USINAS SIDERÚRGICAS DE MINAS GERAIS S.A. – USIMINAS

CNPJ 60.894.730/0001-05

NIRE 313.000.1360-0

Publicly-Held Company

MANUAL FOR THE PARTICIPATION OF THE SHAREHOLDERS AT THE ANNUAL SHAREHOLDERS MEETING TO BE HELD ON APRIL 29TH, 2021

MARCH 27, 2021

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1 - MESSAGE FROM MANAGEMENT

Dear Shareholders,

With the purpose to facilitate your participation, we bring to your knowledge the Manual for the Annual Shareholders' Meeting ("Shareholders' Meeting") of Usiminas Siderúrgicas de Minas Gerais S.A. - USIMINAS ("Usiminas" or "Company"), to be held on April 29, 2021, at 01:00 PM.

On behalf of the Company´s Management, we invite you to participate of the Shareholders Meeting to resolve on the following agenda:

At the Annual Shareholders' Meeting:

(1) Appreciation of the managements' accounts and analysis, discussion and vote on the financial statements and annual management report for the year ended on December 31st, 2020;

(2) Allocation of net profit assessed in the fiscal year of 2020 and approval of the capital budget for the fiscal year of 2021;

(3) Management's proposal for the payment of dividends and definition of the date of its respective payment;

(4) Establishment of the total budget for the administrator's compensation for the period until the 2022 Annual Shareholders' Meeting;

(5) Appointment of the members of the Fiscal Council ("*Conselho Fiscal*"), effective and alternates, for a term of office until the 2022 Annual Shareholders' Meeting, as well as the determination of their respective compensation.

We understand that the information made available herein allows for a positioning in advance of our shareholders and facilitate the decision-making process. Our Investors Relations team is available to clarify occasional doubts or to guide you.

2 – GUIDELINES FOR PARTICIPATION AT THE SHAREHOLDER'S MEETING

2.1. – ELETROCNIC PARTICIPATION

Due to restrictive measures imposed by competent authorities during the pandemic of COVID-19 and as authorized by par. 2-A of Article 124 of the Brazilian Corporate Law and by par. 3 of Article 21-C of CVM Instruction nº 481/2009, the Annual Meeting shall be held **exclusively online**, through the platform **Microsoft Teams** ("Digital Platform"), the shareholders being able to participate and vote by the referred electronic system or exercise the right of vote upon use of E-Vote (as defined below), in both cases in the terms provided in CVM Instruction nº 481/2009.

To participate and vote by means of electronic system, the shareholder shall send request to the Company to the e-mail address dri@usiminas.com, **up to two (2) days before the date of the occurrence of the Annual Meeting (that is, until 01:00 p.m. of April 27, 2021),** according to the provision of par. 3 of Article 5 of CVM Instruction nº 481/2009 ("Request of Access"). The shareholders who do not sent the Request of Access to participate of the Meeting until the day and time abovementioned will not be able to participate of the Meeting. The Company emphasize that there is no possibility to physically attend the Meeting, since it will only be held exclusively online.

The Request of Access shall contain the identification of the shareholder and, as the case may be, of his attorney-at-law who will participate of the Meeting, besides the digital copies of the following documents:

2.1.1. INDIVIDUAL SHAREHOLDERS

- Identification card with photo; and
- Receipt of ownership of shares, containing the respective equity interest, issued by the depositary of the shares, in case of shareholders registered directly in the registry of nominative shares of the Company, or by the institution provider of services of fungible custody of nominative shares, in case of shareholders who hold their shares by means of fungible custody of shares, such proof must be issued no longer than five (5) days before the date of the Shareholders' Meeting.

2.1.2. LEGAL ENTITIES SHAREHOLDERS

- Last consolidated bylaws or articles of association and the corporate documentation that evidences the legal representation of the shareholder (i.e., minutes of the election of the officers);
- Identification card with photo of the legal representative(s);
- Receipt of ownership of shares, containing the respective equity interest, issued by the depositary of the shares, in case of shareholders registered directly in the registry of nominative shares of the Company, or by the institution provider of services of fungible custody of nominative shares, in case of shareholders who hold their shares by means of fungible custody of shares, such proof must be issued no longer than five (5) days before the date of the Meeting; and
- In the case of Investment Funds: (i) the last consolidated regulations of the fund, (ii) bylaws or articles of association of the administrator or manager, as the case may be, observing the voting policy of the fund and the corporate documentation that evidences the legal representation of the administrator or manager (minutes of the election of the officers, term(s) of investiture and/or power of attorney), and (iii) identification card with photo of the legal representative(s) of the administrator or manager.

2.1.3. SHAREHOLDERS REPRESENTED BY A POWER OF ATTORNEY

- Besides the documents indicated above, the power of attorney, which must have been granted less than one (1) year before and for the attorney-at-law who is shareholder of the company, administrator of the company, lawyer regularly enrolled in the boards of the Bar Association of Brazil or financial institution, observed that (a) if legal entity: the shareholder may be represented by its legal representatives or by attorney-at-law appointed in the terms of its acts of incorporation and according with the rules of Law nº 10.406/2002, as amended ("Civil Code"), not having the need, in this case, that the attorney-at-law is shareholder, administrator of the company, lawyer regularly enrolled in the boards of the Bar Association of Brazil or financial institution; and (b) if investment fund: the shareholder may be represented by its administrator and/or manager (as the case may be) or, yet, by attorney-at-law appointed in the terms of its acts of incorporation and according with the rules of the Civil Code, not having need, in this case, that the attorney-at-law is shareholder, administrator of the company, lawyer regularly enrolled in the boards of the Bar Association of Brazil or financial institution; and

- Identification card with photo of the attorney-in-fact.

The Company does not require certification of the signatures on the powers of attorney.

The Request of Access that is presented by the representation of more than one shareholder shall, mandatorily, contain the digital counterparts of the documentation of the necessary representation for the qualification of each shareholder to be represented at the Meeting, as shown above.

2.1.4. FOREIGN SHAREHOLDERS

The foreign shareholders shall present the same documentation as the Brazilian shareholders, being dismissed the procedures of apostille, notarization and registration procedures; being required, however, the sworn translation of the documents drawn up in a foreign language.

2.1.5. PARTICIPATION BY REMOTE E-VOTING SYSTEM

After the verification of regularity of the documents sent for participation at the Meeting, the Company shall forward to the shareholders (or to its representatives or attorneys-at-law duly constituted) who have presented their Request of Access in the term and in the conditions described above, by e-mail, the individual invitations of access to the Digital Platform and its respective instructions for access to the electronic system of participation in the Meeting, including the necessary password for such.

The shareholders who do not send the Request of Access in the term referred above (until 01:00 p.m. of 04.27.2021) will not be able to participate of the Meeting.

The shareholder who has not duly sent his Request of Access and does not receive from the Company the e-mail with the instructions for access and participation of the Meeting until 11:59 p.m. of 04.27.2021, shall contact the Company until 06:00 p.m. of 04.28.2021, by the telephone (31) 3499-8856, so that it is resent (or provided by telephone) its respective instructions for access to the Digital Platform.

The Company emphasizes that it shall be the sole responsibility of the shareholder to ensure the compatibility of his equipment with the use of the Digital Platform. Usiminas is not liable for any operational problems or of connection that the shareholders may face and other situations that are not under control of the Company, such as instability on the connection with the internet or incompatibility of the Digital Platform with the equipment of the shareholder or of its representative. The Meeting shall be recorded, in the terms of Article 21-C, §1, item n III of CVM Instruction nº 481/2009.

The Company recommends that the shareholders familiarize in advance with the use of the Digital Platform, as well as to ensure the compatibility of its respective electronic devices with the use of the Digital Platform (by video and audio). The Company also recommends that the shareholders access the electronic system made available to the participation at the Meeting with, at least, 30 minutes of advance in relation of the time provided for the beginning of the Meeting, as to allow the validation of access and participation of all the shareholders who use it.

The shareholder duly registered to participate by means of electronic system made available by the Company shall be considered present at the Meeting (being able to exercise its respective rights of vote) and subscriber of the respective minutes, in the terms of article 21-V, item III and sole paragraph, of CVM Instruction nº 481/2009.

The Company also emphasizes that the information and participation by remote e-voting system, including, but not limited to, the password of access, are unique and non-transferable, assuming shareholder (or its respective attorney-at-law, as the case may be) sole liability on the holding and secrecy of the information and guidance that were sent by the Company in the terms of this Manual.

2.2. PARTICIPATION BY REMOTE E-VOTING

As provided in articles 21-A and following of CVM Ruling No. 481/2009, the shareholders of the Company may forward, from the date hereof, their voting instructions related to the matters of the Shareholders' Meeting by filling out and sending the document called Remote E-Vote ("E-vote") which shall be available to be printed, separately, in the *websites* of the Company (www.ri.usiminas.com), of Comissão de Valores Mobiliários - CVM (www.gov.br/cvm) and of B3 S.A. – Brasil, Bolsa, Balcão (www.b3.com.br).

To this effect, the E-Vote must be received by the Company as instructed below until to 04.22.2021 (inclusive). E-Votes eventually received after this date shall not be considered.

The shareholder who opts to exercise its voting right by means of the E-Vote may do so by one of the options described below:

2.2.1. By giving instructions to the Company´s bookkeeper

This option is destined, exclusively, to the holders of registered shares bookkept by Banco Bradesco S.A. and that are not deposited with the central depositary agent:

The holder of the shares that are not deposited with the central depositary agent and who opts to exercise its right of remote e-voting, by means of service providers may transmit its voting instructions to the bookkeeping agent of the shares issued by Usiminas, Banco Bradesco S.A., observing the rules determined by Banco Bradesco S.A..

To this effect, the shareholders shall go to any of the Branches of Banco Bradesco S.A. until 04.22.2021 (inclusive), during banking hours, with the Remote E-Vote, printed, filled in, initialized and signed, as well as the documents indicated in the table below, so that the information contained in the Remote E-Vote is transferred to Bradesco´s system.

Documents to be presented, together with the E-Votes, at the Bradesco's branch	**Individuals**	**Legal Entities**	**Investment Funds**
Individual Registration Number with the Tax Bureau (CPF) and Identity card with photo of the shareholder or legal representative*	X	X	X
Updated and consolidated Articles of Association or By-laws **	-	X	X
Document evidencing the representation powers **	-	X	X
Updated and consolidated regulations of the Fund	-	-	X

* Identification documents accepted: Identity card for Brazilians, Identity card for foreigners, Driver's license, Passport and Professional registration card duly recognized.

** For investment funds, documents of the manager and/or administrator, as per the voting policy.

Pursuant to article 21-B of CVM Ruling No. 481/2009, the shareholder shall transmit the filling instructions of the E-Vote to the depositary agent until 04.22.2021 (inclusive).

In case of doubts, the shareholders may contact Bradesco, through the following channels:

PHONE: 0800 701 1616

e-mail: dac.acecustodia@bradesco.com.br

Bradesco informs that the data indicated above aims at providing the shareholder a channel to clarify occasional doubts related to the sending of the E-Vote to the depositary of the book entry shares.

However, Bradesco shall not accept the E-Vote by electronic means; only being accepted the E-Votes presented at any of the Bradesco's branches, in the terms and conditions provided in this Manual for the Meeting.

2.2.2. By giving instructions to their respective custodian agents

This option is destined, exclusively, to the holders of shares kept in custody at B3. In this case, the remote E-voting shall be exercised by the shareholders according to the procedures adopted by their respective custodian agents.

The holder of the shares deposited with the Central Depositary of B3 and who opts to exercise its right of remote E-voting through service providers shall transmit their voting instructions to their respective custodian agents, observing the rules determined by them, which, in turn, shall forward such vote manifestations to the Central Depositary of the B3.

To this effect, the shareholders shall contact their respective custodian agents and verify the procedures established by them for the issuance of the E-voting instructions through the E-Vote, as well as the documents and information required for the exercise of such option.

Pursuant to article 21-B of CVM Ruling No. 481/2009, the shareholder shall give instructions of the E-Vote to its custodian agent up to seven (7) days prior to the date of the Meeting, that is, until 04.22.2020 (inclusive), except if a different term, always prior to the date thereof, is established by its custodian agent.

As determined by article 21-S of CVM Ruling No. 481/2009, the Central Depositary of the B3, when receiving the instructions of vote from the shareholders through their respective custodian agents, shall disregard eventual diverging instruction in relation to a same resolution which have been issued by the same Tax Bureau Registration Number — CPF (individuals) or CNPJ (legal entities).

2.2.3. By forwarding the E-Vote Directly to the Company

The shareholders may, as an alternative to the procedures described in items 2.2.1 and 2.2.2 above, send their E-Votes directly to the Company.

To this effect, the shareholders shall print the E-Vote (that will be available to be printed, separately, in the web*sites* of the Company, of CVM and of B3), fill it in, initialize all the pages and sign them. Following that, the shareholders shall send the E-Vote, duly filled in, initialized and signed, , together with the copy of the documents described below, to (i) the *e-mail* address **dri@usiminas.com;** or (ii) to the following address: Edifício Amadeus Business Towers, at Avenida do Contorno, nº 6.594, 11th floor, Bairro Savassi, in Belo Horizonte/MG, CEP 30110-044, to the care of Secretary of Governance.

Individuals

- identification card with photo of the shareholder.

Legal entities

- last consolidated bylaws or articles of association and the corporate documentation that evidences the legal representation of the shareholder (that is, minutes of the election of the officers);
- identification card with photo of the legal representative(s).

Investment funds

- last consolidated regulations of the fund;
- bylaws or articles of association of its administrator or manager, as the case may be, observing the voting policy of the fund and the corporate documents that evidence the representation powers (minutes of the election of the officers, term(s) of mandate and/or power of attorney);

identification card with photo of the legal representative(s).

The Company does not require the authentication of the signature on the E-Votes issued in Brazil and The Hague apostille, notarization or consularization of the ones issued abroad, being required, however, the sworn translation of the documents drawn up in a foreign language.

The E-Vote, together with the documents indicated above, must be received by the Company until 04.22.2021 (inclusive). Eventual E-Votes received by the Company after the date thereof shall not be considered.

In up to three (3) days from the receipt of the referred documents, the Company shall inform the shareholder, through the electronic address indicated in item 2.1 of the E-Vote, its receipt and its acceptance.

If the E-Vote is not duly filled in or accompanied by the supporting documents indicated above, the E-Vote shall be disregarded and such information shall be sent to the shareholder through the electronic address indicated in item 2.1 of the E-Vote, informing the need of rectification or resubmission of the E-Vote or of the accompanying documents (provided there is available time), describing the necessary procedures and terms for the regularization of the E-Vote.

During the term for voting, the shareholder may send a new instruction of vote to the Company, if it deems necessary, and the last instruction of vote presented shall be considered in the voting map of the Company.

In case of discrepancies between the E-Vote received directly by the Company and the vote instruction contained in the prior voting map of the bookkeeper for a holder of the same CPF or CNPJ registration number, the voting instruction forwarded by the bookkeeper shall prevail, according to the provisions of article 21-W, § 2, of CVM Ruling No. 481/2009.

2.2.4. General Information

The Company points out that:

- once the remote E-voting term is over, that is, on 22.04.2021, the shareholder shall not be able to amend the voting instructions already sent, except during the performance of the Annual Meeting, upon express request, prior to the submission of the respective matter(s), to disregard the voting instructions sent by the E-Vote;

- for the purposes of the counting of the votes, the E-Votes sent by shareholders which are not eligible to vote at the Meeting or in the respective resolution shall not be considered;

- for the purposes of the counting of the votes, it shall only be considered the shares held by each shareholder at the date of the Meeting, regardless of the date on which the respective E-Vote was sent, to the extent that, if a shareholder sells shares, between the date on which the respective E-Vote was sent and the date of the Meeting, the votes corresponding to the shares sold shall be disregarded;

- the instruction of vote from a given CPF or CNPJ shall be attributed to all the shares held under such CPF or CNPJ, according to the statement of the deposit account containing the respective equity interest, provided by the depositary in charge of the book entry shares, on the date of the Meeting; and

- as provided in article 21-X of CVM Ruling No. 481/2009, the remote voting instructions shall be normally considered in the case of occasional postponement of the Meeting or if it is necessary its holding on second call, provided that occasional postponement or holding on second call does not exceed thirty (30) days from the date initially provided for its holding on first call.

3 – CALL NOTICE

USINAS SIDERÚRGICAS DE MINAS GERAIS S.A. – USIMINAS

CNPJ 60.894.730/0001-05

NIRE 313.000.1360-0

Publicly-Held Company

CALL NOTICE

SHAREHOLDER'S MEETING

The shareholders of Usinas Siderúrgicas de Minas Gerais S.A. – USIMINAS ("Usiminas" or "Company") called to meet on April 29, 2021, at 01:00 p.m., on first call, at Annual Meeting ("Meeting"), **exclusively by online means**, in the terms of CVM Instruction nº 481, of December 17, 2009 ("CVM Instruction 481"), as amended, to resolve on the following Agenda:

(1) Appreciation of the managements' accounts and analysis, discussion and vote on the financial statements and annual management report for the year ended on December 31st, 2020;

(2) Allocation of net profit assessed in the fiscal year of 2020 and approval of the capital budget for the fiscal year of 2021;

(3) Management's proposal for the payment of dividends and definition of the date of its respective payment;

(4) Establishment of the budget of global compensation of the administrators for the request for the period until the Annual Meeting of the Company of 2022;

(5) Appointment of the members of the Fiscal Council ("Conselho Fiscal"), effective and alternates, for a term of office until the 2022 Annual Shareholders' Meeting, as well as the determination of their respective compensation.

All related documents to the matters included in the agenda shall be available to the shareholders in the relevant *websites* of CVM (www.gov.br/cvm), of B3 (www.b3.com.br) and of the Company (http://ri.usiminas.com/), as well as in the headquarter of Usiminas.

GENERAL INSTRUCTIONS TO THE SHAREHOLDERS:

Due to the restrictive measures imposed by the competent authorities during the pandemic of COVID-19 and as authorized by § 2º-A of Article 124 of the Brazilian Corporate Law and by §3 of Article 21-C of CVM Instruction 481, the Annual Meeting shall occur exclusively online, by means of the platform **Microsoft Teams**, the shareholders being able to participate and vote by the referred electronic system or exercise the right of vote upon use of E-Vote (as defined below), in both cases in the terms provided in CVM Instruction 481.

To participate and vote by means of electronic system, the shareholder shall send the request to the Company to the e-mail address dri@usiminas.com, up to two (2) days before the day of the performance of the Annual Meeting (that is, until 01:00 p.m. of April 27, 2021), according to the provision of §3 of Article 5 of CVM Instruction 481. The shareholders who do not send the request to participate of the Meeting until the day and time mentioned will not be able to participate of the Meeting. The Company emphasizes that there is no possibility to be present physically at the Meeting, since it will be held exclusively online.

The shareholder shall also send to the Company copies of the following documents: (i) identification document with photo; (ii) documents that evidence the legal representation of the individual shareholder; (iii) in the case of the shareholders presented by attorney-in-fact, the corresponding power of attorney shall meet the requirements set forth in the applicable law and regulations; and (iv) proof of ownership of shares, containing the respective shareholding, issued by the depositary in charge of the book entry shares, in the case of shareholders registered directly in the Company's registered shares register, or by the institution providing fungible custody services of registered shares, in the case of shareholders holding their shares through the fungible system of custody of shares, and such certificate must be issued no more than 5 (five) days prior to the date of the Meeting.

The powers of attorney shall (i) have been granted less than one (1) year and for the attorney-at-law who is shareholder, administrator of the company, lawyer regularly enrolled in the boards of the Bar Association of Brazil or financial institution, observing that (a) if legal entity: the shareholder may be represented by its legal representatives or by attorney-at-law appointed in the terms of the incorporation acts and according to the rules of Law nº 10.406/2002, as amended (“Civil Code”), not having need, in this case, that if the attorney-at-law is shareholder, administrator of the company, lawyer regularly enrolled in the boards of the Bar Association of Brazil or financial institution; and (b) if investment fund: the shareholder may be represented by his administrator and/or manager (as the case may be) or, yet, by attorney-at-law appointed in the terms of its acts of incorporation and according to the rules of Civil Code, not having need, in this case, that if the attorney-at-law is shareholder, administrator of the company, lawyer regularly enrolled in the board of the Bar Association of Brazil or financial institution; and (ii) be accompanied of the documents that prove the powers of representation and identity of the grantor and grantee, as the case may be.

In response to the e-mail previously referred, the Company shall send to the shareholders who are able to participate of the Annual Meeting the rules for the participation and the necessary and sufficient procedures for access and use of the electronic system.

Without prejudice to the possibility of participating and voting, by means of electronic system, the shareholder may also exercise his right of vote by means of E-Vote. In this case, until April 22, 2021 (inclusive), the shareholder shall transmit the instructions of filling in, sending the respective E-Vote: 1) to the bookkeeper of the shares of issuance of the Company, in the case of the shareholders of shares registered in the books of the institution responsible for the service of book-entry shares; 2) to its custody agents who provide this service, in the case of the shareholders holder of shares deposited in central depositary; or 3) directly to the Company.

For additional information, the shareholder shall observe the rules provided in CVM Instruction nº 481/2009 and the procedures described in the E-Vote made available by the Company, as well as in the respective Manual for Participation at the Meeting, which shall be available to the shareholders in the *websites* of CVM (www.gov.br/cvm), of B3 (www.b3.com.br) and of the Company (http://ri.usiminas.com/).

Belo Horizonte, March 27, 2021.

Ruy Roberto Hirschheimer

Chairman of the Board of Directors

4 – DOCUMENTS AND INFORMATION NECESSARY FOR THE RESOLUTION OF THE MATTERS OF THE AGENDA OF THE ANNUAL SHAREHOLDERS' MEETING TO BE HELD ON APRIL 29, 2021

According to CVM Ruling No. 481/2009, we present below the documents and information related to the matters to be resolved at the Company´s Annual Shareholders' Meeting, to be held on April 29, 2021, at 01:00 p.m., on first call, in Annual Meeting ("Meeting"), by exclusively online means:

4.1. Take the managers accounts, examine, discuss and vote the financial statements and the management´s annual report related to the fiscal year ended on December 31, 2020;

ccording to article 9, *caput* and § 1, of CVM Ruling No. 481/2009, we make available to the shareholders, in Exhibit 1 to this Manual, the following documents:

I - Management report on the corporate businesses and the main administrative facts of the fiscal year ended on 12.31.2020;

II- Independent Auditors' Report;

III- Copy of the Financial Statements;

IV- Opinion of the Fiscal Council;

V – Statement of the Officers on the Independent Auditors Report;

VI – Statement of the Officers on the Financial Statements;

VII – Managers' comments on the financial situation of the Company, under the terms of item 10 of the Reference Form;

VIII – Standardized Form of the Financial Statements– DFP; and

IX – Opinion of the Audit Committee.

4.2. Allocation of the net profit assessed in the fiscal year of 2020 and the approval of the capital budget for the fiscal year of 2021.

The Company´s Management submits to the shareholders the proposal of allocation of the results of the assessment of the net profit in the fiscal year ended on 12.31.2020, in the total amount of six hundred and seventy-two million, seven hundred and eighty-nine thousand, eight hundred and forty one Reais and twenty cents (R$672,789,841.20) that, deducted from the installment destined to the legal reserve, in the terms of article 193 of Law No. 6.404/1976, in the amount of thirty-three million, six hundred and thirty nine thousand, four hundred and ninety two Reais and six cents (R$33,639,492.06), reaches an adjusted net profit of six hundred and thirty nine million, one hundred and fifty thousand, three hundred and forty-nine Reais and fourteen cents (R$639,150,349.14).

As approved by the Board of Directors at a meeting held on 02.11.2021, from the total amount of six hundred and thirty nine million, one hundred and fifty Thousand, three hundred and forty nine Reais and fourteen cents (R$639,150,349.14), assessed as adjusted net profit for the fiscal year ended on 12.31.2020, the amount equivalent to (i) one hundred and fifty nine million, seven hundred and eighty seven Thousand, five hundred and eighty seven Reais and twenty nine cents (R$159,787,587.29) shall be distributed as mandatory dividend to the shareholders, according to article 24, 5th paragraph, of the Bylaws; (ii) three hundred and nineteen million, five hundred and seventy five Thousand, one hundred and seventy four Reais and fifty-six cents (R$319,575,174.56) shall be destinated to the Reserve for Investments and Working Capital, pursuant to article 24, 4th paragraph, of the Bylaws; e (iii) one hundred and fifty nine million, seven hundred and eighty seven Thousand, five hundred and eighty seven Reais and twenty nine cents (R$159,787,587.29) shall be withheld based on the capital budget, as provided in article 196 of Law No. 6,404/1976 and in article 24, 6th paragraph, of the Bylaws, as proposed by the Company´s Management.

For better understanding of the proposal of allocation of the results, Exhibit 6 to the present Manual contains the information required by Exhibit 9-1-II to CVM Ruling No. 481/2009, as well as the proposal of capital budget of the Company for the fiscal year of 2020.

4.3. Management Proposal for payment of dividends and definition of the date of their respective payment.

According to item 4.4. above, the amount of the dividends for distribution to the shareholders is of one hundred and fifty-nine million, seven hundred and eighty-seven thousand, five hundred and eighty-seven Reais and twenty-nine cents (R$159,787,587.29), which is equal to twenty-five percent (25%) of the adjusted net profit of the fiscal year ended on December 31, 2020. The value of the dividends to be approved at the Meeting corresponds to R$ 0.119923828 pr common share and R$ 0.131916211 per preferred share.

The Company´s Management proposes that the mandatory dividend be paid on 05.31.2021 to the holders of common and preferred shares issued by the Company on the base date of 04.29.2021. Consequently, the shares issued by the Company shall be traded as *"ex dividends"* as of 04.30.2021. The amount of the proposed dividend shall not be subject to monetary adjustment or corresponding remuneration from the date of declaration by the Shareholders' Meeting up to the date of its effective payment, as well as it shall be exempt of IRRF, according to article 10 of Law No. 9,249/1995.

4.4. Establishment of the Total Budget for the Administrators´ Compensation for the period up to the Company´s Annual Shareholders' Meeting of 2022.

At a meeting held on March 24th, 2021, the Board of Directors decided to propose to the shareholders the establishment of the global compensation of the Management, for the period up to the Annual Shareholders' Meeting to be held in 2022, in the amount of up to thirty four million, four hundred and sixty five thousand, seven hundred and forty five reais (R$34.465.745,00) . To this effect and in accordance with article 12 of CVM Ruling

No. 481/2009, we make available to the shareholders, in Exhibit 3 to this Manual, the information indicated in item 13 of the Reference Form.

The global amount of the compensation of the administrators approved by the Annual Meeting held on 04.28.2020 was of thirty-two million, four hundred and twenty-seven Thousand, three hundred and three Reais (R$32,427,303.00).

The table below shows the amount effectively paid by the Company to its administrators since the Annual Shareholders' Meeting of 04.28.2020:

	Global Remuneration Paid up to the moment (May/20-Feb/21)
Board of Directors	R$ 2,853,500
Statutory Board	R$ 20,221,240
Total	**R$ 23,074,740**

The difference between the amounts approved and the amounts effectively paid is of R$ 9.352.563,00. Such difference is justified mainly due to:

- Given that the global compensation of the administrators was approved for the period comprised between May/2020 and April/2021, it is still pending the payment of values corresponding to the compensations and benefits of the administrators for the months of March and April of 2021, whose amount provided is of R$ 4.5 million.
- The amount estimated as reserve in the global compensation of the administrators, was not used, remaining a balance of R$ 1.54 million.

The difference between the proposed amounts in the previous exercise and the presente exercise are justified by the following reasons, not considering the reserves:

- *Adjustment in the compensation of the Board of Directors (+ R$ 342,7 thousand)*
- *Adjustment in the compensation of the Board of Officers + Short Term Incentive (+ R$ 365,8 thousand);*
- *Long Term Incentive – ILP (+ 793,60)*
- *Inclusion of meal ticket to the Board of Officers located at Belo Horizonte (+ R$ 46,2 thousand);*

4.5. Election of the members of the Fiscal Council, effective and alternate, for a term until the Annual Meeting of the Company of 2022, as well as establishment of the respective compensation.

The Company received the following indications of the controlling shareholders for the positions of members of the Fiscal Council:

Candidate	Position	Shareholder who indicates
Wanderley Rezende de Souza	Effective Member of the Fiscal Council	NSC Group
Sérgio Carvalho Campos	Effective Member of the Fiscal Council	Previdência Usiminas
Paulo Frank Coelho da Rocha	Effective Member of the Fiscal Council	TT Group
Samuel Tadayuki Kaji	Alternate Member of the Fiscal Council	NSC Group
Lúcio de Lima Pires	Alternate Member of the Fiscal Council	Previdência Usiminas
João Paulo Minetto	Alternate Member of the Fiscal Council	TT Group

In compliance with the provision of article 10 of CVM Instruction nº 481/2009 and in items 12.5 to 12.10 of the Reference Form, the information on the candidates abovementioned contain in Exhibit 4 to the present Manual.

The Company proposes that the monthly compensation for the members of the Fiscal Council be established in the amount corresponding to ten percent (10%) of the average amount of the compensation attributed to the Company´s Officers, pursuant to article 163, 3rd paragraph, of the Brazilian Corporation Law.

EXHIBIT 1 - INFORMATION REQUIRED BY ARTICLE 9 OF CVM RULING NO. 481/2009

Fiscal Council Opinion

Usinas Siderúrgicas de Minas Gerais S.A. – Usiminas' Fiscal Council, in compliance with its legal and statutory provisions, analyzed (i) the Management Report; (ii) the Financial Statements of the fiscal year ended December 31st, 2020; and (iii) the Allocation of the 2020 results, including the date for payment of dividends (May 31st, 2021) and the capital budget. Based on the examinations held, and also considering the opinion of the independent auditors (PwC) unqualified ("clean"), as well as the information and clarifications received during the year, hereby issues the opinion that the referred documents are able to be appreciated by the Company's Annual Shareholders Meeting.

Belo Horizonte, February 11th, 2021.

Wanderley Rezende de Souza

Presidente

Sérgio Carvalho Campos

Fabricio Santos Debortoli

Paulo Frank Coelho da Rocha

Statement of the Officers on the Independent Auditors Report

By this instrument, the Board of Officers of USINAS SIDERÚRGICAS DE MINAS GERAIS S.A. - USIMINAS, in compliance with the provisions set forth in the terms V and VI of article 25 of CVM Ruling No. 480, of December 7, 2009, declare that they have reviewed, discussed and agreed with the opinion expressed in the Independent auditor's report from PricewaterhouseCoopers Auditores Independentes (PwC), regarding the Financial Statements (Parent Company and Consolidated) for the year ended on December 31, 2020.

Belo Horizonte, February 11, 2021.

Sérgio Leite de Andrade
Chief Executive Officer

Alberto Akikazu Ono
Finance and Investor Relations Vice-President

Kohei Kimura
Technology and Quality Vice-President

Miguel Angel Homes Camejo
Commercial Vice-President

Américo Ferreira Neto
Industrial Vice-President

Yoshiaki Shimada
Corporate Planning Vice-Presidente

Statement of the Officers on the Financial Statements

By means of the present instrument, the Board of Officers of USINAS SIDERÚRGICAS DE MINAS GERAIS S.A. - USIMINAS, in compliance with the provisions set forth in the terms V and VI of article 25 of CVM Ruling No. 480, of December 7, 2009, declare that they have reviewed, discussed and agreed with the Financial Statements (Parent Company and Consolidated) of the fiscal year ended December 31, 2020.

Belo Horizonte, February 11, 2021.

Sergio Leite de Andrade
Chief Executive Officer

Alberto Akikazu Ono
Finance and Investor Relations Vice-President

Kohei Kimura
Technology and Quality Vice-President

Miguel Angel Homes Camejo
Commercial Vice-President

Américo Ferreira Neto
Industrial Vice-President

Yoshiaki Shimada
Corporate Planning Vice-Presidente

www.pwc.com.br

(A free translation of the original in Portuguese)

Usinas Siderúrgicas de Minas Gerais S.A. – USIMINAS

Parent company and consolidated financial statements at December 31, 2020 and independent auditor's report

(A free translation of the original in Portuguese)

Independent auditor's report

To the Board of Directors and Stockholders
Usinas Siderúrgicas de Minas Gerais S.A.

Opinion

We have audited the accompanying parent company financial statements of Usinas Siderúrgicas de Minas Gerais S.A. ("Company" or "Parent company"), which comprise the balance sheet as at December 31, 2020 and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, as well as the accompanying consolidated financial statements of Usinas Siderúrgicas de Minas Gerais S.A. and its subsidiaries ("Consolidated"), which comprise the consolidated balance sheet as at December 31, 2020 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

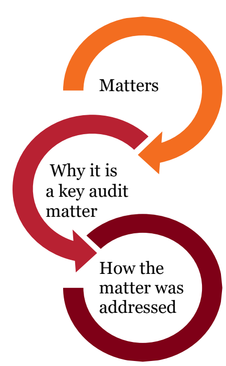
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Usinas Siderúrgicas de Minas Gerais S.A. and of Usinas Siderúrgicas de Minas Gerais S.A. and its subsidiaries as at December 31, 2020, and the financial performance and the cash flows for the year then ended, as well as the consolidated financial performance and the cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Parent Company and Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the ethical requirements established in the Code of Professional Ethics and Professional Standards issued by the Brazilian Federal Accounting Council, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

Key audit matters are those that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the parent company and consolidated financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on these matters.



We planned and performed our audit for the year ended December 31, 2020 considering that the operations of the Company and its subsidiaries were substantially consistent with those of the prior year.

Accordingly, our audit strategy and the definition of the Key Audit Matters were similar to those of the prior year.

Why it is a Key Audit Matter	How the matter was addressed in the audit
Recoverable value of property, plant and equipment and intangible assets (Notes 3.14, 16, 17 and 18) and realization of deferred taxes (Notes 3.17 and 13)	
The Company and its subsidiaries present significant balances of property, plant and equipment and intangible assets for which a provision for impairment may be necessary if events or changes in circumstances indicate that their carrying amount may not be recoverable. Deferred tax assets are recorded mainly for income tax and social contribution losses and temporary tax timing differences. These deferred tax balances are supported by taxable income projections. The annual assessment of recoverability of these assets requires management to apply critical judgment relying on subjective variables for projections of results, taxable profits and discounted cash flows, all of which depend on future economic events. Using different sets of assumptions could significantly change the estimates of realization for these assets and require impairment provisions thus affecting the financial statements. Because of the significance of this issue to the financial statements, we considered this to be a key audit matter in our audit.	Our audit procedures included, among others: We analyzed, with the assistance of our valuation specialists, the logic and mathematical accuracy of the cash flow projection models. We tested the consistency of the information and assumptions used to project future taxable profits and cash flows by comparing them with: (i) budgets approved by the Board of Directors; (ii) market assumptions and data; and (iii) the prior-year projections with the actual results. For deferred taxes, we tested, with the support of our tax specialists, the calculation bases of income tax and social contribution losses, and temporary differences, comparing these to the corresponding tax records. Our audit procedures indicated that the judgment applied and assumptions used by management to evaluate the recoverability of these assets were reasonable, and that the disclosures were consistent with the data and information obtained.
Provision for litigation (Notes 3.15 and 25)	
The Company and its subsidiaries are party to legal and administrative labor, tax, and civil proceedings arising from the normal course of its business. Management applies significant judgment in determining the likelihood of loss from such proceedings by examining the merits of the cases and evaluating the nature of the proceedings in the	Our audit procedures included, among others: Gaining an understanding and testing the significant internal controls over the process of identification and assessment of the proceedings and the quantification of the risks for the purposes of recording a provision when loss is considered probable. Similarly, understanding and testing the

Why it is a Key Audit Matter	How the matter was addressed in the audit
context of legislation in force and applicable case law. This process is periodically reassessed as the proceedings progress through the different judicial courts. Because of the significance of this issue to the financial statements, we considered this to be a key audit matter in our audit.	controls over the disclosures in the notes to the financial statements when the related estimates indicate a likelihood of loss. We obtained confirmations from outside legal counsel accompanying the legal and administrative proceedings as to the likely outcome of the lawsuits, as to the completeness of the information provided by management and the sufficiency of the provisions recorded and/or disclosed. With the support of our tax specialists we assessed the reasonableness of management's assessment of risk of loss for the more significant proceedings, especially those of a tax nature. Finally, we read the information disclosed in the explanatory notes. We consider that the criteria and assumptions adopted by management, and the disclosures made, to be consistent with the information provided by outside legal counsel.

Why it is a Key Audit Matter	How the matter was addressed in the audit
Retirement benefit obligations (Notes 3.18 and 27)	
The Company and its subsidiaries sponsor supplementary retirement plans that are managed by Previdência Usiminas. The Company also has obligations for post-retirement healthcare plan benefits for employees of Companhia Siderúrgica Paulista - Cosipa (which was merged into the Company in 2009) and who had retired before April 30, 2002 and still accrue the right to the benefit. The actuarial calculations that underlie the determination of these obligations are prepared by an independent actuary hired by the Company's management and consider actuarial assumptions	Our audit procedures included, among others, the detailed testing of census data for active participants and assisted individuals included in the retirement supplementation and healthcare plans, presented in the database used to calculate the actuarial liability. With the support of our actuarial specialists, we analyzed the logic and mathematical accuracy of the model utilized to estimate the present value of the actuarial obligations. We also discussed the key assumptions applied in calculating the actuarial liabilities, such as salary growth projections, mortality and disability tables, medical costs, and discount rates.

Why it is a Key Audit Matter	How the matter was addressed in the audit
based on information on the participants of the retirement and healthcare plans. We considered this subject to be a key audit matter because of the significance of the plans' present obligations as well as the considerable judgment required in establishing the actuarial assumptions.	We reviewed the reconciliation, prepared by management, of the actuarial report with the balances in the financial statements and the explanatory notes. We further evaluated the professional qualifications of the independent external actuary contracted by management and the nature of their work in preparing the actuarial calculations. For the retirement supplementation plan assets, we performed detailed testing and obtained confirmation from the manager of the pension plans as to the investment portfolio. We also tested, on a sample basis, the estimated fair value of the investment portfolio. We consider that the criteria and assumptions used by the Company to record post-employment benefit obligations, as well as the disclosures made in the accompanying notes to the financial statements, to be reasonable, in all material respects, in the context of the financial statements taken as a whole.

Other matters

Statements of value added

The parent company and consolidated Statements of Value Added for the year ended December 31, 2020, prepared under the responsibility of the Company's management and presented as supplementary information for IFRS purposes, were submitted to audit procedures performed in conjunction with the audit of the Company's financial statements. For the purposes of forming our opinion, we evaluated whether these statements are reconciled with the financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in Technical Pronouncement CPC 09 - "Statement of Added Value". In our opinion, these statements of value added have been properly prepared, in all material respects, in accordance with the criteria established in the Technical Pronouncement and are consistent with the parent company and consolidated financial statements taken as a whole.

Other information accompanying the parent company and consolidated financial statements and the auditor's report

The Company's management is responsible for the other information that comprises the Management Report.

Our opinion on the parent company and consolidated financial statements does not cover the Management Report, and we do not express any form of audit conclusion thereon.

In connection with the audit of the parent company and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in the Management Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the parent company and consolidated financial statements

Management is responsible for the preparation and fair presentation of the parent company and consolidated financial statements in accordance with accounting practices adopted in Brazil and with the IFRS issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company and consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

Auditor's responsibilities for the audit of the parent company and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the parent company and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the parent company and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the parent company and consolidated financial statements, including the disclosures, and whether these financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the parent company and consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Usinas Siderúrgicas de Minas Gerais S.A.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Belo Horizonte, February 12, 2021

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Guilherme Campos e Silva
Contador CRC 1SP218254/O-1

Financial statements

Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS

December 31, 2020
and independent auditor's report

USIMINAS

Contents

Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS

Balance sheet
All amounts in thousands of reais

		Parent company		Consolidated	
	Note	**12/31/2020**	**12/31/2019**	**12/31/2020**	**12/31/2019**
Assets					
Current assets					
Cash and cash equivalents	8	1,848,310	901,864	3,261,288	1,252,966
Marketable securities	9	716,308	-	1,606,816	668,175
Trade receivables	10	1,561,483	1,396,884	2,372,791	1,938,440
Inventories	11	3,315,958	3,166,003	3,889,695	3,795,832
Taxes recoverable	12	251,782	541,831	441,572	731,049
Prepaid income tax and social contribution		30,883	41,344	35,780	48,496
Dividends receivable	37	380,516	40,220	11,686	-
Derivative financial instruments	6	-	762	-	762
Receivables - Eletrobras	25	-	305,848	-	305,848
Other receivables		197,555	138,895	209,974	119,714
Total current assets		8,302,795	6,533,651	11,829,602	8,861,282
Non-current assets					
Long-term receivables					
Trade receivables	10	87,321	84,446	87,321	131,452
Deferred income tax and social contribution	13	2,220,876	2,117,027	2,914,338	3,037,626
Receivables from related companies	37	23,086	42,231	-	1,651
Judicial deposits	14	352,615	379,692	543,408	543,658
Derivative financial instruments	6	-	6,950	-	6,950
Taxes recoverable	12	169,463	148,020	174,004	152,336
Insurance indemnity to receive	38	262,077	125,208	262,077	125,208
Other receivables		228,869	146,414	314,224	181,916
		3,344,307	3,049,988	4,295,372	4,180,797
Investments	15	5,182,120	4,350,641	1,058,708	1,053,138
Investment properties		100,822	90,202	164,222	90,202
Property, plant and equipment	16	9,627,857	9,892,313	11,006,034	11,424,691
Intangible assets	18	104,112	90,355	1,598,199	726,922
Total non-current assets		18,359,218	17,473,499	18,122,535	17,475,750
Total assets		26,662,013	24,007,150	29,952,137	26,337,032

The accompanying notes are an integral part of these financial statements.

Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS

Balance sheet
All amounts in thousands of reais

	Note	Parent company 12/31/2020	Parent company 12/31/2019	Consolidated 12/31/2020	Consolidated 12/31/2019
Liabilities and equity					
Liabilities					
Current liabilities					
Trade payables, contractors and freight charges	19	1,966,924	1,405,831	1,917,690	1,518,270
Borrowings	20	113,610	92,348	116,738	96,316
Debentures	21	19,214	25,017	19,214	25,017
Advances from customers		64,305	11,749	139,678	57,757
Notes payable - Forfaiting		880,711	613,803	880,711	613,803
Salaries and social charges		141,490	138,706	180,757	198,416
Taxes payable	22	105,330	70,011	164,962	99,597
Taxes payable in installments	23	4,378	4,312	4,380	4,314
Lease liabilities	24	6,715	12,514	26,787	33,328
Income tax and social contribution payable	13	-	-	445,842	15,096
Dividends and interest on capital payable	28	160,315	51,107	324,728	67,814
Other payables		184,043	91,469	257,611	160,010
Total current liabilities		3,647,035	2,516,867	4,479,098	2,889,738
Non-current liabilities					
Borrowings	20	3,842,360	2,997,241	3,847,016	3,003,655
Debentures	21	1,985,394	1,981,250	1,985,394	1,981,250
Payables to related companies	37	-	104,335	80,042	121,838
Lease liabilities	24	766	19,293	37,920	75,942
Provision for litigation	25	656,422	659,318	799,601	777,386
Environmental restoration provision and dismantling of assets	26	-	-	230,002	231,591
Post-employment benefits	27	1,415,432	1,518,362	1,471,801	1,574,796
Other payables		247,138	167,061	183,093	115,152
Total non-current liabilities		8,147,512	7,446,860	8,634,869	7,881,610
Total liabilities		11,794,547	9,963,727	13,113,967	10,771,348
Equity	28				
Share capital		13,200,295	13,200,295	13,200,295	13,200,295
Capital reserves		311,366	307,033	311,366	307,033
Revenue reserves		1,472,967	943,132	1,472,967	943,132
Carrying value adjustments		(117,162)	(407,037)	(117,162)	(407,037)
Controlling stockholders' equity		14,867,466	14,043,423	14,867,466	14,043,423
Non-controlling interests		-	-	1,970,704	1,522,261
Total equity		14,867,466	14,043,423	16,838,170	15,565,684
Total liabilities and equity		26,662,013	24,007,150	29,952,137	26,337,032

The accompanying notes are an integral part of these financial statements.

Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS

Statement of income
All amounts in thousands of reais unless otherwise stated

	Note	Parent company Years ended 12/31/2020	12/31/2019	Consolidated Years ended 12/31/2020	12/31/2019
Continuing operations					
Revenue	30	12,370,762	12,719,071	16,088,052	14,948,719
Cost of sales	31	(11,609,059)	(11,930,865)	(12,831,522)	(13,074,129)
Gross profit		761,703	788,206	3,256,530	1,874,590
Operating income (expenses)					
Selling expenses	33	(140,661)	(109,302)	(398,385)	(288,515)
General and administrative expenses	33	(324,828)	(321,265)	(426,764)	(426,905)
Other operating expenses, net	33	(136,639)	(284,521)	337,325	(387,394)
Share of profit of subsidiaries, jointly-controlled subsidiaries and associates	15	1,388,565	457,489	159,759	180,735
		786,437	(257,599)	(328,065)	(922,079)
Operating profit (loss)		1,548,140	530,607	2,928,465	952,511
Finance result	34	(1,201,632)	(527,786)	(1,082,492)	(509,839)
Profit before income tax and social contribution		346,508	2,821	1,845,973	442,672
Income tax and social contribution	13				
Current		(16,710)	-	(684,614)	(138,960)
Deferred		342,992	210,444	130,384	72,979
		326,282	210,444	(554,230)	(65,981)
Profit for the year		672,790	213,265	1,291,743	376,691
Attributable to:					
Controlling interests		672,790	213,265	672,790	213,265
Non-controlling interests		-	-	618,953	163,426
Basic and diluted earnings per common share	35	R$ 0.52	R$ 0.17	R$ 0.52	R$ 0.17
Basic and diluted earnings per preferred share	35	R$ 0.58	R$ 0.18	R$ 0.58	R$ 0.18

The accompanying notes are an integral part of these financial statements.

Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS

Statement of comprehensive income (loss)
All amounts in thousands of reais

	Note	Parent company Years ended 12/31/2020	Parent company Years ended 12/31/2019	Consolidated Years ended 12/31/2020	Consolidated Years ended 12/31/2019
Profit for the year		672,790	213,265	1,291,743	376,691
Other comprehensive income (loss)					
Actuarial gain (loss) on retirement benefits	27	301,670	(385,567)	302,719	(388,006)
Total other comprehensive income (loss)		301,670	(385,567)	302,719	(388,006)
Total comprehensive income (loss) for the year		974,460	(172,302)	1,594,462	(11,315)
Attributable to:					
Controlling interests		974,460	(172,302)	974,460	(172,302)
Non-controlling interests		-	-	620,002	160,987

Items in the statement above are stated net of tax. The income tax relating to each component of other comprehensive income (loss) is disclosed in Note 13.

The accompanying notes are an integral part of these financial statements.

Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS

Statement of changes in equity
All amounts in thousands of reais

		Attributable to controlling stockholders												
			Capital reserves					Revenue reserves						
	Note	Share capital	Premium on share subscription	Premium on the sale of treasury shares	Treasury shares	Special goodwill reserve	Options granted recognized	Legal reserve	Reserve for invest-ments and working capital	Carrying value adjustments	Retained earnings (accumulated deficit)	Total	Non-controlling interests	Total equity
At December 31, 2019		13,200,295	105,295	17,033	(100,639)	278,729	6,615	58,647	884,485	(407,037)	-	14,043,423	1,522,261	15,565,684
Comprehensive income for the period														
Profit for the year		-	-	-	-	-	-	-	-	-	672,790	672,790	618,953	1,291,743
Actuarial gain (loss) on retirement benefits	27	-	-	-	-	-	-	-	-	301,670	-	301,670	1,049	302,719
Total comprehensive income for the period										301,670	672,790	974,460	620,002	1,594,462
Allocation of profit (loss) for the year	28													
Proposed dividends and interest on capital		-	-	-	-	-	-	-	-	-	(159,788)	(159,788)	(171,559)	(331,347)
Complementary dividends and interest on own capital		-	-	-	-	-	-	33,639	496,196	-	(529,835)	-	-	-
Stock option plan	39	-	-	-	-	-	(5,038)	-	-	-	5,038	-	-	-
Sale of treasury shares		-	-	8,041	1,330	-	-	-	-	-	-	9,371	-	9,371
Adjustment to PP&E under IAS 29		-	-	-	-	-	-	-	-	(11,795)	11,795	-	-	-
At December 31, 2020		13,200,295	105,295	25,074	(99,309)	278,729	1,577	92,286	1,380,681	(117,162)	-	14,8687,466	1,970,704	16,863,170

Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS

Statement of changes in equity
All amounts in thousands of reais

		Attributable to controlling stockholders												
			Capital reserves					Revenue reserves						
	Note	Share capital	Premium on share subscription	Premium on the sale of treasury shares	Treasury shares	Special goodwill reserve	Options granted recognized	Legal reserve	Reserve for invest-ments and working capital	Carrying value adjustments	Retained earnings (accumulated deficit)	Total	Non-controlling interests	Total equity
At December 31, 2018		13,200,295	105,295	15,695	(101,072)	278,729	10,744	47,984	718,958	(10,330)	-	14,266,298	1,431,093	15,697,391
Comprehensive income for the period														
Profit for the year		-	-	-	-	-	-	-	-	-	213,265	213,265	163,426	376,691
Actuarial gain (loss) on retirement benefits	27	-	-	-	-	-	-	-	-	(385,567)	-	(385,567)	(2,439)	(388,006)
Total comprehensive income for the period		-	-	-	-	-	-	-	-	(385,567)	213,265	(172,302)	160,987	(11,315)
Allocation of profit (loss) for the year	28													
Proposed dividends and interest on capital		-	-	-	-	-	-	-	-	-	(50,650)	(50,650)	(69,819)	(120,469)
Complementary dividends and interest on own capital		-	-	-	-	-	-	-	-	-	(1,694)	(1,694)	-	(1,694)
Transfer to reserves		-	-	-	-	-	-	10,663	165,527	-	(176,190)	-	-	-
Stock option plan	39	-	-	-	-	-	(4,129)	-	-	-	4,129	-	-	-
Sale of treasury shares		-	-	1,338	433	-	-	-	-	-	-	1,771	-	1,771
Adjustment to PP&E under IAS 29		-	-	-	-	-	-	-	-	(11,140)	11,140	-	-	-
At December 31, 2019		13,200,295	105,295	17,033	(100,639)	278,729	6,615	58,647	884,485	(407,037)	-	14,043,423	1,522,261	15,565,684

The accompanying notes are an integral part of these financial statements.

Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS

Statement of cash flows
All amounts in thousands of reais

		Parent company		Consolidated	
		Years ended		Years ended	
	Note	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Cash flows from operating activities					
Profit for the year		672,790	213,265	1,291,743	376,691
Adjustments to reconcile profit or loss					
Charges and monetary/ foreign exchange variations, net		909,769	(14,583)	924,273	47,416
Interest expenses		319,035	373,463	312,863	375,479
Depreciation, amortization and depletion		828,415	827,884	1,000,223	991,785
Profit on the sale/reduction of PP&E/investment		(169,521)	(3,408)	(174,766)	(5,687)
Impairment of assets	17	(107,261)	13,358	(730,654)	16,426
Share of profit (loss) of subsidiaries, jointly-controlled subsidiaries and associates	15	(1,388,565)	(457,489)	(159,759)	(180,735)
Deferred income tax and social contribution	13	(342,992)	(210,444)	(130,384)	(72,979)
Changes in provisions		52,616	(33,685)	743,228	119,233
Actuarial losses (gains)	27	85,718	85,907	89,692	85,743
(Increase) decrease in assets					
Trade receivables		(186,113)	228,821	(422,648)	(93,654)
Inventories		(142,442)	13,884	(86,350)	79,505
Taxes recoverable		(129,225)	(122,508)	(205,431)	(201,656)
Receivables from related companies		47,282	2,716	1,651	691
Judicial deposits		10,393	(37,764)	(14,349)	(61,829)
Receivables - Eletrobras		311,534	751,404	311,534	751,404
Other		(29,309)	(14,921)	(338,949)	(59,485)
Increase (decrease) in liabilities					
Trade payables, contractors and freight charges		561,093	367,748	399,420	384,507
Advances from customers		52,556	(13,327)	81,921	(5,727)
Payables to related companies		(174,511)	(620)	(41,796)	(12,416)
Notes payable - Forfaiting		266,908	(352,124)	266,908	(352,124)
Taxes payable		499,361	460,554	627,306	524,009
Other		98,146	(128,561)	215,171	(133,427)
Income tax and social contribution paid		(9,980)	-	(230,029)	(105,188)
Interest paid		(336,902)	(363,510)	(337,059)	(364,416)
Actuarial liability paid		365,629	(131,742)	365,629	(131,742)
Net cash provided by (used in) operating activities		2,064,424	1,454,318	3,759,388	1,971,824
Cash flows from investing activities					
Marketable securities	9	(716,308)	-	(938,641)	(81,616)
Purchases of property, plant and equipment (PP&E)	16	(548,831)	(515,714)	(768,707)	(646,236)
Proceeds from sale of PP&E		100,815	5,163	121,281	9,141
Capital increase in subsidiaries		-	-	(22)	(26)
Purchases of intangible assets	18	(27,329)	(31,876)	(29,972)	(35,215)
Dividends received		144,942	377,693	136,902	224,946
Net cash provided by (used in) investing activities		(1,046,711)	(164,734)	(1,479,159)	(529,006)

The accompanying notes are an integral part of these financial statements.

Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS

Statement of cash flows
All amounts in thousands of reais

	Note	Parent company Years ended 12/31/2020	Parent company Years ended 12/31/2019	Consolidated Years ended 12/31/2020	Consolidated Years ended 12/31/2019
Cash flows from financing activities					
New borrowings and debentures		-	4,861,018	-	4,811,557
Repayment of borrowings and debentures		(47,613)	(5,845,703)	(50,031)	(5,850,504)
Settlement of swap transactions		9,247	356	(171,472)	(5,507)
Dividends and interest on capital paid	28	(50,580)	(172,305)	(68,083)	(255,464)
Net cash provided by (used in) financing activities		(88,946)	(1,156,634)	(289,586)	(1,299,918)
Foreign exchange changes in cash and cash equivalents		17,679	3,276	17,679	3,276
Net increase (decrease) in cash and cash equivalents		946,446	136,226	2,008,322	146,176
Cash and cash equivalents at the beginning of the year	8	901,864	765,638	1,252,966	1,106,790
Cash and cash equivalents at the end of the year	8	1,848,310	901,864	3,261,288	1,252,966
Net increase (decrease) in cash and cash equivalents		946,446	136,226	2,008,322	146,176

The accompanying notes are an integral part of these financial statements.

Statement of value added

All amounts in thousands of reais

	Note	Parent company Years ended 12/31/2020	Parent company Years ended 12/31/2019	Consolidated Years ended 12/31/2020	Consolidated Years ended 12/31/2019
Revenue					
Sales of goods and services		14,929,375	15,466,411	19,812,127	18,841,146
Provision for impairment of trade receivables	31	(17,698)	23,567	(31,487)	18,120
Other income		22,536	401,872	27,678	409,003
		14,934,213	15,891,850	19,808,318	19,268,269
Inputs acquired from third parties					
Cost of sales of goods and services		(11,657,333)	(12,464,155)	(13,347,953)	(14,063,875)
Materials, electricity, outsourced services and others		(213,230)	(793,054)	(612,686)	(1,072,278)
Recovery of assets		-	-	630,976	-
		(11,870,563)	(13,257,209)	(13,329,663)	(15,136,153)
Gross value added		3,063,650	2,634,641	6,478,655	4,132,116
Depreciation, amortization and depletion	31	(828,415)	(827,884)	(1,000,223)	(991,785)
Net value added generated by the Company		2,235,235	1,806,757	5,478,432	3,140,331
Value added received through transfer					
Share of profit or loss of subsidiaries, jointly controlled subsidiaries and associates	15	1,388,565	457,489	159,759	180,735
Finance income	34	163,156	533,133	262,691	622,022
Foreign exchange variations, net	34	166,186	14,148	252,339	76,144
Actuarial gains and losses	27	(85,718)	(45,103)	(89,692)	(45,004)
		1,632,189	959,667	585,097	833,897
Value added to distribute		3,867,424	2,766,424	6,063,529	3,974,228

Statement of value added

All amounts in thousands of reais

	Parent company		Consolidated	
	Years ended		Years ended	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Personnel and payroll charges				
Salaries and social charges	513,615	559,291	861,725	964,503
Government Severance Indemnity Fund for Employees (FGTS)	73,800	59,854	94,884	81,766
Management compensation	25,105	22,823	33,419	31,115
Profit sharing	76,173	22,257	94,539	39,736
Retirement plans	1,270	2,933	1,444	3,270
	689,963	667,158	1,086,011	1,120,390
Taxes and contributions				
Federal (i)	(45,930)	86,135	735,946	136,438
State	945,911	649,019	1,265,112	1,041,313
Municipal	69,590	68,690	79,894	80,305
Tax incentives	4,126	7,090	7,301	11,086
	973,697	810,934	2,088,253	1,269,142
Remuneration of third parties' capital				
Interest	496,544	869,687	582,163	944,997
Foreign exchange variations, net	1,035,965	209,547	1,016,894	261,312
Other	(1,535)	(4,167)	(1,535)	1,696
	1,530,974	1,075,067	1,597,522	1,208,005
Remuneration of own capital				
Profits reinvested	672,790	213,265	672,790	213,265
Non-controlling interests in profits reinvested	-	-	618,953	163,426
	672,790	213,265	1,291,743	376,691
Value added distributed	3,867,424	2,766,424	6,063,529	3,974,228

(i) Includes social security charges,

The accompanying notes are an integral part of these financial statements.

All amounts in thousands of reais unless otherwise stated

1 Operations

Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS (“USIMINAS”, “Usiminas”, “Parent company” or “Company”), based in the City of Belo Horizonte, State of Minas Gerais, is a publicly-held company with shares traded on the Brazilian stock exchange (B3 – Brasil, Bolsa, Balcão) under tickers USIM3, USIM5 and USIM6.

The Company and its subsidiaries, jointly-controlled subsidiaries and associates (“Usiminas”) operate in the steel industry and related activities, such as iron ore extraction, steel transformation, production of capital assets and logistics. It currently operates two steel mills with nominal production capacity of 9.5 million (not reviewed by auditor) metric tons per annum of flat-rolled products, located in the Cities of Ipatinga, State of Minas Gerais, and Cubatão, State of São Paulo, in addition to iron ore reserves, service and distribution centers, maritime ports and cargo terminals, strategically located in several Brazilian cities.

The Company holds directly or indirectly investments in subsidiaries, jointly-controlled entities and associated companies, which are presented below:

(a) Subsidiaries

Companies	(%) Holding	(%) Voting capital	Headquartered in	Core business
Mineração Usiminas S.A. (MUSA)	70	70	Belo Horizonte/MG	Extraction and processing of iron ore as pellet feed, sinter feed and granulated iron ore.
Soluções em Aço Usiminas S.A.	68.88	68.88	Belo Horizonte/MG	Develops steel product solutions and operate as a distribution center.
Usiminas Mecânica S.A. (UMSA)	99.99	100	Belo Horizonte/MG	Manufacture of equipment and installations for several industries.
Usiminas International Ltd.	100	100	Principality of Luxembourg	Holds the Company’s foreign investments, and also raises loans in the foreign market.
Rios Unidos Logística e Transporte de Aço Ltda.	100	100	Itaquaquecetuba/SP	Provision of services related to road cargo transportation.
Usiminas Participações e Logística S.A. (UPL) (i) (ii)	100	100	Belo Horizonte/MG	Investment in MRS Logistica S.A.

(i) Company’s direct holding of 16.7% and indirect holding through MUSA of 83.3%.
(ii) Company’s direct holding in voting capital of 50.10% and indirect holding through MUSA of 49.90%.

(b) Joint ventures

Companies	(%) Holding	(%) Voting capital	Headquartered in	Core business
Unigal Ltda.	70	70	Belo Horizonte/MG	Transformation of cold-rolled coils into galvanized coils through a hot-dip galvanizing process.
Modal Terminal de Granéis Ltda.	50	50	Itaúna/MG	Operation of highway and railway cargo terminals, storage and handling of iron ore and steel products, and highway cargo transport.
Usiroll - Usiminas Court Tecnologia de Acabamento Superficial Ltda.	50	50	Ipatinga/MG	Provision of services, specially rectification of cylinders and rolls for the steel industry.

(c) Investments in associates

Companies	(%) Holding	(%) Voting capital	Headquartered in	Core business
Codeme Engenharia S.A.	30.77	30.77	Betim/MG	Manufacture and assembly of steel construction.
MRS Logística S.A. (i)	11.41	19.92	Rio de Janeiro/RJ	Provision of railroad transport and logistics services.
Terminal de Cargas Paraopeba	22.22	22.22	Sarzedo/MG	Storage, handling and transportation of cargo and operation of terminals.
Terminal de Cargas Sarzedo	22.22	22.22	Sarzedo/MG	Storage, handling and transportation of cargo and operation of terminals.

(i) Company's direct holding of 0.28% and indirect holding through UPL of 11.13%.

(d) Actions preventing the spread of the new coronavirus disease (COVID-19)

Since the first quarter of 2020, Brazil and the world have been going through a serious health crisis due to the COVID-19 pandemic triggered by the spread of the new coronavirus, which has caused several and major impacts on the economic activity and the society as a whole. The Company, together with the São Francisco Xavier Foundation, a social institution related to Usiminas, has been implementing actions that aim primarily to protect its employees and business partners, as well as the communities where it operates. It should be noted that some of these actions have been carried out in partnership with public authorities.

During the year ended December 31, 2020, Management adopted some measures at Usiminas, with the objective of minimizing the economic effects of the crisis, as well as trying to preserve employment and income for its employees. These measures included a vacation shutdown period, and having employees in administrative departments working from home; also, pursuant to Provisional Measure 936/2020, employment contracts were temporarily suspended and working hours reduced.

During the second quarter of 2020, the Company's Board of Directors approved the banking operation of blast furnaces 1 and 2 at the Ipatinga plant, starting on April 22 and 4, respectively, with the interruption of the activities of steel mill 1 at the same plant, as well as approved the temporary interruption of the Cubatão plant's activities. These measures aimed to adapt production to market demand, which had been falling due to the slowdown in the Brazilian economic activity caused by the spread of the new coronavirus disease (COVID-19). However, due to the expected recovery in demand levels of flat steel consumer markets, on August 26, 2020, the Company restarted Blast furnace 1 and resumed production at Steel mill 1, both at the Ipatinga plant, and resumed rolling processes at the Cubatão plant.

The Company's management has also been monitoring the receivables portfolio, mainly with respect to possible default, increased delinquency and extension of payment term for customers. By the end of the year ended December 31, 2020, no significant impacts from COVID-19 were found on these receivables. The analysis of trade receivable maturities, as well as the changes adopted in the provision for impairment of trade receivables, is shown in Note 10.

In relation to the impairment of non-financial assets, the Company performed sensitivity tests considering different scenarios in its projections and did not identify the need to set up a provision for impairment in the period, as disclosed in Note 17.

(e) Usiminas Mecânica - Restructuring of the activities developed

On June 24, 2020, the Company's Board of Directors approved the proposal submitted by the Executive Board for the restructuring of the activities carried out by its subsidiary Usiminas Mecânica S.A. ("UMSA"). After the implementation of such restructuring, UMSA started to develop only activities related to the provision of services to Usiminas and its subsidiaries, except for the completion of external projects currently in progress. This restructuring is due to the fact that UMSA, whose activities are not the core business of Usiminas, has presented a significant reduction in cash generation in the last five years, with decreasing results in the industrial assembly and manufacturing segments.

2 Approval of the financial statements

These financial statements were approved by the Board of Directors at a meeting held on February 11, 2021.

3 Summary of significant accounting policies

The significant accounting policies applied in the preparation of these financial statements are set out below.

Accounting policies applied in transactions considered immaterial were not included in the financial statements.

The accounting policies, which have been consistently applied in the current year, are consistent with those of the year presented for comparison purposes, and common to the parent company, subsidiaries, associates and jointly-controlled subsidiaries, and the financial statements of the subsidiaries were adjusted, as applicable, to meet this criterion.

3.1 Basis of preparation and statement of compliance

The financial statements have been prepared on a going concern basis, under the historical cost convention, as modified to reflect the measurement of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

The parent company and consolidated financial statements (“Parent company” and “Consolidated”) have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (IASB), and the accounting practices adopted in Brazil, issued by the Brazilian Accounting Pronouncements Committee (CPC) and approved by the Brazilian Securities Commission (CVM), and disclose all (and only) the applicable significant information related to the financial statements, which is consistent with the information utilized by management in the performance of its duties.

The presentation of the parent company and consolidated statements of value added is required by the Brazilian corporate legislation and the accounting practices adopted in Brazil for listed companies, The Statement of Value Added was prepared in accordance with the criteria defined in Technical Pronouncement CPC 09 - Statement of Value Added. while it is not required by IFRS. Therefore, the presentation of such statement is considered supplementary information for IFRS purposes, and not part of the set of financial statements.

3.2 Basis of consolidation and investments in subsidiaries

(a) Subsidiaries

Subsidiaries are all entities over which the Company has the power to determine the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. They are fully consolidated from the date on which control is transferred to Usiminas and are deconsolidated from the date that control ceases.

Balances and unrealized gains and other transactions between Group companies are eliminated.

(b) Joint ventures and associates

The Company classifies its investments as follows:

- associated companies are the entities over which the Company has significant influence, but not the control or joint control, through the participation in decisions relating to their financial and operating policies; and

- jointly-controlled subsidiaries are the entities over which the Company shares control with one or more parties.

Investments in associates and jointly-controlled subsidiaries are accounted for using the equity method and are initially recognized at cost.

The reporting dates of the associates and jointly-controlled subsidiaries are the same as those of USIMINAS. However, except for associates Codeme, Paraopeba Terminal and Sarzedo Terminal, besides the jointly-controlled subsidiary Modal, the Company used, for equity accounting purposes, pursuant to CPC 18 (R2) and IAS 28, the financial statements prepared at November 30, 2020.

The Company's share of profit or loss of its associates and jointly-controlled subsidiaries is recognized in the statement of income and its share of reserve movements is recognized in the Company's reserves. When the Company's share of losses in an associate or jointly-controlled subsidiary equals or exceeds the carrying amount of the investment, the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate or jointly-controlled investee.

Unrealized gains on transactions between the Company and its associates and jointly-controlled subsidiaries are eliminated to the extent of its interest. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates and jointly-controlled subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income (loss) is reclassified to profit or loss where appropriate.

Dilution gains and losses arising on investments in associates are recognized in the statement of income.

(c) Transactions with non-controlling interests

Usiminas treats transactions with non-controlling interests as transactions with equity owners of Usiminas. For purchases from non-controlling interests, the difference between any consideration paid and the proportion acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity, in "Carrying value adjustments".

3.3 Segment reporting

Operating segments were reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. Usiminas is organized in four operating segments: Steel Metallurgy, Mining and Logistics, Steel Transformation and Capital assets. The entity’s chief operating makers, which are responsible for allocating resources and assessing performance of the operating segments have been identified as the Executive Board and the Board of Directors.

3.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The parent company and consolidated financial statements are presented in Brazilian reais (R$), which is the Company's functional currency, and also Usiminas’ presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation on which the items are measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income.

Foreign exchange gains and losses relating to assets and liabilities are presented in the statement of income in finance result.

3.5 Cash and cash equivalents and marketable securities

(a) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, bank deposits, and short-term highly liquid investments, and with immaterial risk of change in value, with the objective of meeting short-term commitments.

(b) Marketable securities

Highly liquid investments, redeemable in three months or less, which are not intended by management to meet short-term commitments are classified as marketable securities.

3.6 Financial assets

3.6.1 Classification

Upon initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL").

A financial asset is measured at amortized cost if both of the following conditions are met:

- the asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI if both of the following conditions are met:

- the asset is held within a business model whose objective is achieved through both the collection of contractual cash flows and the sale of financial assets; and

- the contractual terms of the financial asset give rise, on specified dates, to cash flows that represent payments of principal and interest on the principal amount outstanding.

All the other financial assets are classified as measured at fair value through profit or loss.

In addition, at initial recognition, the Company may irrevocably designate a financial asset that meets the requirements to be measured at amortized cost, as FVOCI or even FVTPL. This designation has the purpose of eliminating or significantly reducing a possible accounting mismatch arising from the gains or losses produced by the respective asset measured on different bases.

3.6.2 Recognition and measurement

Purchases and sales of financial assets are recognized on the trade date. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value recognized in profit or loss. Financial assets carried at fair value recognized in profit or loss are initially recognized at fair value, and transaction costs are expensed in the statement of income in the period in which they arise. The fair values of quoted investments are based on current sale price. For financial assets without an active market, Usiminas determines fair value through valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, prioritizing market inputs and minimizing the use of entity-specific inputs.

3.6.3 Impairment of financial assets

Assets carried at amortized cost

Usiminas assesses, at the end of each reporting period, whether there is evidence that a financial asset or a group of financial assets is impaired. The criteria that Usiminas uses to determine whether there is evidence of impairment loss include:

- significant financial difficulty of the issuer or borrower;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- probability that the debtor will enter bankruptcy or financial reorganization; and
- the disappearance of an active market for that financial asset because of financial difficulties.

3.6.4 Derecognition of financial assets

A financial asset (or, when applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognized specially when:

• the rights to receive cash flows from the asset have expired; and

• the Company has transferred its rights to receive cash flows from the asset or has agreed to pay the full amount of the cash flows received, with no significant delay, to a third party as a result of a “transfer” agreement; and (a) the Company has transferred substantially all the risks and benefits of the asset, or (b) the Company has not transferred or substantially retained all risks and benefits related to the asset, but transferred control over this asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a transfer agreement and has not substantially transferred or retained all the risks and benefits related to an asset, the asset is recognized to the extent of the continuous involvement of the Company with this asset.

3.7 Financial liabilities

3.7.1 Recognition and measurement

A financial liability is classified as measured at fair value through profit or loss if it is defined as held for trading or designated as such upon its initial recognition. Transaction costs are recognized in profit or loss as incurred. These financial liabilities are measured at fair value and any changes in fair value, are recognized in the statement of income for the year.

The Company's financial liabilities, which are initially recognized at fair value, include trade and other payables, borrowings, debentures and derivative financial instruments. The cost of the transaction directly related to borrowings, debentures and accounts payable is added to them.

3.7.2 Subsequent measurement

After the initial recognition, borrowings, debentures, trade and other payables are subsequently measured at amortized cost, using the effective interest method.

3.7.3 Borrowing costs

Borrowing costs related to the acquisition, construction or manufacture of an asset that requires a significant amount of time to be ready for its intended use or sale are capitalized as part of the cost of these assets. Borrowing costs comprise interest and other costs incurred by the Company in connection with the fund raising.

3.7.4 Derecognition of financial liabilities

A financial liability is derecognized when the obligation is revoked, canceled or expire.

When an existing financial liability is substituted for another of the same lender with substantially different terms, or the terms of an existing liability are altered significantly, this substitution or alteration is treated as a derecognition of the original liability and recognition of a new liability, and the difference in the corresponding carrying values is recognized in the statement of income.

3.8 Derivative financial instruments and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value through profit or loss.

3.9 Inventories

Inventories are stated at the lower of average purchase or production cost (weighted moving average) and net realizable value. Imports in transit are stated at the accumulated cost of each import.

3.10 Judicial deposits

Judicial deposits are those that are made in a bank account linked to legal proceedings, in Brazilian currency and monetarily restated, with the purpose of ensuring the settlement of potential future liabilities. Some judicial deposits, related to taxes payable in installments, are presented net, according to Note 14.

3.11 Property, plant and equipment

Property, plant and equipment are recorded at cost of acquisition, formation or construction, less depreciation and, when applicable, impairment losses. Upon replacement, the key components of certain property, plant and equipment items are recorded as individual and separate assets and depreciated considering the specific economic useful life of each component. The carrying amount of the replaced component is derecognized. Repair and maintenance costs are recognized in the statement of income during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is adjusted immediately when it is greater than its estimated recoverable amount.

The Company has parts and spare parts for the maintenance of property, plant and equipment items, which have an estimated useful life of more than 12 months. Therefore, the balance of inventories of these parts and spare parts is classified in property, plant and equipment.

3.12 Investment properties

Investment properties are initially measured at cost, including transaction costs. After initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date. Gains or losses resulting from variations in the fair value of investment properties are included in the statement of operations for the year in which they are generated. Investment properties are written off when sold or when investment property is no longer in permanent use and no future economic benefit is expected from its sale. The difference between the net value from the sale and the book value of the asset is recognized in the statement of operations in the write-off period.

3.13 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the net fair value of assets and liabilities of the acquired entity. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or group of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

(b) Mineral rights

Mineral rights are recorded at purchase value and reduced on the basis of the depletion of the mineral reserves.

Mineral rights arising from the acquisition of companies are recognized at fair value considering the allocation of assets and liabilities acquired.

Mineral rights are depleted in accordance with the development of the mineral reserves, using the production unit method.

(c) Software

Software licenses purchased are capitalized and amortized on a straight-line basis over their estimated useful lives at the rates described in Note 18.

3.14 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested annually for impairment. Assets with defined useful lives are reviewed to identify evidence of impairment at the balance sheet date and also whenever events or changes in circumstances indicate that the book value may not be recoverable. If there is an indication of impairment, the assets are tested for impairment. An impairment loss is recognized for the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash-generating units (CGU's)). An impairment loss is recognized for the amount by which an asset's carrying amount exceeds its recoverable amount.

3.15 Provision for litigation

Provisions for litigation related to labor, tax and civil lawsuits are recognized when there is a legal or informal present obligation as a result of past events, it is probable that assets will be surrendered to settle the obligation, and a reliable estimate of the amount can be made.

3.16 Environmental restoration provision and dismantling of assets

The environmental restoration provision and dismantling of assets, when related to an asset construction or acquisition, is recorded as part of the cost of that asset and takes into consideration management's estimates of subsidiary Mineração Usiminas S.A.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the time elapsed is recognized as interest expense.

The Company recognizes a liability related to expected costs of the mine closure and deactivation of assets connected to these mines on an accrual basis, at present value. The Company considers the accounting estimates related to the restoration of the degraded areas and mine closure costs as a critical accounting practice because it involves significant provision values and estimates related to several assumptions, such as interest and inflation rates, the useful life of the asset considering the current depletion level and the projected depletion date for each mine. These estimates are reviewed annually.

3.17 Current and deferred income tax and social contribution

Taxes on profit are recognized in the statement of income, except to the extent that they relate to items recognized in comprehensive income or directly in equity.

Deferred taxes are calculated on income tax (IRPJ) and social contribution (CSLL) losses and the temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax assets and liabilities is presented net in the balance sheet when there is a legally enforceable right and the intention to offset it upon the calculation of current taxes, generally when related to the same legal entity and the same tax authority.

3.18 Employee benefits

(a) Supplementary retirement plan

The Company and its subsidiaries participate in retirement plans, managed by Previdência Usiminas, to grant to their employees supplementary retirement and pension benefits.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date minus the market value of plan assets, adjusted for: (i) actuarial gains and losses; (ii) rules for limiting the value of the asset determined; and (iii) minimum requirements. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the future cash outflows using market interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses are charged or credited directly in other comprehensive income in the period in which they occur. For the defined contribution plan (Cosiprev), the Company pays contributions to a private pension entity on compulsory, contractual or voluntary bases. The contributions are recognized as finance costs in the period in which they are due.

(b) Post-retirement healthcare benefit plan

Post-retirement health plan benefits were offered to the employees who retired from the former subsidiary Companhia Siderúrgica Paulista - Cosipa up to April 30, 2002. Expected costs of these benefits were accumulated during the period of the employment relationship, using an accounting methodology similar to that used for the defined benefit retirement plans.

In addition, the Company records the obligations in accordance with the legislation in force, which assures employees who contributed to the health care plan the right to be maintained as beneficiary when they retire, provided that they assume full payment of contributions. The maintenance term after retirement is one year for each contribution year and if the contribution occurred for at least 10 years, this term is indefinite.

These obligations are valued annually by independent actuaries.

(c) Profit sharing

Usiminas provides for profit sharing based on the attainment of operating and financial targets agreed with its employees. These amounts are recorded under "Cost of sales", "Selling expenses" and "General and administrative expenses", in accordance with the function of each employee.

(d) Share-based payments

The Company has a share-based compensation plan, to be settled with preferred shares held in treasury, under which management members and other executives appointed by the Board of Directors can purchase Company's shares. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense.

When the options are exercised, the proceeds received net of any directly attributable transaction costs are credited to Capital reserves (nominal value).

3.19 Revenue recognition

Revenue is shown net of taxes, returns, rebates and discounts and, for consolidation purposes, after eliminating sales between Group companies. Revenue is measured at the fair value of the consideration received or receivable, to the extent it is probable that future economic benefits will flow to the entity, and the amounts of revenue and costs can be reliably measured. Also, specific criteria must be met for each of the Company's activities as described below:

(a) Sales of products

Usiminas processes, manufactures and sells various products and raw materials, such as flat steels, iron ore, stamped steel parts for the automobile industry and products for the construction and capital assets industry.

The Company's criterion of revenue recognition, therefore, is the date on which the product is delivered to the purchaser.

(b) Sales of services

Usiminas provides technology transfer services in the steel industry, project management and services in the civil construction and capital assets industry, road transportation of flat steel, hot-dip galvanizing services and texturing and chrome plating of cylinders.

Revenue from services rendered is recognized based on the stage of execution of the services at the balance sheet date.

(c) Revenue from orders in progress

Revenue from orders in progress is recognized under the percentage of completion (POC) method. The revenue is calculated and recorded based on the application, to the updated sales price, of the percentage represented by the ratio of costs incurred to the updated total budgeted cost, adjusted by a provision for recognition of losses on orders in progress, when applicable. The amounts billed which exceed the physical progress of each project are recognized as services billed to be performed, in current liabilities.

The differences between the actual final cost and the total budgeted cost, updated and periodically reviewed, have been kept within parameters considered reasonable by management. The manufacturing to order agreements have warranty clauses that cover the equipment after delivery for variable periods of time. Any costs incurred are absorbed directly in the results of operations.

Revenues from orders in progress are solely part of operations conducted by the subsidiary Usiminas Mecânica S.A., and in addition to this type of revenue, this entity sells services. Usiminas Mecânica's revenues comprise the amounts stated in Note 29 in the capital assets segment.

(d) Interest income

Interest income is recognized on the accrual basis, using the effective interest method.

3.20 Distribution of dividends and interest on capital

The distribution of dividends and interest on capital to the Company's stockholders is recognized as a liability in Usiminas' financial statements at year-end based on its bylaws. Amounts above the minimum mandatory limit established by Law are only provisioned when approved at a General Stockholders' Meeting.

The tax benefit of interest on capital is recognized in the statement of income.

3.21 Pronouncements issued but not yet effective at December 31, 2020

IBOR/LIBOR reform - IFRS 9, IAS 39 and IFRS 7	Reform of the interest rate benchmark (Phase 1) IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS16 - Reform of the interest rate benchmark (Phase 2).
IFRS 17	Insurance Contracts
IFRS 10 - Consolidated Financial Statements and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IFRS 3	Reference to Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment - Funds Before their Intended Use
Amendments to IAS 37	Onerous Contracts - Costs to Fulfill a Contract
Annual Improvements to the IFRS 2018-2020 Cycle	Amendments to IFRS 1 - First-time Adoption of International Financial Reporting Standards, IFRS 9 - Financial Instruments, IFRS 16 - Leases and IAS 41 - Agriculture

The Company does not expect that the adoption of these standards could have a material impact on the parent company and consolidated financial statements in future periods.

4 Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements requires management to make certain judgments and estimates and adopt assumptions that impact the stated amounts of revenue, expenses, assets and liabilities and their related disclosures, as well as the disclosure of contingent liabilities.

4.1 Judgments

In the process of applying Usiminas' accounting policies, management made the following judgments, which have the most significant effects on the amounts recognized in the financial statements:

(a) Segregation of interest and monetary variation related to financial investments and local borrowings

The Company segregates the Extended Consumer Price Index (IPCA) for borrowings, debentures and financial investments, whose contracted indices are CDI and TJLP. Thus, the IPCA portion is segregated from interest on borrowings, debentures and income from financial investments, and included in "Indexation accruals" within Finance result (Note 34).

(b) Classification of investment control

The Company classifies its investments in accordance with CPC 18 (R2) - Investment in Associates, Subsidiaries and Joint Ventures and with CPC 19 (R2) - Joint Ventures and whose adoption is subject to a judgment in determining the control and the significant influence of investments.

4.2 Estimates and assumptions

The estimates and assumptions that relate to sources of uncertainty in estimates of the future and other important sources of uncertainties in estimates at the balance sheet date, having a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are addressed below.

(a) Impairment of non-financial assets

Usiminas tests annually whether goodwill and other long-term assets have suffered any impairment. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash-generating units (CGU's)). The recoverable amounts of CGUs have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 17).

(b) Income tax and social contribution and other tax credits

Management reviews, on a regular basis, the recoverability of deferred tax assets considering the historical profit generated and the estimated future taxable income, based on technical feasibility studies (Note 13 (b) and Note 25 (c)).

(c) Fair value of derivatives and other financial instruments

The fair value of derivatives and other financial instruments that are not traded in an active market is determined by using valuation techniques. Usiminas exercises judgment to select from a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

(d) Revenue recognition

The subsidiary Usiminas Mecânica S.A. utilizes the Percentage-of-Completion (POC) method to account for orders in progress sold at fixed prices. Use of the POC method requires management to estimate the services performed up to the balance sheet date as a proportion of the total services to be performed.

(e) Pension benefits

The present value of the retirement plan obligations depends on a number of factors that are determined on an actuarial basis. The assumptions used in determining the net cost (income) for retirement plans include the discount rate.

Usiminas determines the appropriate discount rate at the end of each year, so as to determine the present value of estimated future cash outflows.

Other key assumptions for retirement plan obligations are based in part on current market conditions. Additional information is disclosed in Note 27.

(f) Provision for litigation

Usiminas is a party to several judicial and administrative proceedings (Note 25). Provisions are recorded for all proceedings that represent probable losses. The probability of loss is assessed based on available evidence, which include the opinions of internal and external legal consultants.

(g) Environmental restoration provision and dismantling of assets

As part of the mining activities of its subsidiary Mineração Usiminas S.A., the Company recognizes a provision for obligations concerning environmental restoration and dismantling of assets in the consolidated accounts. When determining the value of the provision, assumptions and estimates are made in relation to the discount rates, the expected cost for rehabilitation and the expected timing of the costs.

(h) Useful lives of property, plant and equipment

Depreciation of property, plant and equipment is calculated using the straight-line method over the useful lives of the assets. Useful life is estimated based on appraisals of Usiminas' engineers and external consultants, and is reviewed on an annual basis.

5 Financial risk management objectives and policy

5.1 Financial risk factors

The activities of Usiminas expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, cash flow or fair value interest rate risk, commodity price risk and steel price risk).

Financial risk management is carried out by the Finance Director of the Company, according to guidance established by the Finance Committee and the Board of Directors. This team evaluates, monitors and seeks to hedge any financial risks in close co-operation with the other units, including but not limited to operating units and the Supply and Planning departments of Usiminas.

5.2 Policy for utilization of financial instruments

The purpose of the policy for the management of financial assets and liabilities is to: (i) maintain the intended liquidity, (ii) define the concentration level of operations, and (iii) control the level of exposure to financial market risks. Usiminas monitors the risks to which it is exposed and evaluates the need to contract derivative transactions in order to minimize the impacts on its financial assets and liabilities. Additionally, it evaluates derivative transactions to reduce the volatility in its cash flow caused by foreign exchange exposure to minimize the mismatch between currencies and the effects of commodity prices, among others.

Usiminas does not have financial instrument contracts subject to margin calls.

5.3 Financial risk management policy

(a) Credit risk

Credit risk arises from cash and cash equivalents, deposits and investments with banks, as well as credit exposures to customers, including outstanding receivables.

The sales policy of Usiminas is subject to the credit standards established by management, which seek to mitigate problems arising from customer defaults. Additionally, the Credit Committee, evaluates and monitors customer risk. This action is performed by means of a detailed analysis and selection of customers based on their payment capacity, debt ratio, balance sheet and through diversification of trade receivables (dilution of risk).

The Company also records a provision for impairment of trade receivables (Note 10).

As to financial and other investments, the Usiminas' policy is to operate with highly-rated financial institutions. Only securities and notes of entities rated by the international rating agencies as "A" or higher are accepted.

(b) Liquidity risk

The responsible and conservative policy for the management of the financial assets and liabilities involves a detailed analysis of the counterparties' financial statements, equity and rating, to assist the Company in maintaining its intended liquidity, defining the concentration level of operations, controlling the level of exposure to financial market risks and diluting liquidity risk.

Cash flow forecasting is based on the budget approved by the Board of Directors and subsequent updates. This forecasting takes into consideration, besides all the operating plans, the financing plans required to support the expected investments and the maturity schedules of debt. This work includes the monitoring of the compliance with covenants and internal leverage recommendations. The Treasury Department monitors the forecasts of the Company's direct cash flow daily to ensure it has sufficient cash to cover operational and investment needs and to meet its obligations.

The cash held by Usiminas is invested it in Bank Deposit Certificates (CDB) and Repurchase Agreements, choosing instruments with appropriate maturities and suitable department liquidity (Note 8).

The table below presents Usiminas' main non-derivative financial liabilities and net-settled derivative financial liabilities which are realized by relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

				Parent company
	Less than 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
At December 31, 2020				
Trade payables, contractors and freight charges	1,971,348	-	-	-
Borrowings	248,244	247,538	736,291	4,141,239
Debentures	77,050	77,359	2,154,825	-
Notes payable - Forfaiting	881,480	-	-	-
Lease liabilities	6,715	766	-	-
At December 31, 2019				
Trade payables, contractors and freight charges	1,412,894	-	-	-
Borrowings	192,538	192,005	571,446	3,388,271
Debentures	119,992	126,560	1,687,274	692,300
Notes payable - Forfaiting	615,746	-	-	-
Lease liabilities	11,485	10,730	9,592	-

				Consolidated
	Less than 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
At December 31, 2020				
Trade payables, contractors and freight charges	1,922,071	-	-	-
Borrowings	236,503	235,498	691,863	4,126,504
Debentures	77,050	77,359	2,154,825	-
Notes payable - Forfaiting	881,480	-	-	-
Lease liabilities	26,787	20,117	17,803	-
At December 31, 2019				
Trade payables, contractors and freight charges	1,525,689	-	-	-
Borrowings	197,079	195,502	574,326	3,388,271
Debentures	119,992	126,560	1,687,274	692,300
Notes payable - Forfaiting	615,746	-	-	-
Lease liabilities	30,495	32,451	46,324	-

As the amounts included in the table are the contractual undiscounted cash flows, they will not reconcile to the amounts disclosed on the balance sheet for borrowings, debentures, derivative financial instruments and other liabilities.

(c) Foreign exchange risk

(i) Foreign exchange exposure

Usiminas operates internationally and is exposed to foreign exchange risk arising from exposures in certain currencies, primarily with respect to the U.S. Dollar and, to a lesser extent, yen and euro. Foreign exchange risk arises from recognized assets in foreign operations, as described below.

	Parent company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Assets in foreign currency				
Cash and cash equivalents	128,916	38,879	397,051	209,017
Marketable securities	-	-	32,120	16,352
Trade receivables	47,353	147,457	262,589	142,974
Advances to suppliers	-	147	1,364	955
	176,269	186,483	693,124	369,298
Liabilities in foreign currency				
Borrowings	(3,944,010)	(3,028,237)	(3,944,010)	(3,028,744)
Trade payables, contractors and freight charges	(607,429)	(356,322)	(618,415)	(369,244)
Advances from customers	(10,682)	(4,410)	(20,074)	(8,814)
Other payables	(2,793)	(1,904)	(2,787)	(1,900)
	(4,564,914)	(3,390,873)	(4,585,286)	(3,408,702)
Currency exposure	(4,388,645)	(3,204,390)	(3,892,162)	(3,039,404)

The borrowings and debentures are denominated in the following currencies:

	Parent company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Brazilian Real	2,016,568	2,067,619	2,024,352	2,077,494
U.S. Dollar	3,944,010	3,028,237	3,944,010	3,028,744
Total borrowings and debentures	5,960,578	5,095,856	5,968,362	5,106,238

(ii) Sensitivity analysis - foreign exchange risk arising from assets and liabilities denominated in foreign currency

The Company prepares a sensitivity analysis of outstanding assets and liabilities denominated in foreign currency at the end of the year, considering the foreign exchange rate at December 31, 2020. Scenario I considered a depreciation of the Brazilian Real of 5% when compared to the current scenario. Scenarios II and III were stressed based on factors of 25% and 50%, respectively, on the amount of the foreign currency at December 31, 2020.

The currencies used in the sensitivity analysis and their related scenarios are shown below:

	12/31/2020			
Currency	Foreign exchange rate at the end of the year	Scenario I	Scenario II	Scenario III
US$	5.1967	5.4565	6.4959	7.7951
EUR	6.3779	6.6968	7.9724	9.5669
YEN	0.0504	0.0530	0.0630	0.0756

The gains (losses) on the finance result, considering Scenarios I, II and III, are shown below:

	Consolidated		
	12/31/2020		
Currency	Scenario I	Scenario II	Scenario III
US$	(193,744)	(968,720)	(1,937,439)
EUR	(149)	(745)	(1,490)
YEN	(715)	(3,577)	(7,153)

(d) Cash flow or fair value interest rate risk

(i) Composition of borrowings by type of interest rate

The interest rate risk arises from interest rates used in financial investments, borrowings and debentures.

The composition of borrowings and debentures contracted, by type of interest rate, in current and non-current liabilities is presented as follows:

	Parent company				Consolidated			
	12/31/2020	%	12/31/2019	%	12/31/2020	%	12/31/2019	%
Borrowings								
Fixed	3,955,970	66	3,044,400	60	3,963,754	66	3,054,782	60
Other	-	-	45,189	1	-	-	45,189	1
	3,955,970	66	3,089,589	61	3,963,754	66	3,099,971	61
Debentures								
CDI	2,004,608	34	2,006,267	39	2,004,608	34	2,006,267	39
	5,960,578	100	5,095,856	100	5,968,362	100	5,106,238	100

(ii) Sensitivity analysis of changes in interest rates

The Company prepares sensitivity analysis of outstanding assets and liabilities indexed to interest rates at the end of the period, considering the rates prevailing at December 31, 2020 as the probable scenario. Scenario I considers a 5% increase on the average interest rate applicable to the floating portion of its current debt. Scenarios II and III were stressed based on factors of 25% and 50%, respectively, on the amounts of that rate at December 31, 2020.

The rate used and its related scenarios are shown below:

				12/31/2020
Index	**Rate at the end of the year**	**Scenario I**	**Scenario II**	**Scenario III**
CDI	1.9%	2.0%	2.4%	2.9%

The gains (losses) on the finance result, considering Scenarios I, II and III, are shown below:

			Consolidated
			12/31/2020
Index	**Scenario I**	**Scenario II**	**Scenario III**
CDI	2,272	11,358	22,715

The interest rates to which the Company is exposed, related to debentures, are presented in Note 21 to the financial statements for the year ended December 31, 2020, and mainly comprise Interbank Deposit Certificates (CDI).

The termination of a transaction related to a derivative financial instrument used for interest rate risk, contracted to mitigate the volatility in the Company's profit or loss, is presented in Note 6.

5.4 Capital management

The objectives for managing capital are to safeguard the ability to continue as going concern in order to provide returns for stockholders and benefits for other stakeholders and to maintain an optimal capital structure at optimum costs.

Presented below is the calculation of the gearing ratio as net debt as a percentage of total capitalization.

		Parent company		Consolidated
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Total borrowings, debentures and taxes payable in installments	5,964,956	5,100,168	5,972,742	5,110,552
Less: cash and cash equivalents and marketable securities	(2,564,618)	(901,864)	(4,868,104)	(1,921,141)
Net debt	3,400,338	4,198,304	1,104,638	3,189,411
Total equity	14,867,466	14,043,423	16,838,170	15,565,684
Total capitalization	18,267,804	18,241,727	17,942,808	18,755,095
Gearing ratio	19%	23%	6%	17%

5.5 Fair value estimate

Due to its short-term maturity, the balance of trade receivables less provision for impairment of trade receivables approximate their fair value. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to Usiminas for similar financial instruments.

(a) Financial instruments measured at fair value in the balance sheet

Financial instruments recorded at fair value shall be classified and disclosed in accordance with the levels described below:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities (unobservable prices).
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices); and
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques which maximize the utilization of available market data. For the year ended December 31, 2020, the financial instrument presented by the Company includes investments in CDB's.

At December 31, 2020 and 2019, Usiminas had no financial instruments that the fair value of which has been measured based on Levels 1 and 3. The tables below present assets measured at fair value through profit or loss:

(i) Parent company

	12/31/2020	12/31/2019
	Level 2	Level 2
Assets		
Marketable securities	716,308	-
Derivative financial instruments	-	7,712
Total assets	716,308	7,712

At December 31, 2020 and 2019, the Parent company had not entered into transactions with derivative financial instruments classified as liability.

(ii) Consolidated

	12/31/2020	12/31/2019
	Level 2	Level 2
Assets		
Marketable securities	1,606,816	668,175
Derivative financial instruments	-	7,712
Total assets	1,606,816	675,887

At December 31, 2020 and 2019, Usiminas had no derivative instruments classified as liabilities.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.

(b) Fair value of borrowings and debentures

In transactions related to debentures and bonds, the fair value reflects the value adopted in the market. The difference between the book value and the market value, considering the possibility of repurchasing these securities, is determined according to rates disclosed on the Simplific Pavarini, Broadcast and Bloomberg websites and can be summarized as follows:

				Parent company
		12/31/2020		12/31/2019
	Book value	Market value	Book value	Market value
Bank loans – local currency	11,960	11,960	61,352	61,352
Debentures - local currency	2,004,608	2,019,207	2,006,267	2,025,011
Bonds	3,944,010	4,242,378	3,028,237	3,157,217
	5,960,578	6,273,545	5,095,856	5,243,580

				Consolidated
		12/31/2020		12/31/2019
	Book value	Market value	Book value	Market value
Bank loans – local currency	19,744	19,744	71,227	71,227
Debentures - local currency	2,004,608	2,019,207	2,006,267	2,025,011
Bonds	3,944,010	4,242,378	3,028,744	3,157,217
	5,968,362	6,281,329	5,106,238	5,253,455

(c) Other financial assets and liabilities

The fair values of other financial assets and liabilities do not significantly differ from their book values, inasmuch as they were negotiated and are recorded at rates and conditions adopted in the market for transactions of similar nature, risk and terms.

6 Derivative financial instruments

Usiminas enters into swap transactions to hedge and manage interest rate risks and price risks, thereby reducing the effects of volatility of interest rates on its borrowings and the prices of its commodities. The Company does not acquire such financial instruments for speculative purposes. The Company does not settle its transactions prior to the respective original maturities and does not prepay its derivative financial instruments.

As of December 31, 2020, the Company and its subsidiaries do not have derivative financial instruments. The following operations were settled during the year 2020.

(a) Parent company

Financial institution	Maturity groups month/year	INDEX		NOTIONAL AMOUNT (contracted amount)				FAIR (MARKET) VALUE - BOOK VALUE		Gain/loss for the period
		12/31/2020		12/31/2020		12/31/2019		12/31/2020	12/31/2019	12/31/2020
		Asset position	Liability position	Asset position	Liability position	Asset position	Liability position	Asset (liability) position	Asset (liability) position	Gain (loss)
RATE AND FOREIGN EXCHANGE HEDGES (SWAP)										
Bradesco	Apr/25	TR + 9.8000% p.a.	95.00% of the CDI rate	-	-	R$ 59,000	R$ 59,000	-	7,712	1,535
									Financial gain/loss in the period	1,535
							Book balance (asset position net of the liability position)	-	7,712	

(b) Consolidated

Financial institution	Maturity groups month/year	INDEX		NOTIONAL AMOUNT (contracted amount)				FAIR (MARKET) VALUE - BOOK VALUE		Gain/loss for the period
		12/31/2020		12/31/2020		12/31/2019		12/31/2020	12/31/2019	12/31/2020
		Asset position	Liability position	Asset position	Liability position	Asset position	Liability position	Asset (liability) position	Asset (liability) position	Gain (loss)
RATE AND FOREIGN EXCHANGE HEDGES (SWAP)										
Bradesco	Apr/25	TR + 9.8000% p.a.	95.00% of the CDI rate	-	-	R$ 59,000	R$ 59,000	-	7,712	1,535
									Financial gain/loss in the period	1,535
HEDGE OF COMMODITIES' PRICE										
Banco ABC Brasil	May/20	Ore FWD US$ 90.50	Ore_Fut_J20_SGX	-	-	-	-	-	-	1,814
Banco ABC Brasil	May/20	Ore FWD US$ 90.70	Ore_Fut_J20_SGX	-	-	-	-	-	-	1,868
Banco ABC Brasil	May/20	Ore FWD US$ 90.90	Ore_Fut_J20_SGX	-	-	-	-	-	-	1,923
Banco ABC Brasil	May/20	Ore FWD US$ 86.04	Ore_Fut_J20_SGX	-	-	-	-	-	-	1,797
Banco ABC Brasil	June/20	Ore FWD US$ 81.63	Ore_Fut_J20_SGX	-	-	-	-	-	-	(17,601)
Banco ABC Brasil	Jul/20	Ore FWD US$ 85.00	Ore_Fut_J20_SGX	-	-	-	-	-	-	(390)
Banco ABC Brasil	Jul/20	Ore FWD US$ 85.06	Ore_Fut_J20_SGX	-	-	-	-	-	-	(14,190)
Banco ABC Brasil	Aug/20	Ore FWD US$ 77.24	Ore_Fut_N20_SGX	-	-	-	-	-	-	(28,057)
Banco ABC Brasil	Sep/20	Ore FWD US$ 75.98	Ore_Fut_Q20_SGX	-	-	-	-	-	-	(31,818)
Banco ABC Brasil	Sep/20	Ore FWD US$ 93.25	Ore_Fut_Q20_SGX	-	-	-	-	-	-	(48,033)
Banco ABC Brasil	Sep/20	Ore FWD US$ 97.57	Ore_Fut_Q20_SGX	-	-	-	-	-	-	(23,204)
Banco ABC Brasil	Out/20	Ore FWD US$ 95.35	Ore_Fut_U20_SGX	-	-	-	-	-	-	(24,169)
Banco ABC Brasil	Out/20	Ore FWD US$ 104.16	Ore_Fut_U20_SGX	-	-	-	-	-	-	(2,566)
Banco ABC Brasil	Out/20	Ore FWD US$ 104.89	Ore_Fut_U20_SGX	-	-	-	-	-	-	(215)
									Revenue from exports in the period	(182,841)
							Book balance (asset position net of the liability position)	-	7,712	(181,306)

The book balances of the derivative financial instruments are described below:

	Parent company and consolidated
	12/31/2019
Current assets	762
Non-current assets	6,950
	7,712

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
In gross revenue - foreign market (i)	-	-	(182,841)	-
In finance result	1,535	4,167	1,535	(1,696)
	1,535	4,167	(181,306)	(1,696)

(i) Refers to hedging transactions to protect iron ore prices entered into by the subsidiary Mineração Usiminas S.A. These transactions were entered into and settled during 2020.

