



IT Tech Packaging, Inc.

Fourth Quarter & Fiscal Year 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.

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KEY HIGHLIGHTS

Key Highlights for Q4 2023

Revenue decreased by 1.9% YoY to \$21.0 million, primarily due to a decrease in ASP of CMP.

Gross profit down 75.6% YoY to \$0.3 million. Overall gross margin down 3.6 percentage points to 1.2%.

Operating loss was \$3.8 million, compared to \$0.5 million for the same period of last year.

Net loss was \$4.0 million, or losses per share of \$0.4, compared to \$11.9 million, or losses per share of \$1.2, for the same period of last year.

Earnings before interest, taxes, depreciation and amortization ("EBITDA") was \$0.1 million, compared to EBITDA of \$3.8 million for the same period of last year.

Key Highlights for FY 2023

Revenue decreased by 13.8% YoY to \$86.6 million, primarily due to the decrease in average selling price (“ASP”) of CMP, partially offset by increase in sales volume of CMP and offset printing paper .

Gross profit down 73.7% YoY to \$1.0 million, primarily due to the decrease in ASP of CMP, partially offset by the decrease of material costs of CMP, and the increase in material costs of tissue paper products. Gross margin down 3.6 percentage points to 1.2%.

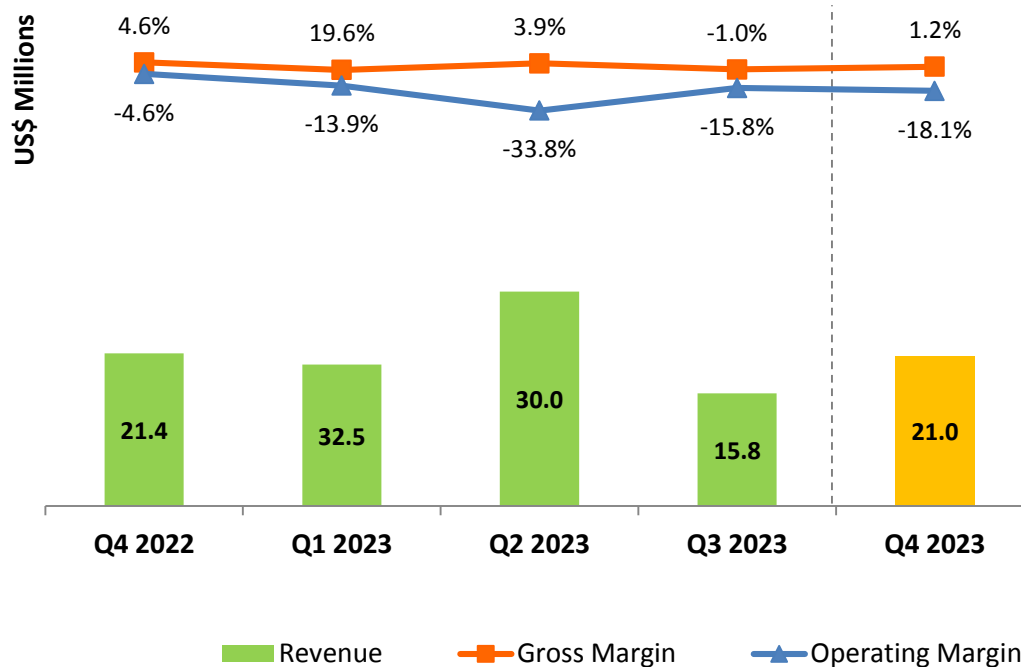
Net loss was \$10.0 million, or \$1.0 per diluted share, compared to \$16.6 million, or \$1.7 per diluted share, for the same period of the prior year.

Earnings before interest, taxes, depreciation and amortization ("EBITDA") was \$5.6 million, compared to EBITDA of \$11.0 million for the same period of last year.

