



IT Tech Packaging, Inc.

First Quarter 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.

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, containing 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 Q1 2023

Revenue increased by 27.83% YoY to \$19.79 million, primarily due to the increase in sales volume of corrugating medium paper ("CMP"), partially offset by the decrease of average selling prices of CMP.

Gross profit down 189.23% YoY to \$-0.28 million, primarily due to factors described above. Overall gross margin down 3.41 percentage points to -1.40%.

Loss from operations was \$2.77 million, compared to loss from operations of \$2.99 million for the same period of last year.

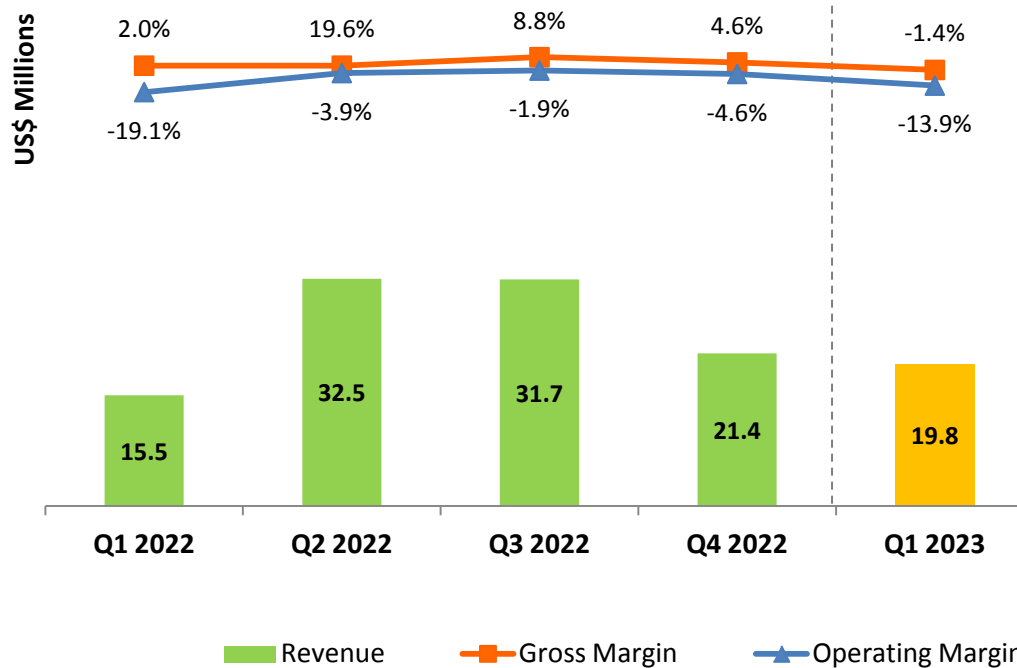
Net loss was \$2.73 million, or loss per share of \$0.27, compared to net loss of \$2.49 million, or loss per share of \$0.25, for the same period of last year.

Earnings before interest, taxes, depreciation and amortization ("EBITDA") was \$1.21 million, compared to EBITDA of \$1.20 million for the same period of last year.

