



NASDAQ: NVFY

## Safe Harbor Statement

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This presentation contains "forward-looking statements" within the meaning of the "safe-harbor" provisions of the Securities Litigation Reform Act of 1995.

Such statements involve known and unknown risks, uncertainties and other factors that could cause the actual results of the Company to differ materially from the results expressed or implied by such statements, including changes from anticipated levels of sales, future national or regional economic and competitive conditions, changes in relationships with customers, access to capital, difficulties in developing and marketing new products, marketing existing products, customer acceptance of existing and new products, and other factors.

Accordingly, although the Company believes that the expectations reflected in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. The Company has no obligation to update the forward-looking statements contained in this presentation.



## At a Glance – Nova LifeStyle

- Founded in 1996 as a result of a merger between Nova Furniture and Diamond Sofa
- Listed on NASDAQ in 2014
- Rapidly growing designer, manufacturer and distributor of branded modern LifeStyle furniture
- Industry innovator and niche leader in the U.S. and abroad, e-commerce presence in the U.S. and China.
- Quality OEM manufacturer, with a growing e-commerce presence in the U.S. and China.
- LifeStyle furniture brands include: Diamond Sofa, Bright Swallow, Nova Qwik and others
- Products manufactured in the U.S. and Asia and marketed worldwide

### At a Glance

<b>Ticker</b>	(NASDAQ: NVFY)
<b>Stock Price *</b>	\$1.39
<b>Shares Outstanding</b>	25.4 million
<b>Market Cap *</b>	\$35.3 million
<b>Avg. Daily Trading Volume (10 days)</b>	311,000

### Ownership

<b>Shares Outstanding</b>	25.4 million
<b>Insiders</b>	38%
<b>Institutions</b>	5.3%
<b>Top Institutional Holders**</b>	The Vanguard Group, Inc. Geode Capital Management Charles Schwab Investment Mgmt BlackRock Fund Advisors Northern Trust Investments BNY Asset Management

\* As of June 12, 2017

\*\* As of 3/31/2017 Filing Period

# Investment Highlights

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- Publicly-held home furnishing company with substantial outreach globally
- Distribution channels to fit different market needs:
  - B2B (Enterprise clients, wholesale)
  - B2C (Franchise, E-commerce platform)
- Scalable, leverage-able model with manufacturing capacity to support continued sales growth
- Aggressive in both online and “brick and mortar” retail channels
- Experienced management team



## Key Strategic Initiatives

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- Continue product catalogue expansion driven by a sharp understanding of customer preferences
- New product pipeline underpinning e-commerce initiatives expected to deliver higher margins
- Focus on traditional showroom sales while also embracing the use of online marketing, both as a stand-alone sales tool and as an element in showroom selling



# Global Leadership Team

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Nova LifeStyle was formed through the combination of Nova, which was founded in 1993 by Jeffrey Wong (Retired CEO) and Sammy Ho (CFO) in China, and Diamond Sofa, which was founded in 1992 by Tawny Lam (CEO) in the U.S.



## **Tawny Lam – CEO**

25 years of experience in the furniture industry

- CEO and co-founder in 1992 of Diamond Sofa in Commerce, California
- Extensive experience in U.S. furniture product marketing
- Bachelor of Science in Business and Finance from California State University, Los Angeles



## **Mark Chapman - VP, Marketing**

- Sales Manager of Diamond Sofa since 2004
- 25 years of experience in the furniture industry. Previously Director of Purchasing for ACE TV Rentals, Central Rents and Day Page
- Graduated from Augustana College with a Bachelor of Science Degree in Business Administration Management and Marketing



## **Sammy Ho - CFO, Co-Founder and Director**

- 22 years of experience in the furniture industry
- Bachelor's degree from St. Mary's University, Halifax Canada
- MBA from The Chinese University of Hong Kong in 1990



## **Chris Steadman - Director of Internet Sales**

- Responsible for all internet sales related transactions at Diamond Sofa, with more than 23 years of sales experience
- 13 years of experience at QVC: in areas of Crafts and Leisure, Cooking and Dining, Home Improvement, Home Accents and Furnishing, Sports and Fitness
- Bachelor's degree from Temple University, Pennsylvania PA

# Nova LifeStyle Value Proposition

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- Fully integrated design-to-production business model: Customizable, Fast and Flexible
- Recurring orders from well-known customers: Nebraska Furniture Mart, a Berkshire Hathaway Company in the U.S.
- Growing customer base: Customers in U.S., Europe and Asia
- Product Variety and Design: Nova brands cover all aspects of household furniture



# Our Brands, Products & Innovations

Delivering Modern LifeStyle Solutions to Customers Across the Globe

U.S.