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FINANCIAL & BUSINESS REVIEW

Revenue

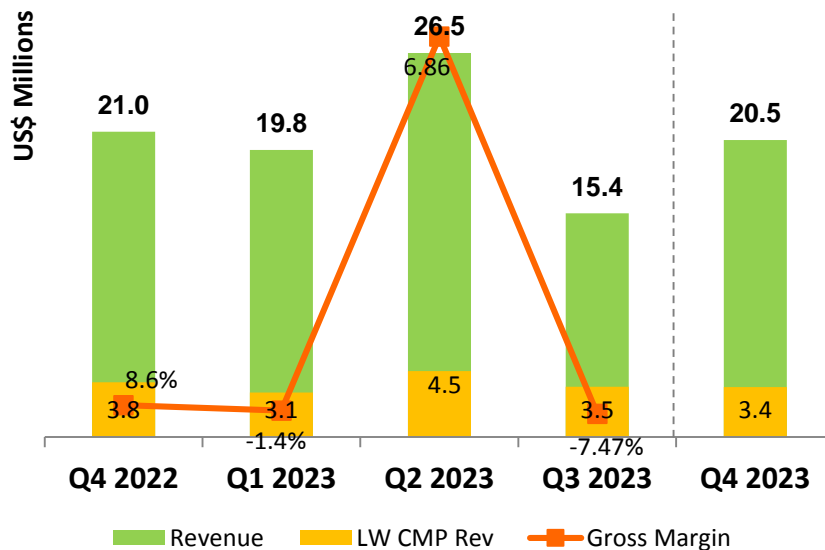


Q4 2023

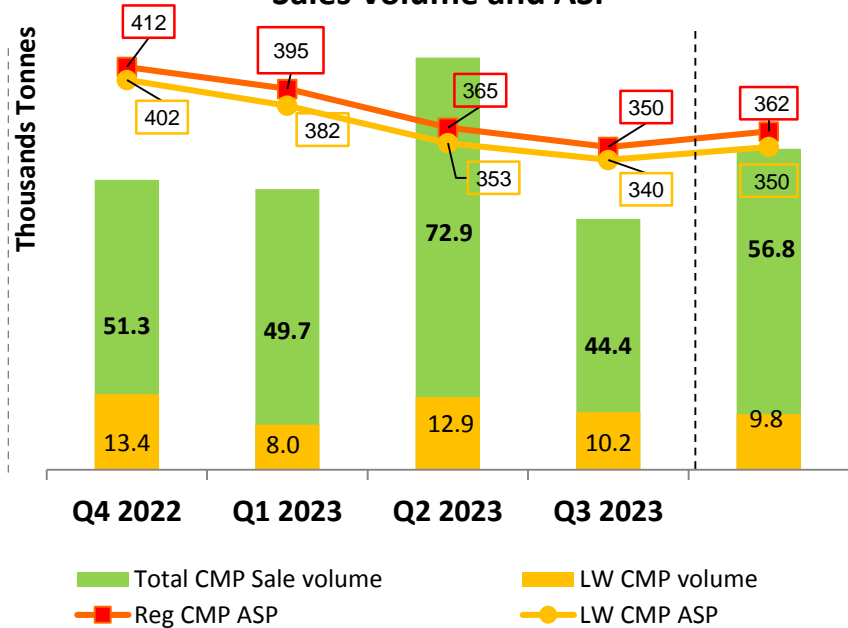
- Revenue decreased by 1.9% YoY to \$21.0 million, primarily due to decrease in ASP of CMP, partially offset by increase in sales volume of regular CMP, light-weight CMP and offset printing paper
- Overall gross profit margin down 3.6 percentage points to 1.2%.
- Operating loss margin up by 15.8 percentage points YoY to 18.1%.

Corrugating Medium Paper (CMP)

Revenue and Gross Margin



Sales Volume and ASP

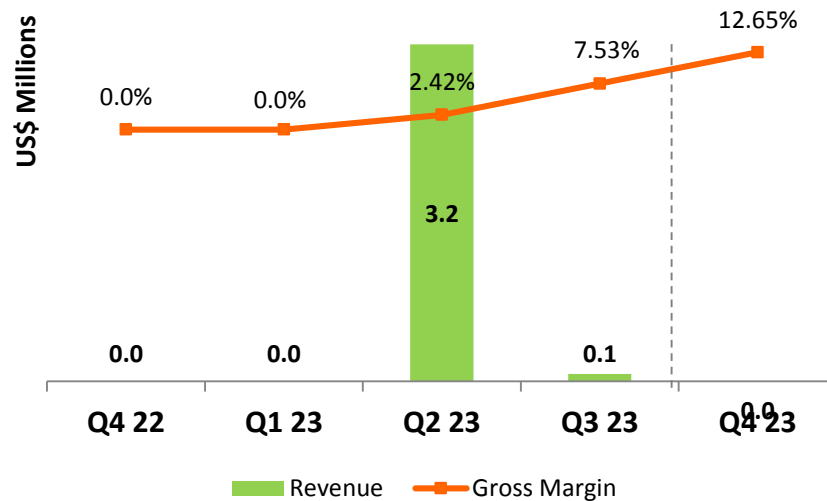


Q4 2023 CMP (includes both Regular and Light-Weight CMP)

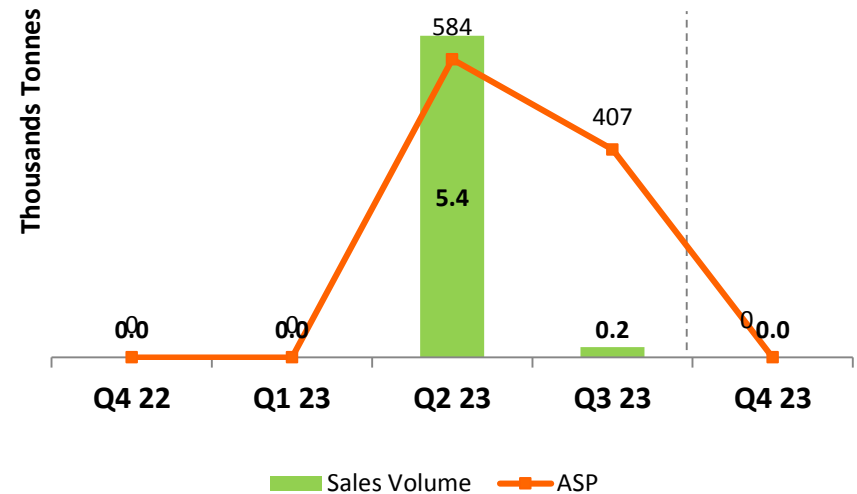
- Revenue: down 2.8% YoY to \$20.5 million, accounted for 97.6% of total revenue.
- Sales volume: up 10.7% YoY to 56,805 tonnes.
- ASP: Regular CMP down 12.1% to \$362/tonne.
- ASP: Light-Weight CMP down 12.9% to \$350/tonne.

Offset Printing Paper

Revenue and Gross Margin



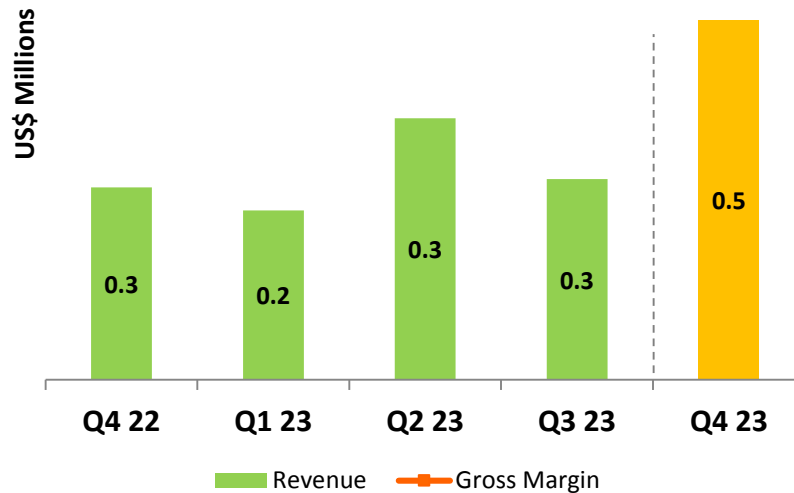
Sales Volume and ASP



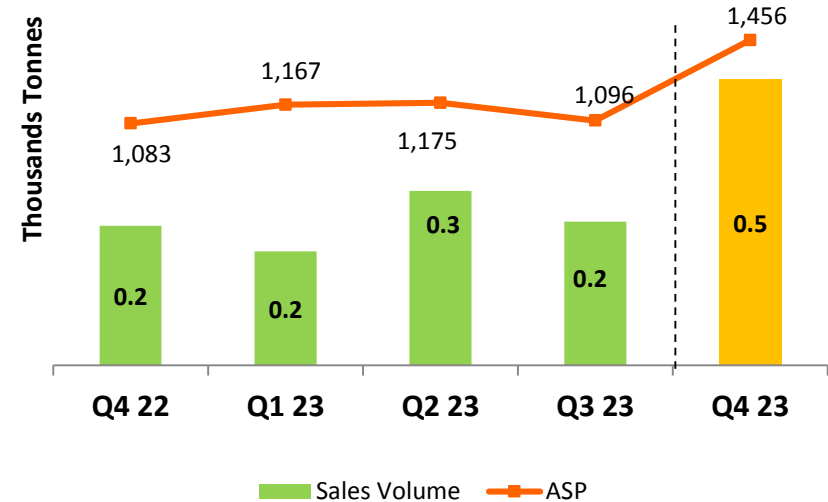
Q4 2023 Offset Printing Paper

- Revenue: was -0.01million.

Revenue and Gross Margin



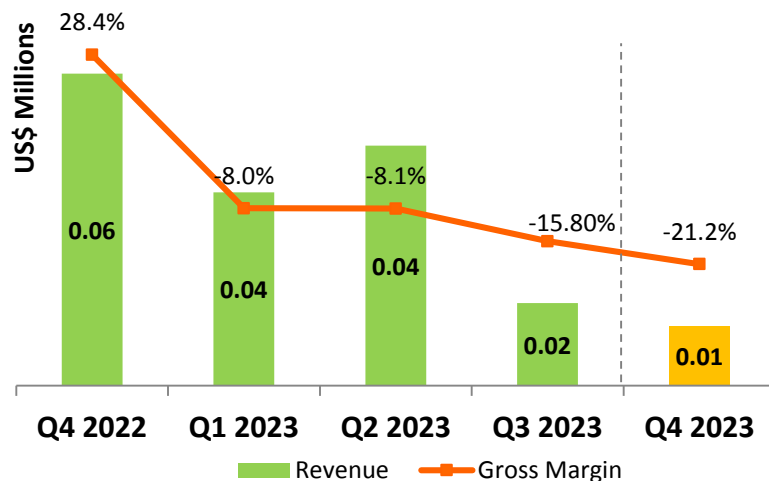
Sales Volume and ASP



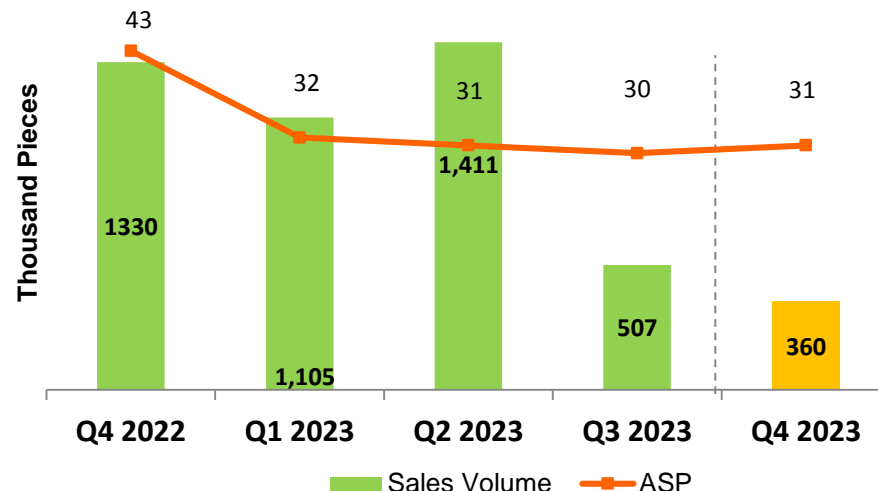
Q4 2023 Tissue Paper

- Revenue: up 87.0% YoY to \$0.5 million, accounted for 2.3% of total revenue.
- Sales volume: up 105.1% YoY to 480 tonnes.
- ASP: down 8.9% YoY to \$987/tonne.

Revenue and Gross Margin



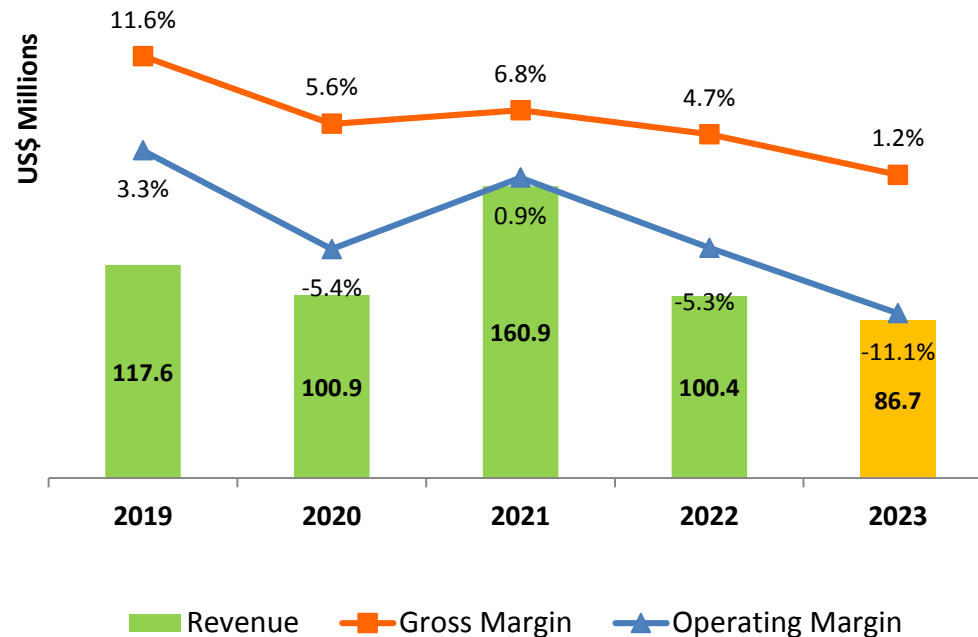
Sales Volume and Selling Price (\$) Per Thousand Pieces



Q4 2023 Face Mask

- Revenue: down 80.7% YoY to \$0.01 million.
- Sales volume: down 72.9% YoY to 360 thousand pieces.
- ASP: down 38.7% YoY to \$31/ thousand pieces.

Revenue

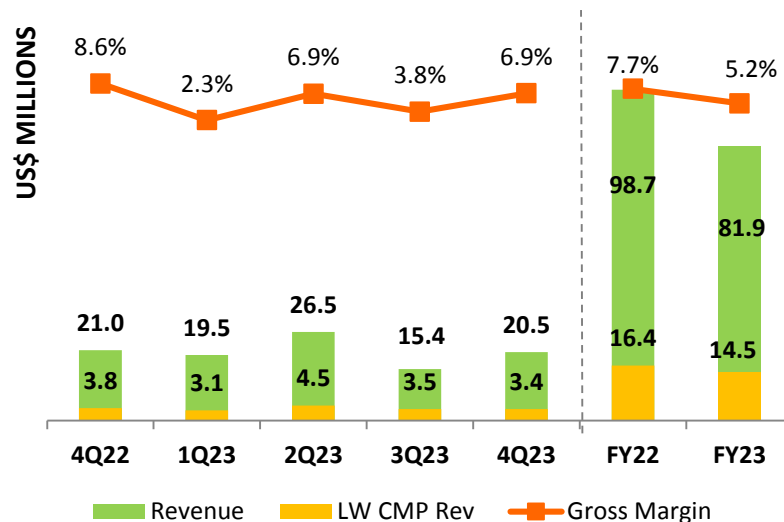


FY 2023

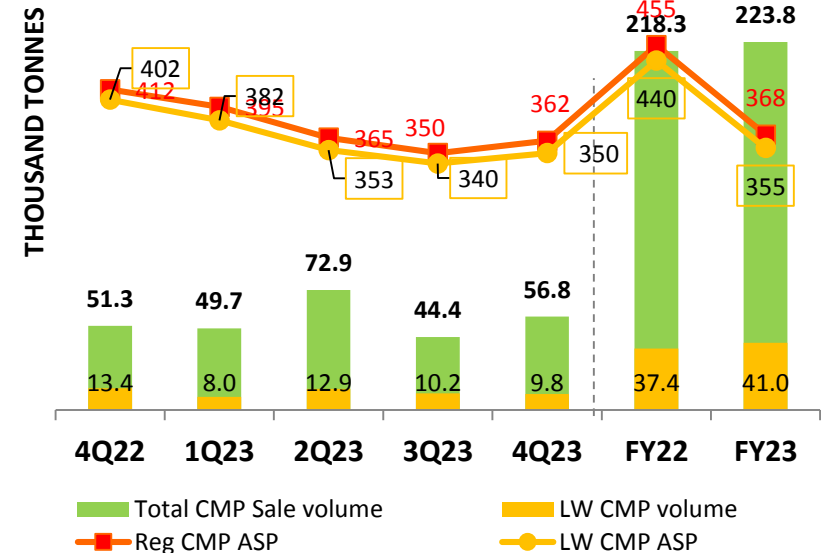
- Revenue down 13.8% YoY to \$86.6 million, primarily due to decrease in average selling price (“ASP”) of CMP, partially offset by increase in sales volume of regular CMP, light-weight CMP and offset printing paper .
- Overall gross margin decreased by 3.6 percentage points YoY to 1.2%.
- Operating loss margin decrease 5.8 percentage points YoY to 11.1%.

Corrugating Medium Paper (CMP)

Revenue and Gross Margin



Sales Volume and ASP

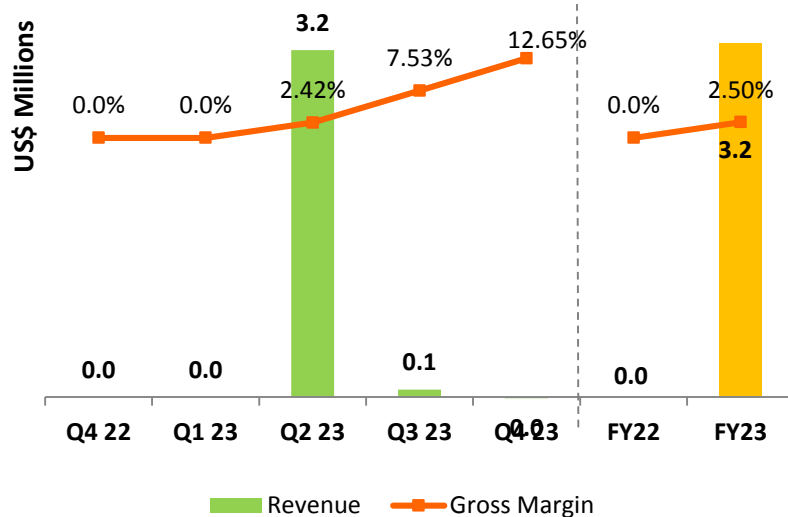


FY 2023 CMP (includes both Regular and Light-Weight CMP)

