



Transcript

COSAN 1Q26

Operator

Good morning and thank you for waiting. Welcome to COSAN's First Quarter 2026 Earnings Release Conference Call.

Simultaneous translation will be available during the session by clicking on "Interpretation", the button with the globe at the bottom of the screen and choosing your preferred language Portuguese or English.

If you're listening to the conference call in English, you have the option to mute the original audio in Portuguese by clicking on "Mute Original Audio". The conference call is being recorded and will be available on the company's IR website at cosan.com.br

During the company's presentation, attendees will be on a listen only mode. The Q&A session will begin once the presentation is concluded.

Please note that the information contained in this presentation and in statements that may be made during the conference call regarding COSAN's business prospects, projections and operating and financial goals are based on beliefs and assumptions of the Company's Executive Board as well as information currently available.

Forward looking statements are not a guarantee of performance as they involve risks, uncertainties and assumptions and refer to future events that depend on circumstances that may or may not materialize.

Investors should bear in mind that overall economic circumstances, market conditions and other operating factors may affect COSAN's future performance and lead to results that differ materially from those expressed in such forward looking statements.

I will now turn it over to Mr. Fernando Tinel.

Fernando Tinel:

Good morning and welcome to our first quarter 2026 earnings conference call.

Before we begin, I'd like to briefly go through our standard disclaimer regarding estimates, forward looking statements and projections that may be discussed during this conference call. On the next slide, I'll start with COSAN's financial highlights and those of its investees

At COSAN, we ended the quarter with a net loss of 1.6 billion BRL, an improvement of 0.2 billion versus 1Q25. This result reflects an impact of approximately 1 billion related to the prepayment of the 29, 30 and 31 bonds recorded in a financial result and deferred income tax lines with no cash effect and partially offset by the improved performance of the portfolio.

Expanded net debt increased 18% quarter on quarter, mainly due to the absence of relevant dividends in the period and the effects of the debt prepayments previously mentioned. However, when compared to the same period in 2025, it decreased 34% reflecting the proceeds from the capital increase received in the last quarter of that year.

Finally, the interest coverage ratio reached 0.4 times versus 0.9 times in the previous quarter. The decrease was mainly explained by lower dividend receipts over the last 12 months as the effects of COMPASS's capital reduction which had positively impacted the indicator, no longer contribute to the numerator of this metric.

Still on the same slide, we provide a brief overview of our investee's financial performance. It was a quarter with solid results largely in line with 1Q1Q25 reflecting consistent business performance as well as the respective impacts on COSAN through the equity method.

As of 03-26-26. For purposes of COSAN's financial statements and this earnings presentation, COSAN no longer recognizes RAÍZEN's results. This change reflects the fact that the carrying amount of the investment was reduced to zero following the impairments recognized at the end of 2025 and as a result RAÍZEN's results are no longer recognized under the equity method. Accordingly, management concluded that disclosing this information has become immaterial for COSAN's reporting in line with the accounting practices set forth under the CPC.

Moving on to the next slide, we highlight the operating performance of our businesses, which illustrates the solid results delivered this quarter. Starting with RUMO, the company posted record transported volumes up 25% with the highlight being the strong performance of the Northern operation which contributed to the dilution of fixed cost and expenses as well as market share gains in its operating regions, especially at the port of Santos. As a result, reported EBITDA was 7% higher than in 1Q25.

At COMPASS, the quarter saw slightly higher distributed gas volumes and EBITDA up 2% versus 1Q25 supported by an improved distribution mix and higher volumes at Edge.

I'd also highlight the startup of the new off grid B2B LNG operations and One BIO biomethane plant.

Turning to MOOVE, the company continues its post fire optimization cycle. The period was marked by higher sales volumes and a 10% increase in lubricant sales mainly in South America, resulting in EBITDA slightly above the prior year period which continued market share recovery reaching 16.4% in Brazil according to IBP.

Finally, at RADAR due to lower income from land leases, EBITDA decreased 27% versus 1Q25, largely reflecting lower ATR and soybean prices.

We now move to the next slide where we highlight the key events and transactions of the quarter and the related cash flow movements, all aligned with our goal of reducing companies leverage.

Among the main uses of cash, we announced the early redemption of the first series of the 4th and 6th issuance of debentures totaling a reduction of approximately 566 million BRL in gross debt and we fully redeemed the bonds maturing in 29, 30 and 31, which totaled approximately 5.6 billion, resulting in an overall reduction of 6.2 billion BRL in the company's indebtedness.

We ended the quarter with a solid cash position of 7.7 billion BRL. Lastly, as a subsequent event, we concluded COMPASS's secondary public offering of common shares, a transaction directly aligned with our capital, recycling and deleveraging strategy.

