



IT Tech Packaging, Inc.

Second Quarter 2023

Financial Results Presentation



Safe Harbor Statement

This presentation contains forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact in this announcement are forward-looking statements, including but not limited to, anticipated revenues from the digital photo paper business segment; the actions and initiatives of current and potential competitors; the Company's ability to introduce new products; the Company's ability to implement the planned capacity expansion of corrugate medium paper; market acceptance of new products; general economic and business conditions; the ability to attract or retain qualified senior management personnel and research and development staff; and other risks detailed in the Company's filings with the Securities and Exchange Commission. These forward-looking statements involve known and unknown risks and uncertainties and are based on current expectations, assumptions, estimates and projections about the companies and the industry. The Company undertakes no obligation to update forward-looking statements to reflect subsequent occurring events or circumstances, or to changes in its expectations, except as may be required by law. Although the Company believes that the expectations expressed in these forward looking statements are reasonable, it cannot assure you that its expectations will turn out to be correct, and investors are cautioned that actual results may differ materially from the anticipated results.

Agenda

- Key Highlights
- Financial & Business Review
- Operational & Business Updates

The background of the slide features a close-up, artistic shot of an open book. The pages are a warm, cream color and are fanned out, creating a sense of depth and movement. A semi-transparent green rectangular box is positioned in the center of the image, serving as a backdrop for the text.

KEY HIGHLIGHTS

Key Highlights for Q2 2023

Revenue decreased by 5.6% YoY to \$30.0 million, mainly due to the decrease of average selling prices of corrugating medium paper ("CMP"), partially offset by the increase in sales volume of CMP and offset printing paper.

Gross profit up 86.1% YoY to \$1.2 million, primarily due to the increase in sales volume of CMP, offset printing paper and tissue paper products. Overall gross margin up 1.9 percentage points to 3.9%.

Loss from operations was \$0.5 million, compared to loss from operations of \$1.2 million for the same period of last year.

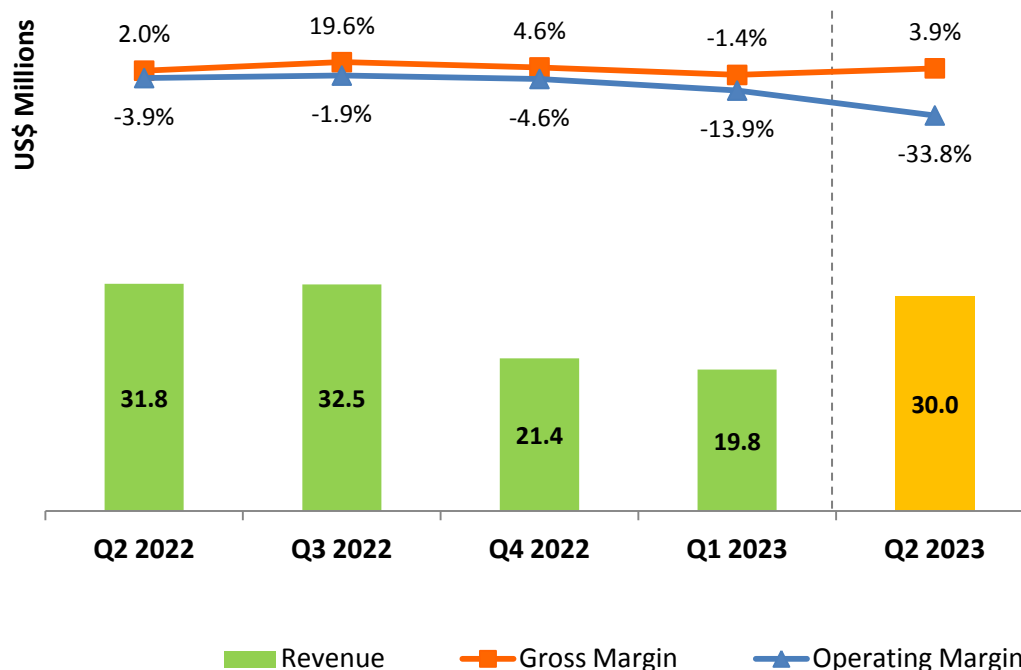
Net loss was \$1.3 million, or loss per share of \$0.12, compared to net loss of \$0.3 million, or loss per share of \$0.03, for the same period of last year.