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FINANCIAL & BUSINESS REVIEW

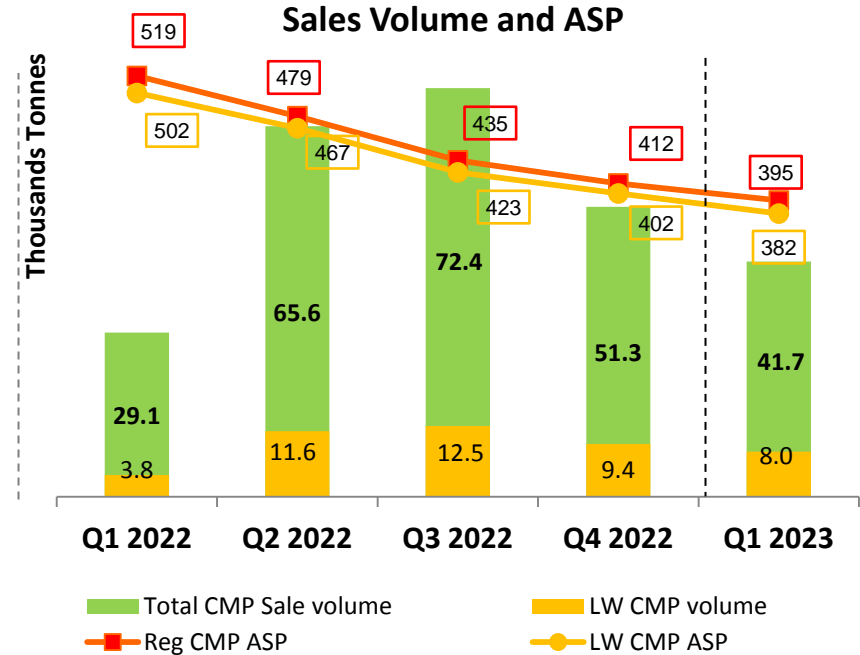
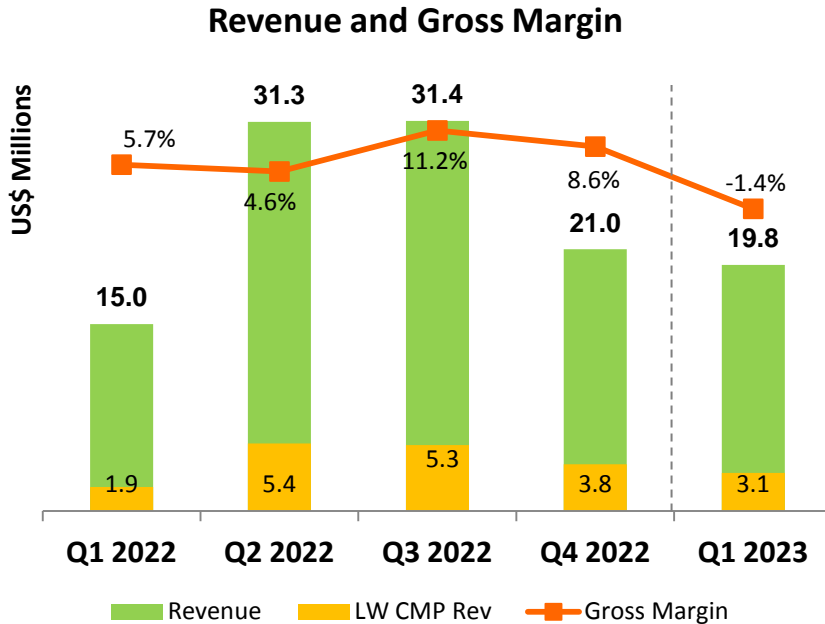
Revenue



Q1 2023

- Revenue up 27.83% YoY to \$19.79 million, due to increase in sales volume of corrugating medium paper (“CMP”), partially offset by the decrease of average selling prices of CMP.
- Overall gross margin down 3.41 percentage points YoY to -1.40%.
- Operating loss margin down 5.31 percentage points YoY to 14.01%.

