



IT Tech Packaging, Inc.

Second Quarter 2020

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 Q2 2020

Revenue decreased by 21.6% YoY to \$26.4 million, primarily due to the decrease in both sales volume of offset printing paper and ASPs over all paper products, which was impacted by the COVID-19.

Gross profit down 12.0% YoY to \$2.6 million, primarily due to the decrease of total revenue but slower decrease of unit cost of sales for all paper products. Overall gross margin up 1 percentage points to 9.7%.

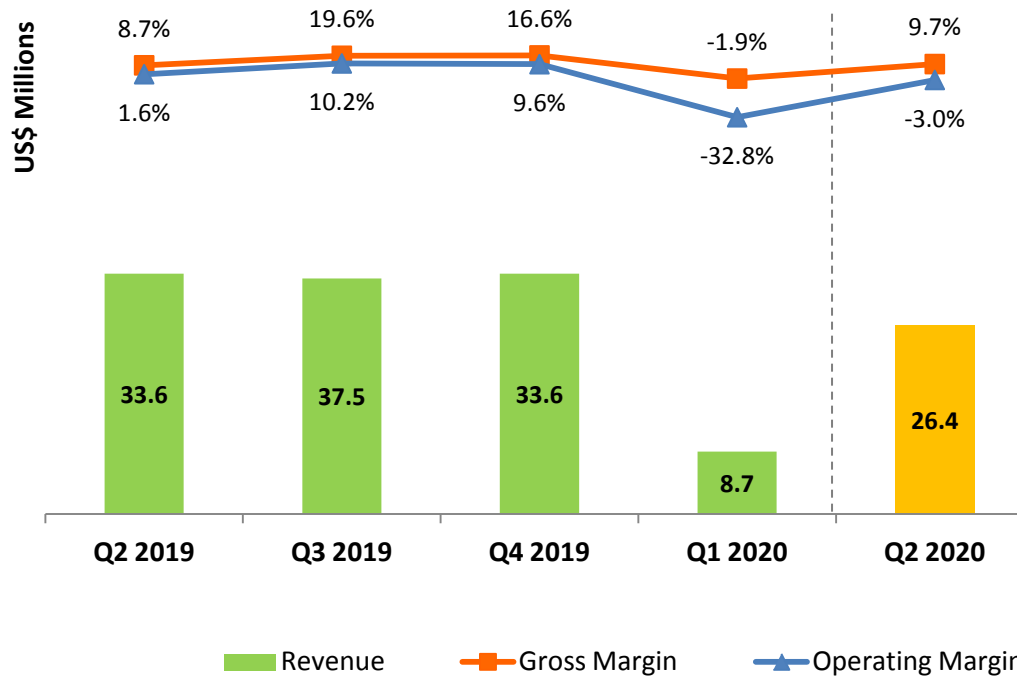
Net loss was \$1.0 million, or loss per share of \$0.04, compared to net income of \$0.5 million, or earnings per share of \$0.02, for the same period of last year.

Earnings before interest, taxes, depreciation and amortization ("EBITDA") was \$2.9 million.

