



IT Tech Packaging, Inc.

Second Quarter 2024

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 Q2 2024

Revenue decreased by 12.56% YoY to \$26.25 million, mainly due to the production suspension of offset printing paper and tissue paper products in the second quarter of 2024.

Gross profit increased by 176.75% YoY to \$3.27 million. Overall gross margin up 8.51 percentage points to 12.44%.

Income from operations was \$0.55 million, compared to loss from operations of \$0.52 million for the same period of last year.

Net loss was \$0.08 million, or loss per share of \$0.01, compared to net loss of \$1.25 million, or loss per share of \$0.12, for the same period of last year.

Earnings before interest, taxes, depreciation and amortization ("EBITDA") was \$3.93 million, compared to EBITDA of \$2.83million for the same period of last year.

Key Highlights for the First Half of 2024

Revenue decreased by 33.52% YoY to \$33.11 million, mainly due to the production suspension of CMP in January and February of 2024, and production suspension of offset printing paper and tissue paper products in the first half of 2024.

Gross profit increased by 305.87% YoY to \$3.66 million, primarily due the decrease in unit cost of materials of CMP, partially offset by the decrease in ASP of CMP. Overall gross margin up 9.26 percentage points to 11.07%.

Loss from operations was \$2.95 million, compared to loss from operations of \$3.29 million for the same period of last year.

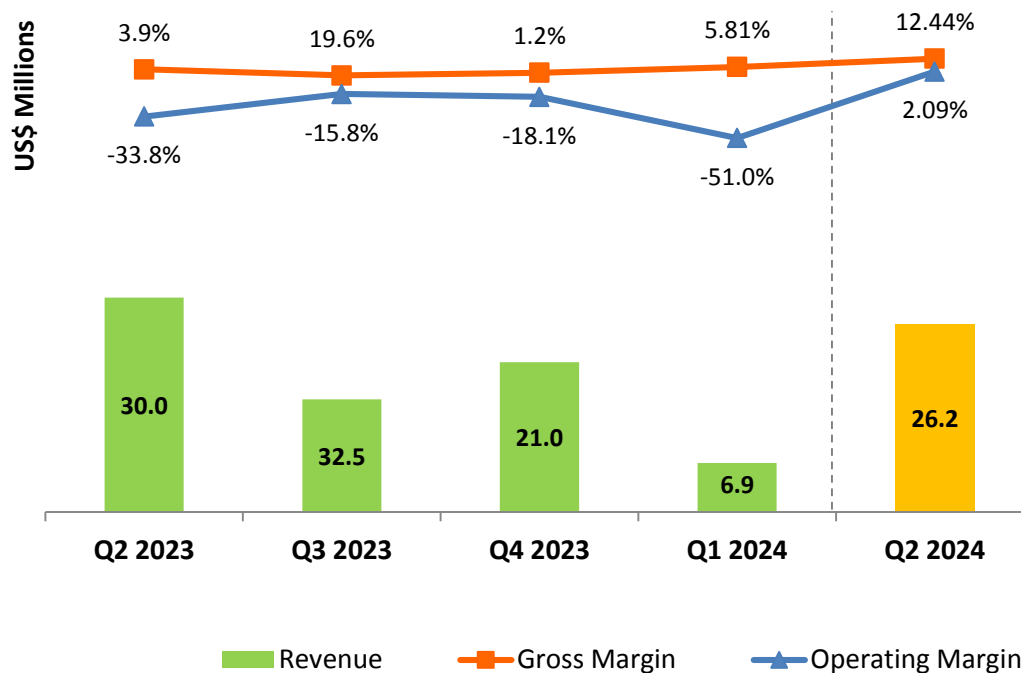
Net loss was \$3.82 million, or loss per share of \$0.38, compared to net loss of \$3.99 million, or loss per share of \$0.40, for the same period of last year.

Earnings before interest, taxes, depreciation and amortization ("EBITDA") was \$3.91 million, compared to EBITDA of \$4.03 million for the same period of last year.