As part of this transaction, COSAN sold part of its stake in COMPASS at a price of 28 BRL per share, and as a result, the company may receive approximately \$2.5 billion in cash proceeds. Considering the additional allotment if the supplementary shares are fully placed. It is important to highlight that despite the partial sale, COSAN remains COMPASS's controlling shareholder.

On the next slide, we summarise the impacts of the initiatives carried out during the quarter on our indebtedness. We significantly reduced expanded gross debt by 6.5 billion BRL, extending the average maturity to 6.1 years with a comfortable amortization schedule that is appropriate for the company's current stage.

In addition, the average cost of debt, excluding the perpetual bond was CDI, plus 1.15% per year.

Our expanded net debt, which considers the preferred share structure at COSAN debts, currently stands at 11.5 billion BRL and continues on a downward trajectory when considering the last few quarters.

In summary, all that, all actions taken on this front since the beginning of 2025 reinforce our

focus and commitment to continue deleveraging and simplifying the holding company's portfolio.

This concludes our earnings presentation. We will now begin the question-and-answer session.

Operator:

We will now begin the Q&A session with Mr. Marcelo Martins, Mr. Rafael Bergman and Mr. Fernando Tinel.

To ask questions, please click on the raise hand icon at the bottom of the screen to join the queue. When your name is announced, a prompt to activate your microphone will appear on the screen. Please unmute your microphone and proceed with your question.

We kindly request that attendees limit their questions to one. If you are listening to the conference call in English, please ask your questions in writing by clicking on the Q&A button. Questions in writing sent via the Q&A button will be answered after the conference by COSAN's IR team.

A survey regarding the earnings presentation for the first quarter 2026 is available by scanning the QR code on the screen.

Please take the time to answer it and help us improve our future earnings release presentations. Thank you.

The first question is from Mr. Matheus Enfeldt from UBS. Please go ahead.

Matheus Enfeldt (UBS):

Hi, good morning. Thank you for your time and for taking my question

Could you help us predict the company's expanded net debt movement over the next 12 months, given that there was a relevant surprise this quarter and the debt went up to by about 1.6 billion BRL?

Looking at the expanded net debt at the end of Q1, so 11.5 billion BRL. I know that there was a 2 billion drop from COMPASS sale, but if we look at a 15% interest rate, that should use up about 1.4, 1.5 billion BRL. And the cost of the preferred shares outside the expanded net debt, plus the cost of TRS, that's another 800 million BRL around that ballpark.

So considering the interest rates and how much of that will be accrued over the year, we're talking about 2.2 billion plus another 300 from the holding company. So that's the kind of dividends we're talking about for this year. So, it looks like a tough year for the company in

terms of cash generation going back to the debt service cover ratio above 1.

So what are the levers the company can move to improve prospects to generate cash over the next 12 to 24 months?

That's my question, thank you.

Rafael Bergman:

Hi, Matheus, this is Rafael. First of all, can you hear me?

Matheus Enfeldt (UBS):

Okay, It's a bit quiet, Rafa.

Rafael Bergman:

Actually, I'm going to try and speak up. Matheus, thank you for the question.

Maybe as a starting point I should talk about the cash flow or the movement of the net debt, as we said in our release, a large part of that net debt movement in the quarter was due to one off effect relative to our liability management strategy. So, the payment of the premiums on early accruals, referring to the prepayment of debts. The VPL, however, was very positive. So, it just brought forward that cash effect.

Also, we dismantled COSAN's TRS and as a strategy that went back to COSAN's Treasury, a part of that we have disposed of with a cash effect in Q2. But it did have an impact on Q1 and as you put so well, and that's not a one off, in fact, it's a change in strategy.

Part of the effect of the net debt movement is that we'll start recognizing in our financial results and as a consequence that will accrue in the net debt.

The cost of COSAN DEZ preferred shares because of the renegotiation that we had at the end of the year. So, there was a renegotiation, it went into force with relevant costs for the company, but there's a change in the line. So, what used to go out as a minority shareholder, now it's in our financial result line. So it's important to clarify that.

So that said, that's the starting point for this quarter, that net debt balance of 11.5 billion BRL. What's not part of that is what's not considered as debt, what's not in accrued, and the financial result is RUMORs TRS, which is not there, and obviously the calculation on about 3 billion BRL, which was the disposal that was done with the corresponding value of the derivatives. So that's our starting point in terms of the concrete actions that were taken.

We started off the year doing very well first with the decision and the execution of the procurement, and this is all thanks to COMPASS's team. They've been working very hard and they worked really well on the transaction. It was a successful transaction.

We chose the right market window to execute on that transaction and that's been translated into up to 2.5 billion BRL depending on the exercises that take place. So that's very positive, It shows the intentions of our actions.

