	6.1	167,122,003,180	183,249,582,128
132	Short-term advances to suppliers	6.2	9,806,656,928	42,266,149,339
136	Other short-term receivables	7	34,081,683,482	34,686,549,577
137	Provision for doubtful short-term receivables		(28,746,996,497)	(27,479,943,032)
140	Inventories	9	318,859,392,606	364,153,052,782
141	Inventories		350,972,238,074	393,180,183,846
149	Provision for obsolete inventories		(32,112,845,468)	(29,027,131,064)
150	Other current assets		5,167,806,410	6,991,739,081
151	Short-term prepaid expenses	13	3,171,222,115	3,783,070,296
152	Value-added tax deductible		1,996,584,295	3,208,668,785

CONSOLIDATED BALANCE SHEET (continued)

as at 31 December 2023

B01-DN/HN  
Currency: VND

Code	Assets	Notes	Ending balance	Beginning balance
200	B. NON-CURRENT ASSETS		585,485,974,868	401,549,607,125
210	I. Long-term receivables		3,114,021,409	2,550,207,116
216	1. Other long-term receivables	7	3,114,021,409	2,550,207,116
220	II. Fixed assets		352,165,213,136	165,509,518,378
221	1. Tangible fixed assets	10	351,190,821,438	164,253,763,180
222	Cost		774,106,278,847	609,814,704,124
223	Accumulated amortisation		(422,915,457,409)	(445,560,940,944)
227	2. Intangible fixed assets	11	974,391,698	1,255,755,198
228	Cost		41,721,106,292	41,721,106,292
229	Accumulated amortisation		(40,746,714,594)	(40,465,351,094)
240	III. Long-term assets in progress		1,019,733,800	64,280,616,346
242	1. Construction in progress		1,019,733,800	64,280,616,346
250	IV. Long-term investments	12	60,556,466,482	9,804,108,487
252	1. Investments in associates		11,590,390,000	11,590,390,000
253	2. Investments in other entities		10,356,200,000	10,356,200,000
254	3. Provision for long-term investments		(12,985,341,499)	(12,142,481,513)
255	4. Held-to-maturity investment		51,595,217,981	-
260	V. Other long-term assets		168,630,540,041	159,405,156,798
261	1. Long-term prepaid expenses	13	146,002,881,797	136,827,519,145
262	2. Deferred tax assets	26.3	22,627,658,244	22,577,637,653
270	TOTAL ASSETS		1,355,871,069,270	1,456,695,376,147


CONSOLIDATED BALANCE SHEET (continued)


B01-DN/HN  
Currency: VND

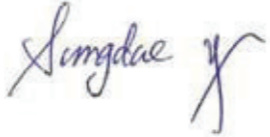
as at 31 December 2023


Code	Assets	Notes	Ending balance	Beginning balance
300	C. LIABILITIES		355,899,753,750	428,854,173,261
310	Current liabilities		233,682,771,214	312,013,032,780
311	Short-term trade payables	14.1	41,219,860,824	48,905,071,795
312	Short-term advances from customers	14.2	19,186,940,891	18,592,271,299
313	Statutory obligations	15	7,329,424,459	17,868,736,240
314	Payables to employees		25,802,587,704	30,679,597,943
315	Short-term accrued expenses		978,892,917	1,673,446,511
318	Short-term unearned revenue		-	182,895,926
319	Other short-term payables	16	1,563,083,690	1,695,365,563
320	Short-term loans	17	137,601,980,729	192,415,647,503
330	Non-current liabilities		122,216,982,536	116,841,140,481
337	Other long-term liabilities	16	19,899,500,309	22,415,007,814
338	Long-term loans	17	102,317,482,227	94,426,132,667
400	D. OWNERS' EQUITY		999,971,315,520	1,027,841,202,886
410	Capital	18	999,971,315,520	1,027,841,202,886
411	Issued share capital		419,797,730,000	419,797,730,000
411a	Shares with voting rights		419,797,730,000	419,797,730,000
412	Share premium	18.2	184,195,877,847	184,195,877,847
417	Foreign exchange differences reserve		(3,689,666,922)	(4,000,628,280)
420	Other funds belonging to owners' equity		5,057,441,212	1,169,532,841
421	Undistributed earnings	18.1	383,538,969,799	416,424,104,094
421a	Undistributed earnings by up to the end of prior year		365,713,574,357	324,849,269,506
421b	Undistributed earnings of current year		17,825,395,442	91,574,834,588
429	Non-controlling interests		11,070,963,584	10,254,586,384
440	TOTAL LIABILITIES AND OWNERS' EQUITY		1,355,871,069,270	1,456,695,376,147

Hanoi, Vietnam  
25 March 2024

  
Nguyen Bao Ngoc  
Preparer

  
Nguyen Bao Ngoc  
Chief Accountant

  
Yu Sung Dae  
Deputy General Director  
In charge of Finance

  
Lee Jae Eun  
General Director




CONSOLIDATED INCOME STATEMENT


B02-DN/HN  
Currency: VND

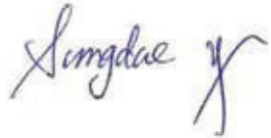
for the year ended 31 December 2023


Code	Assets	Notes	Ending balance	Beginning balance
01	Revenue from sale of goods	20.1	787,684,319,980	1,021,675,009,233
02	Deductions	20.1	(830,413,831)	(426,491,045)
10	Net revenue from sale of goods	20.1	786,853,906,149	1,021,248,518,188
11	Cost of goods sold	21	(535,771,595,934)	(637,064,757,476)
20	Gross profit from sale of goods		251,082,310,215	384,183,760,712
21	Finance income	20.2	49,447,504,304	31,681,507,476
22	Finance expenses	22	(22,641,932,270)	(39,728,202,018)
23	In which: Interest expenses		(14,493,574,387)	(6,738,633,160)
25	Selling expenses	23	(167,439,134,031)	(173,296,409,898)
26	General and administrative expenses	23	(92,954,672,832)	(88,027,974,504)
30	Operating profit		17,494,075,386	114,812,681,768
31	Other income	24	7,709,837,988	1,302,110,218
32	Other expenses		(957,185,127)	(779,887,540)
40	Other profit		6,752,652,861	522,222,678
50	Accounting profit before tax		24,246,728,247	115,334,904,446
51	Current corporate income tax expense	26.1	(5,654,976,192)	(25,752,397,563)
52	Deferred tax income	26.3	50,020,587	2,246,914,089
60	Net profit after tax		18,641,772,642	91,829,420,972
61	Net profit after tax attributable to shareholders of the parent		17,825,395,442	91,574,834,588
62	Net profit after tax attributable to non-controlling interests		816,377,200	254,586,384
70	Basic earnings per share	28	425	2,215
71	Diluted earnings per share	28	425	2,215