Europe & UAE

Asia



## Products

Upholstered furnishings

Living room seating, sofas, loveseats, recliners, sectionals and accent chairs

Urban beds and latex sleep mattresses

Coffee tables and bar stools

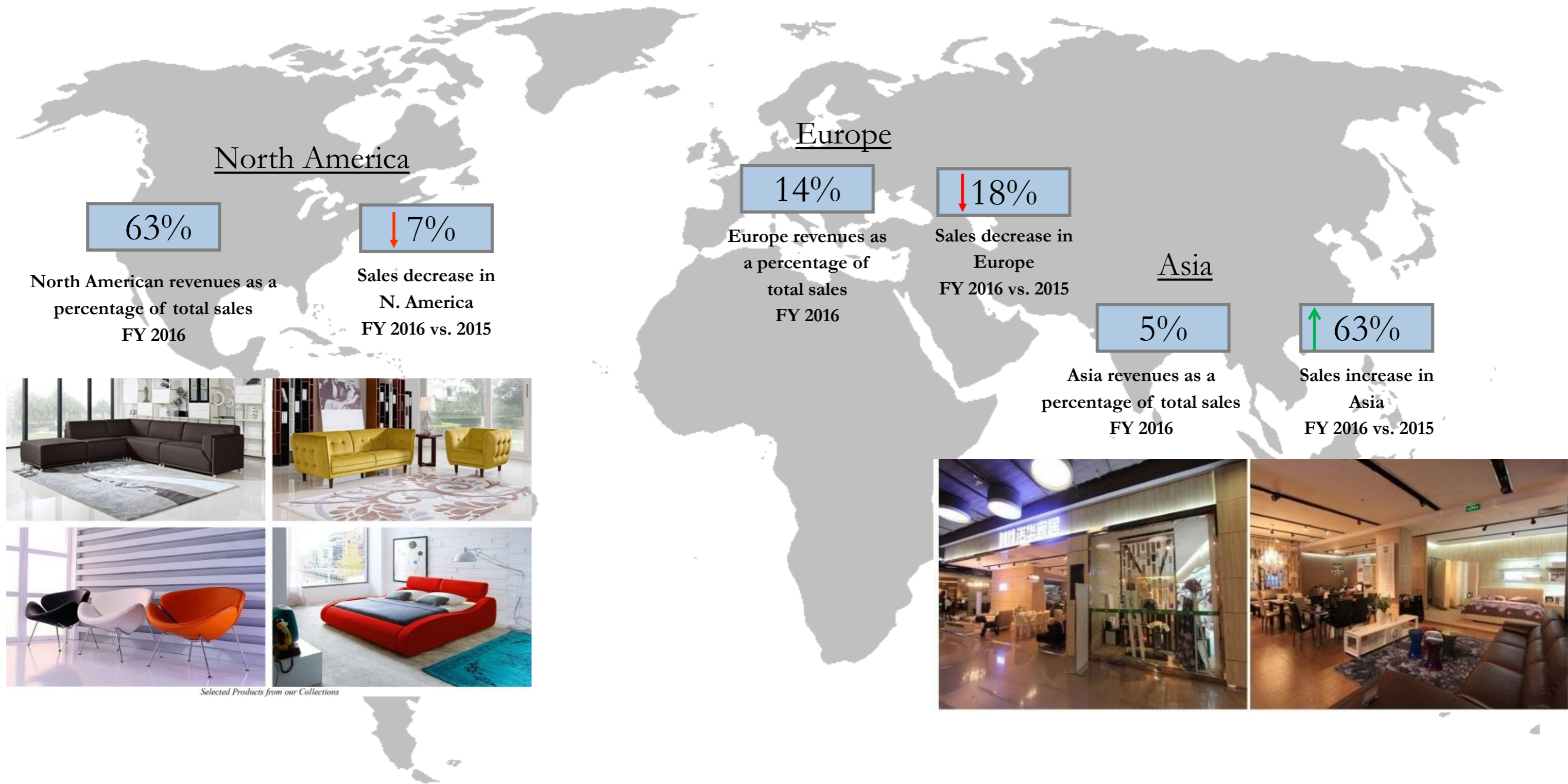
TV stands, display shelving and room dividers