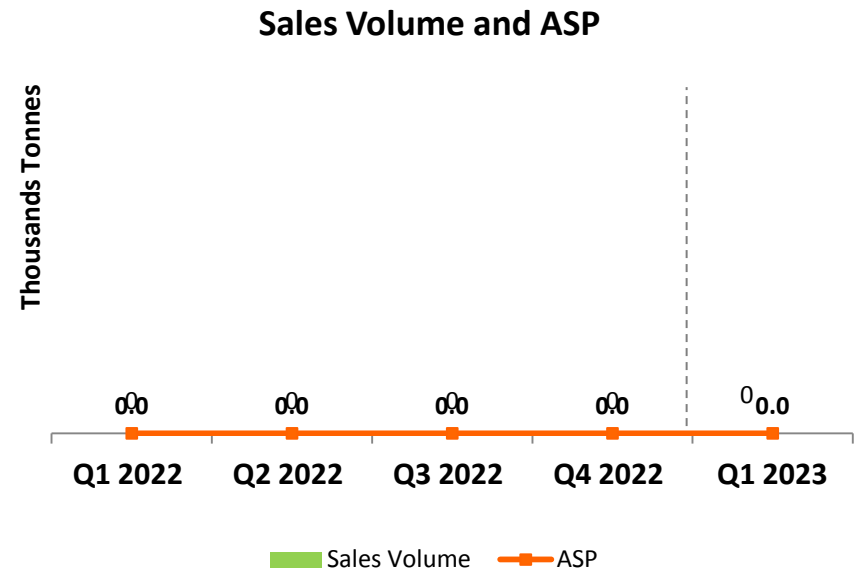
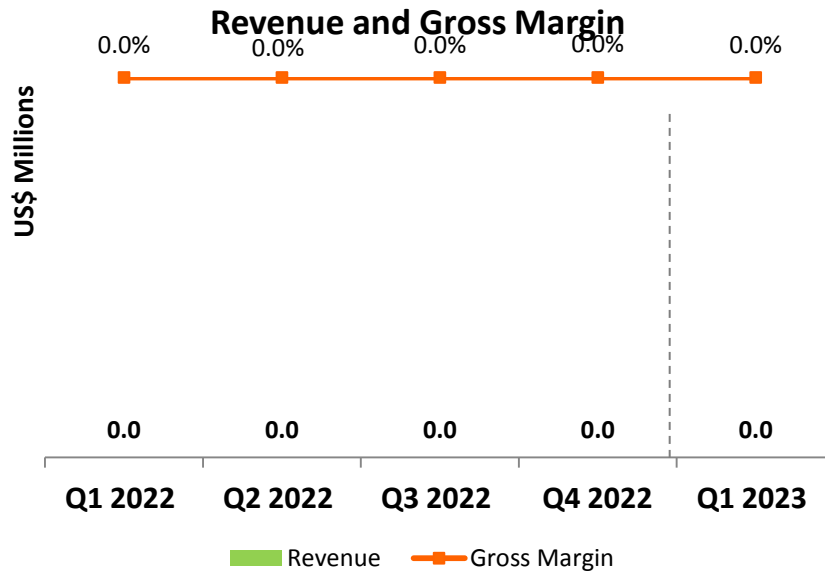
Corrugating Medium Paper (CMP)



Q1 2023 CMP (includes both Regular and Light-Weight CMP)

- Revenue: up 29.96% YoY to \$19.53 million, accounted for 98.67% of total revenue.
- Sales volume: up 70.81% YoY to 49,682 tonnes.
- ASP: Regular CMP down 23.89% to \$395/tonne.
- ASP: Light-Weight CMP down 23.9% to \$382/tonne.