Hanoi, Vietnam  
25 March 2024

  
Nguyen Bao Ngoc  
Preparer

  
Nguyen Bao Ngoc  
Chief Accountant

  
Yu Sung Dae  
Deputy General Director  
In charge of Finance

  
Lee Jae Eun  
General Director



CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2023

B03-DN/HN  
Currency: VND

Code	Assets	Notes	Ending balance	Beginning balance
I. CASH FLOWS FROM OPERATING ACTIVITIES				
01	Profit before tax		24,246,728,247	115,334,904,446
02	Depreciation of tangibles fixed assets and amotisation of intangible fixed assets		31,561,833,164	35,677,478,011
03	Reversal of provision)/provision		(12,871,795,614)	25,995,691,868
04	Foreign exchange gains arisen from revaluation of monetary accounts denominated in foreign currency		(2,245,902,542)	(1,378,890,386)
05	Profit from investing activities		(38,519,437,458)	(19,960,993,451)
06	Interest expenses		14,493,574,387	6,738,633,160
08	Operating profit before changes in working capital		16,665,000,184	162,406,823,648
09	Decrease/(increase) in receivables		35,765,060,712	(16,938,180,579)
10	Decrease/(increase) in inventories		42,207,945,772	(30,127,094,340)
11	Decrease in payables		(17,220,755,262)	(2,166,116,277)
12	Increase in prepaid expenses		(8,563,514,471)	(1,249,152,962)
13	Decrease in held-for-trading securities		108,759,627,374	4,992,734,795
14	Interest paid		(14,615,663,328)	(6,803,641,363)
15	Corporate income tax paid		(14,055,880,895)	(19,218,211,960)
17	Other cash outflows from operating activities		(693,847,464)	(5,637,302,540)
20	Net cash flows from operating activities		148,247,972,622	85,259,858,422
II. CASH FLOWS FROM INVESTING ACTIVITIES				
21	Purchase, construction of fixed assets and other long-term assets		(141,327,210,278)	(153,498,703,878)
22	Proceeds from disposals of fixed assets and other long-term assets		9,306,557,357	1,340,691,737
23	Loans to other entities, short-term investment		(500,732,881,250)	(398,412,082,150)
24	Collections from borrowers, short-term investments		531,707,808,178	353,345,000,000
27	Interest and dividends received		30,094,615,304	14,951,514,410
30	Net cash flows used in investing activities		(70,951,110,689)	(182,273,579,881)


CONSOLIDATED CASH FLOW STATEMENT (continued)

for the year ended 31 December 2023

B03-DN/HN  
Currency: VND


Code	Assets	Notes	Ending balance	Beginning balance
III. CASH FLOWS FROM FINANCING ACTIVITIES				
31	Issuance of shares		-	18,881,839,777
33	Drawdown of borrowings		506,335,490,719	363,031,673,666
34	Repayment of borrowings		(552,985,647,857)	(242,534,092,545)
36	Dividends paid to shareholders		(46,131,788,152)	(41,083,124,500)
40	Net cash flows (used in)/from financing activities		(92,781,945,290)	98,296,296,398
50	Net (decrease)/increase in cash for the year		(15,485,083,357)	1,282,574,939
60	Cash and cash equivalents at the beginning of the year		54,780,353,092	52,162,065,411
61	Impact of exchange rate fluctuation		1,563,341,317	1,335,712,742
70	Cash and cash equivalents at the end of the year	4	40,858,611,052	54,780,353,092

Hanoi, Vietnam, 25 March 2024

  
Nguyen Bao Ngoc  
Preparer

  
Nguyen Bao Ngoc  
Chief Accountant

  
Yu Sung Dae  
Deputy General Director  
In charge of Finance

  
  
Lee Jae Eun  
General Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at 31 December 2023 and for the year then ended B09-DN/HN

1. CORPORATE INFORMATION

Everpia Joint Stock Company (“the Company”) is a joint stock company incorporated under the Law on Enterprise of Vietnam following a change in legal form from a 100% foreign-owned company, Everpia Vietnam Co., Ltd., in pursuant to the Investment Certificate No. 011033000055 issued by Hanoi Department of Planning and Investment on 27 April 2007, and the subsequent amended Investment Certificates, with the the latest being the 21th Amended Investment Registration Certificate dated 28 April 2022.

The shares of the Company have been listed (under ticker of EVE) on the Ho Chi Minh City Stock Exchange since 17 December 2010.

● Company structure

As at 31 December 2023, the Company has 2 subsidiaries (31 December 2022: 2 subsidiaries), with below details:

No.	Name	Equity interest	Voting rights	Address	Principal activities
1	Everpia Korea Joint Stock Company	100%	100%	A408-Hyeondae Knowledge Industry Centre, No. 3 Godeung Ro, Sujeong Gu, Seongnam Si, Gyeonggi Do, Seoul, Korea	Trading of materials for production of bedding products.
2	Mirae Asset Vietnam Opportunity Fund (“MAOF”)	80%	80%	38th floor, Keangnam Landmark Hanoi Tower, Area E6, Cau Giay New Urban Area, Me Tri Ward, Nam Tu Liem District, Hanoi	Investing in securities and investment management.

As at 31 December 2023, the Company also has an investment in associate as disclosed in Note 12.1.

2. BASIS OF PREPARATION

2.1 2.1 Accounting standards and system

- The consolidated financial statements of the Company and its subsidiaries, which are expressed in Vietnam Dong (“VND”), are prepared in accordance with the Vietnamese Enterprise Accounting System and Vietnamese Accounting Standards issued by the Ministry of Finance as per:
  - Decision No. 149/2001/QD-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 1);
  - Decision No. 165/2002/QD-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 2);
- Decision No. 234/2003/QD-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 3);
  - Decision No. 12/2005/QD-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 4); and
  - Decision No. 100/2005/QD-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 5).

Accordingly, the accompanying consolidated financial statements, including their utilisation are not designed for those who are not informed about Vietnam’s accounting principles, procedures and practices and furthermore are not intended to present the consolidated financial position and consolidated results of operations and consolidated cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at 31 December 2023 and for the year then ended B09-DN/HN

2.2 Applied accounting documentation system

The Company’s applied accounting documentation system is General Journal system.

2.3 Fiscal year

The Company’s fiscal year applicable for the preparation of its consolidated financial statements starts on 1 January and ends on 31 December.

2.4 Accounting currency

The consolidated financial statements are prepared in VND which is also the Company’s accounting currency.

2.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries for the year ended 31 December 2023.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continued to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intra-company balances, income and expenses and unrealised gains or losses result from intra-company transactions are eliminated in full.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet.

Impact of change in the ownership interest of subsidiary, without a loss of control, is recorded in undistributed earnings

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at banks and short-term, highly liquid investments with an original maturity of not more than three months that are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value.

3.2 Inventories

Inventories are measured at their historical costs. The cost of inventories comprises cost of purchasr, costs of conversion (including raw materials, direct labor cost, other directly related cost, manufacturing general overheads allocated based on the normal operating capacity) incurred in bringing the inventories to their present location and condition.

Inventories are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value.

Net realisable value represents the estimated selling price in the ordinary course of the business less the estimated costs to complete and the estimated costs necessary to make the sale.

The perpetual method is used to record inventories, which are valued as follows:

Materials, merchandise	- cost of purchase on a weighted average cost basis.
Finished goods, work in progress	- cost of finished goods, semi products on a weighted average basis.

Provision for obsolete inventories

An inventory provision is created for the estimated loss arising due to the impairment of value (through diminution, damage, obsolescence, etc.) of raw materials, finished goods, and other inventories owned by the Company and its subsidiaries, based on appropriate evidence of impairment available at the balance sheet date.

Increases and decreases to the provision balance are recorded into the cost of goods sold and service rendered account in the consolidated income statement. When inventories are expired, obsolescence, damage or become useless, the difference between the provision previously made and the historical cost of inventories are included in the consolidated income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at 31 December 2023 and for the year then ended B09-DN/HN

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.3 Receivables

Receivables are presented in the consolidated financial statements at the carrying amounts due from customers and other debtors, after provision for doubtful debts.