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FINANCIAL & BUSINESS REVIEW

Revenue

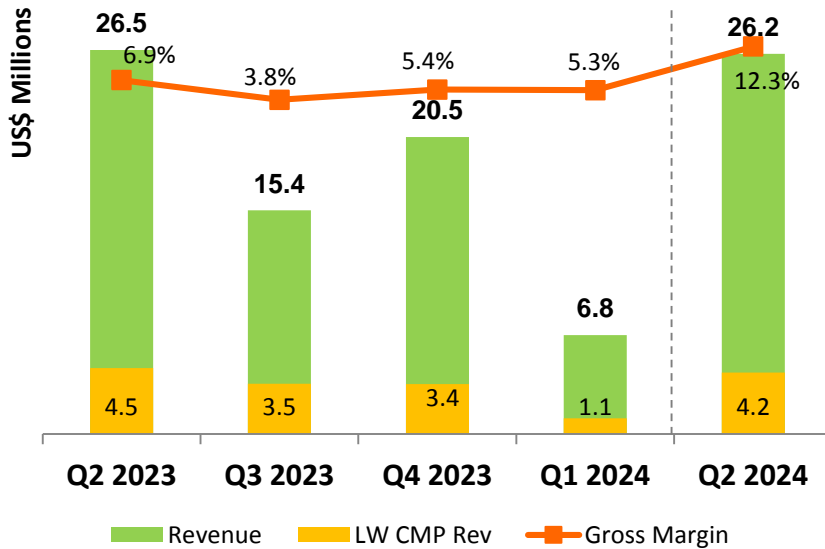


Q2 2024

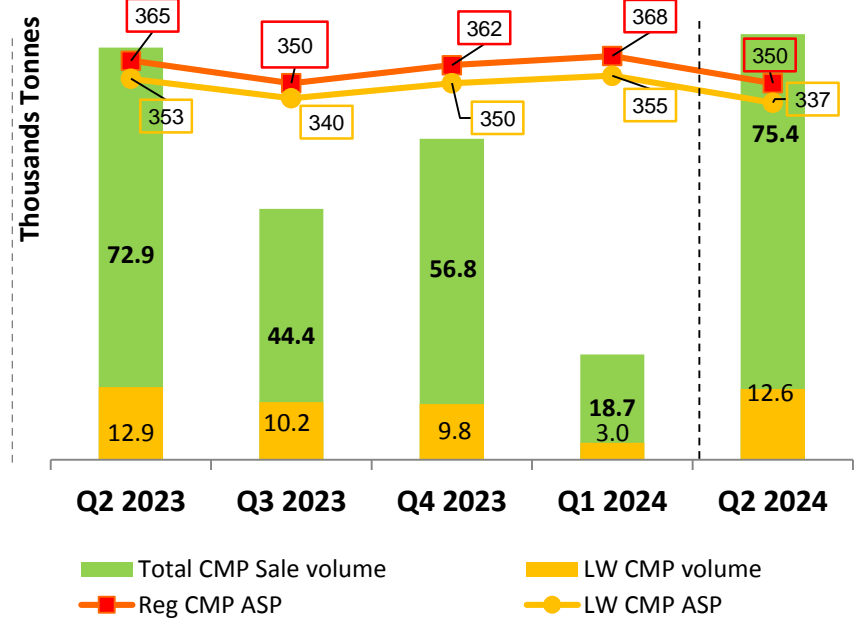
- Revenue down 12.56% YoY to \$26.25 million, due to the production suspension of offset printing paper and tissue paper products in the second quarter of 2024.
- Overall gross margin up 8.51 percentage points YoY to 12.44%.
- Operating loss margin up 3.82 percentage points YoY to 2.09%.

Corrugating Medium Paper (CMP)

