



IT Tech Packaging, Inc.

Third 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 features an open book with its pages fanned out, creating a sense of depth and movement. A semi-transparent green rectangular overlay is positioned in the center, serving as a backdrop for the text. The text is in a bold, white, sans-serif font with a subtle drop shadow, making it stand out against the green background.

KEY HIGHLIGHTS

Key Highlights for Q3 2023

Revenue decreased by 50.3% YoY to \$15.8 million, primarily due to the decrease of sales volume of corrugating medium paper ("CMP") and decrease of average selling prices of CMP and tissue paper products.

Gross loss was down 105.5% YoY to \$0.2 million, primarily due to the decrease of sales volume of corrugating medium paper ("CMP") and decrease of average selling prices of CMP and tissue paper products, and the decrease in the unit material costs of CMP. Overall gross loss margin was down 9.8 percentage points to 1.0%.

Loss from operations was \$2.5 million, compared \$0.6 million for the same period of last year.

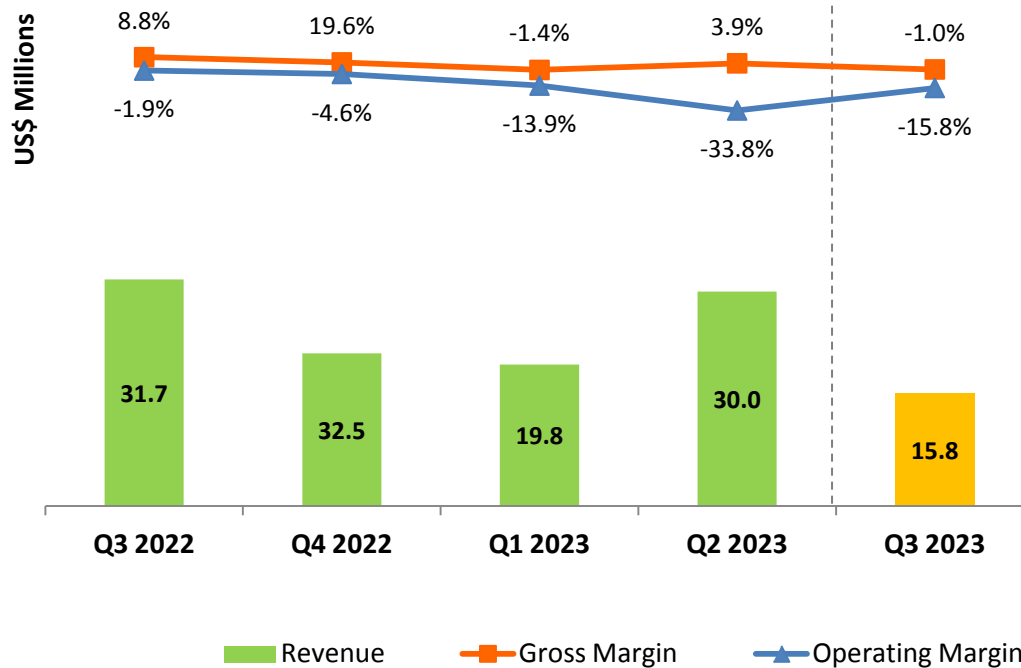
Net loss was \$2.0 million, or loss per share of \$0.20, compared to net loss of \$1.9 million, or loss per share of \$0.19, for the same period of last year.

Earnings before interest, taxes, depreciation and amortization ("EBITDA") was \$1.7 million, compared to EBITDA of \$2.4 million for the same period of last year.

