

Hung Yên, 27th April 2023

REPORT OF BOARD OF DIRECTORS

To: Annual General Shareholders' Meeting 2023

Pursuant to:

- Law on Enterprise, Law on Securities, Company Charter of Everpia JSC;
- Rights and duties of Board of Supervisors as prescribed;
- Audited Financial Report 2022 by Ernst & Young Viet Nam Limited.

I. 2022 business performance report

1. Sales and profits

Sales (bil.VND):

Year	Bedding		Padding		Cleaner		Others		Total	
	Amount	Inc (%)	Amount	Inc (%)	Amount	Inc (%)	Amount	Inc (%)	Amount	Inc (%)
2020	534	-13%	204	-28%	96	21%	21	-19%	855	-15%
2021	562	5%	209	2%	76	-21%	19	-8%	866	1%
2022	707	26%	234	12%	80	5%	1	-96%	1,021	18%

Profit ratio (%)

Items	FY2020	FY2021	FY2022
Gross profit ratio	31%	34%	38%
Profit before tax on revenue ratio	7%	9%	11%
Return on Sales (ROS)	5%	7%	9%
Return on Equity (ROE)	4%	6%	9%
Return on Assets (ROA)	3%	5%	6%

Basic ratio

Items	FY2020	FY2021	FY2022
Total assets (mil.VND)	1.353.033	1.268.743	1.456.695
Asset (%)			
- Non-current assets/Total assets	20%	24%	28%
- Current assets/Total assets	80%	76%	72%
Resources (%)			
- Liabilities/Total resources	30%	24%	29%
- Shareholders' equity/Total resources	70%	76%	71%
Liquidity (times)			
- Current ratio	7.1	3.6	3.4
- Quick ratio	4.9	2.3	2.2
- Interest Coverage Ratio	5.1	4.5	18.1
- Receivables turnover ratio	4.7	5.1	4.9
- Inventory turnover ratio	1.6	1.7	1.8

Profitability (%)			
- Gross profit ratio	31%	34%	38%
- Operating profit ratio	7%	9%	11%
- Basic earnings per share (VND)	1,105	1,453	2,215

2. Performance of business units

2.1 Bedding Business

Bedding business had revenue of VND 707 billion, accounting for 69% of total revenue in 2022, with a growth in all its sub-businesses. In which, revenue from retail (B2C), hotel orders (B2B), online, and export orders grew by 18%, 34%, 58% and 39%, respectively.

With the challenges of integration, market opening and the 4.0 revolution, Everpia never stops improving products and customer services to offer the most complete and satisfactory customer experience. From market surveys and analysis of Bedding Collection with 39 different designs of three main themes of “Connect with the natural world”, “Connect with people”, and “Connect with the inner soul”, in 2022, Everpia also launched a Floral Collection exclusively for online sales, a Summer Collection - Summer set exclusively for the provincial market. Apart from Bedding, Everpia also launched 4 new PE mattress product lines including Good Sleep, 4.0, New Generation JAGD3, and Ceramic VIP, which have been appreciated by agents and customers. In addition, the company has built many channels to take care of and collect customer feedback, thereby making it easier to evaluate and receive support requests from consumers. By doing that, Everpia has gained a sufficient and objective view of the products and services and also shortened the period of handling customer feedback.

Regarding hotel order business, the recovery of domestic and international tourists and the positive growth prospects of the tourism industry in the medium and long term continue to be the driving factors for the bidding strategy of a bedding and curtain combo for large hotel projects. With a built-in reputation in the market, Everpia's main customers are 5-star hotels and international hotel groups, which revenue increased by 40% in 2022. In the last months of the year, many pre-signed projects have been accelerated along with an increase in gift orders, making the 2022 B2B's revenue reach 113 billion, increased 31% over the same period last year.