7 Financial instruments by category

(a) Parent company

	12/31/2020			12/31/2019		
	Assets at amortized cost	Assets measured at fair value through profit or loss	Total	Assets at amortized cost	Assets measured at fair value through profit or loss	Total
Assets						
Cash and cash equivalents	1,848,310	-	1,848,310	901,864	-	901,864
Marketable securities	-	716,308	716,308	-	-	
Trade receivables	1,648,804	-	1,648,804	1,481,330	-	1,481,330
Financial instruments - swap	-	-	-	-	7,712	7,712
Other asset financial instruments (excluding prepayments)	971,668	-	971,668	747,418	-	747,418
	4,468,782	716,308	5,185,090	3,130,612	7,712	3,138,324

	12/31/2020	12/31/2019
	Liabilities at amortized cost	Liabilities at amortized cost
Liabilities		
Borrowings and debentures	5,960,578	5,095,856
Trade payables, contractors and freight charges	1,966,924	1,405,831
Notes payable - Forfaiting	880,711	613,803
Lease liabilities	7,481	31,807
	8,815,694	7,147,297

(b) Consolidated

	12/31/2020			12/31/2019		
	Assets at amortized cost	Assets measured at fair value through profit or loss	Total	Assets at amortized cost	Assets measured at fair value through profit or loss	Total
Assets						
Cash and cash equivalents	3,261,288	-	3,261,288	1,252,966	-	1,252,966
Marketable securities	-	1,606,816	1,606,816	-	668,175	668,175
Trade receivables	2,460,112	-	2,460,112	2,069,892	-	2,069,892
Financial instruments - swap	-	-	-	-	7,712	7,712
Other asset financial instruments (excluding prepayments)	1,082,652	-	1,082,652	838,895	-	838,895
	6,804,052	1,606,816	8,410,868	4,161,753	675,887	4,837,640

	12/31/2020	12/31/2019
	Liabilities at amortized cost	Liabilities at amortized cost
Liabilities		
Borrowings and debentures	5,968,362	5,106,238
Trade payables, contractors and freight charges	1,917,690	1,518,270
Notes payable - Forfaiting	880,711	613,803
Lease liabilities	64,707	109,270
	8,831,470	7,347,581

8 Cash and cash equivalents

	Parent company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Bank accounts	27,391	29,455	43,264	40,490
Bank accounts abroad	128,916	38,879	397,051	209,017
Bank Deposit Certificates (CDB) and repurchase commitments	1,692,003	833,530	2,820,973	1,003,459
	1,848,310	901,864	3,261,288	1,252,966

Financial investments in Bank Deposit Certificates (CDB) and repurchase transactions have immediate liquidity, and earn on average 104.24% (December 31, 2019 - 92.96%) of the CDI rate in the Parent company and 103.98% (December 31, 2019 – 97.67%) of the CDI rate in Consolidated.

At December 31, 2020, Usiminas does not use overdraft accounts.

9 Marketable securities

	Parent company	Consolidated	
	12/31/2020	12/31/2020	12/31/2019
Bank Deposit Certificates (CDB)	716,308	1,574,696	651,823
Financial investments abroad	-	32,120	16,352
	716,308	1,606,816	668,175

Financial investments in Bank Deposit Certificates (CDB) earn on average 103.98% (December 31, 2019 - 97.67%) of the CDI rate in Consolidated.

None of these financial assets is either past due or impaired.

In the year ended December 31, 2019, the Parent company does not have balances related to financial investments classified as marketable securities.

Financial investments are mainly composed of Bank Deposit Certificates ("CDBs") held with first-rate financial institutions, redeemable in up to one year.

10 Trade receivables

	Parent company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Trade receivables:				
In local currency	1,354,497	1,181,268	2,381,091	2,074,709
In foreign currency	34,191	83,644	249,427	79,161
Provision for impairment of trade receivables (i)	(137,208)	(118,569)	(197,946)	(168,058)
Trade receivables, net	1,251,480	1,146,343	2,432,572	1,985,812
Receivables from related parties				
In local currency	379,969	267,922	10,185	17,015
In foreign currency	17,355	67,065	17,355	67,065
Receivables from related parties	397,324	334,987	27,540	84,080
	1,648,804	1,481,330	2,460,112	2,069,892
Current assets	1,561,483	1,396,884	2,372,791	1,938,440
Non-current assets	87,321	84,446	87,321	131,452

(i) Of the total provision for impairment of trade receivables in Parent company and Consolidated accounts, the balance of R$4,193 (December 31, 2019 - R$3,252) refers to trade receivables denominated in foreign currency.

The ageing analysis of trade receivables was as follows:

	Parent company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Amounts not yet due	1,641,529	1,329,630	2,270,168	1,840,150
Amounts past due:				
Up to 30 days	38,153	138,042	211,221	201,927
From 31 to 60 days	4,124	11,448	5,557	14,985
From 61 to 90 days	1,925	2,222	7,717	3,248
From 91 to 180 days	2,486	7,008	5,073	12,328
Over 181 days	97,795	111,549	158,322	165,312
(-) Provision for impairment of trade receivables	(137,208)	(118,569)	(197,946)	(168,058)
	1,648,804	1,481,330	2,460,112	2,069,892

At December 31, 2020, trade receivables amounting to R$7,275 in the Parent company and R$189,944 in Consolidated were past due but not impaired (December 31, 2019 – R$151,700 and R$229,742, respectively). These accounts relate to customers for which there is no recent history of default, and the outstanding balances of which are supported by guarantees.

Trade receivables are denominated in the following currencies:

	Parent company		Consolidated	
	12/31/2020	**12/31/2019**	**12/31/2020**	**12/31/2019**
Brazilian Real	1,601,451	1,333,873	2,197,523	1,926,918
U.S. Dollar	46,048	145,337	261,284	140,854
Euro	1,305	2,120	1,305	2,120
	1,648,804	1,481,330	2,460,112	2,069,892

Changes in the provision for impairment of trade receivables were as follows:

	Parent company		Consolidated	
	12/31/2020	**12/31/2019**	**12/31/2020**	**12/31/2019**
Opening balance	(118,569)	(141,908)	(168,058)	(185,964)
(Additions) reversals in profit or loss	(17,698)	23,567	(31,487)	18,120
Write-offs against trade receivables	-	-	2,540	14
Foreign exchange gains/losses	(941)	(228)	(941)	(228)
Closing balance	(137,208)	(118,569)	(197,946)	(168,058)

The additions to and release of the provision for impairment of trade receivables have been included in “Selling expenses” in the statement of income. Usiminas does not hold any collateral for trade receivables.

The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of receivable disclosed. Usiminas does not hold any collateral for the accounts receivable.

11 Inventories

	Parent company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Current assets				
Finished products	669,208	690,399	786,763	896,320
Work in progress	1,257,692	954,477	1,274,666	974,228
Raw materials	685,879	807,542	1,072,102	1,165,404
Supplies and spare parts	484,788	521,390	546,827	585,850
Imports in transit	160,446	62,377	160,520	63,086
Provision for losses	(120,836)	(94,092)	(129,964)	(106,900)
Other	178,781	223,910	178,781	217,844
	3,315,958	3,166,003	3,889,695	3,795,832
Non-current assets				
Work in progress (i)	-	-	-	1,642
	3,315,958	3,166,003	3,889,695	3,797,474

(i) Refers to product inventories of the subsidiary Mineração Usiminas S.A.

12 Taxes recoverable

				Parent company
	12/31/2020		12/31/2019	
	Current	Non-current	Current	Non-current
Social Integration Program (PIS) (i)	20,809	13,798	26,274	13,536
Social Contribution on Revenues (COFINS) (i)	80,986	103,940	423,022	102,363
Value-Added Tax on Sales and Services (ICMS)	114,000	30,926	76,983	30,256
Excise Tax (IPI)	34,923	-	13,783	-
Special System for Refund of Tax Amounts to Exporting Companies (Reintegra) - credit	1,040	18,934	1,760	-
Other	24	1,865	9	1,865
	251,782	169,463	541,831	148,020

				Consolidated
	12/31/2020		12/31/2019	
	Current	Non-current	Current	Non-current
PIS (i)	36,283	14,353	46,025	14,060
COFINS (i)	159,117	106,633	513,022	104,793
ICMS	176,309	32,064	135,320	31,463
IPI	64,694	-	30,774	-
Export credit - Reintegra	1,040	18,934	1,760	-
National Institute of Social Security (INSS)	2,809	-	3,405	-
Other	1,320	2,020	743	2,020
	441,572	174,004	731,049	152,336

(i) ICMS in PIS/COFINS calculation bases, as described in Note 25 (c).

13 Income tax and social contribution

(a) Taxes on profit

Income tax expenses differ from the theoretical values that would have been obtained using the statutory nominal rates applied to profit before taxation, in Parent company and Consolidated accounts, as shown below:

	Parent company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Profit before income tax and social contribution	346,508	2,821	1,845,973	442,672
Nominal rates	34%	34%	34%	34%
Income taxes at nominal rates	(117,813)	(959)	(627,631)	(150,508)
Adjustments to determine taxable profit:				
Equity in the results of investees	484,786	143,469	54,318	61,451
Interest on capital received	(52,086)	(38,094)	(8,464)	(12,198)
Interest on capital paid	-	576	18,698	11,674
Permanent additions	(27,683)	(26,664)	(37,193)	(36,555)
Unrecognized tax credits	39,078	132,116	(5,488)	39,022
Tax incentives	-	-	21,979	7,061
Non-taxable income and rate differences of foreign subsidiaries	-	-	29,551	14,072
Tax (expense) credit in the statement of income	326,282	210,444	(554,230)	(65,981)
Current	(16,710)	-	(684,614)	(138,960)
Deferred	342,992	210,444	130,384	72,979
Tax (expense) credit in the statement of income	326,282	210,444	(554,230)	(65,981)
Income tax	235,746	154,758	(403,942)	(44,236)
Social contribution	90,536	55,686	(150,288)	(21,745)
Effective rates	-	-	30%	15%

(b) Deferred income tax and social contribution

The balances and changes in deferred income tax and social contribution assets and liabilities at nominal rates were as follows:

(i) Parent company

	12/31/2019	Equity/ Comprehen-sive income	Recognized in profit or loss	12/31/2020
In assets				
Income tax and social contribution				
Tax losses	2,494,171	(142,760)	186,563	2,537,974
Unrecognized tax credits	(897,075)	-	39,078	(857,997)
Temporary provisions				
Provision for actuarial liability	373,642	(96,383)	14,775	292,034
Provision for litigation	223,634	-	(451)	223,183
Provision for inventory adjustments	31,991	-	9,093	41,084
Impairment of assets	216,885	-	(18,231)	198,654
Other	117,142	-	59,222	176,364
Total assets	2,560,390	(239,143)	290,049	2,611,296
In liabilities				
Income tax and social contribution				
Tax-incentive depreciation	8,869	-	(1,993)	6,876
Tax depreciation	333,817	-	(40,907)	292,910
Adjustment to property, plant and equipment (IAS 29)	50,030	-	(6,075)	43,955
Indexation of judicial deposits	44,962	-	54	45,016
Gain/loss on swap contracts - market value	274	-	(274)	-
Other	5,411	-	(3,748)	1,663
Total liabilities	443,363	-	(52,943)	390,420
Total, net	2,117,027	(239,143)	342,992	2,220,876

(ii) Consolidated

	12/31/2019	Equity/ Comprehen-sive income	Recognized in profit or loss	12/31/2020
In assets				
Income tax and social contribution				
Tax losses	2,656,845	(149,843)	184,852	2,691,854
Unrecognized tax credits	(1,059,108)	-	(5,488)	(1,064,596)
Temporary provisions				
Provision for actuarial liability	398,903	(103,829)	16,125	311,199
Provision for litigation	255,812	-	9,379	265,191
Provision for inventory adjustments	53,020	-	7,530	60,550
Goodwill/acquisition of companies	297,932	-	(4,735)	293,197
Impairment of assets	727,192	-	(303,620)	423,572
Other	191,951	-	165,986	357,937
Total assets	3,522,547	(253,672)	70,029	3,338,904
In liabilities				
Income tax and social contribution				
Tax-incentive depreciation	8,869	-	(1,993)	6,876
Tax rate depreciation	345,779	-	(41,803)	303,976
Adjustment to property, plant and equipment (IAS 29)	50,031	-	(6,076)	43,955
Indexation of judicial deposits	51,541	-	803	52,344
Other	28,701	-	(11,286)	17,415
Total liabilities	484,921	-	(60,355)	424,566
Total, net	3,037,626	(253,672)	130,384	2,914,338

In the year ended December 31, 2020, the Company's management reversed a provision for tax credit losses amounting to R$39,078 in the Parent company and R$5,488 in Consolidated (December 31, 2019 – reversal of R$132,116 and R$39,022, respectively). Deferred tax credits not recognized in the financial statements totaled R$857,997 in the Parent company and R$1,064,596 in Consolidated (December 31, 2019 – R$897,075 and R$1,059,108, respectively). The Company's management will continue monitoring this unrecognized amount, which may be accounted for as soon as its use becomes probable.

At December 31, 2020, the expected realization of the deferred taxes was as follows:

	Parent	Consolidate
2021	210,608	286,530
2022	225,154	251,941
2023	234,845	261,609
2024	235,629	262,407
2025 to 2027	835,789	919,093
2028 to 2030	893,114	996,094
2031 to 2033	797,906	866,751
After 2034 (i)	36,248	559,075
Assets	3,469,293	4,403,500
Unrecognized tax credits	(857,997)	(1,064,596)
Assets	2,611,296	3,338,904
Liabilities	(390,420)	(424,566)
Net position	2,220,876	2,914,338

(i) In Consolidated, the amounts refer mainly to tax credits from goodwill on Mineração Usiminas downstream merger. These tax credits were allocated to match the expected useful lives of the mines, which are expected to be fully depleted by 2053.

The recognition of tax assets is based on a study of the expected future taxable income, reviewed by the Statutory Audit Board and approved by the Board of Directors of the Company. The study to determine the expected future taxable income adopts the same data and assumptions as those adopted in the impairment test of assets (Note 17).

As the income tax and social contribution taxable bases arise not only from projected taxable profit, but also from non-taxable income, non-deductible expenses, tax incentives and other variables, there is no direct correlation between the Company's forecast profit and the income subject to income tax and social contribution. Accordingly, the projected tax credit offsets should not be considered as the only indication of the future profitability of Usiminas.

(c) Income tax and social contribution in current liabilities

	Parent company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Income tax				
Current income (expense)	(16,710)	(23,007)	(500,068)	(97,919)
Prepayments and offsets in the year	16,710	23,007	169,036	86,755
	-	-	(331,032)	(11,164)
Social contribution				
Current income (expense)	-	(8,312)	(184,546)	(40,963)
Prepayments and offsets in the year	-	8,312	69,736	37,031
	-	-	(114,810)	(3,932)
Total IRPJ and CSLL payable	-	-	(445,842)	(15,096)

14 Judicial deposits

						Parent company
			12/31/2020			12/31/2019
	Judicial deposits	Taxes payable in installments	Net balance	Judicial deposits	Taxes payable in installments	Net balance
IPI	177,021	(106,138)	70,883	177,017	(106,138)	70,879
IRPJ and CSLL	152,847	(57,090)	95,757	152,847	(57,089)	95,758
INSS	62,949	(7,264)	55,685	66,162	(7,265)	58,897
CIDE	26,384	(26,384)	-	26,384	(26,384)	-
ICMS	10,486	-	10,486	10,377	-	10,377
COFINS	2,731	-	2,731	2,544	-	2,544
Labor	167,029	-	167,029	193,825	-	193,825
Civil	37,329	(16)	37,313	34,821	(16)	34,805
Other	1,224	-	1,224	1,100	-	1,100
Provision for losses (i)	(88,493)	-	(88,493)	(88,493)	-	(88,493)
	549,507	(196,892)	352,615	576,584	(196,892)	379,692

(i) Refers to the provision for losses on IRPJ/CSLL (Elimination of the inflation effects of the Verão Economic Stabilization Plan) and INSS (Independent contractors).

						Consolidated
			12/31/2020			12/31/2019
	Judicial deposits	Taxes payable in installments	Net balance	Judicial deposits	Taxes payable in installments	Net balance
IPI	177,021	(106,138)	70,883	177,017	(106,138)	70,879
IRPJ and CSLL	158,787	(57,090)	101,697	158,787	(57,089)	101,698
INSS	72,219	(7,264)	64,955	75,228	(7,265)	67,963
CIDE	26,384	(26,384)	-	26,384	(26,384)	-
ICMS	11,658	-	11,658	11,539	-	11,539
COFINS	23,693	-	23,693	23,130	-	23,130
Labor	232,494	-	232,494	262,773	-	262,773
Civil	38,626	(16)	38,610	35,883	(16)	35,867
Other	78,220	-	78,220	58,302	-	58,302
Provision for losses (i)	(78,802)	-	(78,802)	(88,493)	-	(88,493)
	740,300	(196,892)	543,408	740,550	(196,892)	543,658

(i) Refers to the provision for losses on IRPJ/CSLL (Elimination of the inflation effects of the Verão Economic Stabilization Plan) and INSS (Independent contractors).

Changes in judicial deposits were as follows:

		Parent company		Consolidated
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Opening balance	576,584	564,669	740,550	720,449
Additions	15,724	109,141	58,018	157,391
Interest/inflation indexation	4,193	5,120	7,728	8,322
Reversals	(46,994)	(102,346)	(65,996)	(145,612)
Closing balance	549,507	576,584	740,300	740,550

(i) Refers to the provision for losses on IRPJ/CSLL (Elimination of the inflation effects of the Verão Economic Stabilization Plan) and INSS (Independent contractors).

15 Investments

(a) Changes in investments

(i) Parent company

	12/31/2019	Additions (reductions)	Equity in the results of investees (i)	Interest on capital and dividends	Unrealized inventory profit	Actuarial liability	Other	12/31/2020
Subsidiaries								
Mineração Usiminas (ii)	2,657,671	-	1,315,630	(359,258)	53,640	(1,126)	-	3,666,557
Soluções Usiminas	692,226	-	81,961	(38,932)	(37,544)	3,389	-	701,100
Usiminas Europa (iii)	129,785	(181,368)	51,010	-	-	-	573	-
Usiminas International	49,268	-	23,895	-	-	-	-	73,163
Usiminas Mecânica	153,059	-	(156,585)	-	264	24,964	-	21,702
Usiminas Participações e Logística S.A. (UPL)	80,849	-	7,708	(4,089)	-	6	-	84,474
					-			
Other (iv)	24,721	-	-	-	-	-	52,196	76,917
	3,787,579	(181,368)	1,323,619	(402,279)	16,360	27,233	52,769	4,623,913
Jointly-controlled subsidiaries								
Unigal	519,958	-	88,686	(105,000)	-	(566)	-	503,078
Usiroll	10,692	-	1,633	-	-	278	-	12,603
	530,650	-	90,319	(105,000)	-	(288)	-	515,681
Associates								
Codeme	20,615	-	9,889	-	-	-	-	30,504
MRS	11,797	-	1,191	(967)	-	1	-	12,022
	32,412	-	11,080	(967)	-	1	-	42,526
	4,350,641	(181,368)	1,425,018	(508,246)	16,360	26,946	52,769	5,182,120

(i) In equity in the results of investees presented in the statement of income and statement of cash flows of the Parent company, which totals R$1,388,565 when compared with the income of R$1,425,018 in changes in investments, the results related to net capital deficiency of the subsidiary Rios Unidos totaling R$827 and unrealized inventory profit of R$(37,280) determined in the subsidiaries Soluções Usiminas and Usiminas Mecânica must be considered

(ii) In the column unrealized inventory profit, the amount of R$ 53,640 refers to the reversal of loss of assets generated in the acquisition of subsidiary, as shown in Note 18.

(iii) The reduction in the year refers to the closing of the activities of Usiminas Europa S.A.

(iv) In the year ended December 31, 2020, the amount of R$53,621 was recorded as reversal of impairment of assets which, net of the amortization of mineral rights of R$1,425.

(ii) Consolidated

	12/31/2019	Additions	Equity in the results of investees	Interest on capital and dividends	Actuarial liability	12/31/2020
Jointly-controlled subsidiaries						
Investments in jointly-controlled subsidiaries	533,199	-	93,084	(107,932)	(288)	518,063
Goodwill on jointly-controlled subsidiaries	4,668	-	-	-	-	4,668
	537,867	-	93,084	(107,932)	(288)	522,731
Associates						
Investments in associates (i)	508,071	22	66,675	(46,028)	37	528,777
Goodwill on associates	7,200	-	-	-	-	7,200
	515,271	22	66,675	(46,028)	37	535,977
Total	1,053,138	22	159,759	(153,960)	(251)	1,058,708

(i) The addition for the year refers to the capital increase of Terminal de Cargas Paraopeba S.A., with no change in the Company's investment percentage .

(b) Financial information on associated companies

The Company's share of profit (loss) in its most significant associates at December 31, 2020 is as follows:

	Country of incorporation	Assets	Liabilities	Equity	Net revenue	Profit	% interest held
Codeme	Brazil	297,591	190,956	106,635	160,684	(4,426)	30.77%
MRS (i)	Brazil	11,260,096	6,947,262	4,312,834	3,604,965	430,301	11.41%

(i) Direct investment of 0.28% and indirect investment of 11.13% through UPL.

The share of profit or loss was calculated after income tax and social contribution and non-controlling interest in associates.

The voting capital percentage in the associated companies is the same as that of total capital, except for the company MRS, where the percentage of voting capital is 19.92%. USIMINAS participates in the control group and has significant influence, and classifies this investment as associated company.

The summarized financial statements of the jointly-controlled subsidiaries are shown below.

(i) Summarized balance sheets

			12/31/2020			12/31/2019
	Modal	Unigal	Usiroll	Modal	Unigal	Usiroll
Current assets						
Cash and cash equivalents	2,460	64,433	9,245	2,538	40,778	5,718
Trade receivables	1,094	62,574	3,999	869	65,896	3,605
Inventories	-	35,726	1,049	-	42,232	481
Taxes recoverable	-	4,215	-	-	10,353	-
Other	8	1,371	131	8	(238)	95
Total current assets	3,562	168,319	14,424	3,415	159,021	9,899
Non-current assets						
Long-term receivables	-	2,785	27	-	3,465	317
Property, plant and equipment	2,205	825,149	12,245	2,385	840,560	13,405
Intangible assets	-	473	3	-	391	4
Total non-current assets	2,205	828,407	12,275	2,385	844,416	13,726
Total assets	5,767	996,726	26,699	5,800	1,003,437	23,625
Liabilities and equity						
Borrowings	-	12	-	-	25	-
Trade payables	148	20,179	266	123	18,954	196
Contingencies	-	3,494	-	-	2,546	-
Deferred income tax and social contribution	-	221,225	-	-	212,533	-
Other	855	28,131	1,228	580	19,117	2,045
Equity	4,764	723,685	25,205	5,097	750,262	21,384
Total liabilities and equity	5,767	996,726	26,699	5,800	1,003,437	23,625

(ii) Summarized statements of income

			12/31/2020			12/31/2019
	Modal	Unigal	Usiroll	Modal	Unigal	Usiroll
Net sales and services	10,374	290,198	16,033	8,951	318,655	17,286
Cost of sales and services	(3,696)	(117,037)	(8,897)	(3,333)	(109,879)	(9,539)
Operating income (expenses):	(3)	(12,320)	(2,387)	(87)	1,197	(2,183)
Finance income (costs)	50	6,180	160	121	19,323	310
Provision for IRPJ and CSLL	(1,196)	(42,790)	(1,644)	(1,048)	(59,721)	(2,051)
Profit for the year	5,529	124,231	3,265	4,604	169,575	3,823

16 Property, plant and equipment

							Parent company
				12/31/2020			12/31/2019
	Weighted average rate of annual amortiza-tion (%)	Cost	Accumulated depreciation	PP&E, net	Cost	Accumulated depreciation	PP&E, net
In operation							
Buildings	4	2,021,930	(1,307,671)	714,259	2,069,429	(1,323,470)	745,959
Machinery and equipment	5	21,232,691	(14,283,215)	6,949,476	21,024,823	(13,592,823)	7,432,000
Facilities	4	996,228	(353,401)	642,827	946,461	(318,382)	628,079
Furniture and fittings	16	59,253	(48,514)	10,739	53,508	(45,259)	8,249
IT equipment	25	215,097	(187,296)	27,801	206,163	(179,571)	26,592
Vehicles	16	34,809	(34,760)	49	34,809	(34,752)	57
Tools and instruments	20	211,264	(192,457)	18,807	207,024	(186,279)	20,745
Right of use		33,149	(26,172)	6,977	45,536	(14,964)	30,572
		24,804,421	(16,433,486)	8,370,935	24,587,753	(15,695,500)	8,892,253
Land		274,423	-	274,423	274,985	-	274,985
Total in operation		25,078,844	(16,433,486)	8,645,358	24,862,738	(15,695,500)	9,167,238
Under construction							
Construction in progress		790,974	-	790,974	511,963	-	511,963
Assets in progress		48,904	-	48,904	79,431	-	79,431
Imports in transit		35,624	-	35,624	21,570	-	21,570
Advances to suppliers		17,032	-	17,032	22,220	-	22,220
Capitalized charges on borrowings		27,576	-	27,576	13,865	-	13,865
Other		62,389	-	62,389	76,026	-	76,026
Total under construction		982,499	-	982,499	725,075	-	725,075
		26,061,343	(16,433,486)	9,627,857	25,587,813	(15,695,500)	9,892,313

	Weighted average rate of annual amortiza-tion (%)	12/31/2020 Cost	12/31/2020 Accumulated depreciation	12/31/2020 PP&E, net	12/31/2019 Cost	12/31/2019 Accumulated depreciation	Consolidated 12/31/2019 PP&E, net
In operation							
Buildings	4	2,425,852	(1,543,039)	882,813	2,447,607	(1,533,595)	914,012
Machinery and equipment	5	22,513,945	(15,256,875)	7,257,070	22,276,241	(14,509,944)	7,766,297
Facilities	4	1,740,728	(813,851)	926,877	1,683,791	(728,958)	954,833
Furniture and fittings	16	74,778	(61,896)	12,882	70,030	(59,776)	10,254
IT equipment	25	260,067	(227,700)	32,367	250,295	(218,143)	32,152
Vehicles	16	49,938	(48,033)	1,905	49,915	(49,851)	64
Tools and instruments	20	243,527	(214,282)	29,245	238,549	(206,889)	31,660
Right of use		117,599	(57,204)	60,395	129,411	(23,087)	106,324
Impairment (i)		(66,047)	-	(66,047)	(72,503)	-	(72,503)
Other		115,496	(13,365)	102,131	129,438	(9,533)	119,905
		27,475,883	(18,236,245)	9,239,638	27,202,774	(17,339,776)	9,862,998
Land		463,884	-	463,884	654,118	-	654,118
Total in operation		27,939,767	(18,236,245)	9,703,522	27,856,892	(17,339,776)	10,517,116
Under construction							
Construction in progress		1,087,472	-	1,087,472	707,843	-	707,843
Assets in progress		106,783	-	106,783	107,112	-	107,112
Imports in transit		35,629	-	35,629	21,599	-	21,599
Advances to suppliers		31,443	-	31,443	30,790	-	30,790
Capitalized charges on borrowings		27,576	-	27,576	14,755	-	14,755
Impairment (i)		(52,680)	-	(52,680)	(56,873)	-	(56,873)
Other		66,289	-	66,289	82,349	-	82,349
Total under construction		1,302,512	-	1,302,512	907,575	-	907,575
		29,242,279	(18,236,245)	11,006,034	28,764,467	(17,339,776)	11,424,691

(i) Refers to impairment loss on property, plant and equipment (Note 17).

Changes in property, plant and equipment were as follows:

	Buildings	Machinery and equipment	Facilities	Tools and instruments	Land	Construc-tion in progress	Right of use	Other	Total
									Parent company
At December 31, 2019	745,959	7,432,000	628,079	20,745	274,985	725,075	30,572	34,898	9,892,313
Additions (i)	1,012	24,532	706	28	-	522,491	-	62	548,831
Remeasurement	-	-	-	-	-	-	3,858	-	3,858
Disposals	(4,116)	(1,734)	(791)	(26)	(563)	(7,501)	(12,563)	-	(27,294)
Depreciation	(43,846)	(693,375)	(37,505)	(6,539)	-	-	(14,890)	(10,988)	(807,143)
Capitalized charges on borrowings (ii)	-	-	-	-	-	27,576	-	-	27,576
Transfers	15,250	188,078	52,392	4,599	-	(274,936)	-	14,617	-
Other	-	(25)	(54)	-	1	(10,206)	-	-	(10,284)
At December 31, 2020	714,259	6,949,476	642,827	18,807	274,423	982,499	6,977	38,589	9,627,857

(i) Additions to property, plant and equipment in the Parent company comprise cash purchases totaling R$548,831.
(ii) These charges were capitalized at the contracted rates, which are described in Note 20.

	Buildings	Machinery and equipment	Facilities	Tools and instruments	Land	Construc-tion in progress	Right of use	Impairment	Other	Total
										Parent company
At December 31, 2018	788,435	8,078,160	656,284	16,306	395,279	719,234	-	(428,974)	23,500	10,248,224
Additions (i)	2,287	29,342	3,738	364	-	479,803	-	-	180	515,714
Adoption of IFRS 16	-	-	-	-	-	-	45,536	-	-	45,536
Disposals	-	(1,661)	-	(26)	(3)	(65)	-	-	-	(1,755)
Depreciation	(43,664)	(693,266)	(41,657)	(6,457)	-	-	(14,964)	-	(7,553)	(807,561)
Capitalized charges on borrowings (ii)	-	-	-	-	-	13,865	-	-	-	13,865
Impairment (iii)	-	(93,517)	-	-	-	(335,462)	-	428,974	5	-
Transfers	(1,099)	112,002	9,714	10,558	-	(149,946)	-	-	18,771	-
Transfers to investment properties	-	-	-	-	(120,291)	-	-	-	-	(120,291)
Other	-	940	-	-	-	(2,354)	-	-	(5)	(1,419)
At December 31, 2019	745,959	7,432,000	628,079	20,745	274,985	725,075	30,572	-	34,898	9,892,313

(i) Additions to property, plant and equipment in the Parent company comprise cash purchases totaling R$515,714.
(ii) These charges were capitalized at the contracted rates, which are described in Note 20.
(iii) Refers to impairment of property, plant and equipment (Note 17).

										Consolidated
	Buildings	Machinery and equipment	Facilities	Tools and instruments	Land	Construc-tion in progress	Right of use	Impairment	Other	Total
At December 31, 2019	914,012	7,766,297	954,833	31,660	654,118	964,448	106,324	(129,376)	162,375	11,424,691
Additions (i)	1,012	24,970	706	1,075	784	739,863	-	-	297	768,707
Remeasurement	-	-	-	-	-	-	4,433	-	-	4,433
Disposals	(4,118)	(2,400)	(791)	(691)	(563)	(8,488)	(12,563)	1,124	(14,025)	(42,515)
Depreciation	(69,083)	(762,036)	(87,572)	(9,164)	-	-	(37,801)	15,917	(18,031)	(967,770)
Capitalized charges on borrowings (ii)	-	-	-	-	-	27,576	-	-	-	27,576
Impairment (iii)	583	(1,337)	-	-	54,394	-	-	(6,392)	-	47,248
Transfers	15,250	188,078	52,392	4,599	-	(274,936)	-	-	14,617	-
Transfers to investment property	-	-	-	-	(245,000)	-	-	-	-	(245,000)
Other	25,157	43,498	7,309	1,766	151	(93,271)	2	-	4,052	(11,336)
At December 31, 2020	882,813	7,257,070	926,877	29,245	463,884	1,355,192	60,395	(118,727)	149,285	11,006,034

(i) Additions to property, plant and equipment in Consolidated comprise cash purchases totaling R$768,707.
(ii) These charges were capitalized at the contracted rates, which are described in Note 20.
(iii) Refers to impairment of property, plant and equipment (Note 17).

									Consolidated	
	Buildings	Machinery and equipment	Facilities	Tools and instruments	Land	Construc-tion in progress	Right of use	Impairment	Other	Total
At December 31, 2018	946,442	8,460,588	1,034,390	28,632	774,412	900,075	-	(575,109)	145,592	11,715,022
Additions (i)	2,539	34,966	3,738	364	-	604,420	-	-	8,929	654,956
Adoption of IFRS 16	-	-	-	-	-	-	129,411	-	-	129,411
Disposals	(1,205)	(2,102)	(1)	(39)	(3)	(65)	-	-	(39)	(3,454)
Depreciation	(57,758)	(772,514)	(104,050)	(9,343)	-	-	(23,087)	16,759	(13,514)	(963,507)
Capitalized charges on borrowings (ii)	-	-	-	-	-	13,865	-	-	-	13,865
Impairment (iii)	-	(93,517)	-	-	-	(335,462)	-	428,974	5	-
Transfers	(1,099)	112,002	9,714	11,458		(151,041)	-		18,966	-
Transfers to investment properties	-	-	-	-	(120,291)	-	-	-	-	(120,291)
Other	25,093	26,874	11,042	588	-	(67,344)	-	-	2,436	(1,311)
At December 31, 2019	914,012	7,766,297	954,833	31,660	654,118	964,448	106,324	(129,376)	162,375	11,424,691

(i) Additions to property, plant and equipment in Consolidated comprise cash purchases totaling R$646,236.
(ii) These charges were capitalized at the contracted rates, which are described in Note 20.
(iii) Refers to impairment of property, plant and equipment (Note 17).

At December 31, 2020, additions to property, plant and equipment refer mainly to expenses incurred for the renovation of blast furnace 3, construction of a new gasometer and full renovation of boiler 130/2 at the Ipatinga plant in Minas Gerais, as well as to other works performed in order to keep the Company's production capacity.

At December 31, 2020, construction in progress amounting to R$1,355,192 in Consolidated refers to projects for improving manufacturing processes and maintaining production capacity.

At December 31, 2020, interest and foreign exchange gains/losses were capitalized on borrowings in property, plant and equipment, in the amount of R$27,576 in the Parent company and in Consolidated. These charges were capitalized at the contracted rates, which are described in Note 20.

At December 31, 2020, depreciation in the Parent company was recognized in "Cost of sales", "Other operating income (expenses)", "Selling expenses" and "General and administrative expenses" in the amounts of R$561,63, R$232,008, R$3,013 and R$10,759 (December 31, 2019 – R$585,085, R$212,500, R$2,997 and R$6,979), respectively. At December 31, 2019, depreciation in Consolidated was recognized in "Cost of sales", "Other operating income (expenses)", "Selling expenses" and "General and administrative expenses" in the amounts of R$707,220, R$242,579, R$4,076 and R$13,895 (December 31, 2019 - R$708,673, R$240,130, R$4,105 and R$10,599), respectively.

Certain property, plant and equipment items are pledged as collateral of borrowings and judicial proceedings (Note 40).

17 Impairment of non-financial assets

For calculation of the recoverable amount of each business segment, Usiminas uses the discounted cash flow method based on the economic and financial projections of each segment. The projections take into consideration the changes observed in the economic scenario of the markets in which the companies operate, as well as assumptions of expected results and the history of profitability of each segment.

Usiminas has four cash generating units or reportable operating segments, which offer different products and services and are managed separately. These cash generating units are determined based on the smallest identifiable group of assets that generates cash inflows and there are no different segments or cash generating units within the same company.

The four cash generating units and/or reportable segments identified in the Company are Mining and Logistics, Steel Metallurgy, Steel Transformation and Capital Assets (Note 28).

(a) General assumptions and criteria

The calculations of value in use utilize cash-flow projections based on financial budgets approved by the Executive Board. We estimate that the net fair value of selling expenses is lower than the value in use, and, therefore, the latter was used to determine the recoverable value.

To calculate the recoverable value, 5-year projections of sales volumes, average prices and operating costs were prepared by the commercial and planning areas, considering market share, international price changes and dollar and inflation rates based on market reports. The need for working capital and investments to maintain the assets tested were also considered.

For the subsequent years growth rates were adopted based on estimated long-term inflation and foreign exchange rates.

The Company considered market sources to define the inflation and foreign exchange rates used in the projections of future cash flows. For the projection of annual exchange rates (R$/US$), the long-term inflation rates in the United States and Brazil were considered.

The long-term inflation rate used in the projected flows was 3.20% p.a.

The discount rates applied to the projections of future cash flows were an estimate of the rate that the market would use to meet the risks of the asset being evaluated. The Company adopted different rates for each business segment tested to reflect its capital structure. The estimated future cash flows of the Steel metallurgy segment were discounted at the nominal rate of 11.49%, which before taxes is equivalent to 16.92% in 2020. The estimated future cash flows of the mining segment were discounted at the real rate of 8.31%, which before taxes is equivalent to 11.78% in 2020.

The scenarios used in the aforementioned tests are based on Usiminas' best estimates for future results and cash generation in its business segments.

(b) Recoverable amount and recognized losses

(i) Intangible assets with indefinite useful lives

The following cash-generating units have intangible assets with indefinite useful lives (goodwill) for which impairment testing is performed annually:

	Consolidated	
	12/31/2020	**12/31/2019**
Mining and logistics	11,868	11,868
Steel transformation	2,433	2,433
	14,301	14,301

At December 31, 2020, as a result of impairment tests, the following impairment losses were recognized in profit or loss within Other operating income and expenses (Note 33 (b)):

	Consolidated
	12/31/2019
Mining and logistics	(3,068)

The Steel Metallurgy and Capital Assets units did not have intangible assets with indefinite useful lives.

(ii) Other long-term assets

At December 31, 2020 and 2019, the Company performed impairment tests the assets of its cash generating units, and the following (losses) reversals for impairment were recognized in profit or loss within Other operating income and expenses (Note 33 (b)):

		Parent company		Consolidated
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Mining and logistics				
Mineral rights (i)	-	-	812,576	-
Steel metallurgy				
Investments (ii)	107,261	16,731	-	-
Property, plant and equipment (ii)	-	-	53,640	-
Intangible assets (i) (ii)	-	-	53,621	16,731
Capital assets				
Intangible assets	-	-	(1,191)	-
Property, plant and equipment	-	-	(6,392)	-
Investment properties	-	(30,089)	(181,600)	(30,089)
	107,261	(13,358)	730,654	(13,358)

(i) The reversal of the impairment of the mineral rights occurred, substantially, due to changes in the estimated future price of iron ore and the dollar.
(ii) At December 31, 2020, the amount of R$107,261 (December 31, 2019 – R$16,731) in the Parent company refers to a payment for the acquisition of subsidiary, which was reclassified to intangible assets in Consolidated.

Long-term assets of the Steel Transformation Unit were reviewed, and no evidence of impairment was identified.

(c) Impairment testing of the mining segment

The value in use of the Mining segment was updated to reflect management's best estimates of future results from the processing and sale of iron ore, based on projections of sales price, expenses and investments. This evaluation can change depending on commodity price fluctuations, and any changes in long-term expectations can lead to future adjustments to the recognized amount.

The Company considered market sources to define the inflation and foreign exchange rates used in the projections of future cash flows. Projected prices for iron ore (CFR China, 62% Fe) ranged from US$77.00/metric ton to US$95.00/metric ton. The prices used to calculate future cash flows are within the range of the estimates published by market analysts.

In the year ended December 31, 2020 the amount of R$812,576 was recorded as reversal for impairment of mineral rights, allocated to intangible assets. Additionally, an impairment loss of R$ 181,600 was recorded in investment properties, related to land in Itaguaí. The loss was determined as a result of the devaluation of the fair value, which reflects the market conditions on the balance sheet date, of the property in relation to its cost value.

In the year ended December 31, 2019, impairment losses were recorded in the amount of R$3,068 related to goodwill on investment in the jointly-controlled subsidiary, Modal. No impairment losses on goodwill were determined at December 31, 2020.

In the year ended December 31, 2020, the remaining impairment loss in the amount of R$ 592,952 (R$ 53,260 in inventories and R$ 539,692 in mineral rights), continues to be monitored by the Company and will be reversed as future projections allow.

The Company will continue to monitor the key assumptions of this business segment.

(d) Impairment testing of the steel metallurgy segment

The value in use of the steel metallurgy segment was updated to reflect management's best estimates of future results.

The review of the estimates of future sales volumes combined with the projected increase in costs of raw materials indexed to the U.S. dollar reduced the estimated net recoverable value of the tested assets, resulting in impairment loss.

In the year ended December 31, 2020, an impairment reversal was recorded in the steel segment in the amount of R $ 107,261, (December 31, 2019 - R $ 16,731) of investment arising from assets generated in the acquisition of a subsidiary, which in the Consolidated is reclassified for intangible assets and property, plant and equipment.

In the year ended December 31, 2019, a reversal for impairment of R$30,089 was recorded in the Steel metallurgy segment, related to losses on investment properties and reversal for impairment of R$16,731 related to intangible assets

Management will continue to monitor the results in 2021, which will indicate the reasonableness of the future projections used

(e) Impairment testing of the capital assets segment

Usiminas Mecânica uses the discounted cash flow method, based on economic and financial projections that take into consideration the changes in the economic scenario of the capital assets markets, as well as assumptions of expected results and the history of profitability.

In the year ended December 31, 2019, an impairment loss was recorded in the segment in the amount of R$7,583, of which R$6,392 related to the total balance of property, plant and equipment and R$1,191 on intangible assets, as a result of the capital assets market downturn, which has not resumed growth with sustainable results for the Company.

Long-term assets of the Capital Asset unit were reviewed, based on updated projections and assumptions, and the review resulted in no reversal for impairment being identified.

The Company will continue to monitor the key assumptions of this business segment.

18 Intangible assets

The composition of intangible assets is as follows:

							Parent company
				12/31/2020			12/31/2019
	Weighted average rate of annual amortization (%)	Cost	Accumulated amortization	Net balance	Cost	Accumulated amortization	Net balance
Software	23	283,763	(234,343)	49,420	254,145	(213,071)	41,074
Intangible assets in progress	-	54,692	-	54,692	49,281	-	49,281
		338,455	(234,343)	104,112	303,426	(213,071)	90,355

							Consolidated
				12/31/2020			12/31/2019
	Weighted average rate of annual amortization (%)	Cost	Accumulated amortization	Net balance	Cost	Accumulated amortization	Net balance
Software	23	349,747	(292,185)	57,562	317,803	(268,410)	49,393
Goodwill	-	2,433	-	2,433	2,433	-	2,433
Mineral rights (i)	-	2,175,109	(119,581)	2,055,528	2,176,535	(96,217)	2,080,318
Impairment of assets	-	(574,605)	-	(574,605)	(1,457,058)	-	(1,457,058)
Other	-	60,758	(3,477)	57,281	55,171	(3,335)	51,836
		2,013,442	(415,243)	1,598,199	1,094,884	(367,962)	726,922

(i) Mineral rights are amortized in accordance with mine depletion at an average rate of R$0.67 per metric ton (this rate is adjusted considering the net value of the asset, net of impairment, which reflects the estimated cost of each ton depleted from the mines).

The changes in intangible assets are presented below:

			Parent company
	Software acquired	Intangible assets in progress	Total
Net book value at December 31, 2019	41,074	49,281	90,355
Additions	47	27,282	27,329
Transfers	29,571	(29,571)	-
Amortization	(21,272)	-	(21,272)
Other	-	7,700	7,700
At December 31, 2020	49,420	54,692	104,112
Total cost	283,763	54,692	338,455
Accumulated amortization	(234,343)	-	(234,343)
Net book value at December 31, 2020	49,420	54,692	104,112
Annual amortization rate %	23	-	-

			Parent company
	Software acquired	Intangible assets in progress	Total
Net book value at December 31, 2018	49,332	29,011	78,343
Additions	855	31,021	31,876
Transfers	11,210	(11,210)	-
Amortization	(20,323)	-	(20,323)
Other	-	459	459
At December 31, 2020	41,074	49,281	90,355
Total cost	254,145	49,281	303,426
Accumulated amortization	(213,071)	-	(213,071)
Net book value at December 31, 2019	41,074	49,281	90,355
Annual amortization rate %	31	-	-

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	Mineral rights (i)	Goodwill paid on acquisition	Software acquired	Other	Total
					Consolidated
Net book value at December 31, 2019	623,260	2,433	49,393	51,836	726,922
Additions	-	-	1,576	28,396	29,972
Transfers	-	-	30,508	(30,508)	-
Amortization	(8,534)	-	(23,776)	(143)	(32,453)
Changes in impairment of assets (ii)	866,197	-	(1,191)	-	865,006
Other	-	-	1,052	7,700	8,752
At December 31, 2020	1,480,923	2,433	57,562	57,281	1,598,199
Total cost	1,600,504	2,433	349,747	60,758	2,013,442
Accumulated amortization	(119,581)	-	(292,185)	(3,477)	(415,243)
Net book value at December 31, 2020	1,480,923	2,433	57,562	57,281	1,598,199
Annual amortization rate %	-	-	23	-	-

(i) Mineral rights are amortized in accordance with mine depletion at an average rate of R$0.67 per metric ton (this rate is adjusted considering the net value of the asset, net of impairment, which reflects the estimated cost of each ton depleted from the mines).
(ii) Refers to the reversal of impairment of intangible assets (Note 17).

	Mineral rights (i)	Goodwill paid on acquisition	Software acquired	Other	Total
					Consolidated
Net book value at December 31, 2018	602,562	2,433	58,810	31,791	695,596
Additions	-	-	2,852	32,363	35,215
Transfers	-	-	11,637	(11,637)	-
Amortization	(4,023)	-	(23,115)	(1,140)	(28,278)
Changes in impairment of assets (ii)	16,731	-	-	-	16,731
Other	7,990	-	(791)	459	7,658
At December 31, 2020	623,260	2,433	49,393	51,836	726,922
Total cost	719,477	2,433	317,803	55,171	1,094,884
Accumulated amortization	(96,217)	-	(268,410)	(3,335)	(367,962)
Net book value at December 31, 2019	623,260	2,433	49,393	51,836	726,922
Annual amortization rate %	-	-	31	-	-

(i) Mineral rights are amortized in accordance with mine depletion at an average rate of R$0.67 per metric ton (this rate is adjusted considering the net value of the asset, net of impairment, which reflects the estimated cost of each ton depleted from the mines).
(ii) Refers to the reversal of impairment of intangible assets (Note 17).

The amortization in the Parent company accounts was recognized in "Cost of sales" and "General and administrative expenses" in the amounts of R$373 and R$20,899 (December 31, 2019 - R$217 in "Cost of sales" and R$20,106 in "General and administrative expenses"), respectively. At the same date, in the Consolidated accounts, amortization was recognized in “Cost of sales”, “Selling expenses” and “General and administrative expenses” in the amounts of R$9,208, R$53 and R$23,192 (December 31, 2019 - R$5,653, R$57 and R$22,568), respectively.

Goodwill arising from the difference between the amounts paid to acquire investments in subsidiaries and the fair value of assets and liabilities (goodwill based on expected future profitability) is classified as intangible assets in the parent company and consolidated financial statements.

At December 31, 2020, a reversal of impairment losses of R$53,621 (December 31, 2019 - R$16,731 in the subsidiary Mineração Usiminas) was recognized in profit or loss in the Parent company’s accounts (Note 17 (b) (ii).

19 Trade payables, contractors and freight charges

	Parent company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
In Brazil	934,161	966,044	1,189,390	1,194,580
Abroad	166,315	56,256	177,301	69,178
Payables to related companies	866,448	383,531	550,999	254,512
	1,966,924	1,405,831	1,917,690	1,518,270

Additionally, in December 31, 2020, the amount of R$880,711 in Notes payable in the Parent company and Consolidated refers to forfaiting operations with domestic and foreign raw material suppliers. The negotiated contracts have a payment term of up to 240 days and rates of 2.5% p.a. and 6.1% p.a.

20 Borrowings

20.1 Composition of borrowings

Borrowings were as follows:

(a) Parent company

(i) In local currency

	Currency / index	Maturity of the principal amount	Annual finance charges (%)	12/31/2020 Current	12/31/2020 Non-current	12/31/2019 Current	12/31/2019 Non-current
FINAME	R$	2021 to 2024	2.5% to 9.5% p.a.	3,910	8,050	4,233	11,930
Bradesco	R$	2025	TR + 9.8% p.a.	-	-	8,515	37,845
Commissions and other costs	-	-	-	-	-	(321)	(850)
				3,910	8,050	12,427	48,925

(ii) In foreign currency

	Currency / index	Maturity of the principal amount	Finance charges charges (%)	12/31/2020 Current	12/31/2020 Non-current	12/31/2019 Current	12/31/2019 Non-current
Bonds	US$	2026	5.875% p.a.	109,700	3,897,525	79,921	3,023,025
Commissions and other costs	-	-	-	-	(63,215)	-	(74,709)
				109,700	3,834,310	79,921	2,948,316
In local currency				3,910	8,050	12,427	48,925
				113,610	3,842,360	92,348	2,997,241

(b) Consolidated

(i) In local currency

	Currency / index	Maturity of the principal amount	Annual finance charges (%)	12/31/2020 Current	12/31/2020 Non-current	12/31/2019 Current	12/31/2019 Non-current
FINAME	R$	2021 to 2024	2.5% to 9.5% p.a.	4,016	8,096	5,511	12,569
Bradesco	R$	2025	TR + 9.8% p.a.	-	-	8,515	37,845
Other	R$	2021 to 2022	8.24% p.a.	3,022	4,610	2,690	5,268
Commissions and other costs	-	-	-	-	-	(321)	(850)
				7,038	12,706	16,395	54,832

(ii) In foreign currency

	Currency / index	Maturity of the principal amount	Finance charges charges (%)	12/31/2020 Current	12/31/2020 Non-current	12/31/2019 Current	12/31/2019 Non-current
Bonds	US$	2026	5.875% p.a.	109,700	3,897,525	79,921	3,023,025
Commissions and other costs	-	-	-	-	(63,215)	-	(74,202)
				109,700	3,834,310	79,921	2,948,823
In local currency				7,038	12,706	16,395	54,832
				116,738	3,847,016	96,316	3,003,655

20.2 Schedule of borrowings in non-current liabilities

Long-term amounts fall due as follows:

	Parent company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
2021	-	9,865	-	13,013
2022	3,378	10,002	6,038	12,732
2023	2,976	10,304	4,968	10,329
2024	1,696	9,799	1,700	9,803
2025	-	8,955	-	8,955
2026	3,834,310	2,948,316	3,834,310	2,948,823
	3,842,360	2,997,241	3,847,016	3,003,655

20.3 Changes in borrowings

Changes in borrowings were as follows:

	Parent company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Opening balance	3,089,589	4,945,063	3,099,971	4,959,770
New borrowings	-	2,861,018	-	2,811,557
Accrued interest	262,435	317,700	262,851	318,326
Indexation accruals	580	54,470	648	54,719
Foreign exchange gains/losses	874,500	178,648	874,500	228,109
Payment of interest	(236,186)	(308,077)	(236,343)	(308,983)
Repayments/reductions - principal	(47,613)	(4,952,154)	(50,031)	(4,956,955)
Deferral of commissions	12,665	(7,079)	12,158	(6,572)
Closing balance	3,955,970	3,089,589	3,963,754	3,099,971

20.4 Covenants

(a) Debentures and bonds

With respect to the financial covenants, the Company is required to comply with the following ratio, calculated on a consolidated basis:

(i) Net debt / Adjusted EBITDA:

- less than 3.5 times in the quarterly measurements for bonds and half-yearly measurements (December and June) for debentures.