Earnings before interest, taxes, depreciation and amortization ("EBITDA") was \$2.8 million, compared to EBITDA of \$3.6 million for the same period of last year.

The background of the slide features a close-up, artistic shot of an open book. The pages are a warm, light brown or tan color, showing the texture of the paper and the way they are fanned out. A semi-transparent green rectangular box is positioned horizontally across the middle of the image, serving as a backdrop for the title text.

FINANCIAL & BUSINESS REVIEW

Revenue

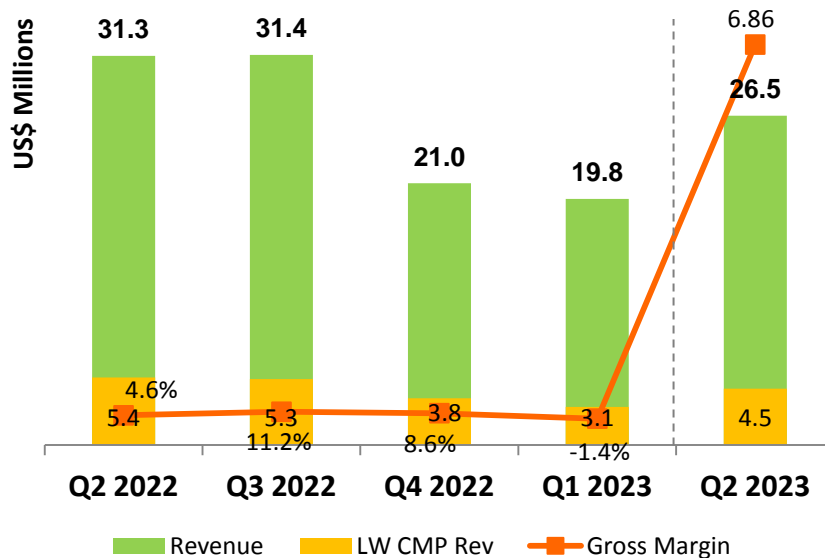


Q2 2023

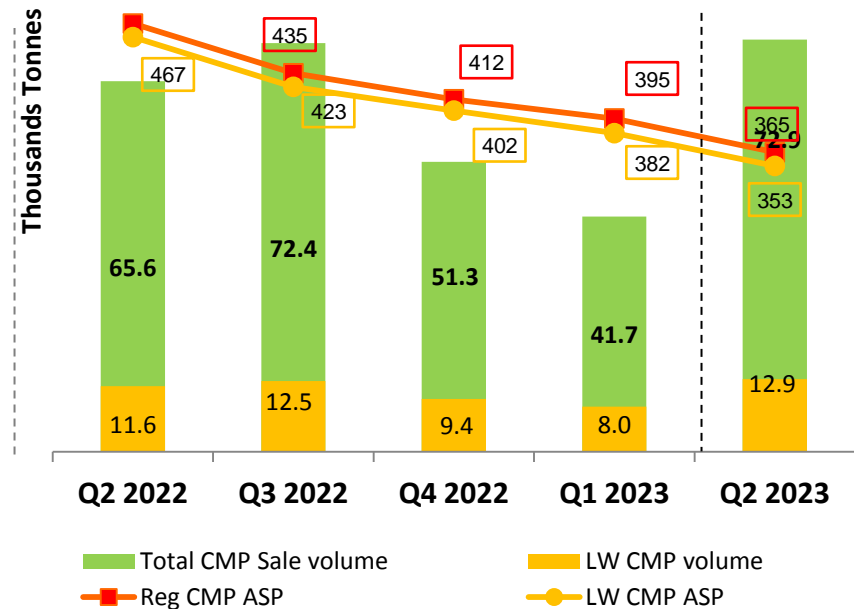
- Revenue down 5.6% YoY to \$30.02 million, due to the decrease of average selling prices of corrugating medium paper ("CMP"), partially offset by the increase in sales volume of CMP and offset printing paper.
- Overall gross margin up 1.9 percentage points YoY to 3.9%.
- Operating loss margin down 5.62 percentage points YoY to 1.73%.

