

## **Datasea Announces Fiscal Year 2024 Financial Results with Revenue 6.6x that of 2023 Primarily due to Growth of its 5G AI Business**

*The Total Value of 5G-AI Contracts Currently in Process Exceeds \$100 MM*

**BEIJING, September 26, 2024** /PRNewswire/ – Datasea Inc. (NASDAQ: DTSS) ("Datasea" or the "Company"), a Nevada-based digital technology company focused on innovative high-tech intelligent acoustics and 5G AI multimodal digital technology, today announced the Company's financial results for its fiscal year ended June 30, 2024, and provided an update on its strategic initiatives.

### **Fiscal Year 2024 Financial Highlights**

**Revenue.** For the fiscal year ended June 30, 2024, Datasea reported revenue of approximately \$24.0 million, an increase of approximately \$20.4 million, or approximately 558.6%, as compared to approximately \$3.6 million for fiscal year 2023. The substantial growth in revenue is primarily attributable to the rapid expansion of Datasea's 5G AI multimodal digital business in China. The Company's effective marketing and growing customer base has played a critical role in supporting this growth.

**Noncurrent Liabilities:** As of June 30, 2024, the Company had no non-current liabilities, as compared to approximately \$1.4 million as of June 30, 2023. This decrease was primarily attributable to the reduction of approximately \$1.3 million in long-term debt, which the Company believes improves its financial structure and operating flexibility.

**Capital Reserve Balance.** As of June 30, 2024, the Company's capital reserve balance was approximately \$39.0 million, as compared to approximately \$24.1 million as of June 30, 2023, an increase of approximately \$14.8 million, or approximately 61.3%. The increase in the capital reserve provides additional capital for the Company to utilize as required by its operations, and to meet the goals of its strategic plan.

Zhixin Liu, CEO of Datasea, commented, "We are pleased with the tremendous progress achieved in fiscal year 2024, particularly with our success in the 5G AI multimodal digital business. Our commitment to technological advancement, along with the success of our customer acquisition strategy, has driven strong results in fiscal 2024. To add to our momentum, as of September 20, 2024, the Company had received approximately RMB 152.4 million (\$21.4 million) in cash prepayments from large clients."

"We are continuously upgrading our core 5G AI multimodal digital business through AI processing technology. This includes AI-driven creation and generation of various information forms such as text, sound, images, and video, as well as efficient transmission and AI digital marketing functions. We believe these advances will enable Datasea to maintain a leading position in shaping the 5G digital technology landscape," continued Ms. Liu.

“In terms of our acoustics business, we are actively implementing a global strategy for marketing and distribution. To this end, we have partnered with several well-known U.S. online retailers and local smart product distributors, including iPower Inc. and Meglio Interiors LLC, to expand the online and physical store distribution of our acoustic-related products in the United States. We continue to hold a leading position in the field of acoustics and ultrasound and believe that we have a strong competitive advantage in the field,” concluded Ms. Liu.

## **Business Highlights for Fiscal Year 2024:**

### **Datasea’s 5G AI Multimodal Digital Business**

#### **1. Technological Innovation and Platform Development**

In fiscal 2024, Datasea made significant advances in 5G AI multimodal digital technology, offering disruptive functionality enhancements. The Company's 5G AI multimodal platform integrates various information formats—such as text, sound, images, and video — with advanced AI processing to deliver high-precision, intelligent digital services. The platform’s ability to automate marketing, generate intelligent content, and provide real-time data processing has created a powerful video matrix and precision marketing tools.

These innovations have enhanced Datasea’s competitive edge in the 5G AI field, resulting in improved customer acquisition and revenue growth. By leveraging 5G’s low-latency and high-speed transmission, the platform supports large-scale, customized, multi-channel content distribution, opening new business models and marketing opportunities. These technological advances have solidified Datasea’s leadership in China’s rapidly growing 5G market, which, according to the China Academy of Information and Communications Technology, is projected to reach RMB 6.3 trillion by 2030.

#### **2. New Product Development and Applications**

In fiscal 2024, the Company developed a highly-intelligent, comprehensive digital platform with solutions spanning multiple industries, including rural revitalization, logistics, and the beauty industry. Datasea's digital platform and solutions serve more than 52 million enterprises and households in China, supporting the country's industrial and digital upgrades with its 5G AI multimodal services.

#### **3. Customer Acquisition and Market Expansion**

In fiscal 2024, Datasea experienced explosive growth in its 5G AI multimodal digital business, generating revenue of approximately \$24.0 million, an increase of approximately 558.6% compared to fiscal 2023. This substantial growth was driven by strong customer acquisition and the signing of major contracts with key clients, such as Beijing Haoteng Chuangxiang Technology Co., Ltd., which resulted in over RMB 30 million (\$4.2 million) in services provided. Additionally, the Company formed partnerships with key clients such as Xiamen

Duoqiaomai Network Technology Co., Ltd. and Hainuo Xintong (Qingdao) Network Technology Co. These partnerships and agreements have positioned Datasea as a trusted provider of innovative 5G AI solutions, enabling continued growth and strengthening its market presence in both the domestic and international arenas. This success is a key indicator of Datasea's potential for long-term growth in the competitive 5G landscape.