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FINANCIAL & BUSINESS REVIEW

Revenue

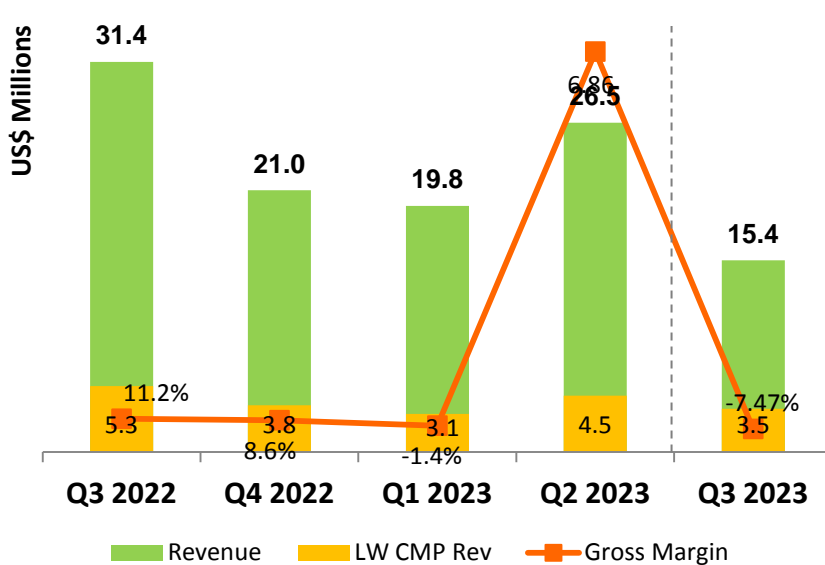


Q3 2023

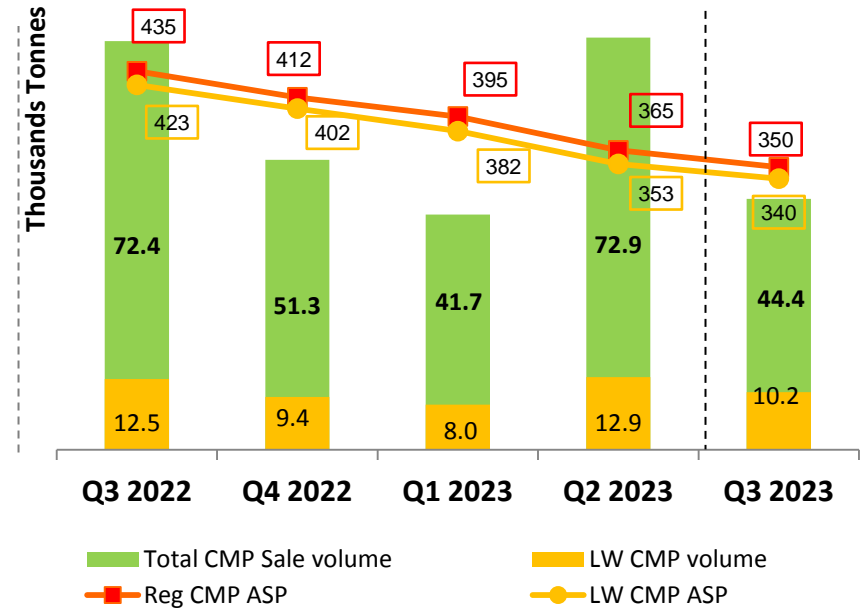
- Revenue decreased by 50.3% YoY to \$15.8 million, primarily due to the decrease of sales volume of corrugating medium paper (“CMP”) and decrease of average selling prices of CMP and tissue paper products.
- Overall gross loss margin down 9.8 percentage points to 1.0%.
- Operating loss margin down by 17.6 percentage points YoY to 15.8%.

Corrugating Medium Paper (CMP)

Revenue and Gross Margin



Sales Volume and ASP

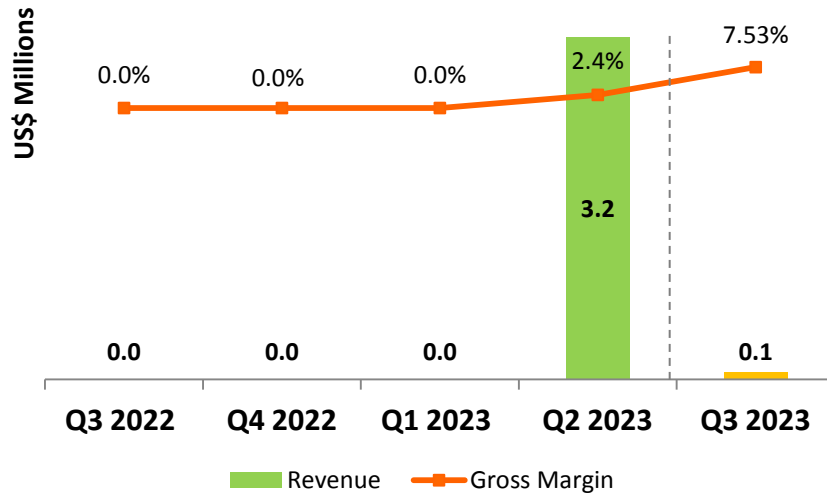


Q3 2023 CMP (includes both Regular and Light-Weight CMP)