Revenue and Gross Margin



Sales Volume and ASP

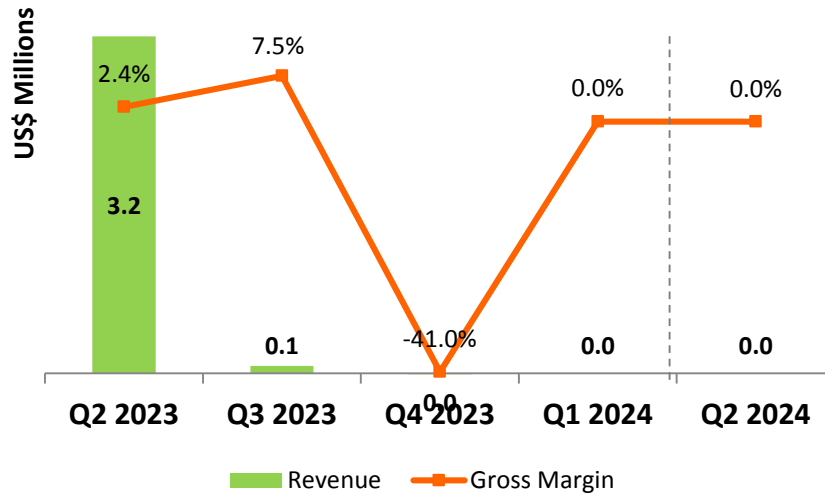


Q2 2024 CMP (includes both Regular and Light-Weight CMP)

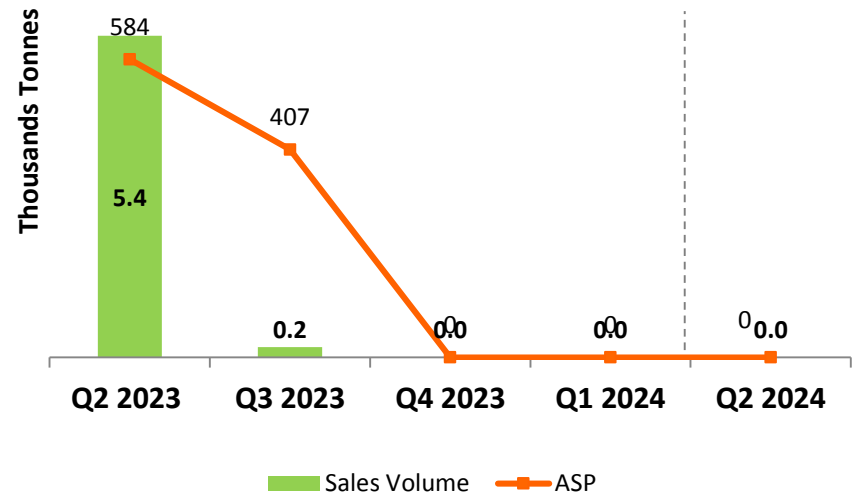
- Revenue: down 0.99% YoY to \$26.21 million, accounted for 99.86% of total revenue.
- Sales volume: up 3.32% YoY to 75,365 tonnes.
- ASP: Regular CMP down 4.11% to \$350/tonne.
- ASP: Light-Weight CMP down 4.53% to \$337/tonne.