And as we've been saying, there are also other ongoing initiatives looking at our portfolio because at the end of the day, the commitment we made at the time of capitalization last year was to continue with that leverage level at the hold co-level by sharing our stake in companies in the portfolio. So, we're, we're continuing to do that actively.

As for selling subsidiaries, there was an impact on the debt service coverage ratio which we reported now. Each subsidiary has its own costs discussing their own levels.

COMPASS continues to perform very well, as you saw in the earnings release. Also, MOOVE is going through excellent recovery. We're very happy with the results delivered by the team. Fantastic recovery considering the fire that took place at the Rio de Janeiro plant. RUMO is still going through a key CAPEX cycle ending the first phase of the Mato Grosso project and we don't see a relevant dividend level RUMO.

So yes, the dividend level will be helpful, but the main initiative to deleverage the Hold.co is not through the subsidiary's dividends, it is buy share by selling stake in the group's assets.

Right. Thank you for the question, Matheus.

Matheus Enfeldt (UBS):

Thanks, Rafael.

Operator:

The next question is from Thiago Duarte from BTG Pactual.

Thiago Duarte (BTG Pactual):

Hi, good morning.

My question is about the subsidiaries that are not listed. We have access to their results together with COSAN's results.

So at MOOVE, as Rafa just said, fantastic recovery. The shared data is also very encouraging. Could you give us some detail on what you think is missing in terms of profitability. What's

missing to get back to two-digit profitability levels, considering the margins, is it still the South America operation, especially Brazil, in terms of recovering volume and share, or is it to do with the Northern Hemisphere operations?

I'd love to hear your outlook on that because, I think that's a key part to for the business to achieve stability and so that MOOVE can join this divestment pipeline Rafa just mentioned. And at RADAR, same thing but if you could talk about the speed of sales, the format of sales, or what kind of stake you're thinking about selling and the properties, whatever you can share concerning the short term would be great.

Thank you.

Rafael Bergman:

Hi Thiago, good morning. This is Rafael again. I'll take your questions.

We'll start with RADAR. The team has a recurring asset recycling process which they have been executing on over the years. Obviously now focusing a lot more on selling properties and not necessarily buying new property, in line with our efforts.

Obviously, selling individual properties sometimes provides us an opportunity to maximize value, but COSAN and our partners strategic direction is to consider broader perimeters, looking at different sets of properties or regions.

I think it's unlikely we'll see a full transaction considering RADAR giving the heterogeneous portfolio, but yes, we are looking at broader perimeter of the portfolio. So that's that on RADAR.

About MOOVE, MOOVE still has plenty of opportunities that they're working on to resume profitability, as you said, we still have a journey to go on in Brazil, but there has been substantial recovery. The team has been saying that they are working on the inefficiencies with this new multi-site model, and the message we're getting from them is that they will work on that over the years.

So this was a strong quarter, but it does not represent the potential of MOOVE's profitability in Brazil or Latin America. So as a shareholder, we expect that to improve over the next quarters, and in the US, it wasn't their strongest year. They also have plenty of opportunities to negotiate contracts. Those are ongoing and we also expect to see some recovery there.

So we're very optimistic about MOOVE, and let's not forget that things will progress over the years so that we can get to the end of the year with a better picture of what MOOVE's recurring business will be with this multi-site model. So that's the trajectory we're seeing for the company at the moment.

Thank you, Thiago.

Thiago Duarte (BTG Pactual):

Thank you. Thanks, Rafa.

Operator:

The next question is from Bruno Amorim, Goldman Sachs. Please go ahead.

Bruno Amorim (Goldman Sachs):

Hi, good morning. Thank you for Taking my questions

I'd like to hear a bit more about RUMO, please. Part of the stake was based on the swap. So why did you decide to do that? I know that the company hasn't made a decision yet whether they are going to give up that stake in the company or not. So, it would be interesting to understand the rationale behind that move. And is it reasonable to expect that if the company does decide to sell part of the stake or its full stake at RUMO, would the first move to dispose of the stake that's in the swap or are they not related moves?

So if this first swap move isn't necessarily a sign that that would be the first thing the company would do if that decision is made.

Rafael Bergman:

Hi, Bruno. I'll take your question.

What we did at the end of last year to dispose of about 10% of shares at RUMO through derivatives was because we were pursuing more liquidity and efficiency.

So there was more cash we brought into COSAN at low cost and it helps us with our liability management strategy for the year.

So that's what we decided on at the end of last year. The portfolio conversation is a separate conversation. We've been talking about our intention to improve the portfolio's profile, to keep it compatible in terms of debt and dividend payout.

