



IT Tech Packaging, Inc.

First Quarter 2019

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 vibrant green rectangular overlay is positioned across the middle of the image, serving as a backdrop for the text.

KEY HIGHLIGHTS

Key Highlights for Q1 2019

Revenue increased by 824.2% YoY to \$17.5 million, primarily due to the increase in sales volume of CMP and tissue paper products, partially offset by the decrease in ASP of CMP.

Gross loss down 72.3% YoY to \$0.19 million, primarily due to the increase in total cost of sales, which resulted from increase in sales volume of CMP and tissue paper products as well as decrease in average selling prices of CMP. Gross loss margin down 35.7 percentage points to 1.1%.

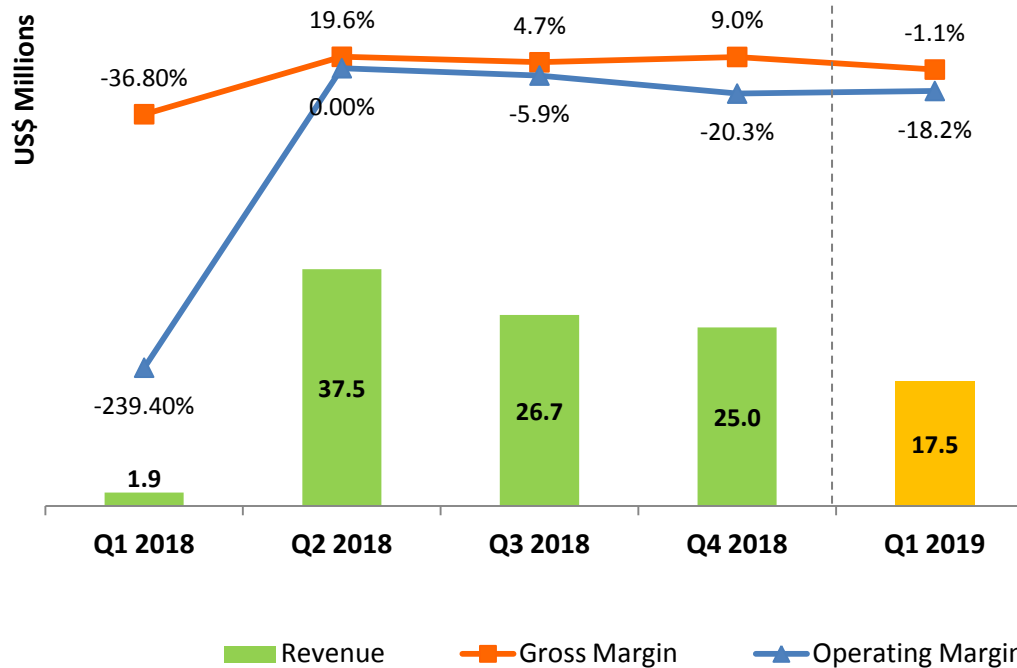
Net loss was \$2.72 million, or loss per share of \$0.12, compared to net loss of \$4.09 million, or loss per share of \$0.19, for the same period of last year.

Earnings before interest, taxes, depreciation and amortization ("EBITDA") was \$0.81 million.