For the online sales channel, exclusive products have been developed exclusively through the K-Bedding brand, which was launched in 2020 and is now the leading bedding brand on e-commerce platforms. These products focus on friendly textures, minimalist structures, modern materials such as MicroModal, MicroTencel, Yarn Dyed and Microfiber at competitive prices. Apart from main products like blankets - sheets - pillows, K-bedding also offers other special products such as utility sheets for Gen Z; Sleeping bags with 4 versions of 4 cartoon characters: Kitten, Panda, Penguin and Pingu for Alpha generation. To distribute this to all potential customers, besides the company website and social networking pages, Everpia also opens flagship stores at e-commerce platforms such as Shopee, Lazada and Tiki. These channels continue to maintain their leading position in performance thanks to cooperation with platform-joint programs, product diversity, and attractive preferential policies aimed at customers with online shopping habits. With this innovation and improvement effort, the online channel's revenue reached 65 billion, increased 52% over the same period last year. On the other hand, in

order to promote the multi-channel sales model, besides the online platform, K-Bedding's products are also available at MT channels and become the only bedding brand in most of the major retail chains such as: GO! - Big C, Aeon, MM Mega Market, Lotte, and Con Cung.

Bedding exports in 2022 increased by 39% YoY. With the stable post-pandemic situation as well as the reopening of the economy, the export sales have significantly improved in the first half of 2022. Besides orders from traditional customers, Everpia has received more orders from new customers in the Korean market and forwarded orders from suppliers in other countries thanks to the competitive advantage of product quality and short sample delivery period.

In fact, the launch of the annual bedding collection one month earlier than usual has significantly overcome the backlog of orders at the end of the year. Indeed, in previous years, the company had to prioritize the production of pre-order B2C products for agents and refuse to receive B2B and export orders due to the factory capacity limit that cannot produce all available orders at once. This improvement not only increases revenue for B2B and Export because more orders can be received in the last quarter but also supports bedding manufacturers to evenly distribute production schedules among months. By doing this, the waste of resources in one month and the overtime workers in another month can be restricted. Through the financial data, the increase in revenue and production efficiency have helped the gross profit margin of the bedding industry reach nearly 40%, the highest in recent years.

2.2 Padding business

The revenue of the Padding industry in 2022 reached 234 billion, an increase of 12% compared to the previous year. This growth is mainly contributed by sales from the first half of 2022 with a revenue of 150 billion (+23% YoY). In contrast with the positive growth at the beginning of the year, the negative influence of the global energy and inflation crisis made the revenue of Padding in the second half of 2022 only increase slightly by 1% over the same period.

Looking back at production and business activities in 2022, the Padding industry has had a number of achievements, which creates a premise in the aspiration for connecting growth in the future such as: i) continue to expand the customer portfolio with 33 new customers, ii) proactively research and develop padding product lines made from natural fibers to spread the meaningful message of environmental protection to partners and consumers. With the success of padding product lines made from Sorona fiber – which is mainly contributed by Bio-PDO, a resin created through the fermentation of sugar from corn, Everpia kept researching and launched the WOOL ECO padding line, which is made from fleece combined with recycled fibers. Wool Eco consists of two main products, padding and Faux dow with high heat retention, good durability, safe for the skin, and is frequently used as input materials for high-end, eco-friendly fashion textile products.

Along with the growth of revenue, Padding has achieved a profit of VND 234 billion, an increase of 12% compared to the previous year. With a profit margin of 41% in 2022, Padding continues to have the highest profitability ratio for the company. The reasons for continuously maintaining high profitability after many consecutive years are thanks to the competitive advantage from (i) a stable source of raw materials with the most competitive prices in the market; (ii) a team of skilled workers that allow the company to receive orders with high requirements on product difficulty, iii) rigorous production process with a full range of global certificates of production

management and working environment such as: GRS - Certificate of Recycled Cotton, BSCI – Business Social Compliance Index

2.3 Cleaner business

In contrast with the context of severe supply chain disruption caused by the pandemic more than 1 year ago, Cleaner experienced stable monthly revenue growth thanks to the improvement of freight and export activities, an increase in the traditional orders of the hospital system in the US, and the expansion of many large volume customers in Europe. By the end of 2022, the revenue of Cleaner reached VND 79 billion, an increase of 5% compared to the previous year.