So that's something that's being considered, but there's nothing concrete to share about that, and if something is announced and done to that sense, then that will be a tactical decision. We'll see that in January 2027 at RUMO, when the investee's TRS will end. So it will be a tactical decision that we'll make over time.

Bruno Amorim (Goldman Sachs):

Thank you.

Operator:

Next question is from Bruno Montanari from Morgan Stanley. Please go ahead.

Bruno Montanari (Morgan Stanley):

Good morning. Thank you for taking my questions.

The company no longer recognizes RAÍZEN's results for the accounting reasons you've shared, and also because the asset isn't contributing with future results. So, what would be RAÍZEN's future contribution, given that the results might improve? And how are you planning on including it or not in the at the hold portfolio discussions?

Marcelo Martins:

Hi, Bruno. This is Marcelo Martins.

Well, our process with RAÍZEN is ongoing. Obviously, the company is conducting that process, and as a shareholder, we've been monitoring the process, but there are some important assumptions.

COSAN is not going to be putting any money into it. So, considering the size of the contribution we have Shell as a partner, that will be translated into a considerable dilution of COSAN's stake. We don't know exactly what it will be because some key points are still being discussed. For instance, in addition to the size of a conversion, the price of the conversion

But the fact is RAÍZEN, will no longer be a relevant investment for COSAN

It's very likely we'll have a minority stake. We're still deciding whether we'll have just common shares or preferred common shares.

That's also part of the out of court reorganization process, but even if we only have common shares, our stake should not be significant.

It is not the intention of the company, it is not COSAN's intention to stay in a shareholder agreement with Shell. So, whenever the conversion happens, a new capital goes in the agreement that exists with RAÍZEN now, considering the significant stake we have and the agreement we've had since 2011 when the company was first set up with Shell.

So that said, what can be expected is that our stake may be sold in a timeline that we're yet to decide. We haven't even made a concrete decision that we will sell it.

But what I can say is that the trend, especially consider the smaller stake, that won't be part of a shareholder's agreement. It will no longer be a significant investment for COSAN, and so we will pursue that at some point.

Bruno Montanari (Morgan Stanley):

That's great. Thank you so much.

Operator:

Next question is from Matheus Enfeldt from UBS. Please go ahead.

Matheus Enfeldt (UBS):

Thank you for taking my question again.

I have a philosophical question, Marcelo and Rafa, about COSAN's role as a holding company and as an investment vehicle.

I think at some point the market invested in COSAN to be exposed to COMPASS, to be exposed to RAÍZEN, to capture an investment process where the company was creating value to and capital allocation, which as I see it, is no longer the focus.

And now investors have the opportunity to invest into each of the assets. I recognize the company's value as the controlling shareholder of the current assets, but my question is how should we think about COSAN considering capital allocation as the balance sheet issue is resolved over the next couple of years.

So thinking about COSAN three, four, five years from now, what will be the holding company's role as the controlling shareholder of the subsidiaries?

And how should COSAN shareholders consider the holding company versus the subsidiaries?

Thank you.

Marcelo Martins:

Hi Matheus, this is Marcelo again.

Well, continuing with our current plan, the basic assumption, all of our basic assumptions are that with the objective of reducing the company's leveraging, it makes no sense for the

company to continue to be a portfolio investment vehicle.

So business growth and investments will be the responsibility of the companies that are part of the business now. So that three-to-five-year timeline, it's very reasonable to say that COSAN will no longer exist over that period.

So as we conclude our divestment process and as we reduce our leveraging subsequently, we'll be able to understand what will be the company's assets and liabilities and probably distribute the shares to COSAN shareholders.

We started doing that last year when there was a capitalization. That was the plan we agreed on with the new shareholders, and we're all aligned on that. So, we should be doing that as soon as it's practical and feasible. Obviously, the first step is to reduce indebtedness. That is our current goal, as Rafa said, we are implementing that strategy.

COMPASS IPO is a key step for that, and there are other steps that we should be taking. The objective is to reduce that debt substantially and we'll have some residual balance next year, and it's only fair to assume that we'll start the process to resolve the holding company as of next year.

Obviously considering key market assumptions, the feasibility of those divestments in a favorable market scenario, that offers us the opportunities that we want, and that makes sense. Obviously, we have no intention of doing that at any cost.

We're very aware of the cost of carrying that debt in the portfolio, but our objective is undoubtedly to continue to do that so COSAN's shareholders can become direct shareholders in the invested companies.

Matheus Enfeldt (UBS):

That's very clear. Thank you very much.

Operator:

This concludes the Q&A session.

COSAN's first quarter 2026 earnings release video conference is now concluded. For further questions, please contact the Investor Relations department. Thank you so much for joining us and have a great day.