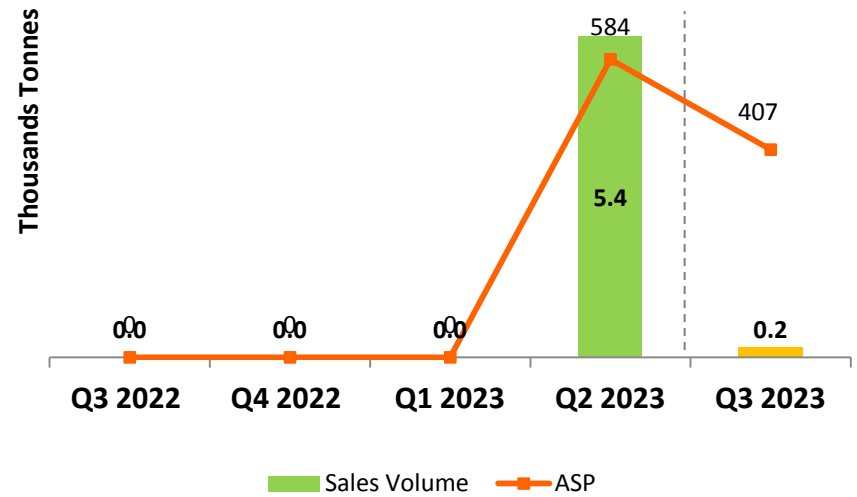
- Revenue: down 50.8% YoY to \$15.42 million, accounted for 97.8% of total revenue.
- Sales volume: down 38.6% YoY to 44,396 tonnes.
- ASP: Regular CMP down 19.5% to \$350/tonne.
- ASP: Light-Weight CMP down 19.6% to \$340/tonne.

