

---

## ReTo Eco-Solutions Reports Unaudited First Half of 2022 Financial Results

BEIJING, October 14, 2022 – ReTo Eco-Solutions, Inc. (Nasdaq: RETO) (“ReTo” or the “Company”), a provider of technology solutions and operation services for intelligent ecological environments and roadside assistance services and software development services in China, today announced its unaudited financial results for the six months ended June 30, 2022.

### Financial Highlights for the First Half of the Fiscal Year 2022

- Total revenue for the first half of 2022 increased by 64.7% to approximately \$2.9 million, primarily due to higher machinery and equipment sales and revenue from roadside assistance and software development businesses which were acquired in December 2021.
- Gross profit for the first half of 2022 increased by 217.8% to approximately \$0.4 million. Gross profit margin was 13% for the six months ended June 30, 2022, as compared with 6.7% for the six months ended June 30, 2021.
- Net loss from continuing operations was approximately \$5.8 million and \$7.3 million for the six months ended June 30, 2022 and 2021, respectively. Total net loss was approximately \$5.8 million and \$8.9 million for the six months ended June 30, 2022 and 2021, respectively.

Mr. Hengfang Li, ReTo’s Chairman and Chief Executive Officer, commented, " Despite the challenging market conditions and operating environment resulting from the on-going impact of COVID-19, our total revenue increased by 64.7%, or approximately \$1.1 million, from approximately \$1.8 million in the six months ended June 30, 2021 to approximately \$2.9 million in the six months ended June 30, 2022, due to higher machinery and equipment sales, primarily contributable to the sales of newly developed jiggling machine with a high sales price and revenue from roadside assistance and software development businesses which were acquired in December 2021. Looking ahead, as the near-term challenges across the COVID-19 pandemic and construction sector remain, we will focus on growing our ecological and environmental protection business by adopting advanced technologies and explore the opportunities in the ecological oriented development projects by leveraging our experience and expertise from existing ecological engineering service and equipment business as well as newly acquired the IoT technologies."

### Financial Results for the Six Months Ended June 30, 2022

#### *Revenues*

The Company’s total revenues increased by approximately \$1.1 million, or 64.7%, to approximately \$2.9 million for the six months ended June 30, 2022 from approximately \$1.8 million for the six months ended June 30, 2021. Among its total revenue, revenue from third-party customers increased by approximately \$1.2 million, or 74.8%, from approximately \$1.6 million in the six months ended June 30, 2021 to approximately \$2.9 million in the six months ended June 30, 2022, while revenue from related party customers decreased by approximately \$0.1 million, or 93.4%, from \$105,868 in the six months ended June 30, 2021 to \$6,987 in the six months ended June 30, 2022. The increase in the Company’s total revenue was mainly due to higher machinery and equipment sales and revenue from roadside assistance and software development businesses which were acquired in December 2021.

Revenue from machinery and equipment sales increased by approximately \$0.9 million, or 77%, from approximately \$1.1 million for the six months ended June 30, 2021 to approximately \$2.0 million for the six months ended June 30, 2022. The increase is mainly due to sales of newly developed jiggling machine amounting to approximately \$1.0 million.

Sales of the Company’s environmental-friendly construction materials decreased by approximately \$0.3 million, or 47%, from approximately \$0.6 million for the six months ended June 30, 2021 to approximately \$0.3 million for the six months ended June 30, 2022. The decrease was due to a decrease in demand resulting from the downturn of the national construction market under the impact of COVID-19.

---

Municipal construction includes projects known as sponge city projects. The Company's environmental-friendly construction materials, such as brick and block, may be used in these municipal construction projects. Revenue from municipal construction projects in the Company's continuing operations increased by \$111,014, or 100%, for the six months ended June 30, 2022, as compared to nil for the six months ended June 30, 2021.

Revenue from other services was approximately \$0.4 million for the six months ended June 30, 2022, which was generated by the Company's newly acquired subsidiary, Hainan Yile IoT Technology Co., Ltd., a PRC limited liability company ("Hainan Yile IoT"). Hainan Yile IoT provides roadside services to drivers within Hainan Province, China, through the Company's network of roadside services providers of tow providers and automotive repair services. Through Hainan Yile IoT, the Company is also engaged in the design, development and sales of customized software solutions based on client specifications.