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FINANCIAL & BUSINESS REVIEW

Revenue

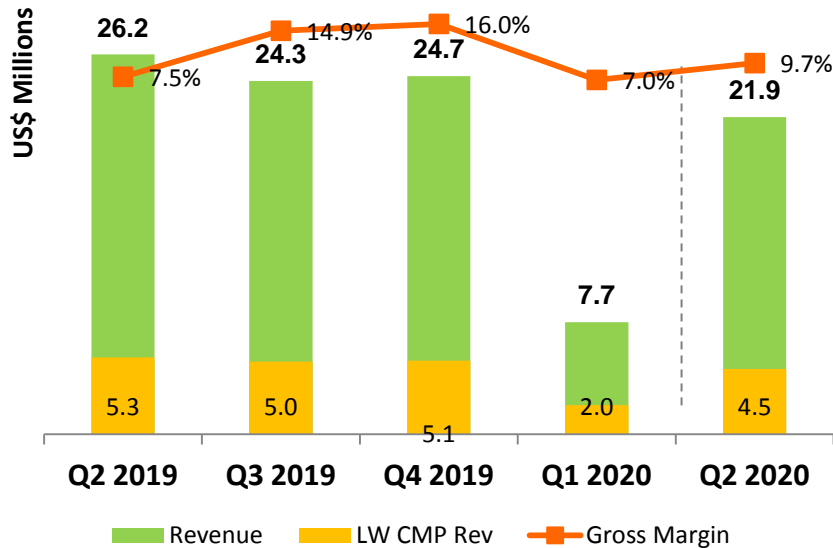


Q2 2020

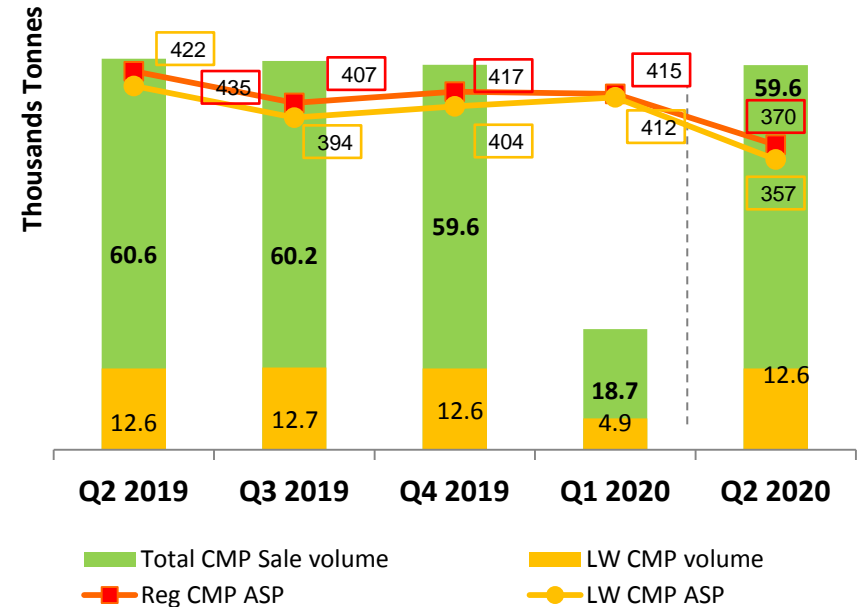
- Revenue decreased by 21.6% YoY to \$26.4 million, due to decreases in both sales volume of offset printing paper and ASPs for all paper products.
- Overall gross margin increased by 1 percentage points YoY to 9.7%.
- Operating loss margin decreased by 4.6 percentage points YoY to 3.0%.

Corrugating Medium Paper (CMP)

