

December 14, 2023

Company name	Datasection Inc.	
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	Director and CEO	
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Notice on Losses of Consolidated Subsidiary

Jach Technology SpA (Jach is a Chilean corporation), a wholly-owned consolidated subsidiary of the Company, announces that it may incur a loss on the issued class stocks (preferred stocks) in the future due to Jach's preferred dividend to preferred shareholders based on the terms of the preferred stocks as follows.

1. Background

Jach, a consolidated subsidiary of the Company, issues non-voting preferred stocks with preferred dividend rights that are linked to the amount of preferred dividends if certain performance criteria are met. According to the contract with the preferred shareholders, the preferred dividend rights will accrue at the end of the specified period of calculation of performance requirements, etc., by the preferred shareholders. However, as the achievement of the performance requirements has been confirmed by the end of the current performance calculation period, discussions have been initiated with the preferred shareholders on the treatment of the preferred dividend rights. In the future, Jach, a major consolidated subsidiary, will disclose this information in a timely manner as a loss may be recorded in connection with the determination of the preferred dividend rights.

2. Summary of Class of Stock (Preferred Stock)

(1) Class of stock	Preferred stock
(2) Number of shares outstanding	30,545,002 shares
(3) Shareholders' rights	No voting rights With preferred dividend rights that are linked to the amount of preferred dividends if certain performance criteria are met
(4) Amount of preferred dividends	USD 3,299,158 (maximum)
(5) Preferred shareholders	Not disclosed as consultations with preferred shareholders have been initiated and are ongoing.

3. Future Outlook

As mentioned above, the Preferred Dividend Rights will be determined after consultation with the preferred shareholders and the determination by the preferred shareholders of a period for the calculation of performance requirements, etc. It is expected that the maximum amount of the preferred dividend will be USD 3,299,158 based on the achievement of the performance requirements.

As a result, there is a possibility that Jach, a major consolidated subsidiary, may incur a loss equal to the amount of preferred dividends expected at this time. The Company will provide timely disclosure, and once details such as the future structure, implementation timing and accounting treatment are finalized, the Company will assess the extent of the impact on business results and provide separate timely disclosure regarding such details and the need to revise the forecast of business results.