The provision for doubtful debts represents amounts of outstanding receivables at the balance sheet date which are doubtful of being recovered. Increases or decreases to the provision balance are recorded as general and administrative expense in the separate income statement. When bad debts are determined as unrecovered and written off, the differences between the provision for doubtful receivables previously made and historical cost of receivables are included in the consolidated income statement.

3.4 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of a tangible fixed asset comprises of its purchase price and any directly attributable costs of bringing the tangible fixed asset to working condition for its intended use.

Site restoration costs are recognized as part of the cost of building, structures using discounted cash flow of the future cash flow to settle the site restoration obligation at the end of the factory area rental period.

Expenditures for additions, improvements and renewals are added to the carrying amount of the assets and expenditures for maintenance and repairs are charged to the consolidated income statement as incurred.

When tangible fixed assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the consolidated income statement.

3.5 Leased assets

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset.

A lease is classified as a finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the asset to the lessee. All other leases are classified as operating leases.

Where the Company is the lessee

Rentals under operating leases are charged to the consolidated income statement on a straight-line basis over the term of the lease.

3.6 Intangible fixed assets

Intangible fixed assets are stated at cost less accumulated amortization.

The cost of an intangible fixed asset comprises of its purchase price and any directly attributable costs of preparing the intangible fixed asset for its intended use.

Expenditures for additions, improvements are added to the carrying amount of the assets and other expenditures are charged to the consolidated income statement as incurred.

When intangible fixed assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the consolidated income statement.

3.7 Depreciation and amortization

Depreciation of tangible fixed assets and amortization of intangible fixed assets are calculated on a straight-line basis over the estimated useful life of each asset as follows:

Buildings, structures	10 - 30 years
Machinery and equipment	5 - 15 years
Office equipment	6 - 8 years
Motor vehicles	9 - 10 years
Others tangible fixed assets	4 - 20 years
Trademark	6 - 16 years
Distribution channels	15 years
Computer software	4 years
Other intangible fixed assets	4 - 10 years

3.8 Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowing costs are recorded as expense during the year in which they are incurred, except to the extent that they are capitalized as explained in the following paragraph.

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily take a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at 31 December 2023 and for the year then ended B09-DN/HN

3.9 Prepaid expenses

Prepaid expenses are reported as short-term or long-term prepaid expenses on the consolidated balance sheet and amortized over the period for which the amounts are paid or the period in which economic benefits are generated in relation to these expenses.

Prepaid land rental

Prepaid land rental is classified as long-term prepaid expenses for allocation to the consolidated income statement over the remaining lease period.

3.10 Business combinations and goodwill

Business combinations are accounted for using the purchase method. The cost of a business combination is measured as the fair value of assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange plus any costs directly attributable to the business combination. Identifiable assets and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of business combination.

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost of a business combination is less than the fair value of the net assets of the subsidiaries acquired, the difference is recognized directly in the consolidated income statement. After initial recognition, goodwill is measured at cost less any accumulated amortization. Goodwill is amortized over 10-year period on a straight-line basis. The parent company conducts the periodical review for impairment of goodwill of investment in subsidiaries. If there are indicators of impairment loss incurred is higher than the yearly allocated amount of goodwill on the straight-line basis, the higher amount will be recorded in the consolidated income statement.

3.11 Investments

Investments in associate

The investment in associate is accounted using the equity method of accounting. An associate is an entity in which the Company and its subsidiaries have significant influence that is neither subsidiaries nor joint ventures. The Company and its subsidiaries generally deems they have significant influence if they have over 20% of the voting rights.

Under the equity method, the investment is carried in the consolidated balance sheet at cost plus post acquisition changes in the Company and its subsidiaries' share of net assets of the associates. Goodwill arising on acquisition of the associate is

included in the carrying amount of the investment. Goodwill is not amortised and subject to annual review for impairment.

The share of post-acquisition profit/(loss) of the associates is presented on face of the consolidated income statement and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividend/profit sharing received or receivable from associates reduces the carrying amount of the investment.

The financial statements of the associates are prepared for the same reporting period and use the same accounting policies as the Company and its subsidiaries. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company and its subsidiaries.

Held-for-trading securities and investments in other entities

Held-for-trading securities and investments in other entities are stated at their acquisition costs.

Provision for diminution in value investments

Provision of the investment is made when there are reliable evidence of the diminution in value of those investments at the balance sheet date. Increases and decreases in the provision balance are recorded as finance expense in the consolidated income statement..

Held-to-maturity investments

Held-to-maturity investments are stated at their acquisition costs. After initial recognition, held-to-maturity investments are measured at recoverable amount. Any impairment loss incurred is recognised as finance expense in the consolidated income statement and deducted against the value of such investments.

3.12 Payables and accruals

Payables and accruals are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company and its subsidiaries.

3.13 Treasury share

Own equity instruments which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss upon purchase, sale, issue or cancellation of the Company's own equity instruments.

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3.14 Accrual for severance pay

The Company and MAOF

The severance pay to employee is accrued at the end of each reporting year for all employees who have been in service for more than 12 months at the Company and MAOF. The accrued amount is calculated at the rate of one-half of the average monthly salary for each year of service qualified for severance pay in accordance with the Labour Code and related implementing guidance. The average monthly salary used in this calculation will be revised at the end of each accounting period following the average monthly salary of the 6-month period up to the reporting date. Increase or decrease to the accrued amount other than actual payment to employee will be taken to the consolidated income statement.

This accrued severance pay is used to settle the termination allowance to be paid to employee upon termination of their labour contract following Article 46 of the Labour Code.

Everpia Korea Joint Stock Company

The severance allowance payable to all employees employed by the subsidiary is calculated at the rate of one month's salary for each year of service in the Company up to balance sheet date in accordance with the law of the country of residence.

3.15 Provisions

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provision for site restoration costs

The Company records a provision for site restoration costs in relation to the land on which the Company's buildings and structures are located. Site restoration costs are provided at the current estimated costs to settle the obligation and are recognised as part of the cost of the buildings and structures, which will be amortised over the lease term of the land on which the buildings and structures are located. The estimated costs of site restoration liability are reviewed periodically and adjusted as appropriate. Changes in the estimated future costs are added to or deducted from the cost of the asset.

3.16 Foreign currency transactions

Transactions in currencies other than the Company's reporting currency (VND) are recorded at the actual transaction exchange rates at transaction dates which are determined as follows:

- Transactions resulting in receivables are recorded at the buying exchange rates of the commercial banks designated for collection;
- Transactions resulting in liabilities are recorded at the selling exchange rates of the transaction of commercial banks designated for payment;
- Capital contributions are recorded at the buying exchange rates of the commercial banks designated for capital contribution; and
- Payments for assets or expenses without liabilities initially being recognised is recorded at the buying exchange rates of the commercial banks that process these payments.

At the end of the year, monetary balances denominated in foreign currencies are translated at the actual transaction exchange rates at the consolidated balance sheet dates which are determined as follows:

- Monetary assets are revaluated at buying exchange rate of the commercial bank where the Company and its subsidiaries conduct transactions regularly; and
- Monetary liabilities are revaluated at selling exchange rate of the commercial bank where the Company and its subsidiaries conduct transactions regularly.

All foreign exchange differences are taken to the consolidated income statement.