Corrugating Medium Paper (CMP)

Revenue and Gross Margin



Sales Volume and ASP

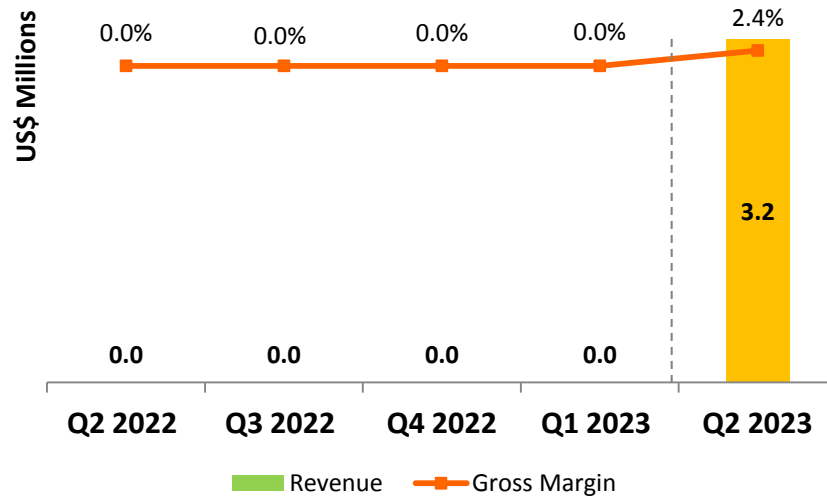


Q2 2023 CMP (includes both Regular and Light-Weight CMP)

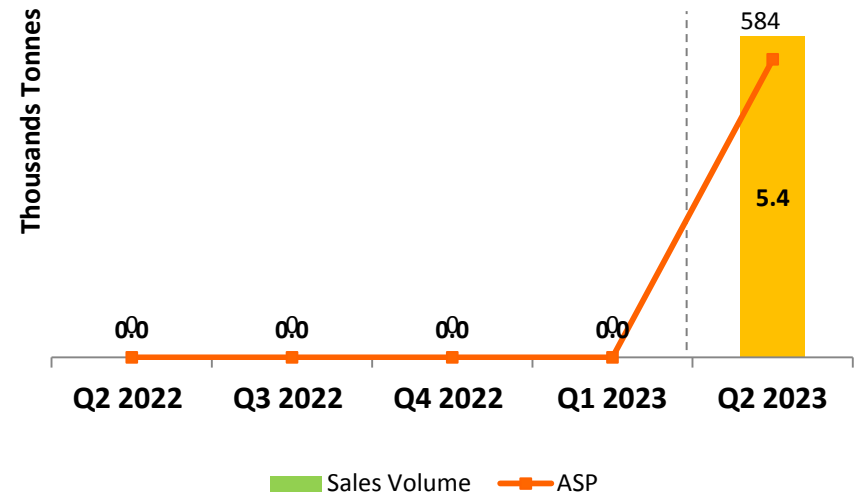
- Revenue: down 15.4% YoY to \$26.48 million, accounted for 88.2% of total revenue.
- Sales volume: up 11.2% YoY to 72,940 tonnes.
- ASP: Regular CMP down 23.80% to \$365/tonne.
- ASP: Light-Weight CMP down 24.4% to \$353/tonne.

