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Common Control Transactions—The assets (including goodwill, if any) and liabilities acquired or transferred from entities under common control with the Group are recorded at the carrying value recognized by the transferor. The difference, if any, between the carrying value of the net assets acquired or transferred and the consideration paid by the Group is accounted for as an adjustment to Parent's net investment.

Functional Currency—The functional and reporting currency of the Group and the individual financial statements of the entities included in the combined financial statements is the Brazilian real (R$), the primary economic environment in which they operate. Transactions denominated in currencies other than the functional currency, if any, are measured using exchange rates prevailing at the date of the transactions. Monetary assets and liabilities in foreign currencies are translated to the functional currency using period-end exchange rates. Resulting foreign currency exchange gains and losses from the settlement or translation of foreign currency transactions and balances are recognized in the combined statements of income. During the periods presented, the Group did not enter into any transactions denominated in currencies other than the Brazilian real.

Classification of assets and liabilities as current and noncurrent—Assets that are expected to be realized or are intended for sale or consumption within twelve months as of the end of the reporting periods are classified as current assets. Liabilities that are expected to be settled within twelve months as of the end of the reporting periods are classified as current. All other assets and liabilities are classified as noncurrent.

Financial Instruments—Financial assets and liabilities are recognized when the Group or its subsidiaries are parties to the underlying contracts and are initially measured at fair value.

Financial assets—The Group classifies its financial assets as follows:

Held-to-maturity investments—These are assets with fixed or determinable cash flows and maturities in which the Group intends to hold to maturity. The Group has designated its restricted deposits (see note 9) in this category. They are recorded at amortized cost plus interest using the effective interest method, net of any impairment.

Loans and receivables—These are assets with fixed or determinable payments that are not traded or quoted in an active market. The Group's trade receivables (see note 5) are designated in this category, and are initially recognized at fair value (generally the original invoice amount), and are subsequently recorded at amortized cost, net of any impairment.

Fair value through profit or loss—These are derivatives or assets that are acquired principally for selling in the short term. The Group's short-term investments have been designated in this category as part of its overall cash management strategy. These assets are recorded at fair value, with changes recognized in the combined statements of income.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Impairment of financial assets—The Group assesses at the end of each period whether there is objective evidence that financial assets are impaired. A financial asset is considered impaired and impairment losses are incurred when there is objective evidence of an impairment as a result of events occurring after the initial recognition of the asset, and that these events have an impact on the future cash flows of the asset that can be reliably estimated. If impaired, financial assets are written down to their net recoverable amounts with a corresponding loss recognized in the combined income statements. If, in a subsequent period, the amount of the impairment loss decreases as a result of events subsequent to the recording of the impairment, a reversal of the previous impairment loss is recognized in the combined income statements.