For the year ended December 31, 2020, the Company determined the following ratios, as shown below:

Indicator	Contracted ratio	Calculated ratio
Net debt / Adjusted EBITDA	< 3.5	0.3

With respect to the non-financial covenants, the Company has monitoring controls and, for the year ended December 31, 2020, no breaches of these covenants were found.

21 Debentures

The two series of non-convertible, unsecured debentures issued by the Company have annual payments maturing between 2023 and 2025, and accrue finance charges of 1.7% p.a. + 100% of the Interbank Deposit Certificate (CDI) rate for the first series and 2.1% p.a. + 100% of the CDI rate for the second series.

Changes in debentures in the year ended December 31, 2020 were as follows:

	Parent company and consolidated	
	12/31/2020	**12/31/2019**
Opening balance	2,006,267	890,020
Inflows	-	2,000,000
Accrued charges	68,898	51,060
Indexation accruals	30,159	14,169
Payment of interest	(100,716)	(55,433)
Repayment of principal	-	(893,549)
Closing balance (i)	2,004,608	2,006,267
Current liabilities	19,214	25,017
Non-current liabilities	1,985,394	1,981,250

(ii) Balance presented net, after deducting the amount of R$14,606 (December 31, 2019 - R$18,750) related to the deferral of transaction costs, in accordance with Technical Pronouncement CPC 08 - Transaction Costs and Premiums on Issue of Securities.

At December 31, 2020, charges of R$19,214 on the debentures are recorded in current liabilities (December 31, 2019 - R$25,017).

Long-term amounts fall due as follows:

	Parent company and consolidated	
	12/31/2020	**12/31/2019**
2023	694,888	693,438
2024	645,253	643,906
2025	645,253	643,906
	1,985,394	1,981,250

22 Taxes payable

	Parent company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
ICMS	48,378	27,693	57,415	32,769
IPI	37,866	27,403	41,127	29,424
Withholding Income Tax (IRRF)	9,954	9,144	11,977	11,315
Services Tax (ISS)	1,353	1,876	4,554	5,905
Social Integration Program (PIS) and Social Contribution on Revenues (COFINS)	1,897	2,726	3,485	5,192
Financial Contribution for the Exploration of Mineral Resources (CFEM)	-	-	37,927	11,119
Other	5,882	1,169	8,477	3,873
	105,330	70,011	164,962	99,597

23 Taxes payable in installments

The composition of taxes payable in installments was as follows:

	Parent company					
	12/31/2020			12/31/2019		
	Taxes payable in installments	Judicial deposits	Net balance	Taxes payable in installments	Judicial deposits	Net balance
INSS	7,265	(7,265)	-	7,265	(7,265)	-
IPI	104,457	(100,079)	4,378	104,391	(100,079)	4,312
Tax Recovery Program (REFIS) – Law 11,941/09 – IPI and CIDE	32,443	(32,443)	-	32,443	(32,443)	-
REFIS – Law 11,941/09 - IRPJ/CSLL Elimination of the inflation effects of the Verão Economic Stabilization Plan	57,089	(57,089)	-	57,089	(57,089)	-
Other	16	(16)	-	16	(16)	-
	201,270	196,892	4,378	201,204	(196,892)	4,312

	Consolidated					
	12/31/2020			12/31/2019		
	Taxes payable in installments	Judicial deposits	Net balance	Taxes payable in installments	Judicial deposits	Net balance
INSS	7,265	(7,265)	-	7,265	(7,265)	-
IPI	104,457	(100,079)	4,378	104,391	(100,079)	4,312
REFIS – Law 11,941/09 – IPI and CIDE	32,443	(32,443)	-	32,443	(32,443)	-
PERT	2	-	2	2	-	2
REFIS – Law 11,941/09 - IRPJ/CSLL Elimination of the inflation effects of the Verão Economic Stabilization Plan	57,089	(57,089)	-	57,089	(57,089)	-
Other	16	(16)	-	16	(16)	-
	201,272	196,892	4,380	201,206	(196,892)	4,314

Changes in the balance of taxes payable in installments were as follows:

		Parent company		Consolidated
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Opening balance (i)	201,204	201,070	201,206	201,072
Provision for interest	66	134	66	134
Subtotal	201,270	201,204	201,272	201,206
Balance of judicial deposit offset	(196,892)	(196,892)	(196,892)	(196,892)
Closing balance	4,378	4,312	4,380	4,314

(i) Of the total amount of taxes payable in installments presented in the balance sheet, the amount of R$196,892 (December 31, 2019 – R$196,892), which refers to the offset against judicial deposits, must be deducted in Parent company and Consolidated accounts.

At December 31, 2020, considering the payment schedule, the balances of taxes payable in installments are fully recorded in current liabilities.

24 Lease liabilities

For the adoption of IFRS 16 / CPC 06 (R2), the Company estimated discount rates, based on risk-free interest rates observable in the Brazilian market, for the term of the agreements. The rates used in the calculation ranged from 7.34% p.a. to 10.53% p.a.

At December 31, 2020, changes in lease liabilities are shown below:

	Parent company	Consolidated
Adoption of IFRS 16 / CPC 06 (R2)	31,807	109,270
Additions - New Leases	3,858	4,433
Reductions	(13,329)	(13,329)
Payments	(16,580)	(43,643)
Interest	1,725	7,976
Closing balance	7,481	64,707
Current	6,715	26,787
Non-current	766	37,920

The estimated future minimum payments related to lease agreements were as follows:

(a) Parent company

			12/31/2020
	Less than 1 year	Between 1 and 2 years	Total
Lease agreements (i)	7,049	781	7,830
Adjustment to present value	(334)	(15)	(349)
	6,715	766	7,481

				12/31/2019
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
Lease agreements (i)	13,707	12,226	11,124	37,057
Adjustment to present value	(2,222)	(1,496)	(1,532)	(5,250)
	11,485	10,730	9,592	31,807

(i) Refers, mainly, to machinery and equipment.

As of December 31, 2020, the Parent company does not have future minimum payments classified between 2 and 5 years.

(b) Consolidated

				12/31/2020
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
Lease agreements (i)	31,462	23,228	20,048	74,738
Adjustment to present value	(4,675)	(3,111)	(2,245)	(10,031)
	26,787	20,117	17,803	64,707

				12/31/2019
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
Lease agreements (i)	38,499	38,695	52,217	129,411
Adjustment to present value	(8,004)	(6,244)	(5,893)	(20,141)
	30,495	32,451	46,324	109,270

(i) Refers, mainly, to machinery and equipment.

The table below shows the estimated value of the potential right of PIS/COFINS recoverable, which is included in the lease consideration, according to the periods established for payment:

				Parent company
		12/31/2020		**12/31/2019**
Cash flow	**Nominal**	**Adjusted to present value**	**Nominal**	**Adjusted to present value**
Lease consideration	7,106	6,789	33,629	28,865
Potential PIS/COFINS (9.25%)	724	692	3,428	2,942
	7,830	7,481	37,057	31,807

				Consolidated
		12/31/2020		**12/31/2019**
Cash flow	**Nominal**	**Adjusted to present value**	**Nominal**	**Adjusted to present value**
Lease consideration	67,824	58,722	117,441	99,163
Potential PIS/COFINS (9.25%)	6,913	5,985	11,970	10,107
	74,737	64,707	129,411	109,270

25 Provision for litigation

						Parent company
			12/31/2020			12/31/2019
	Provisions	Judicial deposits	Net balance	Provisions	Judicial deposits	Net balance
INSS	3,064	-	3,064	-	-	-
ICMS	101,192	-	101,192	52,385	-	52,385
Labor	399,329	(126,811)	272,518	460,002	(145,080)	314,922
Civil	152,837	(24,064)	128,773	146,931	(19,432)	127,499
	656,422	(150,875)	505,547	659,318	(164,512)	494,806

						Consolidated
			12/31/2020			12/31/2019
	Provisions	Judicial deposits	Net balance	Provisions	Judicial deposits	Net balance
INSS	3,736	(58)	3,678	57	(57)	-
ICMS	102,268	(1,254)	101,014	53,444	(1,234)	52,210
PIS/COFINS	2,049	-	2,049	2,009	-	2,009
Labor	491,105	(177,526)	313,579	556,585	(200,861)	355,724
Civil	189,510	(40,695)	148,815	157,620	(35,584)	122,036
Other	10,933	(2,747)	8,186	7,671	(2,699)	4,972
	799,601	(222,280)	577,321	777,386	(240,435)	536,951

The Company also has judicial deposits recorded in non-current assets, for which there are no related provisions (Note 14).

Changes in the provision for litigation were as follows:

		Parent company		Consolidated
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Opening balance	659,318	474,106	777,386	635,551
Additions	111,644	246,742	151,410	294,430
Interest/inflation indexation	73,496	156,073	98,273	176,634
Payments/reductions	(73,221)	(111,409)	(76,475)	(143,867)
Reversal of principal	(88,520)	(51,557)	(118,847)	(92,509)
Reversal of interest	(24,488)	(54,637)	(26,883)	(57,738)
Transfers between current and non-current	(1,807)	-	(5,263)	(35,115)
Closing balance	656,422	659,318	799,601	777,386

(a) Provision for litigation

The provisions for litigation were recorded to cover probable losses arising from administrative proceedings and litigation relating to tax, labor, civil and environmental matters, in amounts considered sufficient by Management, based on the advice and assessment of internal and external legal advisors. The most significant proceedings at December 31, 2020 are described below:

(i) Provisions made by the parent company

Description	Position	12/31/2020 Balance	12/31/2019 Balance
Labor claims involving employees, former own employees and outsourced personnel of the Ipatinga Plant in which various labor and social security amounts are claimed.	Pending judgment by the Labor Court and administrative bodies, at several levels.	64,775	133,041
Labor claims involving employees, former own employees and outsourced personnel of the Cubatão Plant in which various labor and social security amounts are claimed.	Pending judgment by the Labor Court and administrative bodies, at several levels.	310,352	298,882
Claims for indemnities for material (pension, fixed medical expenses etc.) and moral damages due to exposure to benzene gas during working hours.	Pending judgment.	8,548	8,105
Differences in relation to the price paid for the shares upon the acquisition of a company merged with Soluções Usiminas.	Pending judment of appeal by Superior Court of Justice.	5,149	3,920
Actions for annulment of administrative rulings by the Administrative Council for Economic Defense (CADE) (Usiminas and the former Cosipa).	Agreement signed with CADE, provinding for payment in installments in 3 years (Semester Installments).	118,751	117,829
Action for annulment filed aiming at challenging the tax assessment notices issued by the tax authorities of Rio Grande do Sul claiming ICMS allegedly due by Usiminas.	Pending judgment by higher courts.	46,401	45,566
Action claiming that the social security contribution (INSS) be not levied on the 1/3 vacation bonus.	Pending judgment by the appellate court.	49,817	-
Other civil and environmental proceedings .	-	20,388	17,078
Other labor claims.	-	24,202	28,079
Other tax proceedings.	-	8,039	6,818
		656,422	659,318

(ii) Provisions made by the subsidiary Soluções Usiminas

Description	Position	12/31/2020 Balance	12/31/2019 Balance
Tax Assessment Notice in which tax authorities seek the payment of Value-Added Tax on Sales and Services (ICMS/RS) in connection with an alleged irregularity on the recording of presumed credits.	Awaiting the development of the case at an appellate court.	1,076	1,059
Labor proceedings consist mainly of claims by former employees in connection with disputes about the amount of compensation paid on terminations.	Pending judgment.	61,716	62,628
Other civil proceedings.	-	7,054	7,403
Other tax proceedings.	-	10,168	9,365
		80,014	80,455

	12/31/2020	12/31/2019
Provisions by the Parent company	656,422	659,318
Provisions by Soluções Usiminas	80,014	80,455
Provisions by the other companies	63,165	37,613
Total Consolidated	799,601	777,386

(b) Possible loss contingencies

Also, the parent company and some of its subsidiaries are parties to proceedings which involve risks of losses classified as possible by management, based on the assessment of legal counsel, for which no provisions have been recorded, and which include:

(i) Parent company's contingencies

Description	Position	12/31/2020 Balance	12/31/2019 Balance
Action challenging non-approval of the offset of federal tax debts against IRPJ credits determined after review of the Taxable Income Control Register (LALUR).	Pending judgment by the appellate court.	96,518	95,577
Tax proceedings claiming the reversal of ICMS/SP credits arising from the difference in material classification between tax authorities and Usiminas records.	Pending judgment by the trial court.	42,745	42,398
Tax assessment notice issued by the Federal Revenue Secretariat to require the settlement of tax liabilities related to the Excise Tax (IPI).	Pending judment by the trial court.	49,208	48,071
Tax proceedings in which tax authorities seek the reversal of ICMS/SP credits on materials considered as consumables (refractory items and others).	Several case records, declaratory actions and tax collection proceedings, suspended or pending decision by higher courts.	1,268,327	1,251,279
Tax proceeding in which tax authorities seek the reversal of ICMS/SP credits used by Usiminas upon contracting transportation services.	Pending judgment by the trial court.	55,096	54,437
Tax assessment notice related to the collection of ICMS/SP on export transactions, alleging that the recipients were not considered as qualified entities at the Foreign Trade Secretariat (SECEX).	Pending judgment by the trial court.	41,334	40,993
Tax collection proceedings related to the collection of ICMS/SP on goods shipped to other countries for alleged lack of proof of the export.	Pending judgment by the trial court.	652,003	644,131
Request to offset IPI, PIS and COFINS payable against a credit from an undue payment of CSLL, which was not approved.	Pending judgment at an administrative level.	48,297	47,620
Arbitration of the additional social security contribution amount related to the financing of the benefits granted in connection with the labor incapacity level arising from environmental risks and health and occupational safety.	Pending judgment at an administrative level.	51,459	50,981
Tax assessment notice in which tax authorities seek the payment of ICMS due to the alleged improper use of tax credits on the purchase of consumables used in the export of goods.	Pending decision at the administrative level and judgment by the trial court .	319,280	315,085

Description	Position	12/31/2020 Balance	12/31/2019 Balance
Tax assessment notice related to the collection of IRPJ and CSLL on income earned abroad.	Pending judgment at an administrative level.	115,433	115,433
Tax assessment notice in which tax authorities seek the payment ICMS related to the suspension of tax payment on the shipments of fuel to a thermoelectric plant (manufacturing by transformation).	Pending judment by the trial court.	63,948	62,701
Tax assessment notice in which tax authorities seek the payment ICMS related to the use of credits for the purchase of goods for use and consumption.	Pending judment by the trial court.	37.758	33.159
Labor claims involving employees, former own employees and outsourced personnel of the Cubatão Plant in which various labor and social security amounts are claimed.	Pending judgment by the Labor Court and administrative bodies, at several levels.	551,732	539,686
Labor claims involving employees, former own employees and outsourced personnel of the Ipatinga Plant in which various labor and social security amounts are claimed.	Pending judgment by the Labor Court and administrative bodies, at several levels.	312,187	279,147
Tax assessment notice in which tax authorities seek the payment of ICMS in connection with the non-prepayment of the tax due upon the receipt of goods from other Brazilian states (different rates).	Pending judgment at an administrative level.	75,914	466,716
Objection filed against the decision that recognized only partially the credit rights established in a final and unappealable court decision determining the exclusion of ICMS amounts from the calculation basis of PIS/COFINS-Imports	Pending judgment at an administrative level.	1,135,011	1,111,807
ICMS - Tax collection proceeding filed by the State of São Paulo related to the collection of a debt arising from the Company indicating the Manaus Free Trade Zone as the destination of goods, but such indication was not supported by the related document of admission to the location benefiting from incentives.	Pending judgment at an administrative level.	47,695	47,285
Tax Assessment Notice requiring the payment of penalty of one per cent on the customs value of the goods, as provided for in Article 84 of the Provisional Measure No. 2.158-35/01 combined with Article 69, paragraph 1 of Law No. 10.833/03 and Article 711, item III of Customs Regulations	Pending judgment at an administrative level.	25,456	24,761
Tax assessment notice issued by the Federal Revenue Secretariat alleging irregularity in the use of PIS/COFINS credits.	Pending judgment at an administrative level.	70,681	69,154
ICMS – Action for annulment of the tax debt required by the state government of Rio Grande do Sul. ICMS due to non-payment of tax prepayment, due to the entry of goods from others Federation Units (rate differential).	Pending judment by the trial court.	299,076	292,562
ICMS – Action for annulment of the tax debt required by the state government of Rio Grande do Sul. Under allegation that Usiminas was in irregular fiscal situation when used presumed credits.	Pending judgment by the appellate court.	111,577	109,538
Occupancy Charge levied on lands owned by the Navy related to the property where the port of Praia Mole/ES is located	Pending sentence.	42,677	41,555
Indemnity action that required material and moral damage based on non-compliance with the commercial agreement between the parties.	-	294,098	-
Public civil action filed by the Public Prosecution Office	Pending judment of appeal by Superior Court of Justice.	59,847	-
Collection action of the amount corresponding to the annual contract and payment adjustments supposedly due.	Pending examination.	36,045	31,485
Collection action of the amount corresponding to the annual contract conclued with a supplier.	Pending sentence.	16,223	14,411
Tax collection proceeding filed by the Federal Tax Authorities requiring the payment of tax liabilities related to inclusion in the official registration of outstanding debts applied by the former National Superintendency of Supply (SUNAB).	-	13,125	13,987
Other civil and environmental proceedings .	-	180,090	89,229
Other labor claims.	-	65,936	65,655
Other tax proceedings.	-	367,603	65.290
		6,546,379	6,064,133

(ii) Usiminas Mecânica's contingencies

Description	Position	12/31/2020 Balance	12/31/2019 Balance
Action claiming reimbursement of direct and indirect expenses determined in the manufacturing and supply phases due to a disagreement between Usiminas Mecânica and the customer.	Pending judgment.	775,743	719,962
Public Civil Action related to the construction of a bridge, claiming reimbursement to the customer of amounts added through an amendment to the construction contract.	Pending examination conclusion.	714,171	627,647
Public civil action filed by the Public Prosecution Office against Usiminas Mecânica, claiming reimbursement for alleged losses to the customer for improper expenses incurred in the construction of the bridge.	Pending examination conclusion.	146,476	129,246
Payment of ICMS required by the State Government alleging various violations related to the issue and accounting for invoices issued for manufacturing purposes.	Pending judment by the trial court.	15,195	14,980
Request for refund of IRPJ/CSLL overpayment the related payment of which was the subject matter of several offsets.	Pending judgment at an administrative level.	45,681	-
Labor claims involving employees, former own employees and outsourced personnel in which various labor and social security amounts are claimed.	Pending judgment by the Labor Court and administrative bodies, at several levels.	89,665	166,353
Other civil and environmental proceedings.	-	36,809	40,532
Other tax proceedings.	-	27,254	27,122
		1,871,841	1,725,842

(iii) Soluções Usiminas' contingencies

Description	Position	12/31/2020 Balance	12/31/2019 Balance
Several tax assessment notices related to non-approval of the offset of PIS against other taxes, such as COFINS, Tax for Social Security Financing (FINSOCIAL), ICMS and the National Institute for Colonization and Agrarian Reform (INCRA).	The assessment notices were challenged.	17,952	17,617
Labor proceedings mainly consisting of claims by former employees in connection with disputes about the amount of compensation paid on terminations.	Pending judgment.	169,390	150,847
Other tax proceedings.	-	82,691	80,815
Other civil proceedings.	-	32,398	14,434
Other environmental proceedings.	-	3,046	-
		305,477	263,713

(iv) Mineração Usiminas' contingencies

Description	Position	12/31/2020 Balance	12/31/2019 Balance
Tax assessment notice for the collection of PIS and COFINS on the use of credits on services related to the activity of the legal entity.	Pending judgment at an administrative level.	38,447	37,663
Judicial proceeding challenging the exclusion of freight and insurance expenses incurred in the selling phase of the mineral product from the calculation and payment of the CFEM.	Pending judgment by the appellate court.	58,364	29,962
Other civil proceedings.	-	12,136	12,728
Other labor claims.	-	6,690	6,014
Other tax proceedings.	-	4,019	3,923
		119,656	90,290

	12/31/2020	12/31/2019
Parent company's contingencies	6,546,379	6,064,133
Usiminas Mecânica's contingencies	1,871,841	1,725,842
Soluções Usiminas' contingencies	305,477	263,713
Mineração Usiminas' contingencies	119,656	90,290
Other companies' contingencies	29,196	23,897
Total Consolidated	8,872,549	8,167,875

(c) Contingent assets

At December 31, 2020, the main proceedings in which the Company is the plaintiff are presented below:

(i) Compulsory loan - Eletrobras

The Company is a plaintiff in proceedings claiming the receipt of the full amounts paid to Eletrobras by Usiminas, related to its Cubatão and Ipatinga branches, as a compulsory loan, in accordance with the legislation criteria in force at the time the tax was paid.

Final and unappealable decisions with respect to the declaratory actions and legal decisions for the enforcement of the judgment were issued in favor of Usiminas. For the year ended December 31, 2019, the Company recorded the undisputed amount of R$305.848 in its financial statements, relating to the Cubatão branch.

The Company continues to claim in court the remaining unrecognized amounts, that updated as of December 31, 2020, total R$576.743 and R$775.787 for Cubatão and Ipatinga, respectively.

(ii) Inclusion of ICMS in the calculation basis of PIS and COFINS

During the year of 2019, final and unappealable decisions were issued on the petition for writ of mandamus filed by the Company, its subsidiaries Usiminas Mecânica S.A. and Mineração Usiminas S.A., besides its jointly-controlled subsidiary Unigal Ltda., which challenged the inclusion of the Value-Added Tax on Sales and Services (ICMS) in PIS and COFINS calculation bases. Such decisions, related to several periods from November 2001, were favorable to the Company and its subsidiaries.

The Company determined, together with its external consultants, that the amounts of taxes overpaid be supplemented by interest/indexation accruals as per the quantification of credits guidelines, especially Private Letter Ruling No. 13 - COSIT of the Brazilian Federal Revenue Secretariat, as well as the perspective of its realization through the compensation of federal tax. Accordingly, the Company recorded in its financial statements for the year ended December 31, 2019 the amounts of R$115.899 in Parent company and R$156.561 in Consolidated.

26 Environmental restoration provision and dismantling of assets

At December 31, 2020, the subsidiary Mineração Usiminas S.A. had an environmental restoration provision for areas under development and dismantling of assets of R$230,002 (December 31, 2019 – R$231,591).

The expenditures for environmental restoration and dismantling of assets were recorded as part of the costs of these assets against the provision that will support such expenses, and take into consideration the management´s estimates. The estimates of expenses are reviewed periodically, adjusting, whenever necessary, the amounts previously recorded.

27 Retirement benefit obligations

The amounts and information on retirement benefit obligations were as follows:

	Parent company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Balance sheet obligations for:				
Pension benefits	676,280	815,365	691,024	828,332
Post-employment medical benefits	739,152	702,997	780,777	746,464
	1,415,432	1,518,362	1,471,801	1,574,796

	Parent company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Expenses recognized in the statement of income (Notes 33 (b) and 34)				
Pension benefits	(36,919)	(41,738)	(38,007)	(41,802)
Post-employment medical benefits	(48,799)	(44,169)	(51,685)	(44,005)
	(85,718)	(85,907)	(89,692)	(85,807)

	Parent company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Actuarial gains (losses) recognized directly in other comprehensive income	(133,508)	(625,954)	(132,459)	(628,392)
Decrease in assets (asset ceiling) in other comprehensive income - paragraph 58, CPC 33 and IAS 19	(11,330)	240,386	(11,330)	240,386
Gains (losses) on PB1 Plan debt renegotiation recognized directly in other comprehensive income	446,508	-	446,508	-
Accumulated actuarial gains (losses) recognized in other comprehensive income (i)	301,670	(385,568)	302,719	(388,006)

(i) At December 31, 2020, total balance in the Parent company includes the amount of R$26,946 (December 31, 2019 – R$35,852) and total balance in Consolidated includes the amount of R$27,992 (December 31, 2019 – R$2,439) related to actuarial gains (losses) of subsidiaries and jointly-controlled subsidiaries, recorded under the equity method of accounting.

27.1 Supplementary pension plans

In August 1972, the Company set up Caixa dos Empregados da Usiminas (CAIXA).

On March 29, 2012, the Supervisory authority (PREVIC) approved the merger of Cosipa Private Pension Foundation (FEMCO), set up in August 1975, into Caixa dos Empregados da Usiminas (CAIXA), both closed-end not-for-profit supplementary pension entities. With this approval, the Manager of the pension plans of Usiminas was renamed Previdência Usiminas.

Previdência Usiminas, in line with the applicable legislation, aims mainly at managing and running private pension benefit plans.

Plans managed by Previdência Usiminas

The technical reserves of benefit plans managed by Previdência Usiminas are calculated by an independent actuary hired by the Company, and are used to pay benefits granted and to be granted to members and their beneficiaries.

(i) Benefit Plan 1 - PB1

This is a defined benefit plan, which has been closed for new enrollments since November 1996.

It provides the following benefits converted into life annuity: retirement pension based on years of contribution, permanent disability retirement, old-age retirement pension, special retirement pension and pension on death. Furthermore, the members on this plan are entitled to benefits such as sickness allowance, prisoner's family grant and funeral grant.

(ii) Benefit plan 2 (USIPREV)

Variable contribution benefit plan, operating since August 1998, provided to the employees of the sponsor companies. Currently, this is the only Usiminas Plan accepting new enrollments.

During the accumulation phase, the USIPREV member defines the monthly contribution to form a savings reserve. Upon granting of the benefit, the member may opt for receiving benefits in a monthly annuity ranging between 0.5% and 1.5% of his/her Account Balance or in a monthly annuity between 60 and 360 months. The "Charter Member" – on the plan until April 13, 2011, may also opt for converting their account balance into a monthly life annuity. In this case, during the payout phase, USIPREV will be similar to a Defined-benefit-type plan.

The benefits provided by this plan comprise: programmed retirement, vesting, portability, disability retirement; sick pay and pension on death – pre and post retirement. The beneficiaries are also entitled to: Self-funded retirement plan, Vesting, Redemption and Portability.

(iii) Defined-benefit-type plan (PBD)

A defined benefit plan, which has been closed for new enrollments since December 2000.

It provides the following benefits converted into life annuity: length-of-service retirement pension, permanent disability retirement pension, old-age retirement pension, special retirement pension and pension on death. It also provides: sick pay, assistance for a residential home, birth allowance and funeral assistance.

The beneficiaries of this plan are also entitled to: Self-funded retirement plan, Vesting, Redemption and Portability.

(iv) COSIPREV

A defined-benefit-type plan, which has been closed for new enrollments since April 30, 2009

The benefits provided by this plan comprise: programmed retirement, benefit for total disability, death benefit and sick pay.

The beneficiaries of this plan are also entitled to: Self-funded retirement plan, Vesting, Redemption and Portability.

27.2 Debts contracted – minimum requirements

The Company has taken out debts in connection with the minimum requirements for payment of contributions, for the purpose of covering the gap in relation to the services already received.

In the event of non-recoverable surplus, the debts taken are recognized as an additional liability in net actuarial liabilities.

At December 31, 2020, the debit balance of the referred to debts payable by the Company to Previdência Usiminas for the PBD plan was R$556,510, and for PB1 and PBD plans at December 31, 2019 was R$705,618.

The PBD plan debit balance is determined at the end of each year, based on a direct actuarial revaluation of the total of the mathematical provisions for benefits granted and to be granted. During the subsequent year, as defined by the system of actuarial revaluation, the liability is adjusted by the monthly surplus or deficit determined in the PBD plan and by the amount of the payments falling due in the period. The debt balance should be paid in 176 installments, which correspond to the amount of all monthly installments calculated based on the Price Table, with interest of 6% per annum and monthly indexation based on the National Consumer Price Index (INPC).

At December 31, 2020, the PBD plan debt is guaranteed by Company's assets, whose market value is R$ 1,331,339 (R$ 146,058 - December 31, 2019). The market value was obtained by an appraisal report on the guarantee granting date.

(a) Debt renegotiation of the PB1 Pension Plan

On June 27, 2019, the Company sought a provisional remedy claiming the suspension of the requirement to pay to Previdência Usiminas the monthly installments provided for in the Instrument for the acknowledgment of debt, which had as its purpose the program for amortization of insufficient reserves of the PB1 Benefit Plan.

On March 24, 2020, an agreement was ratified ("Agreement"), to allow the dismissal of a lawsuit filed by the Company against Previdência Usiminas, claiming the following: (i) a provisional remedy exempting Usiminas from continuing to effect the payment of the monthly installments of the deficit amortization program of the Supplementary Pension Plan PB1 ("PB 1 Plan"), under the terms of a Private Instrument entered into on June 12, 2001, between the Company and Previdência Usiminas ("2001 Agreement"); and (ii) that the appeal claiming that the amount overpaid by Usiminas be returned by Previdência Usiminas, within the scope of said Instrument, be upheld.

The Agreement establishes, among other obligations, that PB1 Plan actuarial gains determined in 2016, 2017 and 2018, in the amount of R$716,506, will be used as follows: (i) settlement of the remaining balance of the 2001 Agreement, in the amount of R$322,574, according to the position on September 30, 2019; and (ii) return to Usiminas of the remaining amount of R$393,932, in a single installment, to be paid within 30 days from the date of ratification of the Agreement, due to overpayment of installments related to the 2001 Agreement by Usiminas due to the delay in its renegotiation. The return by Previdência Usiminas took place on March 26, 2020. The gains resulting from the Agreement were recognized in other comprehensive income.

In addition, the Agreement provides for the replacement of the 2001 Agreement by an instrument of commitment, in which Usiminas assumes the obligation to make special contributions for the settlement of deficits that may be determined in the PB1 Plan, as long as benefit payments are due to its participants and assisted, until full compliance with PB1 Plan's obligations.

27.3 Actuarial calculation of retirement plans

The amounts calculated based on the actuarial report, and recognized in the balance sheet, are shown below:

					Parent company
					12/31/2020
	PB1	PBD	USIPREV	COSIPREV	TOTAL
Present value of actuarial liability	(4,787,935)	(2,009,689)	(1,045,407)	(1,362)	(7,844,393)
Fair value of assets	5,474,572	1,476,335	925,352	18,890	7,895,149
	686,637	(533,354)	(120,055)	17,528	50,756
Asset ceiling	(686,637)	(23,156)	-	(17,243)	(727,036)
	-	-	-	-	-
	-	(556,510)	(120,055)	285	(676,280)

					Consolidated
					12/31/2020
	PB1	PBD	USIPREV	COSIPREV	TOTAL
Present value of actuarial liability	(4,787,935)	(2,009,689)	(1,170,035)	(1,865)	(7,969,524)
Fair value of assets	5,474,572	1,476,335	1,035,739	18,890	8,005,536
	686,637	(533,354)	(134,296)	17,025	36,012
Asset ceiling	(686,637)	(23,156)	-	(17,243)	(727,036)
	-	-	-	-	-
	-	(556,510)	(134,296)	(218)	(691,024)

					Parent company
					12/31/2019
	PB1	PBD	USIPREV	COSIPREV	TOTAL
Present value of actuarial liability	(4,733,936)	(2,006,045)	(1,037,315)	(1,716)	(7,779,012)
Fair value of assets	5,677,901	1,637,148	927,182	24,658	8,266,889
			-	-	-
	943,965	(368,897)	(110,133)	22,942	487,877
Asset ceiling	(1,280,686)	-	-	(22,556)	(1,303,242)
			-	-	-
	(336,721)	(368,897)	(110,133)	386	(815,365)

					Consolidated
					12/31/2019
	PB1	PBD	USIPREV	COSIPREV	TOTAL
Present value of actuarial liability	(4,733,936)	(2,006,045)	(1,159,441)	(1,716)	(7,901,138)
Fair value of assets	5,677,901	1,637,148	1,036,341	24,658	8,376,048
				-	-
	943,965	(368,897)	(123,100)	22,942	474,910
Asset ceiling	(1,280,686)	-	-	(22,556)	(1,303,242)
			-		-
	(336,721)	(368,897)	(123,100)	386	(828,332)

USIPREV's sponsoring employers are jointly liable to the obligations related to coverage of risk benefits offered by Previdência Usiminas to members and respective beneficiaries of this Plan.

USIPREV and COSIPREV plans have a Pension Fund from members' account balances not used in benefit payouts. As provided for in the plans' regulations, this

Fund may be used to fund these plans in the future. At December 31, 2020, the Pension Fund portion attributed to Usiminas amounts to R$21,370 (December 31, 2019 – R$41,721).

At December 31, 2020, the Company has been monitoring the loss on assets, in the amount of R$ 118,719, related to withdrawals of resources related to the PBD Plan. These funds were withdrawn by former participants of the bankrupt sponsor Companhia Ferro e Aço de Vitória (COFAVI). As a result of the fact that no solidarity has been shown by sponsors or benefit plans, the Previdência Usiminas have been seeking all appropriate legal remedies to recover the funds raised in favor of COFAVI's former participants, as well as to prevent further withdrawals.

Changes in the defined benefit obligation in the reporting periods were as follows:

	Parent company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Opening balance	(7,779,012)	(6,553,495)	(7,901,138)	(6,655,555)
Current service cost	(611)	(522)	(1,283)	(667)
Cost of interest	(521,269)	(585,945)	(529,744)	(595,267)
Benefits paid	556,243	547,011	562,339	552,827
Actuarial gains (losses)	(99,744)	(1,186,061)	(99,698)	(1,202,476)
Closing balance	(7,844,393)	(7,779,012)	(7,969,524)	(7,901,138)

Changes in fair value of plan assets in the reporting periods were as follows:

	Parent company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Opening balance	8,266,889	7,502,097	8,376,048	7,608,609
Expected return on assets	239,555	1,139,192	247,844	1,147,655
Actual contributions during the year	10,891	120,846	10,892	120,846
Benefits paid	(556,243)	(547,011)	(562,339)	(552,827)
Actuarial gains (losses)	(65,943)	51,765	(66,909)	51,765
Closing balance	7,895,149	8,266,889	8,005,536	8,376,048

The amounts recognized in the statement of income are shown below:

	Parent company		Consolidated	
	12/31/2020	12/31/2020	12/31/2020	12/31/2020
Current service cost	(611)	(713)	(777)	(858)
Cost of interest	(609,892)	(742,869)	(618,367)	(752,191)
Expected return on assets	551,659	701,844	559,211	711,247
Plan's adjustment related t experience	21,925	-	21,926	-
Closing balance	(36,919)	(41,738)	(38,007)	(41,802)

The charges shown above were recognized in "Other operating income (expenses)" and in "Finance result" in the statement of income.

Expected contributions to the post-employment benefit plans for 2021 total R$582,967.

Actuarial assumptions

	12/31/2020	12/31/2019
Discount rate	(i)	(i)
Inflation rate	3.20%	3.60%
Expected return on assets – PB1 and PBD	6.50%	6.92%
Expected return on plan's assets - USIPREV	6.92%	7.12%
Expected return on plan's assets – COSIPREV	5.26%	6.4%
Future salary increases	From 1.50% to 2.90%	From 1.10% to 2.90%
Growth in the benefits of the Government Social Security	3.20%	3.60%

(i) At December 31, 2020, the actual discount rate presents the following actuarial assumptions by plan: PB1, 3.20%; PBD, 3.20%; USIPREV, 3.60%; and COSIPREV, 2.00%.
(ii) At December 31, 2019, the actual discount rate presents the following actuarial assumptions by plan: PB1, 3.20%; PBD, 3.20%; USIPREV, 3.40%; and COSIPREV, 2.60%.

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience (Note 27.5).

27.4 Experience adjustments

The effects of adjustments computed based on experiences for the period were as follows:

							Parent company
							12/31/2020
	PB1	PBD	USIPREV	COSIPREV	Total retirement plans	Healthcare plan	TOTAL
Present value of defined benefit obligation	(4,787,935)	(2,009,689)	(1,045,407)	(1,362)	(7,844,393)	(739,153)	(8,583,546)
Fair value of plan assets	5,474,572	1,476,335	925,352	18,890	7,895,149	-	7,895,149
Plan surplus (deficit)	686,637	(533,354)	(120,055)	17,528	50,756	(739,153)	(688,397)
Experience adjustments on plan liabilities	(91,834)	(36,783)	(8,294)	275	(136,636)	(47,264)	(183,900)
Return on plan assets higher (lower) than the discount rate	(230,816)	(74,351)	(20,141)	(6,189)	(331,497)	-	(331,497)

							Parent company
							12/31/2019
	PB1	PBD	USIPREV	COSIPREV	Total retirement plans	Healthcare plan	TOTAL
Present value of defined benefit obligation	(4,733,936)	(2,006,045)	(1,037,315)	(1,716)	(7,779,012)	(702,997)	(8,482,009)
Fair value of plan assets	5,677,901	1,637,148	927,182	24,658	8,266,889	-	8,266,889
Plan surplus (deficit)	943,965	(368,897)	(110,133)	22,942	487,877	(702,997)	(215,120)
Experience adjustments on plan liabilities	37,452	11,031	20,118	275	68,876	39,497	108,373
Return on plan assets higher (lower) than the discount rate	472,100	2,757	(17,332)	(5,970)	451,555	-	451,555

	PB1	PBD	USIPREV	COSIPREV	Total retirement plans	Healthcare plan	TOTAL
							Consolidated
							12/31/2020
Present value of defined benefit obligation	(4,787,935)	(2,009,689)	(1,170,035)	(1,865)	(7,969,524)	(780,777)	(8,750,301)
Fair value of plan assets	5,474,572	1,476,335	1,035,739	18,890	8,005,536	-	8,005,536
Plan surplus (deficit)	686,637	(533,354)	(134,296)	17,025	36,012	(780,777)	(744,765)
Experience adjustments on plan liabilities	(91,834)	(36,783)	(8,294)	282	(136,629)	(48,003)	(184,632)
Return on plan assets higher (lower) than the discount rate	(230,816)	(74,351)	(20,141)	(6,247)	(331,555)	-	(331,555)

	PB1	PBD	USIPREV	COSIPREV	Total retirement plans	Healthcare plan	TOTAL
							Consolidated
							12/31/2019
Present value of defined benefit obligation	(4,733,936)	(2,006,045)	(1,159,441)	(1,716)	(7,901,138)	(746,336)	(8,647,474)
Fair value of plan assets	5,677,901	1,637,148	1,036,341	24,658	8,376,048	-	8,376,048
Plan surplus (deficit)	943,965	(368,897)	(123,100)	22,942	474,910	(746,336)	(271,426)
Experience adjustments on plan liabilities	37,452	11,031	20,118	275	68,876	39,497	108,373
Return on plan assets higher (lower) than the discount rate	472,100	2,757	(17,332)	(5,995)	451,530	-	451,530

27.5 Actuarial assumptions and sensitivity analysis

	Parent company and consolidated			
	12/31/2020			
Significant actuarial assumptions	**PB1**	**PBD**	**USIPREV**	**COSIPREV**
Present value of obligation	(4,787,935)	(2,009,689)	(1,045,407)	(1,362)
Discount rate applied to plan liabilities	6.50%	6.50%	6.92%	5.26%
Mortality table applied to plans	BREMS 2015 (i)	AT-2000 reduced by 10%	AT-2000 reduced by 50% (M) and 40%(F)	AT-2000 reduced by 30%
Disability mortality table	AT-83 Basic (i)	AT-49	AT-83 Basic	N/A
Sensitivity analysis on plan obligations discount rate				
1% increase on actual rate	(508,142)	(208,121)	(156,275)	(50)
1% decrease on actual rate	428,047	175,922	127,277	47
Sensitivity analysis on Mortality Table				
Reduced by 10%	(4,939,555)	(2,074,812)	(1,289,535)	(1,330)

(i) Tables segregated between male and female participants.

The sensitivity analysis on actuarial obligations was prepared considering solely changes in the discount rate and the mortality table applied to plan liabilities.

27.6 Post-retirement healthcare benefit plans

(a) COSaúde

The Cosaúde Plan was created with the objective of providing its members with coverage of medical and hospital expenses. The funds to support the Plan, which was closed for new enrollments in March 2010, are obtained from monthly contributions by users.

The Plan has the Health Fund - COSaúde, designed to manage expenses that are borne by users. These expenses refer to hospital, clinical and/or surgical hospitalizations, as well as to other expensive outpatient procedures provided for in the Plan's regulations. The Health Fund - COSaúde is an unregulated health plan, and is registered with the National Supplementary Health Care Agency (ANS) as an operating cost. Its management is carried out solely by company that operates the health plans, and, therefore without the Company's participation.

Additionally, for procedures not covered by Cosaúde, the Company grants a subsidy to members who retired up to 2002, as well as to their respective pensioners and dependents. This benefit, which ranges from 20% to 40% of the medical expenses, varies according to the sum of the INSS benefit plus Previdência Usiminas benefit.

(b) Saúde Usiminas

In 2010, Usiminas established Saúde Usiminas health care plan. The Plan is open for new enrollments to all employees and retirees. The main characteristics of the Saúde Usiminas plan are the following:

(i) Plan regulated by Law 9,656/98 covering clinical and hospital procedures, in accordance with the list of covered procedures disclosed by the National Supplementary Health Care Agency (ANS);
(ii) Prepaid plan contracted with Fundação São Francisco Xavier, a company that operates health care plans;
(iii) Price set by age; 60, 70 or 80% of the monthly fee is paid by the Company, in accordance with the employee's salary;
(iv) Terminated or retired employees may continue as a member of the Plan, in accordance with articles 30 and 31 of Law 9,656/98, provided that the monthly fees are fully paid by them.

In addition to the characteristics above, the key actuarial assumption is the long-term increase in medical services costs, which totaled 7.69% p.a. in the year ended December 31, 2020 and 2019.

The amounts recognized in the balance sheet, in accordance with the actuarial report, were determined as follows:

	Parent company		Consolidated	
	12/31/2020	**12/31/2019**	**12/31/2020**	**12/31/2019**
Opening balance	(702,997)	(487,159)	(746,464)	(487,547)
Current service cost	780	1,014	1,028	1,178
Cost of interest	(49,577)	(45,183)	(52,582)	(45,346)
Benefits paid	13,743	10,896	13,743	10,896
Actuarial gains (losses)	(1,101)	(182,565)	3,498	(225,645)
Closing balance	(739,152)	(702,997)	(780,777)	(746,464)

27.7 Retirement plan assets

Retirement plan assets comprise the following:

	12/31/2020		12/31/2019	
	Amount	%	Amount	%
Company shares	559,086	7	336,663	4
Federal government securities	4,997,054	62	4,932,586	59
Fixed income	1,854,588	23	2,790,195	33
Real estate investments	69,358	1	98,510	1
Other	525,450	7	218,094	3
	8,005,536	100	8,376,048	100

The pension plan assets include 34,109,762 common shares of the Company, at the fair value of R$559,086 (December 31, 2019 – 34,109,762 common shares at the fair value of R$336,663).

The expected return on plan assets corresponds to the discount rate defined based on long-term federal government bonds, which are bound to the inflation rate, and are in line with the weighted average term of future payment flow of the analyzed benefits.

28 Equity

(a) Share capital

At December 31, 2020, the Company's capital is R$13,200,295, comprising 1,253,079,108 book entry shares with no par value, of which 705,260,684 common shares; 547,752,163 Class A preferred shares and 66,261 Class B preferred shares, as shown below:

	Common shares	Class A Preferred shares	Class B Preferred shares	Total
Total shares at December 31, 2020	705,260,684	547,752,163	66,261	1,253,079,108
Total treasury shares	(2,526,656)	(20,019,445)	-	(22,546,101)
Total shares except treasury shares	702,734,028	527,732,718	66,261	1,230,533,007

Under the bylaws, the Board of Directors is authorized to increase the Company's capital through the issue of up to 11,396,392 preferred shares of the existing class.

Each common share entitles its holder to one vote at General Meetings. Preferred shares have no vote but are entitled to (i) receive dividends 10% higher than the dividends attributed to common shares; (ii) receive all the bonuses voted in General Meetings, under the same conditions as common shares; (iii) priority in the reimbursement of capital, with no right to premium, in the event of Company liquidation; and (iv) right to vote at meetings if the Company does not pay preferred dividends during three consecutive years.

The preferred shares may not be converted into common shares.

Holders of Class B preferred shares have priority in the reimbursement of capital, with no right to premium, in the event of Company liquidation. Holders of Class A preferred shares will be entitled to the same priority, however, only after the priority of Class B preferred shares is complied with. Class B preferred shares may be converted into Class A preferred shares at any time, at the exclusive discretion of the stockholder.

All stockholders are entitled to a minimum dividend of 25% of the net income for the year, calculated in accordance with Brazilian corporate legislation.

(b) Reserves

At December 31, 2020, the reserves were as follows:

- Premium on subscription of shares – set up in the merger process, pursuant to article 14, sole paragraph of Law 6,404/76. This reserve can be used to offset losses which exceed retained earnings and revenue reserves, for the redemption, reimbursement or purchase of shares, redemption by beneficiaries, capital increases and payment of dividends on preferred shares, when applicable (article 200 of Law 6,404/76).

- Treasury shares - The Company held in treasury 2,526,656 common shares and 20,019,445 Class A preferred shares at December 31, 2020 (December 31, 2019 - 2,526,656 common shares and 20,962,367 Class A preferred shares).

- Special goodwill reserve - refers to the recognition of the tax benefit from the downstream merger conducted by the subsidiary Mineração Usiminas. This reserve may be used to offset losses exceeding retained earnings and revenue reserves.

- Recognized stock option granted - refers to the recognition of shares granted under the Stock Option Plan (Note 39).

- Legal reserve - credited annually with 5% of profit for the year up to the maximum of 20% of capital.

- Reserve for investments and working capital - This reserve cannot exceed 95% of capital and it may be used for offsetting losses, for the distribution of dividends, redemptions, reimbursement or purchase of shares or, even, be capitalized.

(c) Carrying value adjustments

Carrying value adjustments refer substantially to:

(i) Result from equity transaction: corresponds to changes in shareholding interest without change of control. At December 31, 2020 and 2019, the credit balance of R$845,238 refers mainly to the corporate restructuring of Mineração Usiminas.

(ii) Actuarial gains and losses: correspond to actuarial gains and losses calculated in accordance with CPC 33 and IAS 19 (Note 27). At December 31, 2020, the debit balance of this account totals R$1,049~~25~~,527~~683~~ (December 31, 2019 – R$1,351,197).

(iii) Indexation of property, plant and equipment corresponds to the application of IAS 29. The referred to adjustment is based on the useful life of property, plant and equipment items against retained earnings At December 31, 2020, the credit balance of this account totals R$87,127 (December 31, 2019 – R$98,922).

(d) Dividends and interest on capital

Proposed dividends and interest on capital related to the profit for 2019 were as follows:

	12/31/2020	12/31/2019
Profit for the year	672,790	213,265
Legal reserve (5%)	(33,639)	(10,663)
Calculation basis of dividends and interest on capital	639,151	202,602
Proposed minimum dividends and interest on capital (25%), net of Withholding income tax (IRRF)	159,788	50,650
Amount per share (ON) (i)	R$0.119924	R$0.039500
Amount per share (PN) (i)	R$0.131916	R$0.043450

(i) At December 31, 2020, calculated based on the gross amount of R$159,788.

Changes in dividends and interest on payable are presented below:

	Parent company		Consolidated	
Nature	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Dividends payable at the beginning of the year	51,107	172,762	67,814	202,809
Payment of taxes and interest on capital	(50,580)	(172,305)	(68,083)	(255,464)
Proposed interest on capital and dividends	159,788	50,650	324,997	120,469
Total net dividends payable at the end of the year	160,315	51,107	324,728	67,814

Dividends not claimed within three years are forfeited and revert to the Company.

29 Segment reporting

Usiminas has four reportable operating segments, which offer different products and services and are managed separately. These segments are determined based on different legal entities; there are no different segments within the same company.

A summary of the main operations of each of the reportable segments of Usiminas follows:

Reportable segments	Operations
Mining and logistics	Extraction and processing of iron ore as pellet feed, sinter feed and granulated iron ore. Storage, handling, transport of cargo and operation of highway and railway cargo terminals. The sales of iron ore are mainly intended for the Steel metallurgy segment.
Steel metallurgy	Manufacture and sale of steel products. A portion of the sales is for the steel transformation and capital assets segments.
Steel transformation	Transformation and distribution of steel products.
Capital assets	Manufacture of equipment and installations for several industries.

Management reviews the internal managerial reports for each segment periodically.