Revenue and Gross Margin



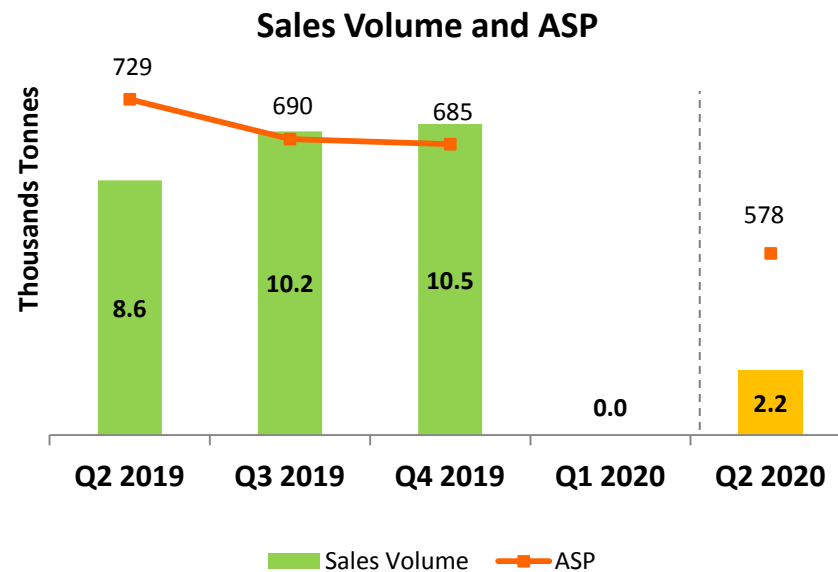
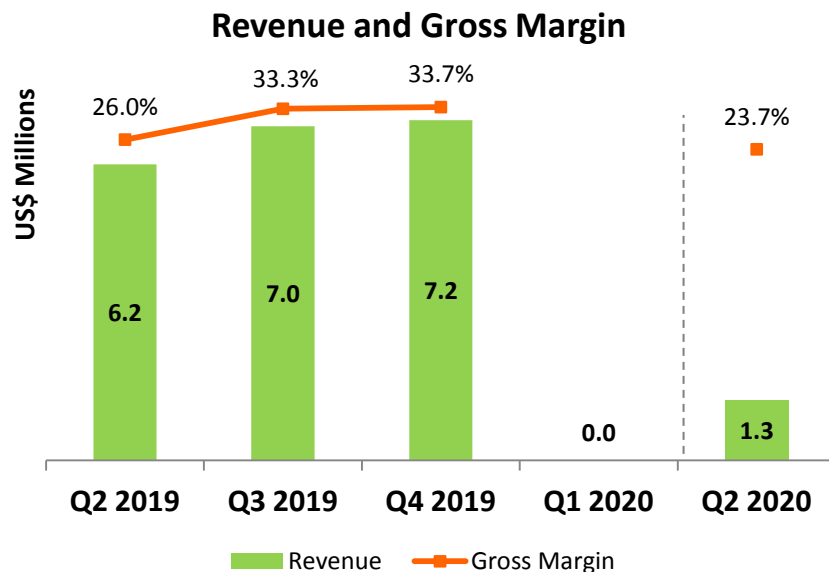
Sales Volume and ASP



Q2 2020 CMP (includes both Regular and Light-Weight CMP)

- Revenue: down 16.5% YoY to \$21.9 million, accounted for 83% of total revenue.
- Sales volume: down 1.6% YoY to 59,590 tonnes.
- ASP: Regular CMP down 15.0% to \$370/tonne.
- ASP: Light-Weight CMP down 15.4% to \$357/tonne.