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FINANCIAL & BUSINESS REVIEW

Revenue

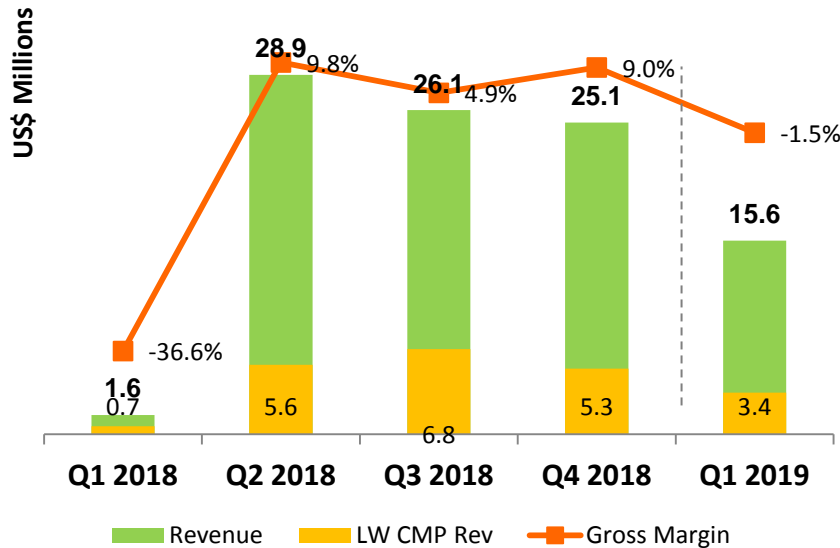


Q1 2019

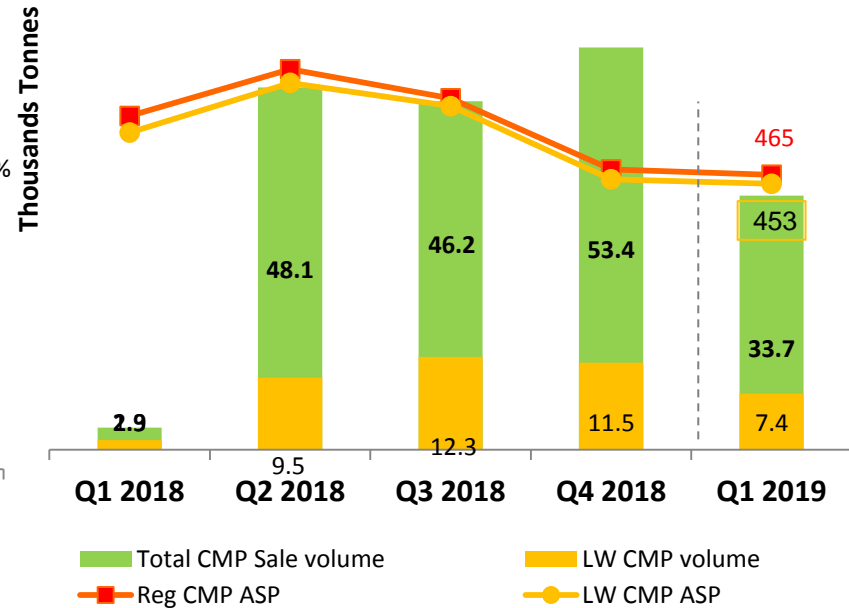
- Revenue increases 824.2% YoY to \$17.5 million, due to increase in both sales volume of CMP and tissue paper products, partially offset by the decrease in ASP of CMP.
- Overall gross loss margin increased by 35.7 percentage points YoY to 1.1%.
- Operating loss margin decreased by 221.2 percentage points YoY to 18.2%.

Corrugating Medium Paper (CMP)

Revenue and Gross Margin



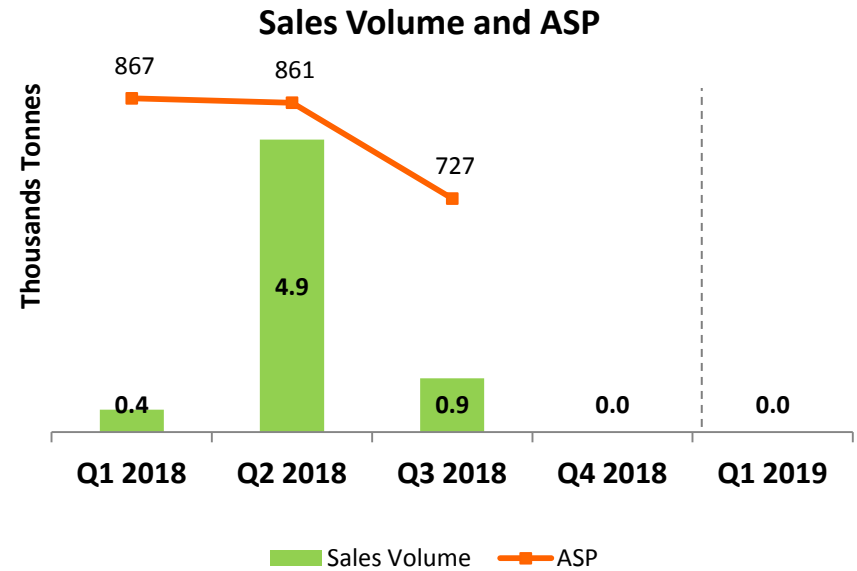
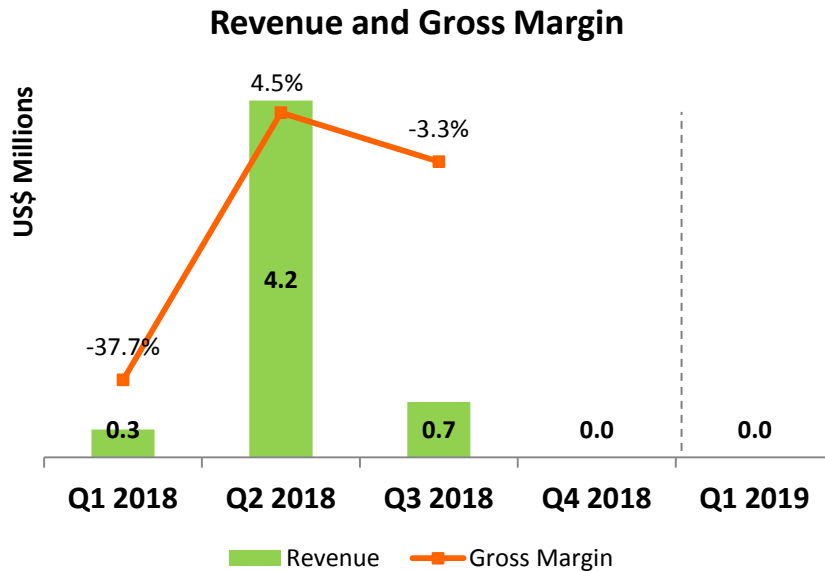
Sales Volume and ASP



