UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the Fiscal Year Ended December 31, 2023

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number 1-14878

GERDAU S.A.

(Exact name of Registrant as specified in its charter)

N/A

(Translation of Registrant's name into English)

Federative Republic of Brazil

(Jurisdiction of incorporation or organization)

Av. Dra. Ruth Cardoso, 8,501 – 8° floor
São Paulo, São Paulo - Brazil CEP 05425-070

(Address of principal executive offices) (Zip code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange in which registered
Preferred Shares, no par value per share, each represented by American Depositary Shares	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: **None**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**

The total number of issued shares of each class of stock of GERDAU S.A. as of December 31, 2023 was:

600,526,442 Common Shares, no par value per share
1,156,540,608 Preferred Shares, no par value per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

☒ Yes ☐ No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

☐ Yes ☒ No

Note — Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Emerging growth company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. ☐

†The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☐ International Financial Reporting Standards as issued by the International Accounting Standards Board ☒ Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

☐ Item 17 ☐ Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

☐ Yes ☒ No

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INTRODUCTION

Unless otherwise indicated, all references herein to:

(i) "CPI" means consumer price index, "CDI" means Interbanking Deposit Rates (Certificados de Depósito Interfinanceiro), "IGP-M" means Consumer Prices Index (Índice Geral de Preços do Mercado), measured by FGV (Fundação Getulio Vargas), "LIBOR" means London Interbank Offered Rate, "GDP" means Gross Domestic Product;

(ii) "Gerdau Açominas" is a reference to Gerdau Açominas S.A.

(iii) "Installed capacity" means the annual projected capacity for a particular facility (excluding the portion that is not attributable to our participation in a facility owned by a joint venture), calculated based upon operations for 24 hours each day of a year and deducting scheduled downtime for regular maintenance;

(iv) "Preferred Shares" and "Ordinary Shares" refer to the Company's authorized and outstanding preferred stock and ordinary stock, designated as *ações preferenciais* and *ações ordinárias*, respectively, all without par value. All references herein to the *"real", "reais"* or *"R$"* are to the Brazilian *real*, the official currency of Brazil. All references to (i) "U.S. dollars", "dollars", "U.S.$" or "$" are to the official currency of the United States, (ii) "Euro" or "€" are to the official currency of members of the European Union, (iii) "billions" are to thousands of millions, (iv) "km" are to kilometers, and (vi) "tonnes" are to metric tonnes;

(v) "proven" or "probable mineral reserves" have the meanings defined by SEC in Regulation S-K, §229.1300.

(vi) "Shipments" means the volumes shipped and "Consolidated shipments" means the combined volumes shipped from all our operations in Brazil, South America, North America and Asia, excluding our joint ventures and associate companies;

(vii) the "Company", "Gerdau", "we" or "us" are references to Gerdau S.A., a corporation organized under the laws of the Federative Republic of Brazil ("Brazil") and its consolidated subsidiaries;

(viii) "Tonne" means a metric tonne, which is equal to 1,000 kilograms or 2,204.62 pounds;

(ix) "Worldsteel" means World Steel Association, "IABr" means Brazilian Steel Institute (Instituto Aço Brasil) and "AISI" means American Iron and Steel Institute;

The Company has prepared the Consolidated Financial Statements included herein in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). The following investments are accounted following the equity method: Bradley Steel Processor and MRM Guide Rail, all in North America, of which Gerdau Ameristeel holds 50% of the total capital, the investment in the holding company Gerdau Metaldom Corp., in which the Company held a 50% stake, in the Dominican Republic, the investment in Gerdau Corsa S.A.P.I. de C.V., in Mexico, in which the Company holds a 75% stake, the investment in Dona Francisca Energética S.A, in Brazil, in which the Company holds a 51.82% stake, the investment in Newave Energia S.A., in Brazil, in which the Company holds a 33.33% stake, the investment in Diaco S.A., in Colombia, in which the Company held a 49.85% stake, the investment in Gerdau Summit Aços Fundidos e Forjados S.A., in Brazil, in which the Company holds a 58.73% stake, the investments in Addiante S.A. and Ubiratã Tecnologia S.A., in Brazil, in which the Company holds a 50% stake, the investment in Brasil ao Cubo S.A., in Brazil, in which the Company holds a 44.66% stake and the investment in Juntos Somos Mais Fidelização S.A., in Brazil, in which the Company holds a 27.16% stake.

On January 17, 2024, the Company signed an agreement for the sale of all its equity interests of 49.85% in the joint venture Diaco S.A. (and subsidiaries) and 50.00% in the joint venture Gerdau Metaldom Corp (and subsidiaries). On February 1, 2024, after compliance with the corresponding conditions precedent, the sale of the 50.00% equity interest in the joint venture Gerdau Metaldom Corp. (and subsidiaries) was concluded. On March 14, 2024, after compliance with the corresponding conditions precedent, the sale of the 49.85% in the joint venture Diaco S.A. (and subsidiaries) was concluded.

Unless otherwise indicated, all information in this Annual Report is stated as of December 31, 2023.

CAUTIONARY STATEMENT WITH RESPECT TO FORWARD-LOOKING STATEMENTS

This Annual Report contains forward-looking statements within the meaning of the Private Securities Litigation Act of 1995. These statements relate to our future prospects, developments and business strategies.

Statements that are predictive in nature, that depend upon or refer to future events or conditions or that include words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “estimates” and similar expressions are forward-looking statements. Although we believe that these forward-looking statements are based upon reasonable assumptions, these statements are subject to several risks and uncertainties and are made considering information currently available to us.

It is possible that our future performance may differ materially from our current assessments due to several factors, including the following:

- general economic, political and business conditions in our markets, both in Brazil and abroad, including demand and prices for steel products;
- interest rate fluctuations, inflation and exchange rate movements of the *real* in relation to the U.S. dollar and other currencies in which we sell a significant portion of our products or in which our assets and liabilities are denominated;
- our ability to obtain financing on satisfactory terms;
- prices and availability of raw materials;
- changes in international trade;
- changes in laws and regulations;
- electric energy shortages and government responses to them;
- the performance of the Brazilian and the global steel industries and markets;
- global, national and regional competition in the steel market;
- protectionist measures imposed by steel-importing countries; and
- other factors identified or discussed under “Risk Factors.”

Our forward-looking statements are not guarantees of future performance, and actual results or developments may differ materially from the expectations expressed in the forward-looking statements. As for the forward-looking statements that relate to future financial results and other projections, actual results will be different due to the inherent uncertainty of estimates, forecasts and projections. Because of these uncertainties, potential investors should not rely on these forward-looking statements.

We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable, as the Company is filing this Form 20-F as an annual report.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable, as the Company is filing this Form 20-F as an annual report.

ITEM 3. KEY INFORMATION

A. [RESERVED]

B. CAPITALIZATION AND INDEBTEDNESS

Not required, as the Company is filing this Form 20-F as an annual report.

C. REASONS FOR THE OFFER AND USE OF PROCEEDS

Not required, as the Company is filing this Form 20-F as an annual report.

D. RISK FACTORS

We are subject to various risks and uncertainties resulting from changing competitive, economic, political and social conditions that could harm our business, results of operations or financial condition. The risks described below could adversely affect our business, consolidated financial position, results of operations or cash flows. These risks are not the only ones we face. Other risks that we do not presently know about or that we presently believe are not material could also adversely affect us.

Risks Relating to our Business and the Steel Industry

Demand for steel is cyclical and a reduction in prevailing world prices for steel could adversely affect the Company's results of operations.

The steel industry is highly cyclical. Consequently, the Company is exposed to substantial swings in the demand for steel products, which in turn causes volatility in the prices of most of its products and eventually could cause write-downs of its inventories. In addition, the demand for steel products, and hence the financial condition and results of operations of companies in the steel industry, including the Company itself, are generally affected by macroeconomic changes in the world economy and in the domestic economies of steel-producing countries, including general trends in the steel, construction and automotive industries. A material decrease in demand for steel or exports by countries not able to consume their production could have a significant adverse effect on the Company's financial condition and results of operations.

Global crises and subsequent economic slowdowns may adversely affect global steel demand. As a result, the Company's financial condition and results of operations may be adversely affected.

Historically, the steel industry has been highly cyclical and deeply impacted by economic conditions in general, such as world production capacity and fluctuations in steel imports/exports and the respective import duties. After a steady period of growth between 2004 and 2008, the marked drop in demand resulting from the global economic crisis of 2008-2009 once again demonstrated the vulnerability of the steel market to volatility of international steel prices and raw materials. That crisis was caused by the dramatic increase of high real estate risk financing defaults and foreclosures in the United States, with serious consequences for bank and financial markets throughout the world. Developed markets, such as North America and Europe, experienced a strong recession due to the collapse of real estate financings and the shortage of global credit. As a result, the demand for steel products suffered a decline in 2009, but since 2010 has been experiencing a gradual recovery, principally in the developing economies.

The global economy can negatively impact the consuming markets, affecting the business environment with respect to the following:

- Decrease in international steel prices;
- Slump in international steel trading volumes;
- Crisis in the automotive industry, infrastructure sectors, construction (residential and non-residential); and
- Lack of liquidity in the international market.

If the Company is not able to remain competitive in these shifting markets, our profitability, margins and income may be negatively affected. A decline in this trend could result in a decrease in the Company's shipments and revenues. As a result, the Company's financial condition and results of operations may be adversely affected.

Our results and financial condition are affected by global and local market conditions that we do not control and cannot predict

We are subject to the risks arising from adverse changes in domestic and global economic and political conditions. Our industry is cyclical by nature and fluctuates with economic cycles, including the current global economic instability. Recessions and significant disruptions in the global financial markets may affect the Company. Our operations experienced significant disruptions in 2008 and the United States, Europe and other economies went into recession. New challenges include the effects of the United Kingdom's withdrawal from the European Union (BREXIT) and increasing political uncertainty and instability in a number of countries.

In 2020, the Pandemic resulted in the temporary closing of several industries, including the steel industry. Measures were taken to contain the virus spread among employees, in accordance with regulations promulgated by local authorities. The effects extended to operations and impacted the Company's results, mainly in April, May and June of that year.

The risk of trade protection measures in favor of local producers of competing products and the disruption in existing trade agreements or increased trade friction between countries (e.g., the U.S. and China) could have a negative effect on our business and results of operations by restricting the free flow of goods and services across borders and exacerbating global economic conditions. Global economic weakness may prompt banks to limit or deny lending to us or to our customers, which could have a material adverse effect on our liquidity, on our operations and on our ability to carry out our announced capital investment programs and may prompt our customers to slow down or reduce the purchase of our products. In addition, COVID-19 has also had significant economic and social impacts.

We may experience longer sales cycles, difficulty in collecting sales proceeds and lower prices for our products. We cannot provide any assurance that any of these events will not have a material adverse effect on market conditions, the prices of our securities, our ability to obtain financing and our results of operations and financial condition.

The continuing impact of the Russian invasion of Ukraine and any widening of the conflict, the Israel-Hamas conflict in Gaza or any other global conflicts could have a materially adverse impact on our results of operations and financial condition.

The continuing Russian invasion of Ukraine and any widening of the conflict could have a material adverse effect on the overall macroeconomic environment, which might include demand for steel and iron ore and prices, as well as increasing energy costs.

Both the conflict itself and the sanctions imposed (and further sanctions that may be imposed) could have further destabilizing effects on financial markets and certain commodity markets. Any substantial escalation would have a material adverse effect on macroeconomic conditions. In addition, sanctions may remain in place beyond the duration of any military conflict and have a long-lasting impact regionally and globally and could adversely impact the Company's results of operations and financial condition.

Similarly, the Israel-Hamas conflict in Gaza and any other global conflicts could have a similar material adverse effect on the overall macroeconomic environment, impacting financial markets and certain commodity markets, with a materially adverse impact on our results of operations and financial condition.

Gerdau faces significant competition in relation to their steel products, including with regard to prices of other domestic and foreign producers, which may adversely affect its profitability and market share.

The global steel industry is highly competitive with respect to price, quality of products and customer service, as well as in relation to technological advances that allow the reduction of production costs. Brazilian exports of steel products are influenced by several factors, including protectionist policies of other countries, foreign exchange policy and the growth rate of the world economy. Moreover, continuous advances in material sciences and the resulting technologies facilitate the improvement of products such as plastic, aluminum, ceramics and glass, permitting them to serve as substitutes for steel.

Due to the high initial investment costs, the operation of a steel plant on a continuous basis may encourage mill operators to maintain high production levels, even in periods of low demand, which results would increase the pressure on industry profit margins. That said, a competitive pressure that forces the fall in steel prices can also affect the profitability of Gerdau.

The steel industry has historically suffered from excess of production capacity, which has worsened due to a substantial increase in production capacity in emerging countries, particularly China and India and other emerging markets, in which China is currently the largest global steel producer.

Favorable conditions in China and steel-exporting countries can significantly impact steel prices in other markets. China, as the world’s largest steel producer and consumer, influences global steel demand and supply dynamics. Factors such as infrastructure development, urbanization, and government policies can bolster steel demand within China, affecting global prices. Additionally, steel-exporting countries, benefiting from lower production costs, efficient supply chains, and economies of scale, can exert competitive pressures on international steel prices, particularly when coupled with government subsidies or trade agreements. These combined factors create a complex interplay of supply and demand forces that can swiftly impact steel prices worldwide.

In 2023, steel companies in Brazil faced strong competition from imported products, mainly due to the global excess in steel production, culminating in a reduction in demand for local steel products, increasing the competitive imbalance, mainly driven by predatory steel imports from China. According to the Brazil Steel Institute, steel imports in Brazil reached 5 million tonnes in 2023, the highest level since 2010, up 50% over 2022, contributing to a decline in the main markets where Gerdau operates and impacting the Company’s results. Although Gerdau is a modern and highly efficient producer, the Company cannot compete with heavily subsidized imports, which may adversely affect the competitiveness of the industry, its financial condition, and results of operations in the future.

An increase in China’s steelmaking capacity or a slowdown in China’s steel consumption could have a material adverse effect on domestic and global steel pricing and could result in increased steel imports into the markets in which the Company operates.

One significant factor in the global steel market has been China’s high steel production capacity. However, very substantial consumers of steel have lost relevance in the Chinese economy, causing a deep and structural imbalance between steel supply and demand in the Chinese domestic market.

China is currently the world’s largest steel producer and has favorable conditions such as excess steel capacity, devalued currency and a job maintenance policy. In addition, the Chinese government subsidizing surplus steel production, exporting these volumes at prices below production costs in several countries in the transoceanic region that have not yet taken trade defense measures against unfair trade practices, such as Brazil, and consequently pushing down international steel prices. Trade defense measures against predatory practices are legal and supported by the World Trade Organization. Some countries such as the United States, Mexico, Turkey and the other 27 countries of the European Union have adopted relevant measures to combat the entry of subsidized Chinese steel, strengthening their economies, their industries, and their jobs.

In 2023, steel imports in Brazil increased by 50% compared to 2022 and reached a record volume in the annual historical series, according to the Brazil Steel Institute. Over 2023, Gerdau faced a shocking increase in the penetration of imported steel in Brazil, particularly from China. For these reasons, players in the sector have been defending the need for a review of import tariffs in Brazil to ensure fairer and more competitive conditions for the national steel market. If the Brazilian government does not implement measures against subsidized steel imports and the high level of imports continues without measures that guarantee fair competition with the local market, Gerdau’s financial condition and results of operations may be negatively affected in the future. In addition to direct steel imports, the Brazilian industry also faces competition from imported finished products, which negatively affects the entire steel supply and production chain.

Higher steel scrap prices or a reduction in supply could adversely affect production costs and operating margins.

The main metal input for the Company's mini mills is steel scrap. Although international steel scrap prices are determined essentially by scrap prices in the U.S. local market, because the United States is the main scrap exporter, scrap prices in the Brazilian market are set by domestic suppliers and demand. The price of steel scrap in Brazil varies from region to region and reflects demand and transportation costs. Should scrap prices increase significantly without a corresponding increase in finished steel selling prices, the Company's profits and margins could be adversely affected. An increase in steel scrap prices or a shortage in the supply of scrap to its units would affect production costs and potentially reduce operating margins and revenues. As a result, the Company's financial condition and results of operations may be adversely affected.

Increases in iron ore and coal prices, or reductions in market supply, and price increases in other inputs, could adversely affect the Company's operations.

When the prices of raw materials, particularly iron ore and coking coal, increase, and the Company needs to produce steel in its integrated facilities, the production costs in its integrated facilities also increase. The Company uses iron ore to produce hot pig iron at its Ouro Branco, Barão de Cocais, Sete Lagoas and Divinópolis mills located in the state of Minas Gerais.

The Ouro Branco mill is the Company's largest mill in Brazil, and its main metal input to produce steel is iron ore. This unit represented 61.7% of the total crude steel output (in volume) of the Brazil Business Segment in 2023. A shortage of iron ore in the domestic market may adversely affect the steel producing capacity of the Brazilian units, and an increase in iron ore prices could reduce profit margins.

The Company has iron ore mines in the Brazilian state of Minas Gerais. To mitigate its exposure to the volatility in iron ore prices, the Company invested in expanding the production capacity of these mines.

All the Company's coking coal requirements for its Brazilian units are imported due to the low quality of Brazilian coal. Coking coal is the main energy input at the Ouro Branco mill and is used at the coking facility. Although this mill is not dependent on coke supplies, a contraction in the supply of coking coal could adversely affect the integrated operations at this site. The coking coal used in this mill is imported from the United States, Australia, Peru and Colombia. We have entered long-term contracts with negotiable prices periodically to minimize the risks of shortages. A shortage of coking coal in the international market would adversely affect the steel producing capacity of the Ouro Branco mill. In addition, an increase in prices could reduce profit margins. Another related risk is the currency depreciation to which the Ouro Branco Mill is exposed, since all coking coal consumed by the operation is imported.

Volatility in the supply and prices of these and other raw materials, energy and transportation, could adversely affect the Company's results of operations. We are vulnerable to inflationary cost pressures, especially in relation to the prices of electricity, natural gas and CO2. There were inflationary cost pressures as a consequence of the Russian invasion of Ukraine in 2022, resulting in disruption of markets and supply chains and sanctions impacts.

Such events could adversely affect the Company's financial condition and results of operations.

Risks Relating to our Operations

The Company's projects are subject to risks that may result in increased costs or delay or prevent their successful implementation.

The Company invested to further increase productivity of its operations. These projects are subject to several risks that may adversely affect the Company's growth prospects and profitability, including the following:

- the Company may encounter delays, availability problems or higher than expected costs in obtaining the necessary equipment, services and materials to build and operate a project;

- the Company's efforts to develop projects according to schedule may be hampered by a lack of infrastructure, including availability of overburden and waste disposal areas as well as reliable power and water supplies;

- the Company may fail to obtain, lose, or experience delays or higher than expected costs in obtaining or renewing the required permits, authorizations, licenses, concessions and/or regulatory approvals to build or continue a project; and
- changes in market conditions, laws or regulations may make a project less profitable than expected or economically or otherwise unfeasible.

Any one or a combination of the factors described above may materially and adversely affect the Company's financial condition and results of operations.

Unexpected equipment failures may lead to production curtailments or shutdowns.

Unexpected interruptions in the production capabilities at Gerdau's principal sites and installations would increase production costs, reducing shipments and earnings for the affected period. These interruptions result from: (i) unpredictable/periodic equipment failures, which are essential to the development of the production processes of Gerdau, such as steelmaking equipment, such as its electric arc furnaces, continuous casters, gas-fired reheat furnaces, rolling mills and electrical equipment, including high-output transformers; and/or (ii) unanticipated events such as fires, explosions or violent weather conditions. As a result, Gerdau has experienced and may in the future experience material plant shutdowns or periods of reduced production. Unexpected interruptions in production capabilities would adversely affect Gerdau's productivity and results of operations. Moreover, any interruption in production capability may require Gerdau to make additions to fixed assets to remedy the problem, which would reduce the amount of cash available for operations. Gerdau's insurance may not cover the losses. In addition, long-term business disruption could harm the Company's reputation and result in a loss of customers, which could adversely affect the business, results of operations, cash flows and financial condition.

Failure to obtain the necessary permits and licenses could adversely affect our operations.

We depend on the issuance of permits and licenses from governmental agencies to undertake some of our activities that are considered polluting or potentially polluting. For obtaining said licenses, certain investments in conservation are required to offset any such impact. The operational licenses require, among other things, that we periodically report our compliance with emissions standards set by environmental agencies. Failure to obtain, renew or comply with our operating licenses may cause delays in our deployment of new activities, increased costs, monetary fines or even suspension of the affected activity, which may materially adversely affect us.

C***limate change may negatively affect our business, financial condition, results of operations and cash flows.***

A significant number of scientists, environmentalists, international organizations, regulators and other commentators sustain that global climate change has contributed, and will continue to contribute, to the increasing unpredictability, frequency and severity of natural disasters (including, but not limited to, hurricanes, droughts, tornadoes, freezes, other storms and fires) in certain parts of the world. As a result, several legal and regulatory measures as well as social initiatives have been introduced in numerous countries in an effort to reduce carbon dioxide and other greenhouse gas (GHG) emissions and combat global climate change. Such reductions in GHG emissions could result in increased energy, transportation and raw material costs and may require us to make additional investments in facilities and equipment. Although we cannot predict the impact of changing global climate conditions without certain assumptions, or of legal, regulatory and social responses to concerns about global climate change, any such occurrences may negatively affect our business, financial condition, results of operations and cash flows.

Laws and regulations seeking to reduce GHG emissions can be enacted in the future, which could have a significant adverse impact on the operating results, cash flows, and the financial condition of the Company.

One of the possible effects of the increasing requirements related to the reduction of GHG emissions is the increase in costs, mainly due to the demand to reduce the consumption of fossil fuels and the implementation of new technologies in the production chain.

The Company believes that the operations in the countries where it operates may be affected in the future by federal, state and municipal initiatives related to climate change, intended to deal with the issue of GHG.

In Brazil, there is a legislative proposal in the National Congress to establish a carbon market and it is pending the next steps in the Federal Senate. At state levels, there are demands for accounting for the inventory of greenhouse gases and reporting to regulatory bodies as well as discussions about decarbonization strategies.

In the U.S., future federal and/or state carbon regulation potentially presents impact to our operations. To date, the U.S. Congress has not legislated carbon constraints. In the absence of comprehensive federal carbon legislation, numerous state, regional and federal regulatory initiatives are under development or are becoming effective, thereby creating a disjointed approach to GHG control and potential carbon pricing impacts.

The Inflation Reduction Act, passed by the U.S. Congress in August 2022, contains significant energy security and climate related measures, such as investments in renewable energy production and tax credits aimed at reducing carbon emissions. Agencies are finalizing guidance on labor standards and domestic content requirements. The expansion and extension of solar tax credits is expected to have a meaningful impact on the solar energy sector, a significant and growing market for our North America Segment.

Mexico has advanced in consolidating its carbon market, through an Emissions Trading System (ETS) and it could affect our operations in the future.

On March 6, 2024, the SEC approved new rules that will require significant climate-related disclosures by public companies, including evaluation and disclosure of material climate-related risks and opportunities, GHG emissions inventory, climate-related targets and goals, and financial impacts of physical and transition risks (the “SEC Climate Rules”). As a result of the SEC Climate Rules, our legal, accounting, and other compliance expenses may increase significantly, and compliance efforts may divert management time and attention. We may also be exposed to legal or regulatory action or claims as a result of these new regulations. Although the Company is in the process of evaluating the new rules, some of these risks could have a material adverse effect on our business, financial condition, results of operations and the prices of our securities.

The Company’s operations are energy-intensive, and energy shortages or higher energy prices could have an adverse effect.

Crude steel production is an energy-intensive process, especially in melt shops with electric arc furnaces. Electricity represents an important production component at these units, as also does natural gas, although to a lesser extent. Electricity cannot be replaced at Gerdau’s mills and power rationing or shortages could adversely affect production at those units. As a result, the Company’s financial condition and results of operations may be adversely affected.

Layoffs in the Company’s labor force could generate costs or negatively affect the Company’s operations.

A substantial number of our employees are represented by labor unions and are covered by collective bargaining or other labor agreements, which are subject to periodic negotiation. Strikes or work stoppages have occurred in the past and could reoccur in connection with negotiations of new labor agreements or during other periods for other reasons, including the risk of layoffs during a down cycle that could generate severance costs. Moreover, the Company could be adversely affected by labor disruptions involving unrelated parties that may provide goods or services to the Company. Strikes and other labor disruptions at any of the Company operations could adversely affect the operation of facilities and the timing of completion and the cost of capital of our projects.

In the course of 2023, certain Gerdau units in Brazil experienced workforce contract suspensions lasting up to five months. This occurrence was attributable to the substantial increase in predatory steel imports to the Brazilian market, resulting in a negative impact on production levels. By the end of 2023, aligning the workforce size with the prevailing production volume, approximately 900 employees were laid off from the Company.

If the Brazilian government does not implement measures against subsidized steel and the high level of imports persist without measures that guarantee fair competition with the local market, Gerdau may consider restructuring its operations in Brasil. This could involve shutdown of some production capacities and, consequently, a recalibration of the workforce size.

We could be harmed by a failure or interruption of our information technology systems or automated machinery.

We rely on our information technology systems and automated machinery to effectively manage our production processes and operate our business. Advanced technology systems and machinery are nonetheless subject to defects, interruptions and breakdowns. Any failure of our information technology systems and automated machinery to perform as we anticipate could disrupt our business and result in production errors, processing inefficiencies and the loss of sales and customers, which in turn could result in decreased revenue, increased overhead costs and excess or out-of-stock inventory levels resulting in a material adverse effect on our business results. Although we have procedures in place to prevent and minimize the impact of a potential failure, including a data back-up system for our management systems, 24/7 monitoring of our servers, and a cybersecurity program that maintains a Corporate Information Security Policy and a Data Privacy Policy in place, there is no assurance that these will work properly or that there will not be an impact on our results of operations or financial condition.

In addition, our information technology systems and automated machinery may be vulnerable to damage or interruption from circumstances beyond our control, including fire, natural disasters, systems failures, viruses, cyber-attacks and other security breaches, including breaches of our production processing systems that could result in damage to our automated machinery, production interruptions or access to our confidential financial, operational or customer data. Any such damage or interruption could have a material adverse effect on our business results, including as a result of our facing significant fines, customer notice obligations or costly litigation, harming our reputation with our customers or requiring us to expend significant time and expense developing, repairing or upgrading our information technology systems and automated machinery.

Further, while we have some backup data-processing systems that could be used in the event of a failure of our primary systems, we do not yet have a disaster recovery plan or a backup data center that covers all of our units. While we endeavor to prepare for failures of our network by providing backup systems and procedures, we cannot guarantee that our current backup systems and procedures will operate satisfactorily in the event of a regional emergency. Any substantial failure of our backup systems to respond effectively or on a timely basis could have a material adverse effect on our business and results of operations.

We are subject to information technology risks related to breaches of security pertaining to sensitive company, customer, employee and vendor information as well as breaches in the technology used to manage operations and other business processes.

Cybersecurity is a significant concern due to the importance of information technology to the successful conduct of our business operations.We have an executive dedicated to leading the Information Security and Data Protection effort as well as an internal team with qualified specialists and analysts to conduct and evaluate the adequacy of the security and data protection controls. Additionally, we also have an incident response service provider to support our team to prevent and respond to cyber incidents.