Offset Printing Paper

Revenue and Gross Margin



Sales Volume and ASP

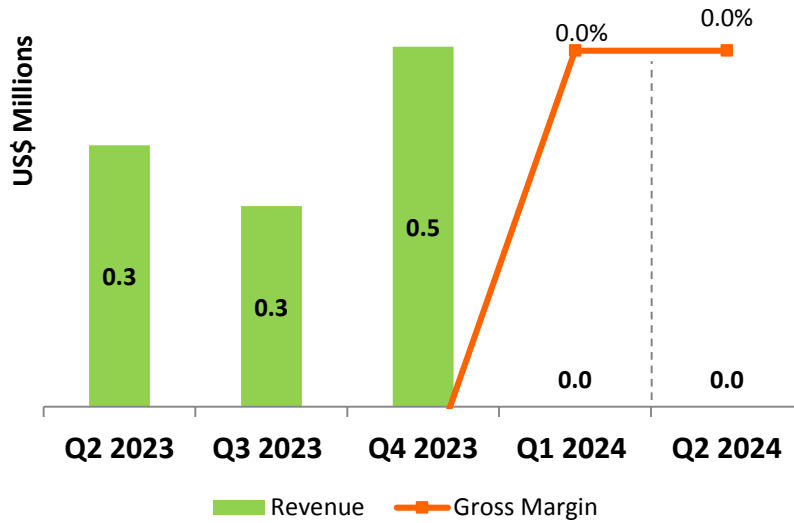


Q2 2024 Offset Printing Paper

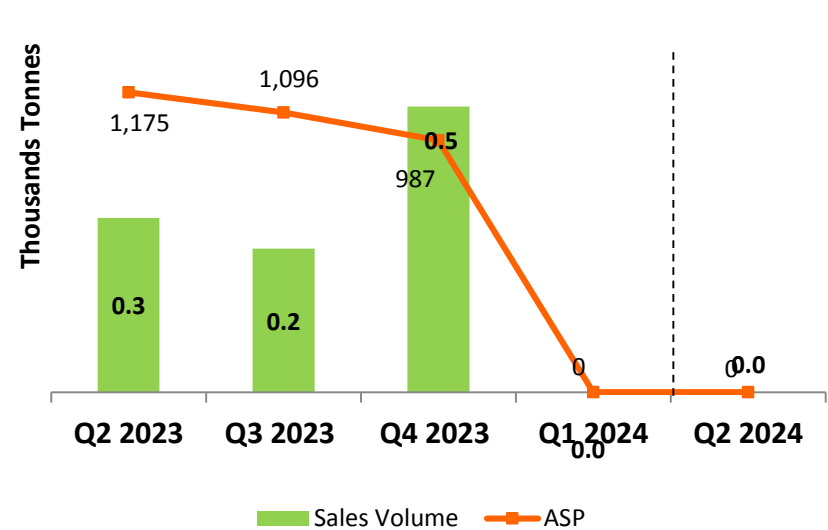
- Revenue: was \$nil.
- Sales volume: nil.
- ASP: \$nil.

Tissue Paper

Revenue and Gross Margin



Sales Volume and ASP

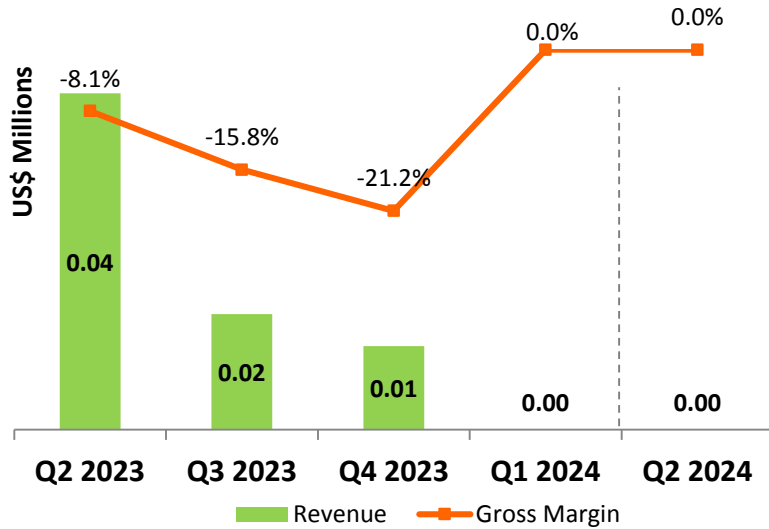


Q2 2024 Tissue Paper

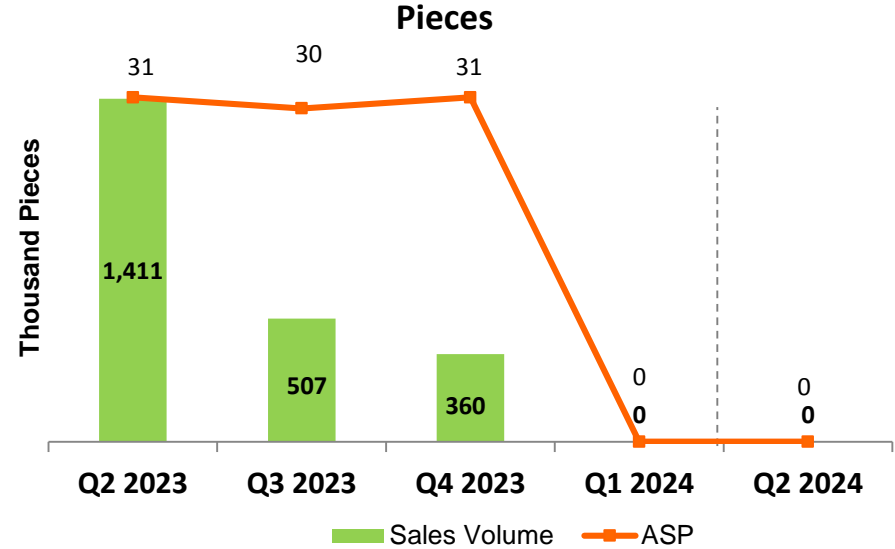
- Revenue: \$nil.
- Sales volume: nil.
- ASP: \$nil.