Offset Printing Paper

Revenue and Gross Margin



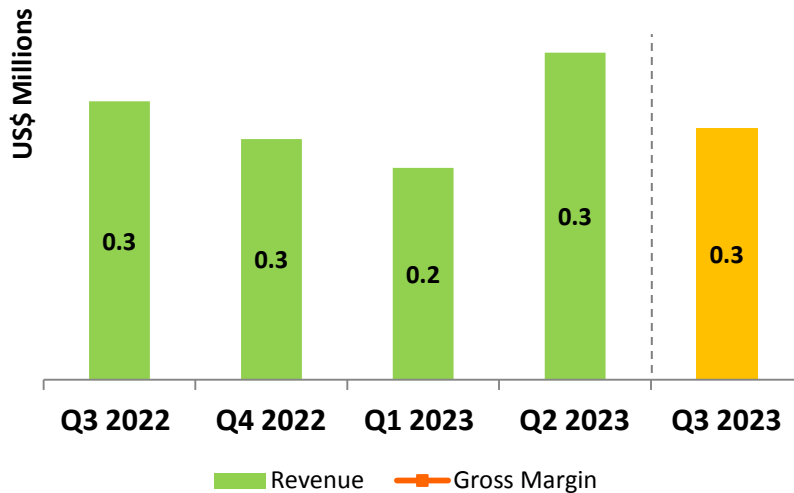
Sales Volume and ASP



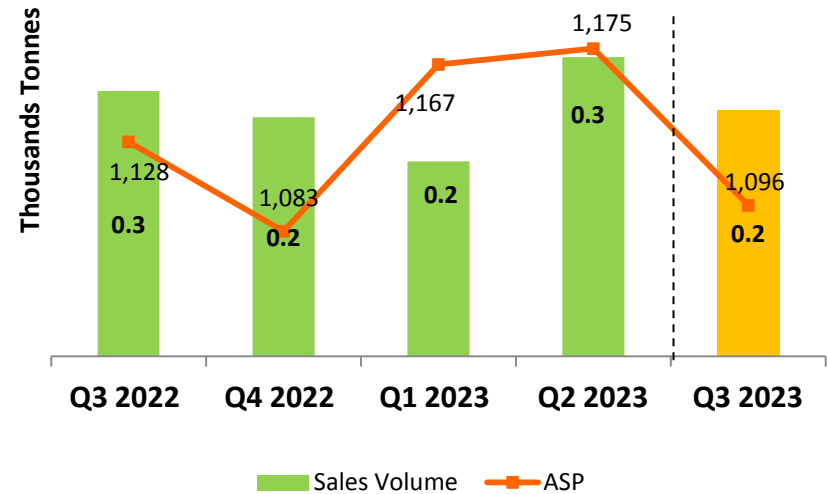
Q3 2023 Offset Printing Paper

- Revenue: was \$0.07 million.
- Sales volume: was 170 tonnes.
- ASP: was \$407/tonne.

Revenue and Gross Margin



Sales Volume and ASP

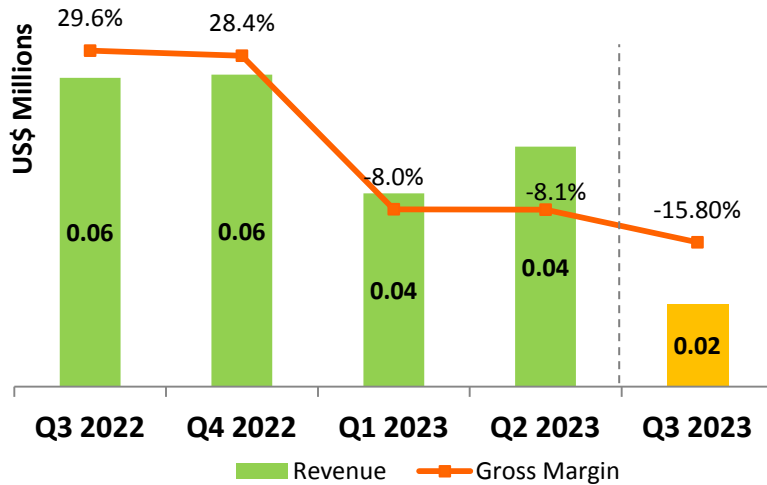


Q3 2023 Tissue Paper

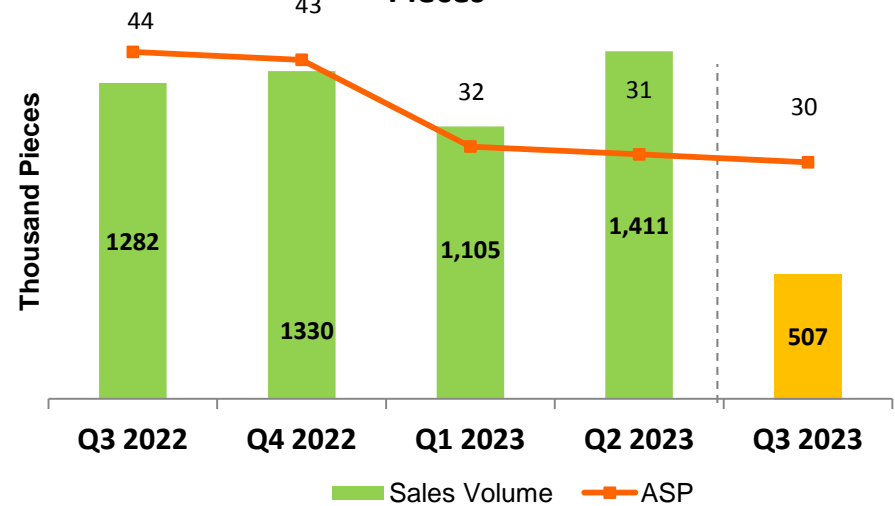
- Revenue: down 9.9% YoY to \$0.26 million, accounted for 1.7% of total revenue.
- Sales volume: down 7.3% YoY to 241 tonnes.
- ASP: down 2.8% YoY to \$1,096/tonne.