Conversion of the financial statements of a foreign operation

Conversion of the financial statements of the Company's subsidiaries which maintains their accounting records in other currency rather than the Company's accounting currency of VND, for consolidation purpose, is as follows:

- Assets and liabilities are converted into VND by using the buying and selling exchange rates, respectively, as announced by the commercial banks where the Company frequently conducts its transactions at the consolidated balance sheet date;
- Revenues, other income and expenses are converted into VND by using the average exchange rate of accounting period if the average exchange rates do no exceed +/-2% the transactional exchange rates; and
- All foreign exchange differences resulting from the conversion of financial statements of the subsidiary for the consolidation purpose are taken to the "foreign exchange differences reserve" on the consolidate balance sheet and charged to the consolidated income statement upon the disposal of the investment

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3.17 Appropriation of net profits

Net profit after tax (excluding negative good will arising from bargain purchase) is available for appropriation to shareholders after approval in the annual shareholders' meeting, and after making appropriation to reserve funds in accordance with the Charter of the Company and its subsidiaries and Vietnam's regulatory requirements.

The Company and its subsidiaries maintain the following reserve funds which are appropriated from the Company and its subsidiaries' net profit as proposed by the Board of Directors and approved at the annual shareholders' meeting.

Other fund belonging to owners' equity

This fund is set aside for other purposes of the Company and its subsidiaries's operation following the resolution of the annual shareholders' meeting. According to resolution of shareholders' meeting, the Board of Directors and Management are authorised to use this fund for the Company's business activities in order to maximize the Company's operating results.

3.18 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding trade discount, rebate and sales return. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually upon the delivery of the goods.

Interest

Revenue is recognised as the interest accrues (taking into account the effective yield on the asset) unless collectability is in doubt

Dividends

Income is recognised when the entitlement of Company and its subsidiaries as an investor to receive the dividend is established.

3.19 Taxation

Current income tax

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax

laws used to compute the amount are those that are enacted as at the balance sheet date.

Current income tax is charged or credited to the consolidated income statement, except when it relates to items recognised directly to equity, in which case the current income tax is also dealt with in equity.

Current income tax assets and liabilities are offset when there is a legally enforceable right for the Company and its subsidiaries to set off current tax assets against current tax liabilities and when the Company and its subsidiaries intends to settle its current tax assets and liabilities on a net basis.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amount in the consolidated financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the related transaction affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporarily differences associated with investments in subsidiaries and associates, and interests in joint ventures where timing of the reversal of the temporary difference can be controlled by the Company and its subsidiaries and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carried forward unused tax credit and unused tax losses, to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilised, except:

- where the deferred tax asset in respect of deductible temporary difference which arises from the initial recognition of an asset or liability which at the time of the related transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporarily differences associated with investments in subsidiaries, associates, and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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The carrying amount of deferred tax assets is reviewed at each consolidated balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Previously unrecognised deferred tax assets are reassessed at each consolidated balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset realised or the liability is settled based on tax rates and tax laws that have been enacted at the consolidated balance sheet date.

Deferred tax is charged or credited to the consolidated income statement, except when it relates to items recognised directly to equity, in which case the deferred tax is also dealt with in the equity account.

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Company and its subsidiaries to off-set current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on:

- either the same taxable entity; or
- when the Company and its subsidiaries intends either settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future year in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.20 Segment information

The principal activities of the Company and its subsidiaries are manufacturing and trading of products of blankets, sheets, pillows, mattresses and padding. Revenue and assets regarding to blankets, sheets, pillows, mattresses and cotton accounted for more than 90% of total revenue in the period and total assets as at reporting date. Besides, the production and business activities of the Company and its subsidiaries are mainly carried out in the territory of Vietnam. Therefore, the Company and its subsidiaries have only one business segment and one geographic segment. Accordingly, the Company and its subsidiaries do not disclose segment information.

3.21 Related parties

Parties are considered to be related parties of the Company and its subsidiaries if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operating decisions, or when the Company and its subsidiaries and other party are under common control or under common significant influence. Related parties can be enterprise or individual, including close members of the family of any such individual.

3.22 Earnings per share

Basic earnings per share amounts are calculated by dividing net profit/(loss) after tax for the year attributable to ordinary shareholders of the Company (after adjusting for the bonus and welfare fund) by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit after tax attributable to ordinary equity holders of the Company (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares

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4. CASH AND CASH EQUIVALENTS Currency: VND

	Ending balance	Beginning balance
Cash on hand	152,408,091	147,654,730
Cash at banks	38,860,549,496	37,686,814,415
Cash equivalents (*)	1,845,653,465	16,945,883,947
TOTAL	40,858,611,052	54,780,353,092

(\*) Cash equivalents represent deposits with terms from 1 month to 3 months in banks or banking institutions, which earn interest at rates ranging from 1.9% to 3% per annum (2022: 3.8 – 6.0% per annum).

5. SHORT-TERM INVESTMENTS Currency: VND

	Ending balance		Beginning balance	
	Cost	Carrying value	Cost	Carrying value
Time deposits (i)	210,235,937,241	210,235,937,24	305,806,082,150	305,806,082,150
Other investments (ii)	13,000,000,000	13,000,000,000	-	-
TOTAL	223,235,937,241	223,235,937,241	305,806,082,150	305,806,082,150

- i.

Balance as at 31 December 2023 represents time deposits at banks with remaining terms from 1 month to 10 months, which earn interest at rates ranging from 5.2% to 10.5% per annum (as at 31 December 2022: 3.8% to 11.5% per annum).
- ii.

Balance as at 31 December 2023 represents investment in VPS Securities Joint Stock Company with term of 3 months and earning interest rates ranging from 7.1% to 7.4% per annum.

6. SHORT-TERM TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS

6.1 Short-term trade receivables Currency: VND

	Ending balance	Beginning balance
Welcron Global Vietnam JSC	4,098,926,010	6,436,352,596
Essenlue Co., Ltd	4,085,420,563	2,722,025,652
MM Mega Market Vietnam Co., Ltd.	3,359,880,825	3,176,920,133
GDB Investment and Trading Co., Ltd – Hai Phong	2,532,109,691	2,549,881,971
Petit Elin Co., Ltd.	945,971,080	2,861,903,951
Other customers	152,099,695,011	165,502,497,825
TOTAL	167,122,003,180	183,249,582,128
Provision for doubtful debts	(17,294,003,880)	(16,026,950,415)

6.2 Short-term advances to suppliers

Currency: VND

	Ending balance		Beginning balance	
	Cost	Recoverable amount	Cost	Recoverable amount
Guoxin Infu Co., Ltd	2,367,423,883		1,222,535,252	
Ha Trang Interior Co., Ltd.	1,390,583,712		2,430,499,821	
Youngjin E&C JSC	-		20,340,368,000	
Tongxiang Huibo Import & Export Co., Ltd.	-		4,568,687,508	
NanTong GlobalLink Industry & Trade Co., Ltd.	-		175,225,203	
Other suppliers	6,048,649,333		13,528,833,555	
TOTAL	9,806,656,928		42,266,149,339	

7. OTHER RECEIVABLES

Currency: VND

	Ending balance		Beginning balance	
	Cost	Recoverable amount	Cost	Recoverable amount
Short-term				
Shortage of assets awaiting resolution	11,452,992,617		11,452,992,617	
Value added tax waiting for refund	10,672,683,336		11,353,286,408	
Interest receivable	9,500,694,874		8,142,673,839	
Advance to employees	2,017,353,944		3,051,958,040	
Other short-term receivables	437,958,711		685,638,673	
TOTAL	34,081,683,482		34,686,549,577	
Provision for doubtful other short-term receivables	(11,452,992,617)		(11,452,992,617)	
Long-term				
Long-term deposits	3,114,021,409		2,550,207,116	
TOTAL	3,114,021,409		2,550,207,116	