Diverse bedroom and dining collections

Office furniture: desk, credenzas, cabinets, shelving and storage (*Europe, UAE & Asia only*)



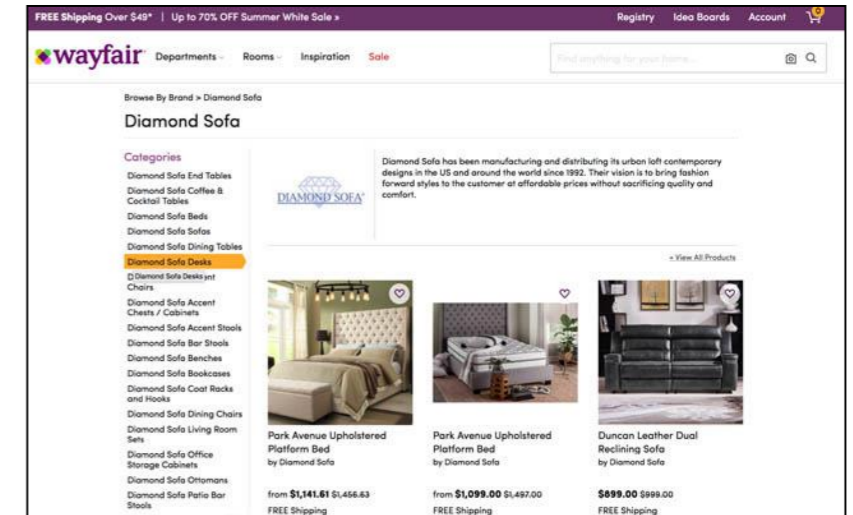
# Nova LifeStyle's Annual Sales by Geography



## Sales: U.S. and Canada

### Growing North American Market Need

- New Furniture orders were up 3% in 2016 versus 2015, according to the Smith Leonhard industry survey of residential furniture manufacturers and distributors.
- Aggregate industry revenue grew to a combined \$59 billion according to IBISWorld.



### Nova LifeStyle: U.S. Sales and Distribution

- Wholesale to numerous stores ranked in the Top 100 furniture companies in the U.S. with both storefronts and e-commerce sales venues
- Showrooms: Los Angeles, CA; Las Vegas, Nevada; & High Point, North Carolina
- Key North American trade shows and conventions
- Canadian distribution through *The Brick*.



## Sales: Europe, U.A.E. and Other Territories

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### European Market Trends

- Products compliment consumer preferences for “Urban Contemporary”, smaller homes and apartments and trend of loft-style open look

### Nova LifeStyle: European / Other Sales and Distribution

- Strong presence in the European markets both in stores and on e-commerce websites
- Clients are primarily major retailers
- ODM / OEM capabilities
- Urban contemporary style in high demand



# Global Customer & Sales Channels



## Near and Long Term Growth Initiatives

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- Expand partnerships and increase sales contracts Create Innovative Designs tailored to each market
- Growth through Mergers and Acquisition
- Increase Sales of Higher-Margin branded products
  - Grow sales of high-margin “Made in U.S.A.” furnishings
  - Grow sales of modern and stylish upholstered beds with American fabric
- Expand Global Distribution
  - Further penetration of “Top 100” furniture stores in the U.S.