Offset Printing Paper

Revenue and Gross Margin



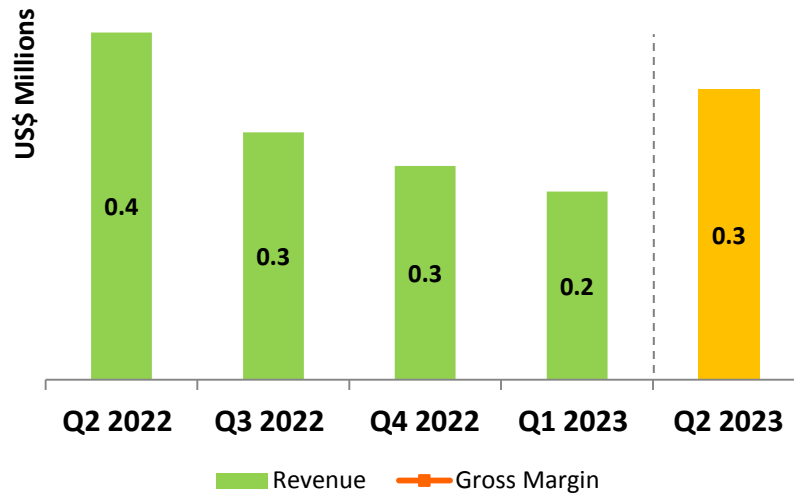
Sales Volume and ASP



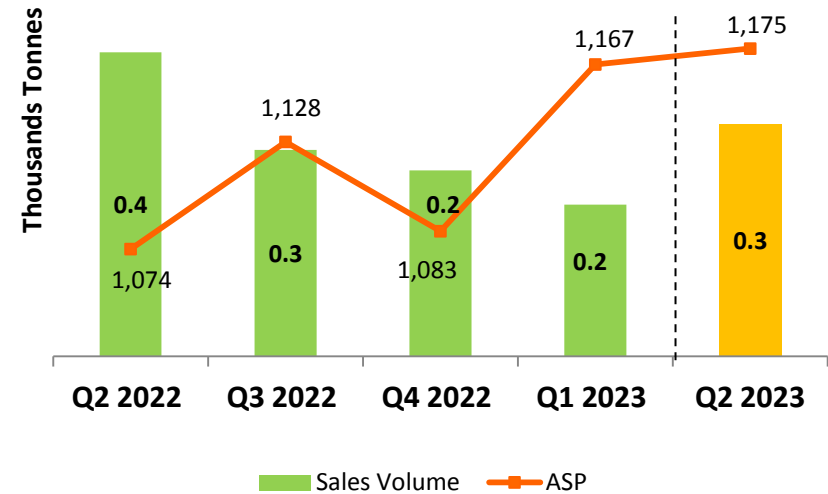
Q2 2023 Offset Printing Paper

- Revenue: was \$3.16 million.
- Sales volume: was 5,403 tonnes.
- ASP: was \$584/tonne.