### ***Cost of Revenues***

The Company's total cost of revenues increased by approximately \$0.9 million, or 53.6%, to approximately \$2.5 million for the six months ended June 30, 2022 from approximately \$1.6 million for the six months ended June 30, 2021. Cost of revenues from third-party customers increased by approximately \$0.4 million, or 26.2%, from approximately \$1.6 million in the six months ended June 30, 2021 to approximately \$2.0 million in the six months ended June 30, 2022, while cost of revenues from related party customers increased by approximately \$0.5 million, or 550%, from \$85,710 in the six months ended June 30, 2021 to approximately \$0.6 million in the six months ended June 30, 2022. The increase in the Company's total cost of revenue was in line with revenue increase. As a percentage of revenues, the cost of revenues decreased by 6.2% to 87.0% in the six months ended June 30, 2022 from 93.3% in the six months ended June 30, 2021.

Cost of machinery and equipment sales increased by approximately \$0.9 million, or 92%, from approximately \$0.9 million for the six months ended June 30, 2021 to approximately \$1.8 million for the six months ended June 30, 2022. The increase was primarily due to the increase in revenue, as well as increase in costs of raw material and labor in 2022.

Cost of the Company's environmental-friendly construction materials decreased by approximately \$0.2 million, or 34%, from approximately \$0.7 million for the six months ended June 30, 2021 to approximately \$0.5 million for the six months ended June 30, 2022. The decrease was due to less construction materials sold in downturn of the national construction market. Since the Company had fixed cost which did not change as a result of the change in sales, the decrease in its cost of sales is not as significant as the decrease in the sales of construction materials.

Cost of municipal construction projects in the Company's continuing operations amounted to approximately \$45,000. There was no cost of sales for municipal construction projects for the six months ended June 30, 2021, because the Company did not have any revenue from this segment.

Cost of other services amounted to approximately \$215,000. There was no cost of other services for the six months ended June 30, 2021, because this business segment was acquired in December 2021.

### ***Gross Profit***

The Company's gross profit increased by approximately \$0.3 million, or 217.8%, to approximately \$0.4 million for the six months ended June 30, 2022 from approximately \$0.1 million for the six months ended June 30, 2021. Gross profit margin was 13.0% for the six months ended June 30, 2022, as compared with 6.7% for the six months ended June 30, 2021. The increase in gross profit margin by 6.2% was primarily attributable to high gross profit margin of other services.

Gross profit for machinery and equipment products in the Company's continuing operations increased by approximately \$21,000 to approximately \$235,000 for the six months ended June 30, 2022, as compared to approximately \$214,000 for the six months ended June 30, 2021. Gross profit margin for this segment was 12% and 19% for the six months ended June 30, 2022 and 2021, respectively. Gross profit margin decreased due to increase in purchase price of raw materials for equipment, such as steel and certain electronic parts.

---

Gross loss for construction materials was approximately \$141,000 for the six months ended June 30, 2022, compared to a gross loss of approximately \$95,000 for the six months ended June 30, 2021. The gross loss margin for this segment was approximately 44% for the six months ended June 30, 2022, as compared to 16% for the six months ended June 30, 2021. The decrease in gross margin was mainly due to (i) higher fixed production costs, such as depreciation, and (ii) increase in raw materials costs as a result of compliance with more rigorous environmental procedures implemented by Chinese government which raised the quality standard of construction materials used in the municipal project construction.

Gross profit for the municipal construction project segment was approximately \$66,000 for the six months ended June 30, 2022. There was no municipal construction revenue for the six months ended June 30, 2021.

Gross profit for other services was \$215,000 for the six months ended June 30, 2022. There was no other services revenue for the six months ended June 30, 2021.

### ***Selling Expenses***

For the six months ended June 30, 2022 and 2021, the Company's selling expenses were approximately \$0.3 million for both periods.