8. BAD DEBTS

Currency: VND

	Ending balance		Beginning balance	
	Cost	Recoverable amount	Cost	Recoverable amount
Trade receivables	26,477,342,223	9,183,338,343	27,138,830,869	11,111,880,454
Shortage of assets awaiting resolution	11,452,992,617	-	11,452,992,617	-
TOTAL	37,930,334,840	9,183,338,343	38,591,823,486	11,111,880,454

9. INVENTORIES

Currency: VND

	Ending balance		Beginning balance	
	Cost	Provision	Cost	Provision
Goods in transit	5,666,521,174	-	7,158,568,051	-
Raw materials	167,162,003,830	(19,011,394,539)	203,185,708,767	(14,320,172,867)
Finished goods	174,852,749,155	(13,101,450,929)	177,278,317,383	(14,706,958,197)
Merchandise	3,290,963,915	-	5,557,589,645	-
TOTAL	350,972,238,074	(32,112,845,468)	393,180,183,846	(29,027,131,064)

Movements of provision for obsolete inventories:

Currency: VND

	Current year	Previous year
Beginning balance	29,027,131,064	16,525,625,089
Add: Provision made during the year	8,145,326,452	15,317,423,271
Less: Utilization of provision during the year	(5,059,612,048)	(2,815,917,296)
Ending balance	32,112,845,468	29,027,131,064

10. TANGIBLE FIXED ASSETS

Currency: VND

	Buildings and structures	Machinery and equipment	Means of transportation	Office equipment	Others	Total
Cost:						
Beginning balance	213,528,101,087	317,644,179,363	43,506,145,190	14,362,286,934	20,773,991,550	609,814,704,124
- New purchase	196,774,139,009	10,139,423,223	11,509,476,564	2,034,245,364	-	220,457,284,160
- Disposal	(39,720,970,374)	(5,519,592,813)	(10,210,350,516)	(61,755,542)	(653,040,192)	(56,165,709,437)
- Reclassification	(401,281,920)	-	-	401,281,920	-	-
Ending balance	370,179,987,802	322,264,009,773	44,805,271,238	16,736,058,676	20,120,951,358	774,106,278,847
In which:						
Fully depreciated	26,678,392,926	169,387,760,376	11,123,019,805	14,300,531,392	14,460,675,191	235,950,379,690
Accumulated depreciation:						
Beginning balance	119,696,339,215	260,339,904,801	32,833,259,524	14,362,286,934	18,329,150,470	445,560,940,944
- Depreciation for the year	10,380,965,498	16,651,367,231	3,216,405,875	546,760,378	484,970,682	31,280,469,664
- Disposal	(39,720,970,375)	(3,752,858,184)	(9,737,328,924)	(61,755,542)	(653,040,174)	(53,925,953,199)
- Reclassification	(377,672,736)	-	-	263,775,641	113,897,095	-
Ending balance	89,978,661,602	273,238,413,848	26,312,336,475	15,111,067,411	18,274,978,073	422,915,457,409
Net carrying amount:						
Beginning balance	93,831,761,872	57,304,274,562	10,672,885,666	-	2,444,841,080	164,253,763,180
Ending balance	280,201,326,200	49,025,595,925	18,492,934,763	1,624,991,265	1,845,973,285	351,190,821,438

As at 31 December 2023, certain tangible fixed assets were pledged as collaterals for loans as presented in Note 17.

11. INTANGIBLE FIXED ASSETS

Currency: VND

	Trademark	Distribution channel	Computer software	Others	Total
<b>Cost:</b>					
Beginning balance	24,566,385,000	7,831,500,000	7,928,284,189	1,394,937,103	41,721,106,292
Ending balance	24,566,385,000	7,831,500,000	7,928,284,189	1,394,937,103	41,721,106,292
In which:					
Fully amotized	24,566,385,000	7,831,500,000	6,866,430,149	686,893,687	39,951,208,836
<b>Accumulated amortization:</b>					
Beginning balance	24,443,527,166	7,831,500,000	7,503,430,241	686,893,687	40,465,351,094
Amortization for the year	122,857,834	-	158,505,666	-	281,363,500
Ending balance	24,566,385,000	7,831,500,000	7,661,935,907	686,893,687	40,746,714,594
<b>Net carrying amount:</b>					
Beginning balance	122,857,834	-	424,853,948	708,043,416	1,255,755,198
Ending balance	-	-	266,348,282	708,043,416	974,391,698

12. LONG-TERM INVESTMENTS

Currency: VND

	Ending balance		Beginning balance	
	Cost	Provision	Cost	Provision
Investment in associate (Note 12.1)	11,590,390,000	(11,590,390,000)	11,590,390,000	(11,590,390,000)
Investment in other entities (Note 12.2)	10,356,200,000	(552,091,513)	10,356,200,000	(552,091,513)
Held-to-maturity investments (Note 12.3)	51,595,217,981	(842,859,986)	-	-
<b>TOTAL</b>	<b>73,541,807,981</b>	<b>(12,985,341,499)</b>	<b>21,946,590,000</b>	<b>(12,142,481,513)</b>

The company's management is unable to determine the fair value of these investments investments as these entities are not listed on the stock market.

12.1 Investments in associate

As at 31 December 2023, the Company has 1 associate as follow:

Currency: VND

Name	Location	Principal activities	Ownership	Voting rights
Texpia JSC	Bien Hoa 1 Industrial Zone, An Binh Ward, Bien Hoa, Dong Nai Vietnam	Manufacture of cotton fabrics, yarn and knitwear	44 %	44 %

12. LONG-TERM INVESTMENTS (continued)

12.1 Investments in associate (continued)

As at 31 December 2023, Texpia JSC was in process of liquidation.

Details of the investment in associate in current period are as follow:

Currency: VND

Texpia JSC	
<b>Cost of investment:</b>	
Beginning balance	11,590,390,000
Ending balance	11,590,390,000
<b>Accumulated share in post-acquisition loss of the associates:</b>	
Beginning balance	(11,590,390,000)
Ending balance	(11,590,390,000)
<b>Net carrying amount:</b>	
Beginning balance	-
Ending balance	-

12.2 Investment in other entities

Currency: VND

	Ending balance	Beginning balance
Bac Ninh Pharmaceutical JSC	4,014,200,000	4,014,200,000
Hyojung Soft Tech JSC	960,000,000	960,000,000
Kalon Investment Asset Co., Ltd	5,382,000,000	5,382,000,000
<b>TOTAL</b>	<b>10,356,200,000</b>	<b>10,356,200,000</b>

12.3 Held-to-maturity investments

Currency: VND

	Ending balance		Beginning balance	
	Cost	Carrying value	Cost	Carrying value
PC1 Group JSC bonds (i)	29,120,254,734	29,120,254,734	-	-
Lien Viet Post Bank bonds (ii)	10,010,034,247	9,208,329,000	-	-
Vingroup bonds (iii)	5,000,000,000	5,000,000,000	-	-
Lien Viet Post Bank bonds (iv)	4,000,000,000	4,000,000,000	-	-
Vietnam Bank for Agriculture and Rural Development bonds (v)	3,464,929,000	3,423,774,261	-	-
<b>TOTAL</b>	<b>51,595,217,981</b>	<b>50,752,357,995</b>	<b>-</b>	<b>-</b>

12. LONG-TERM INVESTMENTS (continued)

12.3 Held-to-maturity investments (continued)

(i) Bonds with term of 5 years, due on 19 May 2027 and earn interest at rates of 10.7% per annum. Interest is payables on a semi-annual period. The bonds are secured by ordinary shares of PC1 Group which is listed on Ho Chi Minh City Stock Exchange. The bonds are not listed on the stock market and therefore, the management is unable to determine their fair value for disclosure.