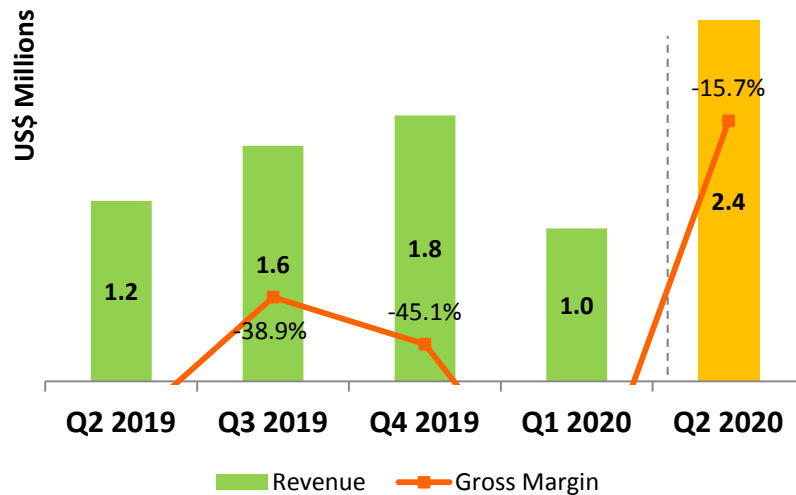
Offset Printing Paper



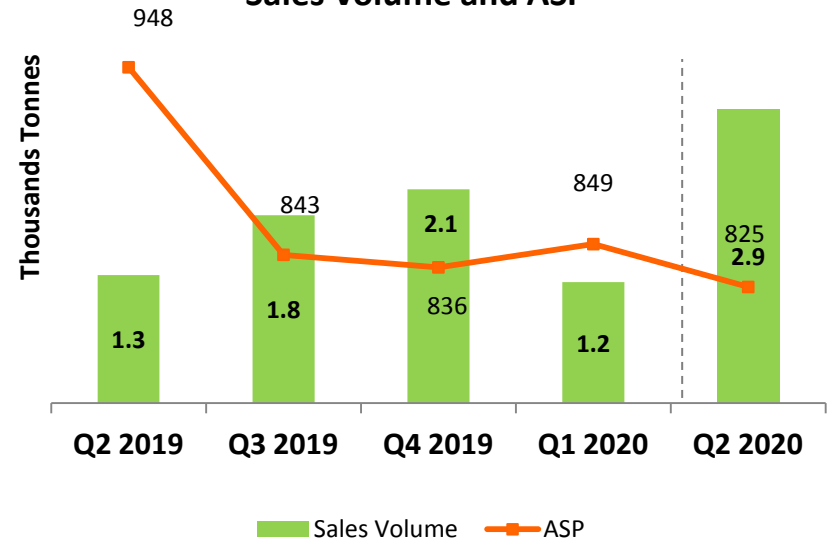
Q2 2020 Offset Printing Paper

- Revenue: down 79.8% YoY to \$1.3 million.
- Sales volume: down 74.5% YoY to 2,183 tonnes.
- ASP: down 20.7% YoY to \$578/tonne.

Revenue and Gross Margin



Sales Volume and ASP

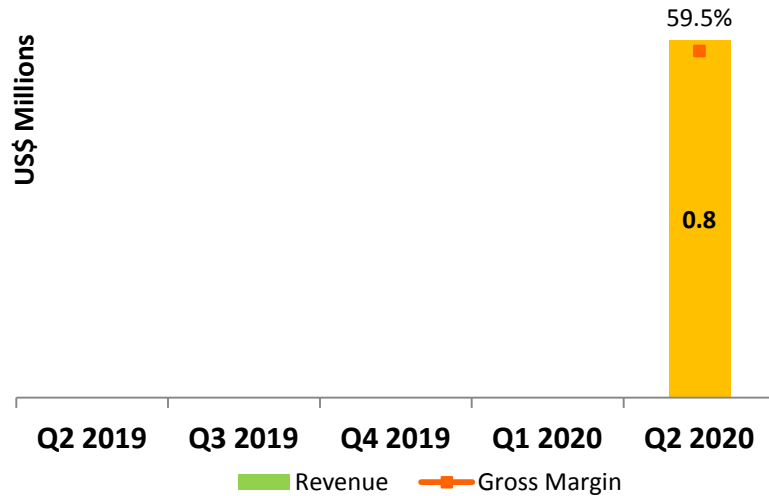


Q2 2020 Tissue Paper

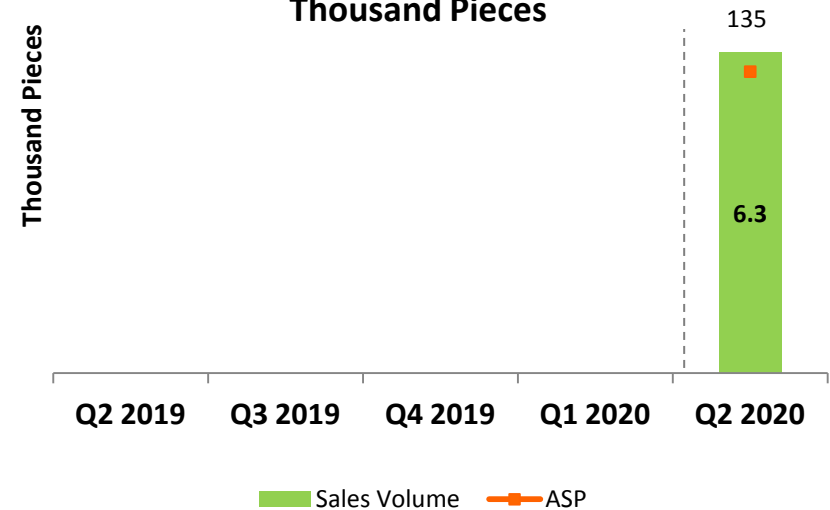
- Revenue: \$2.4 million, accounted for 9 % of total revenue.
- Sales volume: 2,884 tonnes.
- ASP: \$825/tonne.

