



IT Tech Packaging, Inc.

Third Quarter 2021

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

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KEY HIGHLIGHTS

Key Highlights for Q3 2021

Revenue increased by 35.2% YoY to \$45.1 million, primarily due to the increase in sales volume of regular corrugating medium paper and the increase in Average Selling Prices (ASPs) of overall paper products.

Gross profit down 29.1% YoY to \$1.8 million, primarily due to the increase of overall cost of sales resulted by the increased material costs. Overall gross margin down 3.7 percentage points to 4.0%.

Operating loss was \$0.2 million, compared to income from operations of \$0.2 million for the same period of last year.

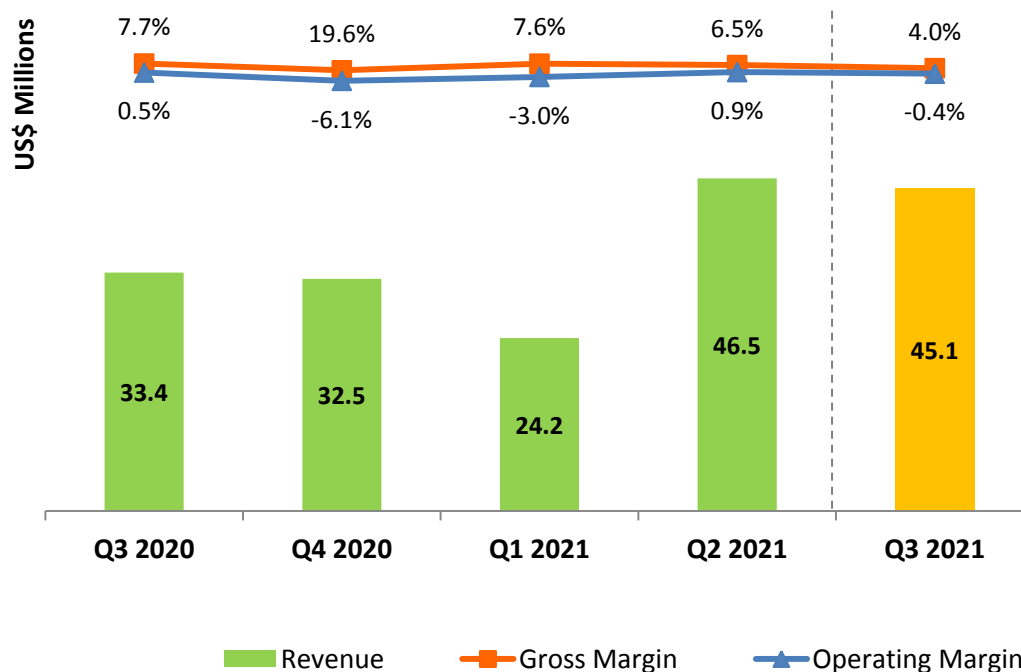
Net income was \$1.5 million, or earnings per share of \$0.03, compared to net loss of \$0.5 million, or loss per share of \$0.02, for the same period of last year.

Earnings before interest, taxes, depreciation and amortization ("EBITDA") was \$5.3 million, compared to EBITDA of \$3.6 million for the same period of last year.