Information on operating income (loss), assets and liabilities by reportable segment

							12/31/2020
	Mining and logistics	**Steel metallurgy**	**Steel transformation**	**Capital assets**	**Subtotal**	**Eliminations and adjustments**	**Total**
Gross sales revenue from products and services	4,071,463	14,997,875	4,787,100	293,608	24,150,046	(5,065,254)	19,084,792
Sales of products	4,071,463	14,960,662	4,748,303	112,243	23,892,671	(4,953,270)	18,939,401
Sales of services	-	37,213	38,797	181,365	257,375	(111,984)	145,391
Deductions	(213,275)	(2,627,147)	(943,524)	(45,440)	(3,829,386)	832,646	(2,996,740)
Revenue	3,858,188	12,370,728	3,843,576	248,168	20,320,660	(4,232,608)	16,088,052
Cost of sales	(1,481,860)	(11,481,385)	(3,537,326)	(336,809)	(16,837,380)	4,005,858	(12,831,522)
Gross profit (loss)	2,376,328	889,343	306,250	(88,641)	3,483,280	(226,750)	3,256,530
Operating income (expenses)	365,448	644,574	(122,832)	(64,254)	822,936	(1,151,001)	(328,065)
Selling expenses	(189,723)	(140,661)	(52,383)	(10,431)	(393,198)	(5,187)	(398,385)
General and administrative expenses	(26,745)	(337,230)	(52,933)	(25,049)	(441,957)	15,193	(426,764)
Other income (expenses)	526,248	(137,331)	(17,516)	(28,702)	342,699	(5,374)	337,325
Share of results of subsidiaries, jointly-controlled subsidiaries and associates	55,668	1,259,796	-	(72)	1,315,392	(1,155,633)	159,759
Operating profit (loss)	2,741,776	1,533,917	183,418	(152,895)	4,306,216	(1,377,751)	2,928,465
Finance result	66,511	(1,124,579)	(3,583)	(16,409)	(1,078,060)	(4,432)	(1,082,492)
Profit (loss) before income tax and social contribution	2,808,287	409,338	179,835	(169,304)	3,228,156	(1,382,183)	1,845,973
Income tax and social contribution	(860,835)	288,057	(60,840)	12,715	(620,903)	66,673	(554,230)
Profit (loss) for the year	1,947,452	697,395	118,995	(156,589)	2,607,253	(1,315,510)	1,291,743
Attributable to							
Controlling interests	1,365,529	697,395	81,961	(156,585)	1,988,300	(1,315,510)	672,790
Non-controlling interests	581,923	-	37,034	(4)	618,953	-	618,953
Assets	7,032,593	26,828,948	1,874,809	208,524	35,944,874	(5,992,737)	29,952,137
Total assets include: Investments in associates (except goodwill and investment properties	483,861	42,588	-	2,328	528,777	-	528,777
Additions to non-current assets (except financial instruments and deferred tax assets)	237,793	607,284	22,135	5,147	872,359	(15,491)	856,868
Current and non-current liabilities	1,623,524	11,878,899	675,259	186,819	14,364,501	(1,250,534)	13,113,967

	Mining and logistics	Steel metallurgy	Steel transformation	Capital assets	Subtotal	Eliminations and adjustments	12/31/2019 Total
Gross sales revenue from products and services	2,150,683	15,553,347	4,731,633	460,960	22,896,623	(4,718,056)	18,178,567
Sales of products	2,150,683	15,516,560	4,670,634	153,463	22,491,340	(4,602,706)	17,888,634
Sales of services	-	36,787	60,999	307,497	405,283	(115,350)	289,933
Deductions	(161,524)	(2,834,175)	(1,001,287)	(49,056)	(4,046,042)	816,194	(3,229,848)
Revenue	1,989,159	12,719,172	3,730,346	411,904	18,850,581	(3,901,862)	14,948,719
Cost of sales	(1,144,277)	(11,774,272)	(3,540,125)	(388,438)	(16,847,112)	3,772,983	(13,074,129)
Gross profit (loss)	844,882	944,900	190,221	23,466	2,003,469	(128,879)	1,874,590
Operating expenses	(180,382)	(444,925)	(100,210)	(39,446)	(764,963)	(157,116)	(922,079)
Selling expenses	(116,163)	(109,302)	(45,430)	(13,144)	(284,039)	(4,476)	(288,515)
General and administrative expenses	(24,387)	(333,053)	(57,323)	(26,908)	(441,671)	14,766	(426,905)
Other income (expenses)	(100,343)	(275,789)	2,543	667	(372,922)	(14,472)	(387,394)
Share of results of subsidiaries, jointly-controlled subsidiaries and associates	60,511	273,219	-	(61)	333,669	(152,934)	180,735
Operating profit (loss)	664,500	499,975	90,011	(15,980)	1,238,506	(285,995)	952,511
Finance result	4,443	(496,228)	(6,898)	2,585	(496,098)	(13,741)	(509,839)
Profit (loss) before income tax and social contribution	668,943	3,747	83,113	(13,395)	742,408	(299,736)	442,672
Income tax and social contribution	(171,709)	186,075	(28,337)	(88,742)	(102,713)	36,732	(65,981)
Profit (loss) for the year	497,234	189,822	54,776	(102,137)	639,695	(263,004)	376,691
Attributable to							
Controlling interests	350,855	189,822	37,729	(102,137)	476,269	(263,004)	213,265
Non-controlling interests	146,379	-	17,047	-	163,426	-	163,426
Assets	4,690,187	24,016,527	1,621,282	429,350	30,757,346	(4,420,314)	26,337,032
Total assets include: Investments in associates (except goodwill and investment properties	473,194	32,475	-	2,403	508,071	-	508,071
Additions to non-current assets (except financial instruments and deferred tax assets)	166,644	686,406	14,329	8,803	876,182	(12,576)	863,606
Current and non-current liabilities	709,654	9,915,126	489,123	276,021	11,389,924	(618,576)	10,771,348

Sales between segments were carried out at arm's length.

Billings are broadly dispersed. The Company and its subsidiaries do not have third-party customers representing individually more than 10% of their billings.

30 Revenue

The accounting standards establish that the Company must disclose revenue by product and geographic area, unless the necessary information is not available or the cost of its preparation is excessive. Most of the parent company and consolidated net revenue comes from the domestic market, and management believes that information by product and geographic area within Brazil is not significant for decision making and, therefore, cannot be used as an analysis tool for determining trends and historical development. In view of this scenario and considering that the breakdown of revenue by product and geographic area is not maintained by the Company on a consolidated basis and that management does not use this information on a managerial basis, the Company is not disclosing such information in these financial statements.

The reconciliation between gross and net revenue is as follows:

		Parent company		Consolidated
	12/31/2020	**12/31/2019**	**12/31/2020**	**12/31/2019**
Sales of products				
Domestic market	13,704,774	14,241,225	14,518,384	15,157,487
Foreign market	1,255,889	1,275,335	4,421,017	2,731,147
	14,960,663	15,516,560	18,939,401	17,888,634
Sales of services				
Domestic market	31,077	32,207	139,255	285,485
Foreign market	6,136	4,448	6,136	4,448
	37,213	36,655	145,391	289,933
Gross revenue	14,997,876	15,553,215	19,084,792	18,178,567
Deductions from revenue	(2,627,114)	(2,834,144)	(2,996,740)	(3,229,848)
Net revenue	12,370,762	12,719,071	16,088,052	14,948,719

31 Expenses by nature

	Parent company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Depreciation, amortization and depletion	(828,415)	(827,884)	(1,000,223)	(991,785)
Employee benefit expenses	(912,597)	(853,425)	(1,371,374)	(1,371,421)
Raw materials and consumables	(8,850,152)	(8,840,720)	(8,434,~~770~~769)	(8,584,897)
Scheduled maintenance	(150,883)	(159,132)	(148,335)	(163,216)
Freight charges and insurance	(405,604)	(462,844)	(959,949)	(869,818)
Distribution costs	(68,597)	(80,047)	(268,169)	(201,632)
Third-party services	(803,464)	(833,672)	(1,141,834)	(1,061,410)
Litigation and court costs	(19,253)	(26,929)	(33,~~284~~198)	(39,250)
Litigation expenses, net	(23,124)	(195,185)	(32,563)	(201,921)
Loss on the sale of excess electricity (i)	(8,019)	46,416	(8,545)	47,753
Result on the sale/reduction of PP&E, intangible assets and investments	169,521	3,408	~~164~~174,~~647~~766	5,687
Impairment of assets, net	107,261	(13,358)	730,654	(16,426)
Credits - Eletrobrás	-	117,337	-	117,337
Inclusion of ICMS in the calculation basis of PIS and COFINS	21,468	63,266	46,048	86,860
Provision for impairment of trade receivables	(17,698)	23,567	(31,487)	18,120
Other	(421,631)	(606,751)	(~~830~~840,~~162~~368)	(950,924)
	(12,211,187)	(12,645,953)	(13,319,346)	(14,176,943)
Cost of sales	(11,609,059)	(11,930,865)	(12,831,522)	(13,074,129)
Selling expenses	(140,661)	(109,302)	(398,385)	(288,515)
General and administrative expenses	(324,828)	(321,265)	(426,764)	(426,905)
Other operating income (expenses), net	(136,639)	(284,521)	337,325	(387,394)
	(12,211,187)	(12,645,953)	(13,319,346)	(14,176,943)

(i) At December 31, 2020, the Company had receivables from the sale of excess electricity amounting to R$3,751 in the Parent Company and R$5,793 in Consolidated (December 31, 2019 – R$36,122 and R$37,678, respectively), which are recorded in Other current assets.

32 Employee expenses and benefits

	Parent company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Salaries and social charges	(599,870)	(629,513)	(975,936)	(1,063,988)
Social security charges	(123,520)	(126,724)	(178,115)	(186,963)
Retirement plans and post-employment medical benefits	(85,718)	(45,103)	(89,692)	(45,004)
Bonuses	(12,650)	(12,455)	(14,092)	(13,396)
Profit sharing	(76,173)	(22,257)	(94,539)	(39,736)
Retirement plan costs	(1,270)	(2,933)	(1,444)	(3,270)
Other	(13,396)	(14,440)	(17,556)	(19,064)
	(912,597)	(853,425)	(1,371,374)	(1,371,421)

Employee benefit expenses are recorded under "Cost of sales", "Selling expenses" and "General and administrative expenses", in accordance with the function of each employee.

33 Operating income (expenses)

(a) Selling and general and administrative expenses

	Parent company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Selling expenses				
Personnel	(30,213)	(27,032)	(64,688)	(66,642)
Third-party services	(14,261)	(13,323)	(18,992)	(17,863)
Depreciation and amortization	(3,013)	(2,997)	(4,129)	(4,162)
Distribution costs	(68,597)	(80,047)	(268,169)	(201,632)
Changes in the provision for impairment of trade receivables	(17,698)	23,567	(31,487)	18,120
General expenses	(6,879)	(9,470)	(10,920)	(16,336)
	(140,661)	(109,302)	(398,385)	(288,515)
General and administrative expenses				
Personnel	(161,641)	(155,683)	(196,234)	(197,996)
Third-party services	(73,009)	(74,147)	(103,623)	(104,675)
Depreciation and amortization	(31,658)	(27,085)	(37,082)	(33,168)
Management fees	(25,105)	(22,823)	(33,419)	(31,115)
General expenses	(33,415)	(41,527)	(56,406)	(59,951)
	(324,828)	(321,265)	(426,764)	(426,905)

(b) Other operating income (expenses)

	Parent company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Other finance income				
Revenue from sale of electricity	8,234	395,035	12,029	401,251
Recovery of tax contingencies referring to litigation	-	1,988	-	2,056
Reversal of impairment of assets	107,261	-	730,654	-
Sales of investments, fixed assets and intangible assets	183,763	11,216	189,305	14,864
Recovery of costs	4,561	20,184	6,440	31,305
Recovery of expenses incurred in claims	143,405	105,704	143,405	105,704
Recovery of expenses	4,895	12,348	9,784	17,428
Revenue from sundry sales	14,302	6,837	15,649	7,752
Reintegra Project	13,955	-	13,955	-
Credits - Eletrobras	-	117,337	-	117,337
Inclusion of ICMS in the calculation basis of PIS/COFINS (i)	21,468	63,266	46,048	86,860
Other income	15,549	8,411	13,608	5,078
	517,393	740,338	1,180,877	787,579
Other operating expenses				
Expenses for the sale of electricity	(15,916)	(312,430)	(19,886)	(316,733)
Impairment of assets	-	(13,358)	-	(16,426)
Costs with excess capacity (ii)	(306,850)	(219,119)	(332,548)	(276,862)
Expenses related to insurance and claims	(5,831)	(8,251)	(5,856)	(8,253)
Litigation and court costs	(19,253)	(26,929)	(33,198)	(39,250)
Income (expense) from litigation, net	(23,124)	(195,185)	(32,563)	(201,921)
PIS and COFINS on the sale of electricity	(337)	(36,189)	(688)	(36,765)
Technological research	(29,356)	(29,101)	(29,356)	(29,101)
Profit on the sale/reduction of PP&E, investment and intangible assets	(14,242)	(7,808)	(14,539)	(9,177)
Taxes (INSS, ICMS, Municipal real estate tax (IPTU), etc.)	(8,471)	(12,984)	(24,602)	(24,264)
Environmental control	(2,054)	(9,859)	(2,134)	(9,859)
Post-employment benefits (pension and health care)	(85,718)	(45,103)	(89,692)	(45,004)
Inventory adjustment	(42,967)	(29,290)	(42,967)	(29,290)
Provisions for tax losses	-	-	(49,675)	(27,889)
Pre-project expenses	(18,544)	(35,490)	(18,643)	(35,490)
Contractual penalties	(21,814)	-	(21,814)	-
Tax and cultural incentives	-	-	(14,405)	(2,188)
Other expenses	(59,555)	(43,763)	(110,986)	(66,501)
	(654,032)	(1,024,859)	(843,552)	(1,174,973)
	(136,639)	(284,521)	337,325	(387,394)

(i) As described in Note 25 (c).
(ii) Refers to the cost of idleness related to the extraordinary interruption of productive areas.

34 Finance result

	Parent company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Finance income				
Interest from customers	9,930	14,276	38,384	24,875
Income from financial investments	17,479	25,976	40,870	73,467
Indexation accruals	21,499	8,091	38,631	20,256
Interest on Eletrobrás credits (i)	5,687	263,892	5,687	263,892
Indexation of judicial deposits	4,193	5,120	7,728	8,322
Interest on tax credits	7,411	16,741	7,761	18,827
Inclusion of ICMS in the calculation basis of PIS/COFINS (ii)	32,089	52,633	52,669	69,702
Accretion of present value adjustment of receivables	36,025	81,248	36,025	81,248
Reversal of the provision for interest on contingencies referring to litigation	24,487	54,637	26,883	57,738
Other finance income	4,356	10,519	8,053	3,695
	163,156	533,133	262,691	622,022
Finance costs				
Interest on borrowings and taxes payable in installments	(278,109)	(366,533)	(278,567)	(366,120)
Result on swap transactions	1,535	4,167	1,535	(1,696)
Indexation accruals	(34,474)	(68,112)	(50,322)	(88,294)
PIS/COFINS on interest on capital	(14,171)	(10,364)	(14,171)	(10,364)
PIS/COFINS on other finance income	(5,823)	(18,700)	(9,734)	(21,653)
Interest on provisions for litigation	(73,496)	(156,073)	(98,273)	(176,634)
Accretion of present value adjustment of trade payables	(31,164)	(71,626)	(58,063)	(92,410)
Charges on actuarial liability	-	(40,803)	-	(40,803)
Commissions and other charges on borrowings	(36,299)	(127,246)	(24,079)	(128,353)
Other finance costs	(23,008)	(10,230)	(48,954)	(20,366)
	(495,009)	(865,520)	(580,628)	(946,693)
Foreign exchange gains/losses, net	(869,779)	(195,399)	(764,555)	(185,168)
	(1,201,632)	(527,786)	(1,082,492)	(509,839)

(i) Refers to the indexation of credits approved by the Brazilian Federal Revenue Service (RFB), as described in Note 25 (c).
(ii) As described in Note 25 (c).

35 Earnings (loss) per share

Basic and diluted

Basic and diluted earnings (loss) per share are calculated by dividing the profit (loss) attributable to the Company's stockholders by the weighted average number of common and preferred shares issued during the period excluding common shares acquired by the Company and held in treasury (Note 28).

The Company does not have debt convertible into shares. The stock option plan does not include potential common or preferred shares for dilution purposes (Note 39).

	Parent company and consolidated					
			12/31/2020			12/31/2019
	Common shares	Preferred shares	Total	Common shares	Preferred shares	Total
Basic and diluted						
Basic and diluted numerator						
Profit (loss) available to owners of the parent	368,416	304,374	672,790	116,877	96,388	213,265
Basic and diluted denominator						
Weighted average number of shares, excluding treasury shares	702,734,028	527,327,518	1,230,061,546	702,734,028	526,711,832	1,229,445,860
Earnings (loss) per share (R$) per share (R$)	0.52	0.58		0.17	0.18	-

36 Commitments

At December 31, 2020, the Company has several commitments with third parties totaling R$4,416,326 in the Parent company and R$5,450,975 in Consolidated. The expected due dates of such commitments were as follows:

					Parent company
	Expected due dates				
	Less than 1 year	From 1 to 3 years	From 4 to 5 years	Over 5 years	Total
Acquisition of property, plant and equipment	370,458	55,006	14,751	2,025	442,240
Suppliers	1,589,143	758,534	556,673	1,069,736	3,974,086
	1,959,601	813,540	571,424	1,071,761	4,416,326

					Consolidated
	Expected due dates				
	Less than 1 year	From 1 to 3 years	From 4 to 5 years	Over 5 years	Total
Acquisition of property, plant and equipment	498,810	55,006	14,751	2,025	570,592
Suppliers	918,670	804,201	635,776	1,069,736	3,428,383
Operating Leases	81,000	242,000	242,000	887,000	1,452,000
	1,498,480	1,101,207	892,527	1,958,761	5,450,975

(a) Capital commitments

At December 31, 2020, capital commitments total R$442,240 in the Parent company and R$570,592 in Consolidated and are mainly intended for adaptations, refurbishment and improvements of the primary areas of Ipatinga, enhancing the quality and reducing costs, maintenance, technological update of equipment as well as environmental protection projects.

(b) Commitments with suppliers

At December 31, 2020, commitments with suppliers total R$3,974,086 in the Parent company and R$3,428,383 in Consolidated and arise mainly from take-or-pay arrangements, and contracts for the purchase of electricity and raw materials.

(c) Operating leases

Operating leases relate to the lease of mineral rights. At December 31, 2020, the related amount corresponds to R$1,452,000 in Consolidated.

37 Transactions with related parties

The Company's shareholding is as follows:

12/31/2020

Stockholder	Common shares		Preferred shares		Total	
	Number	%	Number	%	Number	%
Nippon Steel Corporation (i)	220,320,979	31.24	3,138,758	0.57	223,459,737	17.83
Ternium Investments S.A.R.L. (i)	198,766,651	28.18	6,987,367	1.28	205,754,018	16.42
Previdência Usiminas (i)	34,109,762	4.84	-	-	34,109,762	2.72
Confab Industrial S.A. (i)	36,502,746	5.18	1,283,203	0.23	37,785,949	3.02
Prosid Investments S.C.A. (i)	29,202,198	4.14	1,026,563	0.19	30,228,761	2.41
Ternium Argentina S.A. (i) (i)	14,601,097	2.07	513,281	0.09	15,114,378	1.21
Metal One Corporation (i)	759,248	0.11	-	-	759,248	0.06
Mitsubishi Corporation do Brasil S.A. (i)	7,449,544	1.05	59,048	0.01	7,508,592	0.60
Usiminas in treasury	2,526,656	0.36	20,019,445	3.80	22,546,101	1.86
Other stockholders	161,021,803	22.83	514,790,759	93.84	675,812,562	53.87
Total	705,260,684	100.00	547,818,424	100.00	1,253,079,108	100.00

12/31/2019

Stockholder	Common shares		Preferred shares		Total	
	Number	%	Number	%	Number	%
Nippon Steel Corporation (i)	220,320,979	31.24	3,138,758	0.57	223,459,737	17.83
Ternium Investments S.A.R.L. (i)	198,766,651	28.18	6,987,367	1.28	205,754,018	16.42
Previdência Usiminas (i)	34,109,762	4.84	-	-	34,109,762	2.72
Confab Industrial S.A. (i)	36,502,746	5.18	1,283,203	0.23	37,785,949	3.02
Prosid Investments S.C.A. (i)	29,202,198	4.14	1,026,563	0.19	30,228,761	2.41
Ternium Argentina S.A. (i) (i)	14,601,097	2.07	513,281	0.09	15,114,378	1.21
Metal One Corporation (i)	759,248	0.11	-	-	759,248	0.06
Mitsubishi Corporation do Brasil S.A. (i)	7,449,544	1.05	59,048	0.01	7,508,592	0.60
Usiminas in treasury	2,526,656	0.36	20,962,367	3.83	23,489,023	1.87
Other stockholders	161,021,803	22.83	513,847,837	93.80	674,869,640	53.86
Total	705,260,684	100.00	547,818,424	100.00	1,253,079,108	100.00

(i) Controlling stockholders as established in the stockholders' agreement

The main balances and transactions with related parties are presented below:

(a) Assets

	12/31/2020			12/31/2019		Parent company
	Trade receivables	**Dividends receivable**	**Other receivables**	**Trade receivables**	**Dividends receivable**	**Other receivables**
Controlling interests	1,253	-	28	10,220	-	1,651
Non-controlling interests	-	-	-	2,369	-	-
Subsidiaries	370,331	380,218	27,396	251,727	40,220	100,223
Jointly-controlled subsidiaries	73	-	-	90	-	-
Associates	6,181	298	-	4,047	-	-
Other related parties (i)	19,486	-	5,181	66,534	-	-
Total	397,324	380,516	32,605	334,987	40,220	101,874
Current	397,324	380,516	4,334	334,987	40,220	46,384
Non-current	-	-	28,271	-	-	55,490
Total	397,324	380,516	32,605	334,987	40,220	101,874

(i) At December 31, 2020, the balance of trade receivables refers mainly to the sale of flat-rolled products to the Ternium Group (R$16,029).

	12/31/2020			12/31/2019	Consolidated
	Trade receivables	**Dividends receivable**	**Other receivables**	**Trade receivables**	**Other receivables**
Controlling interests	1,253	-	28	10,220	1,651
Non-controlling interests	-	-	-	2,369	-
Jointly-controlled subsidiaries	110	-	-	90	-
Associates	6,181	11,686	-	4,054	-
Other related parties (i)	19,997	-	5,181	67,346	-
Total	27,541	11,686	5,209	84,079	1,651
Current	27,541	11,686	24	84,079	-
Non-current	-	-	5,185	-	1,651
Total	27,541	11,686	5,209	84,079	1,651

(i) At December 31, 2020, the balance of trade receivables refers mainly to the sale of flat-rolled products to the Ternium Group (R$16,540).

Receivables from related parties mainly arise from sales transactions. The receivables are unsecured in nature and are subject to interest. At December 31, 2020 and 2019, no provisions were recorded for receivables from related parties.

(b) Liabilities

						Parent company
			12/31/2020			12/31/2019
	Trade payables	Other payables	Borrowings	Trade payables	Other payables	Borrowings
Controlling interests	585	3,253	-	291	2,300	-
Subsidiaries	309,730	20,835	3,994,000	168,297	104,335	3,087,316
Jointly-controlled subsidiaries	66,212	-	-	69,332	-	-
Associates	2,706	-	-	698	-	-
Other related parties (i)	463,127	-	-	142,543	70	-
Total	842,360	24,088	3,994,000	381,161	106,705	3,087,316
Current	842,360	24,088	109,700	381,161	2,370	79,921
Non-current	-	-	3,884,300	-	104,335	3,007,395
Total	842,360	24,088	3,994,000	381,161	106,705	3,087,316

(i) At December 31, 2020, these payables refer to the purchase of plates from Ternium Brasil Ltda.

				Consolidated
		12/31/2020		12/31/2019
	Trade payables	Other payables	Trade payables	Other payables
Controlling interests	596	3,253	341	2,300
Non-controlling interests	-	151,096	-	8,394
Jointly-controlled subsidiaries	67,277	-	70,135	-
Associates	11,456	81,058	37,707	123,254
Other related parties (i)	463,127	11,305	142,543	5,489
Total	542,456	246,712	250,726	139,437
Current	542,456	166,670	250,726	17,599
Non-current	-	80,042	-	121,838
Total	542,456	246,712	250,726	139,437

(i) At December 31, 2020, these payables refer to the purchase of steel plates from Ternium Brasil S.A.

(c) Results

						Parent company
			12/31/2020			12/31/2019
	Sales	Purchases	Finance and operating result	Sales	Purchases	Finance and operating result
Controlling interests	167,475	5,318	(1,671)	313,229	6,395	(11,186)
Non-controlling interests	-	181	-	481,910	-	-
Subsidiaries	4,032,552	1,018,389	(1,159,790)	4,020,220	674,694	(234,703)
Jointly-controlled subsidiaries	-	332,173	(2,687)	-	375,823	(6,337)
Associates	25,260	105,183	331	27,269	120,241	315
Other related parties (i) (ii)	178,140	2,524,625	8,296	244,858	1,982,769	(1,917)
Total	4,403,427	3,985,869	(1,155,521)	5,087,486	3,159,922	(253,828)

(i) At December 31, 2020, total sales to other related parties refer mainly to sales by Usiminas S.A. to the Ternium Group, amounting to R$151,486.

						Consolidated
			12/31/2020			12/31/2019
	Sales	Purchases	Finance and operating result	Sales	Purchases	Finance and operating result
Controlling interests	167,475	5,318	(1,716)	313,229	6,607	(11,186)
Non-controlling interests	-	181	-	481,919	-	-
Jointly-controlled subsidiaries	6,654	337,802	(3,088)	1,904	380,968	(6,337)
Associates	25,260	376,589	331	27,661	320,873	315
Other related parties (i) (ii)	185,194	2,524,625	8,290	247,603	1,982,769	(1,924)
Total	384,583	3,244,515	3,817	1,072,316	2,691,217	(19,132)

(i) At December 31, 2020, total sales to other related parties refer mainly to sales by Usiminas S.A. to the Ternium Group, amounting to R$158,540.
(ii) At December 31, 2020, total purchases from other related parties refer mainly to the purchase of steel plates from Ternium Brasil Ltda. in the amount of R$2,518,065.

The nature of the most significant related-party transactions is described in Note 37(e).

Finance income (costs) with related parties refers mainly to charges on borrowings between the Company and its subsidiary Usiminas International, as disclosed in Note 20 (b) (ii).

(d) Remuneration of the key management personnel

The remuneration paid or payable to key management personnel, which includes the Executive Board, the Board of Directors and the Statutory Audit Board of the Company was as follows:

	Parent company	
	12/31/2020	12/31/2019
Fees	13,463	15,248
Social charges	2,844	3,934
Retirement plans	321	343
Provision for variable compensation	8,477	3,298
	25,105	22,823

At December 31, 2020, the amount paid to key management was R$20,485 (December 31, 2019 – R$17,908).

(e) Nature of transactions with related parties

The more significant transactions between the Company and related parties are as below:

- Sale of products to Confab intended for the production of large diameter ducts and industrial equipment.
- Purchases of services from Nippon Steel & Sumitomo Metal Corporation, including the provision of advanced industrial technology, technical support services and training courses for employees.
- Sale of products to Ternium Argentina S.A.
- Purchases of iron ore from Mineração Usiminas to be used in the production process.
- Sales of products to Soluções Usiminas for transformation and distribution.
- Sales of products to Usiminas Mecânica S.A. and purchases of services, such as the manufacture of steel products and equipment;
- Purchases from Unigal of services related to hot-dip galvanizing and cooling for the production of hot-rolled galvanized steel sheets and coils.
- Purchases of services related to texturing and chrome plating of cylinders used in the rolling processes of Usiroll.
- Purchases of railway transportation services from MRS for the transportation of iron ore.
- Purchases of services related to storage and loading of iron ore from Modal and Sarzedo Terminal.

- Loan from Usiminas International Ltd. (Note 20).

- Sales of iron ore from Mineração Usiminas to Sumitomo Corporation.

- Purchase of steel plates from Ternium Brasil Ltda.

Transactions with related parties are substantially carried out under market conditions, with respect to prices and terms.

38 Insurance

The insurance policies taken out by the Company and certain of its subsidiaries provide cover considered sufficient by management. At December 31, 2020, these policies covered buildings, products and raw materials, equipment, machinery, furniture, objects, fittings and installations at the insured establishments and respective facilities of the Company and Unigal, with value at risk of US$10,710,788 thousand (December 31, 2019 - US$12,941,209 thousand), and an "All Risks" policy with a maximum indemnity of US$600,000 thousand per claim. At December 31, 2020 and 2019, the deductible amount for material damages was US$10,000 thousand and the cover for loss of profits (loss of revenues) has a deductible term of 45 days (waiting period). This insurance policy will expire on January 30, 2022.

At December 31, 2020, the Company has an insurance premium receivable related to the claim that occurred on August 10, 2018, in one of the four gasometers of the Ipatinga plant. Such insurance premium, which corresponds to indemnity for material damages and additional operating expenses, is recorded in non-current assets and totals R$262,077 (December 31, 2019 - R$125,208).

39 Stock option plan

At the Extraordinary General Meeting held on April 14, 2011, the stockholders approved the Company's Stock Option Plan ("Plan"). The main objectives of the Plan are:

- to align interests between executives and stockholders;
- to stimulate the creation of sustainable value;
- to attract and retain talents; and
- to maintain competitiveness with market practices.

The plan is managed by the Company's Board of Directors, with the support of the Human Resources Committee, subject to the Plan's limitations.

At December 31, 2020, the Plan includes Program 2014, which was launched on November 27, 2014. Program 2013 was terminated in November 2020.

For the years ended December 31, 2020 and 2019, the Company's management decided not to launch new programs.

(a) Call Option Types

Options are of two different types:

(i) Basic Grant – the number of Options granted will be based on Usiminas strategy, and each Option granted will entitle its holder to acquire or subscribe for a preferred share of the Company.

(ii) Bonus Grant - it must be bound to a voluntary investment made by employees, who invest part of the net variable compensation to acquire preferred shares.

(b) Key program characteristics

The Options to be granted to executive officers and directors ("Members") of the Company, under a "Call Option Agreement", are as follows:

Program	Grant date	Exercise price (USIM5)	Vesting period	Options granted		
				Basic	Bonus	Total
2013	11/28/2013	R$11.47	3 years, 33% for each year	2,784,155	143,178	2,927,333
2014	11/27/2014	R$6.14		4,778,483	370,948	5,149,431
				7,562,638	514,126	8,076,764

In addition, the Plan provides that up to 50% of the variable compensation may be used to buy Usiminas' shares. Also, the Company grants bonus options. The maximum period to exercise the options is 7 (seven) years.

(c) Options fair value

Fair value on the grant date, as well as key assumptions applied in accordance with the Black & Scholes pricing model, were the following:

Program 2013

	1st year	2nd year	3rd year
Fair value on grant date	R$ 5.87	R$ 6.30	R$ 6.58
Share price	R$ 11.88	R$ 11.88	R$ 11.88
Weighted average of exercise price	R$ 11.47	R$ 11.47	R$ 11.47
Share price volatility	43.38%	43.38%	43.38%
Vesting period (3 years)	33% after 1st year	33% after 2nd year	33% after 3rd year
Estimated dividends (*)	-	-	-
Risk-free return rate	11.34% p.a.	11.37% p.a.	11.40% p.a.
Option average period	4 years	4.5 years	5 years

Program 2014

	1st year	2nd year	3rd year
Fair value on grant date	R$ 2.66	R$ 2.85	R$ 3.02
Share price	R$ 5.70	R$ 5.70	R$ 5.70
Weighted average of exercise price	R$ 6.14	R$ 6.14	R$ 6.14
Share price volatility	43.41%	43.41%	43.41%
Vesting period (3 years)	33% after 1st year	33% after 2nd year	33% after 3rd year
Estimated dividends (*)	-	-	-
Risk-free return rate	12.10% p.a.	12.11% p.a.	12.12% p.a.
Option average period	4 years	4.5 years	5 years

(*) Dividends were not distributed in the 12 months prior to the grant date.

The exercise price was determined based on the average daily quotation for the 30-day period prior to the Option grant.

The estimated share price volatility is based on the adjusted historical volatility of 36 months prior to the grant date.

Changes in the number of outstanding options under the Stock Option Plan are shown below:

	12/31/2020		12/31/2019		
	Program		Program		
	2014	2013	2014	2013	2012
Options:					
Outstanding at beginning of the year	588,643	866,064	877,095	866,064	764,176
Made during the year	(144,861)	(866,064)	(288,452)	-	-
Expired during the year	-		-	-	(764,176)
Outstanding at end of the year	443,782	-	588,643	866,064	-

At December 31, 2020 and 2019, there was no impact from the Stock Option Plan on the statement of income of the Parent company and Consolidated, considering that the expenses, in compliance with the terms of each program in force, were fully recognized up to October 31, 2017. Also, the amount of R$5,038 was reversed to "Retained earnings (Accumulated deficit)" as a result of the exercise of options during 2020 (exercise of options at December 31, 2019 - R$4,129). Therefore, this amount resulted in an impact on the Company's capital reserves.

In accordance with the Plan regulations, which establish seven years of duration for each program, in November 2020, the term of the right to exercise the options of Program 2013 expired.

40 Guarantees

The composition of the assets pledged as collateral was as follows:

		Parent company		Consolidated	
Assets pledged as collateral	**Liabilities secured**	**12/31/2020**	**12/31/2019**	**12/31/2020**	**12/31/2019**
Cash and cash equivalents	Litigation	40,692	40,547	40,692	40,547
Inventories	Litigation	710	669	710	669
Property, plant and equipment	Litigation	359,846	450,433	390,027	494,346
Property, plant and equipment	Borrowings	-	3,571	724	25,632
Property, plant and equipment	Actuarial liability	383,222	54,020	383,222	54,020
		784,470	549,240	815,375	615,214

Board of Directors

Ruy Roberto Hirschheimer
Chairman

Edílio Ramos Veloso
Board Member

Hiroshi Ono
Board Member

Rita Rebelo Horta de Assis Fonseca
Board Member

Yuichi Akiyama
Board Member

Elias de Matos Brito
Board Member

Oscar Montero Martinez
Board Member

Ronald Seckelmann
Board Member

Statutory Audit Board

Wanderley Rezende de Souza
Chairman

Fabricio Santos Debortoli
Board Member

Sérgio Carvalho Campos
Board Member

Paulo Frank Coelho da Rocha
Board Member

Executive Board

Sergio Leite de Andrade
CEO

Alberto Akikazu Ono
Vice-President - Finance and Investor Relations

Kohei Kimura
Vice-President - Technology and Quality

Yoshiaki Shimada
Vice-President - Corporate Planning

Américo Ferreira Neto
Vice-President - Industrial Area

Miguel Angel Homes Camejo
Vice-President - Commercial Area

Lucas Marinho Sizenando Silva
Accountant CRC-MG 080.788/O

10. Comments of the Officers

The following comments contain statements about trends that reflect our current expectations, which involve risks and uncertainties. Future results and events may not occur according to the Company's expectations, due to several matters related to the Company's business, the sector in which it operates and the economic environment, especially in relation to what was informed in item 4, in addition to other matters described in this reference form.

The financial information contained in items 10.1 to 10.9 must be read in conjunction with: (i) the audited financial statements of the Company for the years ended December 31, 2019, 2018 and 2017, and their respective notes. The financial statements were prepared in accordance with International Financial Reporting Standards (“IFRS”), applicable to Companies registered with the Securities and Exchange Commission, issued by the International Accounting Standards Board (“IASB”), and also in accordance with accounting practices adopted in Brazil.

Management uses performance metrics to evaluate businesses such as EBITDA and EBITDA Margin, which can be analyzed in Section 3.2 of this reference form and in item 10.1.a. below.

The terms "HA" and "VA" in the columns of certain tables in item 10 of this reference form mean "Horizontal Analysis" and "Vertical Analysis", respectively. Horizontal Analysis compares indexes or items in the financial statements over a period. Vertical Analysis represents the percentage or item in relation to net revenues for the periods related to results of operations, or relative to total assets/liabilities and equity on the applicable dates for the balance sheet statement.

10.1 Management’s discussion and analysis

a) General financial and equity conditions

In 2020, Adjusted EBITDA totaled R$3.2 billion, an increase of 60.8% over the year 2019 (R$2.0 billion. Net revenue of the Steel Unit was R$12.4 billion, 2, 7% lower than that recorded in the previous year (R$12.7 billion), mainly due to the lower sales volume of 9.3% and partially offset by a net revenue / ton sold of R$3,322.7 / t, 7, 2% higher than the previous year (2019: R$3,098.5 / t), reflecting higher prices in all product lines. In 2020, Mineração Usiminas reached, once again, an annual sales record with a volume 8.7 million tons, 0.8% higher than in 2019 (8.6 million tons), net revenue totaled R$3.9 billion, an increase of 94.0% in relation to 2019 (R$2.0 billion) .This increase was mainly due to the higher average international prices of iron ore, which had an average price of US$108.72 / t, compared to an average of US$93.43 / t in 2019, an increase of 16 , 4%; ma lower export volumes of 27.7%, with higher added value, thanks to the higher production of ITM Samambaia and; average devaluation of 30.7% of the real against the dollar in the period. The Adjusted EBITDA margin in 2020 reached 19.9%, against 13.2% in 2019. The consolidated gross debt in 2020 was R$6.0 billion, against R$5.1 billion on 12/31/2019, an increase of 16.9%. This increase is related, mainly, the devaluation of the real against the dollar of 28.9% in the year. The consolidated net debt on 12/31/20, was R$1.1 billion, a reduction of 65.4% in relation to 12/31/19 (R$3.2 billion). Such variation results mainly from the increase in the position of Cash and Cash Equivalents in the period. As for the debt composition by maturity: (i) on 12/31/20 it was 2% in the short term and 98% in the long term and (ii) on 12/31/19, 2% and 98%, respectively. The net debt / EBITDA indicator ended the year at 0.3x, against 1.6x in 2019.

In 2019, Adjusted EBITDA totaled R$2.0 billion, a 26.7% decrease over that in 2018 (R$2.7 billion). The result is mainly due to: (i) recognition of lower tax credits (ICMS tax in the base calculation of PIS and COFINS taxes) by R$332 million (detailed information in item 10.9 of this form); (ii) lower recognition of Eletrobras credits receivable by R$69 million (detailed information in item 10.9 of this form); (iii) lower steel sales volume in the period, partially compensated by: (iv) higher sales volumes and prices of iron ore; and (v) higher steel sales prices. The Adjusted EBITDA margin in 2019 reached 13.2%, against 19.6% in 2018. The gross consolidated debt was R$5.1 billion, a 12.7% decrease in relation to both 09/30/19 and 12/31/18 (R$5.9 million). The reduction is mainly due to debt pre-payment of Brazilian banks (Banco do Brasil S.A., Itaú Unibanco S.A. and Banco Bradesco S.A.) and of debenture holders of the 6th Issuance, occurred on 10/23/19, mainly with utilization of the amount of R$751 million received from Eletrobras on 10/16/19. Net consolidated debt on 12/31/19 was R$3.2 billion, a 20.9% decrease in relation to 09/30/19 (R$4.0 billion) and 23.3% in relation to that in 12/31/18 (R$4.2 billion) in function of debt pre-payment (detailed in the previous paragraph) and higher balance of Cash and Cash Equivalents by 5.4% at the end of the quarter and by 13.5% in annual comparison. Regarding the debt composition by maturity: (i) on

12/31/19, 2% of the debt belonged in short term and 98% in the long term; (ii) on 09/30/19, it was 5% in the short term and 95% in the long term; and (iii) on 12/31/18, it was 8% and 92%, respectively. The Net Debt/EBITDA ratio was 1.6x at the end of the year, stable in relation to 2018.

In 2018, Adjusted EBITDA was R$2.7 billion, against R$2.2 billion in 2017, a 23.2% increase, mainly due to higher prices and volumes of steel and iron ore sales in the period, of the recognition of tax credits (ICMS tax in the base calculation of PIS and COFINS taxes) by R$418.7 million, (detailed information in item 10.9 of this form), and the recognition of credits receivable from Eletrobras by R$186.0 million (detailed information in item 10.9 of this form). The adjusted EBITDA margin in 2018 reached 19.6%, compared to 20.4% in 2017. The consolidated debt in 2018 was R$5.9 billion, compared to R$6.7 billion in 12/31/2017, a decrease of 12.1% mainly due to the payment of the full notes issued by its subsidiary Usiminas Commercial Ltd. in 2008 (Eurobonds) in the total amount of US$400.0 million (information detailed in item 10.9 of this note), and the payment of the amount) corresponding to the total of excess amount of cash (Cash Sweep), for the period ended December 31, 2017, in the total amount of R$ 378.8 million (information detailed in item 10.9 of this form). Consolidated net debt as of 2018 was R$4.2 billion, against R$4.3 billion in 2017, a 4.2% decrease. The net debt/EBITDA ratio closed 2018 at 1.6 time, compared to 2.0 times in 2017. At the end of 2018, debt maturity was 8% in the short term and 92% in the long term.

On the other hand, considering the capacity to use the assets to generate sales, the GA - turnover of the asset (net revenue / average asset) reached: 0.59 on December 31, 2020, 0.57 on December 31, 2019, 0 , 52 on December 31, 2018. This improvement is mainly due to the higher revenue generation in the period.

	2020	2019	2018
General Liquidity Ratio (Total Assets / Total Liabilities)	2.28	2.45	2.45
Current Liquidity Ratio (Current Assets / Current Liabilities)	2.64	3.07	2.5
Acid-test ratio (Current Assets - Inventories / Current Liabilities)	1.77	1.75	1.33
Total Liquidity Ratio (Current Liabilities + Non-Current / Equity)	0.78	0.69	0.69
Indebtedness Index - leverage level (Net Debt / Equity)	0.1	0.2	0.27

The Company has a level of leverage compatible with its operating cash generation, which is a sufficient result to honor its obligations. It is important to highlight that the Company's liquidity and indebtedness indicators are solid, highlight performance improvement, demonstrating the Company's ability to honor its commitments, since its assets substantially exceed its liabilities.

b) Capital structure and possibility of redemption of shares or units of interest

The total liabilities of the company, comprising the total obligations with third parties increased in 2020. In 2019, there was a minimum decrease in total liabilities compared to 2018. The ratio equity and debt, net of cash and securities, is summarized below:

In thousands of R$	2020	2019	2018
Total Liabilities	13,113,967	10,771,348	10,826,460
Cash and cash equivalents and securities	4,868,104	1,921,141	1,693,349
Total Net Liabilities (A)	8,245,863	8,850,207	9,133,111
Equity (B)	16,838,170	15,565,684	15,697,391
Ratio (A)/(B)	49%	57%	58%

c) Capability to pay in relation to financial commitments assumed

In 12/31/2020, the company had in cash R$4.9 billion. Its debt shows an average 4.3 years in 12/31/2020 and the concentration of short-term debt in 12/31/2020 remains at the level of 2%, compared to 2019.

In 12/31/2019, the company had in cash R$1.9 billion (R$1.7 billion in 12/31/2018). Its debt shows an average 4.7 years in 2019 (3.5 years in 2018). The concentration of short-term debt in 12/31/2019 is 2% of the total debt (8% in 2018). This composition is the result of the conclusion of the new debt renegotiation in 2019, comprising the closing of all debt renegotiated in 2016 and the contracting of Bonds and debentures. As a result, a 7- year grace period was obtained for Bonds and an average 5-year grace period for debentures, thus paying the principal and adjusting its debt profile to the short, medium and long terms perspectives, as detailed below.

On July 11, 2019, the Company completed the pricing of debt securities issued by its wholly-owned subsidiary Usiminas International S.à r.l. in the international market, in the amount of US $ 750 million, with coupon (interest) of 5.875% pa, to be paid semiannually, defined at an issue price of 98.594% of the principal amount, with a yield rate of 6.125% aa and maturity on July 18, 2026. With the proceeds from this issue, the Company prepaid its debt in full with the Banco Nacional de Desenvolvimento Econômico e Social (BNDES) and the Japanese creditor banks, as well as the prepayment partial of its debt with debenture holders and Brazilian banks Banco do Brasil SA, Itaú Unibanco SA and Banco Bradesco S.A.

On October 24, 2019, the Company completed the operation of the 7th Issue of Simple Debentures, not convertible into shares, as approved by the Board of Directors on September 20, 2019. This Issue, referring to 2,000,000 (two million) of debentures and which totaled R $ 2 billion, bears semiannual remuneration interest corresponding to CDI + 1.7% p.a. for 1st series debentures, in the amount of R $ 700,000, maturing on September 30, 2023; and CDI + 2.1% p.a. for the 2nd series debentures, in the amount of R $ 1,300,000, whose maturities will occur on September 30, 2024 and on September 30, 2025, with 50% being paid on each amortization. With the proceeds from this operation, the Company prepaid its outstanding debt in full with the debenture holders and Brazilian banks Banco do Brasil S.A., Itaú Unibanco S.A. and Banco Bradesco S.A.

With this new debt renegotiation, Usiminas has overcome an important stage of its financial restructuring process with creditors, with the objective of generation of sustainable results for the Company.

Debt Profile – Consolidated 12/31/2020

d) Sources of working capital and capital expenditure financing

The sources of financing for working capital and for investment in non-current assets are operating cash generation, development bank credit lines, bank loans and financing with private institutions/banks, and issuance of debt securities.

e) Sources of financing for working capital and investments in non-current assets to be used to cover liquidity shortfalls

As described in the item (c), the Company seeks in its Strategic Plan, thought management of cash flow, working capital and investments, sources to maintain a cover level of operating cash.

f) Levels of indebtedness and the characteristics of such debts, including:

Usiminas' Companies had in 2020, loans and financing in the amount of R$4.0 billion (R$3.1 billion in 2019 and R$5.0 billion in 2018) and R$2.0 billion debentures (R$2.0 billion in 2019 and R$890 million in 2018).

i. Relevant loan and financing contracts

Following the 2019 new renegotiation, the main financing operations are:

- Several loan agreements with the BNDES and FINAME for the purpose of financing the investments of the Company. The BNDES loan agreements ended in 2019 with the new renegotiation. As of December 31, 2020, in consolidated terms, the Company had a debt balance of these operations in the amount of R$12.1 million (on 12/31/2019 it was R$18.1 million and on 12/31/2018 it was R$501 million).

- Loan Contracts with the JBIC and commercial Japanese Banks for financing the construction of Thermoelectric Power Plant of Ipatinga, Coke ovens in Ipatinga, Hot Strip Mill Plant in Cubatao, which ended in 2019 with the new renegotiation. As of December 31, 2019, in consolidated terms, the Company had no outstanding balance for these operations (on 12/31/2018 R$1.1 billion).

- On July 11, 2019, the Company completed the pricing of debt securities issued by its wholly-owned subsidiary Usiminas International S.à r.l. in the international market, in the amount of US$750 million, with coupon (interest) of 5.875% p.a., to be paid semiannually, defined at an issue price of 98.594% of the principal amount, with a yield rate of 6.125% p.a. and maturity on July 18, 2026. On December 31, 2020, the Company had, in consolidated terms, the outstanding balance of R$4.0 billion (R$3.1 billion in 2019).

- 6 th issuance of debentures in the amount of R$1.0 billion maturing in 2025 and interest rate of 3% p.a. + 100% of CDI, with the aim of meeting the company's investment plans. These debentures were closed in 2019 with the new renegotiation. As of December 31, 2019, in consolidated terms, the Company had no outstanding balance for these operations (R$890 million in 2018).

- On October 24, 2019, the Company concluded the operation of the 7th Issue of Simple Debentures, not convertible into shares, as approved by the Board of Directors on September 20, 2019. This Issue, referring to 2,000,000 (two million) debentures and which totaled R$2 billion, bears semiannual remuneration interest corresponding to CDI + 1.7% p.a. for 1st series debentures, in the amount of R$700,000, maturing on September 30, 2023; and CDI + 2.1% p.a. for the 2nd series debentures, in the amount of R$1,300,000, whose maturities will occur on September 30, 2024 and on September 30, 2025, with 50% being paid on each amortization. As of December 31, 2020, in consolidated terms, the Company had an outstanding balance of these operations in the amount of R$2.0 billion (R$2.0 billion in 2019).

- Working capital financing agreements with Itaú BBA that ended in 2019 with the new renegotiation. As of December 31, 2019, in consolidated terms, the Company had no outstanding balance for these operations (R$600 million in 2018).

- Working capital financing contract with Banco do Brasil which ended in 2019 with the new renegotiation. As of December 31, 2019, in consolidated terms, the Company had no outstanding balance for this operation (R$2.2 billion in 2018).

- Working capital financing agreement with Bradesco that ended in 2019 with the new renegotiation. As of December 31, 2019, in consolidated terms, the Company had no outstanding balance for this operation (R$487 million in 2018).

ii. Other long-term relationships with financial institutions

There were no other long-term relationships with financial institutions adopted by the Company in the end of December 31, 2020, 2019 and 2018.

iii. *Subordination between the debts*

After the debt restructuring in 2019, there are no subordination between the debts of the Company.

iv. Any restrictions imposed on the issuer, in particular, in relation to debt limits and acquisition of new debt, the distribution of dividends, the alienation of assets, the issuance of new securities and the disposal of controlling interest

The financial contracts mentioned in item f) i. require the fulfilment of restrictive clauses (covenants) based on certain financial ratios, calculated on a consolidated basis.

(a) Net debt / EBITDA adjusted:

- less than 3.5x in quarterly measurements for Bonds and half-yearly (December and June) for debentures.