Face Mask

Revenue and Gross Margin



Sales Volume and Selling Price (\$) Per Thousand Pieces

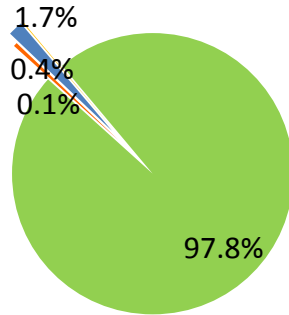


Q3 2023 Face Mask

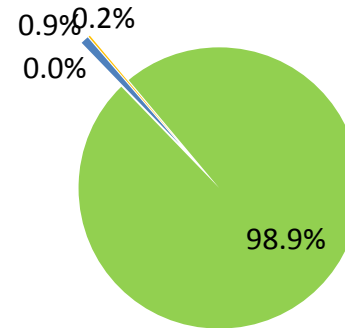
- Revenue: down 73.3% YoY to \$0.02 million, accounted for 0.1% of total revenue.
- Sales volume: down 60.5% YoY to 507 thousand pieces.
- ASP: down 31.8% YoY to \$30/ thousand pieces.

Revenue Mix

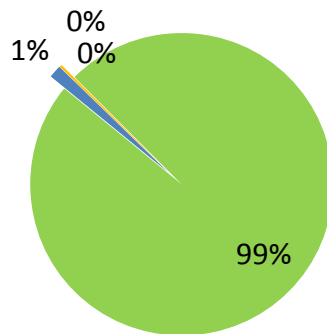
Q3 2023



Q3 2022

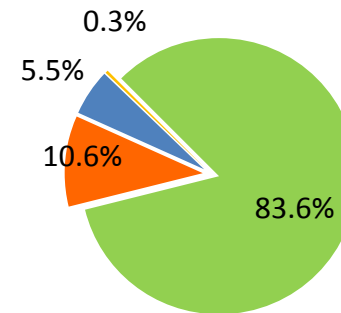


FY2022



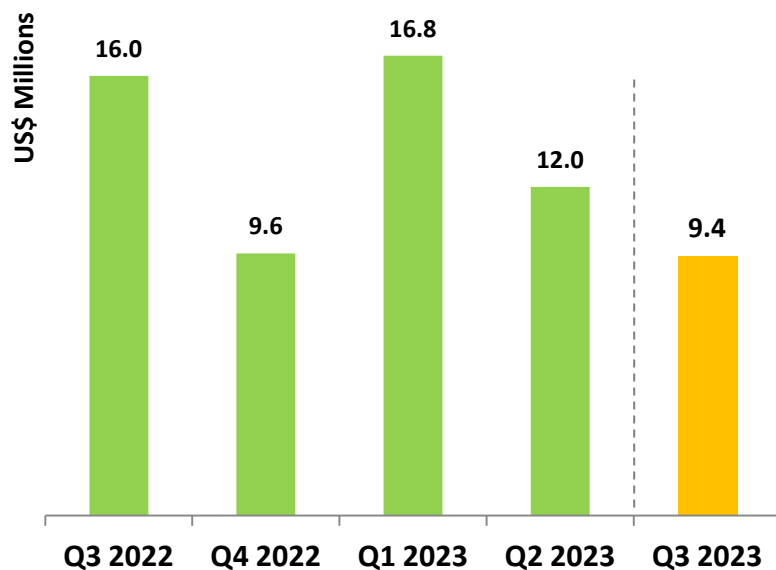
- Corrugating Medium Paper
- Offset Printing Paper
- Tissue Paper
- Face Mask

