



Datasea Reports First Quarter 2025 Revenue of \$21 Million, Up 206% Year-over-Year

*Datasea's Top-Line Performance Driven by its Further Penetration
of China's 5G AI Applications Segment*

BEIJING, November 13, 2024 /PRNewswire/ – Datasea Inc. (NASDAQ: DTSS) ("Datasea" or the "Company"), a Nevada-based technology firm, today released its financial results for its first fiscal quarter ended September 30, 2024, reporting robust revenue of \$21.1 million, representing 206% growth year-over-year. The increase in revenue was primarily due to the continued success of the Company's leading edge 5G AI multimodal digital business segment sector in China.

Ms. Zhixin Liu, CEO of Datasea, commented, "Our first quarter revenue came in at 3.1x that of the year-ago quarter, continuing the growth momentum we have seen since 2024. This affirms the success of our 5G AI business strategy and highly effective marketing, which has expanded our customer base and accelerated the growth of our 5G AI business segment. Our commitment to technological innovation in both our 5G AI and acoustics business segments continue to fuel the visibility of our products and services while ensuring our corporate growth."

Financial Highlights

- **Revenue:** Datasea reported first quarter revenue of \$21.1 million, a 206% increase from revenue of \$6.9 million for this same year-ago period. This surge in revenue was driven primarily by the rapid growth of our 5G AI multimodal business.
- **Current Assets:** As of September 30, 2024 and June 30, 2024, the Company's current assets were \$7.2 million and \$2.6 million, respectively. The period-over-period increase in current assets denotes added liquidity to support the smooth running of our day-to-day operations.
- **Cash Balance:** As of September 30, 2024 and June 30, 2024, the Company's cash balance was \$0.9 million and \$0.2 million, respectively. This was the result of a successful registered direct offering raising approximately \$2.25 million in the first quarter. Subsequently, on October 15, 2024, the Company received approximately \$4.0 million in gross proceeds from a private placement offering to support its future business operations, which was partially funded by insiders including the Company's Chief Executive Officer.

Business Highlights

5G AI Multimodal Digital Business

1. 5G AI Multimodal Digital Business

- The Company has completed an upgrade of its core 5G AI multimodal communication business with AI processing technology. Currently, it can achieve AI creation and generation of various information forms including sound, text, images, and videos, as well as efficient transmission and AI digital human marketing functions. This capability can empower numerous industries and clients with highly effective marketing and video matrix capabilities by our 5G Multimodal Communication products.

2. Prospective Partner with China Mobile Internet

- During the first fiscal quarter, the Company's wholly-owned subsidiary, Heilongjiang Xunrui Technology Co., Ltd., was selected by China Mobile Internet as a prospective partner in its database of companies for specific project cooperation contracts. China Mobile Internet is a subsidiary of China Mobile, one of the world's largest mobile operators and the largest wireless carrier in China.

Ms. Liu Zhixin, CEO of Datasea, commented, "We believe that the opportunity to collaborate with China Mobile Internet will provide new possibilities for growth of our existing businesses, which may enable our 5G AI subsidiary to further broaden its market channels, enhance brand influence, and offer higher quality products and services to a wider range of customers."

3. New 5G AI Agreements

- During the first fiscal quarter, two of the Company's 5G-AI subsidiaries entered into new agreements to provide 5G-AI multimodal digital services, including specialized marketing tools, that have an estimated potential total value of approximately \$30 million over 12 months based on customer needs. The Company expects the new agreements will have a substantially positive impact on its financial performance in fiscal 2025 and will further enhance its positioning in China's 5G application landscape. Datasea plans to continue aggressively marketing these products and services, potentially leading to additional contracts in the near future.

Datasea's Acoustics Business

1. Technological Innovation and Applications

- The Company is continuously advancing in technological innovation and maintaining a competitive edge in the field of acoustic technology, particularly in ultrasonic technology and Schumann resonance. This enables broader and more efficient applications in disinfection and

sterilization, crop drying, security monitoring, sleep aid, beauty and skincare, as well as medical and wellness support.

2. New Product Development

- The Company continues to enhance and upgrade its range of acoustic products, including a series of ultrasonic air disinfection machines, with a particular focus on the Sleep Assurance Device (a non-contact sleep assistance device) for health improvement. This device combines cutting-edge "Acoustics + AI" precision manufacturing technology, featuring functions such as Schumann vibration for sleep aid, fatigue relief, AI voice commands, and intelligent light sensing.

3. Outlook for the Acoustics Business:

- To drive domestic growth in China, Datasea has implemented a robust new marketing strategy that integrates brand building, multi-channel marketing, and a refined pricing approach. This strategy encompasses multiple e-commerce platforms such as Tmall, JD.com, Douyin, Xiaohongshu, Dewu, Weibo, and various video channels. Through these platforms, Datasea is enhancing its brand exposure, utilizing live-streaming and influencer partnerships on Douyin, and engaging users with community-driven marketing on Xiaohongshu and Dewu. With its targeted mid-to-high-end pricing strategy and platform-specific promotions, Datasea is poised to expand its market reach and boost consumer engagement.
- In terms of international expansion, Datasea has established a U.S. subsidiary, Datasea Acoustics LLC, to lay the groundwork for a larger distribution network in North America. Datasea Acoustics LLC is focused on forming partnerships with leading U.S. retailers and distributors, and is actively pursuing collaborations in Europe and Asia. These initiatives will position Datasea to capture new market share and drive global growth.