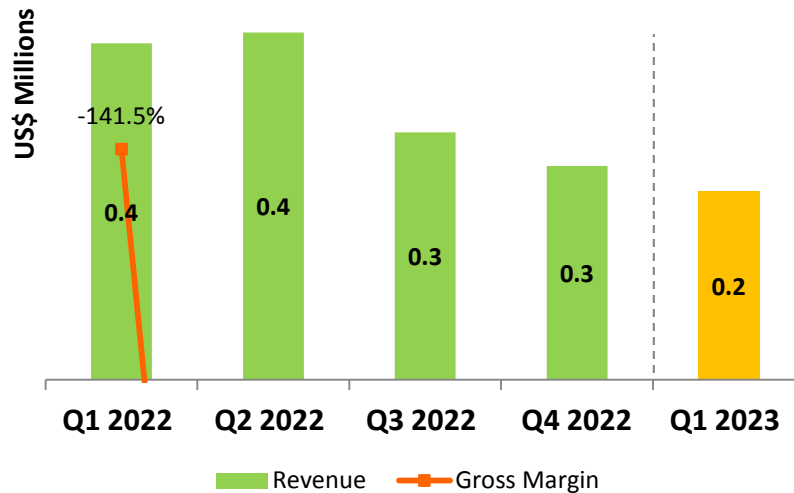
Offset Printing Paper



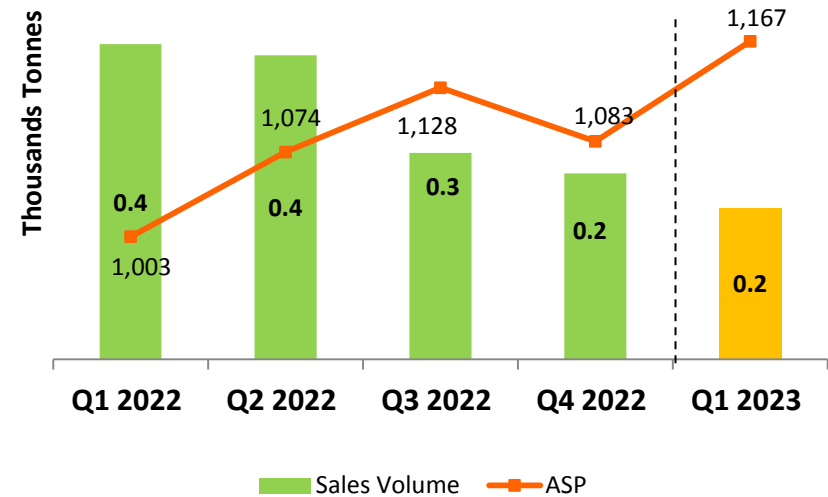
Q1 2023 Offset Printing Paper

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

Revenue and Gross Margin



Sales Volume and ASP

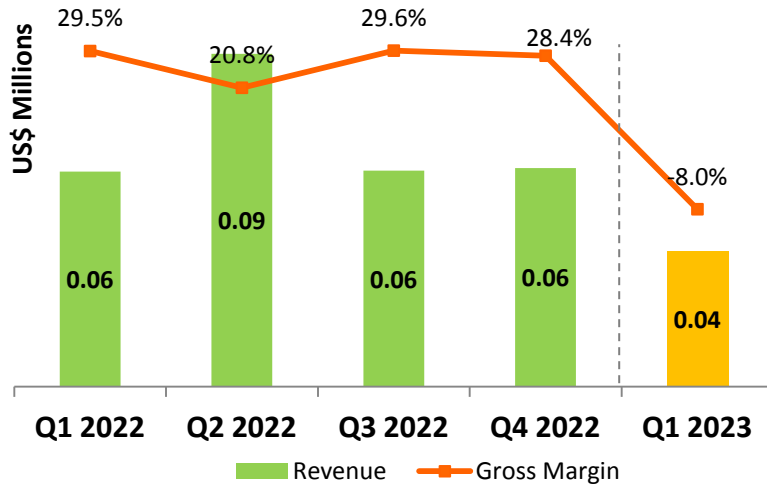


Q1 2023 Tissue Paper

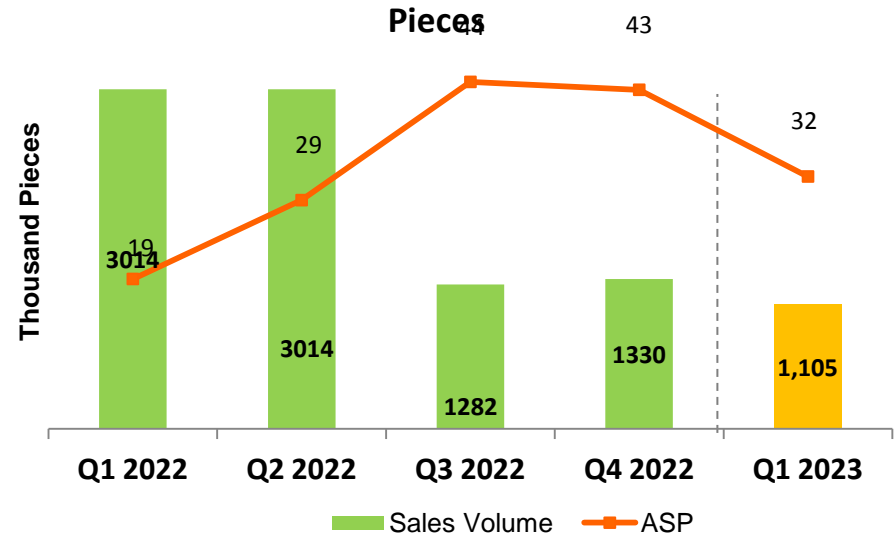
- Revenue: down 44.0% YoY to \$0.22 million, accounted for 1.1% of total revenue.
- Sales volume: down 51.89% YoY to 191 tonnes.
- ASP: up 16.4% YoY to \$1,167/tonne.