Face Mask

Revenue and Gross Margin



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

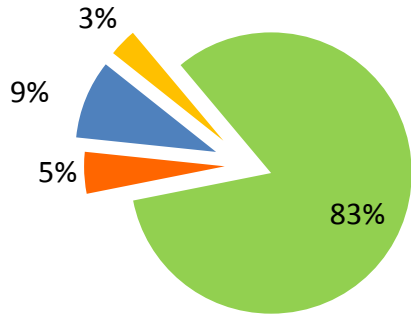


Q2 2020 Face Mask

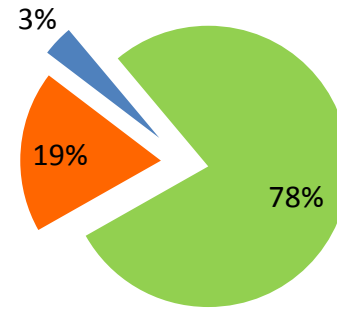
- Revenue: \$0.8 million.
- Sales volume: 6,280 thousand pieces.
- ASP: \$135/ thousand pieces.

Revenue Mix

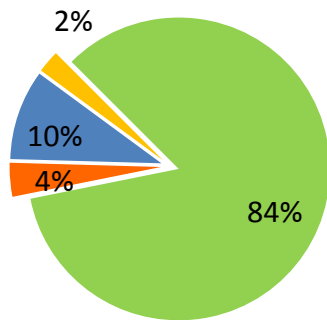
Q2 2020



Q2 2019

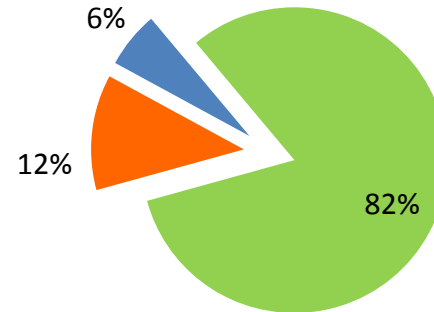


6-Mon 2020



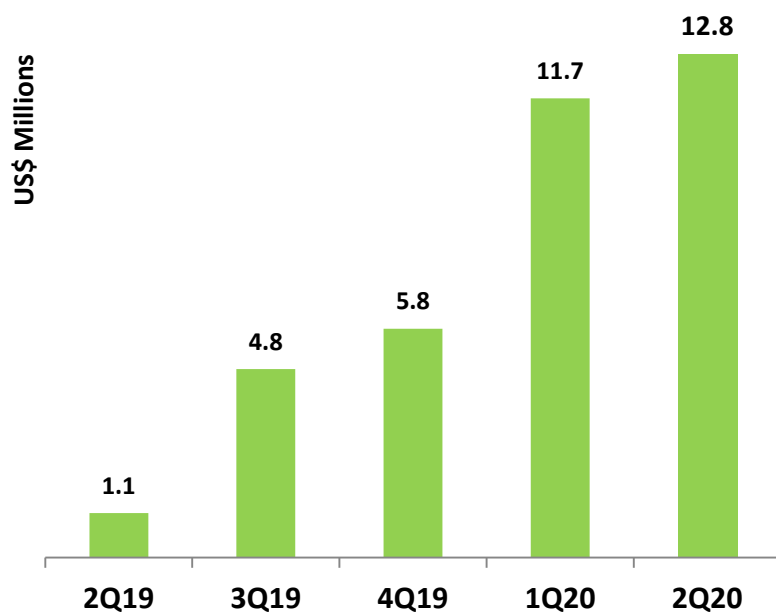
- Corrugating Medium Paper
- Offset Printing Paper
- Tissue Paper
- Face Mask