We rely upon secure information technology systems for data capture, processing, storage and reporting. Despite careful security and controls design, implementation, updating and independent third-party verification, that also includes specific policies, procedures, and specialized software tools for cybersecurity and data protection, our information technology systems, and those of our third-party providers, could become subject to employee error or malfeasance, natural disasters or be susceptible to cyberattacks. Network, system, application, and data breaches could result in operational disruptions or information misappropriation. Access to internal applications required to plan our operations, source materials, manufacture and goods and account for orders could be denied or misused. Theft of intellectual property or trade secrets, and inappropriate disclosure of confidential company, employee, customer or vendor information, could stem from such incidents. Any of these operational disruptions and/or misappropriation of information could result in lost sales, business delays, negative publicity and could have a material effect on our business. We also could be required to spend significant financial and other resources to remedy the damage caused by a security breach, including to repair or replace networks and information technology systems, liability for stolen information, increased cybersecurity protection costs, litigation expense and increased insurance premiums.

Outbreaks of disease and health epidemics could have a negative impact on our business revenues and results of operations.

In late December 2019 a notice of pneumonia of unknown cause originating from Wuhan, Hubei province of China was reported to the World Health Organization. A new corona virus called COVID-19 virus was identified, with cases soon confirmed in multiple provinces in China, as well as in several other countries. The Chinese government placed Wuhan and multiple other cities in Hubei province under quarantine, with approximately 60 million people affected. Since that time the virus has been identified in virtually every country, and travel to and from China, most Europe, India, the United States and other countries, including Brazil, has been suspended or restricted by certain air carriers and foreign governments. On March 2, 2020, the World Health Organization declared the coronavirus outbreak a "pandemic", which is disease that is widespread around the world with an impact on society. The term has been applied to only a few diseases in history, including the deadly flu of 1918, the H1N1 flu in 2009 and HIV/AIDS. The ongoing COVID-19 pandemic has resulted in extended shutdowns of certain businesses and other activities in many countries, including the United States, Europe and Brazil.

The COVID-19 pandemic impacted the Company production and delivery of steel, resulting in interruption of production in some steel mills as of the second half of March, 2020. The Company followed all COVID-19 pandemic prevention guidelines issued by the competent health agencies in the countries in which it operates. For this reason, the Company has adopted a series of measures to mitigate the risk of transmission in the workplace, such as using home office, creating crisis committees, canceling national and international trips and participation in external events.

The Company monitors the outbreaks of disease and health epidemics scenario and the impacts that this situation brings to the routines of employees, contractors, suppliers, customers and other business partners may be prevented from conducting certain business activities for an indefinite period of time, including due to shutdowns that may be requested or mandated by governmental authorities or otherwise elected by companies as a preventive measure. In addition, mandated government authority measures or other measures elected by companies as preventative measures may lead to our customers being unable to complete purchases or other activities.

Demand for our steel products is directly linked to overall economic activity within those international markets in which we sell our products. A decline in the level of activity in either the domestic or the international markets within which we operate as a consequence of future outbreaks of disease and health epidemics scenario and related measures to contain them could adversely affect and impact both the demand and the price of our products and have a material adverse effect on us. Furthermore, the nature of our business is complex and, to keep operating, most of our work cannot be performed remotely. Our focus is on protecting the health of our employees, therefore we encourage them to take care of their health, since operational continuity is key to people's jobs, to local communities and to the economies of the countries and regions where we operate.

The deterioration of Brazilian and global economic conditions could, among other things:

- further negatively impact global demand for steel, or further lower market prices for our products, which could result in a continued reduction of our sales, operating income and cash flows;
- make it more difficult or costly for us to obtain financing for our operations or investments or to refinance our debt in the future;
- impair the financial condition of some of our customers, suppliers or counterparties, thereby increasing customer bad debts or non-performance by suppliers or counterparties; and
- decrease the value of certain of our investments.

Risks Relating to our Mining Operations

Estimates of Gerdau's mineral resources are based on interpretations and assumptions, involving a level of uncertainty, and may differ substantially from the quantities that can be extracted.

Gerdau's mineral resources refer to estimated quantities of iron ore and minerals. There are several uncertainties that are inherent to such estimates of resources, including many factors that are beyond our control, such as geological and technological factors.

However, Gerdau observed a relevant reduction in the risk related to its mining operations because of the certification of its main iron ore reserve in Minas Gerais state. In 2023, Gerdau received the certification report for the iron ore reserves at the mine located in Miguel Burnier District, municipality of Ouro Preto (MG - Brazil). The report was prepared by the independent certifier SRK Consulting, and according to the report, the Company had certified reserves of 476 million dry metric tons of iron ore. These mining operations are an integral part of Brazil Business Segment, with the focus on supplying iron ore for it. All estimates of Gerdau's mineral resources and reserves are based on interpretations and assumptions that involve a level of uncertainty. If the amount of mineral resources that actually can be extracted differs materially from our estimates, our business, results of operations and financial condition could be materially adversely impacted.

Miguel Burnier Summary Mineral Reserves at January of 2023

Classification	Million tonnes[1]
Proven	138
Probable	338
Proven and Probable	**476**

Source: SRK, 2023

[1]Dry metric tons

The Company has one mining dam for the disposal of tailings, and any accident or defect that affects the structural integrity could affect its image, operating results, cash flows and financial condition.

Gerdau has one mining dam, downstream, for the disposal of tailings in the state of Minas Gerais, the Alemães Dam, which has been in operation since 2011 and is regularly monitored. In 2023, this structure had its construction methodology changed to downstream heightening from originally upstream heightening, and therefore fully complying with the Brazilian regulations. Furthermore, following Gerdau's decision. the tailings disposal at the Dam was interrupted by February 2023, and therefore the Company will dispose of its tailings 100% through dry stacking.

The Alemães Dam is classified as Class B (low risk) in accordance with the National Mining Dam Registry available on the website of the National Mining Agency (ANM). Gerdau adopts rigorous standards for engineering control and environmental supervision and conducts a half-yearly Geotechnical Stability Audit to ensure the stability of the dam. Gerdau maintains a Mining Dam Emergency Action Plans that are filed at the regulatory agencies, as required by applicable regulations.

The Company also has other structures that are treated as Mining Dams by the ANM: UTM 2 Bays, North Dike of Waste Pile 01, and North and South Bays of Waste Pile A. These are structures that receive stormwater runoff and/or effluents from drainage at the Ore Treatment Units to enable the sedimentation of solid waste before the water is returned to the environment.

All the structures also undergo external audits that attest to their geotechnical stability, as well as regular inspections and monitoring.

An accident involving any of these dams could have serious adverse consequences, including:

- Temporary/permanent shutdown of mining activities and consequently the need to buy iron ore to supply mills;
- High expenditures on contingencies and on recovering the regions and people affected;
- High investments to resume operations;
- Payment of fines and damages;
- Potential environmental impacts.

Any of these consequences could have a material adverse impact on the Company's operating results, cash flow and financial condition.

Financial Risks

Any downgrade in the Company's credit ratings could adversely affect the availability of new financing and increase its cost of capital.

In 2007, the international rating agencies, Fitch Ratings and Standard & Poor's, classified the Company's credit risk as "investment grade", enabling the Company to access more attractive borrowing rates. During reviews in 2022, despite a lower local sovereign credit rating, the Company maintained its investment grade with S&P and Fitch, respectively, with stable outlook and was upgraded to Baa3 from Ba1 rating with Moody's with stable outlook, reflecting the Company's history of conservative capital allocation, combined with the expectation of strong operating performance throughout the year.

The loss of any one or more of Gerdau's investment grade ratings could increase its cost of capital, impair its ability to obtain capital and adversely affect its financial condition and results of operations.

The Company's level of indebtedness could adversely affect its ability to raise additional capital to fund operations, limit the ability to react to changes in the economy or the industry and prevent it from meeting its obligations under its debt agreements.

The Company's degree of leverage, together with a resulting change in rating by the credit rating agencies, could have important consequences, including the following:

- It may limit the ability to obtain additional financing for working capital, additions to fixed assets, product development, debt service requirements, acquisitions and general corporate or other purposes;
- It may limit the ability to declare dividends on its shares;
- A portion of the cash flows from operations must be dedicated to the payment of interest on existing indebtedness and is not available for other purposes, including operations, additions to fixed assets and future business opportunities;
- It may limit the ability to adjust to changing market conditions and place the Company at a competitive disadvantage compared to its competitors that have less debt;
- The Company may be vulnerable in a downturn in general economic conditions; and
- The Company may be required to adjust the level of funds available for additions to fixed assets.

As a result, the Company's financial condition and results of operations may be adversely affected.

Variations in the foreign exchange rates between the U.S. dollar and the currencies of countries in which the Company operates may increase the cost of servicing its debt denominated in foreign currency and adversely affect its overall financial performance.

The Company's results of operations are affected by fluctuations in the foreign exchange rates between the Brazilian *real*, the currency in which the Company prepares its financial statements, and the currencies of the countries in which it operates.

For example, the North America Business Segment reports its results in U.S. dollars. Therefore, fluctuations in the exchange rate between the U.S. dollar and the Brazilian *real* could affect its results of operations. The same occurs with all other businesses located outside Brazil with respect to the exchange rate between the local currency of the respective subsidiary and the Brazilian *real*.

Export revenue and margins are also affected by fluctuations in the exchange rate of the U.S. dollar and other local currencies of the countries where the Company produces in relation to the Brazilian *real*. The Company's production costs are denominated in local currency, but its export sales are generally denominated in U.S. dollars. Revenues generated by exports denominated in U.S. dollars are reduced when they are translated into Brazilian real in periods during which the Brazilian currency appreciates in relation to the U.S. dollar.

The Brazilian real depreciated against the U.S. dollar by 7.4% in 2021. In 2022, the Brazilian real appreciated against the U.S. dollar by 5.3% and by 8.0% in 2023. To date in 2024, the Brazilian real has depreciated by 2.9% by the end of February 2024.

The Company held debt denominated in foreign currency, mainly U.S. dollars, in an aggregate amount of R$ 7.4 billion on December 31, 2023, representing 68% of its consolidated gross debt (loans, financings, and debentures). Significant further depreciation in the Brazilian real in relation to the U.S. dollar or other currencies could reduce the Company's ability to service its obligations denominated in foreign currencies, particularly since a significant part of its net sales revenue is denominated in Brazilian reais. As a result, the Company's financial condition and results of operations may be adversely affected.

Exchange rate instability also may adversely affect the amount of dividends we can distribute to our shareholders, including the holders of our ADSs and the market price of our shares and ADSs.

We are involved in several tax, environmental, civil and labor disputes involving significant monetary claims. Unfavorable outcomes in judicial, administrative and regulatory litigation may negatively affect our results of operations, cash flows and financial condition.

In the ordinary course of our business dealings, we are, and may become, party to numerous tax, environmental, civil and labor disputes involving, among other remedies, significant monetary claims. An unfavorable outcome against us may result in our being required to pay substantial amounts of money, including penalties and interest, which could materially adversely affect our reputation, results of operations, cash flows and financial condition. For certain of these legal proceedings and claims, we have not established a provision on our balance sheet or have only established provisions for part of the amounts in question, based on our external or internal counsels' judgment as to the likelihood of an outcome unfavorable to us. Additionally, the amounts provisioned for legal proceedings may increase and existing provisions may become insufficient due to unfavorable outcomes in disputes against us. Although we are contesting existing proceedings and claims, the outcome of each specific proceeding and claim is uncertain and may result in obligations that could materially and adversely affect us. For further information concerning the principal pending matters, see Item 5--"Provisions for tax, civil and labor claims", Item 8, "Legal Proceedings" and Note 19 to the Consolidated Financial Statements appearing elsewhere in this Annual Report.

Default by our clients or not receiving amounts invested with financial institutions could adversely affect the Company's financial condition.

Gerdau may suffer losses from the default of our clients. Gerdau has a broad base of active clients and, in the case of default of a group of clients, Gerdau may suffer an adverse effect on its business, financial condition, results of operations and cash flows.

This risk arises from the possibility of the Company not receiving amounts arising from sales to customers or investments made with financial institutions, which could also have an adverse effect on the business, financial condition, results of operations and cash flows of Gerdau.

Regulatory Risks

Restrictive measures on trade in steel products may affect the Company's business by increasing the price of its products or reducing its ability to export.

Gerdau is a steel producer that supplies both the domestic market in Brazil and several international markets. The Company's exports face competition from other steel producers, as well as restrictions imposed by importing countries in the form of quotas, ad valorem taxes, tariffs or increases in import duties, any of which could increase the costs of products and make them less competitive or prevent Gerdau from selling in these markets. There are no assurances that importing countries will not impose quotas, ad valorem taxes, tariffs or increase import duties, which could adversely affect the Company's financial condition and results of operations.

Costs related to compliance with environmental regulations could increase if requirements become stricter, which could have a negative effect on the Company's results of operations.

The Company's industrial units and other activities must comply with a series of federal, state and municipal laws and regulations regarding the environment and the operation of plants in the countries in which they operate. These regulations include procedures relating to control of air emissions, disposal of liquid effluents and the handling, processing, storage, disposal and reuse of solid waste, hazardous or not, as well as other controls necessary for a steel company and with mining activities.

Non-compliance with environmental and regulatory laws and regulations could result in administrative, civil or criminal sanctions and closure orders, in addition to the obligation of repairing damage caused to third parties and the environment, such as clean-up of contamination. If current and future laws become stricter, spending on fixed assets and costs to comply with legislation could increase and negatively affect the Company's financial condition. Moreover, future acquisitions could subject the Company to additional spending and costs in order to comply with environmental and regulatory legislation. As a result, the Company's financial condition and results of operations may be adversely affected.

Laws and regulations to reduce greenhouse gases and other atmospheric emissions could be enacted in the near future, with significant, adverse effects on the results of the Company's operations, cash flows and financial condition.

One of the possible effects of the expansion of greenhouse gas reduction requirements is an increase in costs, mainly resulting from the demand for renewable energy and the implementation of new technologies in the productive chain. On the other hand, demand is expected to grow constantly for recyclable materials such as steel, which, being a product that could be recycled numerous times without losing its properties, results in lower emissions during the lifecycle of the product.

The Company expects operations overseas to be affected by future federal, state and municipal laws related to climate change, seeking to deal with the question of greenhouse gas (GHG) and other atmospheric emissions. Thus, one of the possible effects of this increase in legal requirements could be an increase in energy costs. As a result, the Company's financial condition and results of operations may be adversely affected.

The European Union (EU) Carbon Border Adjustment Mechanism (CBAM), aims to avoid "carbon leakage", ensuring that its climate policies are not undermined by production relocating to countries with less ambitious green standards or by the replacement of EU products by more carbon-intensive imports. EU has the EU Emissions Trading System (ETS) in place. EU importers of some goods, including steel will have to report on the volume of their imports and GHG emissions embedded during their production, but without paying any financial adjustment at this stage. The transitional phase, which started in October 2023, will last until 2026, when the definitive period starts. As of that date, importers will need to buy and surrender the number of "CBAM certificates" corresponding to the GHG emissions embedded in imported CBAM goods. This new mechanism will not only impact our operations, which may lead to increased costs for our customers who are importers, but it can also shift the flow of steel products. Any products that do not meet the criteria set forth by the CBAM or any other future mechanism will be less competitive in these markets. However, they may still be accepted in countries or regions without a carbon border adjustment mechanism in place, resulting in an increase in the volume of steel with less ambitious green standards in the market. This will lead to competition with steel that is differentiated based on GHG emissions.

Our operations expose us to risks and challenges associated with conducting business in compliance with applicable anti-bribery, anti-corruption and antitrust laws and regulations.

We have operations in Brazil and other countries in South America and North America. We face several risks and challenges inherent in conducting business internationally, where we are subject to a wide range of laws and regulations such as the Brazilian Anti-Corruption Law (Law 12,846/2013), Antitrust Law (Law 12,529/2011), the U.S. Foreign Corrupt Practices Act, or FCPA, and similar anti-bribery, anti-corruption and antitrust laws in other jurisdictions. In recent years, there has been an increased focus on corruption in Brazil and also the investigation and enforcement activities of the United States under the FCPA and by other governments under similar laws and regulations. These laws generally prohibit corrupt payments to governmental officials and certain payments, gifts or remunerations to or from clients and suppliers.

Violations of these laws and regulations could result in fines, criminal penalties and/or other sanctions against the Company, our officers or our employees, requirements to impose more stringent compliance programs, and prohibitions on the conduct of the Company's business and our ability to participate in public biddings. The Company may incur expenses and have to recognize provisions and other charges in respect of such matters. In addition, the increased attention focused upon liability issues as a result of investigations, lawsuits and regulatory and environmental proceedings could harm our brand or otherwise impact the growth of our business. The retention and renewal of many of our contracts depends on creating a sense of trust with our customers and any violation of these laws and regulations may irreparably undermine that trust and may lead to termination of such relationships, as well as have a material adverse effect on our financial condition and results of operations. If any of these risks materialize, our reputation, strategy, international expansion efforts and our ability to attract and retain employees could be negatively impacted, and, consequently our business, financial condition and results of operations could be adversely affected.

Our governance and compliance processes may fail to prevent regulatory penalties and reputational harm.

The Company operates in a global environment and our activities extend over multiple jurisdictions and complex regulatory frameworks, with increased enforcement activities worldwide. Our governance and compliance processes, which include the review of internal controls over financial reporting, may not be able to prevent future breaches of legal, accounting or governance standards. We may be subject to breaches of our Code of Ethics and Conduct, anti-corruption policies and business conduct protocols, as well as to cases of fraudulent behavior, corrupt practices and dishonesty by our employees, contractors and other agents. The Company's failure to comply with applicable laws and other standards could subject it to fines, loss of operating licenses and reputational harm.

Risks Relating to Brazil

Any further downgrading of Brazil's credit rating could adversely affect the price of our shares.

We can be adversely affected by investors' perceptions of risks related to Brazil's sovereign debt credit rating. Rating agencies regularly evaluate Brazil and its sovereign ratings, which are based on a number of factors including macroeconomic and industry trends, fiscal and budgetary conditions, indebtedness metrics and the perspective of changes in any of these factors.

On December 19, 2023, S&P Global Ratings upgraded Brazil's sovereign credit rating to "BB" from "BB-" following tax reform approval and reflecting the expectation the country will make progress addressing fiscal imbalances balanced by a strong external position and monetary policy but still weak economic prospects. Therefore, Brazil is still rated below investment grade by the three main credit rating agencies. Over the next 2 years a potential fiscal deterioration and a higher-than-expected debt level could lead to ratings downgrades and benefits from the set of structural and microeconomic reforms, additionally to some progress at addressing fiscal imbalances, stabilizing debt levels could lead to an upgrade.

Brazil continues to experience political instability, which may adversely affect the Company.

Brazil's political environment has historically influenced, and continues to influence, the performance of the country's economy. Political crises have affected and continue to affect the confidence of investors and the general public, which have historically resulted in economic deceleration and heightened volatility in the securities issued by Brazilian companies.

In addition, the Brazilian economy remains subject to government policies, which may affect our operations and financial performance. Governmental policies and actions, if unsuccessful or poorly implemented, may affect our operations and financial performance. Uncertainty regarding the implementation by the administration of promised transformational changes in monetary, fiscal and pension policies, as well as the enactment of the corresponding legislation, could contribute to economic instability.

Inflation and government actions to combat inflation may contribute significantly to economic uncertainty in Brazil and could adversely affect the Company's business.

If Brazil experiences high levels of inflation once again, the country's rate of economic growth could slow, which would lead to lower demand for the Company's products in Brazil. Inflation is also likely to increase some costs and expenses which the Company may not be able to pass on to its customers and, as a result, may reduce its profit margins and net income. In addition, high inflation generally leads to higher domestic interest rates, which could lead the cost of servicing the Company's debt denominated in Brazilian *reais* to increase. Inflation may also hinder its access to capital markets, which could adversely affect its ability to refinance debt. Inflationary pressures may also lead to the imposition of additional government policies to combat inflation that could adversely affect our business. As a result, the Company's financial condition and results of operations may be adversely affected.

Developments and the perception of risks in other countries, especially in the United States and emerging market countries, may adversely affect the market prices of our shares.

The market for securities issued by Brazilian companies is influenced, in some degree, by economic and market conditions in the United States and emerging market countries, especially other Latin American countries. The reaction of investors to economic developments in one country may cause the capital markets in other countries to fluctuate. Developments or adverse economic conditions in other emerging market countries have at times resulted in significant reductions of the investments from investment funds and declines in the amount of foreign currency invested in Brazil.

The Brazilian economy is also affected by international economic and market conditions, especially economic and market conditions in the United States. Share prices on the B3, for example, have historically been sensitive to fluctuations in United States interest rates as well as movements of the major United States stocks indexes.

Economic developments in other countries and securities markets could adversely affect the market prices of our shares, which could make it more difficult for us to access the capital markets and finance our operations in the future on acceptable terms, besides having a material adverse effect on our financial condition and results of operations.

Risks Related to our Corporate Structure

The interests of the controlling shareholder may conflict with the interests of the non-controlling shareholders.

Subject to the provisions of the Company's bylaws, the controlling shareholder has powers to:

- elect a majority of the directors and nominate executive officers, establish the administrative policy and exercise full control of the Company´s management;
- sell or otherwise transfer the Company´s shares; and
- approve any action requiring the approval of shareholders representing a majority of the outstanding capital stock, including corporate reorganization, acquisition and sale of assets, and payment of any future dividends.

By having such power, the controlling shareholder can make decisions that may conflict with the interest of the Company and other shareholders, which could adversely affect the financial condition and the results of operations of the Company.

The loss of members of the senior management and executives of the Company can have an adverse impact on our business.

Gerdau has various programs to attract, incentivize and retain its senior management and executives, backed up by an inclusive and diverse culture. The Company also carries out evaluations of performance, potential and readiness for the advancement to senior management and executives. Gerdau's ability to remain competitive depends to a large degree on the continuity of efforts and services rendered by its senior management and executives. The loss of members of the senior management and executives can result in an adverse impact on our business, since it can negatively affect our capacity to develop and implement our strategy, with an adverse impact on our operations and our financial and operating condition, possibly impacting investors' investment decisions. Senior management and executives have left Gerdau in the past and others may do so in the future, such that we cannot predict the impact of the departure of senior management or executives or the consequence on the achievement of our business objectives.

As a foreign issuer, we have different disclosure and other requirements than U.S. domestic registrants.

As a foreign issuer, we may be subject to different disclosure and other requirements than domestic U.S. registrants. For example, as a foreign issuer, in the United States, we are not subject to the same disclosure requirements as a domestic U.S. registrant under the United States Securities Exchange Act of 1934, as amended (the Exchange Act), including the requirements to prepare and issue quarterly reports on Form 10-Q or to file current reports on Form 8-K upon the occurrence of specified significant events, the proxy rules applicable to domestic U.S. registrants under Section 14 of the Exchange Act or the insider reporting and short-swing profit rules applicable to domestic U.S. registrants under Section 16 of the Exchange Act. In addition, we intend to rely on exemptions from certain U.S. rules which will permit us to follow Brazilian legal requirements rather than certain of the requirements that are applicable to U.S. domestic registrants.

Furthermore, foreign issuers are required to file their annual report on Form 20-F within 120 days after the end of each fiscal year, while U.S. domestic issuers that are accelerated filers are required to file their annual report on Form 10-K within 75 days after the end of each fiscal year. As a result of the above, even though we are required to file reports on Form 6-K disclosing the information which we have made or are required to make public pursuant to Brazilian law, or are required to distribute to shareholders generally, and that is material to us, you may not receive information of the same type or amount that is required to be disclosed to shareholders of a U.S. company.

As a foreign issuer, we are permitted to, and we do, rely on exemptions from certain NYSE corporate governance standards, including the requirement that a majority of our board of directors consist of independent directors. This may afford less protection to our shareholders.

The NYSE's rules require listed companies to have, among other things, a majority of their board members be independent and to have independent director oversight of executive compensation, nomination of directors and corporate governance matters. As a foreign issuer and a controlled Company, we are permitted to, and we will, follow home country practice in lieu of the above requirements. Brazilian law, the law of our home country, does not require that a majority of our board consist of independent directors or the implementation of a compensation committee or nominating a corporate governance committee, and our board include fewer, independent directors than would be required if we were subject to the NYSE rules applicable to most U.S. companies. As long as we rely on the foreign issuer exemptions to the NYSE rules, a majority of our board of directors is not required to consist of independent directors, our compensation committee is not required to be comprised entirely of independent directors, and we will not be required to have a nominating and corporate governance committee. Therefore, our board's approach may be different from that of a board with a majority of independent directors, and, as a result, the management team's oversight of the Company may be more limited than if we were subject to the NYSE rules applicable to most U.S. companies.

Risks Relating to Our Preferred Shares and ADSs

If we do not maintain a registration statement and no exemption from the Securities Act registration is available, U.S. Holders of ADSs may be unable to exercise preemptive rights with respect to our preferred shares.

We may not be able to offer our preferred shares to U.S. holders of ADSs residing in the U.S. pursuant to preemptive rights granted to holders of our preferred shares in connection with any future issuance of our preferred shares unless a registration statement under the Securities Act is effective with respect to such preferred shares and preemptive rights, or an exemption from the registration requirements of the Securities Act is available. We are not obligated to file or maintain a registration statement relating to any preemptive rights offerings with respect to our preferred shares, and we cannot assure you that we will file or maintain any such registration statement. If such a registration statement is not filed and maintained and an exemption from registration does not exist, our depositary will attempt to sell the preemptive rights, and you will be entitled to receive the proceeds of such sale. However, these preemptive rights will expire if the depositary does not sell them, and U.S. holders of ADSs will not realize any value from the granting of such preemptive rights.

Judgments of Brazilian courts with respect to our preferred shares will be payable only in reais.

If proceedings are brought in the courts of Brazil seeking to enforce our obligations in respect of the preferred shares, we will not be required to discharge its obligations in a currency other than *reais*. Under Brazilian exchange control limitations, an obligation in Brazil to pay amounts denominated in a currency other than *reais* may only be satisfied in Brazilian currency at the exchange rate, as determined by the Central Bank, in effect on the date the judgment is obtained, and such amounts are then adjusted to reflect exchange rate variations through the effective payment date. The then prevailing exchange rate may not afford non-Brazilian investors with full compensation for any claim arising out of, or related to, our obligations under the preferred shares or the ADSs.

If an ADS holder surrenders its ADSs and withdraws preferred shares, it risks losing the ability to remit foreign currency abroad and certain Brazilian tax advantages.

An ADS holder benefits from the electronic certificate of foreign capital registration obtained by the custodian for our preferred shares underlying the ADSs in Brazil, which permits the custodian to convert dividends and other distributions with respect to the preferred shares into non-Brazilian currency and remit the proceeds abroad. If an ADS holder surrenders its ADSs and withdraws preferred shares, it will be entitled to continue to rely on the custodian's electronic certificate of foreign capital registration for only five business days from the date of withdrawal. Thereafter, upon the disposition of or distributions relating to the preferred shares unless it obtain its own electronic certificate of foreign capital registration or qualifies under Brazilian foreign investment regulations that entitle some foreign investors to buy and sell shares on Brazilian stock exchanges without obtaining separate electronic certificates of foreign capital registration, such former holder of ADSs would not be able to remit abroad non-Brazilian currency. In addition, if an ADS holder does not qualify under the foreign investment regulations, it will generally be subject to less favorable tax treatment of dividends and distributions on, and the proceeds from any sale of, our preferred shares.

If an ADS holder attempts to obtain its own electronic certificate of foreign capital registration, it may incur expenses or suffer delays in the application process, which could delay its ability to receive dividends or distributions relating to our preferred shares or the return of its capital in a timely manner. The depositary's electronic certificate of foreign capital registration may also be adversely affected by future legislative changes.