Q1 2019 CMP (includes both Regular and Light-Weight CMP)

- Revenue: up 899.6% YoY to \$15.59 million, accounted for 89.3% of total revenue.
- Sales volume: up 1053.5% YoY to 33,718 tonnes.
- ASP: Regular CMP down 14.4% to \$465/tonne.
- ASP: Light-Weight CMP down 13% to \$453/tonne.

Offset Printing Paper

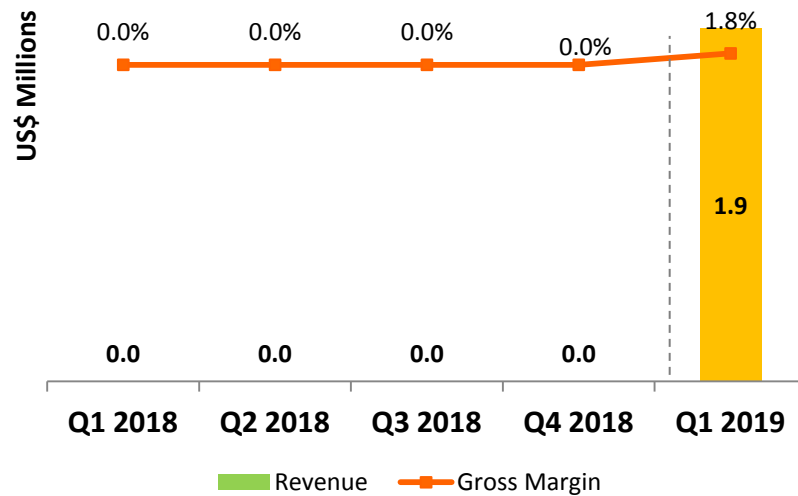


Q1 2019 Offset Printing Paper

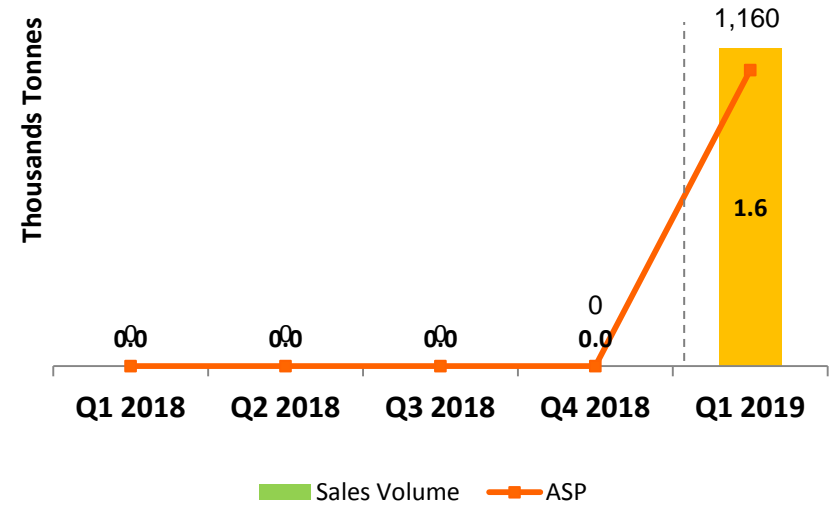
- Revenue: down 100% YoY to \$0 million, accounted for 0 % of total revenue.
- Sales volume: down 100% YoY to 0 tonnes.
- ASP: N/A.