Face Mask

Revenue and Gross Margin



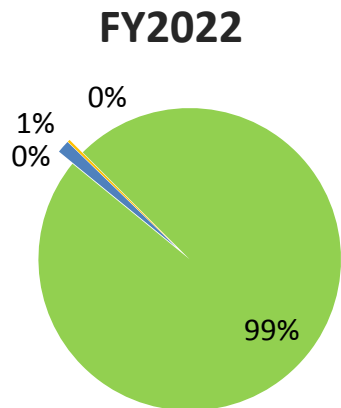
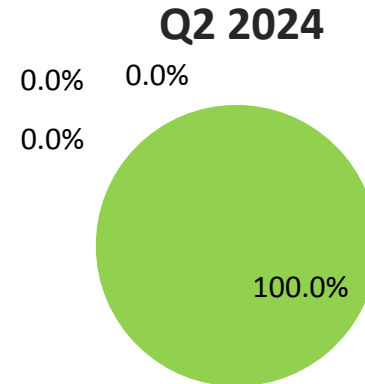
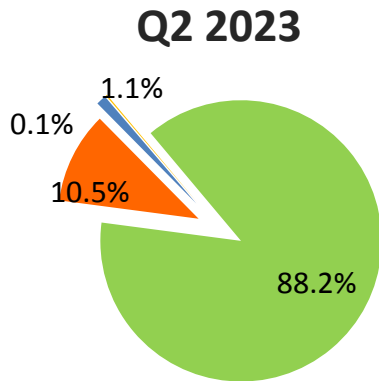
Sales Volume and Selling Price (\$) Per Thousand Pieces