ITEM 4. COMPANY INFORMATION

A. HISTORY AND DEVELOPMENT OF THE COMPANY

Gerdau S.A. is a Brazilian corporation (*Sociedade Anônima*) that was incorporated on November 20, 1961 under the laws of Brazil. Its main registered office is located at Av. Dra. Ruth Cardoso, 8501 – 8th floor, São Paulo, SP, Brazil, and the telephone number is +55 (11) 3094 6300. Gerdau's shares are listed on the São Paulo (B3) and New York (NYSE) stock exchanges.

Recent History

The current Company is the product of a number of corporate acquisitions, mergers and other transactions dating back to 1901. The Company began operating in 1901 as the Pontas de Paris nail factory controlled by the Gerdau family based in Porto Alegre, who is still the Company's indirect controlling shareholder. In 1969, Pontas de Paris was renamed Metalúrgica Gerdau S.A., which today is the holding company controlled by the Gerdau family and the parent company of Gerdau S.A.

A detailed chronology of the development of the Company from its founding is set forth in our Annual Report on Form 20-F for the year ended December 31, 2020 (File No. 001-14878), "Item 4A. History and Development of the Company", which is not incorporated by reference into this Annual Report.

Gerdau is the largest Brazilian producer of steel, a leading producer of long steel in the Americas and one of the world's leading suppliers of special steel. In Brazil, it also produces flat steel and iron ore for its own consumption.

Gerdau is the largest recycling company in Latin America and uses scrap as an important input, with 71% of the steel it produces made from the material. Every year, Gerdau transforms 11 million tonnes of scrap into a variety of steel products.

B. BUSINESS OVERVIEW

Steel Industry

The world steel industry is composed of hundreds of steel producing facilities and is divided into two major categories based on the production method utilized: integrated steel mills and non-integrated steel mills, sometimes referred to as "mini mills". Integrated steel mills normally produce steel from iron oxide, which is extracted from iron ore melted in blast furnaces, and refine the iron into steel, mainly using basic oxygen furnaces or, more rarely, electric arc furnaces. Non-integrated steel mills produce steel by melting in electric arc furnaces scrap steel, which occasionally is complemented by other metals such as direct-reduced iron or hot-compressed iron. According to World Steel, in 2022 (the most recent year for which information is available), 27.9% of the total crude steel production in the world was through electric furnaces (non-integrated process), 71.8% was through basic oxygen furnaces (integrated process) and the remaining 0.3% in other processes.

Crude Steel Production by Process in 2022*

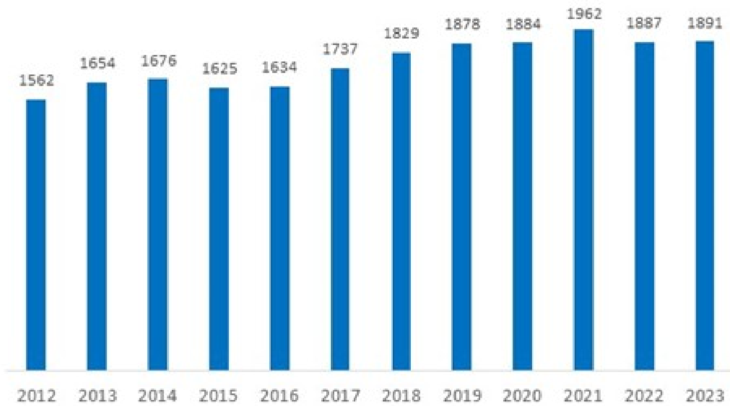
Blast Furnace	Crude Steel Production (in million tonnes)	Production by Process (%) Mini mill	Integrated
World	**1,887**	**27.9**	**71.8**
China	1,017	9.5	90.5
India	125	53.8	46.2
Japan	89	26.7	73.3
U.S.A.	80	69.0	31.0
Russia	72	33.3	64.8
S. Korea	66	31.5	68.5
Turkey	35	71.5	28.5
Germany	37	29.8	70.2
Brazil	34	23.8	75.1

Source: World Steel / Steel Statistical Yearbook 2023
**Most recent year for which information is available.*

Over the past 9 years, according to World Steel, total annual crude steel production has grown from 1,654 million tonnes in 2013 to 1,888 million tonnes in 2022, an increase of 14.15%.

The main factor responsible for the increase in the demand for steel products has been China. Since 1993, China has become the world's largest steel market and currently consumes more than half as much as the rest of the world.

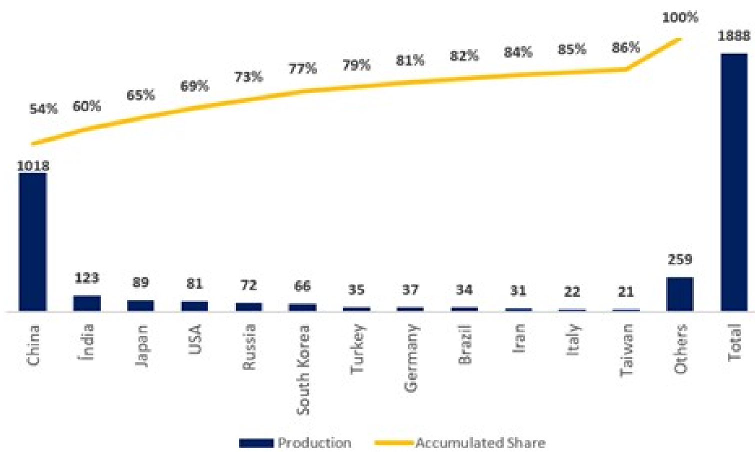
Crude Steel Production (in million tonnes)



Source: World Steel / Steel Statistical Yearbook 2023

China is rebalancing its economy to move more towards a consumer-driven economy. GDP growth was aligned with the government expectation and despite the injection of credit into the construction and infrastructure sectors, the country showed a reduction in steel consumption for the third year in a row. In 2022, China's share of world steel production was 54% of world total crude steel.

Crude Steel Production by Country in 2022 (million tonnes)



Source: World Steel / Steel Statistical Yearbook 2023

The Brazilian Steel Industry

According to World Steel Association, in 2022 Brazil was the world's 9th largest producer of crude steel, with a production of 34.1 million tonnes, a 1.8% share of the world market and 77.4% of the total steel production in South America during the year.

According to Instituto Aço Brasil, in 2023, the total of Brazilian steel products sales was 31 million tonnes in 2023. The breakdown of total sales was 69.5% or 21.7 million tonnes of flat steel products, formed by domestic sales of 11.4 million tonnes and exports of 10.3 million tonnes. The remaining 30.5% or 9.5 million tonnes represented sales of long steel products, which consisted of domestic sales of 8.1 million tonnes and exports of 1.4 million tonnes.

Breakdown of Total Sales of Brazilian Steel Products (million tonnes)

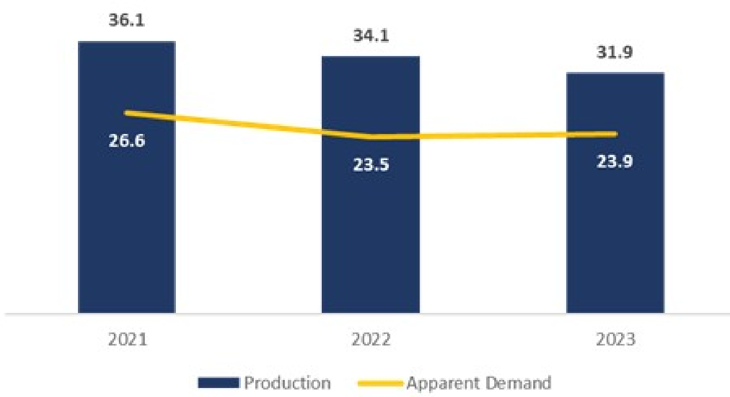
Source: Instituto Aço Brasil

Domestic demand — Historically, the Brazilian steel industry has been affected by significant variations in domestic steel demand. Although domestic consumption varies in accordance with Gross Domestic Product (GDP), variations in steel consumption tend to be more accentuated than changes in the level of economic growth. In 2023, the Brazilian GDP increased by 2.9% and steel consumption increased by 18.5%.

Exports and imports — Over the past 20 years, the Brazilian steel industry has been characterized by a structural need for exports. The Brazilian steel market has undergone periods of excess capacity, cyclical demand and intense competition in recent years. Demand for finished steel products has lagged total supply (total production plus imports).

In 2023, Brazilian steel exports totaled 11.7 million tonnes, representing 37.2% of total sales (domestic sales plus exports). Brazil has performed an important role in the world export market, principally as an exporter of semi-finished products (slabs, blooms and billets) for industrial use or for re-rolling into finished products. Brazilian exports of semi-finished products totaled 9.0 tonnes in 2023, 8.0 million tonnes in 2022 and 8.0 million tonnes in 2021, representing 76.4%, 67.3% and 73.3% of Brazil's total exports of steel products, respectively.

Brazilian Production and Apparent Demand for Steel Products (million tonnes)



Source: Instituto Aço Brasil

Raw materials — One of Brazil's major competitive advantages is the low cost of its raw materials. Brazil has an abundance of high-quality iron ore. Various integrated producers are located in the state of Minas Gerais, where some of the world's biggest iron ore mines are located. The cost of iron ore from small miners in Brazil is very competitive if compared to the cost of iron ore in China, for example.

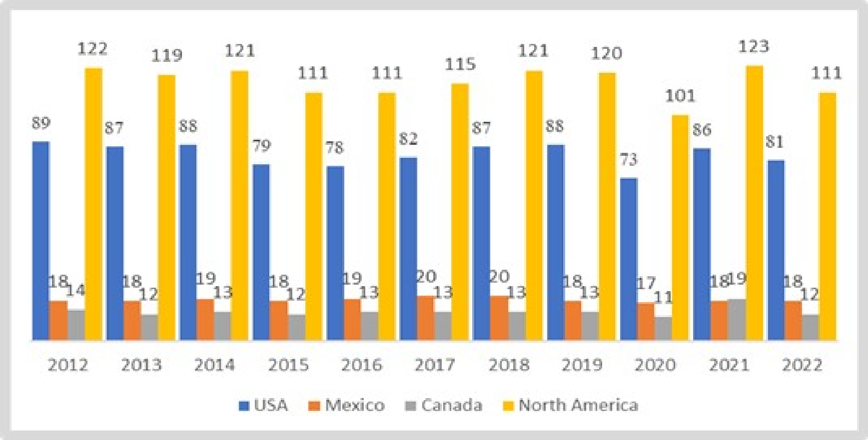
In Brazil, most of the scrap metal consumed by steel mills comes from Brazil's southeast and south regions. Mill suppliers deliver scrap metal obtained from obsolete products and industrial scrap directly to the steel mills.

Brazil is a major producer of pig iron. Most of the pig iron used in the steel industry comes from the state of Minas Gerais and the Carajás region, where it is produced by various small and midsized producers. The price of pig iron follows domestic and international markets, with charcoal and iron ore the main components of its cost formation.

North American Steel Industry

The World Steel Association's 2022 crude steel production statistics list the U.S. as the 4th largest global steel producer, with 81 million metric tons. Mexico holds the 14th position, contributing 18 million metric tons. Canada has the 17th spot, manufacturing 12 million metric tons.

Crude Steel Production by North American Countries (million tonnes)



Source: World Steel Annual Report/Annual Statistics

The North American steel market is mature and well established, demand fluctuates within a stable band, and its level of activity is directly influenced by general economic conditions, steel import levels, and the strength of the U.S. dollar. Traditionally, the North American market has been a target for steel imports with global origins. The imported steel material was often priced at low levels, sometimes even below production and shipping costs.

In response to these import practices, the U.S. government took action to support the domestic steel industry. Section 232 tariffs on steel imports were implemented in March 2018 under the Trade Expansion Act of 1962. Section 232 grants the President authority to impose tariffs or quotas for national security reasons. Focusing on supporting the U.S. steel industry, the enacted tariffs amounted to 25% on steel imports. The Section 232 has since been amended several times through bilateral agreements, allowing most steel imports to enter the U.S. market duty-free. Australia was exempted, while South Korea, Brazil, and Argentina negotiated hard-cap quotas that limit import volume to historical levels. In May 2019, 232 tariffs and retaliatory tariffs were removed between the U.S., Canada, and Mexico. The countries agreed to trade monitoring and to limit volumes to historical levels.

Starting on January 1, 2022, the U.S. and EU reached an agreement to replace the existing 25% tariff on EU steel products under Section 232 with a tariff-rate quota (TRQ). TRQ facilitates duty-free entry for historically based volumes of EU steel products into the U.S., with specific exceptions. The EU is allowed to export approximately 3.3 million metric tons of steel annually without Section 232 tariffs, while any excess volume is subject to a 25% tariff. Certain exclusions from previous tariffs are temporarily maintained. In December 2023, the agreement was renewed for two calendar years, extending the TRQs for European steel through 2025.

On the other hand, in mid-March 2022, the U.S. and Britain announced the removal of tariffs on British steel, contingent on imports remaining below specified quotas. Chinese-owned steel companies in Britain undergo annual audits to prevent tariff-free entry of Chinese steel into the U.S. Stringent restrictions are applied to products finished in Europe but using steel from particular countries. Duty-free treatment requires the use of entirely EU-made steel products.

In addition, in May 2023, the U.S. agreed to extend for one-year the suspension of Section 232 duties on steel imports from Ukraine. This action amended the previous one-year suspension, now allowing semifinished products from Ukraine to be rolled in EU member states without impacting the EU's TRQ. And in conclusion, in 2018 the Trump Administration used its authority under Section 301 of the Trade Act of 1974 to impose tariffs on most imported goods from China, including steel products. These tariffs have largely been maintained by the Biden Administration and are under evaluation by the U.S. Trade Representative.

Company Profile

Gerdau S.A. is mainly dedicated to the production and commercialization of steel products in general, through its mills located in Brazil, Canada, the United States, Mexico, Argentina, Peru, and Uruguay.

Gerdau is the leading manufacturer of long steel in North and South America. Gerdau believes it is one of the major global suppliers of special steel for the automotive industry. In Brazil, Gerdau also produces flat steel and iron ore, activities that are expanding Gerdau's product mix and the competitiveness of its operations. In addition, Gerdau believes it is one of Latin America's biggest recyclers and, worldwide, transforms millions of tonnes of scrap metal into steel every year, reinforcing its commitment to sustainable development in the regions where it operates. Gerdau's shares are listed on the New York and São Paulo stock exchanges.

Gerdau holds significant market share in the steel industries of almost all countries where it operates and was classified by World Steel Association as the world's 34th largest steel producer based on its consolidated crude steel production in 2022, the most recent year for which information is available.

Gerdau operates steel mills that produce steel in blast furnaces and in electric arc furnaces (EAF). In Brazil it operates three integrated steel mills, including its largest mill, Ouro Branco, located in the state of Minas Gerais. Gerdau currently has a total of 29 steel producing facilities globally.

As of December 31, 2023, Gerdau's total consolidated installed annual capacity, excluding investments in joint ventures and associate companies, was approximately 16.0 million tonnes of crude steel and 15.4 million tonnes of rolled steel products. The Company had total consolidated assets of R$ 74.9 billion, shareholders' equity (including non-controlling interests) of R$ 49.2 billion, consolidated net sales of R$ 68.9 billion and a total consolidated net income (including non-controlling interests) of R$ 7,537.0 million as of and for the year ended December 31, 2023.

Its product mix includes crude steel (slabs, blooms and billets), which is sold to rolling plants; finished products for the construction industry, such as rebar, wire-rods, structural shapes, hot-rolled coils and heavy plates; finished industrial products, such as commercial rolled-steel bars, light profiles and wires; and agricultural products, such as stakes, smooth wire and barbed-wire. Gerdau also produces special steel items using cutting-edge technology.

The Company currently operates 10 steel production units (including special steels units) in the United States, 3 steel production units in Canada, and 3 steel production units in the joint venture in Mexico, and believes it is one of the leading companies in North America in the production of certain long steel products, such as rebar, wire rod, bars and beams.

The Company's operating strategy is based on the acquisition and construction of steel mills located near its clients and the sources of the raw materials needed make steel, such as scrap steel, pig iron and iron ore. Therefore, historically, most of production has been directed to supply the local markets of the regions where the Company operates. However, the Company also exports an excess portion of its production to other countries.

Through its subsidiaries and associate companies, the Company also engages in other activities related to the production and sale of steel products, including reforestation projects; electric power generation projects; production of iron ore and pig iron; as well as fab shops and downstream operations.

Operations

The Company sells its products to a diversified list of customers for use in the construction, manufacturing and agricultural industries. Shipments by the Company's Brazilian operations include both domestic and export sales. Most of the shipments by the Company's business segments in North and Latin America (except Brazil) are aimed at their respective local markets.

The Company manages its Business Segments as follows:

- Brazil Business Segment - includes the operations in Brazil (excluding Special Steel) and the iron ore operation;
- North America Business Segment - includes all operations in North America (Canada and United States), except special steel, as well as the joint venture in Mexico;
- South America Business Segment - includes the operations in Argentina, Peru, and Uruguay, as well as the joint ventures in Colombia and the Dominican Republic*; and
- Special Steel Business Segment - includes the special steel operations in Brazil and the United States, as well as the joint venture Gerdau Summit Aços Fundidos e Forjados S.A. located in Brazil.

*In January 2024, Gerdau announced the sale of its stake in joint ventures Diaco S.A. and Gerdau Metaldom Corp. and their subsidiaries, which were part of the South America Business Segment.

The following tables present the Company's consolidated shipments in tonnage, net sales, and production by Business Segment for the periods indicated:

Shipments

Gerdau S.A. Shipments by Business Segments (1) (1,000 tonnes)	**2023**	**2022**	**2021**
TOTAL	**11,323**	**11,902**	**12,722**
Brazil	5,150	5,394	5,755
North America	3,907	4,090	4,451
South America	1,125	1,212	1,255
Special Steel	1,419	1,657	1,654
Eliminations and Adjustments	(278)	(452)	(393)

(1) The information does not include data from associate and joint ventures.

Net Sales

Gerdau S.A. Net Sales by Business Segments (1) (R$million)	**2023**	**2022**	**2021**
TOTAL	**68,916**	**82,412**	**78,345**
Brazil	26,831	32,971	34,758
North America	26,858	31,099	27,838
South America	5,118	7,180	6,857
Special Steel	11,385	13,626	10,980
Eliminations and Adjustments	(1,275)	(2,464)	(2,088)

(1) The information does not include data from associate and joint ventures.

Production

Gerdau S.A. Annual production [1] (million tonnes)	2023	2022	2021
Crude Steel Production	11,557	12,666	13,294
Rolled Steel Production	10,469	11,426	12,402
Iron Ore Production	5,435	6,424	3,864

(1) The information does not include data from associate and joint ventures.

Brazil Business Segment

The Brazil Business Segment minimizes delays by delivering its products directly to customers through outsourced companies under Gerdau's supervision. Sales trends in both the domestic and export markets are forecasted monthly. The Brazil Business Segment uses a proprietary information system to stay up-to-date on market developments so that it can respond swiftly to fluctuations in demand. Gerdau considers its flexibility in shifting between markets (Brazilian and export markets) and its ability to monitor and optimize inventory levels for most of its products in accordance with changing demand as key factors to its success.

Crude steel production decreased in 2023, mainly due to the performance of the domestic market. In 2023, the Company directed 80.7% of its shipments in the Brazil Business Segment to the domestic market, which is 6.4% lower than in 2022, while 19.3% was exported.

The numbers demonstrate the resilience of the construction sector, in both the retail segment and direct sales to contractors, as well as the industry's gradual recovery.

Gerdau's mineral assets were incorporated to its business through the acquisition of lands and mining rights of Grupo Votorantim, in 2004, encompassing the Miguel Burnier, Várzea do Lopes, and Gongo Soco compounds, located in the iron producing region in the state of Minas Gerais, Brazil. From 2004 to 2019, several geological surveys (drilling and superficial geological mapping) were conducted in order to obtain further information on the acquired resources. As part of that undertaking, in 2023 Gerdau received a report prepared by SRK Consulting, certifying the reserves of Miguel Burnier mine. According to the conclusions of the report, the Company now holds certified reserves of 476 million metric tonnes (Dry metric tonnes) of iron ore.

North America Business Segment

The North America Business Segment has annual production capacity of 5.4 million tonnes of crude steel and 4.5 million tonnes of finished steel products. It has a vertically integrated network of 10 steel units, scrap recycling facilities and downstream operations. North America Business Segment's products are generally sold to steel service centers, steel fabricators or directly to original equipment manufacturers for use in a variety of industries, including construction, automotive, mining, cellular and electrical transmission, metal construction fabrication and equipment fabrication. Most of the raw material feed stock for the mini mill operations is recycled steel scrap.

The mills of this business operation manufacture and commercialize a wide range of steel products, including steel reinforcement bars (rebar), merchant bars, structural shapes, beams and special sections. Some of these products are used by the downstream units to make products with a higher value-add, which consists of railroad spikes, super light beam processing, elevator guide rails and grinding balls.

Sales of finished products to U.S. and Canadian customers are centrally managed by sales office in Tampa, Florida. There is also a sales office in Selkirk, Manitoba for managing sales of special sections and one in Midlothian, Texas for managing sales of structural and merchant bar products. Metallurgical service representatives at the mills provide technical support to the sales group. Sales of the super light beam products are managed by sales representatives located at their respective facilities. Elevator guide rails are generally sold through a bidding process in which employees at Gerdau's facilities work closely with customers to tailor product requirements, shipping schedules and prices.

In 2023, steel production reached 4.2 million tonnes, 6.6% less than in 2022, but higher than the Company's historical levels.

South America Business Segment

The South America Business Segment comprises 5 steel facilities, retail facilities, fab shops (including joint ventures and associate companies) and scrap processing facilities. The entire operation is focused on the respective domestic markets of each country, operating mini mills facilities with annual manufacturing capacity of 890 thousand tonnes of crude steel and 903 thousand tonnes of finished steel products. The countries in the South America Business Segment are Argentina, Peru, and Uruguay.

Steel production and shipments in 2023 decreased compared to 2022, driven by a decline in imports from the Brazil Segment to our operations in these countries. In addition to the adverse effects on the economy of the El Niño weather pattern, social and political conflicts in Peru throughout the year and the presidential election in Argentina created uncertainty that negatively affected demand for steel in the region.

Special Steel Business Segment

The Special Steel Business Segment consists of the operations in Brazil (Charqueadas, Pindamonhangaba, and Mogi das Cruzes) and the United States (Forth Smith and Monroe). The segment produces special steels for engineering steel, tool steel and forged bars. To meet the needs of more demanding markets, this segment is constantly developing new products, such as high-resistance steels, clean steel, high temper steel, good machinability steel, among others.

In Brazil, Gerdau special steel units are located in the states of Rio Grande do Sul (Charqueadas) and São Paulo (Pindamonhangaba and Mogi das Cruzes). The special steel units in Brazil have aggregate annual production capacity of 1.4 million tonnes of crude steel and 1.8 million tonnes of rolled steel. The operation has over 200 clients that are located primarily in Brazil. However, it also exports products, primarily to South America, North America and Europe.

In North America, the Special Steel Segment is present in the United States, with two units located in Monroe (Michigan), and Forth Smith (Arkansas). The company also operates a downstream unit in Huntington (Indiana) and Jackson (Mississippi). The segment has annual installed production capacity of 1.1 million tonnes of crude steel and 1.1 million tonnes of rolled steel products, with a portfolio of more than 200 clients located mainly in the United States, Canada and Mexico. The plants of this business segment have commercial and operational synergies.

Steel production and shipments decreased in 2023, reflecting a decline in demand in the markets where the Segment operates and the fact that demand was brought forward due to the migration to Euro 6 technology in Brazil.

Exports

According to Worldsteel Association, China’s total output was 1.019 billion tonnes in 2023, which represents a 0.6% increase comparing to 2022’s 1.013 billion. This expansion follows closely the 5.2% GDP growth for 2023, more than the country’s 5% target for the year.

One of the greatest challenges the international market faced in 2023 was the rise of Chinese steel exports into the maritime market. With stable production and weaker demand from the real estate sector, total exports rose 37% to 93 million tonnes, the highest level since 2016. However, mill margins remained negative for most of the year due to raw materials costs and lower steel prices. Elsewhere, steel production declined 7.4% in the European Union (126.3Mt) and 1.7% in North America (109.6Mt). Brazil continued to export slabs and pig iron to the United States and Mexico, without Russia as a supplier, but the country’s production decreased by 6.5% (31.9Mt), leading South American production to a drop of 5.7% (41.5Mt). In addition, India’s growth reached double digits with an increase of 11.8% (140.2Mt) and Russia had the second most relevant increase, closing the year at 75.8Mt (+5.6%). According to CRU data published in January 2024, apparent consumption for hot-rolled steel products faced a small increase of 0.7% year-on-year, with consumption increasing 1.7% in the world, excluding China.

As expected, Gerdau's Brazilian exports in 2023 remained focused in South and Central America, representing 44% and 43%, respectively. The following table presents Gerdau's Brazilian exports by destination for select periods:

Exports of Gerdau by Destination (%)	2023	2022	2021	2020	2019	2018
Total including shipments to subsidiaries (1,000 tonnes)	**1,004**	**928**	**714**	**825**	**1,650**	**1,585**
Africa	— %	4 %	— %	2 %	2 %	— %
Central America	43 %	28 %	12 %	21 %	34 %	31 %
North America	— %	4 %	9 %	3 %	7 %	7 %
South America	44 %	56 %	61 %	54 %	50 %	47 %
Asia	— %	5 %	17 %	17 %	4 %	6 %
Europe	5 %	23 %	1 %	3 %	3 %	9 %
Middle East	— %	— %	— %	— %	— %	— %

Gerdau remains focused on serving strategic markets that contribute to the general results of its operation, analyzing the impacts and opportunities arising from the continued volatile international political-economic scenario and consolidating the presence of its entire product portfolio in these markets in 2024.

Products

The Company supplies its customers with a wide range of products, including steel products and iron ore:

Semi-finished products (Billets, Blooms and Slabs)

The semi-finished products (billets, blooms and slabs) have relatively low added value compared to other steel products. Billets are bars from square sections of long steel that serve as inputs to produce wire rod, rebars and merchant bars. They represent an important part of the products from the Ouro Branco mill. Blooms are used to manufacture products such as springs, forged parts, heavy structural shapes and seamless tubes. Slabs are used in the steel industry for the rolling of a broad range of flat rolled products, and mainly used to produce hot and cold rolled coils, heavy slabs, profiles and heavy plates.

The semi-finished products are produced using continuous casting and, in the case of blooms and billets there is subsequent rolling process.

Common Long Rolled Products

Common long rolled products represent a major portion of the Company's production. The Company's main long rolled products include rebars, wire rods, merchant bars, light shapes and profiles, which are used mainly by the construction and manufacturing industries.

Drawn Products

Drawn products include barbed and barbless fence wire, galvanized wire, fences, concrete reinforcing wire mesh, nails and clamps. These products are not exported and are usually sold to the manufacturing, construction and agricultural industries.

Special Steel Products

Special steel requires advanced manufacturing processes because they have specific physical and metallurgical characteristics for applications with high mechanical demands. This steel is a key product for the automotive industry, as it is used in auto parts, light and heavy vehicles and agricultural machinery. Special steels also serve other significant markets, such as oil and gas, wind energy, machinery and equipment, mining and rail, among others.