### ***General and Administrative Expenses***

For the six months ended June 30, 2022, the Company's general and administrative expenses were approximately \$5.9 million, representing an increase of approximately \$3.7 million, or 173.3%, compared to approximately \$2.2 million for the six months ended June 30, 2021. The increase in general and administrative expenses was mainly due to (a) share-based compensation amounted to approximately \$3.3 million related to the 4,025,000 shares issued to employees under the 2018 and 2021 Share Incentive Plans, and (b) approximately \$0.7 million consulting fees related to the 500,000 shares issued to Geniusland International Capital Ltd. As a percentage of revenues, general and administrative expenses were 203.8% and 122.8% of the Company's total revenues for the six months ended June 30, 2022 and 2021, respectively.

### ***Bad Debt Expenses***

For the six months ended June 30, 2022, the Company's bad debt expenses were approximately negative \$0.7 million, representing a decrease of approximately \$3.8 million, or 120.7%, as compared to approximately \$3.2 million for the six months ended June 30, 2021. The decrease was due to an approximately \$0.4 million recovery of allowance for doubtful accounts of advances to suppliers and an approximately \$0.2 million recovery of allowance for doubtful accounts of accounts receivable. As a percentage of revenues, bad debt expenses were (22.5%) and 179.5% of the Company's total revenues for the six months ended June 30, 2022 and 2021, respectively.

### ***Research and Development Expenses***

The Company's research and development expenses were approximately \$0.5 million and \$0.2 million for the six months ended June 30, 2022 and 2021, respectively. The increase in the research and development expenses was due to a newly initiated Resources Comprehensive Utilization Project with Tsinghua University.

### ***Interest Expenses***

The Company's interest expenses were approximately \$0.2 million and \$0.3 million for the six months ended June 30, 2022 and 2021, respectively. The decreased interest expenses was because of lower weighted average loan balance in current period.

### ***Change in Fair Value in Convertible Debt***

Due to change in fair value of convertible loans, the Company recorded an unrealized loss of \$204,331 and \$1,311,852 in other expense for the six months ended June 30, 2022 and 2021, respectively.

---

### ***Other Income (Expense)***

Other income was approximately \$0.3 million for the six months ended June 30, 2022, mainly representing government subsidy. Other expense was \$48,626 for the six months ended June 30, 2021, mainly consisting of fines and other miscellaneous expenses.

### ***Loss before Income Taxes***

The Company's loss before income taxes was approximately \$5.7 million for the six months ended June 30, 2022, a decrease of approximately \$1.6 million as compared to loss before income taxes of approximately \$7.3 million for the six months ended June 30, 2021. The decrease in the Company's loss before income taxes was primarily attributable to the decrease in net loss.

### ***Provision for income taxes***

The Company's PRC subsidiaries are subject to PRC income tax, which is computed according to the relevant laws and regulations in the PRC. Under the Enterprise Income Tax Law, the corporate income tax rate applicable to all companies, including both domestic and foreign-invested companies, is 25%. However, each of Beijing REIT Technology Development Co., Ltd., a PRC limited liability company ("Beijing REIT") and the Company's subsidiary, and Hainan Yile IoT is recognized as a High and New Technology Enterprise by PRC government and subject to a favorable income tax rate of 15%. As the Company had loss before income tax, the Company's income tax expense amounted to \$28,767 and nil for the six months ended June 30, 2022 and 2021, respectively.

### ***Net Loss***

As a result of the foregoing, net loss from continuing operations amounted to approximately \$5.8 million and \$7.3 million for the six months ended June 30, 2022 and 2021, respectively. Total net loss amounted to approximately \$5.8 million and \$8.9 million for the six months ended June 30, 2022 and 2021, respectively.

### **About ReTo Eco-Solutions, Inc.**

Founded in 1999, ReTo Eco-Solutions, Inc., through its proprietary technologies, systems and solutions, is striving to bring clean water and fertile soil to communities worldwide. The Company offers a full range of products and services, ranging from the production of environmentally-friendly construction materials, environmental protection equipment, and manufacturing equipment used to produce environmentally-friendly construction materials, to project consulting, design, and installation for the improvement of ecological environments, such as ecological soil restoration through solid waste treatment. Through its subsidiary Hainan REIT Mingde Investment Holding Co., Ltd. and Hainan Yile IoT, a high-tech enterprise in Hainan Province, the Company provides roadside assistance services to drivers within Hainan Province through its network of tow providers automotive repair services and other service providers, and is also engaged in the design, development and sales of customized software solutions. For more information, please visit <http://en.retoeco.com>.