In contrast with the growth in revenue, Cleaner's gross profit margin decreased from 21% to only 8% in 2022. The main reason is that the price of imported raw materials fluctuated erratically and increased by an average of 6%. Due to the fierce competition in the market, the Company approved the option of limiting changes in selling prices to focus on increasing sales to cover the costs as well as promote product awareness in the market in the following years.

2.4 Other products

In addition to the main product segments, revenue from additional products such as furniture, decorations, and kitchen utensils contributed to VND 843 million, accounting for 0.1% of the Company's revenue structure in 2022.

II. Evaluation of BOD on the Management performance

1. Evaluation on the management activities

Regarding business activities: with business results achieved in 2022, strategic premises was created in the past two years, the Board of Management illustrates the company's capacity and willingness to bring Everpia into the new cycle of strong growth:

- Signed a cooperation agreement to build a rebranding strategy for Everon. This rebranding is not just the innovation of our traditional brand image, but also provides essential guidelines for the business direction and long-term vision.
- Strongly invested in product research and development and the quality of distribution channels – to offer the most comprehensive and complete new brand experience to customers.
- Continue to support agents to switch from the traditional retail model to the modern retail model that is both direct and online - omnichannel.
- Devise strategic planning activities so that strategic goals, strategic actions and implementation programs can be processed quickly, clearly and consistently.

Regarding environmental goals: The Board of Management continues to implement measures to improve production process while reducing the impact on the surrounding environment, through reducing energy, water consumption, and emissions and applying good management of waste and wastewater quality. In addition, it has taken great efforts to find natural sources of materials to gradually replace traditional materials. From the success of the padding product line made from Sorona fiber - a fiber whose main part is Bio-PDO, a resin created through the fermentation of sugar extracted from corn, Everpia continues to launch a new line of products - WOOL ECO, which is made from fleece combined with recycled fibers. Besides, the company is planning to change the product bag from PVC material to environmentally friendly materials.

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 VND 40 billion to the state budget.

2. CEO monitoring result

The Board of Directors highly appreciates CEO's effort and flexibility in organizing the implementation of business plans, openly acknowledging the limitations and weaknesses in policies and operations, proposing marketing activities with specific improvement plans. The thoroughness of CEO in the monthly strategic meetings has effectively promoted the completion of KPI targets, contributing to the impressive growth of the total revenue and profit in the period.

3. Other executives monitoring result

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.

Financial statements, information disclosure activities, and resolutions of the Board of Directors were implemented seriously and effectively by the Board of Management.

4. Salary of CEO and other executives

Salary of CEO and other executives follows the common salary scheme for employees in the Company.

Name	Title	Salary	Bonus & other interest	Total
Mr Lee Jae Eun	CEO	100%	0%	100%
Mr Cho Yong Hwan	Senior Director	100%	0%	100%
Mr Yu Sung Dae	Senior Director	100%	0%	100%
Mr Park Sung Jin	Director of Dong Nai branch	100%	0%	100%

For details, please refer to Note 28 - Related party operations on page 45, 2022 Consolidated Financial Statements.

Transactions with related parties

- Transactions between the company, subsidiary, company controlled by Everpia over 50% or more of the charter capital with members of the Board of Directors, CEO, other executives of the eCompany and their related persons: None
- Transactions between Company and a company in which a member of the Board of Directors, CEO, other executives is the founding member or manager for the last 03 years before transaction time: None.