## **Datasea's Acoustics Business**

### **1. Technological Innovation and Applications**

Datasea continues to innovate in the field of acoustic technology, utilizing globally leading "Acoustics + AI" precision manufacturing as the framework for digital applications. With a focus on combining acoustic technology and artificial intelligence, we aim to provide high-tech acoustic products and solutions worldwide, positioning us as a key driver of the development of China's acoustic high-tech precision manufacturing industry.

Our technological innovations include areas such as non-audible sound, with the use of efficient ultrasonic disinfection technology for sanitization, odor removal, and air purification. We also leverage low-frequency and weak-intensity Magnetic Induction of Brain Rhythm (MIBR) based on Schumann resonance to improve sleep quality and brain health. In addition, we actively participate in the development of industry standards for acoustic technology, promoting the standardization and regulation of the field. Through international collaboration with technical partners in China and the U.S., we continuously enhance our leadership in acoustic technology, ensuring our advances remains at the forefront of the industry, creating strong technological barriers.

### **2. Product Development and Launch**

Our product portfolio and planning cover a wide range, from acoustic health to acoustic medicine and agriculture, demonstrating our broad approach to product innovation. In the field of acoustic health, we continuously upgrade multiple existing ultrasonic disinfection products, including devices for indoor, in-vehicle, and specialized purification scenarios. In fiscal 2024, we launched new products, like the "Datasea Tianer" series, focusing on improving air quality and comfort in home environments, and the Schumann resonance-based "Star Sleep" device for improving sleep quality. Looking ahead, we plan to introduce innovative products such as a brain health device and food and water cleaning disinfection devices, further expanding our market reach.

### **3. Market Expansion and Partnerships**

In July 2023, Datasea expanded its international presence by establishing its wholly-owned subsidiary, Datasea Acoustics LLC, in Delaware. In the current reporting period, the Company signed agreements with Meglio Interiors LLC and iPower Inc. (NASDAQ: IPW) to distribute its acoustic products across the U.S. By leveraging both online and offline channels, Datasea is bringing its advanced ultrasonic air sterilizers and other acoustic products to the

U.S. market. These partnerships not only strengthen Datasea's international footprint, but also create a solid foundation for large-scale product launches and sales, which the Company believes will accelerate growth in the global acoustic market.

### **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 communication 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](http://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](http://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.

### **Investor and Media Contact:**

#### **Datasea Investor Relations**

Email: [investorrelations@shuhaixinxi.com](mailto:investorrelations@shuhaixinxi.com)  
[sunhezhi@shuhaixinxi.com](mailto:sunhezhi@shuhaixinxi.com)

#### **Precept Investor Relations LLC**

David Rudnick  
+1 646-694-8538  
[david.rudnick@preceptir.com](mailto:david.rudnick@preceptir.com)

**DATASEA INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND  
COMPREHENSIVE LOSS**

**DATASEA INC.**  
**CONSOLIDATED BALANCE SHEETS**

	<u>JUNE 30,</u> <u>2024</u>	<u>JUNE 30,</u> <u>2023</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 181,262	\$ 19,728
Accounts receivable	718,546	255,725
Inventory, net	153,583	241,380
Value-added tax prepayment	107,545	71,261
Prepaid expenses and other current assets	1,486,956	701,423
Total current assets	2,647,892	1,289,517
<b>NONCURRENT ASSETS</b>		
Long-term investment	-	55,358
Property and equipment, net	48,466	85,930
Intangible assets, net	546,001	1,185,787
Right-of-use assets, net	49,345	137,856
Total noncurrent assets	643,812	1,464,931
<b>TOTAL ASSETS</b>	<b>\$ 3,291,704</b>	<b>\$ 2,754,448</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 1,075,641	\$ 1,005,059
Unearned revenue	49,239	609,175
Accrued expenses and other payables	596,714	1,409,939

Due to related parties	654,560	1,162,856
Operating lease liabilities	53,530	124,640
Bank loan payable	1,170,298	594,906
<b>Total current liabilities</b>	<b>3,599,982</b>	<b>4,906,575</b>
<b>NONCURRENT LIABILITIES</b>		
Operating lease liabilities	-	26,449
Bank loan payable- non-current	-	91,215
Loan payable- non-current	-	1,310,306
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>1,427,970</b>
<b>TOTAL LIABILITIES</b>	<b>3,599,982</b>	<b>6,334,545</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>STOCKHOLDERS' EQUITY (DEFICIT)</b>		
Common stock, \$0.001 par value, 25,000,000 shares authorized, 3,589,620 and 1,889,315 shares issued and outstanding as of June 30, 2024 and 2023, respectively	3,589	1,889
Additional paid-in capital	38,957,780	24,148,868
Accumulated comprehensive income	242,208	393,252
Accumulated deficit	(39,440,322)	(28,063,258)
<b>TOTAL COMPANY STOCKHOLDERS' DEFICIT</b>	<b>(236,745)</b>	<b>(3,519,249)</b>
Noncontrolling interest	(71,533)	(60,848)
<b>TOTAL DEFICIT</b>	<b>(308,278)</b>	<b>(3,580,097)</b>
<b>TOTAL LIABILITIES AND DEFICIT</b>	<b>\$ 3,291,704</b>	<b>\$ 2,754,448</b>