### **Forward-Looking Statements**

This press release contains forward-looking statements. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements that are other than statements of historical facts. When the Company uses words such as "may," "will," "intend," "should," "believe," "expect," "anticipate," "project," "estimate," or similar expressions that do not relate solely to historical matters, it is making forward-looking statements. Specifically, the Company's statements regarding: ReTo's goal and strategies; ReTo's future business development, financial condition and results of operations; expected changes in ReTo's revenues, costs or expenses; industry landscape of, and trends in, the construction industry; ReTo's expectations regarding demand for, and market acceptance of, its services; the impact of COVID-19 pandemic, extreme weather conditions and production constraints brought by electricity rationing measures; general economic and business condition; and assumptions underlying or related to any of the foregoing forward-

looking statements are not guarantees of future performance and involve risks and uncertainties that may cause the actual results to differ materially from the Company's expectations discussed in the forward-looking statements. These statements are subject to uncertainties and risks including, but not limited to, the following: the Company's goals and strategies; the Company's future business development; product and service demand and acceptance; changes in technology; economic conditions; the growth of the construction industry in China; reputation and brand; the impact of competition and pricing; government regulations; fluctuations in general economic and business conditions in China and assumptions underlying or related to any of the foregoing and other risks contained in reports filed by the Company with the Securities and Exchange Commission (the "SEC"). For these reasons, among others, investors are cautioned not to place undue reliance upon any forward-looking statements in this press release. Additional factors are discussed in the Company's filings with the SEC, which are available for review at [www.sec.gov](http://www.sec.gov). The Company undertakes no obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after the date hereof.

**For more information, please contact:**

ReTo Eco-Solutions, Inc.  
 Ms. Angela Hu  
 Beijing Phone: +86-010-64827328  
 ir@retoeco.com or 310@reit.cc

**RETO ECO-SOLUTIONS INC. AND SUBSIDIARIES  
 CONSOLIDATED BALANCE SHEETS**

<u>ASSETS</u>	<u>June 30, 2022</u>	<u>December 31, 2021</u>
	(Unaudited)	
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 832,389	\$ 457,495
Accounts receivable, net – third parties	2,778,727	441,703
Accounts receivable, net – related parties	86,219	93,589
Advances to suppliers, net – third parties	4,024,808	281,600
Advances to suppliers, net – related parties	3,937,567	3,842,620
Due from related parties	171,334	-
Loans to third parties	516,410	-
Inventories, net	782,543	463,731
Prepayments and other current assets	1,473,195	389,864
Receivable from disposition of REIT Changjiang	2,310,074	7,059,559
<b>Total Current Assets</b>	<b>16,913,266</b>	<b>13,030,161</b>
Property, plant and equipment, net	8,964,560	9,707,602
Intangible assets, net	3,829,294	4,111,029
Long-term investment in equity investee	2,586,999	2,758,228
Right-of-use assets	580,135	278,269
Goodwill	1,023,669	1,075,778
<b>Total Assets</b>	<b>\$ 33,897,923</b>	<b>\$ 30,961,067</b>
<b><u>LIABILITIES AND EQUITY</u></b>		
<b>Current Liabilities:</b>		
Convertible debt	\$ 3,279,000	\$ 1,645,000
Short term loans	2,239,500	2,353,500
Advances from customers – third parties	2,563,151	2,061,203
Advances from customers – related party	192,830	

