

MOODY'S

RATINGS

Rating Action: Moody's Ratings downgrades Cosan to Ba3; places rating under review for further downgrade

24 Feb 2026

New York, February 24, 2026 -- Moody's Ratings (Moody's) has downgraded Cosan S.A. ("Cosan") Corporate Family Rating (CFR) to Ba3 from Ba2 and placed the rating under review for further downgrade. Similarly, we downgraded Cosan Overseas Limited's backed senior unsecured notes rating to Ba3 from Ba2 and placed the ratings under review for further downgrade. Previously, the outlook for both entities was negative.

RATINGS RATIONALE/FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

The downgrade incorporates the uncertainties regarding the capital restructuring and adequacy which will be undertaken by Raizen S.A. (Caa1 negative), Cosan's key shared control subsidiary, and the increased risk perception towards the Cosan group. Cosan does not guarantee the debt of Raizen limiting direct contagion from the deterioration of the subsidiary, but the situation at Raizen is still developing and there is a high level of uncertainty regarding the possible effects of such restructuring to creditors and stakeholders. Stakeholders of the Cosan group are likely to remain more cautious observing the developments at Raizen, which may delay or restrict terms of asset sales and market access for Cosan and key subsidiaries. We do not expect any dividends to be paid from Raizen in the next 2 harvests, therefore the dependence on a sustained stream from Compass and other subsidiaries increases.

The review for downgrade will observe further developments in Raizen's capital restructuring and adequacy, and possible indirect effects that may exacerbate the risk perception towards the Cosan group. A downgrade could result from the company's inability to continue reducing the debt at the holding level. For instance, if Cosan was to increase direct support to Raizen delaying the deleveraging trend at the holding. A weakening in liquidity, including broad declines in equity valuations or tightening credit conditions such that asset sales or capital market access becomes unattractive or inaccessible could also build negative pressure to the rating. Weakening of credit quality or operating performance of any of Cosan's key subsidiaries, such that the upstream of dividends is affected, could also result in a downgrade.

We downgraded Raizen on February 9th after the announcement that it had engaged with financial and legal advisors to assist the company in developing alternatives to strengthen its liquidity position and optimize its capital structure. Given the high debt balance of the company, still developing operating performance, and uncertainty regarding a possible equity injection by shareholders Shell Plc (Shell, Aa2 stable) and Cosan S.A., we view that the risks of a distressed exchange or a default like transaction at Raizen had increased and needed to be incorporated into its rating.

Governance is a key factor in the rating assessment of Cosan and it mirrors the a lack of a timely and effective oversight to avoid and remediate the aggressive debt-driven expansion and sustained negative free cash flow which led to the deterioration in Raizen's financial profile.

Cosan's Ba3 CFR reflects its diversified portfolio of businesses, including the entire sugar-ethanol chain; fuel distribution, including convenience stores, natural gas, lubricants, and logistics operations; and its good liquidity profile. Historically Compass and Raizen had been the key contributors of dividends, but since 2021-2022 we have observed an increasing capacity of other subs to increase dividend upstream, such as Rumo S.A. (Ba2 stable), Moove, and Radar. The holding company's diversified sources of dividends mitigates volatility of cash flow streams from specific segments. Following a BRL10.5 capital injection the holding company has reduced its debt balance consistently which will help it to observe an adequate interest coverage going forward. Also supporting the ratings is the shareholding agreement with the addition of new shareholders BTG Pactual Asset

Management (Banco BTG Pactual S.A., Ba1 stable long-term deposit rating) and Perfin Infra Administração de Recursos Ltda, joining controlling shareholder, Aguasanta, which was diluted but still holds 50.1% of the shares under the agreement.

Cosan's ratings are constrained by the acquisitive growth history of the company and its subsidiaries. Additionally, the uncertainty regarding Raizen's capital restructuring developments and its indirect effects for Cosan and other companies in the group are a constraint.

Headquartered in São Paulo, Cosan S.A. is a holding company with a shared control of Raizen S.A. (sugar-ethanol; fuel distribution, including convenience stores), via a joint-venture with Shell Plc (Aa2 stable); controlling stakes in Compass Gás e Energia S.A. (natural gas), Rumo S.A. (railways and logistics), Moove Lubricants Holdings (lubricants), Radar Gestão de Investimentos S.A. (land management), among other investments.

The principal methodology used in these ratings was Investment Holding Companies and Conglomerates published in April 2023 and available at <https://ratings.moodys.com/rmc-documents/401316>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

The net effect of any adjustments applied to rating factor scores or scorecard outputs under the primary methodology(ies), if any, was not material to the ratings addressed in this announcement.

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At least one ESG consideration was material to the credit rating action(s) announced and described above. Moody's general principles for assessing environmental, social and governance (ESG) risks in our credit analysis can be found at https://ratings.moodys.com/documents/PBC_1462204.

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