(ii) Listed bonds with no collaterals, term of 7 years, due on 28 February 2029 and earn interest at rate of 9.6% for the 1st period. Interest is payable annually.

(iii) Listed bonds with no collaterals, term of 2 years, due on 31 August 2025 and earn interest at rates of 14.5% for the 1st and 2nd period. Interest is payable annually.

(iv) Bonds with term of 7 years, due on 15 September 2030 and earn interest at rates of 9.1% for this period. Interest is payable on annually. The bonds are not listed on the stock market and therefore, the management is unable to determine their fair value for disclosure.

(v) Listed bonds with no collaterals, term of 8 years, due on 9 November 2031 and earn interest at rate of 9.0% per annum for the 1st period. Interest is payable annually

13. PREPAID EXPENSES

Currency: VND

	Ending balance	Beginning balance
Short-term		
Prepaid rental	1,329,222,027	2,417,931,422
Advertisement fee	1,429,052,621	515,770,795
Insurance premium	-	467,235,377
Others	412,947,467	382,132,702
TOTAL	3,171,222,115	3,783,070,296
Long-term		
Prepaid land rental (*)	116,148,113,508	117,802,409,903
Prepaid rental	8,211,669,244	10,404,457,765
Furniture in use	3,938,749,652	4,262,881,265
Tools in use	7,470,557,862	3,030,217,512
Office renovation cost	7,537,998,071	1,007,510,589
Others	2,695,793,460	320,042,111
TOTAL	146,002,881,797	136,827,519,145

(\*) Mainly includes prepaid land rental of the factory in Giang Dien Industrial Park, Dong Nai province, which is pledged as collateral for long-term loan as presented in Note 17.

14. SHORT-TERM TRADE PAYABLES AND ADVANCES FROM CUSTOMERS

14.1 Short-term trade payables

Currency: VND

	Ending balance		Beginning balance	
	Amount	Amount payable	Amount	Amount payable
Tongxiang Huibo Import & Export Co., Ltd.	2,983,616,136	2,983,616,136	4,787,327,426	4,787,327,426
Osun Co., Ltd.	2,675,327,372	2,675,327,372	2,047,865,415	2,047,865,415
Other suppliers	35,560,917,316	35,560,917,316	42,069,878,954	42,069,878,954
TOTAL	41,219,860,824	41,219,860,824	48,905,071,795	48,905,071,795

14.1 Short-term advances from customers

Currency: VND

	Ending balance	Beginning balance
Thanh Thuy Hot Spring JSC	2,484,512,816	667,411,650
Petit Elin Co., Ltd	473,033,617	948,000,240
Hung Thang Construction JSC	-	1,883,282,750
Other customers	16,229,394,458	15,093,576,659
TOTAL	19,186,940,891	18,592,271,299

15. STATUTORY ONLIGATIONS

Currency: VND

	Beginning balance	Payable in the year	Payment in the year	Ending balance
Value added tax	4,288,958,024	8,651,982,406	(10,859,374,465)	2,081,565,965
Import duties	-	2,220,088,338	(2,220,088,338)	-
Corporate income tax	12,185,769,522	5,654,976,192	(14,055,880,895)	3,784,864,819
Personal income tax	1,394,008,694	12,602,020,930	(12,631,375,012)	1,364,654,612
Other taxes	-	1,130,887,912	(1,032,548,849)	98,339,063
TOTAL	17,868,736,240	30,074,948,579	(40,614,260,360)	7,329,424,459

16. OTHER PAYABLES

Currency: VND

	Ending balance	Beginning balance
Short-term		
Interest payable	219,539,606	341,628,547
Trade union fee	178,522,088	352,227,174
Social insurance	106,948,143	213,069,025
Others	1,058,073,853	788,440,817
TOTAL	1,563,083,690	1,695,365,563
Long-term		
Provision for severance allowances	19,389,500,309	19,535,193,500
Provision for site restoration	-	2,762,996,314
Others	510,000,000	116,818,000
TOTAL	19,899,500,309	22,415,007,814

17. LOANS

Currency: VND

	Beginning balance		Movement during the year		Foreign exchange difference	Ending balance	
	Balance	Payable amount	Increase	Decrease		Balance	Payable amount
Short- term							
Loans from banks (Note 17.1)	188,737,772,170	188,737,772,170	420,093,016,492	(480,791,647,857)	(217,160,076)	127,821,980,729	127,821,980,729
Current portion of long-term loans (Note 17.2)	3,677,875,333	3,677,875,333	9,835,000,000	(3,677,875,333)	(55,000,000)	9,780,000,000	9,780,000,000
	192,415,647,503	192,415,647,503	429,928,016,492	(484,469,523,190)	(272,160,076)	137,601,980,729	137,601,980,729
Long-term							
Loans from banks (Note 17.2)	94,426,132,667	94,426,132,667	86,242,474,227	(78,351,124,667)	-	102,317,482,227	102,317,482,227
	94,426,132,667	94,426,132,667	86,242,474,227	(78,351,124,667)	-	102,317,482,227	102,317,482,227
TOTAL	286,841,780,170	286,841,780,170	516,170,490,719	(562,820,647,857)	(272,160,076)	239,919,462,956	239,919,462,956

17. LOANS (continued)

17.1 Short-term loans from banks

Bank	31 December 2023		Principal and interest repayment term	Interest rate per annum	Description of collateral
	VND	Original currency			
Joint Stock Commercial Bank for Foreign Trade of Vietnam	65,150,068,480	VND 65,150,068,480	6-month, due in June 2024. Interest is payable monthly.	4%-5%	Plants, machineries and equipment of Hung Yen factory and right to collect receivables of the Company.
Joint Stock Commercial Bank for Foreign Trade of Vietnam	21,531,148,678	USD 881,701.42	6-month, due in June 2024. Interest is payable monthly.	4%	Plants, machineries and equipment of Hung Yen factory and right to collect receivables of the Company.
Joint Stock Commercial Bank for Investment and Development of Vietnam	35,518,100,028	VND 35,518,100,028	165 days, due in March 2024. Interest is payable monthly.	4,6% -5,2%	Unsecured
Woori Bank Vietnam Limited	5,622,663,543	VND 5,622,663,543	6-month, due in June 2024. Interest is payable monthly.	4,8%	Unsecured
TOTAL	127,821,980,729				

17.2 Long-term loans from banks

Banks	31 December 2023		Principal and interest repayment term	Interest rate per annum	Description of collateral
	VND	Original currency			
Joint Stock Commercial Bank for Foreign Trade of Vietnam	102,317,482,227	VND 102,317,482,227	7 years, payable in instalments from February 2024 to November 2029. Interest is payable monthly.	9,5%	Land use rights and fixed assets of the Company at Giang Dien factory in Dong Nai Province, funded by the loan.
KEB Hana Bank	9,780,000,000	KRW 500,000,000	Due on 3 March 2024. Interest is payable monthly.	3,64%	Everpia Korea Company Office at A408-Hyeondae knowledge Industry Centrer, No. 3 Godeung Ro, Sujeong Gu, Seongnam Si, Gyeonggi Do, Seoul City, South Korea.
TOTAL	112,097,482,227				
In which:					
Current portion	9,780,000,000				
Non-current portion	102,317,482,227				