III. BOD performance report

1. Structure of the BOD and remuneration of BOD members

- From Jan. 1st, 2022 to Apr. 28th, 2022 Everpia's BOD has 6 members
- From Apr. 28th to Dec. 31st, 2022, BOD consists 5 members

Remuneration of BOD's member is implemented according to the approval of the General Meeting of Shareholders, In which, the executive members do not receive remuneration:

Name	Title	BOD remuneration
Mr. Cho Yong Hwan	Chairman	-
Mr. Lee Jae Eun	Member	-
Mr. Yu Sung Dae	Member	-
Mr. Park Sung Jin	Member	-
Mr. Lê Khả Tuyên	Member	86.400.000
Ms. Nguyễn Lê Hoàng Yến	Member	28.800.000
Total		115.200.000

2. Meeting and decisions of BOD

In 2022, the BOD had conducted 12 meetings, including 4 regular quarterly meetings and other consultation meetings. 100% of the meetings were conducted in accordance with the procedures with the full and active participation, discussion and voting from all BOD members.

Resolutions of BOD:

STT	Số Nghị quyết	Ngày	Nội dung	Tỷ lệ thông qua
01	001/2022/HĐQT/NQ	04/01/2022	Close shareholders list to give shares by using treasury shares.	100%
02	002/2022/HĐQT/NQ	24/02/2022	Invest in Mirae Asset Vietnam Opportunity Fund.	100%
03	003/2022/HĐQT/NQ	08/03/2022	Approve the plan of holding ASM 2022.	100%
04	004/2022/HĐQT/NQ	07/04/2022	Approve the 2021 Profit distribution plan Approve the Business target for 2022; Approve the meeting documents for the ASM 2022.	100%
05	005/2022/HĐQT/NQ	12/04/2022	Detail plan on using treasury shares to sell to employees.	100%
06	006/2022/HĐQT/NQ	10/05/2022	Elect Chairman of BOD for the term 2022 – 2026; Plan on paying cash dividend 2021.	100%
07	007/2022/HĐQT/NQ	01/07/2022	Select the independent audit firm for financial statement of 2022; Approve the policy of implementing the contracts and transactions with Everpia Korea.	100%
08	008/2022/HĐQT/NQ	11/07/2022	Approve the Regulations and List of employees that are allowed to buy shares of the ESOP.	100%

09	009/2022/HĐQT/NQ	03/08/2022	Revise Regulation on selling treasury shares under employee stock option plan.	100%
10	010/2022/HĐQT/NQ	16/09/2022	Handle the number of ESOP shares that have not been distributed.	100%
11	011/2022/HĐQT/NQ	22/09/2022	Increase investment capital for Giang Dien project; Update the address of Giang Dien factory.	100%
12	012/2022/HĐQT/NQ	18/10/2022	Change the new head of Dong Nai branch.	100%

3. BOD activities

The Board of Directors inspected and oversaw the actions of the CEO and members of the Board of Management in managing production and business and implementing Company resolutions from the Annual Shareholders' Meeting and Board of Directors in 2022.

The Board of Management has effectively supported the process of achieving the strategic orientation as well as the proposed business plans, taking advantage of opportunities from market changes due to external influences, in close collaboration with the Board of Directors.

Strategic planning continued to be consolidated to adapt and catch up with the new movement trend of the market. The 5-year and long-term strategic goals are periodically evaluated in meetings of the Board of Directors and with the Board of Management to ensure that the company is always on the right track. This goal is also disseminated to all employees, ensuring consistency in orientation and action at all levels.

Governance is also promoted. Targeting the Code of Corporate Governance with best practices, the BOD is gradually raising its governance standards to better practices, beginning with appointing personnel in charge of corporate governance and strengthening internal audit capability for the three-line defense model in risk management.

4. Performance of BOD members

Each BOD member, with different expertise and role, has contributed efficiently to the BOD performance in 2022.