Flat Products

The Ouro Branco unit produces cast slabs, which are rolled into flat products, such as hot-rolled steel coils and heavy plates. Gerdau also produces hot-rolled coils, which are sold in the domestic market, and heavy plates, which are sold in the domestic and export markets. The Company, through its distribution channel and direct sales, distributes these hot-rolled coils and heavy plates and resells flat steel products manufactured by other Brazilian steel products, which adds more value through additional processing at flat steel service centers.

Iron Ore

Gerdau has two mines producing iron ore, all located in the Brazilian state of Minas Gerais (Várzea do Lopes and Miguel Burnier). The mines produce the following: sinter feed (featuring low content of contaminants and good metallurgical properties, enabling its use as a base material); pellet feed/concentrated (superior quality enabling its use as a chemical balancer in the synthetizing process, while being also adequate for pelletizing, blast furnace quality - low loss by calcination — PPC); hematite fines (small scale production, used as input in Gerdau’s furnaces); and granulated (high quality, used chiefly for own consumption at the Ouro Branco Mill).

The following table presents the main products and the contributions to net revenue and net income by Business Segment for the periods shown (consolidated):

	Brazil			North America			South America			Special Steel			Eliminations and Adjustments		
Products	Rebars, merchant bars, beams, drawn products, billets, blooms, slabs, wire rod, structural shapes, hot rolled coil, heavy plate and iron ore.			Rebars, merchant bars, wire rod, light and heavy structural shapes.			Rebar, merchant bars and drawn products.			Stainless steel, special profiles and wire rod.					
Year	**2023**	**2022**	**2021**	**2023**	**2022**	**2021**	**2023**	**2022**	**2021**	**2023**	**2022**	**2021**	**2023**	**2022**	**2021**
Net Sales	26,830.7	32,971.1	34,757.8	26,857.7	31,098.9	27,838.0	51,182	7,179.7	6,856.8	11,385.1	13,626.4	10,980.1	(1,275.2)	(2,464.0)	(2,087.6)
% of Consolidated Net Sales	38.9 %	42.1 %	44.4 %	39.0 %	39.7 %	35.5 %	7.4 %	9.2 %	8.8 %	16.5 %	17.4 %	14.0 %	(1.9)%	(3.1)%	(2.6)%
Net (Loss) Income (R$million)	904.5	3,325.3	8,317.3	4,673.9	6,865.8	3,847.9	337.4	662.9	969	842.4	1,445.4	895.5	778.9	(819.8)	1,159.30
% of Consolidated Net (Loss) Income	12.0 %	21.4 %	53.5 %	62.0 %	44.1 %	24.7 %	4.5 %	4.3 %	6.2 %	11.2 %	9.3 %	5.8 %	10.3 %	(5.3)%	7.5 %

Production Process

In Brazil, the Company has a decentralized production process, using both mini mills and integrated facilities. In general, the Company has used the mini mill model to produce steel products outside of Brazil.

Semi-integrated Process (Mini mills)

The Company operates 26 mini mills worldwide. Mini mills are equipped primarily with electric arc furnaces that can melt steel scrap and produce steel product at the required specifications requested by customers. After loading the furnace with a preset mixture of raw material (i.e., steel scrap, pig iron and sponge iron), electric power is applied in accordance with a computer controlled melting profile. The Company’s mini mill production process generally consists of the following steps: obtaining raw material, melting, casting, rolling and drawing. The basic difference between this process and the integrated mill production process described below is in the first processing phase, i.e., the steelmaking process. Mini mills are smaller plants than integrated facilities and the Company believes they provide certain advantages over integrated mills, including:

- lower capital costs,
- lower operational risks due to the low concentration of capital and installed capacity in a single production plant,
- proximity of production facilities to raw-material sources,
- proximity to local markets and easier adjustment of production levels, and
- more effective managerial structure due to the relative simplicity of the production process.

Integrated Process

Gerdau operates three integrated mills located in Brazil. The Ouro Branco Mill is the largest integrated facility operated by the Company. It produces steel from pig iron from the blast furnace and has some of the advantages of a mini mill, since it is located near key suppliers as well as the ports from which Gerdau exports most of its production.

Gerdau's steel manufacturing process at integrated units consists of four basic stages: preparation of raw materials, production of pig iron, production of steel and production of semi-finished steel products (billets, blooms and slabs). In the primary stage of steelmaking, sinter (a mixture of iron ore and limestone), coke and other raw materials are consumed in the blast furnace to produce pig iron. Coke acts as both fuel and a reducing agent in this process. Gerdau's blast furnaces have aggregate installed capacity of approximately 3.8 million tonnes of molten pig iron per year.

The pig iron produced is transported by rail to the desulphurization unit to reduce the steel's sulfur content. After the desulphurization process, the low-sulfur pig iron is transformed into steel using LD-type oxygen converters. The LD steelmaking process utilizes molten pig iron and scrap to produce steel by blowing oxygen over the metallic charge inside the converters. The process does not require any external source of energy, which is fully supplied by the chemical reactions occurring between oxygen and the impurities in the molten pig iron. The LD steelmaking process is currently the most widely used in the world. Some mills further refine the LD converters' output with ladle furnaces and outgassing process.

Liquid steel is then sent to the continuous casting equipment, where it is solidified into billets, blooms or slabs. These products may be sold to clients directly, be transferred to other Gerdau Units for transformation or be used in the production of finished rolled steel products at the integrated units. Gerdau's integrated units in Brazil have rolling mills for rebars, bars and profiles, wire-rod, structural shapes, hot-rolled coils and heavy plates.

Logistics

Gerdau sells its products through independent distributors, direct sales from the mills and its retail network.

Logistics costs are an important component of most steel businesses and represent a significant factor in maintaining competitive prices in the domestic and export markets. The Gerdau mills are strategically located in various different geographic regions. The Company believes that the proximity of its mills to raw material sources and important consumer markets gives it a competitive advantage in serving customers and obtaining raw materials at competitive costs. This represents an important competitive advantage in inbound and outbound logistics.

To monitor and reduce logistic costs, Gerdau uses specific solutions, directed to different types of transportation modes (road, rail, sea and cabotage), terminals, technology and equipment. Gerdau continuously seeks to improve its performance to receive raw materials, and to deliver products to its customers or ports of destination. Accordingly, Gerdau develops and maintain long-term relationships with logistic suppliers specialized in delivering raw materials and steel products.

In 1996, Gerdau acquired an interest in MRS Logística, one of the most important rail companies in Brazil, which operates connecting the states of São Paulo, Rio de Janeiro and Minas Gerais, which are Brazil's main economic centers, and also reaches the main ports of the country in this region. This interest assures the availability of this mode to transport raw materials (scrap and pig iron) as well as final products.

Gerdau uses a variety of ports to deliver products from the entire Brazilian coastline. Most exports are shipped from the Praia Mole Private Steel Terminal in Vitoria, Espírito Santo.

Overseas, Gerdau owns a private port terminal in Chimbote (Peru), where the Company has a steel mill, used to deliver inputs, raw material and products for the operation.

Competition

The steel market is divided into manufacturers of long steel products, flat steel products and special steel.

The Company operates in the long steel market, which is the most important market for Gerdau, by supplying to the following customer segments: (i) construction, to which it supplies rebars, merchant bars, nails and meshes; (ii) manufacturing, to which it supplies products for machinery, agricultural equipment, tools and other industrial products; and (iii) other markets, to which it supplies wires and posts for agricultural installations and reforestation projects. In North America, the Company also supplies customers with special sections, including elevator guide rails and super light beams. The Company also provides its customers with higher value-added products at rebar and wire rod fabrication facilities.

The Company operates in the flat steel market through its Ouro Branco mill that produces slabs, which are used to roll flat products such as hot and cold rolled steel coils and heavy plates. Gerdau also produces hot-rolled coils, which are sold in the domestic and export markets. The Company distributes these hot-rolled coils and also resells flat steel products manufactured by other Brazilian steel producers to which it adds further value through additional processing at its flat steel service centers.

The Company produces special and stainless steel used in tools and machinery, chains, fasteners, railroad spikes, special coil steel, grader blades, smelter bars, light rails, super light I-beams, elevator guide rails and other products that are made on demand for the Company's customers at its special steel units in Brazil and United States.

Competitive Position — Brazil

The Brazilian steel market is very competitive. In the year ended December 31, 2022 (most recent information), ArcelorMittal Brasil and the Company were the two largest Brazilian crude steel producers, according to the Brazilian Steel Institute (IABr - Instituto Aço Brasil).

World common long rolled steel demand is met principally by steel mini mills and, to a much lesser extent, by integrated steel producers. In the Brazilian market, no single company competes against the Company across its entire product range.

The Company believes that the diversification of its products, the solution developed by its fab shops units and the decentralization of its business provide a competitive edge over its major local competitors. However, there is intense competition between the Company and ArcelorMittal in the slab and wire rod markets. Regarding the rebar market, competition in the Brazilian domestic market has increased in recent years due to new competitors such as Simec and Companhia Siderurgica Nacional (CSN), which started rebar production.

Besides the local competitors, the Company has been facing substantial competition from long and flat steel products imports, mainly coming from China. According to the Brazil Steel Institute, the steel import penetration rate in Brazil reached 25% in December 2023, equivalent to more than double the average of the last ten years, while the import volume in 2023 was 50% higher than in 2022, increasing the local competitive imbalance, chiefly due to steel imports under predatory competition conditions. Although the Company is a modern and highly efficient producer, it cannot compete with heavily subsidized imports, which directly affect the competitiveness of its industry.

Competitive Position — Outside Brazil

Gerdau's geographic market in North America encompasses primarily the United States and Canada. The Company faces substantial competition in the sale of each of its products from numerous competitors in its markets. Rebar, merchant bars and structural shapes are commodity steel products for which pricing is the primary competitive factor. Due to the high cost of freight relative to the value of steel products, competition from non-regional producers is somewhat limited. Proximity of product inventories to customers, combined with competitive freight costs and low-cost manufacturing processes, are key to maintaining margins on rebar and merchant bar products. Rebar deliveries are generally concentrated within a 350-mile radius of the mini mills and merchant bar deliveries are generally concentrated within a 500-mile radius. Some products produced by the Midlothian, Jackson, Cartersville and Petersburg mini mills are shipped greater distances, including overseas.

The Company's principal competitors include Commercial Metals Company (CMC), Nucor Corporation, Steel Dynamics Inc. and Cleveland-Cliffs.

In South America, each country has a specific competitive position that depends on conditions in their respective markets. Most compete domestically and face significant competition from imports. More than 80% of shipments from Gerdau's South American Operation originate from Argentina and Peru. In this market, the main barriers faced by Gerdau sales are freight and transportation costs and the availability of imports. The main products sold in the South American market are the construction, mechanic, agriculture and mining markets.

Despite the large-scale characteristic of rebars, bars and profiles, Gerdau believes that it stands out from many of its competitors for its wide range of products, quality, consistent delivery performance and, the ability to fulfill large orders. Gerdau believes that it produces one of the most complete lines of bars and profiles. The variety of products offered by Gerdau is an important competitive advantage in a market where many customers seek to meet their needs with few key suppliers.

Business Cyclicality and Seasonality

The steel industry is highly cyclical. Consequently, the Company is exposed to fluctuations in the demand for steel goods that in turn cause fluctuations in the prices of these goods. Furthermore, since the production capacity of Brazil's steel industry exceeds its demand, it is dependent on export markets. The demand for steel goods and consequently the financial conditions and results of operations of steel producers, including the Company, are generally affected by fluctuations in the world economy and in particular the performance of the manufacturing, construction and automotive industries. Since 2003, the good performance of the world economy, especially in developing economies, such as China, has led to strong demand for steel goods, which contributed to historically high prices for Gerdau's steel goods. However, with the financial crisis that emerged in mid-2008, these prices have become unsupportable, especially given the expansion in world installed production capacity and the recent softening of demand. In the second quarter of 2008 and especially in early 2009, the United States and other European economies showed strong signs of a slowdown, which in turn affected many other countries. The year 2023 was marked by increased uncertainty related to the international macroeconomic environment, influenced by geopolitical conflicts, and a global steel production surplus, which impacted the global market, and particularly Brazil, which struggled with a massive inflow of steel through predatory imports that led to a decline in shipments and pressure on the Company's sales.

In Gerdau's Brazilian and South American operations, shipments in the second and third quarters of the year tend to be stronger than in the first and fourth quarters, given the reduction in construction activity. In Gerdau's North American operations, demand is influenced by winter conditions, when consumption of electricity and other energy sources (i.e., natural gas) for heating increases and may be exacerbated by adverse weather conditions, contributing to increased costs and decreased construction activity, and in turn leading to lower shipments.

Information on the Extent of the Company's Dependence

The Company is not dependent on industrial, commercial or financial agreements (including agreements with clients and suppliers) or on new production processes that are material to its business or profitability. The Company also has a policy of diversifying its suppliers, which enables it to replace suppliers without affecting its operations in the event of failure to comply with the agreements, except in the case of its energy and natural gas supply.

In addition to the government regulations that apply to its industry in general, the Company is not subject to any specific regulation that materially or adversely affect its business.

In the case of a power outage, there are no alternative supply options available at most Gerdau mills due to the high volume and tension required for the operation of these plants. Some Gerdau small plants may choose, as an alternative, to use generators to compensate for the energy shortage. Moreover, the Ouro Branco mill generates 70% of its power needs internally using gases generated in the steel-making process.

In case of a lack of natural gas, the equipment could be adjusted to use diesel and LPG.

Gerdau's operations are spread across various geographic regions, which provides a risk diversification of any electricity or natural gas supply problems in Brazil.

The distribution of electric power and natural gas is a regulated monopoly in most countries, which leads the distributor to be the only supplier in each geographic region. In some countries, regulations allow for a choice of electrical power or natural gas commodity supplier, allowing Gerdau to diversify its supply agreement portfolio.

Production Inputs

Price volatility

Gerdau's production processes are based mainly on the mini mill concept, with mills equipped with electric arc furnaces that can melt ferrous scrap and produce steel products at the required specifications. The main raw material used at these mills is ferrous scrap, which at some plants is blended with pig iron. The component proportions of this mixture may change in accordance with prices and availability in order to optimize raw material costs. Iron, iron ore (used in blast furnaces) and ferroalloys are also important.

Although international ferrous scrap prices suffer high influence by the U.S. domestic market (since the United States is the largest scrap exporter), the price of ferrous scrap in Brazil varies from region to region and is influenced by demand and transportation costs.

Brazil and Special Steel Business Segments — The Company's Brazilian mills use scrap and pig iron purchased from local suppliers. Due to the nature of the raw materials used in its processes, Gerdau has contracts with scrap generators, especially scrap from industrial sources, for its mini mills in Brazil, acquiring scrap as necessary for the mills' needs. Scrap for the Brazilian Operation is priced in Brazilian reais, thus input prices are not directly affected by currency fluctuations.

Due to its size, the Ouro Branco mill has developed over the last few years a strategy to diversify its raw materials, which are supplied through various types of contracts and from multiple sources, which include: (i) coking coals imported from Colombia, United States, Canada, Russia, Australia and Peru as well as petroleum coke purchased from Petrobrás and charcoal chaff also acquired from other domestic suppliers; (ii) ferroalloys, of which around 90% are purchased in the domestic market; and (iii) iron ore, which is mainly produced from its own mines and partially supplied by mining companies, most of them strategically located close to the plant.

North America Business Segment — The main input used by the Company's mills in North America is ferrous scrap, and has consistently obtained adequate supplies of raw materials, not depending on a smaller number of suppliers. Due to the fact that the United States are one of the largest scrap exporters in the world, the prices of this raw-material, in this country, may fluctuate according to supply and demand in the world's scrap market.

South America Business Segment — The main input used by the Company's mills in South America is ferrous scrap. This operation is exposed to market fluctuations, varying its prices according to each local market.

Ferrous Scrap

There are two broad categories of ferrous scrap: (i) obsolete scrap, which is steel from various sources, ranging from cans to car bodies and white goods; and (ii) industrial scrap, which is composed of scrap from manufacturing processes, essentially steel bushings and flashings, steel turnings and even scrap generated by production processes at steel producers, such as Gerdau. In Brazil, the use of scrap in electric arc furnaces varies between scrap from obsolescence and industrial scrap. Special Steel mills mainly use industrial scrap.

Because ferrous scrap is one of its main raw materials in steel production, Gerdau is dedicated to improving its supply chain in various countries, aiming to develop and integrate micro and small suppliers into the Company's business. In Brazil, the main part of the scrap consumed by the Company comes from small scrap collectors who sell all their material to Gerdau, which provides a direct supply at more competitive costs for the Company. In North America, although smaller, the number is still significant, ensuring the competitiveness of the business in the region.

Brazil and Special Steel Business Segments — The price of steel scrap in Brazil varies by region and reflects local supply, demand and transportation costs. The Southeast is the country's most industrialized region and generates the highest volume of scrap. Due to the high concentration of players in this region, competition is more intense.

In Brazil, Gerdau has five scrap shredders, including a mega-shredder at the Cosigua mill in Rio de Janeiro, with capacity to process scrap in volumes superior to 200 carcasses of vehicles per hour.

North America Business Segment — Ferrous scrap is the main raw material. The availability of this input varies according to the level of economic activity, seasonality, export levels, climatic conditions and price fluctuations. Of the ten units in the North America Business Segment, five of them have shredders on-site. Considering that not all the scrap consumed comes from their yards, the rest of the demand is guaranteed through direct acquisitions or via resellers who originate and prepare the scrap.

In North America, all production units are semi-integrated mills or mini mills, in which results of operations are closely related to the cost of ferrous scrap and its substitutes, which are the main input of mini mills. Ferrous scrap prices are relatively higher during the winter months in the north hemisphere due to the impact of climate on collection and supply. More than half of North America's products are currently produced in electric arc furnaces with the use of ferrous scrap. Prices of ferrous scrap are subject to market forces beyond the Company's control, including demand from the United States and international steel producers, freight costs and speculation.

South America Business Segment — The price of scrap in South America varies widely from country to country in accordance with supply, demand and transportation cost.

Pig Iron and Sponge Iron

Brazil Business Segment — Brazil is an exporter of pig iron. Most of Brazil's pig iron is produced in the state of Minas Gerais by a number of small producers. Pig iron is a drop-in substitute for scrap and in Brazil it is an important component of the metal mix used to make steel in the mills. The price of pig iron follows domestic and international demand, and its cost production is basically composed by reducers and minerals.

North America Business Segment — The availability of scrap plays an important role for operations in North America. Sponge iron and pig iron are used in limited quantities only to produce steels with particular characteristics.

Iron Ore

Iron ore is the main input used to produce pig iron at Gerdau's blast furnace mills located in the state of Minas Gerais, southeastern Brazil. The pig iron is used in the melt shops together with scrap, to produce steel.

Iron ore is purchased in its natural form as lump ore, pellet feed or sinter feed, or agglomerated as pellets. The lump ore and pellets are loaded directly into the blast furnace, while the sinter feed and pellet feed need to be agglomerated in the sinter plant and then loaded into the blast furnace, to produce pig iron. The production of 1.0 tonne of pig iron requires about 1.6 tonnes of iron ore.

Iron ore consumption in Gerdau mills in Brazil amounted to 6.6 million tonnes in 2023, partially supplied by mining companies adjacent to the steel plants and partially supplied by Gerdau's mines.

Other Inputs

In addition to scrap, pig iron, sponge iron and iron ore, Gerdau's operations use other inputs to produce steel such as ferroalloys, electrodes, furnace refracting materials, oxygen, nitrogen and other industrial gases and limestone, albeit in smaller amounts. Additional inputs associated with the production of pig iron are thermal-reducer, as coal coke, charcoal or natural gas, which is used in blast furnace mills.

The Ouro Branco mill's significant raw materials and inputs also include solid fuels, comprising the metallurgical coal, used in the production of coke and also for the blast furnace pulverized injecting, this last one providing increase in productivity and consequently reduction in the final cost of pig iron. Besides the metallurgical coal, the Company also uses the anthracite, solid fuel used in the production of sinter. The gas resulting from the production of coke and pig iron are reused for generation of thermal energy that can be converted in electric energy for the mill.

The North American operations also use additional inputs. Various domestic and foreign companies supply other important raw materials or operating supplies required for the business, including refractory materials, ferroalloys and graphite electrodes that are available in the national and international market. Gerdau North America Business Segment has obtained adequate quantities of these raw materials and supplies at competitive market prices. The Company is not dependent on any one supplier as a source for any particular material and believes there are adequate alternative suppliers available in the marketplace if the need to replace an existing one arises.

Energy Requirements

Steel production is a process that consumes large amounts of electricity, especially in electric arc mills. Electricity represents an important role in the production process, along with natural gas, which is used mainly in furnaces to re-heat billets in rolled steel production.

In Brazil, electricity is currently supplied to the Company's industrial units under two types of contracts:

- Contracts in the Regulated Contractual Environment in which the Company is a "Captive Consumer" are used at the following units: Usiba and Açonorte. These involve state-owned companies or holders of government concessions. In these contracts, prices are defined by the National Electric Power Agency (ANEEL).

- Contracts executed in the Free Market Environment, in which Gerdau is a "Free Consumer," are used by the following units: Araçariguama, Caucaia, Charqueadas, Cosigua, Cearense, Ouro Branco, Divinópolis, Barão de Cocais, Riograndense, São José dos Campos, Cumbica, Cotia, Pindamonhangaba, Mogi das Cruzes, Várzea do Lopes, and Miguel Burnier. The load of these units is served by a portfolio of contracts and by self-generation. The power supply contracts are entered into directly with generation and/or distributing companies at prices that are pre-defined and adjusted in accordance with conditions pre-established by the parties. The transmission and distribution rates are regulated and revised annually by ANEEL.

In the Ouro Branco mill approximately 30% of the electricity consumed is generated internally As a result, this makes the plant has significantly lower exposure to the energy market than mini mills.

The Company holds the following power generation concession in Brazil:

- Dona Francisca Energética S.A. (DFESA) operates a hydroelectric power plant with nominal capacity of 125 MW located between Nova Palma and Agudo, Rio Grande do Sul State (Brazil). Its corporate purpose is to operate, maintain and maximize use of the energy potential of the Dona Francisca Hydroelectric Plant. DFESA participates in a consortium (Consórcio Dona Francisca) with the state power utility Companhia Estadual de Energia Elétrica (CEEE). The shareholders of DFESA are Gerdau S.A. (51.82%), COPEL Participações S.A (23.03%), Celesc (23.03%), and Statkraft (2.12%).

The terms of the aforementioned generation concession agreements are for 39 years as of the signature of the agreement. As such: DFESA expires in 2037.

The supply of natural gas to all Brazilian units is regulated and performed under long-term contracts. The Barão de Cocais and Divinópolis units do not have access to natural gas supplies.

In the United States, there are essentially two types of electricity markets: regulated and deregulated. In the regulated market, contracts are approved by Public Utility commissions and are subject to an approved rate of return. These regulated tariffs are specific to local distributors and generally reflect the average fuel costs of the distributor. In deregulated markets, the price of electricity is set by the marginal resource and fluctuates with demand. Natural gas in the United States is completely deregulated. The U.S. energy market is benefiting from the increased exploration of shale gas, which is driving down prices of both electricity and natural gas.

In Uruguay, electricity is purchased under agreements that are renewed automatically on an annual basis from the state-owned utility UTE. Natural gas is purchased from Montevideo Gas with prices set by the Argentinean export tariff agreement (fuel oil as substitute).

In Peru, the Company has a current electricity contract until December 2025. The plant receives CNG (Compressed Natural Gas) by trucks and then is decompressed and distributed through internal pipeline to production processes.

Argentina uses natural gas (liquefied petroleum gas) as a substitute. The natural gas purchase agreement was renewed for another year. In 2008, Gerdau Sipar entered into a long-term agreement to supply the new mill's power requirements.

In Mexico, electricity is purchased under agreements regulated by the state-owned utility Companía Federal de Electricidad (CFE) and bilateral contracts with private companies. The natural gas agreements are annually and automatically renewed. Electricity and natural gas prices are indexed and adjusted monthly based on the NYMEX prices indices.

Technology and Quality Management

All Gerdau mills have a Quality Management System supported by a wide array of quality control tools. Product development projects are headed by specialists who use quality tools such as "Six Sigma", a set of statistical methods for improving the assessment of process variables, and the concept of "Quality Function Deployment", a methodology through which technicians can identify and implement the customer requirements.

Given this level of quality management, mills are ISO 9001 or ISO TS 16949 certified, and certain products receive laboratory certification as required. In general, production, technical services and quality teams are responsible for developing new products to meet customer and market needs.

Gerdau uses a Quality Management System developed in house that applies tests for product design, manufacturing processes and final-product specifications. A specially trained team and modern technologies also exist to assure the manufactured product high standards of quality. Gerdau's technical specialists do planned visits, some are randomly selected, and some are scheduled visits, to its customers to check on the quality of the delivered products in order to guarantee the final user satisfaction for products purchased indirectly.

Due to the specialized nature of its business, the Gerdau special steel mills are constantly investing in technological upgrading and in research and development. These mills are active in the automotive segment and maintain a technology department (Research and Development) responsible for new products and the optimization of existing processes.

International machinery manufacturers and steel technology companies supply most of the sophisticated production equipment that Gerdau uses. These suppliers generally sign technology transfer agreements with the purchaser and provide extensive technical support and staff training for the installation and commissioning of the equipment. Gerdau has technology transfer and benchmarking agreements with worldwide recognized performance companies.

As is common with mini mill steelmakers, Gerdau usually acquires technology in the market rather than develops new technology through intensive process research and development, since steelmaking technology is readily available for purchase.

The Company is not dependent on patents or licenses or new manufacturing processes that are material to its business. See item "Information on the Extent of the Company's Dependence" for further details.

Sales Terms and Credit Policy

The Company's Brazilian sales are usually made on a 21/28-day settlement CIF (Cost, Insurance and Freight) basis. Comercial Gerdau, the retail arm of Gerdau in Brazil, sells on an 28/34 day settlement basis, mainly CIF. Brazilian customers are subject to a credit approval process. The concession of credit limits is controlled by a corporate-level system (ECC) that can be accessed by all sales channels. The credit and collection department is responsible for evaluating, determining and monitoring credit in accordance with the credit limit policy. This policy includes the active participation of staff from the various sales channels. At Comercial Gerdau, in particular, the criteria for retail sales also include practices such as the use of credit card services. Gerdau exports are guaranteed via letters of credit and/or pre-payment before the product is shipped. Exports to Gerdau's subsidiaries may be sold on credit at market interest rates.

Gerdau North American credit terms to customers are generally based on customary market conditions and practices. The Company´s North American business is seasonal, with orders in the second and third quarters tending to be stronger than those in the first and fourth quarters, primarily due to weather-related slowdowns in the construction industry.

The Company´s Special Steel operations in the United States and Brazil have their own credit departments for customer' credit analysis.

The Company's impairment loss on financial assets has been at low levels. On December 31, 2023, provision for expected credit losses was 1.8% based on gross account receivables per Note 5 to the Consolidated Financial Statements, compared to 1.8% on December 31, 2022 and 1.9% on December 31, 2021. Gerdau has improved its credit approval controls and enhanced the reliability of its sales process through the use of risk indicators and internal controls.