**DATASEA INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**

	<b>YEARS ENDED JUNE</b>	
	<b>30,</b>	
	<b>2024</b>	<b>2023</b>
Revenues	\$ 23,975,867	\$ 3,640,690
Cost of revenues	23,501,762	3,505,209

Gross profit	474,105	135,481
Operating expenses		
Selling	3,279,627	372,639
General and administrative	8,960,523	7,377,421
Research and development	359,342	569,635
Total operating expenses	12,599,492	8,319,695
Loss from operations	(12,125,387)	(8,184,214)
Non-operating income (expenses)		
Other expenses	(97,893)	(24,530)
Interest income	1,975	148
Total non-operating expenses, net	(95,918)	(24,382)
Loss before income tax	(12,221,305)	(8,208,596)
Income tax	-	-
Loss before noncontrolling interest from continuing operations	(12,221,305)	(8,208,596)
Income (loss) before noncontrolling interest from discontinued operations	833,546	(1,489,419)
Less: loss attributable to noncontrolling interest from continuing operations	(10,695)	(8,819)
Less: loss attributable to noncontrolling interest from discontinued operations	-	(209,504)
Net loss attribute to noncontrolling interest	(10,695)	(218,323)
Net loss to the Company from continuing operations	(12,210,610)	(8,199,777)
Net income (loss) to the Company from discontinued operations	833,546	(1,279,915)
Net loss to the Company	(11,377,064)	(9,479,692)
Other comprehensive item		
Foreign currency translation gain (loss) attributable to the Company	(151,044)	109,665
Foreign currency translation gain attributable to noncontrolling interest	10	29,734

Comprehensive loss attributable to the Company	\$(11,528,108)	\$(9,370,027)
	<u>                    </u>	<u>                    </u>
Comprehensive loss attributable to noncontrolling interest	\$ (10,685)	\$ (188,589)
	<u>                    </u>	<u>                    </u>
Basic and diluted net loss per share	\$ (4.38)	\$ (5.70)
	<u>                    </u>	<u>                    </u>
Weighted average shares used for computing basic and diluted loss per share *	2,597,077	1,663,458
	<u>                    </u>	<u>                    </u>

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

**DATASEA INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**YEARS ENDED JUNE**

**30**

<b>2024</b>	<b>2023</b>
-------------	-------------

**Cash flows from operating activities:**

Loss including noncontrolling interest	\$(11,387,759)	\$(9,698,015)
Adjustments to reconcile loss including noncontrolling interest to net cash used in operating activities:		
Gain on disposal of subsidiary	(833,546)	-
Bad debt reversal	-	(50,421)
Depreciation and amortization	494,480	701,430
Loss on disposal of fixed assets	2,979	2,443
Operating lease expense	167,969	620,696
Stock compensation expense	6,749,326	4,378,887
Investment loss	56,081	-
Changes in assets and liabilities:		
Accounts receivable	(717,220)	(15,387)
Inventory	91,076	(46,919)
Value-added tax prepayment	(51,078)	(29,212)
Prepaid expenses and other current assets	(810,421)	(141,545)
Accounts payable	597,744	839,735
Unearned revenue	(472,584)	353,849
Accrued expenses and other payables	(108,736)	523,534
Payment on operating lease liabilities	(177,194)	(575,156)



Net cash used in operating activities	(6,398,883)	(3,136,081)
<b>Cash flows from investing activities:</b>		
Acquisition of property and equipment	(6,868)	(3,881)
Acquisition of intangible assets	(161,054)	(80,438)
Cash disposed due to disposal of subsidiary	(35)	-
Long-term investment	-	(28,812)
Net cash used in investing activities	(167,957)	(113,131)
<b>Cash flows from financing activities:</b>		
Due to related parties	360,804	1,110,238
Proceeds from loan payables	-	2,197,400
Repayment of loan payables	(1,582,513)	(198,431)
Net proceeds from issuance of common stock	8,061,286	-
Net cash provided by financing activities	6,839,577	3,109,207
<b>Effect of exchange rate changes on cash</b>	<b>(111,203)</b>	<b>(4,484)</b>
<b>Net increase (decrease) in cash</b>	<b>161,534</b>	<b>(144,489)</b>
<b>Cash, beginning of period</b>	<b>19,728</b>	<b>164,217</b>
<b>Cash, end of period</b>	<b>\$ 181,262</b>	<b>\$ 19,728</b>
<b>Supplemental disclosures of cash flow information:</b>		
Cash paid for interest	\$ 20,516	\$ 25,501
Cash paid for income tax	\$ -	\$ -
<b>Supplemental disclosures of non-cash financing activities:</b>		
Right-of-use assets obtained in exchange for operating lease liabilities	\$ 125,280	\$ 241,093
Transfer of debt owing to the Company's CEO to Mr. Wanli Kuai	\$ 730,163	\$ -

The notes to the consolidated financial statements as filed with the SEC on Form 10-K are an integral part of these consolidated financial statements.