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FINANCIAL & BUSINESS REVIEW

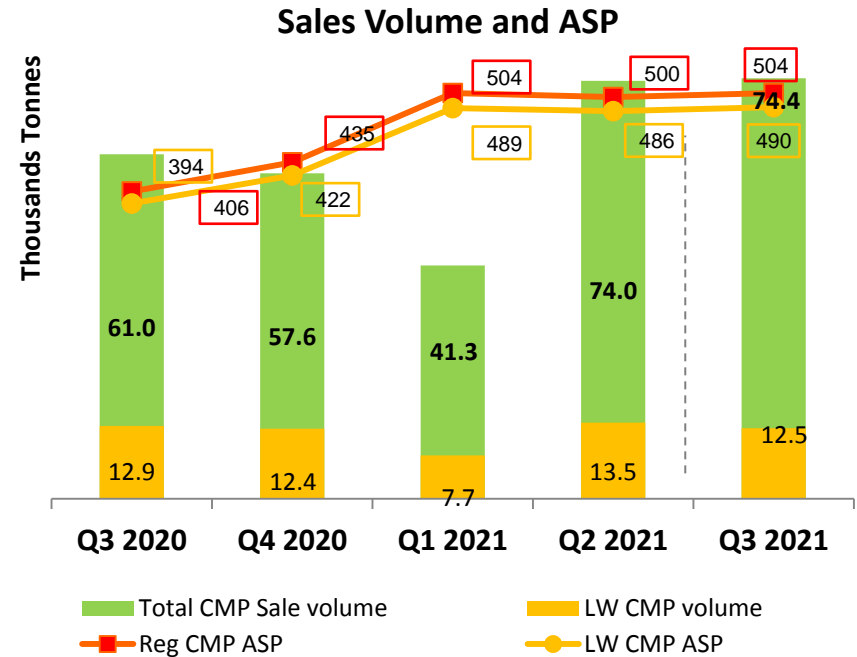
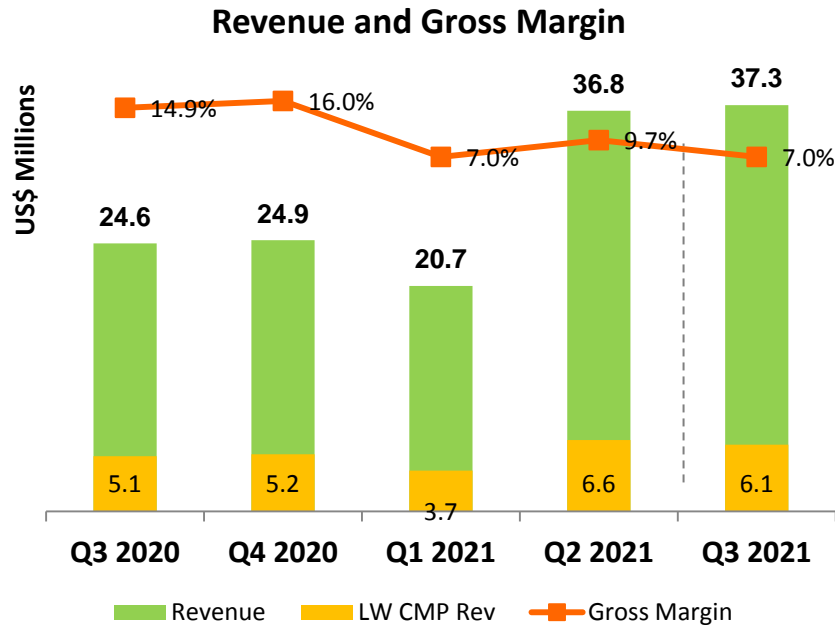
Revenue



Q3 2021

- Revenue increased by 35.2% YoY to \$45.1 million, due to the increase in sales volume of regular corrugating medium paper and the increase in Average Selling Prices (ASPs) of overall paper products.
- Overall gross margin decreased by 3.7 percentage points YoY to 4.0%.
- Operating margin decreased by 0.9 percentage points YoY to -0.4%.

Corrugating Medium Paper (CMP)

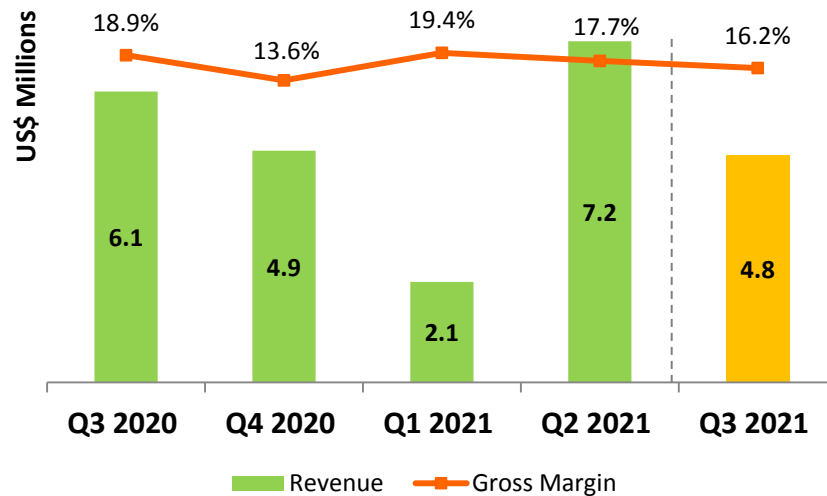


Q3 2021 CMP (includes both Regular and Light-Weight CMP)

