



Rating Action: Moody's Ratings Downgrades Raizen to Caa1, negative outlook

09 Feb 2026

New York, February 09, 2026 -- Moody's Ratings (Moody's) downgraded to Caa1 from Ba1 the Corporate Family Rating (CFR) of Raizen S.A. (Raizen). Concurrently, we downgraded to Caa1 from Ba1 the \$187 million senior unsecured notes rating due 2027 issued by Raizen Fuels Finance S.A. and guaranteed by Raizen S.A. and Raizen Energia S.A. The outlook was changed to negative from Rating Under Review.

The downgrade follows the announcement by Raizen, on February 9th, 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. (Ba2 negative), we view that the risks of a distressed exchange or a default like transaction has increased and needs to be incorporated into the present rating of Raizen.

RATINGS RATIONALE

The current rating incorporates a deterioration of Raizen's credit metrics, high leverage and sustained negative cash flow generation, given the high interest burden and still weaker than usual results on the sugar-ethanol core segment – below potential crushing level and lower cost dilution in 2025-26. The current debt level continues to impose significant constraints on the business, challenging Raizen's ability to sustain positive cash generation. We do not foresee a significant recovery in the near term and expect leverage to close the harvest at over 5.5x with sustained negative free cash flow. In our view, improved credit metrics along with a solid liquidity are necessary to mitigate the inherent volatility of the commodity markets to which the company is exposed in sugar-ethanol business. The sugar-ethanol business in particular requires relatively large capex to support the quality of plantations and agricultural productivity, while being exposed to considerable event risk including weather conditions.

Governance is a key factor in the rating assessment and the present situation is a direct outcome of the strategies pursued during the pre-turnaround cycle, which focused on an aggressive, debt-driven growth strategy that pushed leverage up.

Raízen's fundamental profile still incorporates its solid position in the sugar cane and fuel distribution businesses in Brazil. Raízen is a joint venture between Cosan S.A. and Shell Plc. At the present moment we do not incorporate any direct support by shareholders, but recognize that Raízen benefits from its ownership by Shell Brazil Holdings BV, a 100% subsidiary of Shell, derived from Shell's brand and managerial expertise, and Cosan, given its local expertise and execution track record. The ratings consider the existence of cross guarantees between Raízen Energia and Raízen in most debt instruments.

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

A downgrade could occur if Raizen announces a distressed exchange or a default like transaction.

An upgrade could occur if Raizen is able to improve its capital structure substantially reducing its debt balance without incurring a distressed exchange or a default like transaction, sustain an adequate liquidity, sustain consistent operational improvements, and reduces capex so that it can return to positive free cash flow generation.

The principal methodology used in these ratings was Protein and Agriculture published in October 2025 and

available at <https://ratings.moodys.com/rmc-documents/452285>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

Raizen's Caa1 rating is four notches below the Ba3 scorecard-indicated outcome by our Protein and Agriculture methodology in the twelve months ended in September 2025. Current ratings incorporate the uncertainty regarding an equity injection and measures to improve Raizen capital structure which could be considered a distressed exchange.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on <https://ratings.moodys.com/rating-definitions>.

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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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Erick Rodrigues
Vice President - Senior Analyst

Marcos Schmidt
Associate Managing Director

Releasing Office:
Moody's Investors Service, Inc.

250 Greenwich Street
New York, NY 10007
U.S.A.
JOURNALISTS: 1 212 553 0376
Client Service: 1 212 553 1653

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