Insurance

The Company maintains insurance coverage in amounts that it believes suitable to cover the main risks of its operating activities. The Company has purchased insurance for its integrated mill Ouro Branco to insure against operating losses, which covers assets of approximately US$ 8.2 billion (R$ 39.9 billion as of December 31, 2023), including material damage to installations of US$ 7.3 billion (R$ 35.3 billion as of December 31, 2023) and losses of gross revenues of US$ 946 million (R$ 4.6 billion as of December 31, 2023), such as halts in production due to business interruptions caused by accidents for a period up to twelve months. The Company's current insurance policy relating to the Ouro Branco mill remains effective until April 30, 2024. The Company's mini mills are also covered under insurance policies which insure against certain operational losses resulting from business interruptions.

Trade Investigations and Government Protectionism

Over the past several years, exports of steel products from various companies and countries, including Brazil, have been subject to antidumping, countervailing duties and other trade-related investigations in importing countries. Most of these investigations resulted in duties limiting the investigated companies' ability to access such import markets. The United States has also imposed Section 232 (tariffs on steel imports) measures on steel imports, resulting in a combination of tariffs, quotas, and tariff-rate quotas on different jurisdictions. Some other significant steel-consuming regions have imposed safeguards to limit import volumes. While these measures have impacted global trade flows, they have not had a significant impact on the Company's export volumes.

Material effects of government regulation on the Company's activities

The Company's steel production activities are not subject to special authorizations other than the licenses and permits typical to the industry. The Company maintains a good relationship with the government agencies responsible for issuing common authorizations and does not have any history of problems in obtaining them.

Gerdau's mining operations in Brazil are subject to the rules of the Brazilian Mining Code and its regulation (Decree-Law 227, of February 28, 1967 and Decree 9,406, of June 12, 2018) and to the applicable mining legislation, with mining exploration governed by Mining Property Rights and Concessions.

Gerdau acquired the surface of the properties located in the polygon of the respective mining rights, as well as all other Mining Property Rights and Concessions, under an Agreement for the Sale of Assets and Assignment of Rights entered into by and between Gerdau Açominas S.A. and Companhia Paraibunas de Metais, Siderúrgica Barra Mansa S.A., Votorantim Metais Ltda., and Votorantim International Holding N.V., on May 19, 2004.

The Company's mining exploration activities are subject to the conditions and limitations imposed by the Federal Constitution of Brazil, the Brazilian Mining Code and related laws and regulations, which include requirements connected to, among other factors, how mineral deposits are used, occupational safety and health, environmental protection and restoration, pollution prevention and the health and safety of the local communities where the mines are located. The Brazilian Mining Code also establishes some requirements for the submission of notifications and information.

Companies authorized to economically explore mineral resources are required to pay royalties to the Federal Government, which distributes most of them to States and Municipalities. On July 26, 2017, Provisional Presidential Decree 789/17 was published, which was later converted into Federal Law 13,540/17, amending Federal Laws 7,990/89 and 8,001/90, which provide for the Financial Compensation for Exploration of Mineral Resources (CFEM). The structure for the charging of royalties was changed to the following:

1) TRIGGERING EVENT: the exploration of mineral resources will trigger the payment of CFEM upon:

- the first sale of mineral asset (already mined mineral substance after its processing, if applicable);
- the sale at auction, in the case of mineral assets acquired via judicial sale;
- the first acquisition of mineral assets extracted under the system of mining permission (*lavra garimpeira*);
- the consumption of mineral asset (use of mineral assets in a process that entails obtaining a new type of ore or its transformation into another product type).

2) CALCULATION BASE

- in the case of sales, calculated based on gross sales revenue, less any taxes levied, with deductions for freight and insurance expenses prohibited;
- in the case of consumption, calculated based on the current price of the mineral asset in the market or the price reference, as defined by the regulatory agency of the mining sector. Since iron ore does not appear in the absolute list of the National Mineral Production Department (DNPM) Ordinance 239/2018, it is subject to the "current price" calculation base when transformed into another type of product, such as pig iron.
- in the case of exports, even for transactions in the free market (sales to third parties/unrelated third parties) and exports to companies not located in tax havens, the calculation base is the greater of the price reference defined by the Federal Revenue Department (PECEX method) and the export value;
- in the case of mineral assets acquired via judicial sale, calculated based on the value of the sale at auction;
- in the case of extraction under the system of mining permission (*lavra garimpeira*), calculated based on the value of the first acquisition of the mineral asset;

Financial compensation (CFEM) may or may not have to be paid on sales among companies of the same business group; Federal Law 13,540/17 does not establish any criteria for such.

For mineral assets shipped to another establishment of the same owner, for subsequent sale, even if subject to processing, the calculation base is the price charged in the final sale.

3) RATES: effective 11/1/2017

Rates of mineral substances:

RATE		MINERAL SUBSTANCE
(VETOED)		(VETOED)
one percent (1%)		Rocks, sand, gravel, red clay and other mineral substances intended for immediate use in construction; ornamental rocks; mineral and thermal water
one point five percent (1.5%)		Gold
two percent (2%)		Diamond and other mineral substances
three percent (3%)		Bauxite, manganese, niobium and rock salt
three point five percent (3.5%)		Iron ore

For iron ore, the rate is fixed at 3.5%. In this case, upon a justified need, the regulatory entity of the mining sector could exceptionally reduce the iron compensation rate from 3.5% to as low as 2% in order to not adversely affect the economic feasibility of deposits with low performance and profitability due to the iron content, production scale, payment of taxes and number of employees.

On December 26, 2017, Federal Law 13,575 was sanctioned, which created the National Mining Agency (ANM), eliminated the National Department of Mineral Production (DNPM), amended federal laws 11,046 of December 27, 2004, and 10,826 of December 22, 2003, and revoked Federal Law 8,876 of May 2, 1994, and the provisions of Decree-Law 227 of February 28, 1967 (Mining code). This law derives from Provisional Presidential Decree 791/2017 issued by the Ministry of Mines and Energy (MME) and submitted to the joint commission of the Senate in mid-2017 for approval. The wording of the federal law was published in the federal register *Diário Oficial da União* (DOU) on December 27, 2017, Issue: 247, Section 1, Pages 1 to 4.

It eliminates the National Department of Mineral Production (DNPM) and creates the National Mining Agency (ANM), a government agency linked to the Ministry of Mines and Energy responsible for promoting mineral exploration and developing the industry.

The Rate for Inspection of Mining Activities (TFAM), which the Executive Branch intended to create along with ANM, was not approved by the National Congress.

Gerdau holds environmental licenses for commercial operation of the mines located in the cities of Miguel Burnier/Ouro Preto and Várzea do Lopes/Itabirito do in the Brazilian state of Minas Gerais.

The mining rights held by Gerdau cover 8,837.19 hectares, and the concessions are valid until the mining deposits are exhausted, provided the legal requirements are fulfilled annually. The table below lists the DNPM processes referring to the mining rights held by Gerdau:

DNPM Process	City	Location / Mine / Project	State
1,978/1935	BARÃO DE COCAIS	GONGO SOCO	MG
724/1942	OURO PRETO / OURO BRANCO	MORRO GABRIEL	MG
4,575/1935	OURO PRETO	MIGUEL BURNIER	MG
3,613/1948	OURO PRETO	MIGUEL BURNIER	MG
5,303/1948	OURO PRETO	MIGUEL BURNIER	MG
5,514/1956	OURO PRETO	MIGUEL BURNIER	MG
5,975/1956	OURO PRETO	MIGUEL BURNIER	MG
6,549/1950	OURO PRETO	MIGUEL BURNIER	MG
930,600/2009	OURO PRETO	GM MIGUEL BURNIER	MG
3,583/1957	ITABIRITO / MOEDA	VÁRZEA DO LOPES	MG
3,584/1957	ITABIRITO	VÁRZEA DO LOPES	MG
3,585/1957	ITABIRITO	VÁRZEA DO LOPES	MG
8,141/1958	ITABIRITO	VÁRZEA DO LOPES	MG
6,255/1960	ITABIRITO	VÁRZEA DO LOPES	MG
317/1961	ITABIRITO	VÁRZEA DO LOPES	MG
5,945/1961	ITABIRITO	VÁRZEA DO LOPES	MG
932,705/2011	ITABIRITO	GM VÁRZEA DO LOPES	MG
833,209/2006	OURO PRETO / OURO BRANCO	DOM BOSCO	MG
832,090/2005	OURO PRETO / OURO BRANCO	DOM BOSCO	MG
832,044/2006	OURO BRANCO	DOM BOSCO	MG
830,158/2007	OURO PRETO	DOM BOSCO	MG
830,159/2007	OURO PRETO	DOM BOSCO	MG
830,160/2007	OURO PRETO	DOM BOSCO	MG
831,640/2003	OURO PRETO	DOM BOSCO	MG
830,475/2007	OURO PRETO	DOM BOSCO	MG
832,620/2006	OURO PRETO	MIGUEL BURNIER	MG
830,798/2013	OURO PRETO	MIGUEL BURNIER	MG
832,377/2014	OURO PRETO	MIGUEL BURNIER	MG
832,375/2014	OURO PRETO	MIGUEL BURNIER	MG
833,018/2015	ITABIRITO	VÁRZEA DO LOPES	MG
832,625/2016	ITABIRITO	VÁRZEA DO LOPES	MG

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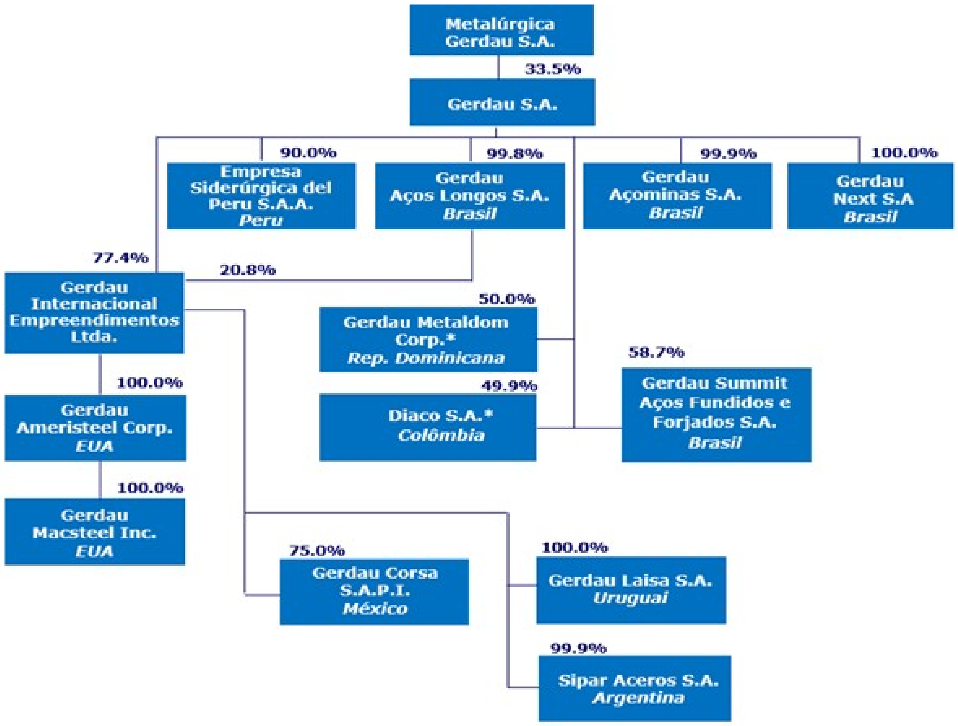
C. ORGANIZATIONAL STRUCTURE

The Company's operational structure (including its main operating subsidiaries engaged in steel production) on December 31, 2023 is below:



* On January 17, 2024, the Company signed an agreement for the sale of all its equity interests of 49.85% in the joint venture Diaco S.A. (and subsidiaries) and 50.00% in the joint venture Gerdau Metaldom Corp (and subsidiaries). On February 1, 2024, after compliance with the corresponding conditions precedent, the sale of the 50.00% equity interest in the joint venture Gerdau Metaldom Corp. (and subsidiaries) has concluded. In addition, on March 14, 2024, after fulfillment of the corresponding conditions precedent, the divestment of the 49.85%% equity interest in the joint venture Diaco S.A. (and subsidiaries) has been concluded. Thus, the Company has concluded the divestment of its steel production operations in both Colombia and Dominican Republic.

The table below lists the significant consolidated subsidiaries of Gerdau on December 31, 2023, 2022 and 2021:

Consolidated company	Country	Equity Interests Total capital(*) 2023	2022	2021
Gerdau GTL Spain S.L.	Spain	100.00	100.00	100.00
Gerdau Internacional Empreendimentos Ltda. - Grupo Gerdau	Brazil	100.00	100.00	100.00
Gerdau Ameristeel Corporation and subsidiaries (1)	USA/Canada	100.00	100.00	100.00
Gerdau Açominas S.A.	Brazil	99.86	99.86	99.86
Gerdau Aços Longos S.A. and subsidiaries (2)	Brazil	99.83	99.83	99.83
Gerdau Steel Inc.	Canada	100.00	100.00	100.00
Gerdau Holdings Inc. and subsidiary (3)	USA	100.00	100.00	100.00
Paraopeba - Fixed-income investment fund (4) (**)	Brazil	75.36	47.34	70.62
Gerdau Hungria Holdings Limited Liability Company	Hungary	100.00	100.00	100.00
GTL Equity Investments Corp.	British Virgin Islands	100.00	100.00	100.00
Empresa Siderúrgica del Perú S.A.A. - Siderperú	Peru	90.03	90.03	90.03
Gerdau GTL México, S.A. de C.V.	Mexico	100.00	100.00	100.00
Seiva S.A. - Florestas e Indústrias	Brazil	97.73	97.73	97.73
Gerdau Laisa S.A.	Uruguai	100.00	100.00	100.00
Sipar Gerdau Inversiones S.A.	Argentina	99.99	99.99	99.99
Sipar Aceros S.A. and subsidiary (5)	Argentina	99.98	99.98	99.98
Sizuca - Siderúrgica Zuliana, C. A.	Venezuela	—	—	100.00
Gerdau Trade Inc.	British Virgin Islands	100.00	100.00	100.00
Gerdau Next S.A. and subsidiaries (6)	Brazil	100.00	100.00	100.00

(*) The voting capital is substantially equal to the total capital. The interests reported represent the ownership percentage held directly and indirectly in the subsidiary.
(**) The percentage of participation including interest of the parent company Metalúrgica Gerdau S.A. in the investment fund is 77.92% in 2023, 62.14% in 2022 and 73.54% in 2021.
(1) Subsidiaries: Gerdau Ameristeel US Inc., GUSAP III LLP and Chaparral Steel Company.
(2) Subsidiaries: Gerdau Açominas Overseas Ltd.
(3) Subsidiary: Gerdau MacSteel Inc.
(4) Fixed-income investment fund managed by Santander Bank.
(5) Subsidiary: Siderco S.A.
(6) Subsidiaries: G2L Logística S.A., G2base Fundações e Contenções Ltda, G2 Adições Minerais e Químicas Ltda., Gerdau Ventures Participações Ltda, Circulabi S.A. and Cluster Industrial S.A.

The Company's investments in Bradley Steel Processor and MRM Guide Rail in North America, in which Gerdau Ameristeel holds a 50% stake in the total capital, , the investment in Gerdau Corsa S.A.P.I. de CV in Mexico, in which Gerdau has a 75% stake, the investment in Dona Francisca Energética S.A, in Brazil, in which the Company holds a 51.82%, investment in Gerdau Summit Aços Fundidos e Forjados S.A., in Brazil, in which Gerdau has a 58.73% stake, the investments in Addiante S.A. and Ubiratã Tecnologia S.A., in Brazil, in which the Company holds a 50% stake, the investment in Juntos Somos Mais Fidelização S.A., in Brazil, in which Gerdau has a 27.16% stake are accounted in the Company's financial statements using the equity method (for further information, see Note 3 — Consolidated Financial Statements), the investments in Gerdau Metaldom Corp. in the Dominican Republic in which the Company owned a 50% stake, and the investment in Diaco S.A. in Colombia, which Gerdau had a stake of 49.85%. On January 17, 2024, the Company signed an agreement for the sale of all its equity interests of 49.85% in the joint venture Diaco S.A. (and subsidiaries) and 50.00% in the joint venture Gerdau Metaldom Corp (and subsidiaries). On February 1, 2024, after compliance with the corresponding conditions precedent, the sale of the 50.00% equity interest in the joint venture Gerdau Metaldom Corp. (and subsidiaries) was concluded. On March 14, 2024, after compliance with the corresponding conditions precedent, the sale of the 49.85% in the joint venture Diaco S.A. (and subsidiaries) was concluded.

The main operating companies that are accounted according to the equity accounting method in the financial statements of Gerdau S.A. are described below:

Gerdau Metaldom Corp. — On January 17th, 2024, Gerdau S.A. celebrated the Share Purchase Agreement selling its stake in the Gerdau Metaldom Corp. to INICIA Group, which sale was concluded on February 1st, 2024.

Gerdau Corsa S.A.P.I de C.V. — The subsidiary of this company is a long steel producer located in the metropolitan area of Mexico City with annual installed capacity of 1,500,000 tonnes of crude steel and 1,350,000 tonnes of rolled products.

Gerdau Summit Aços Fundidos e Forjados S.A. — Gerdau Summit Aços Fundidos e Forjados S.A. - On January 5, 2017, the Company subscribed capital stock in Gerdau Summit Aços Fundidos e Forjados S.A. through the contribution of some of its assets and liabilities, which were valued by a specialized independent evaluation firm. Gerdau Summit Aços Fundidos e Forjados S.A. is accounted for as a joint venture in the Financial Statements of Gerdau S.A., with a 58.73% interest.

Diaco S.A.— On June 30, 2017, the Company concluded the operation to create a joint venture, based on the sale of 50% interest in Diaco S.A., in Colombia, to Putney Capital Management. Due to this transaction, Diaco started to be accounted for as a joint venture in the Consolidated Financial Statements with a 49.85% interest. On January 17th, 2024, Gerdau S.A. celebrated the Share Purchase Agreement to sell its stake in Diaco S.A. to INICIA Group, which sale was concluded on March 14, 2024.

The main operating companies that are fully consolidated in the financial statements of Gerdau S.A. are described below:

Gerdau Aços Longos S.A. — This company produces common long steel and has nine mills distributed throughout Brazil and an annual installed capacity of 4.1 million tonnes of crude steel. This company also sells general steel products and has steel distribution centers located throughout Brazil.

Gerdau Açominas S.A. — Gerdau Açominas owns the mill located in the state of Minas Gerais, Brazil. The Ouro Branco mill is Gerdau's largest unit, with an annual installed capacity of 3.9 million tonnes of crude steel, accounting for 47.6% of Gerdau's crude steel output in the Brazil Business Segment.

Gerdau Ameristeel Corporation — Gerdau Ameristeel has an annual capacity of 5.7 million tonnes of crude steel and 4.5 million tonnes of rolled products. The company is one of the largest producers of long steel in North America.

Gerdau MacSteel Inc. — This company is the largest special steel producer in U.S., has three units and a combined annual production capacity of 1.1 million tonnes of crude steel and 1.1 million tonnes of rolled products.

Gerdau Laisa S.A. — Gerdau Laisa is the one of largest long steel producers in Uruguay and has annual installed capacity of 100,000 tonnes of crude steel and 90,000 tonnes of rolled products.

Sipar Gerdau Inversiones S.A. — Sipar Gerdau Inversiones, through its operational subsidiary Sipar Aceros S.A has annual installed capacity of 450,000 tonnes of crude steel and 240,000 tonnes of rolled products.

Empresa Siderúrgica del Perú S.A.A. — This company is a long steel producer with annual installed capacity of 340,000 tonnes of crude steel and 573,000 tonnes of rolled steel.

Sizuca - Siderúrgica Zuliana, C. A. — In June 2007, Gerdau acquired Sizuca - Siderúrgica Zuliana, which is located in Ciudad Ojeda, Venezuela. In March 2022, the Company sold 100% of its interest in the subsidiary Sizuca - Siderúrgica Zuliana C.A. The amounts involved in the transaction as well as the impacts on the 2022 financial statements are not considered material by the management of the Company.

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D. PROPERTY, PLANT AND EQUIPMENT

Facilities

Gerdau's principal properties are for the production of steel, rolled products and drawn products. The following is a list of the locations, capacities and types of facilities, as well as the types of products manufactured at December 31, 2023:

	LOCATION		INSTALLED CAPACITY (1,000 tonnes)				
PLANTS	COUNTRY	STATE	PIG IRON/ SPONGE IRON	CRUDE STEEL	ROLLED PRODUCTS	EQUIPMENT	PRODUCTS
BRAZIL OPERATION			**4,592**	**7,291**	**6,775**		
Açonorte	Brazil	PE	—	265	261	EAF mini mill, rolling mill, drawing mill, nail and clamp factory	Rebar, merchant bars, wire rod, drawn products and nails
Barão de Cocais	Brazil	MG	330	330	193	Integrated/blast furnace, LD converter and rolling mill	Merchant bars
Cearense	Brazil	CE	—	160	167	EAF mini mill, rolling mill	Rebar and merchant bars
Cosigua	Brazil	RJ	—	936	1,390	EAF mini mill, rolling mill, drawing mill, nail and clamp factory	Rebar, merchant bars, wire rod, drawn products and nails
Divinópolis	Brazil	MG	430	600	480	Integrated/blast furnace, EOF converter and rolling mill	Rebar and merchant bars
Guaíra	Brazil	PR	—	420*	—	EAF mini mill	Billet
Usiba	Brazil	BA	—	495*	397*	EAF mini mill, rolling mill, drawing mill, nail and clamp factory	Rebar, merchant bars, wire rod, drawn products and nails
Riograndense	Brazil	RS	—	450	492	EAF mini mill, rolling mill, drawing mill, nail and clamp factory	Rebar, merchant bars, wire rod, drawn products and nails
Caucaia	Brazil	CE	—	—	425	EAF mini mill, rolling mill	Billets, rebars and coil rebar
São Paulo	Brazil	SP	—	950	563	EAF mini mill, rolling mill	Billets, rebars and coil rebar
Contagem	Brazil	MG	—	—	—	Blast furnace	Pig iron
Sete Lagoas	Brazil	MG	132	—	—	Blast furnace	Pig iron
Ouro Branco	Brazil	MG	3,700	3,600		Integrated with blast furnace, LD converter and rolling mills	Billets, blooms, slabs, wire rod, heavy structural shapes and HRC
NORTH AMERICA OPERATION			**—**	**5,655**	**4,833**		
Cambridge	Canada	ON	—	299*	279	EAF mini mill, rolling mill	Rebar, merchant bars
Cartersville	USA	GA	—	875	670	EAF mini mill, rolling mill	Merchant bars, structural shapes, beams
Charlotte	USA	NC	—	410	279	EAF mini mill, rolling mill	Rebar, merchant bars
Jackson	USA	TN	—	629	472	EAF mini mill, rolling mill	Rebar, merchant bars
Manitoba - MRM	Canada	MB	—	360	259	EAF mini mill, rolling mill	Special sections, merchant bars, rebar
St. Paul	USA	MN	—	370*	360*	EAF mini mill, rolling mill	Rebar, merchant bars, special bars (SBQ) and round bars
Whitby	Canada	ON	—	882	724	EAF mini mill, rolling mill	Structural shapes, rebar, merchant bars
Wilton	USA	IA	—	270	237	EAF mini mill, rolling mill	Rebar and merchant bars
Midlothian	USA	TX	—	1,407	1,393	EAF mini mill, rolling mill	Rebar, merchant bars and beams
Petersburg	USA	VA	—	821	519	EAF mini mill, rolling mill	Merchant bars and beams
SOUTH AMERICA OPERATION				**912**	**1,000**		
Uruguay	Uruguay	—	—	85	80	EAF mini mill, rolling mill	Rebar, merchant bars and mesh
Argentina	Argentina	—	—	450	240	EAF mini mill, rolling mill, drawing mill	Rebar, merchant bars and mesh
Peru	Peru	—	400*	377	680	EAF mini mill, rolling mill	Rebar and merchant bars
SPECIAL STEEL OPERATION				**2,190**	**2,780**		
Pindamonhangaba	Brazil	SP	—	530	860	EAF mini mill, rolling mill, finishing and foundry	Bars, wires, wire rod, finished and rolled bar, rolling mill rolls.
Mogi das Cruzes	Brazil	SP	—	280*	264*	EAF mini mill, rolling mill and finishing	Bars, special profiles
Charqueadas	Brazil	RS	—	430	730	EAF mini mill, rolling mill and finishing	Bars, special profiles, wires, wire rod, cold finished bar
Fort Smith	USA	AR	—	500	500	EAF mini mill, rolling mill and finishing	Special bars and shapes and cold finished bar
Jackson	USA	MI	—	280*	250*	EAF mini mill, rolling mill and finishing	Special bars and shapes and cold finished bar
Monroe	USA	MI	—	730	690	EAF mini mill, rolling mill and finishing	Special bars and shapes and cold finished bar
GERDAU TOTAL			**4,592**	**16,048**	**15,388**		

* Temporarily idle units.

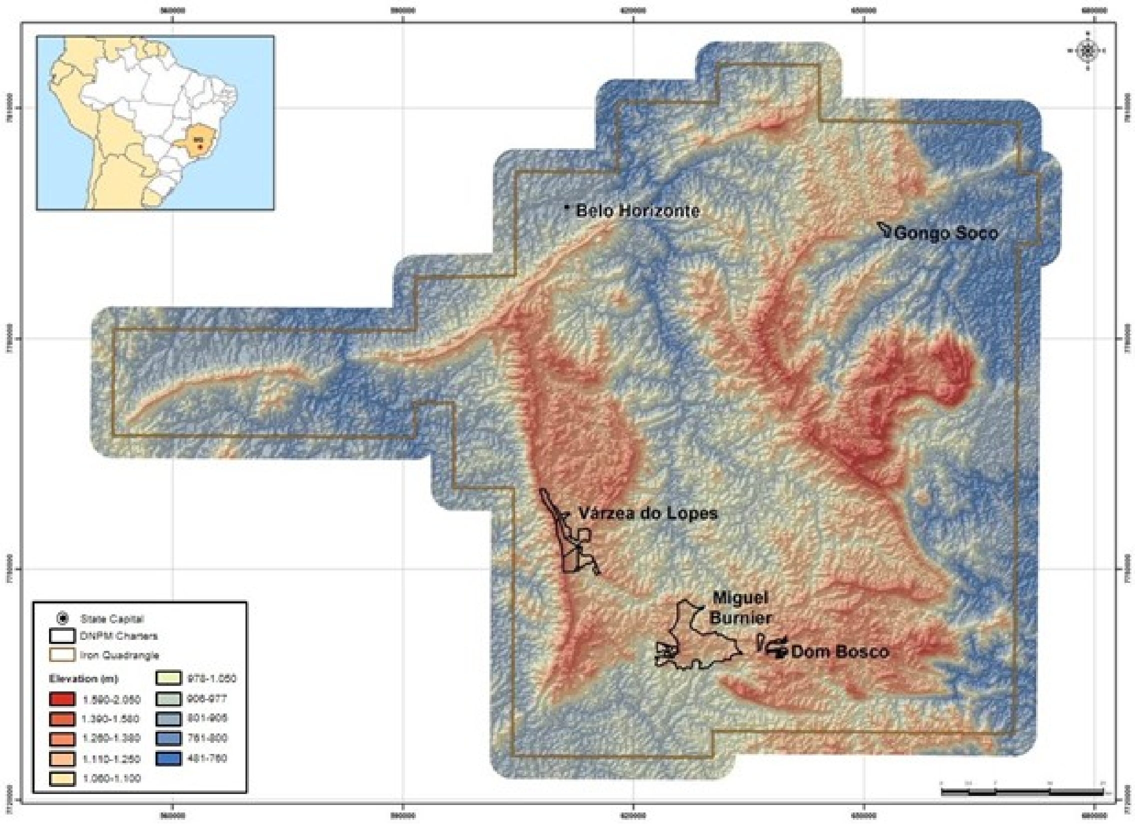
Mining Assets

Iron ore mines

Gerdau's activities related to the iron ore mines began after acquiring the mining rights from the Votorantim Group, in the cities of Ouro Preto (district of Miguel Burnier), Itabirito and Barão de Cocais, in 2004. These areas are located in the Iron Quadrilateral region of Minas Gerais state, in Brazil, one of the country's most prominent mineral regions, as shown in the following figure.