Revenue and Gross Margin



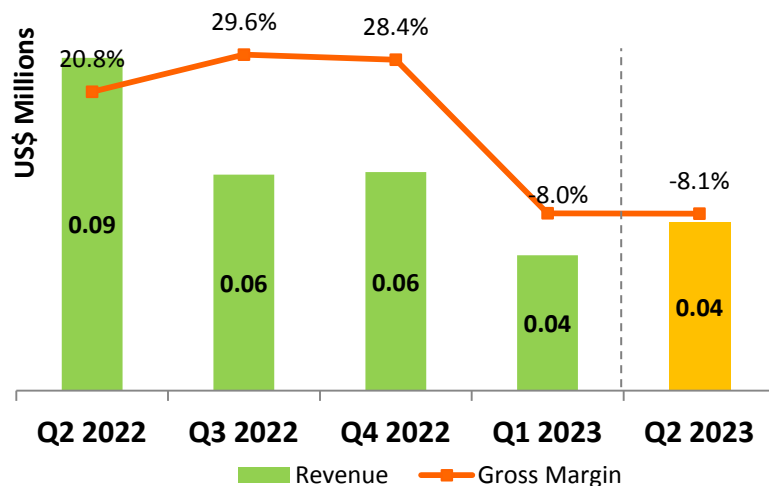
Sales Volume and ASP



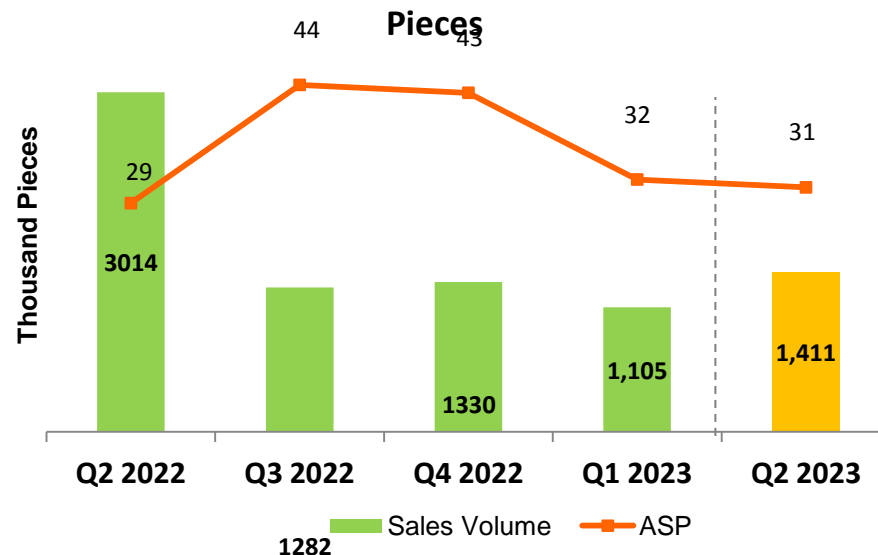
Q2 2023 Tissue Paper

- Revenue: down 16.3% YoY to \$0.34 million, accounted for 1.2% of total revenue.
- Sales volume: down 23.5% YoY to 293 tonnes.
- ASP: up 9.4% YoY to \$1,175/tonne.

Revenue and Gross Margin



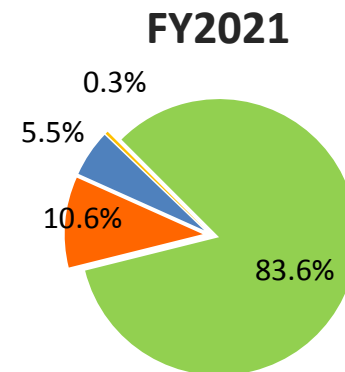
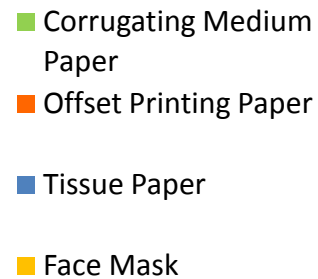
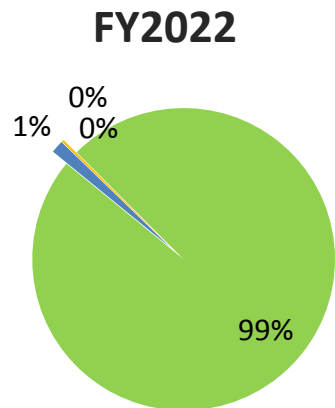
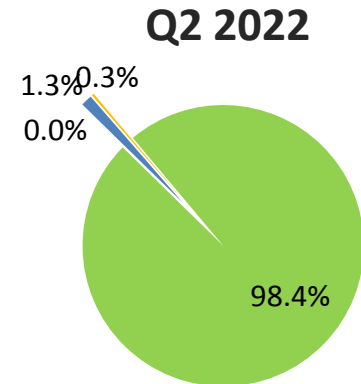
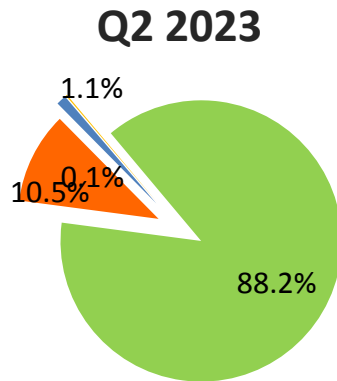
Sales Volume and Selling Price (\$) Per Thousand



