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Table of Contents**4.14.3 Sales tax**

Revenue from sales is recorded by the Company net of sales tax, and a liability is recognized in the statement of financial position for the related sales tax amount. Expenses and assets acquired are recorded by the Company net of sales tax if the tax authorities credit these taxes to the Company, recognizing the accumulated amount receivable in the statement of financial position. When the sales tax incurred is not recoverable, the Company includes it within the expense or asset, as applicable.

**4.15 Operating leases**

The Company holds lands for the Project under lease agreements with third parties. Leases in which the Company, as lessee, does not substantially retain all risks and benefits incidental to asset ownership are considered operating leases. Payments on these leases, according to rates established in the respective contracts, are recognized as expenses over the lease term.

**4.16 Significant accounting judgments, estimates, and assumptions**

Financial statement preparation requires Management to make judgments, estimates and assumptions affecting reported amounts of revenue, expenses, assets and liabilities, and to disclose contingent liabilities as of the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require an adjustment to the carrying amount of the asset or liability affected in future periods.

**4.16.1 Judgments**

In applying the Company's accounting policies, management has used the following judgment, apart from those implied in the estimates, which has an effect on the amounts recognized in the financial statements:

**Operating leases**

The Company's commercial activities include the lease of land on which the Project was established. Based on an evaluation of the terms and conditions of the signed lease contracts, the Company has determined that it does not retain the risks and rewards of the leased properties; therefore, it has classified the lease contracts as operating leases.

**Development costs**

The Company capitalizes development costs for a project in accordance with the accounting policy. Initial capitalization of costs is based on management's judgment that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalized, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

**4.16.2 Estimates and assumptions**

The main assumption related to future events and other sources of estimates subject to variations as of the reporting date, which due to their nature carry a risk of causing adjustments to the asset and liability amounts in next year's financial statements, is presented below:

**Impairment of non-financial assets**

The Company estimates that there are no indicators of impairment for any of its non-financial assets as of the reporting date.

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