Face Mask

Revenue and Gross Margin



Sales Volume and Selling Price (\$) Per Thousand

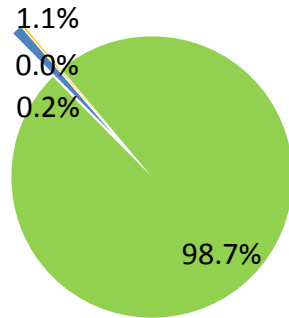


Q1 2023 Face Mask

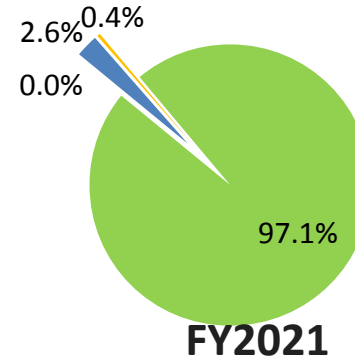
- Revenue: down 37.03% YoY to \$35,637 million, accounted for 0.2% of total revenue.
- Sales volume: down 4.74% YoY to 1,105 thousand pieces.
- ASP: down 34.69% YoY to \$32/ thousand pieces.

Revenue Mix

Q1 2023

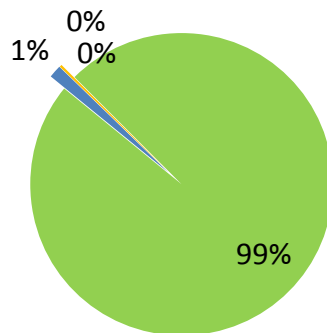


Q1 2022

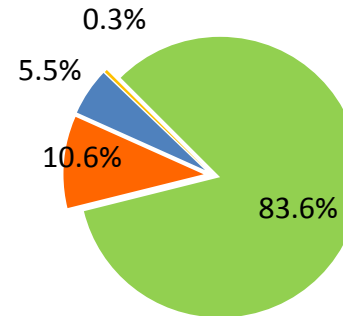


FY2021

FY2022

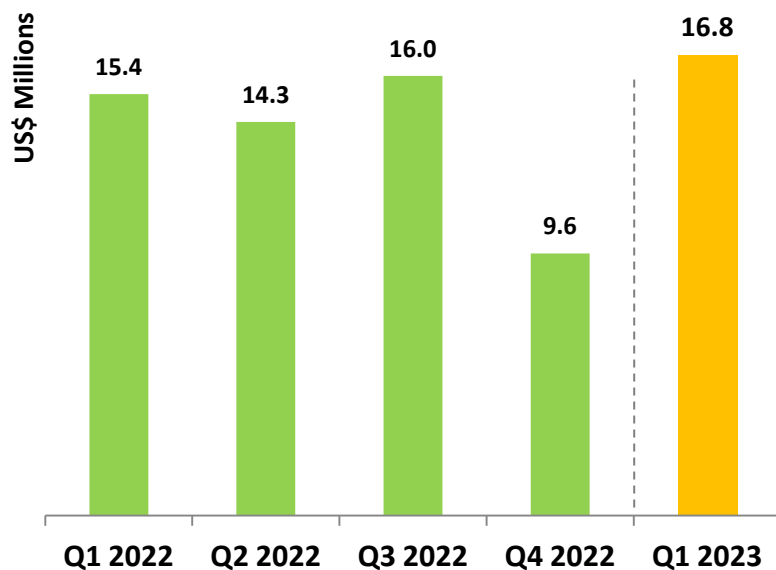


- Corrugating Medium Paper
- Offset Printing Paper
- Tissue Paper
- Face Mask

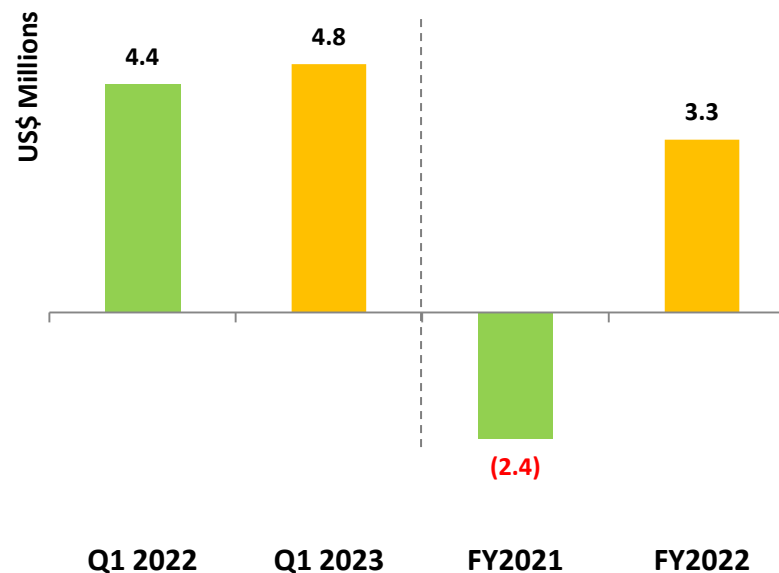


•Corrugating Medium Paper includes both Light-Weight CMP and Regular CMP

Cash and Cash Equivalents



Cash Flow from Operating Activities



Q1 2023

- Cash position at \$16.8 million as of March 31, 2023.
- Net cash provided by operating activities was \$4.8 million for the first quarter of 2023, as compared to \$4.4 million for the same period of last year.

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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, serving as a backdrop for the text.

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]: 44.49% utilization rate in Q1 FY2023; vs. 71.02% in Q1 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

(US\$)	For the Three Months Ended March 31		YoY Change
	2023	2022	
Revenue	19,790,877	15,481,618	27.8%
Cost of sales	(20,067,876)	(15,171,173)	32.2%
Gross Profit	(276,999)	310,445	-189.2%
Gross profit margin	-1.4%	2.0%	-3.4pp
Selling, general and administrative expenses	(2,495,362)	(3,300,881)	-24.4%
Income (Loss) from operations	(2,772,361)	(2,990,436)	-7.3%
Operating margin	-14.0%	-19.3%	-5.3pp