Tissue Paper

Revenue and Gross Margin



Sales Volume and ASP

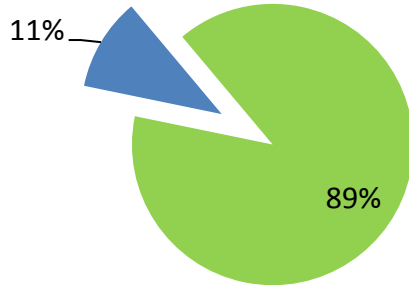


Q1 2019 Tissue Paper

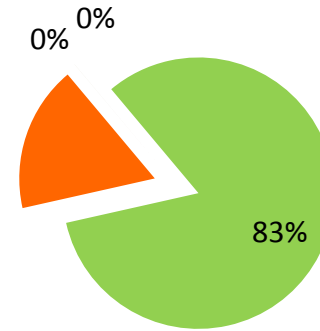
- Revenue: \$1.68 million, accounted for 10.7 % of total revenue.
- Sales volume: 1,603 tonnes.
- ASP: \$1,160/tonne

Revenue Mix

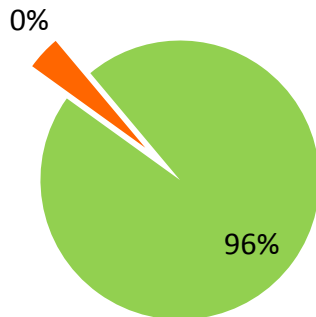
Q1 2019



Q1 2018

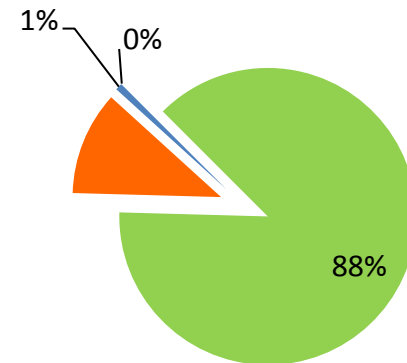


12-Mon 2018



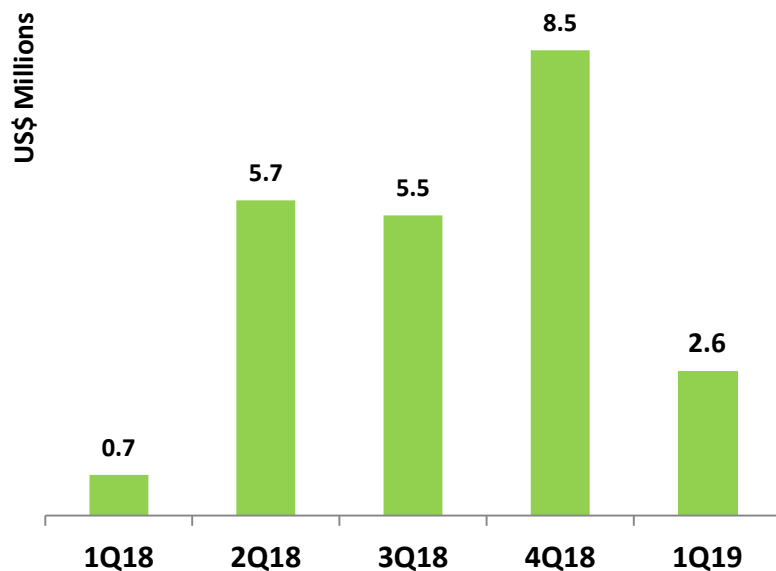
- Corrugating Medium Paper
- Offset Printing Paper
- Tissue Paper
- Digital Photo Paper

12-Mon 2017

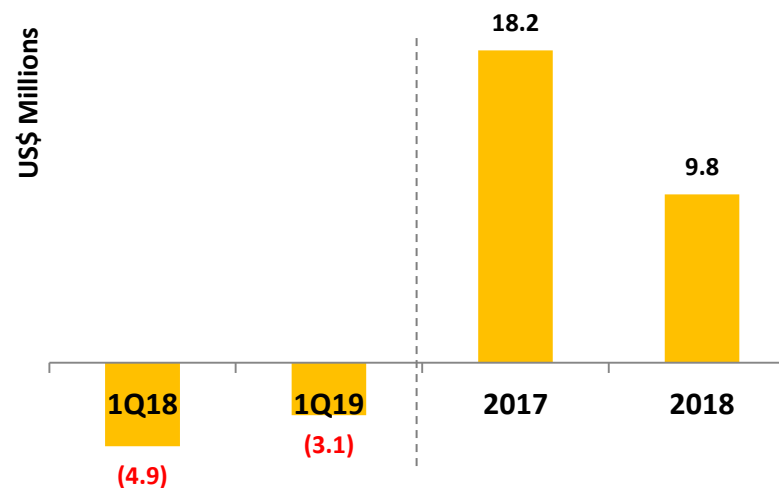


•Corrugating Medium Paper includes both Light-Weight CMP and Regular CMP

Cash and Cash Equivalents




Cash Flow from Operating Activities



1Q 2019

- Cash position at \$2.6M as of March 31, 2019.
- Net cash used in operating activities was \$3.05 million for the three months ended March 31, 2019, as compared to \$4.86 million used in operating activities for the same period of last year.