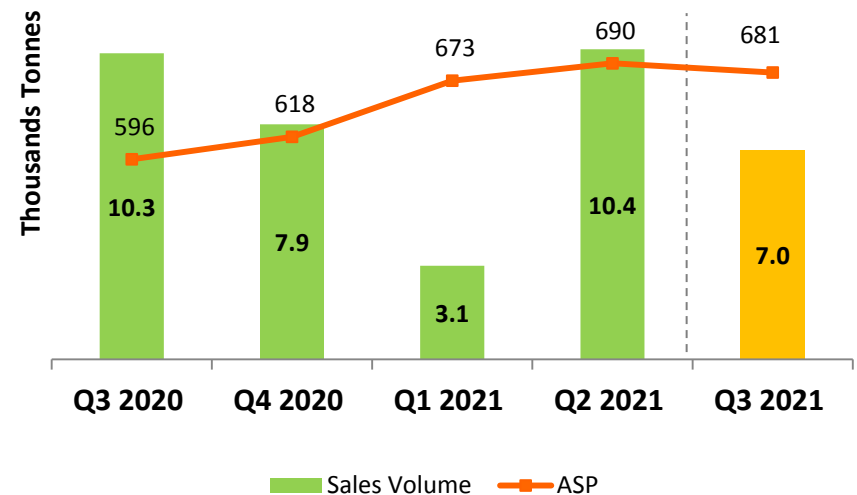
- Revenue: up 51.6% YoY to \$37.3 million, accounted for 82.8% of total revenue.
- Sales volume: up 22.1% YoY to 74,444 tonnes.
- ASP: Regular CMP up 24.1% to \$504/tonne.
- ASP: Light-Weight CMP up 24.4% to \$490/tonne.

Offset Printing Paper

Revenue and Gross Margin



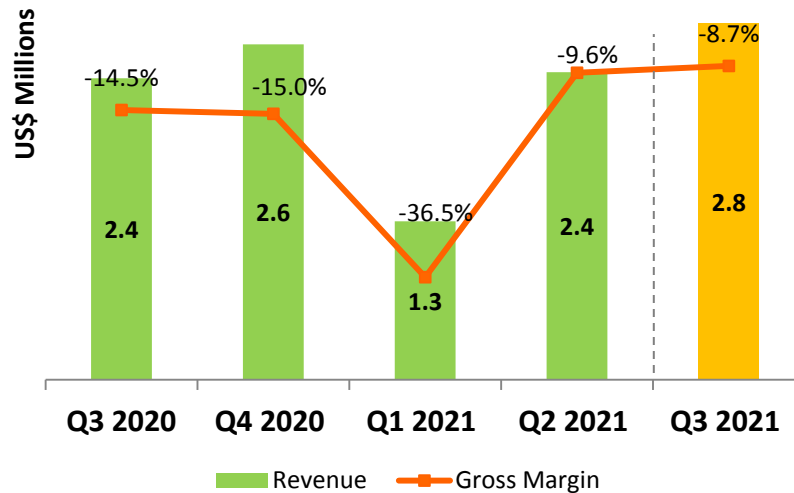
Sales Volume and ASP



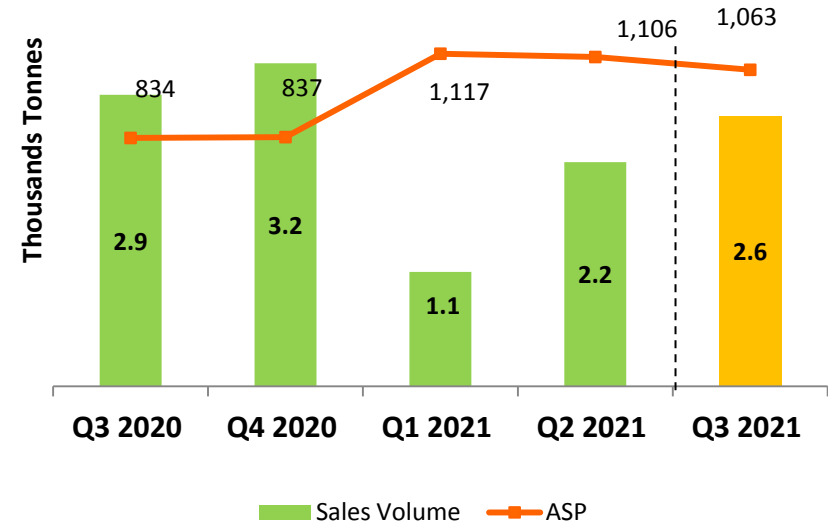
Q3 2021 Offset Printing Paper

- Revenue: down 21.7% YoY to \$4.8 million.
- Sales volume: down 31.5% YoY to 7,045 tonnes.
- ASP: up 14.3% YoY to \$681/tonne.