Focusing on guaranteeing its iron ore self-sufficiency in Minas Gerais state and seeking opportunities to add value to the business by using its own mineral resources, Gerdau conducted studies up to 2014 to assess and implement projects for expanding its mining operations in order to become a player in the global iron ore market. However, given the current price of iron ore in the international market, Gerdau decided to focus only on iron ore production for achieving self-sufficiency.

Location of Gerdau's mining operations



The current and future iron ore production units encompass mainly open-pit mines, processing plants, waste and tailing piles, and logistics and operational support infrastructure.

The current iron ore production units are the following:

- Miguel Burnier/Dom Bosco Complex: includes the mines located in Miguel Burnier and in Dom Bosco;
- Várzea do Lopes Complex;
- Gongo Soco.

Location and Access

Miguel Burnier/Dom Bosco Complex

Miguel Burnier and Dom Bosco are located in the city of Ouro Preto, in the southwestern region of the Iron Quadrilateral region of Minas Gerais, in Brazil, around 80 km from Belo Horizonte and 5 km from Vila do Pires, on Highway BR-040. The Dom Bosco Mine is located approximately 11 km from the Miguel Burnier Mine. Vila do Pires is situated on both sides of Highway BR-040, in the northern region of the city of Congonhas. Access to the mines is via a three-kilometer unpaved road starting in the village of Miguel Burnier.

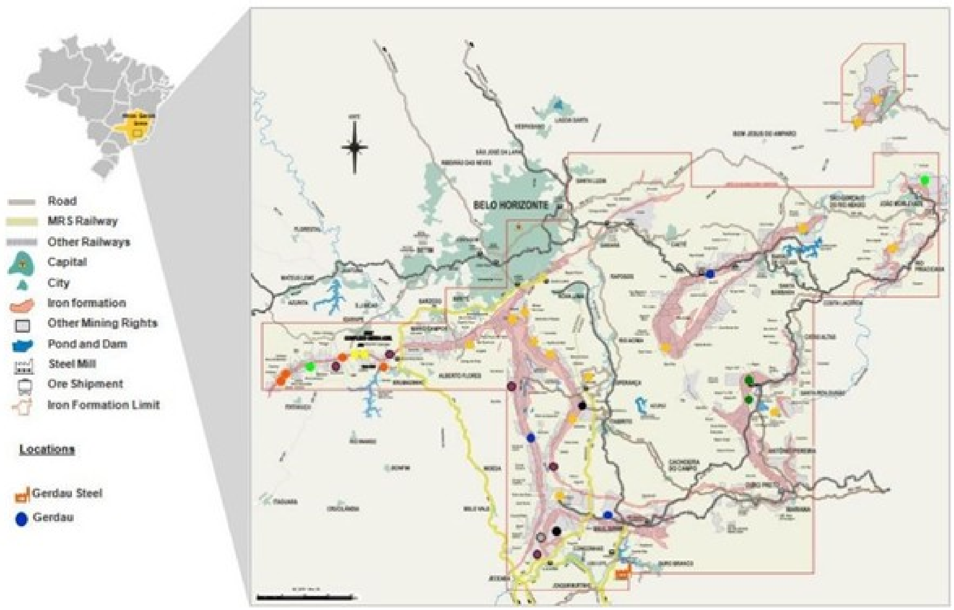
Várzea do Lopes Complex

Várzea do Lopes is located in the city of Itabirito, in the Iron Quadrilateral region of Minas Gerais, in Brazil, approximately 46 km from downtown Belo Horizonte. Access to the mine is from Belo Horizonte via Highway BR-040, heading towards Rio de Janeiro. Várzea do Lopes is located approximately 20 km from Miguel Burnier, in a straight line.

Gongo Soco

There are no mining activities at this location by the Company. The mining rights, as well as the mine, were leased by the company SPE MSA Trindade Mineração Ltda.

The image below represents what the Company believes to be the location of the current and eventual iron ore production units and their main access routes:



Certification of Reserves and Future Investments

On August 9, 2023, Gerdau received the report prepared by SRK Consulting, certifying the reserves of Miguel Burnier mine, located in the district of Ouro Preto (MG - Brazil) and an integral part of the Brazil Business Operation.

The certification is a significant milestone in Gerdau's R$ 3.2 billion investment in the sustainable mining platform, aimed at providing high-quality and competitively priced ore for the Ouro Branco Unit, while also playing an important role in its decarbonization process. The investment will be spread between the years 2023 and 2026, with the amount allocated to 2024 already included in the investment Plan announced on February 20, 2024.

According to the conclusions of the report, the Company now holds certified reserves of 476 million metric tonnes (Dry metric tonnes) of iron ore.

The Report was prepared in accordance with subchapter 1300 of Regulation S-K issued by the U.S. Securities and Exchange Commission – SEC, adhering to the technical report standard established by said regulation.

Considering the expected annual production level of 5.5 million metric tonnes (Wet metric ton, assuming a humidity of 10%) of iron ore, we believe that the certified reserves should provide a 40-years lifespan for the investment, reinforcing Gerdau's commitment to the socioeconomic development of the state of Minas Gerais today and in the future.

Investment Programs

On February 28, 2023, the Company announced its capex projection for 2023 in the amount of R$ 5.0 billion. Disbursements made in 2023 totaled R$ 5.6 billion.

On February 20, 2024, Gerdau S.A. approved its new investment plan in the amount of R$ 6.0 billion for 2024.This investment plan is divided into two fronts: (i) Maintenance and (ii) Competitiveness.

Maintenance projects are associated with the concept of reinvestment of depreciation over the years to ensure the good functioning of plants, while Competitiveness projects are related to the growth, technological updating and modernization of the business segments, with a focus on improving Environmental, Social and Governance (ESG) practices and sustainable development.

Of the total planned for 2024, investments that return environmental benefits are expected to be roughly R$ 1.3 billion. These investments include: expanding forest assets, updating and improving environmental controls and technological improvements that increase energy efficiency and reduce greenhouse gas emissions.

The Company's expenditures in its investment plan will be directly related to the safety of our operations and to the pace of demand in our markets, as well as based on criteria involving the return on capital invested and the consequent cash generation.

Environmental Issues

Gerdau S.A is currently in compliance with environmental regulations. The Company also believes that there are no environmental issues that could affect the use of its fixed assets.

In 2023, Gerdau S.A. invested R$ 1.11 billion in the improvement of its eco-efficiency practices and in technologies for the protection of the air, water and soil.

Environmental Regulations

In all of the countries in which the Company operates, it is subject to federal, state and municipal environmental laws and regulations governing, but not limited to, the air emissions, wastewater discharges and solid and hazardous waste handling and disposal. Its manufacturing facilities have been operating under the applicable environmental rules. The respective permits and licenses require compliance with conditions and various performance standards, which are monitored by regulatory authorities. The Company employs a staff of experts to manage all phases of its environmental programs and uses outside experts where needed. The Company works to assure that its operations maintain compliance in all material respects with the applicable environmental laws, regulations, permits and licenses currently in effect. When Gerdau acquires new plants, it conducts an assessment of potential environmental issues and prepares a work plan in compliance with the local authorities.

In most countries, both federal and state governments have the power to enact environmental protection laws and issue regulations under such laws. In addition to those rules, the Company is also subject to municipal environmental laws and regulations. Under such laws, individuals or legal entities whose conduct or activities cause harm to the environment are usually subject to criminal, civil and administrative sanctions, as well as any costs to repair the actual damages resulting from such harm.

The steel industry uses and generates substances that can cause environmental damages. The Company's Management conducts surveys periodically to identify areas potentially impacted and recorded as its best estimate of the costs for inspecting, treating and cleaning potentially impacted areas the amounts of R$ 517,669 on December 31, 2023 (R$ 139,395 recognized as current liabilities and R$ 378,274 as non-current liabilities), R$ 484,652 on December 31, 2022 (R$ 262,018 recognized as current liabilities and R$ 222,634 as non-current liabilities) and R$ 575,709 on December 31, 2021 (R$ 231,711 recognized as current liabilities and R$ 343,998 as non-current liabilities). The Company adopted assumptions and estimates to determine the amounts involved that could vary in the future due to the conclusion of the inspection and the assessment of the actual environmental impact at the time of the ultimate settlement. See Note 22 - Environmental Liabilities.

Brazilian Environmental and Regulatory Legislation

The Company's activities are subject to wide-sweeping Brazilian environmental legislation at the federal, state and municipal levels that encompass, among other aspects, the dumping of effluents, atmospheric emissions and the handling and final disposal of dangerous waste, as well as the obligation to obtain operating licenses for the installation and operation of potentially polluting activities.

Brazilian environmental legislation provides for the imposition of criminal, civil and administrative liabilities on individuals and legal entities that commit environmental crimes or infractions, as well as for the obligation to repair the environmental damage caused. Although the Company has never suffered any environmental penalties that could have a significant impact on its business, potential environmental crimes or infractions could subject the Company to penalties that include:

- fines that at the administrative level could reach as high as R$ 1 billion, and that could be influenced by the wrongdoer's economic capacity and past record, as well as the severity of the facts and prior history, that could be potentially doubled or tripled in case of repeat offenders;

- suspension of or interference in the activities of the respective enterprise; and

- loss of benefits, such as the suspension of government financing and the inability to qualify for public bidding processes and tax breaks.

The application of environmental liability in criminal sphere depends on evidence of intent (intention) or fault (negligence and/or recklessness) and, is considered subjective. Therefore, individuals only would be prosecuted or convicted to the extent of their action, intention or fault. In the case of the administrative sphere, recent judicial precedents provide for subjective environmental liability as well, although most environmental agencies apply administrative environmental liability regardless of proof of intent or fault.

In the civil sphere, environmental damage results in joint and several liability as well as strict liability. This means that the obligation to repair the environmental damage may affect all those directly or indirectly involved, regardless of intent or fault. In this case, acknowledging the causal link between the action and the damage is enough to imputation of civil responsibility As a result, hiring of outsourced companies to intervene in its operations to perform services such as final disposal of solid waste does not exempt the Company from liability for any environmental damage that may occur.

Environmental legislation also provides for piercing the corporate veil, affecting shareholder assets, whenever the lack of solvency of an entity represents an impediment to recovery of environmental damages.

North American Environmental Legislation

The Company is required to comply with a complex and evolving body of Environmental, Health and Safety Laws (EHS Laws) concerning, among other things, air emissions, discharges to soil, surface water and groundwater, noise control, the generation, handling, storage, transportation and disposal of toxic and hazardous substances and waste, the clean-up of contamination, indoor air quality and worker health and safety. These EHS Laws vary by location and can fall within federal, provincial, state or municipal jurisdictions.

Most EHS Laws are of general application but result in significant obligations in practice for the steel sector. For example, the Company is required to comply with a variety of EHS Laws that restrict emissions of air pollutants, such as lead, particulate matter and mercury. Because the Company's manufacturing facilities emit significant quantities of air emissions, compliance with these laws does require the Company to make investments in pollution control equipment and to report to the significant government authority if any air emissions limits are exceeded. The government authorities typically monitor compliance with these limits and use a variety of tools to enforce them, including administrative orders to control, prevent or stop a certain activity; administrative penalties for violating certain EHS Laws; and regulatory prosecutions, which can result in significant fines and (in rare cases) imprisonment. The Company is also required to comply with a similar regime with respect to its wastewater. EHS Laws restrict the type and amount of pollutants that Company facilities can discharge into receiving bodies of waters, such as rivers, lakes and oceans, and into municipal sanitary and storm sewers. Government authorities can enforce these restrictions using the same variety of tools noted above.

The Company has installed pollution control equipment at its manufacturing facilities to address these emissions and discharge limits and has an environmental management system in place designed to reduce the risk of non-compliance.

Environmental Permits

According to Brazilian environmental legislation, the proper functioning of activities considered effectively or potentially polluting or that in some way could cause environmental damage requires environmental licenses. This procedure is necessary for both the activity's initial installation and operating phases as well as for its expansion phases, and these licenses must be renewed periodically.

The Brazilian Institute for the Environment and Renewable Resources (IBAMA) has jurisdiction to issue licenses for projects with national or regional environmental impacts. In all other cases, the state environmental agencies have jurisdiction, and, in the case of local impact, the municipal agencies have jurisdiction.

Environmental licensing of activities with significant environmental impacts is subject to a Prior Environmental Impact Study and respective Environmental Impact Report (EIA/RIMA), as well as the implementation of measures to mitigate and compensate for the environmental impact of the project.

In most cases that involve significant environmental impact, the licensing process includes the issuance of three licenses: Pre-License (LP), Installation License (LI) and Operational License (LO). These licenses are issued in accordance with each phase of project implementation, and maintaining their validity requires compliance with the requirements established by the environmental licensing agency. The failure to obtain an environmental license, regardless of whether or not the activity is actually harming the environment, is considered an environmental crime and an administrative infraction, and may subject the wrongdoer to administrative fines, at the federal level (subject to being doubled or tripled in the case of repeat violations), a Environmental legislation also provides for piercing the corporate veil, affecting shareholder assets, whenever the lack of solvency of an entity represents an impediment to recovery of environmental damages and the suspension of operations. The Operational License (LO) must be renewed periodically.

The Company's operations currently comply with all legal requirements related to environmental licenses. However, any delay or refusal on the part of environmental licensing agencies to issue or renew these licenses, as well as any difficulty on its part to meet the requirements established by these environmental agencies during the course of the environmental licensing process, could jeopardize or even impair the installation, operation and expansion of new and current projects.

Decarbonization Strategy

In 2019, the Company engaged in a review of materiality through which it determined the most significant material issues - all of them linked to the SDGs (Sustainability Development Goals) to guide our strategy and management initiatives and guide the way in which we communicate with our stakeholders and society in general. One of the issues identified as most significant was “Mitigation and adaptation to climate change”. GHG emissions are a key issue in the debate on climate change and a sensitive point for the steel industry, given the level of emissions from its production facilities in relation to the industrial sector as a whole. In 2022, Gerdau had its material issues revised and this topic is still considered material for the Company.

The Company defines its risk management guideline and procedure based on business analysis, including issues related to climate change and the ESG Scorecard indicators. Industry trends that can impact business in the short-, medium- and long-term, as well as environmental, social and governance factors, image and legislation are assessed.

The identified risk factors related to climate change are related to unexpected interruptions in the production capacity of the Company’s main units and facilities that would increase production costs, reducing sales and earnings in the affected period. The Company could be affected by risks,such as:

- Reduced availability of electricity arising from a period of water crisis: the production of crude steel is an electricity-consuming process, especially in steel mills that use electric arc furnaces. Electricity is an important component for the production of these units, as is natural gas, although to a lesser extent. Electricity cannot be replaced by another energy source in the Company’s mills and rationing or interruptions in supply can affect the production of these units.

- Fires or severe weather conditions: Unforeseen periods of drought can impair the performance of our forest areas, reducing the availability of the bio-reducer for our operating units that use this input; Floods can result in unforeseen periods of production stoppage, among others.

- Water shortage resulting from a period of water crisis: Reduction of water withdrawal for the production process, leading to a reduction in production.

Such risks would increase production costs, reducing sales and earnings in the affected period as a result of unexpected events. As a consequence, the Company is susceptible to periods of stoppage or reduction of production in the steel mills, which may also occur in the future. Interruptions in production capacity may adversely affect Gerdau’s productivity and operating results. In addition, any interruption in production capacity may require additional troubleshooting expenses which would impact the Company’s cash flow. As a result, long business interruptions can also damage the Company’s reputation and lead to the loss of customers, which can have a negative impact on business, results of operations and cash flows. The Company could also be affected by transition risks related to policy, legal, technology, market and reputation risks.

In 2021, the Company prepared the GHG inventory of all of its global industrial units (base year, 2020). Since then, the data has been audited by a third party, following ISO 14064 (GHG emissions inventory), and reporting its GHG emissions management on CDP Climate Change since 2021 (2020 base year), CPD is a reference entity in the evaluation of sustainable actions. In 2023 (2022 base year), Gerdau achieved the A-score for the first time, reaching the climate leadership level, according to CDP, a score higher than the global average and the sector’s score, reinforcing the Company’s commitment to the sustainability of its operations. Also in 2023 (base year 2022), for the first time, Gerdau reported CDP Water Security for all its operations and received a B- score, reinforcing the Company’s commitment to transparency (in 2022 it reported only Brazil information).

With the support of specialized consultants, we study the scenarios of productive and technological changes with the lowest effective carbon cost to define goals and guide our strategy. Consistent with this, the Company adopted the MACC “Marginal Cost Curve Abatement” and structured and published on February 1, 2022 the goal of reducing GHG emissions related to Scopes 1 and 2 by 2031, from 0.93 t of CO_2e per tonne of steel produced to 0.82 t of CO_2e per tonne of steel produced, a level that will leave us with a volume of emissions less than half the world average for the steel sector, which today is 1.91 t of CO_2 according to the World Steel Association. Failure to achieve the target is a risk associated with the organization’s reputation and it is mitigated through emissions projections monitoring in accordance with operation and investment plans, incorporating additional actions, if necessary. This target is factored in our Long-Term Compensation (ILP) program.

Gerdau's production model and efforts for over a century have placed the Company at the vanguard on the issue of greenhouse gas emissions. Currently, we have one of the lowest emission averages in the steel industry, which is equivalent to approximately half of the global industry average.

- 70% of the steel we produce comes from recycling of ferrous scrap: Gerdau S.A. is the largest recycler in Latin America, transforming 11 million tonnes of scrap into steel. This enables us to promote a circular economy, saving natural resources and reduce energy consumption and greenhouse gas emissions.

- World's largest charcoal producer: The Company has more than 250,000 hectares of forests. Our planted forests are sources of renewable raw material in the production of charcoal, a bioreducer used to produce pig iron, resulting in decreased emissions of greenhouse gases.

- Currently, we are leaders in managing GHG emissions and being well thought of as a benchmark for industry entities. Our constant efforts include the use of renewable sources, recycling, reduction of raw material consumption and energy efficiency.

Our goal of reduction from 0.93t CO_2e / t steel (base year 2020) to 0.82t CO_2e / t steel, by 2031, in scopes 1 and 2 prioritizes:

- Greater energy and operational efficiency;

- Higher use of scrap;

- Expansion of our forestry base and renewable energy sources; and

- Investment on new technologies and open innovation.

With this reduction, we are reaching a new level, at which the global steel industry would have to cut about 50% of its current GHG emissions to reach it. In 2031, if we achieve this target, the Company expects to be in a further strategic position among the world's most efficient steel producers in terms of GHG emissions.

The Company aims to be carbon neutral by 2050; for this, disruptive technologies will be necessary in steel production, which are not yet economically and operationally feasible on an industrial scale. No assurance can be given that it can be achieved, since there are externalities involved that we do not control; nonetheless, to contribute to this outcome, we continue to study and collaborate with diverse partners and entities in the sector to seek low carbon solutions.

Public policies and measures to reduce GHG emissions from industrial processes will also be necessary. Our efforts are also dedicated to clean and renewable energy solutions. The Company has already announced the construction of a solar complex in Brazil. Moreover, we will continue to streamline our production processes and invest in new energy matrices and open innovation.

In Canada, the three Gerdau mills are required to report facility-level greenhouse gas emissions and production data with verification by a third-party. Manitoba Mill is regulated by the Canadian Federal Greenhouse Gas Pollution Pricing Act, which has been in effect since 2019, setting a carbon price at CAD 65/tCO2e for 2023 and includes the Output-Based Pricing System (OBPS) Regulations. Facilities operating above the standard pay an excess emissions charge (CAD 65/tCO2e for 2023, rising $15/t per year out to 2030), while facilities operating below (better than) the standard can receive credits. Under the Canada GHG program, facilities are granted allowances based on our production x output-based standard(s) for each activity (in our case, both EAF steel and hot-rolled steel). The resulting balance is the difference between the allocations provided and the actual emissions. Emission units are not transferable outside of the Federal OBPS. Since January 1, 2022, the Whitby and Cambridge Mills have been regulated by the Provincial (Ontario) Emissions Performance Standards (EPS) Regulation. The Federal Greenhouse Gas Pollution Pricing Act applies a regulatory charge on fuel, but a facility is exempt from the carbon tax when registered under the Ontario EPS. The EPS includes performance standards, called Baseline Emission Intensities (BEIs) for the industry. Facilities operating above the standard pay an excess emissions charge (currently CAD 65/tCO2e for 2023 and rising $15/t per year in accordance with the Federal pricing), while facilities operating below (better than) the standard can receive credits. Under the EPS program, facilities are granted allowances based on our production x output-based standard(s) for each activity (in our case, both EAF steel and hot-rolled steel). The resulting balance is the difference between the allocations provided and the actual emissions. As Gerdau operates two facilities under the Ontario EPS program, we can move allowances within the company to assist with any carbon compensation obligations.

Areas of permanent forest preservation and legal reserves

Some activities of the Company, mainly those involving reforestation to produce thermal-reducer used in its industrial units, are subject to the Brazilian Forest Code.

The Code determines that some areas, due to their importance for the preservation of the environment and water resources, are considered permanent preservation areas (APP), such as, for example, areas adjacent to rivers or natural or artificial reservoirs, hill tops and slopes hills with a slope greater than 45 °. At Gerdau’s forestry units, permanent preservation areas are an integral part of the business, being protected and in compliance with the legislation.

Moreover, depending on the region where the property is located, the Code requires rural land owners to restore and preserve between 20%, 35% or 80% of areas containing native vegetation. The maintenance of these percentages of native vegetation is important because it guarantees the preservation of the local natural vegetation, perpetuating the genetic resources and the biodiversity of each Brazilian biome. Gerdau maintains its Legal Reserve areas preserved and in accordance with governing legislation.

ITEM 4A. UNRESOLVED SEC STAFF COMMENTS

The Company has no unresolved comments from the staff of the U.S. Securities and Exchange Commission with respect to its annual report under the Securities Exchange Act.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion of the Company’s financial condition and results of operations should be read in conjunction with the Company’s audited Consolidated Financial Statements of financial position as of December 31, 2023 and 2022 and for each year in the three year period ended December 31, 2023, included in this Annual Report that have been prepared in accordance with IFRS Accounting Standards, as well as with the information presented under “Presentation of Financial and Other Information” and “Selected Financial and Other Information of Gerdau”.

For a discussion of the Company’s financial condition and results of operations as of December 31, 2021, see “Item 5. Operating and Financial Review and Prospects” contained in the Company’s Annual Report on Form 20-F for the year ended December 31, 2022 (File No. 001-14878), filed with the SEC on March 31, 2023. Such information is not incorporated by reference into this Annual Report.

The following discussion contains forward-looking statements that are based on management’s current expectations, estimates and projections and that involve risks and uncertainties. The Company’s actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including those described in the sections “Forward-Looking Statements” and “Risk Factors”.

The primary factors affecting the Company’s results of operations include:

- Economic and political conditions in the countries in which Gerdau operates, especially Brazil and the U.S.;
- The fluctuations in the exchange rate between the Brazilian *real* and the U.S. dollar;
- The cyclical nature of supply and demand for steel products both inside and outside of Brazil, including the prices for steel products;
- The Company’s level of exports; and
- The Company’s production costs.

Brazilian Economic Conditions

The Company’s results and financial position depend largely on the situation of the Brazilian economy, most notably economic growth and its impact on steel demand, financing costs, the availability of financing and the exchange rates between Brazilian and foreign currencies.

Since 2003, the Brazilian economy has become more stable, with significant improvement in the main indicators. The continuity of the macroeconomic policies focused on tax matters, the inflation-targeting system, the adoption of a floating foreign exchange rate, the increase in foreign investment and compliance with international financial agreements, including the full repayment of debt with the International Monetary Fund, contributed to the improved economic conditions in Brazil.

In 2023, Brazilian GDP increased 2.9% (equivalent to US$ 1.9 trillion Nominal GDP) driven by services, industrial and agribusiness sectors. Inflation, as measured by the IPCA index, was 4.6%. The average CDI rate in the year was 13.0%. The Brazilian *real* appreciated by 4.0% against the U.S. dollar, ending the year at R$ 4.99 to US$ 1.00.

In 2022, Brazilian GDP increased 2.9% (equivalent to US$ 1.6 trillion Nominal GDP) driven by services, industrial and agribusiness sectors. Inflation, as measured by the IPCA index, was 12.1%. The average CDI rate in the year was 12.4%. The Brazilian *real* appreciated by 1.75% against the U.S. dollar, ending the year at R$ 5.20 to US$ 1.00.

In 2021, Brazilian GDP increased 4.7% (equivalent to US$ 1.6 trillion Nominal GDP) driven by services, industry and agribusiness sectors. Inflation, as measured by the IPCA index, was 10.1%. The average CDI rate in the year was 4.4%. The Brazilian *real* depreciated by 7% against the U.S. dollar, ending the year at R$ 5.58 to US$ 1.00.

Moreover, a significant portion of the Company’s debt denominated in Brazilian *reais* is subject to interest at the CDI and TJLP rates, which are affected by many factors including inflation in Brazil. Another portion of the Company’s debt, denominated in Brazilian *reais*, is indexed to general-inflation indexes, generally the IGP-M index. Therefore, higher inflation may result in increases in the Company’s financial expenses and debt service obligations.

The interest rates that the Company usually pays depend on a variety of factors such as; movements on the interest rates, which can be driven by inflation; ratings given by the credit rating agencies that assess the Company; as well as the Company’s debt securities that are traded in the secondary market, as bonds. The Company’s debt obligations with floating interest rates, exposes the Company to market risks from changes in the CDI rate, IGP-M index and LIBOR. To reduce its exposure to interest rate risk, the Company seeks from time to time to enter into hedging arrangements to mitigate fluctuations in these rates, such as LIBOR.

The table below presents GDP growth, inflation, interest rates and the foreign exchange rate between the U.S. dollar and the Brazilian *real* for the periods shown.

	2023	2022	2021
Actual GDP growth	2.9 %	2.9 %	4.7 %
Inflation (IGP-M) (1)	0.07 %	5.4 %	17.8 %
Inflation (IPCA) (2)	4.6 %	5.7 %	10.1 %
CDI rate (3)	13.0 %	12.4 %	4.4 %
6-month LIBOR	5.6 %	5.1 %	0.34 %
Depreciation (appreciation) in the Brazilian *real* against the U.S. dollar	4.0 %	7.5 %	6.88 %
Foreign exchange rate at end of year — US$ 1.00	R$ 4.8413	R$ 5.2177	R$ 5.5805
Average foreign exchange rate — US$ 1.00 (4)	R$ 4.9841	R$ 5.1386	R$ 5.3950

Sources: Getúlio Vargas Foundation, Central Bank of Brazil and Bloomberg

(1) Inflation as measured by the General Market Price index (IGP-M) published by the Getúlio Vargas Foundation (FGV).
(2) Inflation as measured by the Board Consumer Price Index (IPCA) measured by Brazilian Institute of Geography and Statistics (IBGE).
(3) The CDI rate is equivalent to the average fixed rate of interbank deposits recorded during the day in Brazil (annualized monthly cumulative figure at end of period).
(4) Average of the foreign exchange rates, according to the Brazilian Central Bank, on the last day of each month in the period indicated.

