



NOVA LIFESTYLE ANNOUNCES FISCAL 2022 RESULTS AND OUTLOOK FOR 2023

LOS ANGELES, April 17, 2023(GLOBE NEWSWIRE) -- Nova LifeStyle, Inc. (NASDAQ: [NVFY](#)) (“Nova LifeStyle” or the “Company”) today announced financial results for the fiscal year ended December 31, 2022.

Tawny Lam, Chairperson and Chief Executive Officer of Nova LifeStyle, stated, “During 2022 we took a number of initiatives to ensure our product lines were marketed effectively throughout the globe, in the face of supply chain challenges and unprecedented spikes in international container freight costs. Our efforts focused on developing scalable, efficient growth and improving the day-to-day operations and we are committed to improve operational efficiencies while focusing on inventory and cash management.”

Financial Results for the Year Ended December 31, 2022:

- Net sales from continuing operations for the year ended December 31, 2022 were \$12.74 million, an increase of 2% from \$12.56 million in 2021. This increase in net sales resulted primarily from a 13% increase in average selling price, partially offset by a 10% decrease in sales volume.
- Gross loss from continuing operations was \$7.78 million for the year ended December 31, 2022, compared to gross profit of \$5.52 million for 2021, representing a decrease in gross profit of \$13.30 million. Our gross loss margin was 61% for the year ended December 31, 2022, compared to a gross profit margin of 44% for 2021. The decrease in gross profit and gross profit margin, was mainly the result of our inventory write down of \$12.90 million in 2022, primarily related to jade mat inventory in the discontinued Malaysia operation.
- Net loss in Fiscal 2022 was \$17.10 million, as compared to \$19.96 million loss in 2021.

Outlook for 2023

There are several developments that we believe will have a positive impact on our 2023 operating results:

- During 2023 we have become increasingly active in the staging sector of our business. Staging is the process of designing and filling a home with aesthetically pleasing furniture, accessories, and décor. We are working diligently to increase sales in the staging distribution channel, because staging sales tend to be characterized by higher gross margins than sales in other sectors.
- We recently entered into arrangements to market our products on walmart.com and Slumberland. While we are in the early stages of these relationships, we are very excited about the promise that they represent.
- International container shipping costs have returned to Pre-Covid levels which we expect will positively affect our gross margin.

“We continue to explore new product line opportunities and work with our partners to ensure we gain market share through pricing and distribution channels. 2022 was an important year for us as Diamond Sofa's celebrated 30 years in the home furnishings industry. We launched our 30th Anniversary Collection and a 112-page product catalog featuring engaging new introductions including the Muse collection - an upholstery group utilizing performance fabric, a first in the Company's history,” stated Ms. Lam.

About Nova LifeStyle

Nova LifeStyle, Inc. is a well-established, innovative designer and distributor of modern lifestyle furniture; primarily sofas, dining room furniture, cabinets, office furniture and related components, bedroom furniture, jade mats and various accessories, in matching collections. Nova LifeStyle's product lines include the Nova Brands and Diamond Sofa (www.diamondsofa.com). Nova's products feature urban contemporary styles that integrate comfort and functionality, incorporating upscale luxury designs which appeal to middle and upper middle-income consumers in the USA, China, Southeast Asia, South America, and elsewhere in the world.

Visit Nova LifeStyle's website at www.NovaLifeStyle.com.

Forward-Looking Statements

This document includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including, among others, our expected future growth prospects, our ability to capitalize on future market opportunities, and our exploration of acquisition opportunities. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. In some cases, forward-looking statements can be identified by the use of forward-looking terms such as “anticipate,” “estimate,” “believe,” “continue,” “could,” “intend,” “may,” “plan,” “potential,” “predict,” “should,” “will,” “expect,” “objective,” “projection,” “forecast,” “goal,” “guidance,” “outlook,” “promise,” “effort,” “target,” “trajectory” or the negative of these terms or other comparable terms. However, the absence of these words does not mean that the statements are not forward-looking. These forward-looking statements are based on certain assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate

in the circumstances. All forward-looking statements attributable to us are expressly qualified in their entirety by this cautionary notice, including, without limitation, those risks and uncertainties described in our annual report on Form 10-K for the year ended December 31, 2022 and our other reports and filings with SEC.

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