FY2021

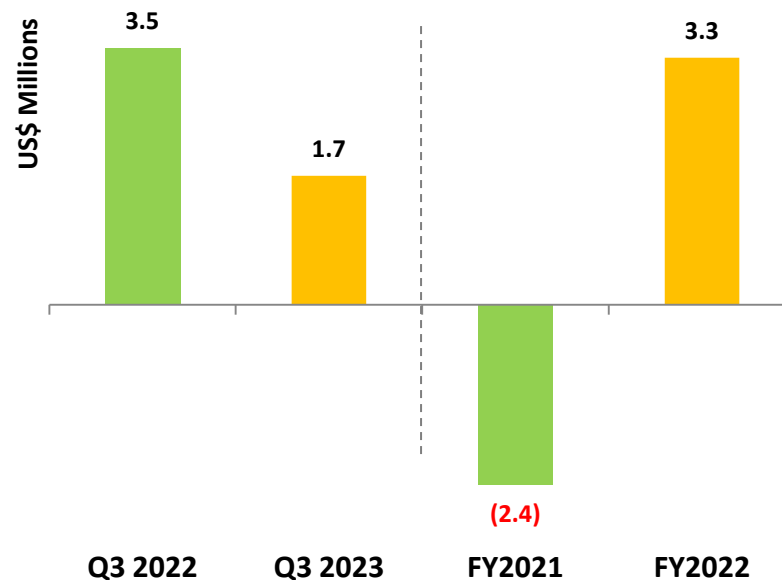


•Corrugating Medium Paper includes both Light-Weight CMP and Regular CMP

Cash and Cash Equivalents



Cash Flow from Operating Activities



Q3 2023

- Cash position at \$9.4 million as of September 30, 2023.
- Net cash provided by operating activities was \$1.7 million for the third quarter of 2023, as compared to \$3.5 million for the same period of last year.

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THANK YOU

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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]: 38.07% utilization rate in Q3 FY2023; vs. 66.82% in Q3 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

(US\$)	For the Three Months Ended September 30		YoY Change
	2023	2022	
Revenue	15,771,560	31,709,214	-50.3%
Cost of sales	(15,924,783)	(28,925,626)	-44.9%
Gross Profit	(153,223)	2,783,588	-105.5%
Gross profit margin	-1.0%	8.8%	-9.8pp
Selling, general and administrative expenses	(2,334,746)	(3,370,541)	-30.7%
Income (Loss) from operations	(2,484,513)	(586,953)	-323.3%
Operating margin	-15.8%	-1.9%	-17.7pp
Net Income (Loss)	(1,975,368)	(1,887,318)	-4.7%
Net (loss) margin	-12.5%	-6.0%	-18.5pp
Loss per share – basic and diluted	(0.20)	(0.19)	-5.3%

Selected Balance Sheet Items

(US\$)	September 30, 2023	December 31, 2022
Current Assets		
Cash and bank balance	9,437,941	9,524,868
Accounts receivable	2,794,437	-
Inventories	5,364,777	2,872,622
Other current assets	23,463,916	34,768,985
Total current assets	41,061,071	47,166,475
Prepayment on Property, plant, and equipment	877,462	1,031,502
Other non-current assets	147,059,174	156,249,256
Total Assets	188,997,707	204,447,233
Current Liabilities		
Short-term bank loans	835,678	5,598,311
Current portion of long-term loans from credit union	4,707,652	4,835,884
Lease Liability	96,746	224,497
Accounts Payable	104,146	5,025
Other current liabilities	6,280,420	6,976,912
Total current liabilities	12,024,642	17,640,629
Long-term loans	6,562,401	4,204,118
Deferred gain on sale-leaseback	-	52,314
Lease Liability non-current	465,866	579,997
Derivative liability	263	646,283
Total Liabilities	19,053,172	23,123,341
Total Stockholders' equity	169,944,535	181,323,892
Total Liabilities and Stockholders' Equity	188,997,707	204,447,233

Solid Operating Cash Flows to Support Continued Investment



(US\$)	Nine Months Ended September 30,	
	2023	2022
Net Cash Provided by (Used in) Operating Activities	7,494,114	7,431,267
Net Cash Provided by (Used in) Investing Activities	(9,211,711)	(8,189,410)
Net Cash Provided by(Used in) Financing Activities	1,997,269	6,840,080
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(366,599)	(1,266,146)
Net (Decrease)/Increase in Cash and Cash Equivalents	(86,927)	4,815,791
Cash and Cash Equivalents – Beginning of Period	9,524,868	11,201,612
Cash and Cash Equivalents – End of Period	9,437,941	16,017,403