U.S. Economic Conditions

In view of the size of the Company's operations in the United States, U.S. economic conditions have a significant effect on the Company's results, particularly with regard to U.S. economic growth and the related effects on steel demand, financing costs and the availability of credit.

In 2023, according to the IMF (International Monetary Fund) October's report, the U.S. Real GDP decreased to 2.1%. Inflation, as measured by the CPI, was 4.1%. The average Fed Funds rate (the interest rate established by the U.S. Federal Reserve) was 5.5%.

In 2022, according to the IMF (International Monetary Fund) the U.S. Real GDP increased to 2.7%. Inflation, as measured by the CPI, was 6.5%. The average Fed Funds rate (the interest rate established by the U.S. Federal Reserve) was 4.25%.

In 2021, according to the IMF (International Monetary Fund) the U.S. Real GDP increased to 10.0%. Inflation, as measured by the CPI, was 7%. The average Fed Funds rate (the interest rate established by the U.S. Federal Reserve) was 0.25%.

The table below presents actual U.S. Real GDP growth, inflation and interest rates for the periods indicated.

	2023	2022	2021
Actual Real GDP growth (1)	2.1 %	2.7 %	10.0 %
Inflation (CPI) (2)	4.1 %	6.5 %	7.0 %
Fed Funds (3)	5.5 %	4.25 %	0.25 %

Sources: International Monetary Fund and Federal Reserve Statistical Release

(1) Real GDP growth (annual percent change) published by the International Monetary Fund (IMF).
(2) Consumer price index, average of consumer prices (annual percent change) published by the International Monetary Fund (IMF). The CPI is a survey of consumer prices for all urban consumers.
(3) Fed Funds corresponds to the interest rate set by the U.S. Federal Reserve.

Impact of Fluctuations in Exchange Rates

Gerdau's results and its financial position are largely dependent on the state of the Brazilian economy, notably (i) economic growth and its impact on steel demand, (ii) financing costs and the availability of financing, and (iii) the rates of exchange between the Brazilian *real* and foreign currencies.

A portion of Gerdau's trade accounts receivable, trade accounts payable and debt is denominated in currencies other than the respective functional currencies of each subsidiary. The functional currency of the Brazilian operating subsidiaries is the Brazilian *real*. Brazilian subsidiaries have some of their assets and liabilities denominated in foreign currencies, mainly the U.S. dollar.

The foreign exchange effect on translation of foreign subsidiaries is recorded directly in shareholders' equity. Foreign exchange gains and losses on transactions, including the exchange gains and losses on some non-*real* denominated debt of the subsidiaries in Brazil are recognized in the statement of income. However, gains and losses from debts contracted for acquisition of overseas investments are designated as a hedge of net investment in foreign subsidiaries and are also recorded directly in shareholders' equity. The operations of Gerdau in Brazil have both liabilities and assets denominated in foreign currency, with the amount of assets exceeding the amount of liabilities. The effect of the valuation of the Brazilian *real* versus other currencies (mainly the U.S. dollar) has a net positive effect in our shareholders' equity.

The cyclical nature of supply and demand for steel products including the prices of steel products

The prices of steel products are generally sensitive to changes in world and local demand, which in turn are affected by economic conditions in the world and in the specific country. The prices of steel products are also linked to available installed capacity. Most of the Company's long rolled steel products, including rebars, merchant bars and common wire rods, are classified as commodities. However, a significant portion of the Company's long rolled products, such as special steel, wire products and drawn products, are not considered commodities due to differences in shape, chemical composition, quality and specifications, with all of these factors affecting prices. Accordingly, there is no uniform pricing for these products.

International steel prices have experienced ups and downs throughout the last several years. From 2017 until 2021, the Turkish Rebar average price (the measure most used in the market, since the turmoil in the world economy after the 2008 crisis, when CIS prices skyrocketed to US$ 1,205), was US$ 476 in 2017, US$ 535 in 2018, and US$ 450 in 2019. In 2023, the average price for the year was US$ 622, a drop of 6,9% compared to 2022, due to both the decline in the cost of raw materials and consumption.

Export levels — during periods of lower domestic demand for the Company's products, the Company actively pursues export opportunities for its excess production in order to maintain capacity utilization rates and shipments. During periods of higher domestic demand for its products, export sales volumes may decline as the Company focuses on satisfying domestic demand. Gerdau exports products from Brazil to customers in other continents with whom we have long-established commercial relations. In 2023, exports were 4.1% higher than 2022, going from 956 to 995 million tonnes, which represented 19.3% of total shipments from Brazil operations. Export revenue totaled R$ 3,394 million in 2023 (R$ 4,068 million in 2022).

Production costs — raw materials account for the highest percentage of the Company's production costs. Metallic inputs, which includes scrap, pig iron, iron ore, coke and metallic alloys, represented approximately 44.3% of production costs in 2023, while Energy and Reducing Agents, which represents the cost of coal, electricity, oxygen, natural gas and fuel oil, accounted for 15.2%. Personnel totaled 18.4% of production costs and Specific Materials, which includes refractories, electrodes, rolling cylinders, rollers, guides, carburants and lime, were 10.7% of total production costs. The table below presents the production costs breakdown by business segment:

Production Costs Breakdown in 2023, 2022 and 2021 (%)

	Consolidated			Brazil Business Segment			North America Business Segment			South America Business Segment			Special Steel Business Segment		
% of costs	**2023**	**2022**	**2021**	**2023**	**2022**	**2021**	**2023**	**2022**	**2021**	**2023**	**2022**	**2021**	**2023**	**2022**	**2021**
Personnel	18.4	15.4	14.8	18.4	15.7	14.6	17.2	15.1	13.9	13.2	9.5	9.3	22.8	18.7	19.9
Maintenance	7.6	6.2	5.2	6.1	5.8	4.9	10.6	7.9	5.9	4.9	3.3	3.5	5.9	5.1	4.9
Depreciation	3.9	3.2	3.2	5.4	4.4	5.1	2.6	2.1	1.8	1.3	1.0	1.4	4.4	4.0	3.8
Metallic Inputs	44.3	50.2	57.3	30.3	34.6	45.2	52.8	58.8	65.5	65.6	74.3	75	46.5	52.3	52.6
Energy and Reducing Agents	15.2	15.5	11.2	29.1	30.4	21.8	5.7	6.5	4.9	9.5	7.4	6.6	8.6	9.1	8.6
Specific Materials	10.7	9.2	8.2	10.7	9.2	8.5	11.1	9.6	8.0	5.5	4.4	4.2	11.8	10.7	10.2

Significant events affecting financial performance during 2023 and 2022

According to the World Steel Association (worldsteel), steel production came to 1.87 billion tonnes in 2022, down 4.2% from 2021. The highlight was the Americas, where Gerdau's operations are located, which registered continuing high levels, even with the 4.7% drop in 2023 compared to 2022. Gerdau's shipments reached 11.3 million tonnes, generating net sales of R$ 68.9 billion, 16.4% lower than in 2022. The Company's intense focus on operating efficiency translated into a strong net income of R$ 7.5 billion in 2023.

Regarding the construction sector, it has presented a mixed performance. While launches decreased by 3.5% vs 2022, the sale of units increased by 20.5%, which influenced downwards the real state inventory, reaching 10.2 months (lowest level since 2019). Note that at end-2023, the Construction Industry Confidence Index (FGV) reached 96.0 points, down from 96.2 points in November. In North America, demand from the non-residential construction and industrial sectors remained at suitable levels. According to US Census Bureau, total investments in construction (CPIP- Construction Put-in-Place) grew by 3.5% in 2023. The leading indicator for non-residential construction (ABI) remained under the expansion threshold, closing 2023 at 45.4. The industrial sector was also pressured by the activity level, as shown by the Institute for Supply Management (ISM) index, which reached 47.4 points in December 2023.

In the North America Segment, despite lower sales volumes in our operation, we believe that the continuity of government policies and programs that encourage demand for steel in the region (e.g. Section 232, Inflation Reduction Act – IRA, Infrastructure Bill, Chips Act, among others) and the relocation of companies in the region (reshoring), could benefit the competitiveness of the steel industry and generate incentives for local demand in the long term. In Brazil, the national industry continued to be affected by the high volume of steel imports, accentuating the imbalance in competition, especially due to the entry of steel under conditions of predatory competition. In 2023, the volume of steel imports reached around 5 million tonnes, the highest level since 2010, being 50% higher compared to the volumes of the previous year (according to data from the Instituto Aço Brasil), contributing to the retraction of the main markets where we operate and impacting the Company's results.

In South America, steel production and shipments decreased in 2023 compared to 2022, impacted by political uncertainties, inflation, and the El Niño weather phenomena, which brought challenges and volatility for the countries in the region. Lastly, the Special Steel Segment was impacted for different reasons and at a different moment throughout 2023. In Brazil, rising imports, falling exports, the Euro 6 adoption and the elevated credit and production costs prevented a better performance. In North America, the strikes of auto workers in Detroit (Ford, GM, and Stellantis) had a marginal impact on volumes, while Light and class 8 vehicle production showed reasonable growth and the rig count in the oil and gas segment closed 2023 in line with 2022.

Exchange rate — The Company has designated a portion of its debt denominated in foreign currency and contracted by companies in Brazil as a hedge for a portion of the net investments in foreign subsidiaries. As a result, the effects from exchange variation gains or losses on the portion of debt designated for hedge accounting are also recognized in shareholders' equity, in accordance with IFRS Accounting Standards. The subsidiaries that issued the debt are not subject to income taxes and as such there is no income tax effect on the exchange gains and losses on the debt. However, the subsidiaries have loaned the proceeds to other entities in Brazil with terms identical to those of the Ten-Year Bonds. The payable by the subsidiaries in Brazil to the foreign subsidiaries denominated in US dollars generates exchange gains (losses) that are taxable and results in income tax recognized in the income statement, while these exchange variances are eliminated in consolidation with the offsetting exchange gains (losses) recognized by the foreign subsidiaries.

Starting from April 1, 2012, with the objective of eliminating the tax effect from the exchange variance of these debts, the Company designated part of its debt in foreign currency as a hedge for a portion of the investments in subsidiaries located outside Brazil. As a result, the effect of exchange rate changes on these debts on the amount of US$ 0.4 billion (equivalent to R$ 2.1 billion on December 31, 2023) (designated as a hedge) has been recognized in the Statement of Comprehensive Income.

A. Results of Operations

The following presentation of the Company's operating results for the years ended on December 31, 2023 and 2022 is based on the Company's Consolidated Financial Statements prepared in accordance with IFRS Accounting Standards included in this Annual Report. References to increases or decreases in any year or period are made in relation to the corresponding prior year or period, except where stated otherwise.

The Company's operating results for the years ended on December 31, 2022 and 2021 is presented on the Company's Annual Report on Form 20-F (File No. 001-14878), filed with the Securities and Exchange Commission on March 31, 2022.

The table below presents information for various income statement items and are expressed in both reais and as a percentage of net sales for each of the respective years:

Year ended December 31, 2023, compared with year ended December 31, 2022.

GERDAU S.A.
CONSOLIDATED STATEMENTS OF INCOME
In thousands of Brazilian reais (R$)

	2023	Vertical Analysis 2023	2022	Vertical Analysis 2022	Horizontal Analysis 2023x2022
NET SALES	68,916,447	100.00 %	82,412,210	100.0 %	(16.4)%
Cost of sales	(57,583,992)	(83.6)%	(63,661,156)	(77.2)%	(9.5)%
GROSS PROFIT	11,332,455	16.4 %	18,751,054	22.8 %	(39.6)%
Selling expenses	(716,195)	(1.0)%	(733,026)	(0.9)%	(2.3)%
General and administrative expenses	(1,491,441)	(2.2)%	(1,454,592)	(1.8)%	2.5 %
Other operating income	1,033,506	1.5 %	246,313	0.2 %	319.6 %
Other operating expenses	(522,476)	(0.8)%	(210,042)	(0.2)%	148.7 %
Impairment of financial assets	(10,728)	0.0 %	(81)	0.0 %	13,144.4 %
Equity in earnings of unconsolidated companies	827,606	1.2 %	1,151,827	1.4 %	(28.1)%
INCOME BEFORE FINANCIAL INCOME (EXPENSES) AND TAXES	10,452,727	15.2 %	17,751,453	21.5 %	(41.1)%
Financial income	903,019	1.3 %	606,362	0.0 %	48.9 %
Financial expenses	(1,396,789)	(1.7)%	(1,563,158)	(1.8)%	(10.6)%
Exchange variations, net	(850,375)	(1.2)%	(974,709)	(0.1)%	(12.8)%
Tax credits monetary update	253,002	0.4 %	—	—	—
Gain and losses on financial instruments, net	(14,979)	0.0 %	39,079	0.0 %	(138.3)%
INCOME BEFORE TAXES	9,346,605	13.6 %	15,859,027	19.2 %	(41.1)%
Current	(1,810,459)	(2.6)%	(3,709,414)	(4.5)%	(51.2)%
Deferred	837	0.0 %	(670,061)	(0.1)%	(100.1)%
Income and social contribution taxes	(1,809,622)	(2.6)%	(4,379,475)	(5.3)%	(58.7)%
NET INCOME	7,536,983	10.9 %	11,479,552	13.9 %	(34.3)%

Net sales by Segment (R$ million)	**Year ended December 31, 2023**	**Year ended December 31, 2022**	**Year ended December 31, 2023 compared with year ended December 31, 2022**
Brazil	26,831	32,971	(18.6)%
North America	26,858	31,099	(13.6)%
South America	5,118	7,180	(28.7)%
Special Steel	11,385	13,626	(16.4)%
Eliminations among segments	(1,275)	(2,464)	(48.3)%
Total	68,916	82,412	(16.4)%

In 2023, net sales were R$ 68.9 billion, down 16.4% from 2022, which were R$ 82.4 billion, reflecting the global decline in demand and commodity prices, which resulted in lower net sales per tonne. The volumes in 2023 decreased 4.9% compared to 2022, where 11.3 million tonnes were sold compared to the quantity of 11.9 million tonnes in 2022. The construction and industry sectors, where the Company operates, experienced decrease in net sales per tonne in 2023 when compared to the year of 2022.

Brazil Segment reached net sales of R$ 26.8 billion, a reduction of 18.6% to the net sales reached in 2022, which were R$ 33.0 billion. The decrease in volume of sales, which were 5.1 million tonnes in 2023 compared to 5.4 million tonnes in 2022 was a consequence of lower volumes sold in the Brazilian domestic market. The net sales per tonne decreased in 2023 when compared to 2022 due to effects of global downcycle in commodity prices, which also resulted in lower net sales per tonne in the Brazil segment.

In the North America Segment, net sales were R$ 26.9 billion, resulting in a decrease of 13.6% compared to 2022, which were R$ 31.1 billion.. The volume of sales in 2023 were 3.9 million tonnes, 4.5% lower than 2022, which were 4.1 million tonnes. The net sales per tonne decreased in 2023 when compared to 2022 due to effects of global downcycle in commodity prices, which also resulted in lower net sales per tonne in the North America segment.

In the South America Segment, net sales were R$ 5.1 billion, compared to R$ 7.2 billion in 2022, a decrease of 28.7% in the year due to lower net sales per tonne in 2023 when compared to 2022 due to effects of global downcycle in commodity prices, as well as higher inflation rates in the region.

In the Special Steel Segment, net sales were R$ 11.4 billion in 2023 while in 2022 were R$ 13.6 billion, a decrease of 16.4% in 2023 when compared to 2022. The decrease in volume of sales, which were 1.4 million tonnes in 2023 compared to 1.7 million tonnes in 2022 was a consequence of lower volumes sold in the Brazilian market, net sales per tonne decreased in 2023 when compared to 2022 due to effects of the global downcycle in commodity prices, which also resulted in lower net sales per tonne in the Special Steel segment.

Cost of goods sold and Gross Profit

Net sales, Cost of goods sold and Gross Profit(*)		**Year ended December 31, 2022**		**Year ended December 31, 2023 compared with year ended December 31, 2022**
		2023	**2022**	**2022**
Brazil	Net sales (R$million)	26,831	32,971	(18.6)%
	Cost of goods sold (R$million)	(24,172)	(27,083)	(10.7)%
	Gross profit (R$million)	2,659	5,888	(54.8)%
	Gross margin (%)**	9.9 %	17.9 %	
North America	Net sales (R$million)	26,858	31,099	(13.6)%
	Cost of goods sold (R$million)	(21,062)	(22,694)	(7.2)%
	Gross profit (R$million)	5,796	8,405	(31.0)%
	Gross margin (%)**	21.6 %	27.0 %	
South America	Net sales (R$million)	5,118	7,180	(28.7)%
	Cost of goods sold (R$million)	(4,014)	(5,532)	(27.4)%
	Gross profit (R$million)	1,104	1,648	(33.0)%
	Gross margin (%)**	21.6 %	23.0 %	
Special Steel	Net sales (R$million)	11,385	13,626	(16.4)%
	Cost of goods sold (R$million)	(9,688)	(11,186)	(13.4)%
	Gross profit (R$million)	1,697	2,440	(30.4)%
	Gross margin (%)**	14.9 %	17.9 %	
Eliminations among companies	Net sales (R$million)	(1,275)	(2,464)	
	Cost of goods sold (R$million)	1,352	2,834	
	Gross profit (R$million)	77	370	
Total	Net sales (R$million)	68,916	82,412	(16.4)%
	Cost of goods sold (R$million)	(57,584)	(63,661)	(9.5)%
	Gross profit (R$million)	11,332	18,751	(39.6)%
	Gross margin (%)**	16.4 %	22.8 %	

In 2023, cost of goods sold decreased 9.5% in comparison with 2022, to R$ 57.6 billion, driven by decreases in the costs of key raw materials used by the Company 17% decrease in iron ore prices and the 23% decrease in scrap prices. Increases in raw materials directly impact production in the integrated route, mainly iron ore. To mini mills production, the impact is based on scrap.

In the Brazil Segment, cost of goods sold decreased 10.7% compared to 2022, reflecting the fall in raw material costs, such as the price decreases of 17% in iron ore and 26% in scrap.

In the North America Segment, cost of goods sold decreased in 2023 compared to 2022, due to the 23% decrease in the scrap price.

In the South America Segment, cost of sales decrease 27.4% from 2022, reflecting the effects of inflation and currency devaluation in Argentina.

In the Special Steel Segment, cost of goods sold decreased 13.4%, affected by the lower shipments in special steels. The scrap price decreased by 27% in 2023 compared to 2022.

Selling, General and Administrative Expenses

Operating Expenses(*) (R$million)	2023	2022	Year ended December 31, 2023 compared with year ended December 31, 2022
Selling expenses	716	733	(2.3)%
General and administrative expenses	1,491	1,455	2.5 %
Total	2,207	2,188	0.9 %
Net sales	68,916	82,412	(16.4)%
% net sales	3.2 %	2.7 %	

(*) The information does not include data from joint ventures and associate companies.

Income before Financial Income (Expenses) and Taxes

Income before financial income (expenses) and taxes was R$ 10,453 million in 2023, compared to income of R$ 17,751 million in 2022. The reduction in 2023, when compared to 2022 was mainly related to the decrease in gross profit, which was related to lower demand and sales in 2023.

Financial Income, Financial Expenses, Exchange Variation, net and Gains and Losses on Derivatives, net (R$ million)	2023	2022	Year ended December 31, 2023 compared with year ended December 31, 2022
Financial income	903	606	49.9 %
Financial expenses	(1,397)	(1,563)	(10.6)%
Tax Credit Monetary update	253	—	—
Exchange rate variation, net	(850)	(975)	(12.8)%
Gains and losses on derivatives, net	(15)	39	(138.5)%
Total	**(1,106)**	**(1,893)**	**(41.6)%**

In 2023, the net financial expense was lower than 2022 mainly because of the increase in financial income from short-term investments and lower financial expenses due to lower interests on debt. In addition, the Company recognized a tax credit monetary update in 2023 in the amount of R$ 253 million due to a gain in a lawsuit of tax nature, which also represents a relevant variance to the decrease in the net financial expense of 2023.

Income and Social Contribution Taxes

Income tax and social contribution was an expense of R$ 1,810 million in 2023, compared to an expense of R$ 4,379 million in 2022. This decrease in the expense is mainly related to the reduction in income before taxes, which resulted in a reduction of 41.1% in the current income and social contribution taxes expenses for the year of 2023, when compared to 2022.

Net Income

Net income of R$ 7.5 billion in 2023 was 34.3% lower than 2022, mainly related to the lower shipment volumes and lower net sales in the Segments.

B. Liquidity and Capital Resources

The table below presents information for the cash flow of the respective years:

GERDAU S.A.
CONSOLIDATED STATEMENTS OF CASH FLOWS
In thousands of Brazilian reais (R$)

	For the year ended on		Horizontal analysis
	December 31, 2023	December 31, 2022	2023x2022
Cash flows from operating activities			
Net income for the year	7,536,983	11,479,552	(34.3)%
Adjustments to reconcile net income for the year to net cash provided by operating activities			
Depreciation and amortization	3,047,212	2,866,699	6.3 %
Equity in earnings of unconsolidated companies	(827,606)	(1,151,827)	(28.1)%
Exchange variation, net	850,375	974,709	(12.8)%
Losses (Gains) on financial instruments, net	14,979	(39,079)	(138.3)%
Post-employment benefits	235,977	246,958	(4.4)%
Long-term incentive plans	157,979	104,714	50.9 %
Income tax	1,809,622	4,379,475	(58.7)%
(Gains) Losses on disposal of property, plant and equipment, net	27,525	(25,579)	(207.6)%
Impairment of financial assets	10,728	81	13,144.4 %
Provision (reversal) of tax, civil, labor and environmental liabilities, net	160,245	295,021	(45.7)%
Tax credits recovery	(1,098,218)	—	—
Interest income on short-term investments	(481,624)	(309,782)	55.5 %
Interest expense on debt and debentures	840,069	964,607	(12.9)%
Interest expense on leases liabilities	127,787	88,370	44.6 %
Interest on loans with related parties	—	199	—
Provision for net realizable value adjustment in inventory	12,036	43,843	(72.5)%
Changes in assets and liabilities			
Decrease (Increase) in trade accounts receivable	(294,509)	290,579	(201.4)%
Decrease (Increase) in inventories	1,305,424	(2,039,135)	(164.0)%
Increase (Decrease) in trade accounts payable	(355,416)	(995,598)	(64.3)%
Increase in other receivables	(107,171)	(284,826)	(62.4)%
Decrease in other payables	(434,100)	(1,597,602)	(72.8)%
Dividends from associates and joint ventures	461,292	425,493	8.4 %
Purchases of short-term investments	(7,223,644)	(3,588,529)	101.3 %
Proceeds from maturities and sales of short-term investments	7,908,990	3,434,859	130.3 %
Cash provided by operating activities	13,684,935	15,563,202	(12.1)%
Interest paid on loans and financing	(858,301)	(968,851)	(11.4)%
Interest paid on lease liabilities	(127,787)	(88,370)	44.6 %
Income and social contribution taxes paid	(1,560,137)	(3,355,643)	(53.5)%
Net cash provided by operating activities	11,138,710	11,150,338	(0.1)%
Cash flows from investing activities			
Purchases of property, plant and equipment	(5,209,128)	(4,291,873)	21.4 %
Proceeds from sales of property, plant and equipment, investments and other intangibles	40,661	48,322	(15.9)%
Additions in other intangibles	(127,195)	(189,382)	(32.8)%
Shares repurchase from joint venture	47,006	—	—
Capital (increase) decrease in joint venture	(524,185)	(26,751)	1,859.5 %
Net cash used in investing activities	(5,772,841)	(4,459,684)	29.4 %
Cash flows from financing activities			
Acquisition of interest in subsidiary	—	(46,153)	—
Acquisitions of treasury stocks	—	(1,073,124)	—
Dividends and interest on capital paid	(2,683,328)	(5,891,690)	(54.5)%
Proceeds from loans and financing	1,776,684	2,263,311	(21.5)%
Repayment of loans and financing	(2,830,684)	(3,201,126)	(11.6)%
Leasing payment	(388,202)	(310,226)	25.1 %
Intercompany loans, net	102	2,721	(96.3)%
Net cash used in financing activities	(4,125,428)	(8,256,287)	(50.0)%
Exchange variation on cash and cash equivalents	(710,659)	(119,158)	496.4 %
(Decrease) Increase in cash and cash equivalents	529,782	(1,684,791)	(131.4)%
Cash and cash equivalents at beginning of year	2,475,863	4,160,654	(40.5)%
Cash and cash equivalents at end of year	3,005,645	2,475,863	21.4 %

Net cash provided by operating activities

In 2023, net cash from operating activities was R$ 11.1 billion, flat compared to 2022, besides a lower net income for the year, partially compensated by income taxes and tax credit recovery.

Cash conversion cycle

In December 2023, the cash conversion cycle was 87 days compared to 81 days in December 2022. This result was mainly related to a lower amount of inventories, which was a consequence to lower demand of the Company's products. In addition, accounts receivable and accounts payable already decreased due to the business environment of the year.

Net cash used in investing activities

Net cash used in investing activities increased in 2023 when compared to 2022, mainly due to capital increase in joint ventures.

Net cash used in financing activities

Net cash used in financing activities decreased 50.0% in 2023, when compared to 2022, mainly due to proceeds from loans and financing net of repayment of loans and financing, which are the main effects that resulted in the reduction of net cash used in financing activities.

Indebtedness

The Company's debt is used to finance investments in fixed assets, including the modernization and technological upgrade of its plants and the expansion of installed capacity, as well as for working capital, acquisitions and, depending on market conditions, short-term financial investments.

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(1) *Working capital*: trade accounts receivable, plus inventories, less suppliers (based on the balance of each account at the end of the year).
(2) *Cash conversion cycle*: working capital, divided by net sales (of the last three months as of the date presented), multiplied by 90.

The following table profiles the Company's debt and debentures as of the years ended December 31, 2023 and 2022 (in thousands of Brazilian *reais*):

	2023	2022
SHORT-TERM:	**1,797,622**	**3,121,148**
Total short-term debt	1,783,201	2,492,262
Debentures	14,421	628,886
LONG-TERM:	**9,095,686**	**9,486,242**
Total long-term debt	8,296,474	8,687,355
Debentures	799,212	798,887
TOTAL DEBT:	**10,893,308**	**12,607,390**
Total cash and cash equivalents and short-term investments	**5,343,742**	**5,434,998**
In R$	2,618,434	2,989,249
Companies abroad	2,725,308	2,445,749
NET DEBT(1)	**5,549,566**	**7,172,392**

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(1) The calculation of net debt is made by subtracting cash and cash equivalents and short-term investments from total debt. Net debt is not a GAAP measure recognized under IFRS Accounting Standards and should not be considered in isolation from other financial measures. Other companies may calculate net debt differently and therefore this presentation of net debt may not be comparable to other similarly titled measures used by other companies. The Company uses "net debt" as indicator of indebtedness in its financial management.

Total debt was R$ 10,893 thousand and R$ 12,607 thousand for the years ended December 31, 2023 and 2022, respectively.

At the end of December 2023, the nominal weighted average cost of gross debt was 104.9% CDI for the portion denominated in Brazilian real and 5.7% for the portion denominated in U.S. dollar. On December 31, 2023, the average gross debt term was 7.2 years, with the debt maturity schedule well balanced and well distributed over the coming years.

