



Rating Action: Moody's Ratings Downgrades Raizen to Ca; stable outlook

18 Mar 2026

New York, March 18, 2026 -- Moody's Ratings (Moody's) downgraded to Ca from Caa3 the Long Term Corporate Family Rating (CFR) of Raizen S.A. (Raizen). Concurrently, we downgraded to Ca from Caa3 the \$187 million backed 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 changed to stable from negative.

The downgrade follows the 180 days standstill granted by a São Paulo Bankruptcy and Judicial Reorganization Court to Raizen under a proposed out-of-court restructuring plan with the initial approval of 47% of the creditors included in the agreement. We consider the beginning of the standstill as distressed exchange and we expect Raizen to refrain from paying interest and amortizations on the debts included in the agreement during the negotiation period. Debts in the agreement include cross-border bonds, local debentures, agricultural receivables certificates, rural producer financial notes, export credit notes, pre-payment of exports and other financial debt. Outside the scope of this group of creditors Raizen plans to maintain the normality in transactions with other creditors and stakeholders including employees, clients, suppliers, distributors, and partners.

RATINGS RATIONALE

The Ca rating incorporates the standstill on certain debts of Raizen which we consider as a distressed exchange. The ratings also incorporate 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 5.9x 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.

Raizen's fundamental profile still incorporates its solid position in the sugar cane and fuel distribution businesses in Brazil. Raizen 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 Raizen 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 Raizen Energia and Raizen in most debt instruments.

The stable outlook reflects our expectation that Raizen will maintain its operations during the standstill period and that negotiation with creditors will help the company to improve its capital structure while limiting losses to creditors.

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

We could downgrade Raizen's rating if the recovery prospects for the company's creditors deteriorate.

An upgrade could occur if Raizen is able to improve its capital structure substantially reducing its debt balance, sustaining an adequate liquidity and a consistent operational performance.

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 Ca rating is seven 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.

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