About Datasea Inc.

Datasea Inc. ("Datasea") is a leading provider of products, services, and solutions for enterprise and retail customers in two innovative industries, acoustic high tech and 5G-AI multimodal digitalization. The Company's advanced R&D technology serves as the core infrastructure and backbone for its products. Its 5G multimodal digital segment operates on a cloud platform based on AI. Datasea leverages cutting-edge technologies, precision manufacturing, and ultrasonic, infrasound and directional sound technology in its acoustics business to combat viruses and prevent human infections, and it is also developing applications in medical ultrasonic cosmetology. In July 2023, Datasea established a wholly-owned subsidiary, Datasea Acoustics LLC, in Delaware, in a strategic move to enter the U.S. markets and to mark its global expansion plan. For additional information, please visit www.dataseainc.com.

Cautionary Note Regarding Forward-Looking Statements

This press release contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934 and as defined in the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as "will", "expects", "anticipates", "future", "intends", "plans", "believes", "estimates", "target", "going forward", "outlook," "objective" and similar terms. Such statements are based upon management's current expectations and current market and operating conditions, and relate to events that involve known or unknown risks, uncertainties and other factors, all of which are difficult to predict and which are beyond Datasea's control, which may cause Datasea's actual results, performance or achievements (including the RMB/USD value of its anticipated benefit to Datasea as described herein) to differ materially and in an adverse manner from anticipated results contained or implied in the forward-looking statements. Further information regarding these and other risks, uncertainties or factors is included in Datasea's filings with the SEC, which are available at www.sec.gov. Datasea does not undertake any obligation to update any forward-looking statement as a result of new information, future events or otherwise, except as required under law.

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DATASEA INC.
CONSOLIDATED BALANCE SHEETS

| | SEPTEMBER 30, | JUNE 30, |
|---|----------------------|-----------------|
| | 2024 | 2024 |
| | (UNAUDITED) | |
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash | \$ 937,606 | \$ 181,262 |
| Accounts receivable | 18,445 | 718,546 |
| Inventory, net | 208,062 | 153,583 |
| Value-added tax prepayment | 128,430 | 107,545 |
| Subscription receivables - related parties | 3,980,382 | - |
| Prepaid expenses and other current assets | 1,908,999 | 1,486,956 |
| Total current assets | 7,181,924 | 2,647,892 |
| NONCURRENT ASSETS | | |
| Property and equipment, net | 43,680 | 48,466 |
| Intangible assets, net | 518,306 | 546,001 |
| Right-of-use assets, net | 212,740 | 49,345 |
| Total noncurrent assets | 774,726 | 643,812 |
| TOTAL ASSETS | \$ 7,956,650 | \$ 3,291,704 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 284,140 | \$ 1,075,641 |
| Unearned revenue | 1,312,317 | 49,239 |
| Accrued expenses and other payables | 691,792 | 596,714 |
| Due to related parties | 231,551 | 654,560 |
| Operating lease liabilities | 90,794 | 53,530 |
| Bank loan payable | 1,148,786 | 1,170,298 |
| Total current liabilities | 3,759,380 | 3,599,982 |
| NONCURRENT LIABILITIES | | |
| Operating lease liabilities | 132,541 | - |
| Total noncurrent liabilities | 132,541 | - |

| | | |
|--|---------------------|---------------------|
| TOTAL LIABILITIES | 3,891,921 | 3,599,982 |
| COMMITMENTS AND CONTINGENCIES | | |
| STOCKHOLDERS' EQUITY (DEFICIT) | | |
| Common stock, \$0.001 par value, 25,000,000 shares authorized, 7,087,002 and 3,589,620 shares issued and outstanding as of September 30, 2024 and June 30, 2024 , respectively | 7,087 | 3,589 |
| Additional paid-in capital | 45,268,415 | 38,957,780 |
| Accumulated comprehensive income | 229,054 | 242,208 |
| Accumulated deficit | (41,402,311) | (39,440,322) |
| TOTAL COMPANY STOCKHOLDERS' EQUITY (DEFICIT) | 4,102,245 | (236,745) |
| Noncontrolling interest | (37,516) | (71,533) |
| TOTAL STOCKHOLDERS' EQUITY (DEFICIT) | 4,064,729 | (308,278) |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT) | \$ 7,956,650 | \$ 3,291,704 |