Name	Title	Key roles and responsibilities
Mr. Cho Yong Hwan	Chairman & S.Director	<ul style="list-style-type: none"> - Generally coordinate the BOD activities; - In charge of business development in Southern market; - Direct the new products and new business scope; - Direct and supervise the construction of a new factory in Giang Dien IP, Dong Nai province.
Mr. Lee Jae Eun	Member & CEO	<ul style="list-style-type: none"> - Decide the policies for sales promotion, distribution channels expansion and operating costs within the given budget; - Decide the appointment of senior personnel after consulting with BOM members; - Directly lead the investment activities.

Mr. Yu Sung Dae	Member & S.Director	<ul style="list-style-type: none"> - In charge of disclosure information to shareholders; - Directly lead the finance and business support divisions (HR, Purchase, Import-export, etc.); - Monitor the cost management of business units.
Mr. Park Sung Jin	Member & Director of Dong Nai branch	<ul style="list-style-type: none"> - Directly lead the manufacturing & supply in Southern market; - Monitor the compliance to BOD & CEO decisions in the South.
Mr. Lê Khả Tuyên	Independent member	<ul style="list-style-type: none"> - Supervise the activities of the Board of Management; - Monitor the execution of business strategy and production management efficiency; - Provide the key insights of market and industry in Vietnam; - Consult on finance and investment; connect with potential investors; - Support in connection with government agencies.

The executive members of the BOD have fulfilled their roles, and responsibilities for the implementation of BOD's directions in business activities. Not only drastic in management, these members are also an important bridge to help the BOD deeply understand market movements, thereby flexibly adjust business plans accordingly.

The independent members attended all meetings of the BOD, voted independently, and contributed important advices in development strategies and action plans for each business in each period. Through their knowledge and experience, the BOD has access to domestic and international market trends for a comprehensive strategic vision and decision-making.

5. Evaluation of independent BOD on BOD performance

In 2022, the Board of Directors spent a lot of time discussing the context of global economic transformation, green consumption trends, and integrating ESG in strategy, governance and administration towards sustainable development to build strategies for development and corporate governance strategy. The Board of Directors and Board of Management had transparent and effective discussions on the following topics: business trends, Everon 2.0 strategy, new category strategy - Home textile, human resource organization, M&A.

The Board of Directors and the Board of Management are open to the opinions and suggestions of independent members, and give adequate explanations if they do not follow these opinions. All the requests for explanation from independent members are answered fully, specifically and timely.

The Board of Directors worked 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 Annual Shareholders' Meeting. In challenging economic conditions, the Board of Directors has clearly shown its leadership role, helping the Company operate stably, at the same time, creating the foundation for the next stage of development, ensuring the equal interests of all related parties.

IV. Action plan for year 2023

A. Business plan

On the basis of the strategic and result in 2022, Board of Directors has set the business plan for 2023 as follows:

Unit: mil. VND

Items	Actual FY2022	% sales	Plan FY2023	% sales
Sales	1.024.249		1.100.000	
Net Profit	91.829	9%	55.000	5.0%

1. Bedding Business

1.1. Modernize distribution system

- Upgrade and synchronize in-store facilities and product displays, create a reasonable sales space from layout, color, light, and sound to attract customers' attention and enhance shopping experience.
- Apply 5S standards (Sort, Set in order, Shine, Standardize, Sustain) in retail space management to improve operational efficiency of agents and showrooms.
- Periodically train employees not only on product information but also on soft skills soft skills to ensure that they can best assist and advise consumers.

1.2. Expand market shares in provincial market

- Focus on promoting marketing activities and opening new agents in provinces with fast economic growth in recent years. At the same time, continuously promote activities and events in the provincial market to increase brand recognition.
- Continue doing research and develop products specifically for the provincial market in order to customize and meet the needs of provincial customer groups.
- Organize mini agent meeting for agents for level 1 agents to increase loyalty and introduce new collections and product lines.