Q2 2023 Face Mask

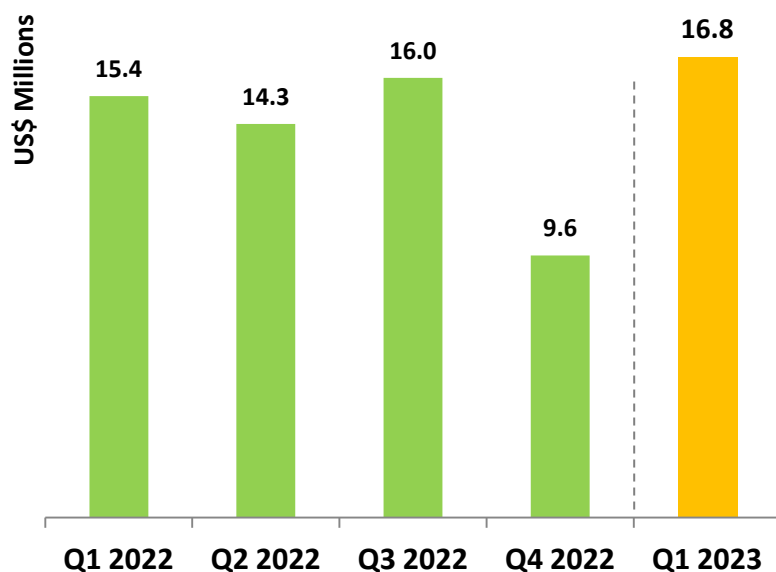
- Revenue: down 49.5% YoY to \$44,246 million, accounted for 0.2% of total revenue.
- Sales volume: down 23.8% YoY to 1,411 thousand pieces.
- ASP: down 34.04% YoY to \$31/ thousand pieces.

Revenue Mix

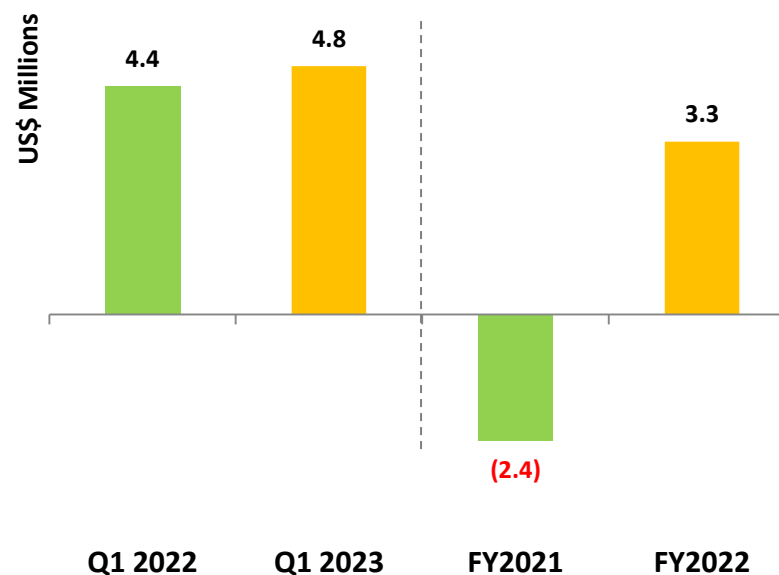


•Corrugating Medium Paper includes both Light-Weight CMP and Regular CMP

Cash and Cash Equivalents



Cash Flow from Operating Activities



Q2 2023

- Cash position at \$11.98 million as of June 30, 2023.
- Net cash provided by operating activities was \$5.7 million for the second quarter of 2023, as compared to \$3.9 million for the same period of last year.

The background of the slide features an open book. The top half shows the book's pages fanned out, with a bright green semi-transparent rectangular overlay covering the middle section. The bottom half shows the dense, stacked pages of the book's fore-edge. The text "THANK YOU" is centered within the green overlay in a white, bold, sans-serif font.

THANK YOU

The background of the slide features a close-up, artistic shot of an open book. The pages are a warm, off-white or light beige color, showing the texture of the paper and the way they are bound together. The book is open, with the pages fanning out from the center. A semi-transparent green rectangular overlay is positioned horizontally across the middle of the image, partially covering the book's pages. The word "APPENDIX" is written in white, bold, sans-serif capital letters on the left side of this green overlay.