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OPERATIONAL & BUSINESS UPDATES

Tissue Paper Project Progress Update

– On Site Photos (Taken in April, 2019)



Planned Capacity

30K tonnes/year

Recent Progress

Commercial production of tissue paper products launched June 3, 2015. In December 2018, we completed the construction and installation and test of operation of PM8 and announced the commercial launch of tissue paper production. We expect to commence the full operation of production and sales of tissue paper products in year 2019.

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THANK YOU

The background features an open book with its pages fanned out, creating a sense of depth and movement. A vibrant green rectangular overlay is positioned across the middle of the image, partially covering the book's pages. The word "APPENDIX" is written in white, bold, uppercase 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	25,000	Economic Development Zone in Wei County, Hebei Province
PM9 ^[d]	Tissue paper	15,000	

[a]: PM4 and 5 have been suspended in June 2016 due to low market demand

[b]: 28.79% utilization rate in Q1 FY2019; vs. 4.46% in Q1 FY2018.

[c]: In December 2018, we completed the construction and installation and test of operation of PM8 and announced the commercial launch of tissue paper production. We expect to commence the full operation of production and sales of tissue paper products in year 2019.

[d]: The ancillary equipment has been installed.

Income Statement Summary

	For the Three Months Ended March 31,		YoY Change
	2019	2018	
US\$			
Revenue	17,450,292	1,888,194	824.2%
Cost of sales	(17,642,758)	(2,583,502)	582.9%
Gross profit	(192,466)	(695,308)	-72.3%
Gross profit margin	-1.1%	-36.8%	35.7pp
Selling, general and administrative expenses	(2,981,473)	(3,813,794)	-21.8%
Income from operations	(3,173,939)	(4,519,478)	-29.8%
Operating margin	-18.2%	-239.4%	221.2pp
Net income	(2,722,595)	(4,086,276)	-33.4%
Net margin	-15.6%	-216.4%	200.8pp
Total comprehensive income	571.085	3,289,282	-82.6%
EPS – basic and diluted	(0.12)	(0.19)	36.8%

Selected Balance Sheet Items

(US\$)	March 31, 2019	December 31, 2018
Current Assets		
Cash and cash equivalents	2,625,059	8,474,809
Restricted cash	-	3,642,616
Accounts receivable	2,409,458	2,876,632
Inventories	4,156,848	2,923,516
Other current assets	6,213,819	6,241,299
Total current assets	15,405,184	24,158,872
Property, plant, and equipment	167,245,378	167,829,716
Other non-current assets	11,906,742	11,087,422
Total Assets	194,557,304	203,076,010
Current Liabilities		
Short-term bank loans	6,683,003	11,802,075
Current obligations under capital lease	2,539,541	2,491,549
Accounts Payable	1,647,286	629,054
Notes payable	0	3,642,616
Other current liabilities	9,541,893	11,068,973
Total current liabilities	20,411,723	29,634,267
Loans from credit union	4,796,911	4,706,259
Loans from a related party	2,227,668	2,185,569
Deferred gain on sale-leaseback	-	-
Long-term obligations under capital lease	-	-
Total Liabilities	27,436,302	36,526,095
Total Stockholders' equity	167,121,002	166,549,915
Total Liabilities and Stockholders' Equity	194,557,304	203,076,010

Solid Operating Cash Flows to Support Continued Investment



(US\$)	Three Months Ended March 31,	
	2019	2018
Net Cash Provided by (Used in) Operating Activities	(3,052,152)	(4,,857,594)
Net Cash Provided by (Used in) Investing Activities	(1,415,761)	(707,162)
Net Cash Provided by(Used in) Financing Activities	(5,366,166)	791,503
Effect of Exchange Rate Changes on Cash and Cash Equivalents	341,713	471,899
Net (Decrease)/Increase in Cash and Cash Equivalents	(9,492,366)	(4,301,354)
Cash and Cash Equivalents – Beginning of Period	12,117,425	9,017,427
Cash and Cash Equivalents – End of Period	2,625,059	4,716,073