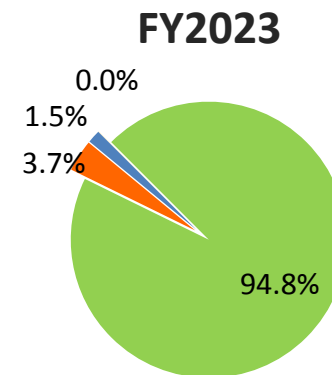
Q2 2024 Face Mask

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

Revenue Mix

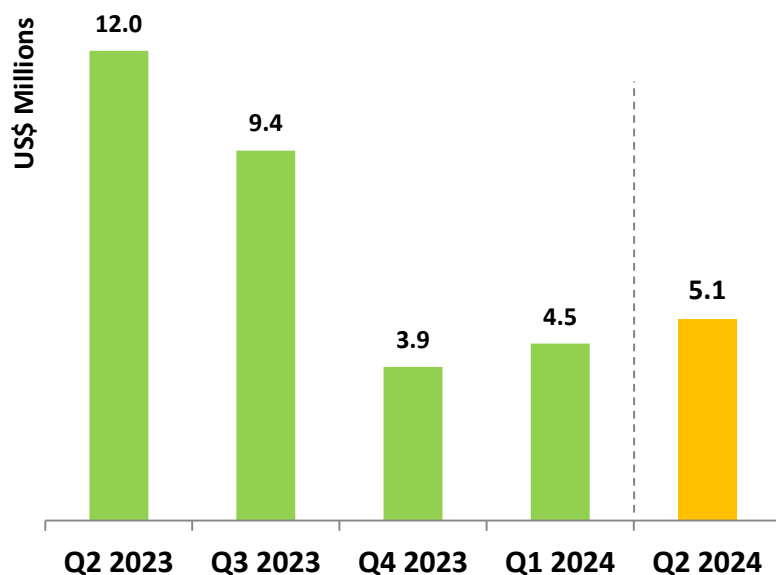


- Corrugating Medium Paper
- Offset Printing Paper
- Tissue Paper
- Face Mask

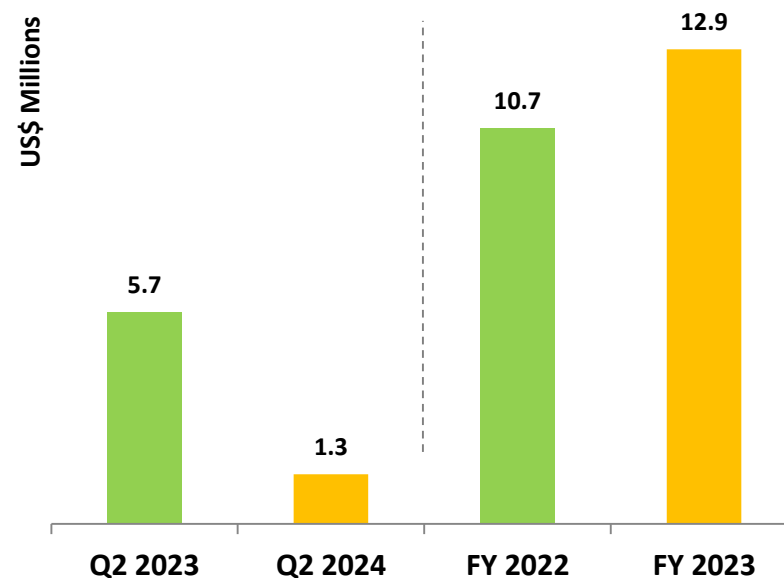


•Corrugating Medium Paper includes both Light-Weight CMP and Regular CMP

Cash and Cash Equivalents



Cash Flow from Operating Activities



Q2 2024

- Cash position at \$5.14 million as of June 30, 2024.
- Net cash provided by operating activities was \$1.35 million for the second quarter of 2024, as compared to \$5.75 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 bright green, semi-transparent rectangular overlay is positioned horizontally across the middle of the image. The word "APPENDIX" is written in white, bold, uppercase letters on the left side of this green overlay.

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]: 68.02% utilization rate in Q2 FY2024; vs. 66.61% in Q2 FY2023.

[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 June 30		YoY Change
	2024	2023	
(US\$)			
Revenue	26,249,788	30,019,914	-12.6%
Cost of sales	(22,984,488)	(28,840,056)	-20.3%
Gross Profit	3,265,300	1,179,858	176.8%
Gross profit margin	12.4%	3.9%	8.5pp
Selling, general and administrative expenses	(2,717,548)	(1,323,405)	105.4%
Income (Loss) from operations	547,752	(518,683)	205.6%
Operating margin	2.1%	-1.7%	3.8pp
Net Income (Loss)	(77,747)	(1,253,493)	-93.8%
Net (loss) margin	0.3%	-4.2%	4.5pp
Loss per share – basic and diluted	(0.008)	(0.12)	-93.3%

Selected Balance Sheet Items

(US\$)	June 30, 2024	December 31, 2023
Current Assets		
Cash and bank balance	5,144,414	3,918,938
Restricted cash	899,508	472,983
Accounts receivable	2,638,219	575,526
Inventories	5,282,420	3,555,235
Other current assets	19,465,717	19,835,219
Total current assets	33,430,278	28,357,901
Property, plant, and equipment, net	155,624,752	163,974,022
Other non-current assets	2,307,196	2,411,726
Total Assets	191,362,226	194,743,649
Current Liabilities		
Short-term bank loans	841,893	423,567
Current portion of long-term loans	6,817,927	6,874,497
Lease Liability	103,568	100,484
Accounts Payable	-	4,991
Other current liabilities	15,155,210	14,015,395
Total current liabilities	22,918,598	21,418,934
Long-term loans	4,490,094	4,503,932
Lease Liability non-current	498,718	483,866
Derivative liability	5	54
Total Liabilities	27,907,415	26,406,786
Total Stockholders' equity	163,454,811	168,336,863
Total Liabilities and Stockholders' Equity	191,362,226	194,743,649

Solid Operating Cash Flows to Support Continued Investment



(US\$)	Six Months Ended June 30,	
	2024	2023
Net Cash Provided by (Used in) Operating Activities	1,346,337	5,746,719
Net Cash Provided by (Used in) Investing Activities	(62,640)	(5,565,713)
Net Cash Provided by(Used in) Financing Activities	422,096	2,823,597
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(53,792)	(548,712)
Net (Decrease)/Increase in Cash and Cash Equivalents	1,652,001	2,455,891
Cash and Cash Equivalents – Beginning of Period	4,391,921	9,524,868
Cash and Cash Equivalents – End of Period	6,043,922	11,980,759