Gerdau S.A. Long-Term Amortization	(R$ million)
2025	1.157
2026	168
2027	2.001
2028 and After	4.970
Total	**8,296**

Financial Agreements

Below are the material financial agreements outstanding at year end 2023:

Bonds

The Company, through its subsidiaries, Gerdau Trade Inc. and GUSAP III LP, has issued bonds due in 2027, 2030 and 2044. The following companies guaranteed these transactions: Gerdau S.A., Gerdau Açominas S.A. and Gerdau Aços Longos S.A.. In April, 2023, the Company, through its subsidiary Gerdau Trade Inc. (“GTI”), paid the totality of its 2023 Bonds at maturity, with principal amount of US$ 188.3 million (equivalent to R$ 931,1 million). On December 31, 2023, the outstanding balance of these bonds was as follows:

Bond	Issuance Date	Maturity	Interest Payment Months	Coupon	Initial Amount (US$ million)	Outstanding Balance (USD million)
2027	October 24th, 2017	October 24th, 2027	April & October	4.875%	650	**US$ 427 (R$ 2,067)**
2030	November 21st, 2019	January 21st, 2030	January & July	4.250%	500	**US$ 498 (R$ 2,410)**
2044	April 16th, 2014	April 16th, 2044	April & October	7.250%	500	**US$ 481 (R$ 2,328)**
					TOTAL	**US$ 1,406**
					TOTAL	**R$ 6,805**

Debenture

The Company concluded in 2019 the issuance of debentures with maturity of 4 and 7 years. In May 2023, the Company paid the debentures issued in 2019 at maturity, with total amount of R$ 600 million. On December 31, 2023, the outstanding balance of these debentures was as follows:

Debenture	Issuance Date	Due Date	Interest Payment Months	Coupon	Initial Amount (R$ million)	Outstanding Principal (R$ million)
2026	April 25th, 2019	May 6th, 2026	May & November	107.25% CDI	800	**800**
					TOTAL	**800**

Other Financial Agreements

The Company and its subsidiaries maintain other financing contracts, mainly bilateral bank loans. On December 31, 2023, the outstanding balance of these loans was R$ 3,028 million. See Note 15- Short-Term Debt and Long-Term Debt in its Consolidated Financial Statements included herein for further details.

Credit Lines

In 2022, the Company concluded the roll-over of its senior unsecured working capital revolving facility with a total committed amount of US$ 875 million (equivalent to R$ 4,236 million) and final maturity in September 2027. On December 31, 2023, there were no outstanding loans under this facility.

Derivatives

Risk management objectives and strategies: The Company understands that it is subject to different market risks, such as fluctuations in exchange rates, interest rates and commodity prices. In order to carry out its strategy for profitable growth, the Company implements risk management strategies with the objective of mitigating such market risks.

The Company's objective when entering into derivative transactions is always related to mitigation of market risks as stated in our policies and guidelines. All outstanding derivative financial instruments are monthly reviewed by the Finance Committee, which validates the fair value of such financial instruments. All gains and losses in derivative financial instruments are recognized by its fair value in the Consolidated Financial Statements of the Company.

Policy for use of derivatives: according to internal policy, the financial result must arise from the generation of cash from its business and not gains from the financial market. The Company uses derivatives and other financial instruments to reduce the impact of market risks on its financial assets and liabilities or future cash flows and earnings. Gerdau has established policies to assess market risks and to approve the use of derivative financial instruments transactions related to those risks. The Company enters into derivative financial instruments to manage the above mentioned market risks and never for speculative purposes.

Policy for determining fair value: the fair value of the derivative financial instruments is determined using models and other valuation techniques, which involve future prices and curves discounted to present value as of the calculation date. Amounts are gross before taxes. Due to changes in market rates, these amounts can change up to the maturity or in situations of early settlement of transactions.

The derivative financial instruments may include: interest rate swaps, cross currency/commodities swaps, currency options contracts and currency/commodities forward contracts.

Dollar forward contracts: the Company entered into NDF operations (Non Deliverable Forward) in order to mitigate the foreign exchange risk on assets and liabilities denominated in foreign currencies, mainly U.S. dollar. The counterparties of these transactions are financial institutions with low credit risk.

The effects of financial instruments are classified as follow:

Contracts	Position	Notional value 2023	Notional value 2022	Amount receivable 2023	Amount receivable 2022	Amount payable 2023	Amount payable 2022
Currency forward contracts							
Maturity in 2024	buyed in US$	US$ 34.2 million	US$ 30.9 million	—	—	17,337	17,950
Commodity contracts							
Maturity in 2024	buyed in US$	US$ 12.1 million	US$ 2.4 million	32	3,272	1,349	1,106
Swaps IPCA x DI							
Maturity in 2024	99.2% CDI	R$ 450.0 million	—	734	—	356	—
Swaps USD x DI							
Maturity in 2024	107.9% CDI	US$ 30.6 million	—	—	—	1,606	—
Total fair value of financial instruments				766	3,272	20,648	19,056

Fair value of derivatives	2023	2022
Current assets	766	3,272
	766	3,272
Fair value of derivatives		
Current liabilities	20,648	19,056
	20,648	19,056

Net Income	2023	2022
Gains on financial instruments	39,895	83,465
Losses on financial instruments	(54,874)	(44,386)
	(14,979)	39,079
Other comprehensive income		
Gains on financial instruments	783	—
Losses on financial instruments	—	(607)
	783	(607)

Capital Expenditures

2023 – Capital Expenditures

In fiscal year 2023, capital expenditure on fixed assets was approximately R$ 5.7 billion. Of this amount, 62% was allocated in *Brazil Segment* and the remaining 38% was allocated to another operations of Gerdau.

Brazil Segment — a total of R$ 3,499 million was invested in this operation for capital expenditures.

North America Segment — this business segment spent R$ 1,402 million in capital expenditures on fixed assets distributed throughout the units which compose this business segment.

South America Segment — the South American units spent R$ 217 million in capital expenditures on fixed assets distributed among the countries in which the units from this business segment are located.

Special Steel Segment — the special steel units spent R$ 518 million for capital expenditure on fixed assets, which were distributed throughout the units which compose this business segment.

2022 – Capital Expenditures

In fiscal year 2022, capital expenditure on fixed assets was approximately R$ 4.3 billion. Of this amount, 60% was allocated in *Brazil Segment* and the remaining 40% was allocated to another operations of Gerdau.

Brazil Segment — a total of R$ 2,592 million was invested in this operation for capital expenditures.

North America Segment — this business segment spent R$ 972 million in capital expenditures on fixed assets distributed throughout the units which compose this business segment.

South America Segment — the South American units spent R$ 148 million in capital expenditures on fixed assets distributed among the countries in which the units from this business segment are located.

Special Steel Segment — the special steel units spent R$ 520 million for capital expenditure on fixed assets, which were distributed throughout the units which compose this business segment.

C. RESEARCH AND DEVELOPMENT, PATENTS AND LICENCES, ETC.

All Gerdau mills have a Quality Management System supported by a wide array of quality control tools. Product development projects are headed by specialists who use quality tools such as "Six Sigma", a set of statistical methods for improving the assessment of process variables, and the concept of "Quality Function Deployment", a methodology through which technicians can identify and implement the customer requirements.

Given this level of quality management, mills are ISO 9001 or ISO TS 16949 certified, as well as a sort of certification of products and laboratories, according demands. In general, production, technical services and quality teams are responsible for developing new products to meet customer and market needs.

Gerdau uses a Quality Management System developed in house that applies tests for product design, manufacturing processes and final-product specifications. A specially trained team and modern technologies also exist to assure the manufactured product high standards of quality. Gerdau's technical specialists do planned visits, some are randomly selected, and some are scheduled visits, to its customers to check on the quality of the delivered products in order to seek the final user satisfaction for products purchased indirectly.

Due to the specialized nature of its business, the Gerdau special steel mills are constantly investing in technological upgrading and in research and development. These mills are active in the automotive segment and maintain a technology department (Research and Development) responsible for new products and the optimization of existing processes.

International machinery manufacturers and steel technology companies supply most of the sophisticated production equipment that Gerdau uses. These suppliers generally sign technology transfer agreements with the purchaser and provide extensive technical support and staff training for the installation and commissioning of the equipment. Gerdau has technology transfer and benchmarking agreements with worldwide recognized performance companies.

As is common with mini mill steelmakers, Gerdau usually acquires technology in the market rather than develops new technology through intensive process research and development, since steelmaking technology is readily available for purchase.

The Company is not dependent on patents or licenses or new manufacturing processes that are material to its business. See item "Information on the Extent of the Company's Dependence" for further details.

D. TREND INFORMATION

According to the World Steel Association (Worldsteel), steel production came to 1.9 billion tonnes in 2023, equal to levels from 2022. In the Americas, where Gerdau's operations are located, Gerdau produced 11.5 million tonnes of steel in 2023, which registered continuing high levels, even with the 8.8% drop in 2023 compared to last year. Gerdau's shipments reached 11.3 million tonnes, generating net sales of R$ 68.9 billion, 16.4% higher than in 2022. The Company's intense focus on operating efficiency translated into a net income of R$ 7.5 billion in 2023.

For 2024, Gerdau's perspectives remain positive, specifically in the U.S., where we believe the continuity of government policies and programs that encourage demand for steel in the region (Section 232, Inflation Reduction Act – IRA, Infrastructure Bill, Chips Act, among others) and the relocation of companies in the region (reshoring), could benefit the competitiveness of the steel industry and generate incentives for local demand in the long term. For the automotive industry, the prospects are good for the light vehicle market and heavy vehicles. According to ANFAVEA projections for 2024, light and heavy vehicle production volumes are expected to grow 5% and 32%, respectively, which may represent the beginning of a recovery in the Brazilian automotive industry. In the United States, data point toward a gradual recovery in the light vehicle market in 2024 with the expectation that the Fed will begin to cut interest rates.

The Company continues to invest in modernization and technology updates at its units, seeking to constantly improve the profitability and productivity of its assets. Besides that, the Company maintains its projects that can create value, such as Gerdau Next, which has been moving forward with the strategy of diversifying its businesses beyond steel in strategic verticals construtech, mobility, technology, and sustainability, absorbing opportunities in a dynamic market.

E. CRITICAL ACCOUNTING ESTIMATES

Critical accounting estimates are those that require 'management's most difficult, subjective or complex judgments, often as a result of the need to make estimates that impact matters that are inherently uncertain. As the number of estimates and assumptions affecting the possible future resolution of the uncertainties increases, those judgments become even more subjective and complex. In the preparation of the Consolidated Financial Statements, the Company has relied on estimates and assumptions derived from historical experience and various other factors that it deems reasonable and significant. Although these estimates and assumptions are reviewed by the Company in the normal course of business, the presentation of its financial position and results of operations often requires making judgments regarding the effects of inherently uncertain matters on the carrying value of its assets and liabilities. Actual results may differ from estimates based on different variables, assumptions or conditions.

In order to provide an understanding of how the Company forms its judgments about future events, including the variables and assumptions underlying the estimates, the Company presents below the subjects that demand critical accounting estimates:

- revenue recognition;
- the recoverable amount of goodwill and long-lived assets;
- provisions for tax, civil and labor claims;
- recoverability of deferred tax assets;
- estimates in selecting interest rates, return on assets, mortality tables and expectations for salary increases; and
- long-term incentive plans through the selection of the valuation model and rates;

Revenue recognition

Net sales are presented net of taxes and discounts. The significant judgment made by the Company is presented in Note 2.17 and regarding revenue recognition it considers that revenue is derived from the single performance obligation to transfer its products under arrangements in which the transfer of control of the products and the fulfillment of the Company's performance obligation occur at the same time and that revenue from the sale of goods is recognized when the Company has transferred control of the goods to the buyer and the buyer obtains the benefits from the goods, the potential cash flows and the amount of revenue (the transaction price) can be measured reliably, and the consideration is to be transferred, which means it is probable that the Company will collect the consideration to which it is entitled to in exchange for the goods.

The significant judgment also considers whether the customer has obtained control over the asset depends on when the goods are made available to the carrier or the buyer takes possession of the goods, depending on the delivery terms. For the Company's operations, generally the criteria to recognize revenue has been met when its products are delivered to its customers (CIF term) or to a carrier who will transport the goods to its customers (FOB term) and these are the point in time when the Company has completed its performance obligations. Revenue is measured at the transaction price of the consideration received or receivable, the amount the Company expects to be entitled to.

The Company's products follow industry production standards for its applications. Historically, only a small portion of the Company's products are returned or have claims filed against the sale as result of quality complaints or other problems. Claims may be one of the following: product shipped and billed to an end customer that did not meet industry quality standards, such as physical defects in the goods, goods shipped to the wrong location or goods shipped outside acceptable time parameters. The Company estimates the consideration for such claims and reduces the amount of revenue recognized.

The warranties and claims arise when the product fails on the criteria mentioned above. Sales-related warranties associated with the goods cannot be purchased separately and they serve as an assurance that the products sold comply with agreed specifications. Accordingly, the Company accounts for warranties in accordance with IAS 37. Warranties and claims represent immaterial amounts to the Company.

The recoverable amount of goodwill and long-lived assets

There are specific rules to assess the impairment of long-lived assets, especially property, plant and equipment, goodwill and other intangible assets. On the date of each Financial Statement, the Company performs an analysis to determine if there is evidence that the carrying amount of long-lived assets is impaired. If such evidence is identified, the recoverable amount of the assets is estimated by the Company.

The recoverable amount of an asset is determined as the higher of: (a) its fair value less estimated costs of sale and (b) its value in use. The value in use is measured based on discounted cash flows (before taxes) derived from the continuous use of the asset until the end of its useful life.

Regardless of whether or not there is any indication that the carrying amount of the asset may not be recovered, the balances of goodwill arising from business combinations and assets with indefinite useful lives are tested for impairment at least once a year, in December.

When the residual carrying value of the asset exceeds its recoverable amount, the Company recognizes a reduction in this asset's book balance. The reduction in recoverable amount must be recorded in income for the year.

Except for the impairment of goodwill, a reversal of previously recorded impairment losses is allowed. Reversal in these circumstances is limited up to the amount of depreciated balance of the asset at the date of the reversal, determined as if the impairment had not been recorded.

The Company evaluates the recoverability of goodwill at least annually and uses accepted market practices, including discounted cash flow for units with goodwill allocated and comparing the book value with the recoverable amount of the assets.

The impairment test of these assets is assessed based on the analysis of facts and circumstances to perform the impairment test annually in December or being anticipated whenever changes in events or circumstances indicate that the goodwill and other long-lived assets may be impaired.

The Company performs goodwill impairment tests for all of its operating segments, which represent the lowest level at which goodwill is monitored by management based on projections for discounted cash flows and that take into consideration the following assumptions: cost of capital, growth rate and adjustments used for perpetual cash flows, methodology for determining working capital, investment plans and long-term economic-financial forecasts. Although the projections made by the Company already provide a challenging scenario, events manifested in a greater intensity than that anticipated in the assumptions made by management, may lead the Company to revise its projections of value in use and eventually result in impairment losses.

Goodwill that forms part of the carrying amount of an investment in an associate or in a joint venture entity is not separately recognized and it is not tested for impairment separately. Instead, the entire carrying amount of the investment in an associate or in a joint venture is tested for impairment as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. An impairment loss recognized in those circumstances is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment in the associate or joint venture. Accordingly, any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The period for projecting the cash flows for the goodwill impairment test was five years. The assumptions used to determine the value in use based on the discounted cash flow method include analysis prepared in dollars, such as: projected cash flows based on management estimates for future cash flows, exchange rates, discount rates and growth rates. The cash flow projections already reflect a competitive scenario, as well as macroeconomic challenges in some geographies in which the Company operates. The perpetuity was calculated considering stable operating margins, levels of working capital and investments. The perpetuity growth rates considered in the 2023 test were: a) North America: 3% (3% in December 2022); b) Special Steel: 3% (3% in December 2022); c) South America: 3% (3% in December 2022); and d) Brazil: 3% (3% in December 2022).

The post-tax discount rates used were determined taking into consideration market information available on the date of performing the impairment test. The Company adopted distinct rates for each business segment tested with the purpose of reflecting the differences among the markets in which each segment operates, as well as the risks associated to each of them. The post-tax discount rates used were: a) North America: 10.25% (9.75% in December 2022); b) Special Steel: 11.00% (10.75% in December 2022); c) South America: 19.00% (18.00% in December 2022); and d) Brazil 11.75%: (11.75% in December 2022). As required by the accounting standard, the Company made a calculation to determine the discount rates, before income tax and social contribution (gross rate of tax effects) and this calculation resulted in the following discount rates for each segment: a) North America 12.99% (12.28% in December 2022); b) Special Steel: 14.04% (13.81% in December 2022); c) South America: 28.44% (26.47% in December 2022); and d) Brazil: 15.06% (15.56% in December 2022).

Discounted cash flows are compared to the book value of each segment and result in the recoverable amount that exceeded book value as shown below: a) North America: R$ 6,432 million (R$ 10,426 million in 2022); b) Special Steel: R$ 2,832 million (R$ 5,299 million in 2022); c) South America: R$ 749 million (R$ 1,074 million in 2022); and d) Brazil: R$ 1,678 million (R$ 3,632 million in 2022).

The Company performed a sensitivity analysis in the assumptions of discount rate and perpetuity growth rate, due to the potential impact in the discounted cash flows. An increase of 0.5 percentage points in the discount rate of each segment's cash flow would result in a recoverable amount that exceeded book value as shown below: a) North America: R$ 5,075 million (R$ 8,749 million in 2022); b) Special Steel: R$ 2,067 million (R$ 4,329 million in 2022); c) South America: R$ 657 million (R$ 953 million in 2022); and d) Brazil: R$ 343 million (R$ 2,306 million in 2022). On the other hand, a decrease of 0.5 percentage points in the perpetuity growth rate of the cash flow of each business segment would result in a recoverable amount that exceeded book value as shown below: a) North America: R$ 5,431 million (R$ 9,161 million in 2022); b) Special Steel: R$ 2,271 million (R$ 4,586 million in 2022); c) South America: R$ 702 million (R$ 1,011 million in 2022); and d) Brazil: R$ 719 million (R$ 2,673 million in 2022). It is important to note that significant events or changes in the outlook may lead to losses due to goodwill recoverability. A combination of the above-mentioned sensitivities in the cash flow of each segment would result in an impairment value that is less than the book value in the Brazil segment of R$ 501 million (exceeded book value by R$ 1,357 million in 2022) and the recoverable amount exceeding the book value in the other segments, as shown below: North America: R$ 4,213 million (R$ 7,116 million in 2022); b) Special Steel: R$ 1,578 million (R$ 3,442 million in 2022) and c) South America: R$ 614 million (R$ 831 million in 2022).

The recoverability review process is subjective and requires significant judgments through analysis performed. The determination of fair value for the Company's operating segments, based on projected cash flows, may be negatively impacted if the economic global recovery happens slower than what management expected during the preparation of financial statements in December 2023.

Provisions for tax, civil and labor claims

The significant judgment is related to recognition and measurement of provisions. Information regarding provisions for tax, civil and labor liabilities is presented in Note 19 of the Consolidated Financial Statements contained herein. The Company recognizes provisions for liabilities and probable losses that have been incurred when it has a present obligation as a result of past events, it is probable that the Company will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. The table below informs amounts of tax, labor and civil provisions:

	2023	2022
a) Tax provisions	1,737,984	1,530,040
b) Labor provisions	413,179	463,452
c) Civil provisions	34,662	32,511
	2,185,825	2,026,003

a) Tax Provisions

Tax provisions refer mainly to discussions related to ICMS, IPI, Income tax and social contribution, social security contributions, offsetting of PIS and COFINS credits and incidence of PIS and COFINS on other revenues.

b) Labor Provisions

The Company is party to a group of individual and collective labor and/or administrative lawsuits involving various labor amounts and the provision arises from unfavorable decisions and/or the probability of loss in the ordinary course of proceedings with the expectation of outflow of financial resources by the Company.

c) Civil Provisions

The Company is party to a group of civil, arbitration and/or administrative lawsuits involving various claims and the provision arises from unfavorable decisions and/or probable losses in the ordinary course of proceedings with the expectation of outflow of financial resources for the Company.

Recoverability of Deferred Tax Assets

The amount of the deferred income and social contribution tax asset is revised at each Consolidated Financial Statement date and reduced by the amount that is no longer probable of being realized based on future taxable income. Deferred income and social contribution tax assets and liabilities are calculated using tax rates applicable to taxable income in the years in which those temporary differences are expected to be realized. Future taxable income may be higher or lower than estimates made when determining whether it is necessary to record a tax asset and the amount to be recorded.

The realization of deferred tax assets for tax loss carryforwards are supported by projections of taxable income based on technical feasibility studies submitted annually to the Company's Board of Directors. These studies consider historical profitability of the Company and its subsidiaries and expectation of continuous profitability and estimated the recovery of deferred tax assets over future years. The other tax credits arising from temporary differences, mainly tax contingencies, and provision for losses, were recognized according to their estimate of realization, and are consistent with recoverability described above.

Due to the lack of expectation to use tax losses, negative social contribution base and deferred exchange variation arising from some operations in Brazil, the Company did not recognize a portion of tax losses of R$ 282,387 (R$ 239,989 on December 31, 2022), which do not have an expiration date. The subsidiaries abroad had R$ 569,714 (R$ 1,105,130 as of December 31, 2022) of tax credits on capital losses for which deferred tax assets have not been recognized and which expire between 2029 and 2035 and also several Unrecognized tax loss carryforwards from state credits in the United States in the amount of R$ 277,348 (R$ 334,475 as of December 31, 2022), which expire at various dates between 2024 and 2044. Quantitative information regarding Deferred income and social contribution taxes booked as well as tax assets not booked due to the lack of expectation to use are presented in Note 8 of the Consolidated Financial Statements contained herein.

Estimates in selecting interest rates, return on assets, mortality tables and expectations for salary increases

Actuarial gains and losses are recorded in the period in which they are originated and are recorded in the statement of comprehensive income.

The Company recognizes its obligations related to employee benefit plans and related costs, net of plan assets, in accordance with the following practices:

i) The cost of pension and other post-employment benefits provided to employees is actuarially determined using the projected unit of credit method and management's best estimate of expected investment performance for funded plans, salary increase, retirement age of employees and expected health care costs. The discount rate used for determining future benefit obligations is an estimate of the interest rate in effect at the balance sheet date on high-quality fixed-income investments with maturities that match the expected maturity of obligations.

ii) Pension plan assets are stated at fair value.

iii) Gain and losses related to the curtailment and settlement of the defined benefit plans are recognized when the curtailment or settlement occurs, and they are based on actuarial evaluation done by independent actuaries.

In accounting for pension and post-retirement benefits, several statistical and other factors that attempt to anticipate future events are used to calculate plan expenses and liabilities. These factors include discount rate assumptions, return on plan assets, future increases in health care costs, and rate of future compensation increases. In addition, actuarial computations include other factors whose measurement involves judgment such as withdrawal, turnover, and mortality rates. The actuarial assumptions used by the Company may differ materially from actual results in future periods due to changing market and economic conditions, regulatory events, judicial rulings, higher or lower withdrawal rates, or longer or shorter participant life spans.

The tables below show a summary of the assumptions used to calculate the defined benefit plans in 2023 and 2022, respectively:

	2023	
	Brazilian Plan	**North America Plan**
Average discount rate	9.03%	4,12% - 5,11%
Rate of increase in compensation	Not applicable	1.50%
Mortality table	AT-2000 per sex	RP-2006 and MP-2023
Mortality table of disabled	AT-2000 per sex	RP-2006 and MP-2023
Rate of rotation	Null	Based on age and/or the service

	2022	
	Brazilian Plan	North America Plan
Average discount rate	9.81%	5.05% - 5.11%
Rate of increase in compensation	Not applicable	3.00%
Mortality table	AT-2000 per sex	RP-2006 and MP-2022
Mortality table of disabled	AT-2000 per sex	RP-2006 and MP-2022
Rate of rotation	Null	Based on age and/or the service

Quantitative information regarding pension and post-retirement benefits amounts recognized are presented in Note 21 of the Consolidated Financial Statements contained herein.

Long-term incentive plans through the selection of the valuation model and rates

The Company settles its Long-term incentive plans by delivering its own shares, which are held in treasury until the exercise of the options by the employees. Additionally, the Company granted the following long-term incentive plans: Restricted Shares and Performance Shares, as presented in Note 26.

Quantity Summary of Restricted Shares and Performance Shares:

Balance on January 1, 2021	12,469,334
Granted	2,228,196
Cancelled	(1,755,522)
Exercised	(4,407,441)
Balance on December 31, 2021	8,534,567
Granted	5,922,879
Cancelled	(1,267,065)
Exercised	(2,377,494)
Balance on December 31, 2022	10,812,887
Granted	7,697,990
Share Bonus	664,433
Cancelled	(2,192,635)
Exercised	(2,674,136)
Balance on December 31, 2023	14,308,539

The Company recognizes the cost of the long-term incentive plan through Restricted Shares and Performance Shares based on the fair value of the options granted on the grant date during the vesting period of each grant. The fair value of the options granted is equivalent to the fair value of the services provided to the Company. As of December 31, 2023, the Company has a total of 7,544,641 preferred shares in treasury and, according to Note 23, these shares may be used for serving this plan.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

The Directors and Senior Management of the Company as of the date hereof are as follows:

The summary of the structures of the Board of Directors and of Board of Executive Officers are:

BOARD OF DIRECTORS

Chairman
Guilherme Chagas Gerdau Johannpeter

Vice-Chairmen
André Bier Gerdau Johannpeter
Claudio Johannpeter

Members
Alberto Fernandes
Cláudia Sender Ramirez
Gustavo Werneck da Cunha
Márcio Hamilton Ferreira

BOARD OF EXECUTIVE OFFICERS

Chief Executive Officer (CEO):
Gustavo Werneck da Cunha

Executive Vice-President, Chief Financial officer (CFO) and Investor Relations Officer:
Rafael Dorneles Japur

Executive Vice-Presidents
Marcos Eduardo Faraco Wahrhaftig
Rubens Fernandes Pereira

Officers:
Aldo Tapia Castillo
Cesar Obino da Rosa Peres
Mauro de Paula
Wendel Gomes da Silva

The following is a brief summary of the business experience of our Board of Directors and Board of Executive Officers members:

GUILHERME CHAGAS GERDAU JOHANNPETER (born in 1971)

- Education: Degree in Law from Unisinos in 1995 and holds an MBA from the Kellogg School of Management, Illinois, USA.

- Professional Experience: Has 38 years of experience at Gerdau and held the position of Executive Vice President in the Executive Committee Gerdau (CEG in Portuguese), coordinating the Special Steels Business Operation, Latin America Business Operation and the Actions arising from the Gerdau Project 2022 – Strategy (2014-2017). He was Vice Chairman of the Board of Directors of Gerdau S.A. and Vice Chairman of the Metallurgica Gerdau S.A. Board of Directors, a publicly traded company, holding company of Gerdau S.A. (2018-2020). Currently is (i) Chairman of the Board of Directors of Gerdau S.A. and member of its advisory committees and (ii) Chairman of the Board of Directors of Metalúrgica Gerdau S.A. publicly traded company, holding company of Gerdau S.A., (iii) Board Member of the Gerdau Institute, (iv) President of IEDI - Institute for Studies in Industrial Development; (v) Member of National Council for Industrial Development (CNDI) (vi) