



IT Tech Packaging, Inc.

Third Quarter 2022

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 of the slide features a close-up, artistic shot of an open book. The pages are fanned out, creating a sense of depth and movement. A vibrant green rectangular overlay is positioned across the middle of the image, partially obscuring the book's pages. The text 'KEY HIGHLIGHTS' is written in white, bold, sans-serif capital letters within this green area.

KEY HIGHLIGHTS

Key Highlights for Q3 2022

Revenue decreased by 29.7% YoY to \$31.7 million, primarily due to the decrease in sales volume of corrugating medium paper ("CMP"), offset printing paper and tissue paper products.

Gross profit was up 52.8% YoY to \$2.8 million, primarily due to the decrease in sales volume of regular CMP, offset printing paper and tissue paper products, and the decrease in material costs of CMP. Overall gross margin was up 4.8 percentage points to 8.8%.

Loss from operations was \$0.6 million, compared to loss from operations of \$0.2 million for the same period of last year.

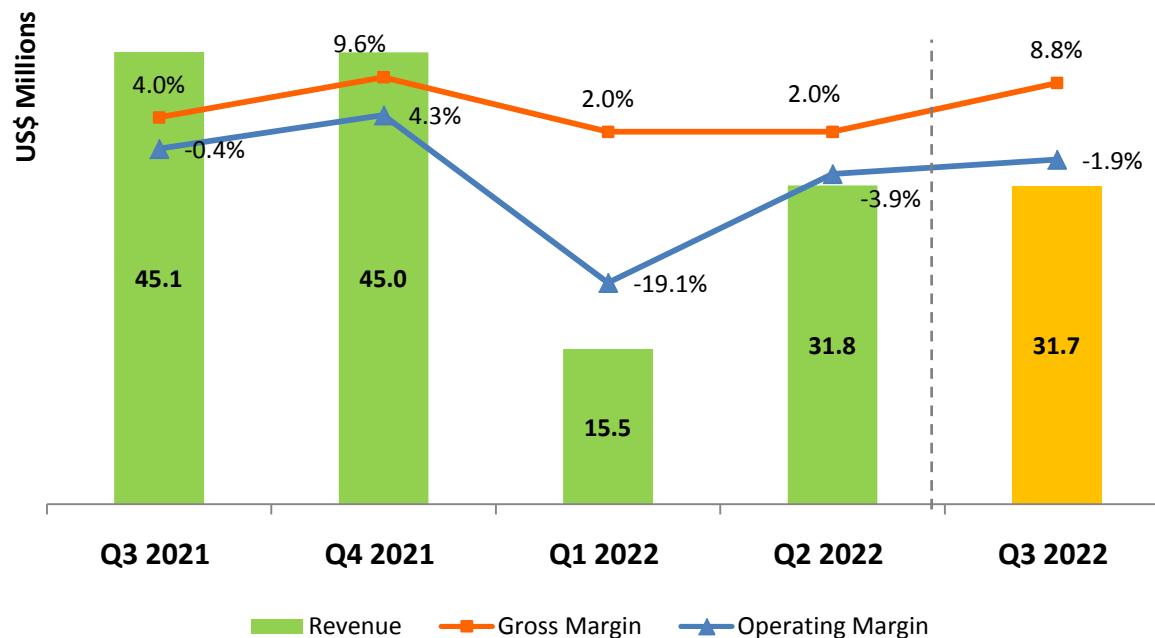
Net loss was \$1.9 million, or loss per share of \$0.03, compared to net income of \$1.5 million, or earnings per share of \$0.03, for the same period of last year.

Earnings before interest, taxes, depreciation and amortization ("EBITDA") was \$2.4 million, compared to EBITDA of \$5.3 million for the same period of last year.

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FINANCIAL & BUSINESS REVIEW

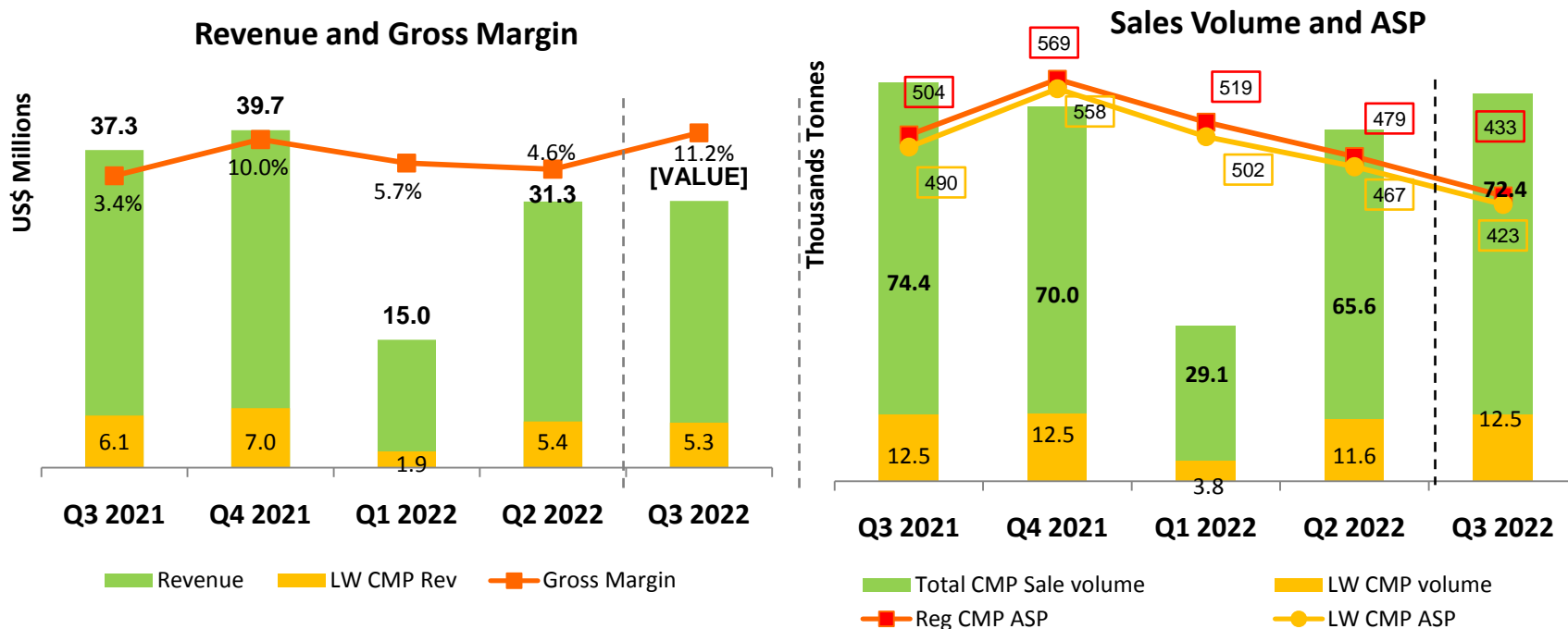
Revenue



Q3 2022

- Revenue decreased by 29.7% YoY to \$31.7 million, primarily due to the decrease in sales volume of corrugating medium paper (“CMP”), offset printing paper and tissue paper products.
- Overall gross margin up 4.8 percentage points to 8.8%.
- Operating loss margin down by 1.5 percentage points YoY to -1.9%.

Corrugating Medium Paper (CMP)

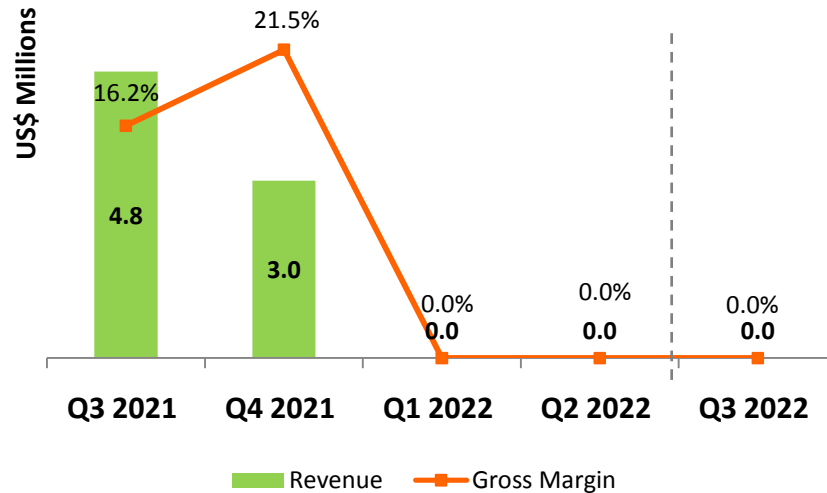


Q3 2022 CMP (includes both Regular and Light-Weight CMP)

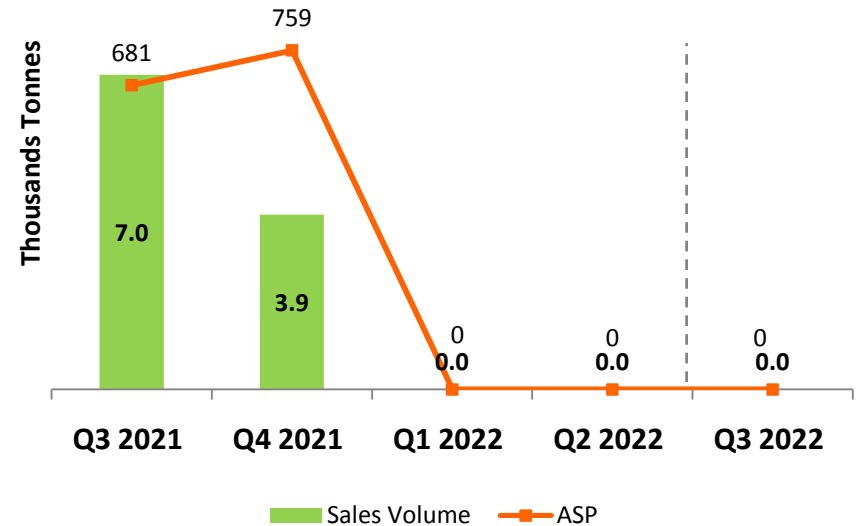
- Revenue: down 16.0% YoY to \$31.4 million, accounted for 98.9% of total revenue.
- Sales volume: down 2.8% YoY to 72,355 tonnes.
- ASP: Regular CMP down 13.7% to \$435/tonne.
- ASP: Light-Weight CMP down 13.7% to \$423/tonne.

Offset Printing Paper

Revenue and Gross Margin



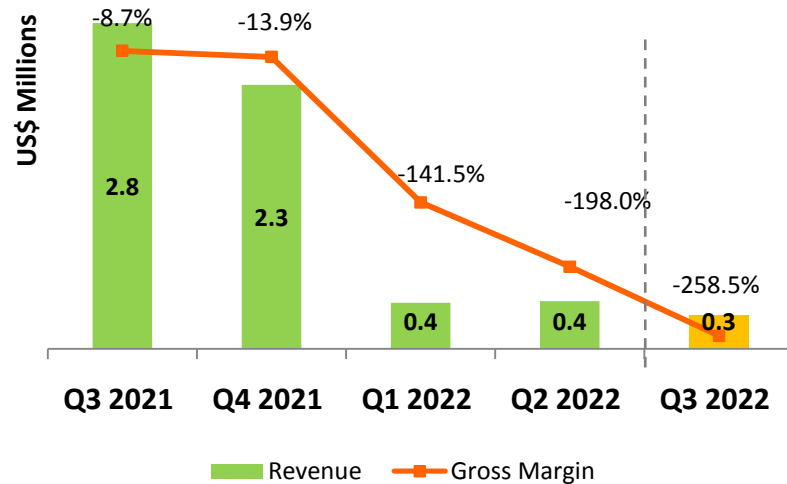
Sales Volume and ASP



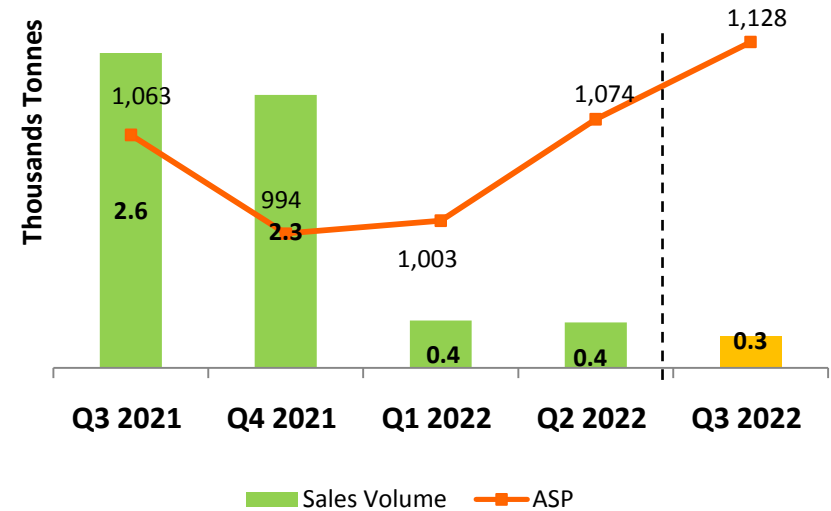
Q3 2022 Offset Printing Paper

- Revenue: was \$nil.
- Sales volume: was \$nil.
- ASP: was \$nil.

Revenue and Gross Margin



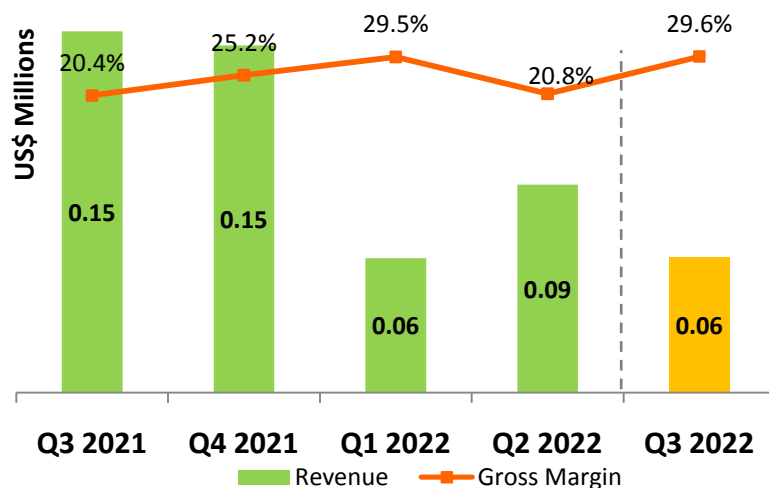
Sales Volume and ASP



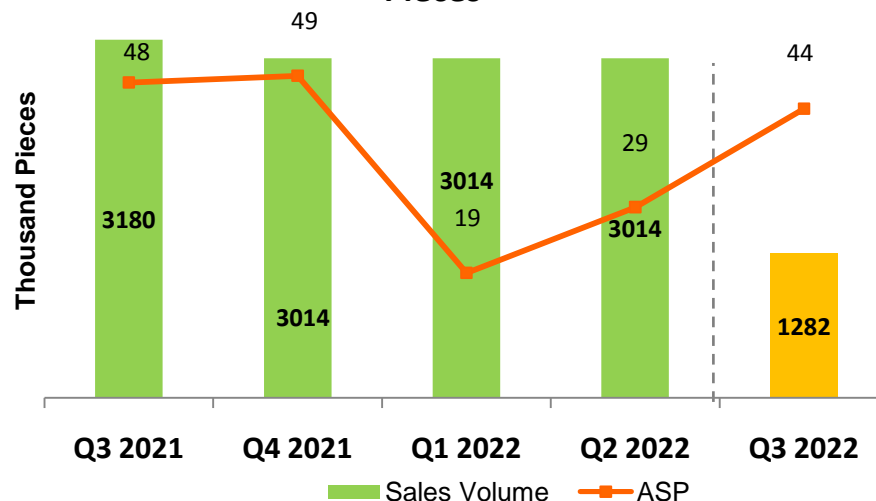
Q3 2022 Tissue Paper

- Revenue: down 89.6% YoY to \$0.3 million, accounted for 0.9% of total revenue.
- Sales volume: down 90.2% YoY to 260 tonnes.
- ASP: up 6.1% YoY to \$1,128/tonne.

Revenue and Gross Margin



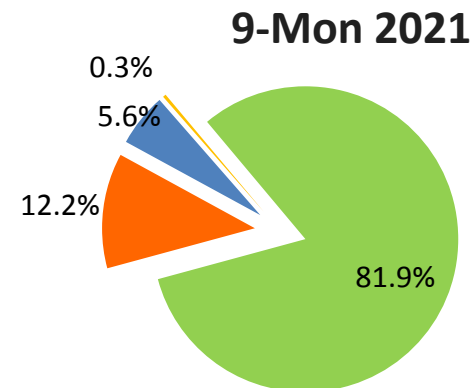
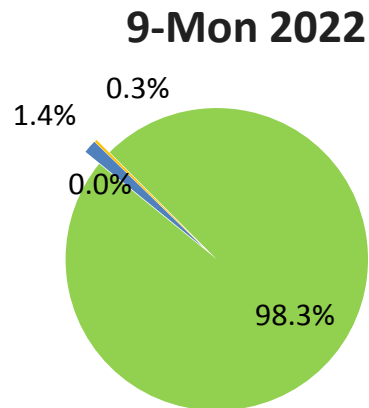
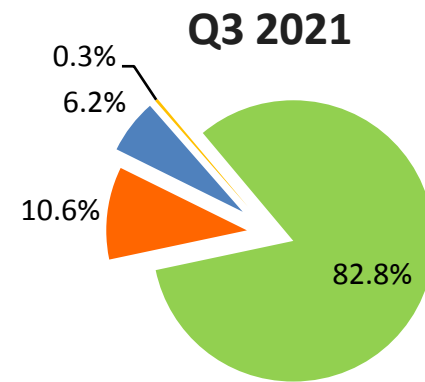
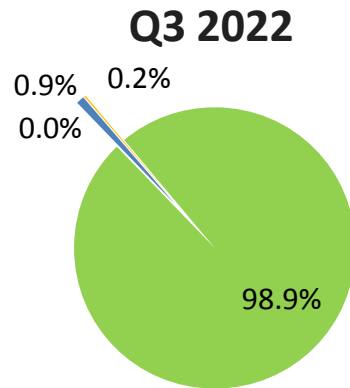
Sales Volume and Selling Price (\$) Per Thousand Pieces



Q3 2022 Face Mask

- Revenue: down 62.6% YoY to \$0.06 million, accounted for 0.2% of total revenue.
- Sales volume: down 59.7% YoY to 1,282 thousand pieces.
- ASP: down 8.3% YoY to \$44/ thousand pieces.

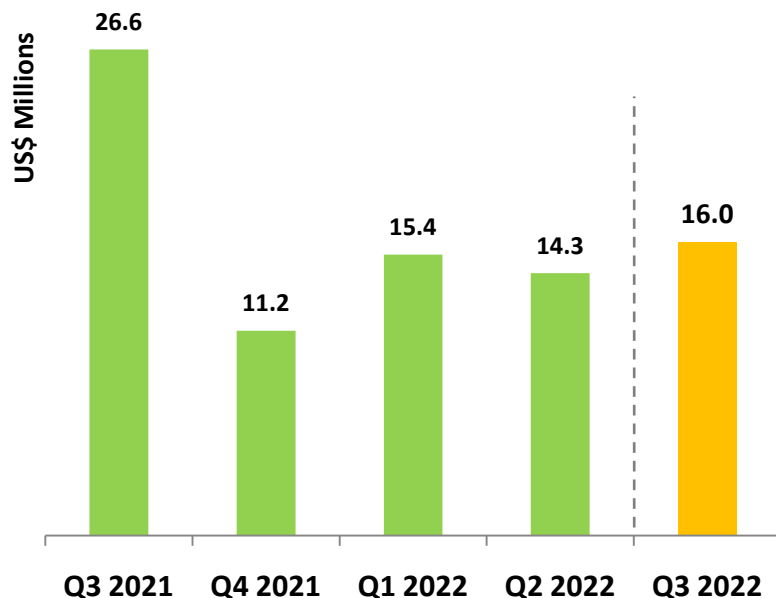
Revenue Mix



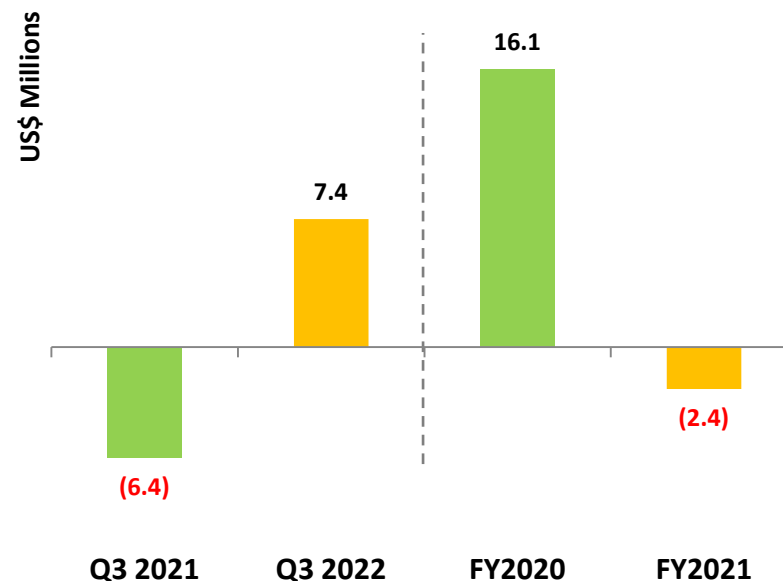
- Corrugating Medium Paper
- Offset Printing Paper
- Tissue Paper
- Face Mask

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

Cash and Cash Equivalents




Cash Flow from Operating Activities



Q3 2022

- Cash position at \$16.0 million as of September 30, 2022.
- Net cash provided by operating activities was \$7.4 million for the nine months ended September 30, 2022, as compared to net cash used in operating activities of \$6.4 million 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 fanned out, creating a sense of depth and movement. A vibrant green rectangular overlay is positioned in the center, partially obscuring the book's pages. The text is written in a clean, white, sans-serif font with a subtle drop shadow, making it stand out against the green background.

OPERATIONAL & BUSINESS UPDATES

Tissue Paper Project Progress Update

– On Site Photos



Planned Capacity	30K tonnes/year
Recent Progress	<p>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.</p> <p>As of September 30, 2022, we had approximately \$7.1 million in capital expenditure commitments that were mainly related to the purchase of paper machine of PM10. The infrastructure work of PM10 has been completed and the associated ancillary facilities are working in progress. These commitments are expected to be financed by bank loans and cash flows generated from our business operations.</p>

The background of the slide features a close-up, artistic shot of an open book. The pages are fanned out, creating a sense of depth and movement. A vibrant green rectangular overlay is positioned in the center, partially obscuring the book's pages. The text "THANK YOU" is written in white, bold, sans-serif capital letters on the left side of this green overlay.

THANK YOU

The background of the slide features a close-up, artistic shot of an open book. The pages are fanned out, creating a sense of depth and movement. A semi-transparent green rectangular overlay is positioned in the center-left of the image, serving as a backdrop for the title text. The overall lighting is soft, highlighting the texture of the paper.

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]: 66.82% utilization rate in Q3 FY2022; vs. 67.42% in Q3 FY2021.

[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
(US\$)	2022	2021	
Revenue	31,709,214	45,087,671	-29.7%
Cost of sales	(28,925,626)	(43,266,135)	-33.1%
Gross Profit	2,783,588	1,821,536	52.8%
Gross profit margin	8.8%	4.0%	4.8pp
Selling, general and administrative expenses	(3,370,541)	(2,019,565)	66.9%
Income (Loss) from operations	(588,712)	(198,029)	-197.3%
Operating margin	-1.9%	-0.4%	-1.5pp
Net Income (Loss)	(1,887,318)	1,542,576	-222.3%
Net (loss) margin	-6.0%	3.4%	-9.4pp
Loss per share – basic and diluted	(0.03)	0.03	-200.0%

Selected Balance Sheet Items

(US\$)	September 30, 2022	December 31, 2021
Current Assets		
Cash and cash equivalents	16,017,403	11,201,612
Restricted cash	-	-
Accounts receivable	4,236,299	4,868,934
Inventories	4,441,390	5,844,895
Other current assets	23,734,710	33,600,708
Total current assets	48,429,802	55,516,149
Property, plant, and equipment	149,535,243	126,587,428
Other non-current assets	17,172,494	59,431,625
Total Assets	215,137,539	241,535,202
Current Liabilities		
Short-term bank loans	5,632,553	5,958,561
Current portion of long-term loans from credit union	4,175,620	6,838,465
Lease Liability	272,147	210,161
Accounts Payable	144,213	10,255
Other current liabilities	7,367,539	7,416,910
Total current liabilities	17,592,072	20,434,352
Loans from credit union	4,692,235	2,980,065
Deferred gain on sale-leaseback	73,311	155,110
Lease Liability non-current	568,952	152,233
Derivative liability	1,334,271	2,063,534
Total Liabilities	24,260,841	25,785,294
Total Stockholders' equity	190,876,698	215,749,908
Total Liabilities and Stockholders' Equity	215,137,539	241,535,202

Solid Operating Cash Flows to Support Continued Investment

(US\$)	Nine Months Ended September 30,	
	2022	2021
Net Cash Provided by (Used in) Operating Activities	7,429,169	(6,442,577)
Net Cash Provided by (Used in) Investing Activities	(8,189,410)	(12,781,114)
Net Cash Provided by(Used in) Financing Activities	6,840,080	41,547,363
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(1,264,048)	109,473
Net (Decrease)/Increase in Cash and Cash Equivalents	4,815,791	22,433,145
Cash and Cash Equivalents – Beginning of Period	11,201,612	4,142,437
Cash and Cash Equivalents – End of Period	16,017,403	26,575,582