18. OWNERS’ EQUITY

18.1 Increase and decrease in owners’ equity Currency: VND

	Share capital	Share premium	Treasury shares	Foreign exchange reserve	Other fund belonging to owners' equity	Undistributed earnings	Non-controlling interest	Total
Previous year								
Beginning balance	419,797,730,000	203,072,724,247	(76,000,000,000)	(3,801,332,966)	3,807,375,305	417,159,741,392	-	964,036,237,978
Profit for the year	-	-	-	-	-	91,574,834,588	254,586,384	91,829,420,972
Increase in capital contribution	-	-	-	-	-	-	10,000,000,000	10,000,000,000
Appropriation to reserve	-	-	-	-	2,986,033,563	(2,986,033,563)	-	-
Reissuance of treasury shares	-	(18,876,846,400)	(76,000,000,000)	-	-	(48,241,313,823)	-	8,881,839,777
Dividends declared	-	-	-	-	-	(41,083,124,500)	-	(41,083,124,500)
Foreign exchanges differences arising from conversion of financial statements of oversea subsidiary	-	-	-	(199,295,314)	13,426,513	-	-	(185,868,801)
Utilisation of fund	-	-	-	-	(5,637,302,540)	-	-	(5,637,302,540)
Ending balance	419,797,730,000	184,195,877,847	-	(4,000,628,280)	1,169,532,841	416,424,104,094	10,254,586,384	1,027,841,202,886
Current year								
Beginning balance	419,797,730,000	184,195,877,847	-	(4,000,628,280)	1,169,532,841	416,424,104,094	10,254,586,384	1,027,841,202,886
Profit for the year	-	-	-	-	-	17,825,395,442	816,377,200	18,641,772,642
Appropriation (*)	-	-	-	-	4,578,741,723	(4,578,741,723)	-	-
Dividends declared (*)	-	-	-	-	-	(46,131,788,014)	-	(46,131,788,014)
Foreign exchanges differences arising from conversion of financial statements of oversea subsidiary	-	-	-	310,961,358	3,014,112	-	-	313,975,470
Other decrease	-	-	-	-	(693,847,464)	-	-	(693,847,464)
Ending balance	419,797,730,000	184,195,877,847	-	(3,689,666,922)	5,057,441,212	383,538,969,799	11,070,963,584	999,971,315,520

(\*) In accordance with the Resolution No. 01/DHDCD2023/NQ dated 27 April 2023 of Annual Meeting of General Shareholders, the Company was approved for (i) cash dividends at 11% of par value (VND 1,100 per share); and (ii) appropriation of 5% profit after tax of 2022 to Other fund belonging to owners’ equity.

18. OWNERS’ EQUITY (continued)

18.2 Contributed charter capital Currency: VND

	Ending balance		Beginning balance	
	Total	Ordinary shares	Total	Ordinary shares
Share capital	419,797,730,000	419,797,730,000	419,797,730,000	419,797,730,000
Share premium	184,195,877,847	184,195,877,847	184,195,877,847	184,195,877,847
TOTAL	603,993,607,847	603,993,607,847	603,993,607,847	603,993,607,847

18.3 Dividends Currency: VND

	Current year	Previous year
Dividends declared during the year	46,131,788,014	41,083,124,500
Dividends on ordinary shares		
Dividends for 2022: VND 1,100 per share (2021: VND 1,000 per share)	46,131,788,014	41,083,124,500
Dividends declared after the date of reporting period and not yet recognized as liability as at 31 December 2023	-	-

18.4 Shares

	Ending balance Shares	Beginning balance Shares
Issued shares	41,979,773	41,979,773
Issued and paid-up shares	41,979,773	41,979,773
Ordinary shares	41,979,773	41,979,773
Treasury shares	-	-
Ordinary shares	-	-
Shares in circulation	41,979,773	41,979,773
Ordinary shares	41,979,773	41,979,773

The par value of share in circulation during the year is 10,000 VND/share (2022:10,000 VND/share).

19. OFF BALANCE SHEET ITEMS

	Ending balance	Beginning balance
United States Dollars (USD)	272,068.64	548,756.84
Euro (EUR)	184,740.10	86,856.31
Korean Won (KRW)	20,352,582	27,557,929

20. REVENUE

20.1 Revenue from sale of goods

Currency: VND

	Current year	Previous year
<b>Gross revenue</b>	<b>787,684,319,980</b>	<b>1,021,675,009,233</b>
In which: Sales of finished goods	787,684,319,980	1,021,675,009,233
<b>Deductions</b>	<b>(830,413,831)</b>	<b>(426,491,045)</b>
Sales return	(830,413,831)	(426,491,045)
<b>Net revenue</b>	<b>786,853,906,149</b>	<b>1,021,248,518,188</b>

20.2 Finance income

Currency: VND

	Current year	Previous year
Interest income	30,885,906,022	18,712,576,702
Foreign exchange gain	7,686,951,457	8,084,033,397
Gain from trading securities	10,916,438	3,980,809,470
Reversals of provisions for trading securities	10,307,916,508	-
Dividends income	555,760,000	745,000,000
Other	-	159,087,907
<b>TOTAL</b>	<b>49,447,504,304</b>	<b>31,681,507,476</b>

21. COST OF GOODS SOLD

Currency: VND

	Current year	Previous year
Cost of goods sold	535,771,595,934	637,064,757,476
<b>TOTAL</b>	<b>535,771,595,934</b>	<b>637,064,757,476</b>

22. FINANCE EXPENSES

Currency: VND

	Current year	Previous year
Interest expenses	14,493,574,387	6,738,633,160
Provision for diminution in value of held-for-trading securities	-	17,434,956,302
Loss from investing activities	453,291,079	-
Foreign exchange losses	7,670,054,961	11,861,565,702
Other finance expenses	25,011,843	3,693,046,854
<b>TOTAL</b>	<b>22,641,932,270</b>	<b>39,728,202,018</b>

23. SELLING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES

Currency: VND

	Current year	Previous year
<b>Selling expenses</b>		
Labour costs	79,211,369,816	78,362,705,820
Raw materials	2,918,467,966	5,693,988,035
Depreciation and amotisation	1,056,217,964	2,399,929,082
External services	60,715,407,183	68,168,588,160
Others	23,537,671,102	18,671,198,801
<b>TOTAL</b>	<b>167,439,134,031</b>	<b>173,296,409,898</b>
<b>General and administrative expenses</b>		
Labour costs	59,664,655,151	54,311,448,983
Provisions	3,658,899,208	4,073,282,218
Depreciation and amotisation	6,383,732,992	5,716,915,256
External services	16,656,654,750	14,146,045,855
Others	6,590,730,731	9,780,282,192
<b>TOTAL</b>	<b>92,954,672,832</b>	<b>88,027,974,504</b>

24. OTHER INCOME

Currency: VND

	Current year	Previous year
Gains from disposal of assets	7,066,801,119	503,416,749
Others	643,036,869	798,693,469
<b>TOTAL</b>	<b>7,709,837,988</b>	<b>1,302,110,218</b>

25. PRODUCTION AND OPERATING COSTS

Currency: VND

	Current year	Previous year
Materials cost	405,745,037,451	562,031,924,801
Labour cost	231,308,624,762	215,564,922,558
Expenses for external services	87,439,470,693	89,883,133,370
Depreciation and amortization	31,561,833,164	35,677,478,011
Other expenses	31,220,559,209	27,471,211,698
<b>TOTAL</b>	<b>787,275,525,279</b>	<b>930,628,670,438</b>

26. CORPORATE INCOME TAX

The statutory corporate income tax (“CIT”) applicable to the Company is 20% of taxable profits.