1.3. Turn KingKoil into a well-recognized spring mattress brand in the market

- Expand market coverage in major cities: Hanoi, Hochiminh, and Danang by increasing the number of active KingKoil agents and cooperate with large retail chains to increase the awareness of the products.
- Increase brand experience through: i) raise awareness and understanding of customer touch points, thereby creating meaningful experiences in customers' purchase journey; ii) classify stores by group and apply appropriate marketing strategies; iii) promote marketing activities.

1.4. Successfully implement Everon rebranding project

- Brand audit and brand health measurement: Collaborating with a respected market research firm to assess and identify the company's market position. Simultaneously, the organization checks the brand's key indicators on a regular basis in order to assess its efficacy and make improvements to its strategy, sales, and marketing efforts.
- Everon brand repositioning project: Towards a new brand positioning that is different and attractive to young customers - especially the Millennial generation (1980-1995).
- Realizing, understanding, and effectively influencing all customer's "touchpoints" with the brand throughout the entire buying journey, through integrated marketing activities.

- Analyzing and creating target consumer portraits to determine the best marketing plan for each group.
- Targeting to omnichannel.
- Opening the first 02 flagship stores on 11/11/2023.

2. Padding and Cleaner Business

- Optimize the production process between orders to create high quality products that meet requirements with the fastest delivery time.
- Do research and launch new product lines and sustainable materials to increase choices for customers as well as boost sales for group of products.
- Apply international standards and certificates for products and production processes: GRS, ISO14001, Higg index, BSCI...
- Convey the message of sustainable development with customers and partners towards the goal of developing a circular economy.

3) Customer services

- Build a multi-channel system to increase touchpoints, apply transparent and consistent policies between channels.
- Enhance customer experience by doing market research and receiving direct feedback from customers.
- Continue to upgrade the customer relationship management (CRM) system to make the most of the data set to increase customer satisfaction and retention rate.
- Build a friendly and professional customer service team to optimize the customer experience in all business channels.

B. Investment plan

With the above business plans along with the completion of a new factory in Giang Dien in the middle of Q2.2023, the Company expects to carry out the following investment activities:

Unit: VND

Business operations	
Everon rebranding	22,000,000,000
KingKoil marketing plan	5,000,000,000
Research and Launch new product, new collection	8,000,000,000
CRM system	1,000,000,000
improving production capacity	
New machine	15,000,000,000
New car and truck	15,000,000,000
New factory at Giang Dien – Dong Nai	
Interior	7,000,000,000
Air conditioning system	2,000,000,000
New Spring Matress line	20,000,000,000
Rooftop solar power system	15,000,000,000
	110,000,000,000

C. Other activities

1. Sustainable Development Strategy

- Completing the construction of Giang Dien factory in accordance with the green building commitments at EDGE Advance and EDGE Completed. Accordingly, the saving efficiency is 44% energy, 23% water and 26% materials for a complex factory, 54% energy, 25% water and 29% materials for a padding factory compared to the initial design.
- Continue to promote the leading role of the Sustainability Committee under the ultimate management of the General Director, in charge of managing sustainability issues. This committee will propose strategies, monitor the implementation, and promote improvement efforts.
- In order to increase the efficiency of sustainability work, the Company will capture new trends, learn industry practices and strategies by joining domestic and international industry associations and initiatives, looking for further support in finance and others.

2. Corporate governance activities

- Review Everpia's Corporate Governance practices annually, and refer to Code of Conduct standards to continuously improve.
- Promote investor relations and information disclosure activities, ensure transparency and fairness.
- Strengthen information sharing, encourage independent members of the Board of Directors to have assessment and analysis on issues under the authority of the Board of Directors to provide good recommendations for the Board to discuss and make decisions.
- Improve corporate governance capacity on the basis of applying international best practices to exploit resources effectively and create long-term sustainable values.

Sent:

- *Shareholders;*
- *Board of Directors*
- *Board of Supervisors*
- *Board of Managements*
- *Save: Planning Team*

BOARD OF DIRECTOR

CHAIRMAN

(signed and stamped)

CHO YONG HWAN