

Datasea Reports Fourth Quarter and Fiscal Year 2020 Results

New York — September 28, 2020 — [Datasea Inc.](#) (NASDAQ: DTSS) (“Datasea” or the “Company”), a technology company engaged in providing smart security solutions and developing education-related technologies in China, reported results for the fiscal fourth quarter and full year ended June 30, 2020.

Fiscal Fourth Quarter 2020 and Recent Operational Highlights:

- Signed two agreements with Beijing Hangteng Property Management and Jinghua Granary International Trade Co., respectively, for the Company’s Public Community Security System, and two agreements with Beijing Xuanwu Hongqi Spare-time University and Nanjing Normal University Subsidiary Primary School, respectively, for the Company’s Safe Campus Management System.
- [Entered](#) into six service agreements involving the Company’s Smart Information Service System with Shenzhen Linghang Haocheng Education Technology Co., an education training company, Shenzhen Weisou Technology Co., an application operator, and four gas stations in Shenzhen and Shanwei, all located on the Guangdong province.
- [Expanded](#) the Company’s marketing efforts by entering into a Cooperation Framework Agreement with China Africa Friendship Town Investment Group Limited to establish a general framework and promote Datasea’s products across several countries in Africa.
- [Received](#) a second subsidy from the Harbin Municipal Government to enhance and customize the Company’s Safe Campus Management System.
- [Signed](#) an agreement with Beijing Tengyuejunjie Parking Management to install the Company’s proprietary Public Community Security System in Nantaipingzhuang Beixiang, the first-of-its-kind arrangement in Beijing.
- [Selected](#) by the Harbin Municipal Government of Heilongjiang Province to conduct pilot projects of the Company’s Safe Campus Management System at two new school campuses, in addition to receiving a \$113,000 USD subsidy from the Harbin Municipal Government.
- [Secured](#) 33 purchase orders for Datasea’s customized hardware and proprietary software solutions that are being utilized in public spaces on campuses, shopping malls, scenic areas, residential areas, and factories, with cash inflow from customers in full amount.

Management Commentary

“Over the past few months, we have been able to gain momentum as a result of our diversified customer base and growing portfolio of robust product offerings, which has generated positive top line results for the first time in Datasea’s history,” said Chairman and CEO, Ms. Liu Zhixin. “I am proud to share that we have been engaged in a total of 94 agreements: 64 agreements with public communities, 24 agreements with educational institutions, and 6 with respect to our big data value-added services. In addition to our core offerings of the Safe Campus, Public Community, and Scenic Area Security Systems, we have been able to leverage our big data and Smart 3-D technology to create a Smart Information Service System, another product we can now offer to customers. This novel system, in addition to the Epidemic Control System developed last quarter, showcases our R&D ability to innovate and adapt our core technology to various market needs.

“In addition to expanding our R&D initiatives, we also plan to focus on growing our dynamic sales channels through our sales team and channel agents, in our efforts to commercialize the business domestically and internationally. As part of our development strategy, we recently launched marketing operations in Africa and look to further expand internationally to capture as much of the global market share as possible. Our team is certainly encouraged by the results we have achieved thus far, and we look forward to continue growing as a company that offers customers state of the art smart security solutions.”

Fiscal Fourth Quarter 2020 Financial Results

Total revenue was \$1.4 million for the fiscal fourth quarter 2020 compared to \$0 in the same year-ago period. The increase in revenue was primarily due to twenty recognized implementations of the Company’s Safe Campus Management System, in addition to the sales of software and hardware customized solutions developed to address certain aspects of the pandemic outbreak across a number of schools and public communities.

Selling expense increased to \$296,000 from \$16,000 in the same year-ago period. The increase was primarily driven by a significant investment to the Teenager Scientific Quality Cultivation project.

General and administrative expenses increased to \$247,000 from \$118,000 in the same year-ago period. The increase was primarily due to an increase in rent and labor expenses.

Research and development expenses increased to \$315,000 from \$35,000 in the same year-ago period. The increase was primarily due to investments in additional R&D personnel and the development of the Tour Site Security system and the Facial Recognition and Eye Protection system.

Net profit totaled \$413,000 compared to net loss of \$(140,000) in the same year-ago period.

Full Year Fiscal 2020 Financial Results

Total revenue was \$1.4 million for the full fiscal year 2020 compared to \$0 in the same year-ago period. The increase in revenue was primarily due to twenty recognized implementations of the Company’s Safe Campus Management System, in addition to the sales of software and hardware customized solutions for the pandemic outbreak across a number of schools and public communities.

Selling expense increased to \$439,000 from \$199,000 in the same year-ago period. The increase in selling expense was primarily attributed to a payment made to a service provider, Beijing R&D Education Technology, to develop and market an education platform for teachers and students.

General and administrative expense increased to \$1.6 million from \$1.1 million in the same year-ago period. The increase was primarily due to increases in rent, property management, and salary expenses.

Research and development expenses increased to \$1.1 million from \$168,000 in the same year-ago period. The increase was primarily due to investments in additional R&D personnel, the Tour Site Security system, and the Facial Recognition and Eye Protection system.

Net loss totaled \$(1.9) million compared to net loss of \$(1.4) million in the same year-ago period.

About Datasea Inc.

Datasea is a technology company in China engaged in providing smart security solutions and developing education-related technologies. Datasea leverages its proprietary technologies, intellectual property, innovative products and market intelligence to provide comprehensive and optimized security solutions and education-related technologies to its clients. For additional company 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" and similar statements. 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 many of which are beyond Datasea's control, which may cause Datasea's actual results, performance or achievements (including, without limitation, the performance and related results of operations arising from Datasea's contracts and products addressed in this press release), Datasea's ability to maintain and generate any revenue from the agreements subject of this press release, 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 U.S. Securities and Exchange Commission, 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 the law.

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