DATASEA INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(UNAUDITED)

| | THREE MONTHS ENDED SEPTEMBER 30, | |
|----------------------------|---|-------------|
| | 2024 | 2023 |
| Revenues | \$21,081,094 | \$6,880,743 |
| Cost of revenues | 20,884,113 | 6,806,008 |
| Gross profit | 196,981 | 74,735 |
| Operating expenses | | |
| Selling | 996,049 | 84,447 |
| General and administrative | 1,128,403 | 693,060 |
| Research and development | 103,079 | 155,004 |

| | | |
|--|----------------|--------------|
| Total operating expenses | 2,227,531 | 932,511 |
| Loss from operations | (2,030,550) | (857,776) |
| Non-operating income (expenses) | | |
| Other income (expenses), net | 55,826 | (7,864) |
| Interest income | 4,055 | 106 |
| Total non-operating income (expenses), net | 59,881 | (7,758) |
| Loss before income tax | (1,970,669) | (865,534) |
| Income tax | - | - |
| Loss before noncontrolling interest from continuing operations | (1,970,669) | (865,534) |
| Income before noncontrolling interest from discontinued operations | - | 833,546 |
| Less: loss attributable to noncontrolling interest from continuing operations | (8,680) | (9,932) |
| Less: loss attributable to noncontrolling interest from discontinued operations | - | - |
| Net loss attribute to noncontrolling interest | (8,680) | (9,932) |
| Net loss to the Company from continuing operations | (1,961,989) | (855,602) |
| Net income to the Company from discontinued operations | - | 833,546 |
| Net loss to the Company | (1,961,989) | (22,056) |
| Other comprehensive item | | |
| Foreign currency translation loss attributable to the Company | (13,154) | (161,216) |
| Foreign currency translation gain (loss) attributable to noncontrolling interest | 41,306 | (8) |
| Comprehensive loss attributable to the Company | \$ (1,975,143) | \$ (183,272) |
| Comprehensive income (loss) attributable to noncontrolling interest | \$ 32,626 | \$ (9,940) |
| Basic and diluted net loss per share | \$ (0.49) | \$ (0.01) |
| Weighted average shares used for computing basic and diluted loss per share * | 4,041,052 | 1,963,066 |

* retroactively reflect 1-for-15 reverse stock split effective on January 19, 2024

DATASEA INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

**THREE MONTHS
ENDED
SEPTEMBER 30,**

2024 2023

Cash flows from operating activities:

| | | |
|---|------------------|--------------------|
| Loss including noncontrolling interest | \$(1,970,669) | \$ (31,988) |
| Adjustments to reconcile loss including noncontrolling interest to net cash used in operating activities: | | |
| Gain on disposal of subsidiary | - | (833,546) |
| Bad debt reversal | (7,026) | - |
| Depreciation and amortization | 85,635 | 137,873 |
| Loss on disposal of fixed assets | 2,815 | - |
| Operating lease expense | 38,932 | 74,181 |
| Stock compensation expense | 375,000 | 20,100 |
| Changes in assets and liabilities: | | |
| Accounts receivable | 701,384 | (21,436) |
| Inventory | (51,064) | 137 |
| Value-added tax prepayment | (18,760) | (14,121) |
| Prepaid expenses and other current assets | (384,177) | (5,692,660) |
| Accounts payable | (794,504) | (179,875) |
| Unearned revenue | 1,242,820 | (45,332) |
| Accrued expenses and other payables | 79,650 | (56,515) |
| Payment on operating lease liabilities | (32,691) | (101,231) |
| Net cash used in operating activities | (732,655) | (6,744,413) |

Cash flows from investing activities:

| | | |
|--|-----------------|--------------|
| Acquisition of property and equipment | (2,752) | (330) |
| Acquisition of intangible assets | (44,768) | - |
| Cash disposed due to disposal of subsidiary | - | (35) |
| Net cash used in investing activities | (47,520) | (365) |

Cash flows from financing activities:

| | | |
|--|-------------------|---------------------|
| Repayment to related parties | (426,944) | (675,828) |
| Proceeds from loan payables | - | 879,422 |
| Repayment of loan payables | (40,815) | (184,425) |
| Net proceeds from issuance of common stock | 1,958,751 | 8,061,286 |
| | | |
| Net cash provided by financing activities | 1,490,992 | 8,080,455 |
| | | |
| Effect of exchange rate changes on cash | 45,527 | (136,657) |
| | | |
| Net increase in cash | 756,344 | 1,199,020 |
| | | |
| Cash, beginning of period | 181,262 | 19,728 |
| | | |
| Cash, end of period | \$ 937,606 | \$ 1,218,748 |
| | | |
| Supplemental disclosures of cash flow information: | | |
| Cash paid for interest | \$ 9,214 | \$ 5,551 |
| Cash paid for income tax | \$ - | \$ - |
| | | |
| Supplemental disclosures of non-cash financing activities: | | |
| Right-of-use assets obtained in exchange for operating lease liabilities | \$ 197,347 | \$ - |

IMPORTANT NOTICE TO USERS

The information provided is a summary only, please refer to the Form 10-Q for the full text of this notice. All information is unaudited unless otherwise noted or accompanied by an audit opinion and is subject to the more comprehensive information contained in our SEC reports and filings. We do not endorse third-party information. All information speaks as of the last fiscal quarter or year for which we have filed a Form 10-K or 10-Q, or for historical information the date or period expressly indicated in or with such information. We undertake no duty to update the information. Forward-looking statements are subject to risks and uncertainties described in our Forms 10-Q and 10-K.