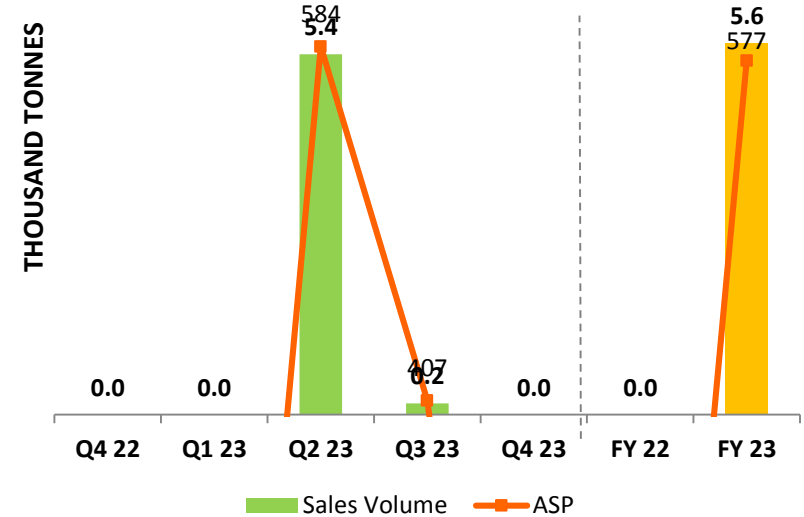
- Revenue: down 17.1% YoY to \$81.9 million, accounted for 94.6% of total revenue
- Sales volume: up 2.5% YoY to 223,823 tonnes
- ASP: Regular CMP down 19.1% to \$ 368/tonne
- ASP: Light-Weight CMP down 19.3% to \$355/tonne

Offset Printing Paper

Revenue and Gross Margin



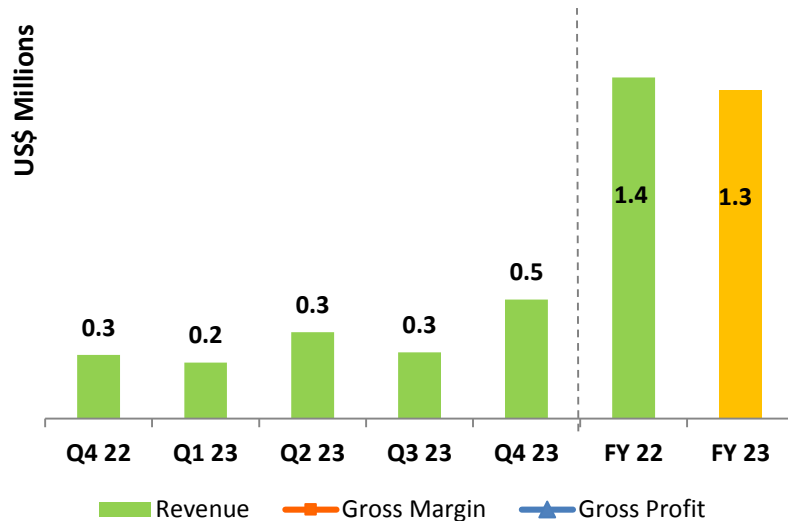
Sales Volume and ASP



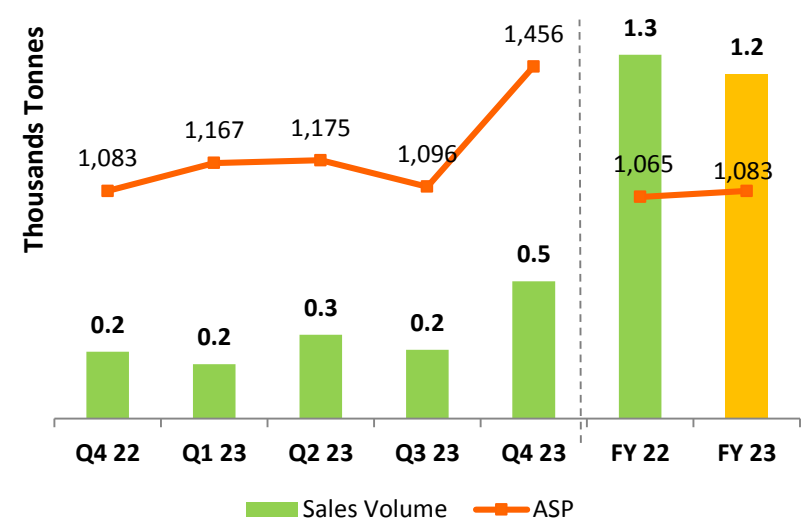
FY 2023 Offset Printing Paper

- Revenue: \$3.2 million and accounted for 3.7% of total revenue
- Sales volume: 5,573 tonnes
- ASP: 577/tonne