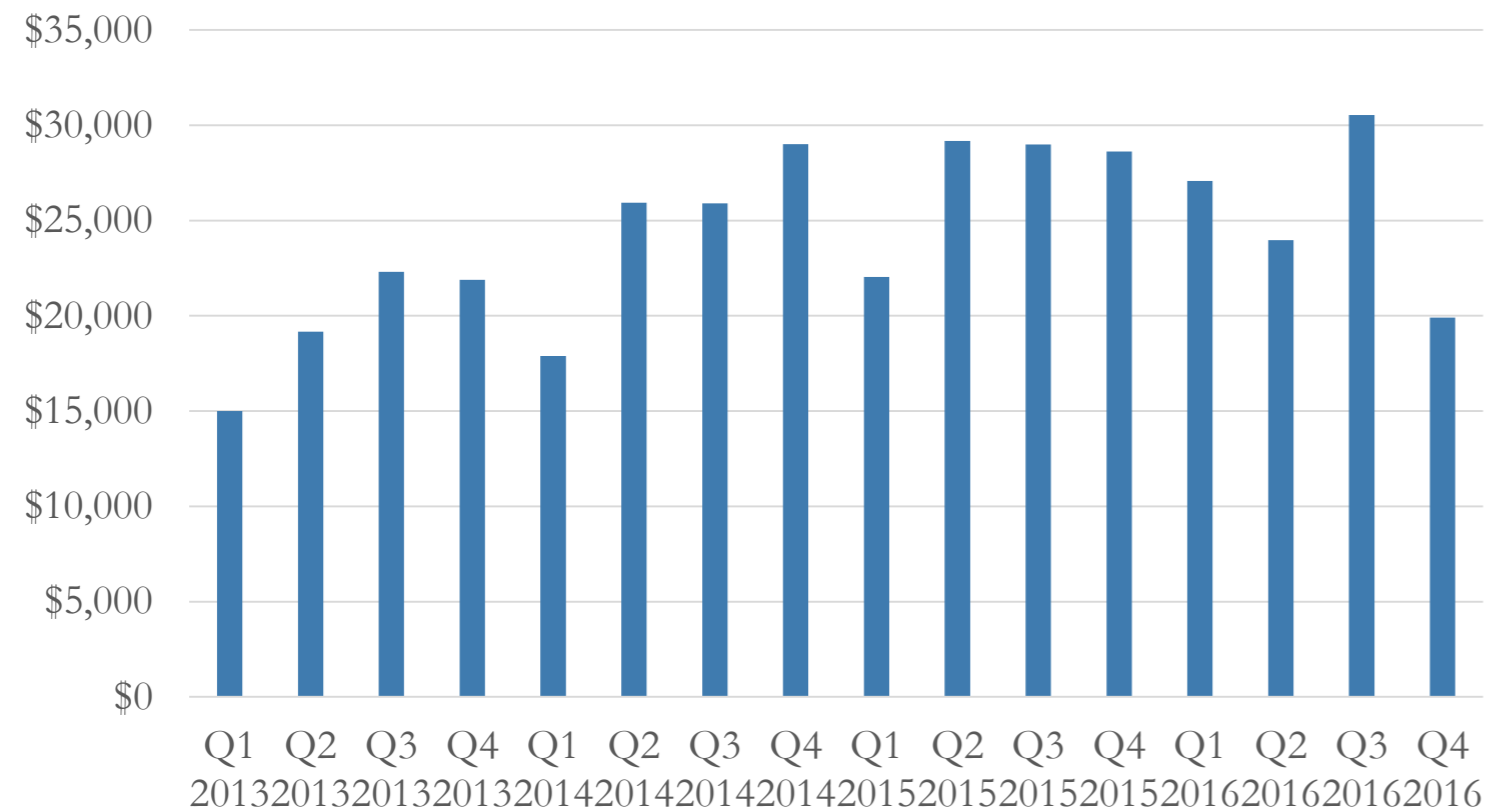
# Financial Snapshot – Income Statement

## Fourth Quarter 2016 Financial Highlights:

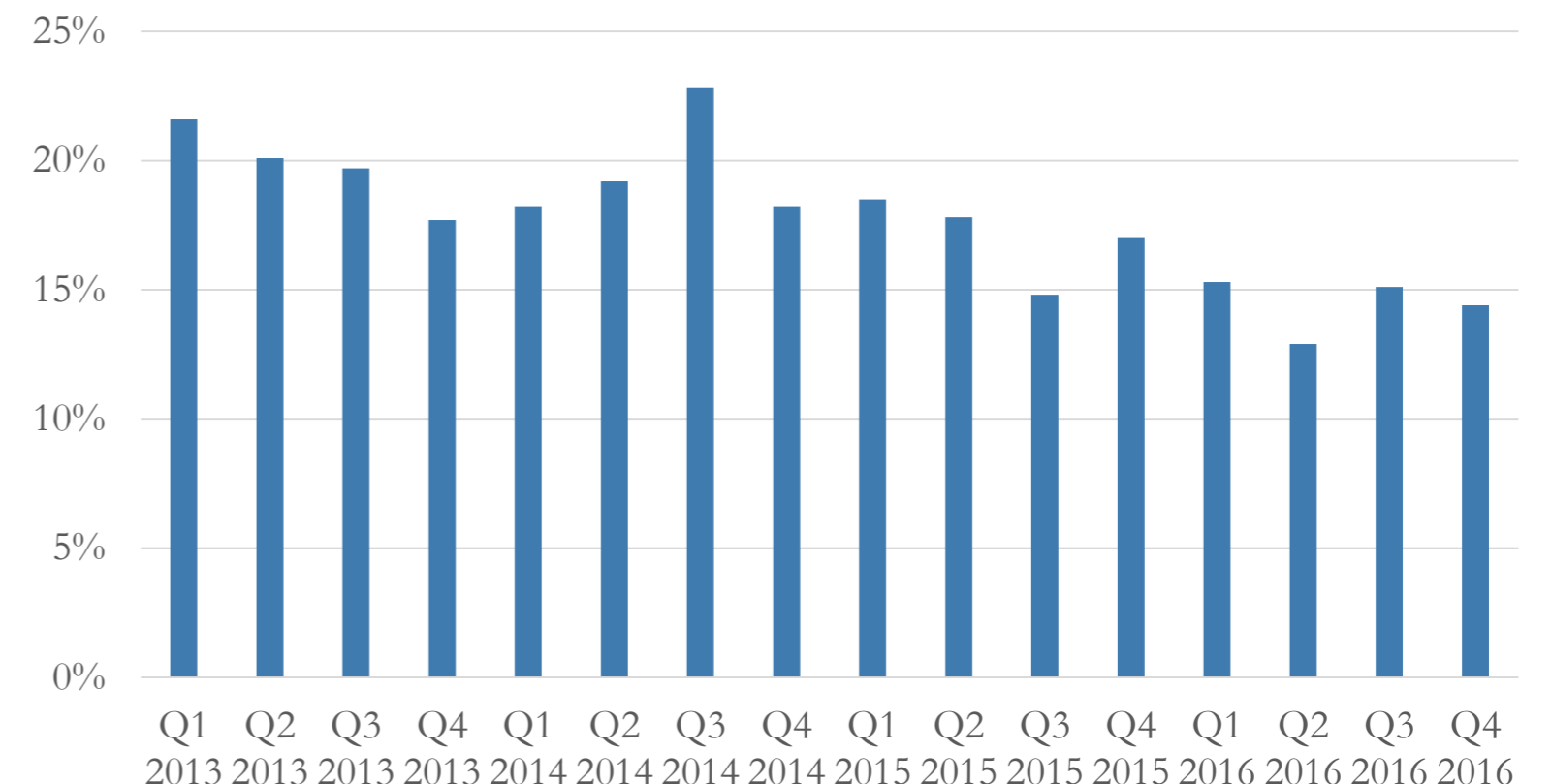
- Net sales were \$19.9 million, a decrease of 14.3% compared to the prior year period
- Gross profit was \$2.9 million, a decrease of 23.2% compared to the prior year period
- Gross margin was 14.4%, compared to 16.1% in the prior year period
- Net loss from continuing operations was \$830,947 compared to net income from continuing operations of \$684,503 for the same period of the prior year.

## Quarterly Revenue and Gross Margin Trends

Revenues (\$ in thousands)



Gross Margin



## Financial Snapshot – Balance Sheet as of December 31, 2016

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- Cash and cash equivalents was \$2.6 million
- Net working capital of \$58.4 million, an increase of \$9.8 million from net working capital of \$48.6 at December 31, 2015
- Ratio of current assets to current liabilities was 6.0 to 1



## Investment Conclusions

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- Publicly-held home furnishing company with substantial exposure to both Asia and North American markets
- Various distribution channel to fit different market needs: B2B (Enterprise Clients, Wholesale) B2C (Franchise, e-Commerce Platform)







## NASDAQ: NVFY

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