Deferred grants	120,148	269,061
Accounts payable – third parties	2,633,057	2,121,313
Accounts payable – related party		10,199
Accrued expenses and other liabilities	1,867,545	3,103,056
Loans from third parties	511,082	1,593,977
Taxes payable	2,598,904	2,599,770
Due to related parties		472,439
Deferred tax liability	344,070	370,856
Payable to non-controlling shareholders	2,090,200	-
Operating lease liabilities – current	264,396	155,857
<b>Total Current Liabilities</b>	<b>18,703,883</b>	<b>16,756,231</b>
Operating lease liabilities – noncurrent	240,752	120,558
<b>Total Liabilities</b>	<b>18,944,635</b>	<b>16,876,789</b>
<b>Commitments and Contingencies</b>		
<b>Stockholders' Equity:</b>		
Common Stock, \$0.001 par value, 200,000,000 shares authorized, 43,108,112 and 28,965,034 shares issued and outstanding as of June 30, 2022 and December 31, 2021, respectively	43,109	28,966
Additional paid-in capital	53,189,508	46,776,170
Statutory reserve	1,263,125	1,230,387
Accumulated deficit	(39,056,702)	(33,347,984)
Accumulated other comprehensive loss	(1,928,692)	(1,135,386)
<b>Total RETO Eco Solutions Inc. Stockholders' Equity</b>	<b>13,510,346</b>	<b>13,552,153</b>
Noncontrolling interest	1,442,942	532,125
<b>Total Equity</b>	<b>14,953,288</b>	<b>14,084,278</b>
<b>Total Liabilities and Equity</b>	<b>\$ 33,897,923</b>	<b>\$ 30,961,067</b>

**RETO ECO-SOLUTIONS INC. AND SUBSIDIARIES**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND**  
**COMPREHENSIVE LOSS**

	<b>For the Six Months Ended June 30,</b>	
	<b>2022</b>	<b>2021</b>
	(Unaudited)	
Revenues – third party customers	\$ 2,882,792	\$ 1,648,964
Revenues – related parties	6,987	105,868
<b>Total revenues</b>	<b>2,889,779</b>	<b>1,754,832</b>
Cost of revenues – third party customers	1,957,829	1,550,989
Cost of revenues – related parties	557,145	85,710
<b>Total Cost</b>	<b>2,514,974</b>	<b>1,636,699</b>
<b>Gross Profit</b>	<b>374,805</b>	<b>118,133</b>
<b>Operating Expenses:</b>		
Selling expenses	288,552	314,273
General and administrative expenses	5,888,849	2,154,645

Bad debt expenses	(650,776)	3,150,105
Research and development expenses	505,847	160,472
<b>Total Operating Expenses</b>	<b>6,032,472</b>	<b>5,779,495</b>
<b>Loss From Operations</b>	<b>(5,657,667)</b>	<b>(5,661,362)</b>
<b>Other Income (expenses):</b>		
Interest expenses	(189,755)	(295,545)
Interest income	2,293	1,466
Other income (expenses), net	348,266	(48,626)
Investment loss	(38,885)	-
Change in fair value of convertible debt	(204,331)	(1,311,852)
<b>Total Other Expenses, Net</b>	<b>(82,412)</b>	<b>(1,654,557)</b>
<b>Loss Before Income Taxes</b>	<b>(5,740,079)</b>	<b>(7,315,919)</b>
<b>Provision For Income Taxes</b>	<b>28,767</b>	<b>-</b>
<b>Net Loss from Continuing Operations</b>	<b>(5,768,846)</b>	<b>(7,315,919)</b>
<b>Net Loss from Discontinued Operations</b>	<b>-</b>	<b>(1,549,302)</b>
<b>Net Loss</b>	<b>(5,768,846)</b>	<b>(8,865,221)</b>
Less: net loss attributable to noncontrolling interest	(92,866)	(489,876)
<b>Net Loss Attributable to ReTo Eco-Solutions, Inc.</b>	<b>\$ (5,675,980)</b>	<b>\$ (8,375,345)</b>
<b>Net Loss</b>	<b>\$ (5,768,846)</b>	<b>\$ (8,865,221)</b>
Other comprehensive loss:		
Foreign currency translation adjustment:	(723,421)	298,065
<b>Comprehensive Loss</b>	<b>(6,492,267)</b>	<b>(8,567,156)</b>
Less: comprehensive loss attributable to noncontrolling interest	(22,981)	(470,570)
<b>Comprehensive Loss Attributable to ReTo Eco-Solutions, Inc.</b>	<b>\$ (6,469,286)</b>	<b>\$ (8,096,586)</b>
<b>Loss Per Share</b>		
Basic and diluted	\$ (0.16)	\$ (0.34)
<b>Weighted Average Number of Shares</b>		
Basic and diluted	<b>34,433,381</b>	<b>24,753,947</b>