Everpia Korea Co., Ltd. has obligation of CIT payment in accordance with local regulation (Korea) at 9.9% of taxable income.

MAOF is not liable to pay CIT. Any subsequent dividends payment to investors is subject to deduction tax rate of 20%.

The tax returns filed by the Company and its subsidiaries are subject to examination by the tax authorities. As the application of tax laws and regulations is susceptible to varying interpretations, the amounts reported in the consolidated financial statements could change at a later date upon final determination by the tax authorities.

26.1 CIT expenses

Currency: VND

	Current year	Previous year
Current CIT expenses	5,654,976,192	25,752,397,563
Deferred tax income	(50,020,587)	(2,246,914,089)
TOTAL	5,604,955,605	23,505,483,474

The reconciliation between CIT expenses and the accounting profit multiplied by CIT rate is presented below:

Currency: VND

	Current year	Previous year
Profit before tax	24,246,728,247	115,334,904,446
At CIT rate of 20%	4,849,345,649	23,066,980,889
Adjustments:		
Expenses not eligible for CIT deduction	1,016,159,635	1,165,337,753
Unrecognized deferred tax assets related to tax losses	307,481,580	-
Difference in CIT tax rate of subsidiaries	(502,683,873)	(309,831,116)
Dividends income	(111,152,000)	(149,000,000)
Other adjustments	45,804,614	(268,004,052)
CIT expense	5,604,955,605	23,505,483,474

26.2 Current tax

The current tax payable is based on taxable profit for the current year. The taxable profit of the Company and its subsidiaries for the year differs from the profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. Liability for current tax of the Company and its subsidiaries is calculated using tax rates that have been enacted by the balance sheet date.

26. CORPORATE INCOME TAX (continued)

26.3 Deferred tax

The following are the deferred tax assets and deferred tax liabilities recognized by the Company and its subsidiaries, and the movements thereon, during the current and previous years.

Currency: VND

	Consolidated balance sheet		Consolidated income statement	
	Ending balance	Beginning balance	Current year	Previous year
Deferred tax assets				
Provision for doubtful debts	12,205,275,684	11,951,864,991	253,410,693	134,817,689
Provision for obsolete inventories	6,422,569,094	5,805,426,213	617,142,880	2,500,301,196
Accrual for severance pay	2,786,415,974	2,951,084,721	(164,668,747)	(182,924,579)
Unrealised profit in inventories	1,287,451,290	1,272,080,092	15,371,198	(226,829,500)
Allocation expense of site restoration provision	-	552,599,260	(552,599,266)	110,519,853
Expense for excess of allocation period	325,819,111	255,046,121	70,772,990	70,772,988
	23,027,531,153	22,788,101,398	239,429,748	2,406,657,647
Deferred tax liabilities				
Unrealised foreign exchange gain of cash and trade receivables	(399,872,909)	(210,463,745)	(189,409,161)	(159,743,558)
	(399,872,909)	(210,463,745)	(189,409,161)	(159,743,558)
Net deferred tax assets	22,627,658,244	22,577,637,653		
Net deferred tax credit to consolidated income statement			50,020,587	2,246,914,089

27. TRANSACTIONS WITH RELATED PARTIES

Information on related parties, who are members of Board of Directors (“BOD”), Board of supervision and Management, is presented in General Information.

Significant transactions of the Company with related parties during the year were as follows:

Transactions with other related parties

Remuneration to members of the Board of Directors, Board of Management and Board of supervision:

Currency: VND

Individuals	Position	Current year	Previous year
Board of Directors/Management			
Mr. Cho Yong Hwan	Chairman Ho Chi Minh City Branch Deputy General Director	2,643,781,770	2,826,339,203
Mr. Lee Jae Eun	Member of BOD General Director	5,544,416,003	5,921,754,630
Mr. Yu Sung Dae	Member of BOD Deputy General Director	2,651,815,208	2,963,542,823
Mr. Le Kha Tuyen	Member of BOD	86,400,000	86,400,000
Mrs. Nguyen Le Hoang Yen	Member of BOD (Until 28 April 2022)	-	28,800,000
Board of supervision			
Mr. Truong Tuan Nghia	Head of Board	86,400,000	86,400,000
Mr. Ko Tae Yeon	Member	86,400,000	86,400,000
Mr. Nguyen Dac Huong	Member	86,400,000	86,400,000
TOTAL		11,185,612,981	12,086,036,656

28. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit after tax for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit after tax attributable to ordinary equity holders of the Company (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

Currency: VND

	Current year	Previous year
Net profit after tax attributable to ordinary equity holders for basic earnings	17,825,395,442	91,574,834,588
Net profit attributable to ordinary equity holders adjusted for the effect of dilution	17,825,395,442	91,574,834,588
Weighted average number of ordinary shares for basic earnings per share	41,979,773	41,342,227
Weighted average number of ordinary shares adjusted for the effect of dilution	41,979,773	41,342,227
Basic earnings per share	425	2,215
Diluted earnings per share	425	2,215

There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these consolidated financial statements..

29. COMMITMENTS

Operating lease commitment

As at the reporting date, commitment on future minimum lease payments under showroom (operating) lease contracts are presented as below:

Currency: VND

	Ending balance	Beginning balance
Less than 1 year	11,487,183,432	10,781,651,384
From 1 to 5 years	15,583,038,145	14,447,138,741
Above 5 years	6,397,028,760	-
TOTAL	33,467,250,337	25,228,790,125

30. EVENTS AFTER THE BALANCE SHEET DATE

There is no matter or circumstance that has arisen since the balance sheet date that requires adjustment or disclosure in the consolidated financial statements of the Company and its subsidiaries.

Hanoi, Vietnam  
25 March 2024

Nguyen Bao Ngoc  
Preparer

Nguyen Bao Ngoc  
Chief Accountant

Yu Sung Dae  
Deputy General Director  
In charge of Finance

Lee Jae Eun  
General Director



List of Abbreviations		
1	ASM	Annual Shareholders' Meeting
2	B2B	Business to business
3	B2C	Business to customer
4	BOD	Board of Directors
5	E&Y	Ernst & Young Audited Firm
6	EPS	Earnings per share
7	FS	Financial Statement
8	GRI	Global Reporting Initiative
9	HOSE	Hochiminh Stock Exchange
10	IFRS	International Financial Reporting Standards
11	NPAT	Net profit after tax
12	OECD	Organization for Economic Cooperation and Development
13	VAS	Vietnamese Accounting Standard
Note to readers		
<ul style="list-style-type: none"><li>• All herein financial information originated from the Audited consolidated Financial Statement in 2023 of Everpia JSC.</li><li>• Herein marketing &amp; production capacity information is from Everpia's internal report. All cautiously analyzed statement are appropriate as of the publication date according to our subjective assessments.</li></ul>		