Revenue and Gross Margin



Sales Volume and ASP

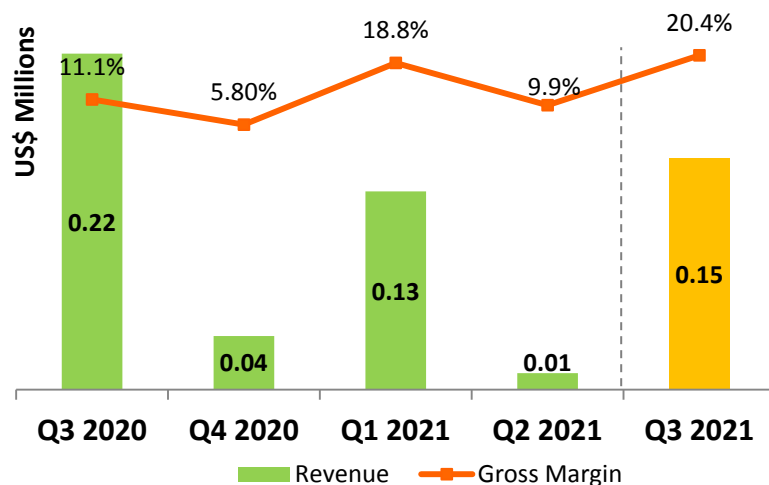


Q3 2021 Tissue Paper

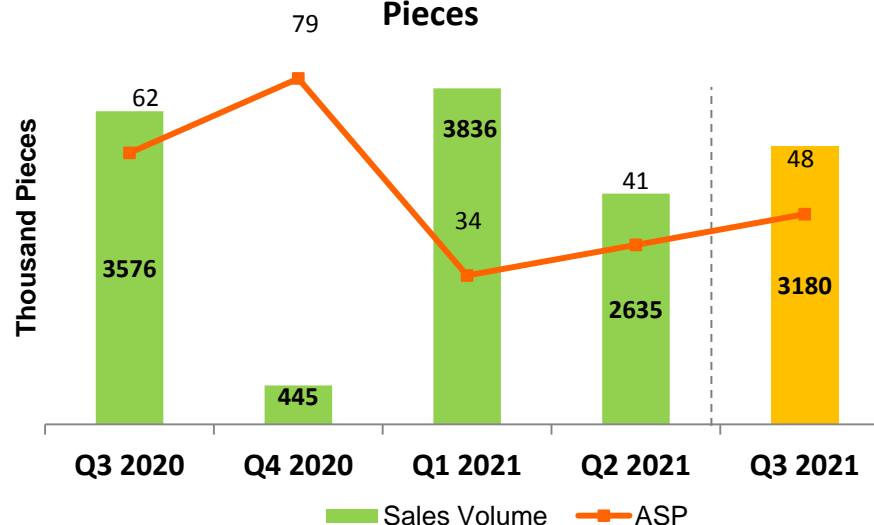
- Revenue: \$2.8 million, accounted for 6.2 % of total revenue.
- Sales volume: 2,646 tonnes.
- ASP: \$1,063/tonne.