Net Income (Loss)	(2,733,165)	(2,488,214)	-9.15%
Net (loss) margin	-13.8%	-16.1%	2.3pp
Loss per share – basic and diluted	(0.27)	(0.25)	-0.08%

Selected Balance Sheet Items

(US\$)	March 31, 2023	December 31, 2022
Current Assets		
Cash and bank balance	16,750,940	9,524,868
Accounts receivable	2,231,924	-
Inventories	5,969,604	2,872,622
Other current assets	26,529,903	34,768,985
Total current assets	51,482,371	47,166,475
Prepayment on Property, plant, and equipment	881,878	1,031,502
Other non-current assets	154,485,380	156,249,256
Total Assets	206,849,629	204,447,233
Current Liabilities		
Short-term bank loans	5,673,996	5,598,311
Current portion of long-term loans from credit union	5,265,073	4,835,884
Lease Liability	171,768	224,497
Accounts Payable	-	5,025
Other current liabilities	7,019,315	6,976,912
Total current liabilities	18,130,152	17,640,629
Long-term loans	6,513,672	4,204,118
Deferred gain on sale-leaseback	30,298	52,314
Lease Liability non-current	587,838	579,997
Derivative liability	494,186	646,283
Total Liabilities	25,756,146	23,123,341
Total Stockholders' equity	181,093,483	181,323,892
Total Liabilities and Stockholders' Equity	206,849,629	204,447,233

Solid Operating Cash Flows to Support Continued Investment



(US\$)	Three Months Ended March 31,	
	2023	2022
Net Cash Provided by (Used in) Operating Activities	4,809,928	4,411,418
Net Cash Provided by (Used in) Investing Activities	(295,018)	(7,175,972)
Net Cash Provided by(Used in) Financing Activities	2,564,646	6,893,314
Effect of Exchange Rate Changes on Cash and Cash Equivalents	146,516	28,071
Net (Decrease)/Increase in Cash and Cash Equivalents	7,226,072	4,156,831
Cash and Cash Equivalents – Beginning of Period	9,524,868	11,201,612
Cash and Cash Equivalents – End of Period	16,750,940	15,358,443