Revenue and Gross Margin



Sales Volume and ASP

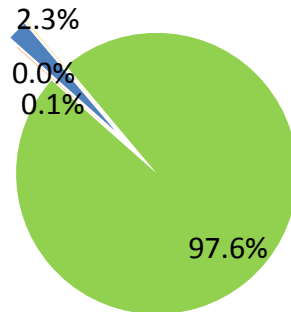


FY 2023 Tissue Paper

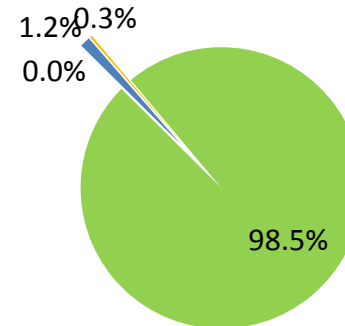
- Revenue: down 3.8% YoY to \$1.3 million, accounted for 1.5% of total revenue.
- Sales volume: down 5.3% YoY to 1,205 tonnes.
- ASP: up 1.7 % YoY to \$ 1,083/tonne.

Revenue Mix

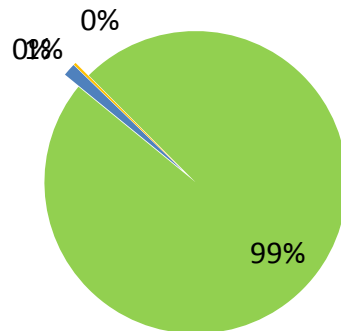
Q4 2023



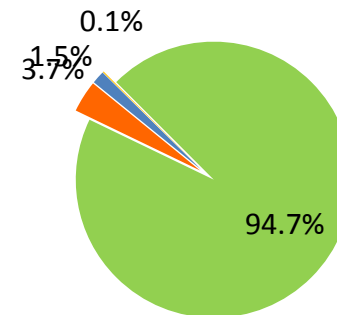
Q4 2022



FY2022



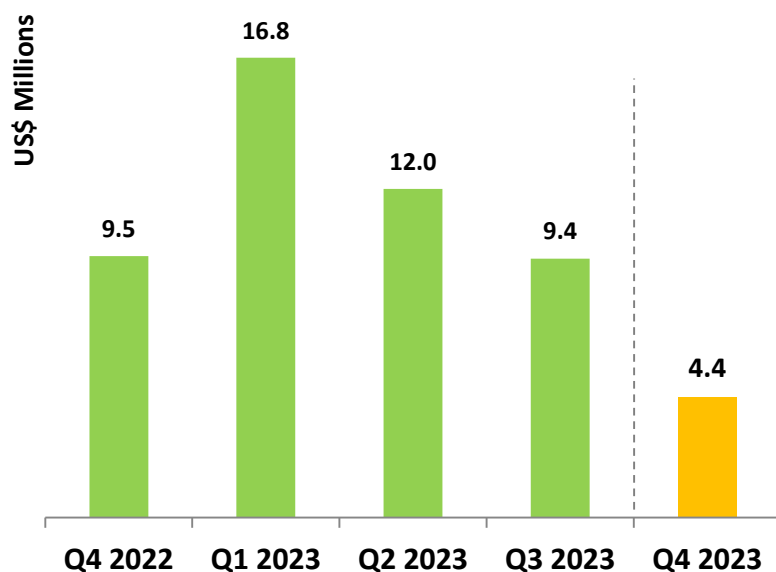
FY2023



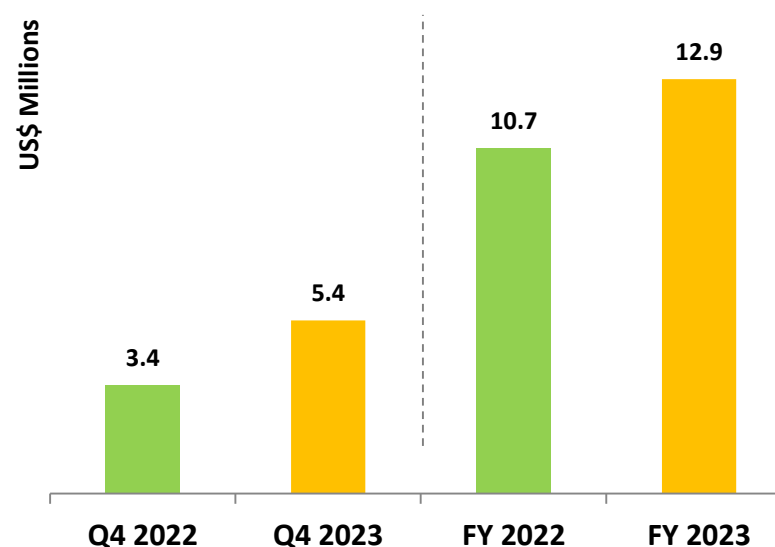
- Corrugating Medium Paper
- Offset Printing Paper
- Tissue Paper
- Face Mask

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

Cash and Cash Equivalents



Cash Flow from Operating Activities



FY 2023

- Cash position at \$3.9 million as of December 31, 2023.
- Net cash provided by operating activities was \$12.9 million for the year ended December 31, 2023, as compared to net cash used in operating activities of \$10.7 million for the same period of last year.

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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]: 49.3% utilization rate in FY2023; vs. 60.9% in 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 December 31,		YoY Change	For the Year Ended December 31,		YoY Change
(US\$)	2023	2022		2023	2022	
Revenue	20,964,599	21,372,718	-1.9%	86,546,950	100,352,434	-13.8%
Cost of sales	(20,714,350)	(20,346,592)	1.8%	(85,547,065)	(95,598,238)	-10.5%
Gross Profit	250,249	1,026,126	-75.6%	999,885	4,754,196	-79.0%
Gross profit margin	1.2%	4.8%	-3.6pp	1.2%	4.7%	-3.6pp
Selling, general and administrative expenses	(3,381,059)	(1,517,499)	122.8%	(9,075,475)	(10,058,723)	-9.8%
Income (Loss) from operations	(3,800,331)	(491,373)	673.4%	(9,575,888)	(5,304,527)	-80.5%
Operating margin	-18.1%	-2.3%	-15.8pp	-11.1%	-5.3%	-16.4pp
Net Income (Loss)	(3,984,009)	(11,907,863)	-66.5%	(9,946,035)	(16,571,308)	-40.0%