Face Mask

Revenue and Gross Margin



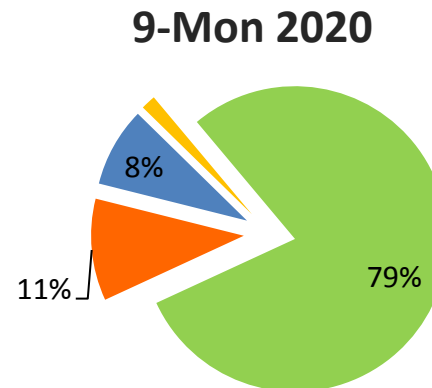
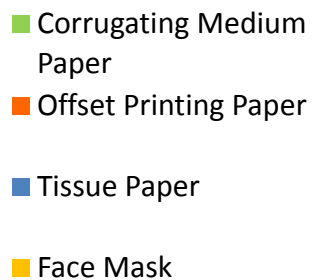
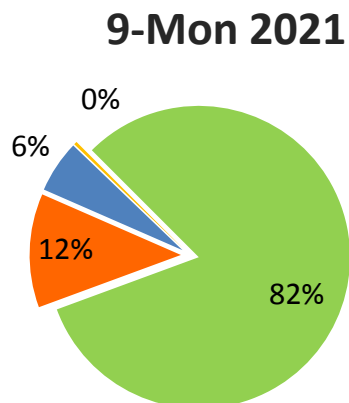
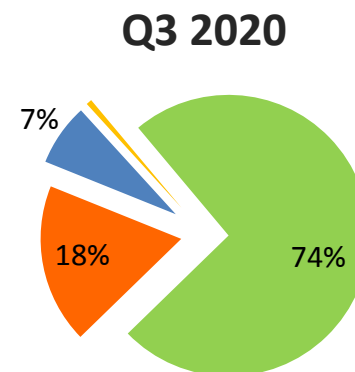
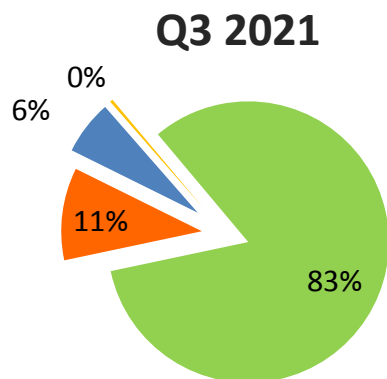
Sales Volume and Selling Price (\$) Per Thousand Pieces



Q3 2021 Face Mask

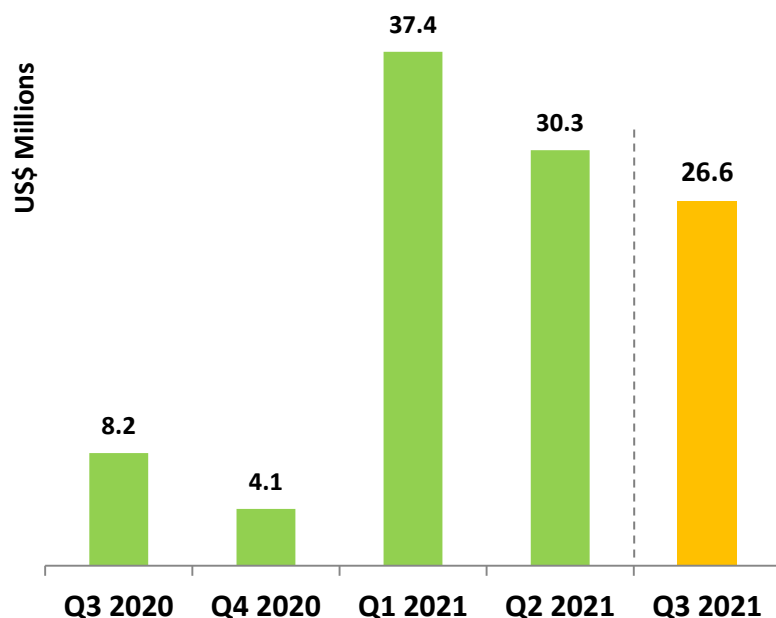
- Revenue: \$0.2 million.
- Sales volume: 3,180 thousand pieces.
- ASP: \$48/ thousand pieces.