6-Mon 2019

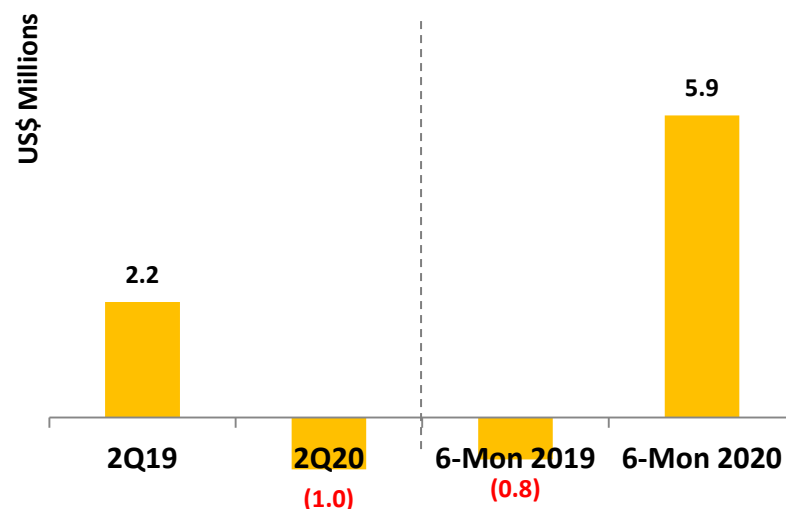


•Corrugating Medium Paper includes both Light-Weight CMP and Regular CMP

Cash and Cash Equivalents




Cash Flow from Operating Activities



2Q 2020

- Cash position at \$12.8M as of June 30, 2020.
- Net cash provided by operating activities was \$5.9 million for the six months ended June 30, 2020, as compared to \$0.8 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	On May 5, 2020, the Company announced it planned the commercial launch of a new tissue paper production line (the "PM10"). The Company has signed an agreement to purchase paper machine with paper machine supplier and expects to launch commercial production of the PM10 following the success of its trial run.

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 text "THANK YOU" is centered within this green area in a bold, white, sans-serif font.

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	15,000	

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

[b]: 52.47% utilization rate in Q2 FY2020; vs. 52.78% in Q2 FY2019.

[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. We expect to commence the full operation of production and sales of tissue paper products in year 2020.

[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
	2020	2019	
US\$			
Revenue	26,362,273	33,619,948	-21.6%
Cost of sales	(23,803,444)	(30,711,819)	-22.5%
Gross Profit	2,558,829	2,908,129	-12.0%
Gross profit margin	9.7%	8.7%	1.1pp
Selling, general and administrative expenses	(3,357,472)	(2,407,859)	39.4%
Income (Loss) from operations	(798,643)	531,667	-250.2%
Operating loss margin	-3.0%	1.6%	-4.6pp
Net Income (Loss)	(980,031)	450,070	-317.8%
Net loss margin	-3.7%	1.3%	-5.0pp
Total comprehensive (loss) income	(855,852)	(3,098,613)	-72.4%
Loss per share – basic and diluted	(0.04)	0.02	-282.3%

Selected Balance Sheet Items

(US\$)	June 30, 2020	December 31, 2019
Current Assets		
Cash and cash equivalents	12,828,030	5,837,745
Restricted cash	-	-
Accounts receivable	3,164,142	3,119,311
Inventories	5,852,472	1,607,463
Other current assets	5,960,168	13,476,720
Total current assets	27,804,812	24,041,239
Property, plant, and equipment	142,422,375	151,616,852
Other non-current assets	15,205,079	14,540,339
Total Assets	185,432,266	190,198,430
Current Liabilities		
Short-term bank loans	6,073,875	6,163,814
Current portion of long-term loans from credit union	3,658,450	1,605,459
Accounts Payable	848,390	250,486
Other current liabilities	6,011,175	8,815,701
Total current liabilities	16,591,890	16,835,460
Loans from credit union	5,183,982	7,367,908
Derivative liability	717,070	-
Total Liabilities	22,492,942	24,203,368
Total Stockholders' equity	162,939,324	165,995,062
Total Liabilities and Stockholders' Equity	185,432,266	190,198,430

Solid Operating Cash Flows to Support Continued Investment



(US\$)	Six Months Ended June 30,	
	2020	2019
Net Cash Provided by (Used in) Operating Activities	5,856,625	(812,309)
Net Cash Provided by (Used in) Investing Activities	(981,150)	(5,021,739)
Net Cash Provided by(Used in) Financing Activities	2,273,360	(5,286,942)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(158,550)	137,936
Net (Decrease)/Increase in Cash and Cash Equivalents	6,990,285	(10,983,054)
Cash and Cash Equivalents – Beginning of Period	5,837,745	12,117,425
Cash and Cash Equivalents – End of Period	12,828,030	1,134,371