Net (loss) margin	-19.0%	-55.7%	36.7pp	-11.5%	-16.5%	5.0pp
Total comprehensive (loss) income	(1,607,672)	(8,148,806)	-80.3%	(12,987,029)	(34,582,016)	-62.4%
Earnings(Loss) per share – basic and diluted	(0.40)	(1.19)	66.4%	(0.99)	(1.66)	40.4%

Selected Balance Sheet Items

(US\$)	December 31, 2023	December 31, 2022
Current Assets		
Cash and cash equivalents	3,918,938	9,524,868
Restricted cash	472,983	-
Accounts receivable	575,526	-
Inventories	3,555,235	2,872,622
Other current assets	19,835,219	34,768,985
Total current assets	28,357,901	47,166,475
Property, plant, and equipment	163,974,022	151,569,898
Other non-current assets	2,411,726	5,710,860
Total Assets	194,743,649	204,447,233
Current Liabilities		
Short-term bank loans	423,567	5,598,311
Current portion of long-term loans	6,874,497	4,835,884
Lease Liability	100,484	224,497
Accounts Payable	4,991	5,025
Other current liabilities	14,015,395	6,976,912
Total current liabilities	21,418,934	17,640,629
Long-term Loans	4,503,932	4,204,118
Deferred gain on sale-leaseback	-	52,314
Lease Liability non-current	483,866	579,997
Derivative liability	54	646,283
Total Liabilities	26,406,786	23,123,341
Total Stockholders' equity	168,336,863	181,323,892
Total Liabilities and Stockholders' Equity	194,743,649	204,447,233

Solid Operating Cash Flows to Support Continued Investment

(US\$)	Year Ended December 31,	
	2023	2022
Net Cash Provided by (Used in) Operating Activities	12,871,086	10,719,388
Net Cash Provided by (Used in) Investing Activities	(22,239,297)	(10,898,531)
Net Cash Provided by(Used in) Financing Activities	4,410,099	(879,596)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(174,835)	(618,005)
Net (Decrease)/Increase in Cash and Cash Equivalents	(5,132,947)	(1,676,744)
Cash and Cash Equivalents – Beginning of Period	9,524,868	11,201,612
Cash and Cash Equivalents – End of Period	4,391,921	9,524,868

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THANK YOU!