In relation to the non-financial covenants established in the debt instruments, the Company has monitoring controls and, for the year ended December 31, 2020, no breaches of these covenants were found.

g) Limits for use of the funds already contracted

For the years of 2020, 2019 and 2018 the Company had no amount available from the BNDES, since the fully cancellation was requested and one of the conditions of the renegotiation requires the Company not to obtain new debt inflow.

h) Significant changes in each item in the financial statements

Balance Sheet in the years 2020, 2019 and 2018 and their variations

ASSETS	12/31/2020	VA (%) 2020	12/31/2019	AV (%) 2019	12/31/2018	VA (%) 2018	Horizontal Analysis 2020 x 2019	Horizontal Analysis 2019 x 2018
Current assets								
Cash and cash equivalents	3,261,288	11%	1,252,966	5%	1,106,790	4%	160%	13%
Marketable securities	1,606,816	5%	668,175	3%	586,559	2%	140%	14%
Trade receivables	2,372,791	8%	1,938,440	7%	1,894,291	7%	22%	2%
Inventories	3,889,695	13%	3,795,832	14%	3,880,635	15%	2%	-2%
Taxes recoverable	477.352	2%	779,545	3%	747,928	3%	-39%	4%
Dividends receivable	11.686	0%	0	0%	13,562	0%	0%	-100%
Derivative financial instruments	0	0%	762	0%	347	0%	-100%	120%
Receivable - Eletrobras	0	0%	305,848	1%	0	0%	-100%	0%
Other receivable	209,974	1%	119,714	0%	94,205	0%	75%	27%
Total current assets	11,829,602	39%	8,861,282	34%	8,324,317	31%	33%	6%
Noncurrent assets								
Deferred income tax and social contribution	2,914,338	10%	3,037,626	12%	2,765,356	10%	-4%	10%
Receivables from related companies	0	0%	1,651	0%	2,342	0%	-100%	-30%
Judicial deposits	543,408	2%	543,658	2%	523,557	2%	0%	4%
Derivative financial instruments	0	0%	6,950	0%	3,553	0%	0%	96%
Taxes recoverable	174,004	1%	152,336	1%	454,284	2%	14%	-66%
Receivable - Eletrobras	0	0%	0	0%	676,023	3%	-100%	-100%
Others receivable	663,622	2%	438,576	2%	275,707	1%	51%	59%
Investment Properties	164,222	1%	90,202	0%	0	0%	82%	0%
Investments.	1,058,708	4%	1,053,138	4%	1,088,094	4%	1%	-3%
Property, plant and equipment	11,006,034	37%	11,424,691	43%	11,715,022	44%	-4%	-2%
Intangible assets	1,598,199	5%	726,922	3%	695,596	3%	120%	5%
Total noncurrent assets	18,122,535	61%	17,475,750	66%	18,199,534	69%	4%	-4%
	-							
Total assets	29,952,137	100%	26,337,032	100%	26,523,851	100%	14%	-1%

LIABILITIES AND EQUITY	12/31/2020	VA (%) 2020	12/31/2019	VA (%) 2019	12/31/2018	VA (%) 2018	Horizontal Analysis 2020 x 2019	Horizontal Analysis 2019 x 2018
Current Liabilities								
Trade payables, contractors and freight charges	1,917,690	6%	1,518,270	6%	1,133,763	4%	26%	34%
Borrowing	116,738	0%	96,316	0%	396,799	1%	21%	-76%
Debentures	19,214	0%	25,017	0%	70,237	0%	-23%	-64%
Advances from customers	139,678	0%	57,757	0%	63,484	0%	142%	-9%
Notes payables - Forfaiting	880,711	3%	613,803	2%	965,927	4%	43%	-36%
Salaries and social charges	180,757	1%	198,416	1%	205,583	1%	-9%	-3%
Taxes payable	164,962	1%	99,597	0%	126,212	0%	66%	-21%
Tax payable in installments	4,38	0%	4,314	0%	4,180	0%	2%	3%
Income Tax and social contribution payable	445,842	1%	15,096	0%	3,299	0%	2853%	358%
Dividends and interest on capital payable	324,728	1%	67,814	0%	202,809	1%	379%	-67%
Other payables	284,398	1%	193,338	1%	163,377	1%	47%	18%
Total current liabilities	4,479,098	15%	2,889,738	11%	3,335,670	13%	55%	-13%
Non-Current Liabilities								
Borrowing	3,847,016	13%	3,003,655	11%	4,562,971	17%	28%	-34%
Debentures	1,985,394	7%	1,981,250	8%	819,783	3%	0%	142%
Payable to related companies	80,042	0%	121,838	0%	134,254	1%	-34%	-9%
Provision for litigation	799,601	3%	777,386	3%	635,551	2%	3%	22%
Environmental restoration provision and dismantling of assets	230,002	1%	231,591	1%	203,707	1%	-1%	14%
Post-employment benefits	1,471,801	5%	1,574,796	6%	1,034,228	4%	-7%	52%
Other payables	221,013	1%	191,094	1%	100,296	0%	16%	91%
Total noncurrent liabilities	8,634,869	29%	7,881,610	30%	7,490,790	28%	10%	5%
	-							
Total liabilities	13,113,967	44%	10,771,348	41%	10,826,460	41%	22%	-1%
Equity								
Share capital	13,200,295	44%	13,200,295	50%	13,200,295	50%	0%	0%
Capital reserves	311,366	1%	307,033	1%	309,391	1%	1%	-1%
Revenue reserves	1,472,967	5%	943,132	4%	766,942	3%	56%	23%
Carrying value adjustments	-117,162	0%	-407,037	-2%	-10.330	0%	-71%	3840%
Controlling shareholders’ equity	14,867,466	50%	14,043,423	53%	14,266,298	54%	6%	-2%
Non-controlling shareholders	1,970,704	7%	1,522,261	6%	1,431,093	5%	29%	6%
Total equity	16,838,170	56%	15,565,684	59%	15,697,391	59%	8%	-1%
	-							
Total liabilities and equity	29,952,137	100%	26,337,032	100%	26,523,851	100%	14%	-1%

Below, significant changes are shown that represent more than 2% of the group to which they belong and which have varied more than 5% in the comparison between the periods.

Analysis of the Consolidated Balance Sheet of the year 2020 in comparison with the year 2019

CURRENT ASSETS

Cash and cash equivalents and marketable securities
The increase of R$2.9 billion in 2020, basically refers to the generation of free cash from the Company's operations.

Trade receivables
The increase in accounts receivable at Usiminas, R$434 million, is due to the increase in sales operations in the period.

NON-CURRENT ASSETS

Other accounts receivable
The balance of other accounts receivable increased 51% in the comparison between the periods, from R $ 439 million in 2019, to R$664 million in 2020. This variation occurred mainly due to the registration of amounts receivable from the insurance company, referring to the gasometer accident in Ipatinga of R $ 137 million.

Intangible
Consolidated Intangible assets increased by 119.9%, equivalent to R$ 871.3 million, mainly due to the reversal of impairment of R$ 865.0 million related to mining law due to changes in future price estimates of iron ore and dollar, in addition to the higher investments in CAPEX in 2020.

CURRENT LIABILITIES

Suppliers, contractors and freight
In 2020, the increase of 39,9% in suppliers, contractors and freight, equivalent to R$561 million, is mainly due to acquisitions of laminating plates, and the increase in volumes and prices in the acquisition of commodities such as iron ore and zinc.

Titles to pay forfaiting
In 2020, increase in payables - forfating by R$267 million, due to the Company's cash management, to lengthen payment deadline with suppliers.

NON-CURRENT LIABILITIES

Borrowings and debentures
The increase in R$843.4 million in long-term loans and financing refers mainly to the Real depreciation against the Dollar by 28.9% in the year 2020. The debentures in the long term remained practically stable showing small increase of R$4.1 million in the year 2020.

Post-employment benefits
The post-employment benefit liability decreased 7%, corresponding to R $ 103 million, mainly due to the renegotiation of the PB1 Plan's debt with the Previdência Usiminas.

Analysis of the Consolidated Balance Sheet of the year 2019 in comparison with the year 2018

CURRENT ASSETS

Cash and cash equivalents and marketable securities
The increase of R$228 million in 2019, basically refers to the generation of free cash from the Company's operations.

NON-CURRENT ASSETS

Deferred income and social contribution taxes
Deferred income tax and social contribution increased by 10%, equivalent to R$272 million, mainly due to the

changes related to the actuarial liability.

Other accounts receivable
The balance of Other accounts receivable increased by 59% in the comparison between the periods, from R$ 276 million in 2018, to R $ 439 million in 2019. This variation occurred mainly due to the registration of amounts receivable from the insurance company, referring to the gasometer in Ipatinga of R$ 125 million.

Intangible
Intangible assets increased by 4.5%, equivalent to R$ 31.3 million, mainly due to the higher investments in CAPEX in 2019 and the reversal of impairment of R $ 16.7 million.

CURRENT LIABILITIES

Suppliers, contractors and freight
The increase of 34% in suppliers, contractors and freight, equivalent to R$ 385 million, is mainly due to the purchase of laminating plates, as well as by the increase in volumes and prices in the acquisition of commodities like iron ore and zinc.

Titles to pay forfaiting
In 2019, decrease in payables - forfaiting of R$352 million, due to the reduction of the transactions executed, as part of the Company's cash management.

NON-CURRENT LIABILITIES

Borrowings and debentures
The R$1.6 billion reduction in long-term loans and financing refers mainly to the closing of the renegotiated debt in 2016, which totaled R$4.6 billion on December 31, 2018, against the issuance of the new debt arising from the renegotiation of 2019, basically corresponding to Bonds and which totaled R$3.0 billion on December 31, 2019. The increase in debentures in the long term by R$1.2 billion refers to the closing of the 6th issue, which totaled R$819.8 million on December 31, 2018, against the new debt corresponding to the 7th issue, which totaled R$2.0 billion on December 31, 2019.

Provision for judicial proceedings
The provision for judicial proceedings creased by 22% in the comparison between the periods, from R$636 million in 2018 to R$777 million in 2019. This variation was mainly due to the monetary correction of lawsuits in the Steel business in addition to labor additions and civil.

Post-employment benefits
The provision for post-employment benefits increased by 52%, equivalent to R$541 million, mainly due to the reduction of the discount rate, following the reduction of the interest rates in the Brazilian market in 2019. Another assumption that also impacted the increase of the provision for post- employment benefits was the interest cost.

Analysis of the Consolidated Balance Sheet of the year 2018 in comparison with the year 2017

CURRENT ASSETS

Cash and cash equivalents and marketable securities
The reduction of R$621 million in 2018 refers basically to the consolidated net effect of the payment of Usiminas Commercial's Eurobonds payment of 18 January 2018 amounting to USD400 million.

Trade receivables
The increase of R$339 million in trade receivables in 2018 is a result of the average term of receipt of customers.

Inventories
Inventories increased by R$1.1 billion, mainly due to the increase in prices of raw materials, in particular coal and slabs acquired.

Taxes recoverable
In 2018, the increase of R$385 millions, which represented a variation of 106% compared to 2017, was mainly

due to the recognition of the amount referring to the lawsuit that questioned the inclusion of ICMS on the basis of PIS and COFINS a favorable decision to the Company.

NON-CURRENT ASSETS

Deferred income and social contribution taxes
Deferred income tax and social contribution decreased 9% mainly due to the constitution of deferred tax liability, in the amount of R$356 million.

Judicial deposits
The balance of judicial deposits decreased by 23% in the comparison between the periods, from R$ 676 million in 2017 to R$524 million in 2018. This variation was mainly due to the provision for loss of IR / CSLL (Summer Plan Expulsion) and INSS (Self Employed) of R$ 98 million; and we raised the deposit referring to the tax execution for collection of social security contribution (INSS) on a single payment of R$43 million.

Taxes recoverable
In 2018, the R$399 million increase, which represented a 728% increase compared to 2017, was mainly due to the recognition of the amount related to the lawsuit that questioned the inclusion of ICMS on the basis of PIS and COFINS a favorable decision to the Company.

Amounts receivable Eletrobras
In 2018, a lawsuit aimed at receiving the full amount collected by Usiminas from Eletrobras as a compulsory loan was passed with a favorable decision to the Company. This amount, which was fully recognized, totaled R$676 million. In 2017, there was no record regarding this issue in the Company's financial statements.

Property, plant and equipment
Property, plant and equipment decreased by 9%, equivalent to R$2 million, mainly due to the depreciation of the period. Investments in CAPEX in 2018 were R$463 million.

CURRENT LIABILITIES

Suppliers, contractors and freight
The increase of 16% in suppliers, contractors and freight, equivalent to R$157 million, is mainly due to acquisitions of green coke from Petrobras Distribuidora.

Titles to pay forfaiting
In 2018, increase in payables - forfaiting by R$491 million, due to the Company's cash management, to lengthen payment deadline with suppliers.

NON-CURRENT LIABILITIES

Borrowings and debentures
The reduction in long-term loans and financing of R$195 billion mainly refers to the transfer of approximately R$310 million from Usiminas Commercial's long-term debt to the short term, referring to the cash sweep mechanism, which guides the advance of principal amounts, which was paid on March 15, 2019. The increase of the dollar by more than 17% impacted the portion of the debt corresponding to this currency, partially offsetting the afore mentioned reduction.

The reduction of the long-term debentures in R$ 68 million refers to the transfer of approximately R$ 56 million from the long-term to the short-term, related to the cash sweep mechanism, which guides the advance of principal amounts, which was paid in 15 of March 2019.

Provision for judicial proceedings
The provision for lawsuits decreased by 5% in the comparison between the periods, from R$ 669 million in 2017 to R$ 636 million in 2018. This variation was mainly due to the monetary correction of lawsuits in the Steel business unit and in addition to labor additions, and tax and civil reversals.

Statements of the years 2020, 2019 and 2018 and their variations

RESULTS	12/31/2020	VA (%) 2020	12/31/2019	VA (%) 2019	12/31/2018	VA (%) 2018	Horizontal Analysis 2020 x 2019	Horizontal Analysis 2019 x 2018
Revenue	16,088,052	100%	14,948,719	100%	13,736,780	100%	8%	9%
Cost of sales	-12,831,522	-80%	-13,074,129	-87%	-11,521,694	-84%	-2%	13%
Gross profit	3,256,530	20%	1,874,590	13%	2,215,086	16%	74%	-15%
Operating income (expenses)	-328,065	-2%	-922,079	-6%	-1,072,815	-8%	-64%	-14%
Selling expenses	-398,385	-2%	-288,515	-2%	-337,404	-2%	38%	-14%
General and administrative expenses	-426,764	-3%	-426,905	-3%	-440,022	-3%	0%	-3%
Other operating expenses, net	337,325	2%	-387,394	-3%	-555,739	-4%	187%	-30%
Share of profit of subsidiaries, jointly controlled subsidiaries and associates	159,759	1%	180,735	1%	260,35	2%	-12%	-31%
Operating profit (loss)	2,928,465	18%	952,511	6%	1,142,271	8%	207%	-17%
Financial result	-1,082,492	-7%	-509,839	-3%	93,045	1%	112%	-648%
Profit before income tax and social contribution	1,845,973	11%	442,672	3%	1,235,316	9%	317%	-64%
Income tax and social contribution	-554,23	-3%	-65,981	0%	-406,621	-3%	740%	-84%
Profit for the year	1,291,743	8%	376,691	3%	828,695	6%	243%	-55%

Analysis of consolidated results for the year 2020 compared to the year 2019

Revenue from sales of goods and services
In 2020, net revenue reached R$ 16.1 billion, an increase of 8% compared to 2019 (R$14.9 billion), representing the highest annual net revenue in the history of Usiminas, mainly due to the increase in net revenue at the Mining Unit (+ R$1.9 billion vs. 2019).

In 2019, net revenue totaled R$14.9 billion, an 8.8% increase over that in 2018 (R$13.7 billion), mainly due to higher sales volumes and prices in the Mining Unit and higher prices practiced in the Steel Unit.

Cost of goods or services sold
In 2020, Cost of goods sold (COGS) totaled R$12.8 billion, a 2% decrease in relation to that accounted in 2019 (R$13.1 billion).

In 2019, cost of goods sold (COGS) was R$13.1 billion, a 13.5% increase when compared to that in 2018 (R$ 11.5 billion).

Selling expenses
Selling expenses in the year were R $ 398 million, an increase of 38% compared to 2019 (R$289 million), mainly due to higher provisions for doubtful accounts in the Steel Unit and higher selling expenses in the Mining Unit.

In 2019, sales expenses were R$289 million (2018: R$337 million), a 14.5% decrease. This variation resulted mainly from reversion of doubtful accounts registered in 2019, against allowance for doubtful accounts registered in 2018, partially offset by higher distribution costs mainly associated with higher volume of iron ore exported.

General and Administrative Expenses
In 2020, General and Administrative Expenses totaled R$427 million, in line with that presented in the previous year (2019: R$427 million).

General and administrative expenses totaled R$427 million in 2019 (2018: R$440 million), a 3.0% decrease, mainly due to lower spending with third-party services (attorney fees).

Other Operating Expenses and Revenues
Other operating income (expenses) totaled R $ 337 million, R$724 million higher than that recorded in 2019 (negative R$387 million), mainly due to: (i) a positive R$731 million recorded under the Impairment item (2019: R$16 million), and that have no effect on Adjusted EBITDA and (ii) sales of assets, in the amount of R$174 million (2019: R$6 million), being partially offset by higher expenses with idleness, which reached R$333 million in 2020, R$56 million higher than 2019 (R$277 million), mainly related to equipment temporarily turned off at the Steelmaking Unit due to the COVID-19 pandemic. Also, in 2019, R$117 million were recognized in connection with the final and unappealable process of the compulsory loan to Eletrobras at the Steelmaking Unit, with no similar effect in 2020. Thus, operating revenues (expenses) were negative R$488 million in 2020 (2019: Negative R$1.1 billion).

Other net operating income (expenses) were a negative R$387 million in 2019 (2018: a negative R$556 million), a 30.3% decrease, mainly due to:

- Impairment effects accounted in 2019 in the amount of R$16 million (2018: R$473 million);

- Decrease of R$87 million in expenses with idleness, which totaled R$277 million in 2019 (2018: R$364 million), mainly due to renegotiation of third-party area leasing contract in the Mining Unit and lower depreciation in the Steel Unit;

- Lower balance of the provision for loss of judicial deposits by R$56 million. This provision, registered in 2018, was not recurring in 2019;

- Better result in the sale of surplus electrical energy by R$36 million, which was a positive R$48 million in 2019 (2018: a positive R$12 million).

Partially compensated by:

- Lower principal amount of tax credits recognized in the period by R$332 million, referring to the exclusion of the ICMS tax from the calculation basis of PIS and COFINS (see note Inclusion of ICMS in the calculation basis of PIS and COFINS). In 2019, these credits totaled R$87 million (2018: 419 million);

- Lower credits recognized in 2019 associated to Eletrobras compulsory loans (see Note Compulsory Loan – Eletrobras) by R$69 million. In 2019, the Company accounted R$117 million (2018: R$186 million).

- Higher balance of provisions for liabilities accounted in 2019 by R$55 million. In 2019, such provisions were R$202 million (2018: R$147 million);

- Lower tax credits related to PIS/COFINS on imports by R$36 million. This amount was registered in 2018, and there was no similar event in 2019.

Thus, net operating income (expenses) were a negative R$1.1 billion in 2019 (2018: a negative R$ 1.3 billion).

Equity in results of affiliates and subsidiaries
In 2020, equity income in associates and jointly controlled companies totaled R$ 160 million, a reduction of 11.6% compared to 2019 (R $ 181 million). This reduction is mainly due to the lower result of Unigal and MRS Logística in 2020.

In 2019, equity income in associates and jointly controlled companies totaled R$ 181 million, a 30.6% reduction compared to 2018 (R$ 260 million). This reduction is mainly due to the lower result of Unigal in 2019.

Financial result
In 2020, the financial result was a negative R$1.1 billion, 112% higher than the negative R$510 million recorded in the previous year, mainly due to exchange losses of R$765 million in 2020, compared to losses of R$185 million in 2019, affecting the dollar portion of the Company's debt, due to the 28.9% exchange variation in the period. In addition, a lower correction was recorded on Eletrobras credits (R$6 million, against R$264 million in 2019).

In 2019, the financial result was a negative R$510 million (2018: a positive R$93 million) due to:

- Lower amount recognized as interest in the process of exclusion of the ICMS tax from the calculation basis of PIS and COFINS taxes (see note Inclusion of ICMS in the calculation basis of PIS and COFINS) by R$315 million. In 2019, such event totaled R$70 million (2018: R$385 million);
- Lower balance recognized as monetary correction over credits receivable from Eletrobras (see note Compulsory loan – Eletrobras) by R$226 million. In 2019, the Company registered R$264 million related to this topic (2018: R$490 million).
- Higher commission expense over financing in function of the operation of issuance of debt notes abroad and issuance of debentures that took place in the year by R$109 million. In 2019, such expenses totaled R$128 million (2018: R$19 million).
- Increase in the balance of monetary correction over provisions for legal liabilities by R$67 million, which totaled R$177 million in 2019 (2018: R$110 million).

Analysis of consolidated results for the year 2019 compared to the year 2018

Revenue from sales of goods and services
In 2019, net revenue totaled R$14.9 billion, an 8.8% increase over that in 2018 (R$13.7 billion), mainly due to higher sales volumes and prices in the Mining Unit and higher prices practiced in the Steel Unit.

In 2018, net revenue was R$13.7 billion, a 28.0% increase over 2017, which was R$10.7 billion, due to higher average prices and volumes of steel and iron ore over the year. In the Steel business, total sales volume reached 4.2 million tons, a 4.3% increase over 2017, which was 4.0 million tons. In the Mining business, sales volume totaled 6.5 million tons in 2018, against 3.7 million tons in 2017.

Cost of goods or services sold
In 2019, cost of goods sold (COGS) was R$13.1 billion, a 13.5% increase when compared to that in 2018 (R$ 11.5 billion).

In 2018, COGS was 11.5 billion, a 26.6% increase compared to 2017, which was R$9.1 billion, mainly due to higher sales volume and raw material costs increases, especially coal and purchased slab. Gross margin was 16.1% in 2018, against 15.2% in 2017.

Selling expenses
In 2019, sales expenses were R$289 million (2018: R$337 million), a 14.5% decrease. This variation resulted mainly from reversion of doubtful accounts registered in 2019, against allowance for doubtful accounts registered in 2018, partially offset by higher distribution costs mainly associated with higher volume of iron ore exported.

In 2018, sales expenses totaled R$337.4 million, against R$251.0 million in 2017, a 34.5% increase mainly due to higher distribution costs (higher sales volume) and higher provision for doubtful accounts.

General and Administrative Expenses
General and administrative expenses totaled R$427 million in 2019 (2018: R$440 million), a 3.0% decrease, mainly due to lower spending with third-party services.

In 2018, general and administrative expenses were R$440.0 million, an increase of 8.8% over the year 2017, which was R$404.4 million, mainly due to higher expenses with third party services (attorney fees).

Other Operating Expenses and Revenues
Other net operating income (expenses) were a negative R$387 million in 2019 (2018: a negative R$556 million), a 30.3% decrease, mainly due to:

- Impairment effects accounted in 2019 in the amount of R$16 million (2018: R$473 million);
- Decrease of R$87 million in expenses with idleness, which totaled R$277 million in 2019 (2018: R$364

million), mainly due to renegotiation of third-party area leasing contract in the Mining Unit and lower depreciation in the Steel Unit.

- Lower balance of the provision for loss of judicial deposits by R$56 million. This provision, registered in 2018, was not recurring in 2019.

- Better result in the sale of surplus electrical energy by R$36 million, which was a positive R$48 million in 2019 (2018: a positive R$12 million).

Partially compensated by:

- Lower principal amount of tax credits recognized in the period by R$332 million, referring to the exclusion of the ICMS tax from the calculation basis of PIS and COFINS (see note Inclusion of ICMS in the calculation basis of PIS and COFINS). In 2019, these credits totaled R$87 million (2018: 419 million).
-
- Lower credits recognized in 2019 associated to Eletrobras compulsory loans (see Note Compulsory Loan – Eletrobras) by R$69 million. In 2019, the Company accounted R$117 million (2018: R$186 million).
-
- Higher balance of provisions for liabilities accounted in 2019 by R$55 million. In 2019, such provisions were R$202 million (2018: R$147 million);
-
- Lower tax credits related to PIS/COFINS on imports by R$36 million. This amount was registered in 2018, and there was no similar event in 2019.

Thus, net operating income (expenses) were a negative R$1.1 billion in 2019 (2018: a negative R$ 1.3 billion).

Other Expenses and operational revenues of 2018 were negative in R$555,7 million, against R$250,8 million negative in 2017, an increase in 121.6% especially related to:

- Loss for impairment, in the amount of R$529,3 million in the Steel unit, of R$143,1 million in the Capital Goods unit, partially compensated by the impairment reversion of R$199,6 million in the Mining Unit in 2018. In 2017 there were an *impairment* of assets of R$73,0 million in the Steel unit and R$1,9 million in the Mining Unit;
- Lower tax credits related to the principal amount related to import PIS/COFINS by R$ 201.4 million, which were R$ 36.1 million in 2018, against R$ 237.5 million in 2017;
- Recognition of R$ 201.1 million, net of expenses, by Mineração Usiminas in 2017, related to the Agreement with Porto Sudeste. There was no such effect in 2018;

- Provision for loss of judicial deposits of R$ 55.8 million;

- Provision of R$ 37.5 million in tax credits arising from the expectation of future non-recovery

These effects were partially offset by:

- Recognition of the principal amount of tax credits in the amount of R$ 410.9 million in the Steel Unit and R$ 7.8 million in the Capital Goods Unit related to the final and unappealable lawsuit related to the inclusion of ICMS in the PIS calculation base and COFINS (information detailed in item 10.9 of this form);

- Recognition of the principal amount of the amount receivable of R$ 186.0 million related to the final and unappealable lawsuit related to compulsory loan to Eletrobras, in 2018, at the Steel Unit (details detailed in item 10.9 of this form).

<u>Financial result</u>

In 2019, the financial result was a negative R$510 million (2018: a positive R$93 million) due to:

- Lower amount recognized as interest in the process of exclusion of the ICMS tax from the calculation basis of PIS and COFINS taxes (see note Inclusion of ICMS in the calculation basis of PIS and COFINS) by R$315 million. In 2019, such event totaled R$70 million (2018: R$385 million);

- Lower balance recognized as monetary correction over credits receivable from Eletrobras (see note Compulsory loan – Eletrobras) by R$226 million. In 2019, the Company registered R$264 million related to this topic (2018: R$490 million).

- Higher commission expense over financing in function of the operation of issuance of debt notes abroad and issuance of debentures that took place in the year by R$109 million. In 2019, such expenses totaled R$128 million (2018: R$19 million).

- Increase in the balance of monetary correction over provisions for legal liabilities by R$67 million, which totaled R$177 million in 2019 (2018: R$110 million).

In 2018, the financial result was a positive R$93.0 million, against a negative R$462.9 million in 2017, mainly due to the recognition of indexation credits from Eletrobras receivables in the amount of R$490.0 million in the Steel business (detailed information on item 10.9 of this Form) and to the recognition of interest regarding the process of exclusion of the ICMS tax in the base calculation of PIS and COFINS in the amount of R$384.5 million in the Steel business (detailed information on item 10.9 of this Form), partially compensated by exchanges losses of R$163.4 million in 2018, against exchanges losses of R$21.6 million in 2017.

Analysis of consolidated results for the year 2018 compared to the year 2017

Revenue from sales of goods and services
In 2018, net revenue was R$13.7 billion, a 28% increase over 2017, which was R$10.7 billion, due to higher average prices and volumes of steel and iron ore during the year.

In the Steel Unit, 4.2 million tons of steel products were sold in 2018 (4.0 million tons in 2017), while in the Mining Unit 6.5 million tons of iron ore were sold in the same period (3.7 million tons in 2017).

Cost of goods or services sold
In 2018, CPV was R$11.5 billion, against R$9.1 billion in 2017, a 26.6% increase, mainly due to the higher volume sold and the increase in raw material costs, mainly coke and coal and slabs purchased. The gross margin in 2018 was 16.1%, against 15.2% in 2017.

Selling expenses
In 2018, selling expenses totaled R$337.4 million, compared to R$251.0 million in 2017, a 34.5% increase due to higher distribution costs due to higher sales volume and higher provision for doubtful accounts.

General and Administrative Expenses
In 2018, general and administrative expenses totaled R$440.0 million, an increase of 8.8% over the year 2017, which was R$404.4 million, mainly due to higher expenses with third-party services (attorney fees).

Operating Expenses and Revenues
Other operating expenses and revenues in 2018 were R$ 555.7 million negative, against R$250.8 million negative in 2017, a 121.6% increase mainly due to:

- Loss by impairment in the amount of R$529.3 million in the Steel Unit, of R$143.1 million in the Capital Goods Unit, partially compensated by reversion of impairment in the amount of R$199.6 million in the Mining Unit in 2018; In 2017, there was impairment of assets in the amount of R$73.0 million in the Steel Unit and R$1.9 million in the Mining Unit;

- Lower tax credits related the principal of PIS/COFINS on imports by R$201.4 million, which were R$36.1 million in 2018, against R$237.5 million in 2017;

- Recognition of R$201.1 million, net of expenses, by Mineração Usiminas in year 2017, referring to the

Porto Sudeste agreement. There was no such effect in 2018;

- Provision for loss of legal deposits of R$55.8 million;

- Provision of tax credits by R$37.5 million arising from the expectation of future non-recovery.

These effects were partially offset by:

- Recognition of tax credits (ICMS tax in the base calculation of PIS and COFINS taxes) in the amount of R$410.9 million in the Steel Unit and R$7.8 million in the Capital Goods Unit related to the unappealable proceeding regarding the inclusion of ICMS in the PIS calculation basis and COFINS (detailed information in item 10.9 of this form);

- Recognition of the amount receivable in the amount of R$186.0 million relative to the final decision related to the compulsory loan to Eletrobras in the Steel Unit in 2018(detailed information in item 10.9 of this form).

Equity of Associate and Subsidiary Companies
In 2018, the results of Equity of Associate and Subsidiary Companies totaled R$260.4 million, against R$154.9 million in year 2017, mainly due to higher contribution of Unigal and of MRS Logística and of lower impact of the negative result of Codeme.

Financial result
In 2018, the financial result was a positive R$93.0 million, against a negative R$462.9 million in 2017, mainly due to credits receivable from Eletrobras in the amount of R$ 490.0 million in the steel unit (information detailed in item 10.9 of this form) and to the recognition of interest regarding the process of exclusion of the ICMS tax in the base calculation of PIS and COFINS taxes of R$ 384.5 million in Steel Unit (detailed information in item 10.9 of this form), partially compensated by exchanges losses of R$163.4 million in 2018 against exchanges losses of R$21.6 million in 2017.

10.2 The officers should comment on:

a) The results of operations of the issuer, in particular:

i. Description of any important components of revenue

The Company's revenue is generated mainly from the sale of steel products, such as thick plates, hot- rolled, cold-rolled, plates, galvanized, among others, carried out by our Steelmaking unit. Usiminas also presents in its consolidated financial statements, revenue from Mining units, processing of Steel and Capital Goods.

The revenue of these units stems mainly from:

- Mining: Sale of iron ore through Mineração Usiminas S.A;

- Steel-Processing: Processing and distribution of steel products through Soluções Usiminas S.A ;

- Capital Goods: Manufacture of Metal Structures, Industrial Equipment, Foundry and Railway Wagons and Industrial Assembly Services through Usiminas Mecânica S.A.

ii. Factors that materially affected operating results

The operating result of the Usiminas is affected mainly by demand that influences the volume sold and the prices of our main products. Also, exchange rates facilitate the imports of products and diminish our competitiveness.

In 2020, net revenue totaled R$16.1 billion, an increase of 8% in relation to 2019 (R$14.9 billion), representing the highest annual net revenue in Usiminas history, mainly due to higher volumes and prices sales in the Mining Unit and higher prices in the Steel Unit. The distribution of this revenue was 89% in the domestic market and 11% in the foreign market.

In 2020, the Steel Unit's Net Revenue was R$12.4 billion, 2.7% lower than that recorded in the previous year

(R$12.7 billion) mainly due to the lower sales volume of 9.3% and partially offset by a net revenue / ton sold of R$3,322.7 / t, 7.2% higher than the previous year (2019: R$3,098.5 / t), reflecting higher prices in all product lines. Cash cost per ton in 2020 was R $ 2,629 / t, 10.3% higher than in 2019 (R$2,384 / t). Among the main variations in the period, we highlight the higher costs with slabs acquired, mainly due to the higher price and greater participation of slabs in the production mix and higher cost with iron ore, reflecting the 16.4% increase in the international average price. and the average appreciation of the dollar against the real of 30.7%, partly offset by lower costs with coal and coke, the lower average cost of coal used and due to the production mix.

In the Mining Unit, net revenue totaled R$3.9 billion, an increase of 94.0% compared to 2019 (R$2.0 billion). This increase was mainly due to: (i) due to the higher average international prices for iron ore, which had an average price of US$108.72 / t, compared to an average of US$93.43 / t in 2019, an increase of 16, 4%; (ii) higher export volumes of 27.7%, with greater added value, thanks to the higher production of ITM Samambaia and; (iii) an average devaluation of 30.7% of the real against the dollar in the period. In 2020, the total production Cash Cost per ton was R$69.7 / t, an increase of 8.2% in relation to 2019 (R$64.5 / t). Excluding expenses with temporarily inactive beneficiation plants, cash cost per ton was R$67.9 / t in 2020 (R $ 60.2 / t in 2019), an increase of 12.7% between the periods , mainly related to higher costs linked to the dollar and readjustments in service contracts linked to inflation.

In the Steel Transformation Unit, net revenue totaled R$ 3.8 billion, an increase of 3.0% in relation to 2019 (R$ 3.3 billion), due to the higher prices practiced throughout the year, despite a reduction of 8, 9% in volumes sold, due to the impact of the Covid-19 pandemic, mainly in 2Q20.

Finally, net revenue from the Capital Goods Unit totaled R$ 248 million, 39.7% lower when compared to 2019 (R$ 412 million), reflecting the company's strategic redirection to provide only Assembly / Maintenance services to Usiminas and its subsidiaries. It is worth mentioning that the Company maintains its commitment to all clients that have projects in progress, which will be completed and delivered as agreed.

In 2019, net revenue totaled R$14.9 billion, an 8.8% increase over that in 2018 (R$13.7 billion), mainly due to higher sales volumes and prices in the Mining Unit and higher prices practiced in the Steel Unit. The distribution of this revenue was 82% in the domestic market and 18% in the foreign market.

In 2019, the Steel Unit's net revenue was R$12.7 billion, in line with the result presented in 2018 (R$12.6 billion). In 2019, cash cost per ton was R$2,267 / t, an increase of 9.9% compared to 2018 (R$2,063 / t), mainly due to: (i) higher costs with iron ore and pellets, due to the strong movement to increase prices of these commodities and the appreciation of the dollar against the real in the period; (ii) higher costs for coal and coke, mainly due to the appreciation of this raw material in the international market; partially offset by: (iii) lower cost with purchased board.

In the Mining Unit, net revenue totaled R$2.0 billion in 2019, an increase of 83.3% compared to 2018 (R$1.1 billion), mainly due to the higher prices and volumes sold, in addition to the devaluation of Real against the dollar in the period. In 2019, cash cost per ton was R$64.5 / t, an increase of 6.0% in relation to 2018 (R$60.8 / t), mainly related to higher raw material costs used in plants.

In the Steel Transformation Unit, net revenue reached R$3.7 billion, an increase of 15.2% in relation to 2018 (R$3.2 billion), mainly due to higher volumes and sales prices. Finally, the Capital Goods Unit's net revenue totaled R$412 million, an increase of 16.8% compared to 2018 (R$353 million), reflecting the growth in the Industrial Assemblies and Equipment segments.

In 2018, net revenue was R$13.7 billion, a 28% increase over 2017, which was R$10.7 billion, In the Mining Unit in function of higher average prices and volumes of steel and iron ore over the year. The distribution of this revenue was 83% in the domestic market and 17% in the foreign market.

In 2018, net revenue of the Steel unit was R$12.6 billion, against R$10.0 billion in 2017, a 26.0% increase, mainly due to better domestic market and export prices and higher domestic market volumes.

In the Mining Unit in 2018, net revenue totaled R$1.1 billion, a 106.8% increase over 2017, which was R$524.8 million, mainly due to higher sales volume by 76.1%, with a highlight for the resumption of exports and better prices in the international market. In 2018, cash cost per ton was R$60.8/t, against R$58.9/t in 2017, a 3.2% increase, mainly due to higher labor costs, maintenance, electrical energy and fuel.

In the Steel processing net revenue was R$3.2 billion, 29.7% higher than that in 2017, which was R$2.5 billion, mainly due to higher average prices by approximately 16.8% in the period and higher sales and services volume.

In the Unit Capital goods net revenue was R$352.7 million, against R$287.6 million in 2017, a 22.6% increase, due to growth in the Railcar segment.

Income Statement per Business Units – Accumulated

R$ million		Steel *	Mining	Steel Processing	Capital Goods	Elimination and Adjustment	Consolidated
2020	Net Revenue	12,371	3,858	3,844	248	(4,233)	16,088
	Domestic Market	11,112	796	3,842	248	(4,233)	11,765
	Exports	1,259	3.062	2	-	-	4,323
2019	Net Revenue	12,719	1,989	3,731	412	(3,902)	14,949
	Domestic Market	11,443	607	3,730	412	(3,902)	12,290
	Exports	1,276	1,382	1	-	-	2,659
2018	Net Revenue	12,570	1,085	3,238	353	(3,509)	13,737
	Domestic Market	10,935	385	3,238	353	(3,509)	11,402
	Exports	1,635	700	-	-	-	2,335

b) Variations in revenue attributable to changes in prices, exchange rates, inflation, changes in volumes and the introduction of new products and services

i. **Sales Volumes**

Indicators	2020	VA (%) 2020	2019	VA (%) 2019	2018	VA (%) 2018	Var. 2020/2019	Var. 2019/2018
Steel Sales Volume (t thousand)	3,723	100%	4,105	100%	4,198	100%	-9%	-2%
Domestic Market	3,302	89%	3,681	90%	3,650	87%	-10%	1%
Exports	421	11%	424	10%	548	13%	-1%	-23%
Iron Ore Sales (thousand)	8,683	100%	8,616	100%	6,474	100%	1%	33%
Third Parties - Domestic Market	606	7%	1,800	21%	759	12%	-66%	137%
Exports	5,916	68%	4,631	54%	3,274	50%	28%	41%
Usiminas – Domestic Market	2,161	25%	2,185	25%	2,441	38%	1%	-10%

In 2020, the total sales volume reached 3.7 million tons, a 9% reduction compared to 2019, which was 4.1 million tons. Domestic sales were 3.3 million tons, a 10% reduction compared to 2019, which was 3.7 million tons. In the foreign market, sales totaled 421 thousand tons, stable when compared to the sales of 424 thousand tons in 2019. Sales volume was 89% destined for the domestic market and 11% for exports in 2020.

In the Mining Unit, in 2020, sales volume totaled 8.7 million tons, practically stable, when compared to the sales volume of 8.6 million tons in 2019.

In 2019, the total sales volume reached 4.1 million tons, a reduction of 2.3% compared to 2018, which was 4.2 million tons. Domestic sales were 3.7 million tons, stable when compared to 3.7 million tons in 2018. In the foreign market, sales totaled 424 thousand tons, a 22.6% reduction in relation to the previous year. 2018, which was 548 thousand tons. Sales volume was 90% destined for the domestic market and 10% for exports in 2019.In the Mining Unit, in 2019, sales volume totaled 8.6 million tons in 2019, against 6.5 million tons in 2018, an increase of 33.1% mainly due to the higher volume of exports and the higher volume sales in the domestic market

In 2018, total sales volume reached 4.2 million tons, a 4.3% increase over 2017, which was 4.0 million tons. Sales to the domestic market were 3.7 million tons, compared to 3.4 million tons in 2017, a 6.1% increase. In the foreign market, sales totaled 549 thousand tons, a 6.2% reduction compared to 2017, which was 585 thousand tons.

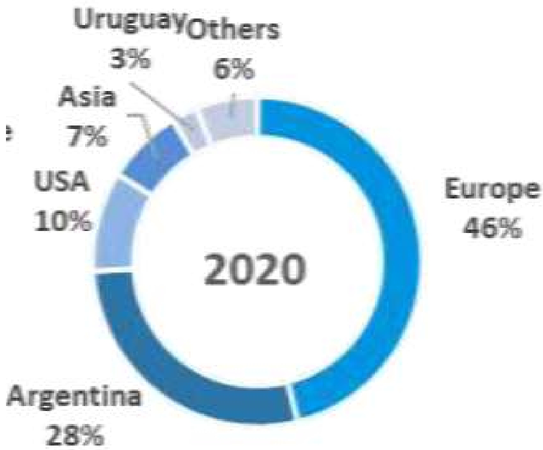
Sales volume was 87% for the domestic market and 13% for exports in 2018.In the Mining Unit, in 2018, sales volume totaled 6.5 million tons, against 3.7 million tons in 2017, a 76.1% increase, mainly due to the resumption of exports and the higher sales volume in the domestic market.

We highlight the sales volume of the Steel Industry in 2020 2019 and 2018 on the table below:

Steel Sales by Product:

Thousand Tons	2020		2019		2018		Var. 2020/2019	Var. 2019/2018
STEEL SALES TOTAL	3,723	100%	4,105	100%	4,198	100%	-9%	-2%
Heavy Plates	365	10%	453	11%	467	11%	-19%	-3%
Hot Rolled	1,195	32%	1,245	30%	1,273	30%	-4%	-2%
Cold Rolled	1,060	28%	1,236	31%	1,341	32%	-14%	-8%
Galvanized	1,025	28%	1,107	27%	1,086	26%	-7%	2%
Processed Products	0	0%	3	0%	4	0%	-100%	-25%
Slabs	78	2%	61	1%	27	1%	28%	126%

The main destinations for exports in 2020 were:



Sales Prices

In 2020, net revenue in the Steel Unit was R$12.4 billion, down 3% from the result presented in 2019 (R$12.7 billion). In 2020, total sales reached 3.7 million tons of steel, a 9.3% decrease in relation to 2019 (4.1 million tons). In the domestic market, sales were 3.3 million tons in 2020, down 10.3% in relation to the previous year. Export sales reached 421 thousand tons, down 0.8% below those in 2019 (424 thousand tons). Sales volume was 89% domestic and 11% to export destinations in 2020. In Mining Unit, in 2020, net revenue totaled R$3.9 billion, an 94% increase over that in 2019 (R$2.0 billion), mainly due to higher sales prices and volumes. Sales volume totaled 8.7 million tons in 2020, an increase of 0.8% in relation to 2019 (8.6 million tons), once again representing the annual record of sales of iron ore, also associated to the resumption of operations at Samambaia.

In 2019, net revenue in the Steel Unit was R$12.7 billion, in line with the result presented in 2018 (R$12.6 billion). In 2019, total sales reached 4.1 million tons of steel, a 2.2% decrease in relation to 2018 (4.2 million tons). In the domestic market, sales were 3.7 million tons in 2019, stable in relation to the previous year. Export sales reached 424 thousand tons, 22.5% below those in 2018 (548 thousand tons). Sales volume was 90% domestic and 10% to export destinations in 2019. In Mining Unit, in 2019, net revenue totaled R$2.0 billion, an 83.3% increase over that in 2018 (R$1.1 billion), mainly due to higher sales prices and volumes, in addition to the devaluation of the Real over the Dollar in the period. Sales volume totaled 8.6 million tons in 2019, a 33.1% increase in relation to 2018 (6.5 million tons), representing the record of sales of iron ore, also associated to the resumption of operations at Samambaia.

In 2018, the average sales price of steel products increased compared to 2017. Net revenue per ton was 20.8% higher than in 2017, a 19.4% increase in average sales to the domestic market and 29.7% in average sales prices to the foreign market. For the Mining unit, the net revenue per ton recorded in 2018 was 17.4% higher than the net revenue per ton in 2017, due to the increase in the average price of iron ore in the international market. The PLATTS price reference adjusted for the sales price formation period of Mineração Usiminas (62% Fe, CFR China) was US$69.5/t in 2016 against US$72.3/t in 2017, a 2.6% reduction.

c) Impacts of inflation, the variation of prices of the main raw materials and products, exchange rate, interest rate on the operating profit and the financial result of the issuer

Variations in the sales cost

The cost of products sold (COGS) in 2020 totaled R $ 12.8 billion, a reduction of 2% in relation to that recorded in 2019 (R$ 13.1 billion). The cost of products sold - CPV at the Steelmaking unit was R$ 11.5 billion in 2020, 2.5% lower than in the previous year (2019: R$ 11.8 billion), given the lower volume of steel sold in the period. In 2020, COGS per ton was R$ 3,083 / t, an increase of 7.5% in relation to 2019 (R$ 2,868 / t), mainly due to the higher unit production cost in the period. In Mining, the cost of products sold - COGS totaled R$ 1.5 billion in 2020, 29.5% higher than in 2019 (R$ 1.1 billion). In unit terms, COGS / t was R$ 170.7 / t, an increase of 28.5% compared to 2019 (R$ 132.8 / t), due to the higher export sales volume in 27, 7%.

Cost of goods sold (COGS)in Unit Steel was R$11.8 billion in 2019, an 11.0% increase in relation to that in 2018 (R$10.6 billion). COGS per ton was R$2,868/t in 2019, a 13.5% increase over 2018 (R$2,526/t), mainly due to cost increases with raw materials, especially iron ore and coal. In Unit Mining the cost of goods sold (COGS) totaled R$1.1 billion in 2019, 52.8% greater to that in 2018 (R$749 million), due to higher sales volume in the year. In unitary terms, COGS/t was R$132.6/t, a 14.9% increase compared to that in 2018 (R$115.4/t) due to the increase in CFR sales.

The cost of sales in the Steel Unit in 2018 was R$ 10.6 billion, against R$ 8.5 billion in 2017, a 24.9% increase, mainly due to higher sales volume and higher raw material costs, highlighting acquired slabs, coal and iron ore. At the Mining Unit, the cost of the product sold in 2018 was R$748.8 million, against R$342.9 million in 2017, a 118.4% increase, mainly due to the higher volumes of sales and freights associated with exports.

Exchange

In addition to what was above-mentioned, Usiminas Companies' operate internationally and are exposed to foreign exchange risks stemming from exposure to some currencies, especially in relation to US Dollar and, to a lesser extent, the Yen and the Euro. The exchange rate risk arises from assets and liabilities recognized and net investment in overseas operations.

The financial policy of Usiminas companies' highlight that the derivative transactions has the objective of reducing their costs, reduce the volatility in cash flow, reduce foreign exchange exposure and avoid the mismatch between currencies. As a protective measure to reduce the effect of exchange rate variation, the Administration has adopted as policy to use log swap operations and non deliverable forwards (NDF) and, in addition, have its assets tied to exchange indexing, as shown below:

In Thousands of Reais	2020	2019	2018
Cash and cash equivalents	397,051	209,017	170,717
Securities	32,120	16,352	9,036
Accounts receivable	262,589	142,974	342,424
Advances to suppliers	1,364	955	4,407
Foreign currency Assets	693,124	369,298	526,584
Loans and financing	(3,944,010)	(3,028,744)	(1,272,702)
Suppliers, contractors and	(618,415)	(369,244)	(361,804)
Advances from customers	(20,074)	(8,814)	(17,480)
Other	(2,787)	(1,900)	(23,756)
Liabilities in Foreign currency	(4,585,286)	(3,408,702)	(1,675,742)
Net Exposure	(3,892,162)	(3,039,404)	(1,149,158)

In 2020 the exchange rate variation on the net liabilities position of the Company generated a loss of R$764.6 million, R$185.2 million in 2019 and loss R$163.4 million in 2018.

Interest Rate

During the years 2020, 2019 and 2018, loans and financing of Usiminas Companies', at variable rates were denominated in Reais and U.S dollars.

Interest rates for the loans and financing can be demonstrated as follows:

In Thousands of Reais	2020	%	2019	%	2018	%
Loans and financing						
Pre-fixed	3,963,754	66	3,054,782	60	35,127	1
TJLP	-	-	-	-	336,902	6
Libor	-	-	-	-	1,133,228	19
CDI	-	-	-	-	3,324,139	57
Other	-	-	45,189	1	130,374	2
Total	3,963,754	66	3,099,971	61	4,959,770	85
Debentures						
CDI	2,004,608	34	2,006,267	39	890,020	15
Total of loans and financing and debentures	5.968.362		100	5.849.790		100

In 2020, 2019 and 2018, the actual interest rates on loans and financing of the Company impacted their results negatively in the amount of R$279 million, R$ 366 million and R$390 million, respectively.

Impact on the financial result

In Thousands of Reais	2020	2019	2018
Monetary effects (assets) basically on short-term investments restated by reference to CDI variation	38,631	20,256	46,575
Monetary restatement on judicial deposits	7,728	8,322	14,922
Monetary effects (liabilities), mainly on loans and financing indexed by CDI and TJLP	(50,322)	(88,294)	(128,823)
Foreign exchange gains and losses, net, arising from assets and liabilities denominated in foreign currency (loans and financing, suppliers, short-term investments and customers)	(764,555)	(185,168)	(163,395)

10.3 The directors should comment on the relevant effects that the events bellow have caused or are expected to cause in the financial statements of the issuer and its results:

a) Introduction or disposal of operating segment

The Company´s management controls the business through four business units: Steel, Mining, Steel Transformation and Capital Goods. There were no changes in such structure in the last three fiscal years.

b) Constitution, acquisition or disposal of equity interest

There were no constitution, acquisition or disposal of equity interest in the last three fiscal years.

c) Unusual events or operations

2020

There were no material unusual events or transactions that impacted the financial.

2019
i. Renegotiation of debts

On July 11, 2019, the Company concluded the pricing of the debt instruments issued by its wholly- owned subsidiary Usiminas International S.à r.l. in the international market, in the amount of US$750 million, with a coupon (interest) rate of 5.875% p.a., to be paid semiannually, at an issue price of 98.594% of the principal amount, a yield of 6.125% p.a. and maturity date of July 18, 2026. From the proceeds of this issuance, the Company made the full prepayment of its debt with Banco Nacional de Desenvolvimento Econômico e Social (BNDES) and the Japanese bank creditors, as well as the partial prepayment of its debt with debenture holders and the Brazilian banks, Banco do Brasil S.A., Itaú Unibanco S.A. and Banco Bradesco S.A.

On October 24, 2019, the Company completed the 7th issue of simple debentures, non-convertible into shares, as approved by the Board of Directors on September 20, 2019. This issue, related to 2,000,000 (two million) debentures, and which totaled R$2 billion, includes semiannual interest based on Interbank Deposit Certificates (CDI) plus 1.7% p.a. for the debentures of the first series amounting to R$700,000, the maturity of which will be September 30, 2023; and CDI plus 2.1% p.a. for the debentures of the second series amounting to R$1,300,000, the maturities of which will be September 30, 2024 and September 30, 2025, with the payment of 50% on each amortization. From the proceeds of this issuance, the Company made the full prepayment of its outstanding debt to debenture holders and the Brazilian banks Banco do Brasil S.A., Itaú Unibanco S.A. and Banco Bradesco S.A.

2018
i. Renegotiation of debts

On January 18, 2018, the debt securities ("Eurobonds") originally issued in 2008 by the overseas subsidiary Usiminas Commercial Ltd. were paid, in full payment of the total amount of US $ 400 million to the holders of these Eurobonds. Of this amount, approximately US$ 220 million returned to the Company's cash position.

10.4 Reviews of directors on:

A) Significant changes in accounting practices

2020
In 2020, no new accounting standards came into force.

2019
IFRS 16 / CPC 06 (R2) - Leases has been effective since January 1, 2019, and replaces the existing lease standards, including CPC 06 (IAS 17) - Leases and ICPC 03 (IFRIC 4, SIC 15 and SIC 27) - Complementary Aspects of Lease Transactions.

