Datasea Reports Fiscal Year 2026 Results with Gross Profit Up 70.1% and Gross Margin Increased to 10.2% Despite Lower Revenue

Net Loss Narrowed 57.0% and Operating Cash Flow Turned Positive; Company Also Received an Additional 180-Day Nasdaq Compliance Period

BEIJING, October 5, 2026 /PRNewswire/ — Datasea Intelligent Technology Ltd. (Nasdaq: DTSS) ("Datasea" or the "Company"), a technology company focused on acoustic intelligence and AI-powered multimodal and agent-based digital solutions, today announced its financial results for the fiscal year ended June 30, 2026. Additional details will be available in the Company's Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission.

Fiscal Year 2026 Financial Highlights

• Revenue: Approximately $40.70 million, compared with approximately $71.62 million in fiscal 2025, representing a decrease of 43.17%. The decline primarily reflected the Company's deliberate reduction of certain standardized, lower-margin AI multimodal, traffic-related and other digital-service activities as part of an active business-mix optimization strategy.

• Gross Profit: Approximately $4.16 million, compared with approximately $2.44 million in fiscal 2025, representing an increase of 70.09%, despite the decline in overall revenue.

• Gross Margin: Increased to 10.21% from 3.41% in fiscal 2025, an improvement of approximately 6.8 percentage points, primarily reflecting a reduced contribution from lower-margin standardized services and a greater relative contribution from customized solutions, acoustic-related products and services, and other activities.

• Cost of Revenues: Decreased approximately 47.2% year-over-year, at a rate greater than the 43.17% decrease in revenue, contributing to the significant improvement in gross profit and gross margin.

• Operating Expenses: Decreased approximately 15.0% to $6.46 million from approximately $7.60 million in fiscal 2025. Selling expenses declined approximately 38.5%, while general and administrative expenses declined approximately 43.1%.

• Research and Development: Increased approximately 180.3% to $2.57 million from approximately $0.91 million in fiscal 2025, reflecting continued investment in acoustic intelligence, NeuroVibe, biofeedback and brain-computer-interface-related technologies, acoustic signal enhancement, product engineering, AI multimodal perception and AI-agent technologies.

• Operating Loss: Narrowed to approximately $2.30 million from approximately $5.15 million in fiscal 2025, representing an improvement of approximately 55.3%.

• Net Loss Attributable to the Company: Narrowed to approximately $2.19 million from approximately $5.09 million in fiscal 2025, representing an improvement of approximately 57.0%.

• Operating Cash Flow: Net cash provided by operating activities was approximately $1.98 million, compared with net cash used in operating activities of approximately $2.37 million in fiscal 2025, representing a year-over-year improvement of approximately $4.35 million.

Management Commentary

Ms. Zhixin Liu, Chief Executive Officer of Datasea, commented:

“Fiscal 2026 was an important year in the evolution of Datasea’s business model. Our reported revenue declined during the year. However, we believe revenue alone does not fully reflect the progress made in the underlying quality of our business. Cost of revenues declined faster than revenue, gross profit increased approximately 70%, and gross margin improved from 3.41% to 10.21%. These results reflect the financial impact of our efforts to improve our business mix and focus more closely on profitability and sustainable value creation.”

“We also continued to improve operating efficiency. Selling and general and administrative expenses declined substantially, while we simultaneously increased research and development spending by approximately 180%. This reflects an important shift in how we allocate capital and operating resources — reducing lower-efficiency expenditures while continuing to invest aggressively in technologies and products that we believe can support Datasea’s long-term growth.”

“Importantly, these changes translated into a meaningful improvement in our bottom line. Operating loss narrowed by approximately 55%, net loss narrowed by approximately 57%, and operating cash flow turned positive for the fiscal year. While we have not yet reached profitability, we believe the significant narrowing of losses, together with higher gross margins and improved operating cash flow, represents meaningful progress toward a more balanced and sustainable earnings model.”

The Company also recently received an additional 180-calendar-day compliance period from Nasdaq to regain compliance with the minimum bid price requirement until March 22, 2027. The additional compliance period provides the Company with further time to regain compliance in accordance with Nasdaq Listing Rule 5550(a)(2).

Investment in Technology and Future Growth

Rather than broadly reducing investment in response to lower revenue, Datasea continued to increase resources allocated to core technology development.

Research and development expenses increased to approximately $2.57 million in fiscal 2026, compared with approximately $0.91 million in fiscal 2025.

The Company's R&D activities during the year focused principally on acoustic intelligence, NeuroVibe and related biofeedback and brain-computer-interface technologies, acoustic signal enhancement, product engineering, AI multimodal perception, and AI-agent technologies and platform capabilities.

Datasea believes this resource allocation supports its longer-term strategy of transitioning from volume-driven digital services toward a portfolio with greater technology differentiation, stronger product capabilities and improved value-added potential.

Business Outlook

Looking ahead, Datasea intends to continue pursuing disciplined growth across its two principal technology platforms:

• Acoustic Intelligence: Continue product development, engineering, regulatory advancement and commercialization of acoustic healthcare and acoustic medical applications, including the NeuroVibe platform, while expanding the potential application of the Company's acoustic technologies across additional healthcare and industry scenarios.

• AI Multimodal and AI-Agent Solutions: Continue shifting toward higher-value customized digital solutions and AI-agent services designed to support enterprise customer operations, marketing execution, customer interaction, data analysis and other recurring business processes.

The Company believes fiscal 2026 represents an important stage in its transition toward a more technology-driven, higher-margin and operationally efficient business model. The pace and ultimate success of this transition will depend on customer adoption, commercialization progress, operating costs, market conditions and the Company's ability to convert its developing technologies and products into sustainable revenue and cash flow.

About Datasea Intelligent Technology Ltd.

Datasea Intelligent Technology Ltd. (Nasdaq: DTSS) is a technology company focused on acoustic intelligence and AI-powered multimodal and agent-based digital solutions.

The Company is developing and commercializing acoustic technologies across healthcare, medical and other application scenarios while continuing to advance AI multimodal technologies and AI-agent solutions designed to support enterprise digital operations and customer-service applications.

Through continued investment in technology development, product engineering and commercialization, Datasea seeks to build scalable technology platforms and higher-value products and services for customers in China, the United States and other markets.

For additional information, please visit www.dataseainc.com.

Cautionary Note Regarding Forward-Looking Statements

This press release contains forward-looking statements involving risks and uncertainties, including but not limited to statements regarding the commercialization progress of the Company's products in target markets, compliance with regulatory obligations, market validation results, product iteration plans, channel development, application expansion and future business prospects. Actual results may differ materially from those expressed or implied by these forward-looking statements. Investors should not place undue reliance on these statements. Further information regarding risks and uncertainties is included in the Company's filings with the U.S. Securities and Exchange Commission. The Company undertakes no obligation to update any forward-looking statement except as required by applicable law.

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