APPENDIX

Production Facilities of IT Tech Packaging

PM#	Paper Product	Designed Capacity (tonnes/year)	Location
PM1	Corrugating medium paper	60,000	Xushui District, Baoding city, Hebei province
PM2	Offset printing paper	50,000	
PM3	Offset printing paper	40,000	
PM4 ^[a]	Digital photo paper	2,500	Xushui District, Baoding city, Hebei province
PM5 ^[a]	Digital photo paper	2,500	
PM6 ^[b]	Corrugating medium paper	360,000	Xushui District, Baoding city, Hebei province
PM7	Specialty paper	10,000	
PM8 ^[c]	Tissue paper	15,000	Economic Development Zone in Wei County, Hebei Province
PM9 ^[d]	Tissue paper	15,000	
PM10 ^[e]	Tissue Paper	20,000	

[a]: PM4 and PM5 have been suspended in June 2016 due to low market demand

[b]: 66.61% utilization rate in Q2 FY2023; vs. 58.98% in Q2 FY2022.

[c]: The production and sales of tissue paper products have increased steadily since year 2019.

[d]: In November 2019, we completed the commercial launch of a new tissue paper production line the PM9 following the success of its trial production.

[e] In May 2020, we planned commercial launch of a new tissue paper production line PM10 and the Company expects the new tissue paper production line to be launched after the success of its trial run.

Income Statement Summary

	For the Three Months Ended June 30		YoY Change
(US\$)	2023	2022	
Revenue	30,019,914	31,788,884	-5.6%
Cost of sales	(28,840,056)	(31,154,847)	-7.4%
Gross Profit	1,179,858	634,037	86.1%
Gross profit margin	3.9%	2.0%	1.9pp
Selling, general and administrative expenses	(1,323,405)	(1,869,802)	-29.2%
Income (Loss) from operations	(518,683)	(1,235,765)	58.0%
Operating margin	-1.7%	-3.9%	-5.6pp
Net Income (Loss)	(1,253,493)	(287,913)	-335.4%
Net (loss) margin	-4.2%	-0.9%	-5.1pp
Loss per share – basic and diluted	(0.12)	(0.03)	-300.0%

Selected Balance Sheet Items

(US\$)	June 30, 2023	December 31, 2022
Current Assets		
Cash and bank balance	11,980,759	9,524,868
Accounts receivable	2,416,572	-
Inventories	6,569,323	2,872,622
Other current assets	722,932	34,768,985
Total current assets	47,689,586	47,166,475
Prepayment on Property, plant, and equipment	2,668,992	1,031,502
Other non-current assets	146,384,311	156,249,256
Total Assets	196,742,889	204,447,233
Current Liabilities		
Short-term bank loans	5,741,925	5,598,311
Current portion of long-term loans from credit union	3,761,521	4,835,884
Lease Liability	108,227	224,497
Accounts Payable	127,543	5,025
Other current liabilities	7,563,213	6,976,912
Total current liabilities	17,302,429	17,640,629
Long-term loans	7,437,239	4,204,118
Deferred gain on sale-leaseback	7,203	52,314
Lease Liability non-current	559,031	579,997
Derivative liability	660,692	646,283
Total Liabilities	25,966,594	23,123,341
Total Stockholders' equity	170,776,295	181,323,892
Total Liabilities and Stockholders' Equity	196,742,889	204,447,233

Solid Operating Cash Flows to Support Continued Investment

(US\$)	Six Months Ended June 30,	
	2023	2022
Net Cash Provided by (Used in) Operating Activities	5,746,719	3,949,782
Net Cash Provided by (Used in) Investing Activities	(5,565,713)	(7,324,305)
Net Cash Provided by(Used in) Financing Activities	2,823,597	6,673,987
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(548,712)	(156,999)
Net (Decrease)/Increase in Cash and Cash Equivalents	2,455,891	3,142,465
Cash and Cash Equivalents – Beginning of Period	9,524,868	11,201,612
Cash and Cash Equivalents – End of Period	11,980,759	14,344,077