IFRS 16 has introduced a single lease accounting model in the balance sheet for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Optional exemptions are available for short-term leases and low-value items. The lessor's accounting remains similar to the former standard, that is, a lessor has continued to classify its leases as finance leases or operating leases.

As from 2019, the Company has been recognizing new assets and liabilities under its operating leases (Notes 16 and 24). The nature of the expenses related to these leases changed, as the Company began to recognize a depreciation of the right-of-use assets and finance costs on the lease obligations. Through 2018, the Company recognized an operating lease expense over the lease term.

The Company has adopted some practical expedients brought by this new standard in the evaluation and measurement of its right-of-use assets and lease liabilities, mainly related to term, value and discount rate. The variable elements of payments related to leases were not included in the calculation of the lease liability and were recorded as operating expense. The discount rates used by the Company were obtained under market conditions. At December 31, 2019, the Company recognized a right-of-use asset of R$45,536 in the Parent company and R$129,410 in Consolidated, a current lease liability of R$12,514 in the Parent company and R$33,328 in

Consolidated and a non-current lease liability of R$19,293 in the Parent company and R$75,942 in Consolidated. The Company adopted this standard on January 1, 2019 without updating comparative information and applied the standard to all agreements entered into before January 1, 2019 that were identified as leases in accordance with CPC 06 (R1) / IAS 17 and ICPC 03 / IFRIC 4.

New pronouncements, revisions and interpretations of standards not yet in force at December 31, 2019

Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" In October 2018, the IASB issued the definition of "material" and made relevant changes to IAS 1 and IAS 8, the revised version of which is effective as of January 1, 2020. The definition of "material" helps entities to determine whether information about an item, transaction or any other event should be provided to users of the financial statements. However, this definition is not always objective, and requires the reporting entity to make judgments about materiality when preparing the financial statements. The amendments made align the wording of the definition of “material” in all IFRS standards, including the Conceptual Framework.

Amendments to IFRS 3 "Business Combinations"
In October 2018, the IASB issued an amendment to IFRS 3 on the definition of "business", the effective date of which is January 1, 2020.

The amendment (i) confirms that a business must include relevant inputs and processes, which together contribute significantly for the creation of outputs; (ii) provides a test that assists in the analysis of whether a company has acquired a group of assets and not a business; and (iii) narrows the definitions of outputs, whose focus is to generate returns through goods supplied and services provided to customers, excluding the generation of returns in the form of cost reduction and other economic benefits.

2018

IFRS 9/CPC 48 - Financial Instruments and IFRS 15/CPC 47 - Revenue from Contracts with Customers have been effective since January 1, 2018.

IFRS 9 / CPC 38 - Financial Instruments

IFRS 9 introduced new models for the classification and measurement of financial instruments and the measurement of expected losses on financial and contractual assets, as well as new requirements related to hedge accounting. The new standard maintained the IAS 39 guidance on the recognition and derecognition of financial instruments.

Upon adoption of this standard, the classification is now based on the business model best reflecting the way its contractual cash flows are managed.

The new standard maintained part of the requirements of the previous standard for the classification of financial liabilities. The substantial changes in the fair value classification are presented below:

- the amount corresponding to the change in the fair value attributable to changes in the credit risk of the liability is presented in other comprehensive income, and;

- the remaining amount of the change in the fair value is presented in profit or loss.

The Company’s management has assessed the effects of adopting IFRS 9 in its operations and has not identified any significant impacts.

IFRS 15 / CPC 47 - Revenue from Contracts with Customers

IFRS 15 introduced a comprehensive structure for determining if and when revenue is recognized, and how it is measured. IFRS 15 replaced current revenue recognition standards, including CPC 30 (IAS 18) Revenue, CPC 17 (IAS 11) Construction Contracts and corresponding interpretations.

The Company's management analyzed its operations based on the five-step model in the standard and did not identify any significant impacts. Note 3.18 describes Usiminas’ different types of revenue and how each is recognized. With respect to the sale of products, revenues will continue to be recognized when products are delivered to the customer's location, this being considered as the time the customer accepts the goods and the risks and benefits of ownership are transferred. Revenue is recognized at this time provided that revenue and costs can be reliably measured, receipt of the consideration is probable and there is no continuous involvement of the Company with the products.

With respect to the sale of services, revenues continue to be recognized based on the services effectively performed as the fair value and sales prices of individual services are relatively similar.

New pronouncements, revisions and interpretations of standards not yet in force at December 31, 2018

IFRS 16 / CPC 06 (R2) – Leases

IFRS 16 introduces a single lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Optional exemptions are available for short-term leases and low-value items. The lessor's accounting remains similar to the current standard, that is, a lessor continues to classify its leases as finance leases or operating leases.

IFRS 16 replaces existing leasing standards, including CPC 06 (IAS 17) Leases and ICPC 03 (IFRIC 4, SIC 15 and SIC 27) Complementary Aspects of Lease Transactions. The standard is effective for annual periods beginning on or after January 1, 2019.

Management has reviewed all the lease agreements entered into by Usiminas and concluded that most of them refer to short-term, low-value leases and also to leases in which Usiminas does not control the asset or define its use. These leases will continue to be recognized on a straight-line basis as expenses in the statement of income for the year. With respect to other leases, subject to the scope of the new standard, Usiminas expects to recognize right-of-use assets and lease liabilities of approximately 11 million on January 1, 2019. The nature of the expenses related to these assets and lease liabilities will change from the prevailing model from December 31, 2018, as depreciation expenses will be recognized for the assets and interest expenses on liabilities.

Usiminas intends to apply the simplified transition approach and will not restate comparative values for the year prior to the first adoption. Right-of-use assets related to property lease will be measured upon transition as if the new rules had always been applied. All other right-of-use assets will be measured at the lease liabilities’ value at the time of adoption.

B) Significant effects of changes in accounting practices

There were no changes in the accounting practices adopted by the Company in the fiscal years ended December 31, 2020, 2019 and 2018, except for the new adopted standards described on item (a) above.

C) Qualifications and emphases present in the auditor's report

The independent auditor´s reports related to the financial statements for the years ended December 31, 2020, 2019 and 2018 presented no qualifications and emphases.

10.5 The directors shall indicate and comment on critical accounting policies adopted by the issuer, by exploring, in particular, accounting estimates made by the administration on issues uncertain and relevant to the financial situation and the results, which require subjective or complex decisions such as: provisions, contingencies, revenue recognition, tax credits, assets of long-term, life of active non-circulating, pension plans, adjustments to conversion into foreign currency, costs of environmental recovery, criteria for testing of recovery of assets and financial instruments

JUDGMENTS

The preparation of the Company's financial statements requires management to make certain judgments and estimates and adopt assumptions that impact the stated amounts of revenue, expenses, assets and liabilities and their related disclosures, as well as the disclosure of contingent liabilities.

In the process of applying Usiminas' accounting policies, management made the following judgments, which have the most significant effects on the amounts recognized in the financial statements:

Segregation of interest and monetary variation related to financial investments and local borrowings
The Company segregates the Extended Consumer Price Index (IPCA) for borrowings, debentures and financial investments, whose contracted indices are CDI and TJLP. Thus, the IPCA portion is segregated from interest on borrowings, debentures and income from financial investments, and included in "Monetary effects" within Finance result.

Classification of investment control
The Company classifies its investments in accordance with CPC 18 (R2) - Investment in Associates, Subsidiaries and Joint Ventures and with CPC 19 (R2) - Joint Ventures and whose adoption is subject to a judgment in determining the control and the significant influence of investments.

ESTIMATES AND ASSUMPTIONS

The estimates and assumptions that relate to sources of uncertainty in estimates of the future and other important sources of uncertainties in estimates at the balance sheet date, having a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are addressed below.

Impairment of non-financial assets
Usiminas tests annually whether goodwill and other long-term assets have suffered any impairment. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash-generating units (CGU's)). The recoverable amounts of CGUs have been determined based on value-in-use calculations. These calculations require the use of estimates.

Income tax and social contribution other tax credits
Management reviews, on a regular basis, the recoverability of deferred tax assets considering the historical profit generated and the estimated future taxable income, based on technical feasibility studies.

Fair value of derivatives and other financial instruments
The fair value of derivatives and other financial instruments that are not traded in an active market is determined by using valuation techniques. Usiminas exercises judgment to select from a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

Revenue recognition
The subsidiary Usiminas Mecânica S.A. utilizes the Percentage-of-Completion (POC) method to account for orders in progress sold at fixed prices. Use of the POC method requires management to estimate the services performed up to the balance sheet date as a proportion of the total services to be performed.

Pension benefits
The present value of the retirement plan obligations depends on a number of factors that are determined on an actuarial basis. The assumptions used in determining the net cost (revenue) for retirement plans include the discount rate.

Usiminas determines the appropriate discount rate at the end of each year, so as to determine the present value of estimated future cash outflows.

Other key assumptions for retirement plan obligations are based in part on current market conditions.

Provision for litigation
Usiminas is a party to several judicial and administrative proceedings. Provisions are recorded for all proceedings that represent probable losses. The probability of loss is assessed based on available evidence, which include the opinions of internal and external legal consultants.

Environmental restoration provision and desmobization of assets
As part of the mining activities of its subsidiary Mineração Usiminas S.A., the Company recognizes a provision for obligations concerning environmental restoration in the consolidated accounts. When determining the value of the provision, assumptions and estimates are made in relation to the discount rates, the expected cost for

rehabilitation and the expected timing of the costs.

Useful lives of property, plant and equipment
Depreciation of property, plant and equipment is calculated using the straight-line method over the useful lives of the assets. Useful life is estimated based on appraisals of Usiminas' engineers and external consultants and is reviewed on an annual basis.

10.6 The directors shall describe the relevant items not disclosed in the financial statements of the issuer, indicating:

a) **The assets and liabilities held by the issuer, directly or indirectly, that do not appear on its balance sheet (off-balance sheet items), such as:**

i. Operating market leases, assets and liabilities

Mineração Usiminas S.A (MUSA) has a current agreement with MBL - Materiais Básicos Ltda., signed in July 2011, in the estimated contract value of US$ 300 million related to the leasing of mining rights in the region of Serra Azul, Minas Gerais. The lease lasts for 30 years, starting on October 15, 2012, the date on which the lease was authorized by the National Mining Agency (ANM) or until the exhaustion of the mineral reserves.

ii. Portfolios of receivables downloaded on which the entity keep risks and responsibilities, indicating their respective liabilities

There are none.

iii. Contracts for future purchase and sale of products and services

The Company has the following operational contracts relevant to future purchases:

Contracts for the Supply of Iron Ore
The main supplier of iron ore for Usiminas in 2020 was Mineração Usiminas S/A - MUSA. The agreement between Usiminas and Mineração Usiminas - MUSA is valid from January 2011 to December 2048. The commitment of purchase until 2016 was of 4 million tons (dry basis) of iron ore per year in a take or pay regime. For 2017, a volume of purchase of 2.4 million tons (wet basis) was agreed between the parties, which was fulfilled to the fullest. From 2018 until the end of 2021 the annual take or pay volume becomes 2.3 million tons (dry basis), as announced to the market on December 05, 2017.

In addition to the volume agreed with Mineração Usiminas - MUSA to supply the necessary demand of iron ore, Usiminas made regular purchases with third parties, the main suppliers in 2020 being Vallourec, Bemisa and Vale.

In addition, Usiminas maintained in 2020 an agreement for the transportation of ore with VLI for the amount of approximately R$ 200 million.

Contracts for the Supply of Coal and coke 2020
The metallurgical coal consumed on the steel plant is all imported, once there is no coal within the ideal specs for the steel process in Brazil.

Usiminas has celebrated long term and spot contracts for the purchase of imported coal and domestic green petroleum coke during calendar year of 2020, corresponding to approximately 1.94 million tons, equivalent to 100% of the foreseen coal volume to attendance of Ipatinga's steel plant activities until December 2020. The purchase of domestic green petroleum coke, pulverized coal for injection (PCI) and anthracite on international market are included on those data.

Among the main coal, anthracite and green petroleum coke suppliers on 2020, stand out Petrobras Distribuidora, Blackhawk, Contura, Jellinbah (Lake Vermont), Xcoal and Warrior responsible for approximately 80% of Usiminas' coal and green petroleum coke supply on the referred period.

In 2020, the approximate total amount for the coal, anthracite and PCI purchases totalized R$752 million, and for the green petroleum coke purchases the approximate amount was R$228 million.

In 2020, Usiminas has purchased 6kt of Colombian metallurgical coke for industrial test on the amount of R$6,3 million.

*metallurgical coal = coal for coke plant, coal for injection (PCI) and anthracite for sintering plant.
** FOB values with no taxes and no financial charges, exchange rate R$5.16 (2020 average).
***metallurgical coke value on CFR Praia Mole basis, no taxes and no financial charges, exchange rate $4.88 (month of shipment – March 2020 – average)

Electric Power Supply Contracts
A total of 155MW of energy were purchased for the period of 2020 to 2023. From 2024 until 2026 50MW were purchased too. The suppliers are the companies CTG, Engie, Statkraft, AES and Cemig for the Ipatinga Plant.

For the period from 2017 to 2030, a power transfer agreement was signed between White Martins and Usiminas and intervened by CEMIG GT. The term of assignment was the result of a commercial agreement made in the negotiation of the TOP of the cryogenic contract for the Cubatão Plant. The contract volume of 65,408MW also requires the withdrawal of 32MW (48.92% of the contracted energy) to be exclusively used at Cubatão Plant.

With the exception of the Term of Assignment signed between White Martins and Usiminas with Cemig GT's intervention, the other mentioned contracts have 100% take or pay, that is, there is an obligation to withdraw the entire contracted value annually. However, any surpluses are resold in the energy market.

These contracts amount to approximately R$ 2.1 billion for the period of January 01, 2020 to December 31, 2030.

Gas Supply Contract with the COMGAS
On May 13, 2002, USIMINAS and COMGÁS signed a contract for the supply of natural gas to the Usiminas Cubatão Plant. This contract was renewed for the period of June 01, 2018 to May 31, 2019 with the estimate of supplying 250,000 m³/day of natural gas, since then, short contracts are made to cover the supply. In 2020, R$ 93 million were spent (amount without recoverable taxes).

Gas Supply Contract with the Gasmig
USIMINAS and GASMIG have a signed contract with the current contracted volume of 235,000m³/day. It was celebrated on September 1st 2017 and it has a clause for automatic renewals. Eventually and according to availability, Usiminas makes spot gas purchases for exclusive use in the blast furnace. In 2020, R$ 295 million (amount without recoverable taxes) were spent with Gasmig natural gas.

Service Contract with MRS
Mineração Usiminas S.A. (MUSA) has a contract with MRS Logistica S.A. (signed on January 1, 2011) to rail transport services of iron ore from the cargo terminals to the Cubatão Plant in SP and the Port Terminals in RJ, effective until November 30, 2026. This agreement was renegotiated with MRS, excluding the take or pay conditions, which generated an obligation of payment of 10 annual installments of R$315.5 million, starting on January 30, 2017, and totaling R$315.5 million. For accounting purposes this indemnity was recorded at the amount of R$184.1 million in December 31, 2016, equivalent to the present value of the payment flow mentioned, on December 31, 2019 this amount was equivalent to R$ 153.4 million, in December 31, 2020 due to advance payments , equivalent to R$80.0.

Gas Supply Contract with the White Martins
A company and White Martins held several contracts for the supply of industrial gases to all companies of the Usiminas group.

For the Ipatinga's Plant the contract signed on April 04, 1996 is valid for 21.5 years, with an estimated value of R$ 2.8 billion. This contract refers to the supply of gases to be used in the production of steel and it's under renovation process for another 15 years. The gas plant in Ipatinga was made up of WM and Usiminas equipment, and in the negotiation, Usiminas equipment was sold to White Martins for R$ 70 million. Transaction completed in 2016.

For the Cubatão plant, Usiminas currently has only one gas supply contract for steel production. The contract was signed in July / 2009 and is valid for 23 years (until June / 2032). The contractual value estimated for this contract is R$ 697 million.

Until 2018, there was also a contract with gas supply exclusive to the Furnaces, but with the shutdown of the primary areas this contract was terminated in advance.

In Cubatão we also have a current contract for the supply of liquid Hydrogen for Cold Rolling with a date valid until January/2022. The contractual value estimated for this contract is R$8.5 million.

Delivery takes place through carts. The Usiminas's group holds a corporate contract for bottled gas supply, liquid and gas. From 2021 this supply was bid on, so that the winning company was White Martins Gases for the continuity of this supply to all the companies at Usiminas group valid for the next 5 years. The estimated value for the supply of bottled gases is R$22 million.

iv. Uncompleted construction contracts

MRS
The Company has various contracts related to investments in its mills and in Mineração Usiminas, which aggregate the amount of R$47,0 million.

v. Contracts of future receipts of funding

None.

b) other items not disclosed in the financial statements

None.

10.7 In relation to each of the items not disclosed in the financial statements listed in item 10.6, the directors should comment on:

a) How such items change or could change the revenues, expenses, operating income, financial expenses or other items in the financial statements of the issuer

The costs of the contract for operating leases referenced above (MBL) are appropriate to the monthly operating results of the Company for the term of the contract and according to the extracted volume.

The costs of supply contracts are added to the result as they are used in the production process.

The sales revenue related to contracts of Usiminas Mecânica are added to the result as the development of each built item.

b) Nature and purpose of operation

The purpose of the Company to maintain these contracts is to ensure the necessary supplies for the production process.

c) The nature and amount of obligations and rights in favor of the issuer as a result of the operation.

As mentioned in item 10.6.

10.8 The directors shall indicate and comment on the main elements of a business plan from the issuer, specifically expanding on the following topics

a) Investments

i. Quantitative and qualitative description of investments in progress and planned investments

The total volume of investments by Usiminas and its subsidiaries in 2020 was R$799 million compared to the amount of R$ 690 million in 2019.

At Usiminas, 26 industrial projects completed, mainly aimed at maintaining productive capacity, work safety and the environment.

There are 97 projects in progress in the industrial areas. Among them, 44% refer to sustainability projects and 48% to projects related to safety, environment and compliance.

The main completed projects were:

IPATINGA PLANT

Production Optimization and Cost Reduction

- Blast Furnaces 1 and 2 increasing of productivity and Blast Furnace Gas generation (UIP2UP1001). Start of operation: september /2020.
- Steelworks 2 - Secondary Refining - Wire injection system for RH3 (UIP2AR2001). Start of operation: september /2020.
- Adaptation of the BFG network to meet CTE1 (UIP2US1001). Start of operation: december /2020.

Sustaining

- Continuous Casting 1, 2 and 3 - Replacement of crane runway beams of EF bay (UIP3AL0003). Start of operation: february /2020.
- PLTCM - Pickling Control / Supervision System Replacement (UIP3FL2001). Start of operation: february/2020.
- Replacement of the F20 Overhead Crane - Hot Strip Mill (UIP3QQ3001). Start of operation: february/2020.
- AFs - Replacement of Blast Furnace System for Operational Control and Process Optimization at the Ipatinga Plant (UIP3RF0003). Start of operation: march/2020.
- Emergency Flare Installation (UIP3US1002). Start of operation: may/2020.
- Adequacy of the Coke Plant 3 BFG System (UIP3RC3002). Start of operation: june/2020.
- Replacement of Oxy-cutting and Plasma Machines in Plate Mill Offline (UIP3QC0001). Start of operation: november/2020.

Compliance, Environment, Health and Safety

- Reduction of Extreme Risks of Equipment According to NR-12 - Phase 1 (UIP4OO1001). Start of operation: march/2020.
- Reduction of Very High Risk of Equipment (Conveyor Belts) - NR12 - Stage 2 (UIP4KG0001). Start of operation: april/2020.
- Adaptation of Electricity Demand Control to ONS and ANEEL Regulatory Resolutions (UIP4UL0004). Start of operation: may/2020.
- Converter - Construction of Locker Room (UIP4AV0004). Start of operation: august/2020.
- Installation of fixed gas detectors in the Plate Mill heating furnaces area (UIP4QC2002). Start

oUCB3FE1001f operation: august /2020.

- Environmental Monitoring Room (UIP4BG0005). Start of operation: october/2020.
- Suppression of suspended particulates at E's system and primary patios - Snow Cannon (UIP4RS0005). Start of operation: october /2020.
- Sinter Machine 3 – Revamping of the 1st and 2nd floor Electric Room (UIP4RS3001). Start of operation: november/2020.
- Haulage Companies' Yard - Coverage for Vehicle Preparation Platform (UIP4LR0001). Start of operation: december/2020.
- Quality - Centralization of chemical laboratories in Steelworks 1 and 2 - Stage 1 (UIP4DG0001). Start of operation: december /2020.
- SEG - Identification of Toxic Gases Leakage (UIP4KG0003). Start of operation: december/2020.
- Energy - Revamping of the Electric Room of the Pump House n° 2 (UIP4UA0001). Start of operation: december/2020.

Other Investments

- R&D - Acquisition of Pilot Roll Coater (UIP5PG0002). Start of operation: december/2020.

CUBATÃO PLANT

Sustaining

Skill Pass 2 - Technological Update on Automation Systems - Phase 2 (UCB3FE1001). Start of operation: may/2020.

Compliance, Environment, Health and Safety

Exchange of ascarel transformers at the Cubatão Plant - 3ª Stage (UCB4UL0002). Start of operation: december/2020.

Other Investments

Cubatão Technical Archive (UCB5EI0001). Start of operation: february/2020.

The investments planned for 2021, according to the company's business plan, focus on operational maintenance and adaptation of plant facilities to meet environmental and safety standards, in the renovation of the Blast Furnaces, Steelmaking (Ipatinga Plant), electrical rooms and implementation of automation and industrial management systems aiming at improving productivity.

Investment financing sources

Usiminas has a policy of diversifying its funding sources and contracting long-term financing to meet its needs and those of its controlled companies. The Company's management adopts a conservative fundraising position, contracting loans and financing in advance in relation to the investments planned for the following years. Among the main sources of financing, operations with the banking market, capital markets, government institutions and export promotion agencies stand out.

Relevant divestments in progress and expected divestments

In 2020, there were no relevant divestments that alter the company's productive capacity.

b) Provided that it has already been disclosed, indicate the acquisition of plants, equipment, patents or other assets that are expected to materially influence the issuer's productive capacity.

In 2020, there were no acquisitions of plants, equipment, patents or other relevant assets that should materially influence the company's productive capacity.

c) New products and services

Description of researches in progress that have been already released

Development of high strength steels for the automotive applications, including hot rolled, cold rolled and coated steels, as well as their application engineering. Development of structural steels for building construction and offshore structures. Development of steels for linepipes, shipbuilding, machines and equipment sectors, as well as their application engineering. Development of application engineering for hot forming steels. Development of steels to meet hole expansion requirements for automotive and autoparts sectors, as well as their application engineering. Development of application engineering of steels produced by controlled rolling followed by accelerated cooling for offshore applications and wind towers. Development of API steels exposed to sour environments, as well as their application engineering. Development of abrasion resistant steels, along with their application engineering. Development of a new high-performance alloy design for semi-processed electric steel for the home appliances and electro-electronic sectors. Improvement of experimental methods and techniques, aiming to support the development of new products and their application by the costumers.

Total amounts spent by the issuer in research for development of new products or services

In 2020, the Company invested approximately R$ 7.37 million with the research activities listed above.

Development projects that have been released

The business strategy of a company can be measured by its ability to generate new products that are aligned with the needs of the market. With Usiminas it is no different, which has required a constant monitoring of the market and its demands, as well as a careful observance of the competition.

The products that had their development projects completed in the year 2020 and became part of the portfolio of Usiminas products are described below:

Cold Rolled Products
USICORE500 steel: The magnetic properties of non-oriented grain semi-processed USICORE500 steel are optimized during heat treatment made by the customers, which reduces magnetic loss and improves permeability. This steel has excellent flatness and dimensional homogeneity, especially in the sheared edge supply condition, which are characteristics required for punching of the strips. It is supplied for electromagnetic applications in small industrial motor nuclei, domestic appliances, transformers and hermetic refrigeration compressors.

Hot Rolled Products
RAVUR 400 HR steel: Wear resistant steel with a nominal hardness of 400 HV10 which simultaneously offers resistance to abrasive wear, excellent cold forming capacity, good weldability and toughness at low temperatures. It is a differentiated solution when durability and impact resistance are required.

USILN 1000 MC steel: Advanced high strength steel, developed to applications with mechanical resistance above 1000 MPa, good cold forming and toughness at low temperatures. Potential applications are road implements and automotive industry.

Plates
USIRAVUR400 Steel: Product is awear resistant material with guaranteed hardness at the center of the thickness and toughness at low temperatures. Potential applications are components of agricultural machinery, load box for transporting ore and grain, as well as concrete mixers.

10.9 Factors that influenced the relevant operational performance, and that were not identified or commented on other items

2020

On March 24, 2020, Justice ratified an agreement between the Company and Previdência Usiminas executed in order to allow the dismissal of the lawsuit filed on 06/27/19 by the Company against Previdência Usiminas, with the purpose, among others, of obtaining (a) relief to exempt Usiminas from continuing to promote the payment of monthly installments of the deficit amortization program of the PB1 Supplementary Pension Plan ("PB1 Plan"), under the terms of a private instrument executed by the Company and by Previdência Usiminas on 06/12/01 ("2001 Agreement"); as well as (b) judgment ordering the return, by Previdência Usiminas, of the amount overpaid by Usiminas under such instrument.

The Settlement provides, among other obligations, that the current actuarial profits of the PB1 Plan determined in the 2016, 2017 and 2018 fiscal years, in the amount of R$717 million, would be used as follows: (i) full payment of the remaining balance of the 2001 Agreement, in the amount of R$323 million, based on the position of 06.30.2019; and (ii) return to Usiminas of the remaining amount of R$394 million. The amount was returned to Usiminas in full on 03/26/20.

2019

In 2019, final unappealable decisions were granted in favor of the Company, its subsidiaries and jointly- controlled subsidiaries, in lawsuits regarding (i) the right to exclude the Value-added Tax on Sales and Services (ICMS) from the Social Integration Program (PIS) and Social Contribution on Revenues (COFINS) calculation base, and (ii) the recovery of compulsory loans made to Eletrobras.

During 2019, a final and unappealable decision was issued on the other judicial proceedings filed by the Company, its subsidiaries Usiminas Mecânica S.A. and Mineração Usiminas S.A. and its jointly- controlled subsidiary Unigal Ltda., which also challenged the inclusion of the Value-Added Tax on Sales and Services (ICMS) in the calculation basis of PIS and COFINS, for several periods beginning in November 2001. Following this decision, tax credits amounting to R$115,899 thousand were recorded in 2019 in the Parent company's books and R$156,561 thousand in Consolidated.

With respect to the Eletrobras loans, the Company (this time, Cubatão branch), as a plaintiff, obtained a court order confirming its right to R$305,848 thousand, which is deemed the undisputable minimum amount, as agreed in court by Eletrobras.

2018

In 2018, final unappealable decisions were granted in favor of the Company and its subsidiaries in lawsuits regarding (i) the right to exclude the Value-added Tax on Sales and Services (ICMS) from the Social Integration Program (PIS) and Social Contribution on Revenues (COFINS) calculation base, and
(ii) the recovery of compulsory loans made to Eletrobras.

In May 2018, a final, unappealable decision was handed down on a writ of mandamus for Usiminas' subsidiary Usiminas Mecânica S.A., filed in 2010 and for its jointly controlled subsidiary Unigal Ltda., which claimed the right to exclude the ICMS from the PIS and COFINS calculation basis for the period from June 2004 to December 2014. Following this decision, tax credits amounting to R$ 789,160 thousand were recorded in 2018 in the Parent company's books (Consolidated - R$ 802,955 thousand).

With respect to the Eletrobras loans, the Company (Ipatinga branch), as a plaintiff, obtained a court order confirming its right to R$ 676,023 thousand, which is deemed the undisputable minimum amount, as agreed in court by Eletrobras.

EXHIBIT 2 – INFORMATION REQUIRED BY ARTICLE 9-1-II OF CVM RULING NO. 481/2009 AND PROPOSAL OF CAPITAL BUDGET FOR THE FISCAL YEAR OF 2021

ANEXO 9-1-II

DESTINAÇÃO DO LUCRO LÍQUIDO DO EXERCÍCIO FINDO EM 31/12/2020

(Em milhares de reais, exceto quando indicado de outra forma)

Em atendimento à Instrução CVM nº 481, de 17 de dezembro de 2009, a Usinas Siderúrgicas de Minas Gerais S.A. – USIMINAS descreve, a seguir, as informações requeridas no Anexo 9-1-II da mencionada Instrução.

1. Informar o lucro líquido do exercício

	2020	2019	2018	2017
Lucro (prejuízo) líquido do exercício	672.790	213.265	726.658	233.015

2. Informar o montante global e o valor por ação dos dividendos, incluindo dividendos antecipados e juros sobre capital próprio já declarados

	2020	2019	2018	2017
Dividendos a pagar				
Montante global	159.788	50.650	80.294	55.341
Valor por ação ON	R$0,119924	R$0,039500	R$0,062634	R$0,043211
Valor por ação PN	R$0,131916	R$0,043450	R$0,068898	R$0,047532
Juros sobre capital próprio a pagar				
Montante global	-	-	92.287	-
Valor por ação ON	-	-	R$0,071989	-
Valor por ação PN	-	-	R$0,079188	-

Para os exercícios apresentados, quando foi apurado lucro líquido, não houve a distribuição antecipada de dividendos e de juros sobre capital próprio declarados.

3. Informar o percentual do lucro líquido do exercício distribuído

	2020	2019	2018	2017
Porcentagem sobre a base de cálculo dos dividendos em relação ao lucro líquido do exercício	25%	25%	25%	25%

4. Informar o montante global e o valor por ação de dividendos distribuídos com base em lucro de exercícios anteriores

Informação não aplicável, uma vez que os dividendos integralmente distribuídos nos quatro últimos exercícios sociais referem-se à totalidade dos dividendos obrigatórios apurados na demonstração do resultado de cada exercício. Portanto, não há a distribuição de dividendos com base em lucro de exercícios anteriores.

5. Informar, deduzidos os dividendos antecipados e juros sobre capital próprio já declarados:

a. O valor bruto de dividendo e juros sobre capital próprio, de forma segregada, por ação de cada espécie e classe

Valor bruto de dividendo a pagar	**2020**	**2019**	**2018**	**2017**
Valor global	159.788	50.650	80.294	55.341
Valor por ação ON	R$0,119924	R$0,039500	R$0,062634	R$0,043211
Valor por ação PN	R$0,131916	R$0,043450	R$0,068898	R$0,047532
Montante global	**159.788**	**50.650**	**80.294**	**55.341**
Valor bruto de dividendo -	84.881	27.758	44.015	26.353
Valor bruto de dividendo -	74.907	22.892	36.279	28.988

b. A forma e o prazo de pagamento dos dividendos e juros sobre capital próprio

Forma de pagamento

Os acionistas que mantêm domicílio bancário no Bradesco ou outros bancos, que comunicaram essa condição, possibilitam que os seus créditos sejam lançados automaticamente no primeiro dia do pagamento e recebem o aviso de crédito. Os demais acionistas que estiverem com endereço devidamente cadastrado e não informaram domicílio bancário para recebimento, recebem via correio o formulário AVISO PARA RECEBIMENTO - PROVENTOS DE AÇÕES ESCRITURAIS, devendo, para o recebimento, apresentarem-se na Agência Bradesco de sua preferência, munidos, além do formulário, de documento de identidade e CPF - Cadastro de Pessoa Física. Caso o acionista não receba o AVISO DE CRÉDITO ou AVISO PARA RECEBIMENTO, deverá dirigir-se a uma agência Bradesco para receber o crédito e atualizar seus dados cadastrais.

Prazo de pagamento

O prazo de pagamento de dividendos e juros sobre capital próprio é proposto pela Administração da Companhia e submetido à aprovação em Assembleia Geral Ordinária. De acordo com o Estatuto da Companhia, o direito ao recebimento de dividendos e juros sobre capital próprio prescreve em três anos a contar da data de início do seu respectivo pagamento.

	2020	**2019**	**2018**	**2017**
Data de início do pagamento	31/05/2021	29/05/2020	31/05/2019	30/05/2018

c. Eventual incidência de atualização e juros sobre os dividendos e juros sobre capital próprio

Informação não aplicável sobre os dividendos e juros sobre capital próprio da Companhia.

d. Data da declaração de pagamento dos dividendos e juros sobre capital próprio considerada para identificação dos acionistas que terão direito ao seu recebimento

	2020	2019	2018	2017
Data de declaração de pagamento aos	29/04/2021	28/04/2020	23/04/2019	25/04/2018

6. Caso tenha havido declaração de dividendos ou juros sobre capital próprio com base em lucros apurados em balanços semestrais ou em períodos menores

Informações não aplicáveis, uma vez que a Companhia não declara dividendos e juros sobre capital próprio com base em lucros apurados em balanços semestrais ou em períodos menores.

a. Informar o montante dos dividendos ou juros sobre capital próprio já declarados

b. Informar a data dos respectivos pagamentos

7. Fornecer tabela comparativa indicando os seguintes valores por ação de cada espécie e classe:

a. Lucro líquido do exercício e dos 3 (três) exercícios anteriores

	2020	2019	2018	2017
Lucro (prejuízo) líquido do exercício	672.790	213.265	726.658	233.015
Lucro líquido do exercício / total de ações ON	R$ 0,9574	R$0,3035	R$1,0340	R$0,3316
Lucro líquido do exercício / total de ações PN	R$ 1,2747	R$0,4048	R$1,3800	R$0,4435

b. Dividendo e juro sobre capital próprio distribuído nos 3 (três) exercícios anteriores

	2020	2019	2018	2017
Dividendos a pagar				
Valor global	159.788	50.650	80.294	55.341
Valor por ação ON	R$0,119924	R$0,039500	R$0,062634	R$0,043211
Valor por ação PN	R$0,131916	R$0,043450	R$0,068898	R$0,047532
Juros sobre capital próprio a pagar				
Valor global	-	-	92.287	-
Valor por ação ON	-	-	R$0,071989	-
Valor por ação PN	-	-	R$0,079188	-

8. Havendo destinação de lucros à reserva legal

a. Identificar o montante destinado a reserva legal

	2020	2019	2018	2017
Constituição da reserva legal (5%)	(33.639)	(10.663)	(36.333)	(11.651)

b. Detalhar a forma de cálculo da reserva legal

A reserva legal é constituída na base de 5% do lucro líquido de cada exercício até atingir 20% do capital social.

	2020	2019	2018	2017
Lucro (prejuízo) líquido do exercício	672.790	213.265	726.658	233.015
Constituição da reserva legal (5%)	(33.639)	(10.663)	(36.333)	(11.651)
Base de cálculo dos dividendos	639.151	202.602	690.325	221.364

9. Caso a companhia possua ações preferenciais com direito a dividendos fixos ou mínimos

Informações não aplicáveis, uma vez que a Companhia não possui ações preferenciais com direito a dividendos fixos ou mínimos.

a. Descrever a forma de cálculos dos dividendos fixos ou mínimos

b. Informar se o lucro do exercício é suficiente para o pagamento integral dos dividendos fixos ou mínimos

c. Identificar se eventual parcela não paga é cumulativa

d. Identificar o valor global dos dividendos fixos ou mínimos a serem pagos a cada classe de ações preferenciais

e. Identificar os dividendos fixos ou mínimos a serem pagos por ação preferencial de cada classe

10. Em relação ao dividendo obrigatório

a. Descrever a forma de cálculo prevista no estatuto

A seguir, a transcrição, na íntegra, do Parágrafo 5º:

"Do lucro líquido do exercício, ajustado na forma das alíneas a seguir elencadas, serão destinados 25% (vinte e cinco por cento) para pagamento de dividendos aos acionistas, sendo que os titulares de ações preferenciais receberão dividendos 10% (dez por cento) maiores do que os atribuídos às ações ordinárias; i) o acréscimo das seguintes importâncias: - resultantes da reversão, no exercício, de reservas para contingências, anteriormente formadas; - resultantes da realização, no exercício, de lucros que tenham sido transferidos anteriormente para a reserva de lucros a realizar; ii) o decréscimo das importâncias destinadas, no exercício, à constituição da reserva legal, de reservas para contingências e da reserva de lucros a realizar. O valor assim calculado poderá, a critério

da Assembleia Geral ou do Conselho de Administração, conforme o caso, ser pago por conta do lucro que serviu de base para o seu cálculo ou de reservas de lucros preexistentes."

b. Informar se ele está sendo pago integralmente

Quando é apurado lucro líquido no exercício social, o dividendo mínimo obrigatório é pago integralmente.

c. Informar o montante eventualmente retido

Informação não aplicável, uma vez que a Companhia não retém dividendo mínimo obrigatório.

11. Havendo retenção do dividendo obrigatório devido à situação financeira da companhia

Informações não aplicáveis, uma vez que não há a retenção de dividendo obrigatório devido à situação financeira da Companhia.

a. Informar o montante da retenção

b. Descrever, pormenorizadamente, a situação financeira da companhia, abordando, inclusive, aspectos relacionados à análise de liquidez, ao capital de giro e fluxos de caixa positivos

c. Justificar a retenção dos dividendos

12. Havendo destinação de resultado para reserva de contingências

Informações não aplicáveis, uma vez que não há a destinação de resultado para reserva de contingências.

a. Identificar o montante destinado a reserva

b. Identificar a perda considerada provável e sua causa

c. Explicar porque a perda foi considerada provável

d. Justificar a constituição da reserva

13. Havendo destinação de resultado para reserva de lucros a realizar

Informações não aplicáveis, uma vez que não há a destinação de resultado para reserva de lucros a realizar.

a. Informar o montante destinado a reserva de lucros a realizar

b. Informar a natureza dos lucros não-realizados que deram origem à reserva

14. Havendo destinação de resultado para reservas estatutárias

a. Descrever as cláusulas estatutárias que estabelecem a reserva

De acordo com o Estatuto Social da Companhia, CAPÍTULO VI, art. 24, parágrafo 3º, as cláusulas estatutárias determinam:

“O Conselho de Administração poderá propor, e a Assembleia deliberar, deduzir do lucro líquido do exercício, após a constituição da reserva legal, uma parcela em montante não superior a 50% (cinquenta por cento) para a constituição de uma Reserva para Investimentos e Capital de Giro, que obedecerá aos seguintes princípios: ***a)*** *sua constituição não prejudicará o direito dos acionistas em receber o pagamento do dividendo obrigatório previsto no parágrafo 4°, infra;* ***b)*** *seu saldo não poderá ultrapassar a 95% do capital social;* ***c****) a reserva tem por finalidade assegurar investimentos em bens do ativo permanente, ou acréscimos do capital de giro, inclusive através de amortização das dívidas da Companhia, independentemente das retenções de lucro vinculadas ao orçamento de capital, e seu saldo poderá ser utilizado:* ***i)*** *na absorção de prejuízos, sempre que necessário;* ***ii)*** *na distribuição de dividendos, a qualquer momento;* ***iii)*** *nas operações de resgate, reembolso ou compra de ações, autorizadas por lei;* ***iv)*** *na incorporação ao Capital Social, inclusive mediante bonificações em ações novas. “*

b. Identificar o montante destinado a reserva

O valor destinado à constituição dessa reserva, no presente exercício social, é de R$319.575, correspondente a 50% do lucro líquido do exercício ajustado pela reserva legal, conforme previsto no estatuto da Companhia.

c. Descrever como o montante foi calculado

	2020	**2019**	**2018**	**2017**
Destinações do lucro líquido do exercício:				
Reserva Estatutária (50% da base de cálculo legal)	(319.575	(101.301	(345.163	(110.683
Orçamento de Capital (artigo 196 - Lei 6.404)	(159.788	(50.651)	(161.126	(55.341)
	(479.363	**(151.952**	**(506.289**	**(166.024**
Outras destinações que não transitaram pelo lucro líquido do exercício:				
Dividendos prescritos	-	-	(43)	-
Plano de opção de ações	(5.038)	(4.129)	(10.343)	(6.708)
Realização do ajuste do IAS 29 no ativo	(11.795)	(11.140)	(11.727)	(17.825)
Juros sobre capital próprio complementares	-	1.694	-	-
	(16.833)	**(13.575)**	**(22.113)**	**(24.533)**
Total destinado à Reserva para Investimentos e	**(496.196**	**(165.527**	**(528.402**	**(190.556**

15. Havendo retenção de lucros prevista em orçamento de capital

a. Identificar o montante da retenção

Será retido o montante de R$159.788, nos termos do artigo 196 da Lei nº 6.404/76, com base em orçamento de capital aprovado em Reunião do Conselho de Administração realizada em 11 de fevereiro de 2021.

	2020	2019	2018	2017
Montante retido	(159.788	(50.651)	(161.126	(55.341)

b. Fornecer cópia do orçamento de capital

ORÇAMENTO DE CAPITAL DE 2021
(custeado pela retenção dos resultados de 2020)

	Em milhares de reais
Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS	
Reforma do Alto Forno #3	637.100
Total	**637.100**

16. Havendo destinação de resultado para a reserva de incentivos fiscais

Informações não aplicáveis, uma vez que não há a destinação de resultado para a reserva de incentivos fiscais.

a. Informar o montante destinado a reserva

b. Explicar a natureza da destinação

EXHIBIT 3 – INFORMATION REQUIRED BY ARTICLE 12 OF CVM RULING NO. 481/2009

13. Compensation of Administrators

13.1. Describe the policy or practice of compensation of the board of directors, statutory and non-statutory directors, Fiscal Council, statutory committees and audit, risk, financial and compensation committees, addressing the following aspects:

a) Objectives of the policy or practice of compensation, informing whether the remuneration policy was formally approved, the committee responsible for its approval, the date of approval and, if the issuer discloses the policy, locations on the world wide web where the document can be consulted.

The preparation of annual compensation amount for the Management (Statutory Officers and Board of Directors) is Usiminas practice and aims to set the budget and predictability of costs for Managers. The proposal is prepared covering the following items: fees, charges, variable remuneration, benefits (direct / indirect and expatriation for foreigners). Market wage practice is also analyzed through an annual survey conducted by renowned consulting to the consistency and foundation of the proposal. Subsequently, this amount is submitted to the approval of the HR Committee and taken for consideration and vote in AGM.

There is no compensation for the members of the Committees of Usiminas.

For the Non-Statutory Board of Directors, the fixed and variable components are periodically reviewed in order to be in line with current market best practices.

b) Composition of compensation, signaling:

i. Description of the compensation elements and objectives of each one of them:

For Board of Directors members: fees according to budget approved at the AGM. There is no variable compensation practice. Medical and dental plans are granted to the Chairman of the Board of Directors as benefits.

For Fiscal CouncilFiscal Council members: a monthly compensation of effective members is fixed at ten percent (10%) of the average value of the fixed compensation paid to Statutory Officers of the Company, pursuant to paragraph 3 of Article 162 of Law No. 6404/76. There is no variable compensation practice.

For Statutory Officers: the total amount of annual compensation (fixed and variable) is determined by decision of the Board of Directors, based on the recommendation of its Human Resources Committee. The fixed compensation is paid monthly throughout the year. The variable compensation linked to the achievement of quantitative and qualitative goals related to the overall performance of the Company is paid as a bonus after final determination of performance parameters based on the audited balance sheet and approved by the Board of Directors. The Company also has a plan of share-based compensation to Statutory Officers, effective until November 2021, however, without grants since 2015. In 2019 the new Long-Term Incentive Program was launched, in which virtual units are granted to the Statutory Officers, based on the disclosed shareholders' equity, divided by the number of shares of company. The number of virtual units granted to each Statutory Officer is defined according to the rules of the program approved by the Board of Directors on July 25, 2019. Additionally, it has car and driver benefits, medical and dental plans, life insurance and private pension plans, presented as direct and indirect benefits (fixed compensation) in the compensation tables of item 13.2.

For Non-Statutory Officers: The fixed remuneration is paid monthly throughout the year, plus 13th, vacation and additional vacation return. The variable remuneration, linked to the fulfillment of quantitative and qualitative goals related to the Company's global performance and individual performance, is paid as an Executive PLR (Profit Sharing), after moderation committees, which evaluate the individual performance of each Executive . The Company also has a share-based compensation plan for its Non-Statutory Officers, effective until November 2021, however, without grants since 2015. In 2019, the new Long-Term Incentive Program was launched, in which virtual units are granted to the Non-Statutory Officers, based on the disclosed shareholders' equity, divided by the number of shares of the company. The number of virtual units granted to each Non-Statutory Director is defined according to the rules of the approved program. In addition, medical and dental plans, life insurance and private pension benefits are granted.

ii.The proportion of each element in total compensation - according to the above

Fiscal Year ended 12/31/2018

For Statutory Officers: The composition of total compensation, assuming 100% of the targets that define the variable compensation, as established in the annual plan (target value) is:

-For Chief Executive Officer 33.33% referring to fixed remuneration, 33.33% for variable remuneration and 33.33% for stock-based compensation.

-For Vice President: 36.92% related to fixed remuneration, 36.92% referring to variable remuneration and 26.15% referring to stock-based compensation.

-To the Boards of Directors and Fiscal Council, fixed compensation is set at 100%

Fiscal Year ended 12/31/2019

For Statutory Officers: The composition of total compensation, assuming 100% of the targets that define the variable compensation, as established in the annual plan (target value) is:

- For Chief Executive Officer 44.44% referring to fixed compensation, 44.44% for variable compensation of annual bonus (target value) and 11.12% referring to the new Long-Term Incentive Program LTIP (target value).

- For Vice President: 44.44% related to fixed compensation, 44.44% referring to variable compensation of annual bonus (target value) and 11.12% referring to the new Long-Term Incentive Program LTIP (target value).

Fiscal Year ended 12/31/2020

For Statutory Officers: The composition of total compensation, assuming 100% of the targets that define the variable compensation, as established in the annual plan (target value) is:

- For Chief Executive Officer 44.44% referring to fixed compensation, 44.44% for variable compensation of annual bonus (target value) and 11.12% referring to the new Long-Term Incentive Program LTIP (target value).

- For Vice President: 44.44% related to fixed compensation, 44.44% referring to variable compensation of annual bonus (target value) and 11.12% referring to the new Long-Term Incentive Program LTIP (target value).

-For the Boards of Directors and Fiscal Council, 100% of the remuneration is fixed.

iii. Calculation methodology and adjustment of each compensation element

Fixed Compensation - the methodology used for calculation/adjustment of the fixed compensation of the Company Management (Board of Directors, Statutory Officers and Non-Statutory Officers) is based on the assessment of market practices and the current economic situation. This methodology ensures that the practice adopted by the Company is competitive and is in line with the market and the interests of the shareholders of Usiminas.

Variable Compensation (Statutory Officers and Non-Statutory Officers) - the methodology applicable to the Short-term Incentive Program is based on the establishment of economic, financial, quantitative and qualitative indicators linked to the Company's overall performance in compliance with collective and individual targets. Annually, the Board of Directors, on the recommendation of Human Resources Committee, revises the set of indicators and targets to adapt to market practices, the global economic situation, the interests of shareholders and also, aiming to encourage the sustainable performance of the Company in the short and long term. Additionally, the Company has a Long-Term Incentive Program, in which the value of the shareholders 'equity at the time of the grant is compared to a future value (3-year vesting), having a performance condition (the shareholders' equity does not decrease by more than 5% in relation to the time of grant) for payment to be made. The Company also has share- based compensation plan, as detailed in Section 13.4. The last option grant occurred in 2014.

iv. Reasons for the compensation composition

The Company believes that the balance of fixed and variable compensation meets market principles and allows the assessment of the performance of its executives in line with the Company's overall performance, aligning the interests of the Executives and Shareholders, recognizing the long-term results and encouraging integration and co-responsibility for the company's results and longevity.

v. The existence of unpaid members by the issuer and the reason for that fact

There are no members that are unpaid by the issuer in the Statutory and Non-Statutory Offices, Board of Directors and Supervisory Board. The Usiminas' Committees members do not receive remuneration for participating in such committees.

c) Key performance indicators that are taken into consideration in determining each compensation element

The fixed compensation considers market values obtained by specialized consultants, in accordance with best market practices.

The short-term Incentive Program takes into consideration quantitative and qualitative indicators, determined annually based on market studies and situational aspects of the global economy and are proposed by the Company's Strategic Planning area. Examples of quantitative indicators are: EBITDA, Cost of Production, among others. Qualitative indicators are linked to the specific contribution of each director to the result of his/her area for the company.

Long-term Incentive Program measures the variation in the relationship between the value of shareholders' equity and the number of shares of the company over time, and the more appreciation occurs, the greater the Executive's gain. And the long-term variable compensation based on shares takes into account the Company's strategic objectives, in accordance with the best market practices, linked to the Company's performance in the financial market, following a program designed in conjunction with an internationally renowned consultancy.

d) How compensation is structured to reflect the evolution of performance indicators

The Company understands that the compensation practice linked to the fulfillment of quantitative and qualitative targets (as explained in the previous section) allows an adequately measurement of evolution of each of its interests based on performance indicators to which weights are assigned for performance evaluation and determination of variable compensation. The relative weighting of each performance indicator is validated annually by the Company's Board of Directors, based on the recommendation of its Human Resources Committee.

e) How the policy or practice of compensation is aligned with the issuer's interests in the short, a medium and long term

The compensation practice is aligned:

The remuneration practice is aligned, as follows:

In the short term, the remuneration is based on the periodic market monitoring of the base salary of each position, according to a panel of companies similar to their area of operation, ensuring an adequate fixed remuneration and aligned with performance goals defined annually for each business and which aim to leverage the Company's global performance. The targets are renegotiated annually. And, in the long term, starting in 2011, the Company adopted the Stock Option Plan for the Issuance of Shares issued by the Company. The plan had the objective of aligning interests in the Long Term, in view of the potential for stock appreciation, in the search for the Company's results. The Company's Stock Option Plan was approved at the Annual and Extraordinary Shareholders' Meeting of 04/14/2011 and the last option granting took place in 2014. As of 2019, the company approved the Compensation Program Long-Term Variable, approved at the Board of Directors' meeting on 07/25/2019, with the objective of aligning interests between Shareholders and Executives, balancing the components of fixed and variable compensation, in addition to encouraging integration and co- responsibility for the continuity of the Company in the Long Term. The program consists of the granting of virtual units to the Executives, based on the value of the Shareholders' Equity, divided by the number of shares that the company has and with a performance condition for payment to occur (maximum reduction of 5% of the value of the virtual unit).

f)Existence of compensation supported by subsidiaries, controlled companies or direct or indirect parent companies

Some officers receive compensation paid by Controllers of the Company, as detailed in section 13.15.

g) Any compensation or benefit related to the occurrence of certain corporate events, such as the transfer of equity control of the issuer

No compensation or benefit is related to the occurrence of certain corporate events, such as the sale of Company equity control.

h) practices and procedures adopted by the board of directors to define the individual compensation of the board of directors and board of executive officers, indicating:

i. the issuer's bodies and committees that participate in the decision-making process, identifying how they participate

The administrator's budget is prepared by the Personnel Management and Innovation Board, approved by the Human Resources Committee in a formal meeting, and is subsequently submitted for approval by the Board of Directors and AGM, where it is voted.

ii.criteria and methodology used to determine the individual remuneration, indicating whether studies are used to verify market practices and, if so, the criteria for comparison and the scope of these studies

The following criteria are used to prepare the annual budget proposal:

- Number of positions for the Board of Directors
- Number of positions for the Fiscal Council.
- Number of positions for the Statutory Board.