Revenue Mix

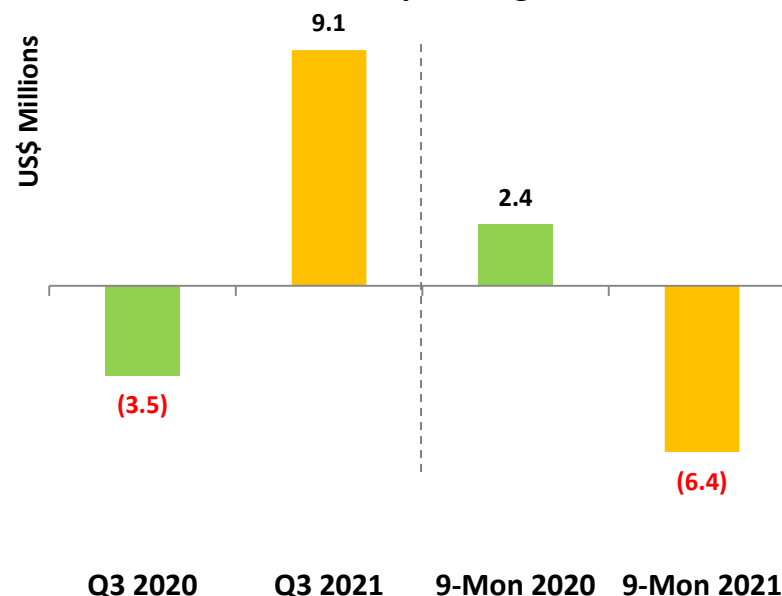


•Corrugating Medium Paper includes both Light-Weight CMP and Regular CMP

Cash and Cash Equivalents




Cash Flow from Operating Activities



Q3 2021

- Cash position at \$26.6M as of September 30, 2021.
- Net cash used in operating activities was \$6.4 million for the nine months ended September 30, 2021, as compared to \$2.4million provided by operating activities 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, aged cream color, and the focus is on the texture and curvature of the paper as they fan out from the spine. A semi-transparent green rectangular box is positioned in the center of the image, serving as a backdrop for the title text.

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.

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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]: 67.42% utilization rate in Q3 FY2021; vs. 53.77% in Q3 FY2020.

[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 September 30,		YoY Change	For the Nine Months Ended September 30,		YoY Change
(US\$)	2021	2020		2021	2020	
Revenue	45,087,671	33,357,450	35.2%	115,832,013	68,463,575	69.2%
Cost of sales	(43,266,135)	(30,789,899)	40.5%	(109,150,452)	(63,506,913)	71.9%
Gross Profit	1,821,536	2,567,551	-29.1%	6,681,561	4,956,662	34.8%
Gross profit margin	4.0%	7.7%	-3.7pp	5.8%	7.2%	-1.4pp
Selling, general and administrative expenses	(2,019,565)	(2,390,920)	-15.5%	(7,172,495)	(8,445,356)	-15.1%
Income (Loss) from operations	(198,029)	176,631	-212.1%	(490,934)	(3,488,694)	-85.9%
Operating margin	-0.4%	0.5%	-0.9pp	-0.4%	-5.1%	4.7pp
Net Income (Loss)	1,542,576	(520,974)	396.1%	(3,249,528)	(3,937,292)	17.5%
Net (loss) margin	3.4%	-1.6%	5.0pp	-2.8%	0.1%	-2.9pp
Total comprehensive (loss) income	723,393	6,149,536	-88.2%	(2,121,321)	267,643	-692.6%
Earnings(Loss) per share – basic and diluted	0.03	(0.02)	500.0%	(0.06)	(0.15)	60.0%

Selected Balance Sheet Items

(US\$)	September 30, 2021	December 31, 2020
Current Assets		
Cash and cash equivalents	26,575,582	4,142,437
Restricted cash	-	-
Accounts receivable	4,121,781	2,389,057
Inventories	7,621,405	1,233,801
Other current assets	23,933,143	7,144,310
Total current assets	62,251,911	14,909,605
Property, plant, and equipment	32,072,039	21,149,749
Other non-current assets	142,354,368	163, 815, 120
Total Assets	236,678,318	199,874,474
Current Liabilities		
Short-term bank loans	6,320,350	6,435,348
Current portion of long-term loans from credit union	5,134,610	4,996,245
Lease Liability	206,606	182,852
Accounts Payable	354,247	592,391
Other current liabilities	6,668,997	6,133,238
Total current liabilities	18,684,810	18,340,074
Loans from credit union	4,517,840	4,597,772
Deferred gain on sale-leaseback	176,563	387,087
Lease Liability non-current	198,352	354,107
Derivative liability	5,133,147	1,115,260
Total Liabilities	28,710,712	24,794,300
Total Stockholders' equity	207,967,606	175,080,174
Total Liabilities and Stockholders' Equity	236,678,318	199,874,474

Solid Operating Cash Flows to Support Continued Investment

(US\$)	Nine Months Ended September 30,	
	2021	2020
Net Cash Provided by (Used in) Operating Activities	(6,442,577)	2,369,487
Net Cash Provided by (Used in) Investing Activities	(12,781,114)	(2,571,949)
Net Cash Provided by(Used in) Financing Activities	41,547,363	2,241,043
Effect of Exchange Rate Changes on Cash and Cash Equivalents	109,473	333,579
Net (Decrease)/Increase in Cash and Cash Equivalents	22,433,145	2,372,160
Cash and Cash Equivalents – Beginning of Period	4,142,437	5,837,745
Cash and Cash Equivalents – End of Period	26,575,582	8,209,905