-Annual remuneration - fees x 12 months

-Target Bonus

-Taxes / Charges

-Benefits for the eligible: car and driver, medical and dental plan, private pension

-Benefits for foreigners: according to the policy approved by the Board of Directors

- Long Term Incentive Program: Target value + costs of charges

- Emergency reserves

- Market studies are used to compare the total remuneration practices (fixed remuneration, variable and benefits) evaluating the competitiveness against the competition and underpinning the proposal.

For the Fiscal Council, the terms of paragraph 3 of article 162 of Law 6,404 / 76, which establishes the monthly remuneration attributed to the effective members of the Fiscal Council at 10% (ten percent) of the amount of the average remuneration attributed to the Company's Officers.

iii. how often and how the board of directors assesses the adequacy of the issuer's remuneration practice

The management compensation is reviewed annually, based on proposal development and periodic market research by renowned consultants, to evaluate salary practices.

The proposal is submitted for consideration by the HR Committee and, subsequently, to the Board of Directors, which examines the constant items and submits for approval at the AGM.

13.2. Regarding compensation recognized in the last 3 fiscal years and planned for the current fiscal year, the Board of Directors, the Statutory Officers and the Fiscal Council, prepare a table with the following content:

Fiscal year ended 12/31/2018

Amounts in reais

Board	Number of Members	Fixed Annual Compensation				Variable Compensation					Post-Employment Benefits	Benefits Generated by Expiry of Mandate	Share-based Compensation (****)	Total
		Salary or Management Fees(*)	Direct and Indirect Benefits	Compensation for Participation in Committees	Others (**)	Bonus (***)	Profit Sharing	Compensation for Participation in Meetings	Committees	Others (**)				
Statutory Officers	5.25	7,434,828.00	1,253,412.66	N/A	3,172,589.37	4,603,800.00	N/A	N/A	N/A	-	N/A	N/A	N/A	16,464,630.03
Board of Directors	8.92	3,389,166.67	20,577.08	N/A	538,166.74	-	N/A	N/A	N/A	-	N/A	N/A	N/A	3,947,910.49
Fiscal Council	5.08	761,440.91	-	N/A	152,288.14	-	N/A	N/A	N/A	-	N/A	N/A	N/A	913,729.05
Total	19.25	11,585,435.58	1,273,989.74	N/A	3,863,044.25	4,603,800.00	N/A	N/A	N/A	-	N/A	N/A	-	21,326,269.57

- The number of members on each board corresponds to the annual average number of members on each board determined monthly, with two decimal places. All members are remunerated

* Refers to fees

** Refers to social charges payable by the company

*** Variable compensation (Bonus) paid in 2018, based on the performance evaluation for the fiscal year 2017.

**** The amount of share-based compensation refers to the cost of the benefit of the plan to grant stock options of the Company, calculated on the fair value of the options granted according to the Black-Scholes model. Since October/2017 the stock-options program does not have accounting value anymore.

As approved at the Annual General Meeting held on April 25, 2018, the overall maximum amount of management compensation provided for the period between the Annual General Meeting (AGM) 2018 and 2019 is R$ 30.3 million.

Fiscal year ended 12/31/2019

Amounts in reais														
Board	Number of Members	Fixed Annual Compensation				Variable Compensation					Post-Employment Benefits	Benefits Generated by Expiry of Mandate	Share-based Compensation (****)	Total
		Salary or Management Fees(*)	Direct and Indirect Benefits	Compensation for Participation in Committees	Others (**)	Bonus (***)	Profit Sharing	Compensation for Participation in Meetings	Committees	Others (**)				
Statutory Officers	6.00	8,467,212.00	2,412,480.51	N/A	2,687,062.69	2,849,788.40	N/A	N/A	N/A	2,066,276.85	N/A	N/A	N/A	18,482,820.45
Board of Directors	8.08	3,025,000.00	23,228.20	N/A	444,999.92	-	N/A	N/A	N/A	-	N/A	N/A	N/A	3,493,228.12
Fiscal Council	5.00	705,601.20	-	N/A	141,120.00	-	N/A	N/A	N/A	-	N/A	N/A	N/A	846,721.20
Total	19.08	12,197,813.20	2,435,708.71	N/A	3,273,182.61	2,849,788.40	N/A	N/A	N/A	2,066,276.85	N/A	N/A	-	22,822,769.77

- The number of members on each board corresponds to the annual average number of members on each board determined monthly, with two decimal places. All members are remunerated

* Refers to fees

** Refers to social charges payable by the company and provision corresponding to the new Long-Term Incentive program launched in 2019.

*** Variable compensation (Bonus) effectively recognized in the year.

**** The amount of share-based compensation refers to the cost of the benefit of the plan to grant stock options of the Company, calculated on the fair value of the options granted according to the Black-Scholes model. Since October/2017 the stock-options program does not have accounting value anymore.

As approved at the Annual General Meeting held on April 23, 2019, the overall maximum amount of management compensation provided for the period between the Annual General Meeting (AGM) 2019 and 2020 is R$ 31.2 million.

Fiscal year ended 12/31/2020

Amounts in reais

Board	Number of Members	Fixed Annual Compensation				Variable Compensation					Post-Employment Benefits	Benefits Generated by Expiry of Mandate	Share-based Compensation (****)	Total
		Salary or Management Fees(*)	Direct and Indirect Benefits	Compensation for Participation in Committees	Others (**)	Bonus (***)	Profit Sharing	Compensation for Participation in Meetings	Committees	Others (**)				
Statutory Officers	5,67	7.831.650,60	2.319.823,76	N/A	2.300.980,22	5.100.777,68	N/A	N/A	N/A	3.376.367,09	N/A	N/A	N/A	20.929.599,35
Board of Directors	7,92	3.003.333,34	17.792,16	N/A	420.166,66	-	N/A	N/A	N/A		N/A	N/A	N/A	3.441.292,16
Fiscal Council	4,33	611.521,04	-	N/A	122.304,00	-	N/A	N/A	N/A		N/A	N/A	N/A	733.825,04
Total	17,92	11.446.504,98	2.337.615,92	N/A	2.843.450,88	5.100.777,68	N/A	N/A	N/A	3.376.367,09	N/A	N/A	N/A	25.104.716,55

- The number of members on each board corresponds to the annual average number of members on each board determined monthly, with two decimal places. All members are remunerated.

* Refers to fees.

** Refers to social charges payable by the company and provision corresponding to the new Long-Term Incentive program launched in 2019.

*** Variable compensation (Bonus) effectively recognized in the year.

**** The amount of share-based compensation refers to the cost of the benefit of the plan to grant stock options of the Company, calculated on the fair value of the options granted according to the Black-Scholes model. Since October/2017 the stock-options program does not have accounting value anymore.

As approved at the Annual General Meeting held on April 28, 2020, the overall maximum amount of management compensation provided for the period between the Annual General Meeting (AGM) 2020 and 2021 is R$ 32.4 million.

Estimated Remuneration for the fiscal year ending 12/31/2021

Amounts in reais														
		Fixed Annual Compensation				Variable Compensation								
Board	Number of Members	Salary or Management Fees	Direct and Indirect Benefits	Compensation for Participation in Committees	Others (**)	Bonus (***)	Profit Sharing	Compensation for Participation in Meetings	Committees	Others (**)	Post-Employment Benefits	Benefits Generated by Expiry of Mandate	Share-based Compensation (****)	Total
Statutory Officers	6,00	8.610.084,00	3.525.205,55	N/A	2.410.823,52	8.610.084,00	N/A	N/A	N/A	5.443.567,51	N/A	N/A	N/A	28.599.764,59
Board of Directors	8,00	3.252.000,00	27.000,00	N/A	650.400,00	-	N/A	N/A	N/A	-	N/A	N/A	N/A	3.929.400,00
Fiscal Council	5,00	717.507,00	-	N/A	143.501,40	-	N/A	N/A	N/A	-	N/A	N/A	N/A	861.008,40
Total	19,00	12.579.591,00	3.552.205,56	N/A	3.204.724,92	8.610.084,00	N/A	N/A	N/A	5.443.567,51	N/A	N/A	-	33.390.172,99

- The number of members on each board corresponds to the annual average number of members on each board determined monthly, with two decimal places. All members are remunerated.

* Refers to fees.

** Refers to social charges payable by the company and provision corresponding to the new Long-Term Incentive Program launched in 2019.

*** Corresponds to bonuses, calculated on with basis on the achievement of target.

**** The amount of share-based compensation refers to the cost of the benefit of the plan to grant stock options of the Company, calculated on the fair value of the options granted according to the Black-Scholes model. Since October/2017 the stock-options program does not have accounting value anymore.

The proposal will be taken at the Annual General Meeting held on April 2021, for voting the overall maximum amount of management compensation expected for the period between the Annual General Meeting (AGM) 2021 and 2022 is R$34.465.745,00 million..

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13.3 The variable compensation for the last three fiscal years and planned for the current fiscal year of the Board of Directors, the Statutory Officers and the Fiscal Council, prepare a table with the following content:

Fiscal year ending 12/31/2018	**Statutory Officers**	**Board of Directors (**)**	**Fiscal Council (**)**
Number of members (***)	5.25	8.92	5.08
Bonus			
Minimum amount provided for in the compensation plan	None. It is related to the achievement of targets.	N/A	N/A
Maximum amount provided for in the compensation plan (*)	R$ 10,958,670.00	N/A	N/A
Amount provided for in the compensation plan - if the targets established are met	None. It is related to the achievement of targets.	N/A	N/A
Amount effectively recognized (****)	R$ 4,603,800.00	N/A	N/A
Profit sharing			
Minimum amount provided for in the compensation plan	N/A	N/A	N/A
Maximum amount provided for in the compensation plan	N/A	N/A	N/A
Amount provided for in the compensation plan - if the targets established are met	N/A	N/A	N/A
Amount effectively recognized	N/A	N/A	N/A

N/A = not applicable, since no such payment was made.

* Variable Compensation is always paid based on targets achievement/ exceeded, on a continuous scale starting at zero. The total annual funds were defined in the Ordinary General Meeting.

** Variable Compensation is not paid to the Fiscal Council and to the Board of Directors.

*** The number of members on each board corresponds to the annual average number of members on each board determined monthly, with two decimal places. All members are remunerated

**** Corresponds to the bonuses paid in 2018, calculated on the performance evaluation for the fiscal year 2017.

-Determination of the amounts corresponding to the period from January to December, said amount relates to the period between the Meetings.

Fiscal year ending 12/31/2019	**Statutory Officers**	**Board of Directors (**)**	**Fiscal Council (**)**
Number of members (*)	6.00	8.08	5.00
Bonus			
Minimum amount provided for in the compensation plan	None. It is related to the achievement of targets.	N/A	N/A
Maximum amount provided for in the compensation plan	R$ 12,700,818	N/A	N/A
Amount provided for in the compensation plan - if the targets established are met (***)	R$ 8,467,212	N/A	N/A
Amount effectively recognized	R$ 2,849,788	N/A	N/A
Profit sharing			

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Minimum amount provided for in the compensation plan	N/A	N/A	N/A
Maximum amount provided for in the compensation plan	N/A	N/A	N/A
Amount provided for in the compensation plan - if the targets established are met	N/A	N/A	N/A
Amount effectively recognized	N/A	N/A	N/A

N/A = not applicable, since no such payment was made.

* The number of members on each board corresponds to the annual average number of members on each board determined monthly, with two decimal places. All members are remunerated

** Variable Compensation is not paid to the Fiscal Council and to the Board of Directors.

*** Variable Compensation is always paid based on targets achievement/ exceeded, on a continuous scale starting at zero. The total annual funds were defined in the Ordinary General Meeting.

-Determination of the amounts corresponding to the period from January to December, said amount relates to the period between the Meetings.

Fiscal year ending 12/31/2020	**Statutory Officers**	**Board of Directors (**)**	**Fiscal Council (**)**
Number of members (*)	5.67	7.92	4.33
Bonus			
Minimum amount provided for in the compensation plan	None. It is related to the achievement of targets.	N/A	N/A
Maximum amount provided for in the compensation plan	R$ 12,700,818	N/A	N/A
Amount provided for in the compensation plan - if the targets established are met (***)	R$ 8,467,212	N/A	N/A
Amount effectively recognized	R$ 5,100,778	N/A	N/A
Profit sharing			
Minimum amount provided for in the compensation plan	N/A	N/A	N/A
Maximum amount provided for in the compensation plan	N/A	N/A	N/A
Amount provided for in the compensation plan - if the targets established are met	N/A	N/A	N/A
Amount effectively recognized	N/A	N/A	N/A

N/A = not applicable, since no such payment was made.

* The number of members on each board corresponds to the annual average number of members on each board determined monthly, with two decimal places. All members are remunerated.

** Variable Compensation is not paid to the Fiscal Council and to the Board of Directors.

*** Variable Compensation is always paid based on targets achievement/ exceeded, on a continuous scale starting at zero. The total annual funds were defined in the Ordinary General Meeting.

-Determination of the amounts corresponding to the period from January to December, said amount relates to the period between the Meetings.

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Estimated Variable compensation for the year 2021

	Statutory Officers	Board of Directors (**)	Fiscal Council (**)
Number of members (*)	6,00	8,00	5,00
Bonus			
Minimum amount provided for in the compensation plan	None. It is related to the achievement of targets.	N/A	N/A
Maximum amount provided for in the compensation plan (***)	R$ 12.915.126	N/A	N/A
Amount provided for in the compensation plan - if the targets established are met	R$ 8.610.084	N/A	N/A
Amount effectively recognized	-	N/A	N/A
Profit sharing			
Minimum amount provided for in the compensation plan	N/A	N/A	N/A
Maximum amount provided for in the compensation plan	N/A	N/A	N/A
Amount provided for in the compensation plan - if the targets established are met	N/A	N/A	N/A
Amount effectively recognized	N/A	N/A	N/A

N/A = not applicable, since no such payment was made.

* The number of members of each body corresponds to the annual average of the number of members of each body determined monthly, with two decimal places. All members are remunerated.

** Variable Compensation is not paid to the Fiscal Council and to the Board of Directors.

*** Variable Compensation is always paid based on targets achievement/ exceeded, on a continuous scale starting at zero. The total annual funds were defined in the Ordinary General Meeting.

13.4 Shares based compensation plan for the Board of Directors and the Statutory Officers, in force in the last fiscal year and planned for the current fiscal year.

The Company stock option plan was approved at the Extraordinary General Meeting on April 14th, 2011. In 2011, Statutory Officers, other Officers and General Managers of the Company were eligible for the stock option plan.

For fiscal year 2020 the stock option plan, approved on April 14th, 2011 is still in force.

a) General terms and conditions

The general plan rules are formally approved by the shareholders. Once approved, the plan is managed by the Board of Directors, supported by the Human Resources Committee for this purpose. The Board of Directors and the Human Resources Committee are advised on technical and operating aspects by the human resources, legal and financial areas of Usiminas, or external consultants. Only the Board of Directors has decision-making powers on the plan, within the limits approved by the shareholders.

All executives and employees are potentially eligible for the plan. However, those actually elected to receive grants must be approved by the Board of Directors, on the recommendation of the Human Resources Committee.

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The plan has annual grants of options (programs), subject to the rules and especially the authorized capital number of shares) by the shareholders. All annual programs shall be approved by the Board of Directors.

b) The main objectives of the plan

a. Alignment of interests between executives and shareholders

b. Encourage sustainable value creation

c. Attraction and retention of key professionals for the business

d. Competitiveness with market practices

c) How the plan contributes to these objectives

The plan is considered as the link between the Management goals and those of the Company.

d) As the plan in included in the issuer's compensation policy

The plan is an integral part of Usiminas' total compensation strategy, and it is an important element to maintain the Company's competitiveness on the market, as well as a tool to attract and retain key professionals for the business.

e) How the plan aligns the short-, medium- and long-term interests of managers and the issuer

The stock option plan grants the right to buy Usiminas shares at a price (the exercise price of the options) and time (grace period for purchase of shares) determined. The predetermined price aligns the interests of share valuation and timing of release to ensure solid purchase decisions in search of medium- and long-term results.

f) Maximum number of shares covered

The maximum total number of shares subject to be granted to all eligible employees is 50,689,310 preferred shares (USIM5), representing 5% of the total capital of Usiminas in 6 programs to be carried out from 2011 to 2016.

g) Maximum number of options to be granted

The maximum number of options granted in each year to the total eligible managers was as follows: 2011 Grant - 1,638,515 options, representing 0.162% of total shares issued by the Company.

2012 Grant - 1,740,556 options, representing 0.172% of total shares issued by the Company. 2013 Grant - 1,784,802 options, representing 0.176% of total shares issued by the Company. 2014 Grant - 1,197,493 options, representing 0.118% of total shares issued by the Company. In 2015, 2016, 2017, 2018, 2019 and 2020 there was no granting of options.

h) Conditions for acquisition of shares

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The Option shall be exercised through the acquisition or subscription of the underlying shares against payment to the Company corresponding to the value corresponding to the Exercise Price pursuant to the Option Agreement.

i) Criteria for determining the purchase or exercise price

The Board of Directors sets the exercise price ("Exercise Price") of each option at the time the exemption is granted, which is equivalent to the weighted average closing price of the Preferred Shares applicable on Brasil Bolsa Balcão (B3) in the month prior to the date of grant of the options.

j) Criteria for determining the exercise period

The Board of Directors may set a time from which the Option will be exercisable ("Grace Period") and may also provide that the Option will be exercisable in installments. Unless decided otherwise by the Board of Directors, (i) one third (1/ 3) of the options will become exercisable one year after the date of grant, (ii) one third (1/ 3) of the options will be exercisable two years after the date of grant and (iii) one third (1/ 3) of the options will become exercisable three years after the date of grant.

The Board of Directors may determine the maximum period subsequent to grant date during which the Option may be exercised ("Exercise Period"), and the Options may not be exercised after seven (7) years from the date of grant.

k) Form of settlement

The exercise price for each share subject to the option will be paid in cash in full on the date chosen by the employee exercising the option, i.e., the execution of the Purchase and Sale Agreement between the elected employee and Usiminas or the signature of the respective subscription list, as appropriate.

l) Restrictions on transfer of shares

During the Exercise Period, Participants are prohibited from selling the options granted to them or create any burden on these options.

m) Criteria and events that, when found, will cause the suspension, amendment or termination of the plan

The Board of Directors can suspend amendment or terminate the plan or part of it at any time as long as it is accordingly to the legal devices and applicable regulation. The suspension, amendment or termination of the plan takes place before the termination of employment relationship between the Company and the party eligible to the stock-based compensation to the Company program as same criteria/events described in the item below.

n) Effects of the withdrawal of the issur's manager on his rights under the share-based compensation plan

Termination Without Cause - In case of termination of the Participants by the Company or its Subsidiaries, upon termination of his employment contract without cause or dismissal from his position as manager not motivated by events that, in case of an employment relationship, would be a termination for cause under the labor law, the Participants may exercise their options now exercisable within thirty (30) days as from the respective Date of Termination, after which all Options granted to the Participants will be automatically canceled and cease to have any effect. (b) Termination for Cause - its Subsidiaries, upon termination of the employment contract for cause or dismissal from his position as manager motivated by events that, in case of an employment relationship, would be a termination for cause under the labor law, all non-exercised options, whether

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exercisable or not, will be extinguished by operation of law and canceled on the respective Date of Termination or the date of the event giving rise the termination or removal of the Participant, whichever occurs first. (c) Voluntary Termination – In the event of voluntary termination of any Company's or Participants, the Participants may exercise their options now exercisable within thirty (30) days of the respective Date of Termination, after which all Options granted to the Participants will be automatically canceled and cease to have any effect. (d) Termination by Retirement - In the event of Retirement, the Participants may exercise their options now exercisable within thirty (30) days of the respective Date of Termination, after which all Options granted to the Participants will be automatically canceled and cease to have any effect. (e) Death - On the death of a Participant, the right to exercise all options granted to the Participant will be anticipated and their heirs or successors, by legal or testamentary succession, may exercise them during the period of twelve (12) months after the date of Termination, after which all Options granted to the Participant will be automatically canceled and cease to have any effect. (f) Termination for Permanent Disability - If a Participant is on continuous and authorized leave caused by permanent disability, the right to exercise all options granted to the Participant will be accelerated and these may be exercised within 12 (twelve) months after the Date of Termination, after which all Options granted to the Participant will be automatically canceled and cease to have any effect. (g) Withdrawal After Disposal of Company's Controlling Equity – In case of disposal, whether direct or indirect, of controlling stock of Usiminas, the Participant who, in the first twelve (12) months following the disposal of Usiminas controlling equity, is terminated without cause or removed from a manager position not motivated by events that, in case of an employment relationship, would be a termination for cause under the labor law, shall be entitled to the early exercise of all options granted to him and can exercise them within 30 days following the Date of Termination, at the end of which all Options granted to the Participant will be automatically canceled and cease to have any effect.

13.5 Stock-based compensation recognized in P&L for the last 3 fiscal years and planned for the current fiscal year, the Board of Directors and the Statutory Officers.

The Company recognizes expenses from the plans to grant stock options pursuant to the Accounting Standards CPC 10 (R1) and ICPC05 options, guiding the determination and registration according to the grace period in which the option becomes exercisable.

Share-based compensation for fiscal years ended 2018, 2019 and 2020

2018 Program: There was no granting of options in the year 2018.

2019 Program: There was no granting of options in the year of 2019.

2020 Program : There was no granting of options in the year of 2020.

Movement of options granted for the last 3 fiscal years

		Statutory Officers	Board Of Directors*	Total
	Fiscal year ended 2018			
a	Outstanding options at the beginning of the fiscal year	**1,511,007**	**189,953**	**1,700,960**
	2018 Grant Program	-	-	-
b	Options lost during the fiscal year	(407,712)	-	(407,712)
c	Options exercised during the fiscal year	(187,043)	(26,502)	(213,545)
d	Options expired during the fiscal year	(152,113)	(31,494)	(183,607)
	Outstanding options at the end of the fiscal year	**764,139**	**131,957**	**896,096**
	Fiscal year ended 2019			
a	Outstanding options at the beginning of the fiscal year	**764,139**	**131,957**	**896,096**
	2019 Grant Program	-	-	-
b	Options lost during the fiscal year	-	-	-
c	Options exercised during the fiscal year	-		-
d	Options expired during the fiscal year	(177,701)	(46,112)	(223,813)
	Outstanding options at the end of the fiscal year	**586,438**	**85,845**	**672,283**
	Fiscal year ended 2020			
a	Outstanding options at the beginning of the fiscal year	**586,438**	**85,845**	**672,283**
	2020 Grant Program	-	-	-
b	Options lost during the fiscal year	-	-	-
c	Options exercised during the fiscal year	(298,098)	(39,071)	(337,169)
d	Options expired during the fiscal year	-	(46,774)	(46,774)
	Outstanding options at the end of the fiscal year			
	Outstanding exercisable options **	**288,340**	**-**	**288,340**
	Outstanding non-exercisable options	-	-	-

*Grant due the fact that it is Company Employee and not as a Member of the Board

** Includes balance of options from program before 2016.

		Statury Officers	Board of Directors*	Total
e	Valor justo das opções na data de cada outorga			
	Programa 2013	Tranche 1: R$ 5,87 Tranche 2: R$ 6,30 Tranche 3: R$ 6,58	Tranche 1: R$ 5,87 Tranche 2: R$ 6,30 Tranche 3: R$ 6,58	Tranche 1: R$ 5,87 Tranche 2: R$ 6,30 Tranche 3: R$ 6,58
	Programa 2014	Tranche 1: R$ 2,66 Tranche 2: R$ 2,85 Tranche 3: R$ 3,02	Tranche 1: R$ 2,66 Tranche 2: R$ 2,85 Tranche 3: R$ 3,02	Tranche 1: R$ 2,66 Tranche 2: R$ 2,85 Tranche 3: R$ 3,02
f	Diluição potencial em caso de exercício de todas	0,0419%	0,0069%	0,0487%

The expenses for Board of Directors members recognizes in 2016 and 2017 fiscal years are informed in 13.2 item. In accordance with the accounting standards that guidance on stock-options, since October/2017 the stock-options program does not have accounting value anymore.

13.6 Options outstanding of the Board of Directors and the Statutory Officers at the end of the last fiscal year.

	Statutory Office	Board of Directors*	Total
Options outstanding	**288,340**	**-**	**288,340**

Related to the 2018 Program: There was no granting of options in the year of 2018.

Related to the 2019 Program: There was no granting of options in the year of 2019.

Related to the 2020 Program: There was no granting of options in the year of 2020.

13.7 Options exercised and shares delivered relating to stock-based compensation of the Board of Directors and the Statutory Officers over the last 3 fiscal years.

13

a. Board	**b. number of members**	**c. Number of remunerated members**	**d. in relation to the number of options exercised, inform:**			**e. in relation to the shares delivered**		
			i. Number of shares	*ii. weighted average exercise price*	*iii. value of the difference between the exercise value and the market value of the shares related to the options exercised*	*i. Number of shares*	*ii. weighted average purchase price*	*iii. total value of the difference between the acquisition value and the market value of the shares acquired*
Executive Board	5.67	5.67	-	-	-	N/A	N/A	N/A
Board of Directors	7.92	7.92	-	-	-	N/A	N/A	N/A
Supervisory Board	4.33	4.33	-	-	-	N/A	N/A	N/A

In 2019, no stock options were exercised. For 2018, 26,502 options were exercised per member of the board of directors and 187,043 by members of the statutory board, totaling 213,545 options. For 2020, 39,071 options were exercised per member of the board of directors and 298,098 by members of the statutory executive board, totaling 336,169 options. The respective shares delivered represent the same number of options exercised.

13.8 Summary of information necessary for understanding the data disclosed in items 13.5 to 13.7, and the explanation of the pricing of shares and options, including at least:

2018 Grant: There was no granting of options in the year of 2018.

2019 Grant: There was no granting of options in the year of 2019.

2020 Grant: There was no granting of options in the year of 2020.

a. pricing model

Black-Scholes methodology.

b. data and assumptions used in the pricing model, including the weighted average price of the shares, exercise price, expected volatility, life of the option, expected dividends and the risk-free interest rate

Program 2013

	1º year	2º year	3º years
Fair value on grant date	R$ 5.87	R$ 6.30	R$ 6.58
Share price	R$ 11.88	R$ 11.88	R$ 11.88
Weighted average strike price	R$ 11.47	R$ 11.47	R$ 11.47
Share price volatility	43.38%	43.38%	43.38%
Grace period (3 years)	33% after 1º year	33% after 2º year	33% after 3º year
Estimated dividends	-	-	-
Risk free rate return	11.34% a.a.	11.37% a.a.	11.40% a.a.
Average option term	4 years	4.5 years	5 years

Program 2014

	1º year	2º year	3º years
Fair value on grant date	R$ 2.66	R$ 2.85	R$ 3.02
Share price	R$ 5.70	R$ 5.70	R$ 5.70
Weighted average strike price	R$ 6.14	R$ 6.14	R$ 6.14
Share price volatility	43.41%	43.41%	43.41%
Grace period (3 years)	33% after 1º year	33% after 2º year	33% after 3º year
Estimated dividends	-	-	-
Risk free rate return	12.10% a.a.	12.11% a.a.	12.12% a.a.
Average option term	4 years	4.5 years	5 years

(*) There was no distribution of dividends in the 12 months prior to the grant date.

c) method used and the assumptions made to incorporate the expected effects of early exercise

In the model of the Company's stock options plan, there is no early exercise of options, the vesting is 33% per year after the 1st, 2nd and 3rd year of the grant date of each program.

d) way of determining the expected volatility

To calculate volatility, the adjusted history of 36 months prior to the grant was considered.

e) if any other characteristic of the option was incorporated in the measurement of its fair value

The measurement of fair value is determined by means of a formula that includes the following parameters: Share price on the grant date, adjusted for receipt of dividends, Exercise price of the option, Expected term

of the option, Risk-free interest rate adjusted for the expected duration of the option, historical share volatility and dividends (yield).

13.9 State the number of shares or units of interest directly or indirectly held in Brazil or abroad, and other securities convertible into shares or units of interest issued by the issuer, its direct or indirect controlling members, controlled by or under common control companies, members of the board, the statutory officers or Fiscal Council, grouped by board, at the close of the last fiscal year

Number of securities at 12/31/2020

Company	Security	Board of Directors (*)	Statutory Officers	Fiscal Council (*)
Usiminas	Common share	-	-	-
Usiminas	Class A preferred share	76,035	53,789	-

* The balance of shares includes the effective and deputy members of the board of Directors and of the Fiscal Council.

- The options granted and not exercised are not comprise the quantity of securities issued by the company held by members of the Board of Directors. The Statutory Board of Executive Officers or the Fiscal Council.

- All effective members of the Statutory Board, Board of Directors and Fiscal are remunerated.

13.10 Pension plans in effect granted to the members of the Board of Directors and Statutory Officers.

	Retirement plans in force granted to members of the Board of Directors and Statutory Officers						
Board	No. Members	Plan Name	Amount of managers who meet the conditions for retirement	Conditions to retire in advance	Updated Value of accumulated contributions in the pension plan until the end of the last fiscal year, deducting the portion related to the contributions made directly by managers	Total accumulated value of contributions made during the last fiscal year, deducting the portion related to the contributions made directly by managers (*)	Possibility of early withdrawal and applicable conditions (**)
Board of Directors	0	N/A	N/A	N/A	R$ -	R$ -	N/A
Statutory Officers	2	USIPREV	1	N/A	R$ 1,444,754.23	R$ 320,607.42	None of the Management members

Statutory Officers	1	COSIPREV	1	N/A	R$ 758,083.19	R$ 61,480.14	None of the Management members
(*) Considered only the monthly contributions for the scheduled benefits that were payed during the period of January/2020 to December/2020 by the monthly reversal of the resources at the Reserve Found. The past monthly risk contributions, administrative and services expenses were not considered because they are a collective account.							
(**) Early redemption may be required only by participants who have ceased their employment relationship and are not yet in their benefit payout phase. Withdrawal corresponds to 100% of the participant's reserve balance plus a percentage applicable on the sponsoring employer's account balance increased by 10% every year up to 80% as from 10 years of enrollment).							

- All effective members of the Statutory Board, Board of Directors and Fiscal are remunerate

13.11 In the form of a table, indicate over the last 3 fiscal years, for the Board of Directors, Statutory Officers or the Fiscal Council: board, number of members, value of highest individual income, lowest individual income and average individual income.

The information presented in this item is in agreement with the data reported in item 13.2.

Amounts in reais

	Statutory Officers			Board of Directors			Fiscal Council		
	31/12/2020	31/12/2019	31/12/2018	31/12/2020	31/12/2019	31/12/2018	31/12/2020	31/12/2019	31/12/2018
Number of members	5.67	6.00	5.25	7.92	8.08	8.92	4.33	5.00	5.08
Value of the highest income (real)	4,862,435.28	4,931,845.64	3,538,135.81	1,097,792.16	841,301.65	855,669.72	169,344,24	169,344.24	179,867.92
Value of the lowest income (real)	1,998,710.77	1,902,584.15	1,764,898.67	300,000.00	300,000.00	287,786.32	169,344,24	169,344.24	179,867.92
Average income (real)	3,691,287.36	3,080,470.08	3,136,120.01	434,506.59	432,330.21	442,590.86	169,474.61	169,344.24	179,867.92

Comments:

(a) The number of members on each board corresponds to the annual average number of members on each board, monthly determined, with two decimal places.

(b) The value of the smallest annual individual income was calculated with the exclusion of members who held the position for less than 12 months.

(c) The amount of the highest individual annual remuneration relates to a member who exercised his duties at the Company for 12 months in 2020.

- All effective members of the Statutory Board, Board of Directors and Fiscal are remunerated

13.12 Describe contractual arrangements, insurance policies or other instruments which are mechanisms of remuneration or compensation for management in the event of dismissal or retirement, indicating the financial consequences for the issuer

One Executive Board member have in their contract non-competition clauses that forbid the performance of duties in the flat steel industries in Brazil, for a 12 months period, after the employment termination. Due to this restriction, the Company agreed to pay a compensation amount in favor of these Executive equivalent to 3 times the monthly compensation per year.

13.13 Compared to the last 3 fiscal years, indicate the percentage of total compensation of each body recognized in the issuer relating to members of the Board of Directors, Statutory Officers or the Fiscal Council who are directly or indirectly related to the controlling shareholders, as defined in accounting rules on this matter.

Board	Fiscal year ended (2020)	Fiscal year ended (2019)	Fiscal year ended (2018)
Board of Directors	48%	51%	54%
Fiscal Council	74%	71%	60%
Statutory Officers	0%	0%	0%

13.14 Compared to the last 3 fiscal years, indicate the amounts recognized in the issuer's P&L as compensation to members of the board of directors, the statutory officers or Fiscal Council, grouped by board, for any reason other than the position they hold, such as commissions and consulting or advisory services.

Body	Fiscal Year Ended (2020)	Fiscal Year Ended (2019)	Fiscal Year Ended (2018)
Board of Directors	-	-	-
Fiscal Council	-	-	-
Statutory Officers	-	-	-

13.15 In relation to the last 3 fiscal years, indicate the amounts recognized in the results of direct or indirect controllers of companies under common control and of the issuer's subsidiaries, such as remuneration of members of the board of directors, statutory board or fiscal council of the issuer , grouped by body, specifying to what title such values were attributed to such individuals.

Amounts in Reais

Body	Fiscal Year Ended (2020)	Fiscal Year Ended (2019)	Fiscal Year Ended (2018)
Conselho de Administração	28,624,108	31,539,125	28,651,851

Conselho Fiscal	927,465	909,602	829,582
Diretoria	-	-	2,463,386

- Amounts of 2020 converted to Reais, with dolar and iene rates of 03/26/2021.
- Amounts of 2019 converted to Reais, with dolar and iene rates of 05/22/2020.
- Amounts of 2018 converted to Reais, with dolar rate of 05/24/2019 and iene rate of 05/23/2019.

- There were no amounts paid by subsidiaries or joint control companies.

13.16 Other Information that the Company deems significant.

Not aplicable.

EXHIBIT 4 – INFORMATION ON THE CANDIDATES TO THE FISCAL COUNCIL

1 – Candidates to the Fiscal Council

- Effective Members:

a. name	Wanderley Rezende de Souza
b. date of birth	05/24/1961
c. occupation	Economist
d. CPF or passport number	634.466.267-00
e. elective position	Effective Member of the Fiscal Council
f. date of election	04/29/2021 (subject to approval by the Annual Shareholders' Meeting)
g. date of investiture	04/29/2021 (Subject to approval by the Annual Shareholders' Meeting)
h. term of office	Until the Annual Shareholders' Meeting of 2022
i. other positions or functions practice at the issuer	No other position or function at the Company
j. indication if it was elected by the controlling shareholder or not	Yes
k. if is an independent member and, if so, what was the criteria used by the issuer to determine the independence	Yes, he is an independent member having in view that he does not fulfill any of the events of impairment of his independency provided and suggested in item 2.2.1 of the Brazilian Code of Corporate Governance, as well as any other events that are similar to the situations described therein.
l. number of consecutive mandates	3 mandates as effective member of the Fiscal Council

m. information about:	-
i. major professional experiences during the last 5 years, indicating:	-
• company name and activity sector	a) Usinas Siderúrgicas de Minas Gerais - Usiminas Activity sector: Steel industry b) Kepler Weber S.A. Activity sector: Agribusiness c) Jereissati Participações S.A. Activity sector: Shopping Centers
• position	a) Usinas Siderúrgicas de Minas Gerais - Usiminas Activity sector: Steel industry -April 2015 until April 2016 Position: Alternate Member of the Fiscal Council -April 2016 until October 2016 Position: Effective Member of the Fiscal Council -October 2016 until April 2018 Position: Member of the Board of Directors - April 2018 until April 2021 Position: Effective Member of the Fiscal Council b) Kepler Weber S.A Activity sector: Agribusiness -April 2019 until April 2020 Position: Alternate Member of the Fiscal Council c) Jereissati Participações S.A. Activity sector: Shopping Centers - April 2020 until April 2021 Position: Alternate Member of the Fiscal Council
• if the company is part of (i) the economic group of the issuer, or (ii) is controlled by the issuer's shareholder which holds a direct or indirect equity equal to or higher than 5% of one same	a) Usinas Siderúrgicas de Minas Gerais – Usiminas It is the issuer itself b) Kepler Weber S.A. Not part of the economic group and is not controlled by the issuer c) Jereissati Participações S.A. Not part of the economic group and is not controlled by the issuer

class or kind of issuer's securities	
ii. indication of all management positions that it holds in other companies or third sector organizations	No.
n. description of any of the following events that have occurred during the last 5 years:	-
i. any criminal conviction	There is no criminal conviction
ii. any conviction in CVM administrative proceedings and penalties applied	There is no conviction in CVM's administrative
iii. any unappealable conviction in the legal or administrative spheres, which has suspended or prevented it from exercise any professional or business activity	There is no unappealable conviction in the legal and administrative spheres

a. name	Sérgio Carvalho Campos
b. date of birth	03/05/1960
c. occupation	Accountant
d. CPF or passport number	392.964.316-20
e. elective position	Effective Member of the Fiscal Council
f. date of election	04/29/2021 (subject to approval by the Annual Shareholders' Meeting)
g. date of investiture	04/29/2021

	(Subject to approval by the Annual Shareholders' Meeting)
h. term of office	Until the Annual Shareholders' Meeting of 2022
i. other positions or functions practice at the issuer	No other position or function at the Company
j. indication if it was elected by the controlling shareholder or not	Yes
k. if is an independent member and, if so, what was the criteria used by the issuer to determine the independence	No
l. number of consecutive mandates	2 mandates as effective member of the Fiscal Council
m. information about:	-
i. major professional experiences during the last 5 years, indicating:	-
• company name and activity sector	a) Previdência Usiminas Sector: Closed Complementary Welfare
• position	Financial Officer
• if the company is part of (i) the economic group of the issuer, or (ii) is controlled by the issuer's shareholder which holds a direct or indirect equity equal to or higher than 5% of one same class or kind of issuer's securities	a) Previdência Usiminas Not part of the economic group and is shareholder of the issuer
ii. indication of all management positions that it holds in other companies or third sector organizations	None.

n. description of any of the following events that have occurred during the last 5 years:	-
i. any criminal conviction	There is no criminal conviction
ii. any conviction in CVM administrative proceedings and penalties applied	There is no conviction in CVM's administrative
iii. any unappealable conviction in the legal or administrative spheres, which has suspended or prevented it from exercise any professional or business activity	There is no unappealable conviction in the legal and administrative spheres

a. name	Paulo Frank Coelho da Rocha
b. date of birth	03/09/1971
c. occupation	Lawyer
d. CPF or passport number	151.450.238-04
e. elective position	Effective Member of the Fiscal Council
f. date of election	04/29/2021 (subject to approval by the Annual Shareholders' Meeting)
g. date of investiture	04/29/2021 (Subject to approval by the Annual Shareholders' Meeting)
h. term of office	Until the Annual Shareholders' Meeting of 2022
i. other positions or functions practice at the issuer	No other position or function at the Company

j. indication if it was elected by the controlling shareholder or not	Yes
k. if is an independent member and, if so, what was the criteria used by the issuer to determine the independence	No
l. number of consecutive mandates	8 mandates
m. information about:	-
i. major professional experiences during the last 5 years, indicating:	-
• company name and activity sector	a) Demarest e Almeida - Prestação de Serviços b) Cravath, Swaine & Moore
• position	Financial Officer
• if the company is part of (i) the economic group of the issuer, or (ii) is controlled by the issuer's shareholder which holds a direct or indirect equity equal to or higher than 5% of one same class or kind of issuer's securities	a) Partner b) Foreign Associate
ii. indication of all management positions that it holds in other companies or third sector organizations	Member of the International Bar Association, do Advisory Board do "Working Group on Legal Opinions" da American Bar Association; and of the Câmara de Comércio Brasil-Estados Unidos
n. description of any of the following events that have occurred during the last 5 years:	-
i. any criminal conviction	There is no criminal conviction
ii. any conviction in CVM administrative proceedings and penalties applied	There is no conviction in CVM's administrative

iii. any unappealable conviction in the legal or administrative spheres, which has suspended or prevented it from exercise any professional or business activity	There is no unappealable conviction in the legal and administrative spheres

- Alternate Members

a. name	Samuel Tadayuki Kaji
b. date of birth	09/08/1974
c. occupation	Lawyer
d. CPF or passport number	032.919.556-50
e. elective position	Alternative Member of the Fiscal Council
f. date of election	04/29/2021 (subject to approval by the Annual Shareholders' Meeting)
g. date of investiture	04/29/2021 (subject to approval by the Annual Shareholders' Meeting)
h. term of office	Until the Annual Shareholders' Meeting of 2022
i. other positions or functions practice at the issuer	Not Applicable
j. indication if it was elected by the controlling shareholder or not	Yes
k. if is an independent member and, if so, what was the criteria used by the issuer to determine the independence	Not Applicable
l. number of consecutive mandates	1 mandate as alternate member of the Fiscal Council

m. information about:	-
i. major professional experiences during the last 5 years, indicating:	-
• company name and activity sector	a) Nippon Steel América do Sul Ltda. Activity Sector: Steel Industry b) Usinas Siderúrgicas de Minas Gerais - Usiminas Activity sector: Steel industry
• position	a) May 2008 until the date hereof Position: Administrative, Legal and Financial Manager b) April 2018 until May 2020 Position: Effective Member of the Audit Committee
• if the company is part of (i) the economic group of the issuer, or (ii) is controlled by the issuer's shareholder which holds a direct or indirect equity equal to or higher than 5% of one same class or kind of issuer's securities	a) Not part of the economic group and is controlled by the shareholder of the issuer. b) It is the issuer itself
ii. indication of all management positions that it holds in other companies or third sector organizations	-
n. description of any of the following events that have occurred during the last 5 years:	-
i. any criminal conviction	There is no criminal conviction
ii. any conviction in CVM administrative proceedings and penalties applied	There is no conviction in CVM's administrative proceedings.
iii. any unappealable conviction in the legal or administrative spheres, which has suspended or prevented it from	There is no unappealable conviction in the legal and administrative spheres

exercise any professional or business activity	

a. name	Lucio de Lima Pires
b. date of birth	03/19/1971
c. occupation	Accountant
d. CPF or passport number	812.099.596-15
e. elective position	Alternative Member of the Fiscal Council (subject to approval by the Annual Shareholders' Meeting)
f. date of election	04/29/2021 (subject to approval by the Annual Shareholders' Meeting)
g. date of investiture	04/29/2021 (subject to approval by the Annual Shareholders' Meeting)
h. term of office	Until the Annual Shareholders' Meeting of 2022
i. other positions or functions practice at the issuer	Holds no other position or job at the Company
j. indication if it was elected by the controlling shareholder or not	Yes
k. if is an independent member and, if so, what was the criteria used by the issuer to determine the independence	No
l. number of consecutive mandates	1 mandate as effective member of the Fiscal Council and 2 mandates as alternate member of the Fiscal Council
m. information about:	-

i. major professional experiences during the last 5 years, indicating:	-
• company name and activity sector	a) Previdência Usiminas Sector: Closed Complementary Welfare
• position	Manager of Comptrollership
• if the company is part of (i) the economic group of the issuer, or (ii) is controlled by the issuer's shareholder which holds a direct or indirect equity equal to or higher than 5% of one same class or kind of issuer's securities	a) Previdência Usiminas Not parto f the economic group and is shareholder of the issuer
ii. indication of all management positions that it holds in other companies or third sector organizations	Not applicable
n. description of any of the following events that have occurred during the last 5 years:	-
i. any criminal conviction	There is no criminal conviction
ii. any conviction in CVM administrative proceedings and penalties applied	There is no conviction in CVM's administrative proceedings.
iii. any unappealable conviction in the legal or administrative spheres, which has suspended or prevented it from exercise any professional or business activity	There is no unappealable conviction in the legal and administrative spheres

a. name	João Paulo Bueno Minetto

b. date of birth	08/23/1982
c. occupation	Lawyer
d. CPF or passport number	298.700.968-24
e. elective position	Alternative Member of the Fiscal Council (subject to approval by the Annual Shareholders' Meeting)
f. date of election	04/29/2021 (subject to approval by the Annual Shareholders' Meeting)
g. date of investiture	04/29/2021 (subject to approval by the Annual Shareholders' Meeting)
h. term of office	Until the Annual Shareholders' Meeting of 2022
i. other positions or functions practice at the issuer	Holds no other position or job at the Company
j. indication if it was elected by the controlling shareholder or not	Yes
k. if is an independent member and, if so, what was the criteria used by the issuer to determine the independence	No
l. number of consecutive mandates	2 mandates
m. information about:	-
i. major professional experiences during the last 5 years, indicating:	-
• company name and activity sector	a) Demarest Advogados
• position	

	a) Partner
• if the company is part of (i) the economic group of the issuer, or (ii) is controlled by the issuer's shareholder which holds a direct or indirect equity equal to or higher than 5% of one same class or kind of issuer's securities	No
ii. indication of all management positions that it holds in other companies or third sector organizations	Not applicable
n. description of any of the following events that have occurred during the last 5 years:	-
i. any criminal conviction	There is no criminal conviction
ii. any conviction in CVM administrative proceedings and penalties applied	There is no conviction in CVM's administrative proceedings.
iii. any unappealable conviction in the legal or administrative spheres, which has suspended or prevented it from exercise any professional or business activity	There is no unappealable conviction in the legal and administrative spheres

Pursuant to Item 10.2.12, letter d, of Circular Notice/CVM/SEP/No. 02/2020, we hereby inform that none of the present candidates, nominated for the positions of members of the Board of Directors and of the Fiscal Council, stated be considered politically exposed individual, in accordance with to the definition set forth in Article 3-B of CVM Instruction No. 301, of April 16th, 1999, and changes arising from the CVM Instruction No. 463, of January 8th, 2008.

12.6. For each one of the those who acted as a member of the board of directors or of the fiscal council in the last financial year, inform, in table format, the percentage of attendance in the meetings held by the respective body in the same period, which have occurred since the investiture in office.

Fiscal Council	Total of meetings held	% of the member attendance
Paulo Frank Coelho da Rocha	4	100%
Wanderley Rezende de Souza	4	100%
Sérgio Carvalho Campos	4	100%
Fabricio Santos Debortoli	4	100%

12.7. Provide the information mentioned in item 12.5 in relation to the members of the statutory committees, as well as of the audit, risk, financial and compensation committees, even if such committees or structures are not statutory

Not applicable.

12.8. For each one of those who acted as a member of the statutory committees as well as of audit, risk, financial and compensation committees, even if such committees or structures are not statutory, inform, in table format, the percentage of participation in the meetings held by the respective body in the same period, which have occurred since investiture in office

Not applicable.

12.9. Inform any spousal relation, stable union or kinship up to the second degree between
a) The members of the Board of Directors, the Board of Officers and Fiscal Council

Not applicable. Does not exist spousal relation, stable union or kinship up to the second degree between the candidates for the positions of members of the board of directors and of the fiscal council and the Company's managers.
b) (i) The members of the Board of Directors, the Board of Officers and Fiscal Council and (ii) the members of the Board of Directors, the Board of Officers and Fiscal Council of companies directly or indirectly controlled by the issuer

Not applicable. Does not exist spousal relation, stable union or kinship up to the second degree between the candidates for the positions of members of the board of directors and of the fiscal council and the members of the Board of Directors, the Board of Officers and Fiscal Council of companies directly or indirectly controlled by the issuer.

c) (i) the members of the Board of Directors, the Board of Officers and Fiscal Council of the issuer and its direct or indirect controlling shareholders

Not applicable. Does not exist spousal relation, stable union or kinship up to the second degree between the candidates for the positions of members of the board of directors and of the fiscal council and the Company's direct or indirect controlling shareholders

d) (i) the members of the Board of Directors, the Board of Officers and Fiscal Council and (ii) the members of the Board of Directors, the Board of Officers and Fiscal Council of the issuer's direct and indirect controlled companies

Not applicable. Does not exist spousal relation, stable union or kinship up to the second degree between the candidates for the positions of members of the board of directors and of the fiscal council and the members of the Board of Directors, the Board of Officers and Fiscal Council of the issuer's direct and indirect controlled companies.

12.10. Inform on subordination, service or control relations, during the last three fiscal years, between the issuer's members of the Board of Directors, the Board of Officers and Fiscal Council and:

a) Company directly or indirectly controlled by the issuer, except for those in which the issuer holds, directly or indirectly, the entire capital

Not applicable.

b) the issuer's direct or indirect controlling person

(i) The candidate to alternate member of the Fiscal Council Lucio de Lima Medeiros, holds the position of Manager of Comptrollership at Previdência Usiminas.
(ii) The candidate to effective member of the Fiscal Council Sérgio Carvalho Campos, holds the position of Officers Financial at Previdência Usiminas.
(iii) The candidate to alternate member of the Fiscal Council Samuel Tadayuiki Kaji, holds the position of Administrative, Legal and Financial Manager at Nippon Steel América do Sul LTDA.

c) If relevant, supplier, client, debtor or creditor of the issuer, its controlled company or controlling shareholders or controlled companies of any of these people

Not Applicable.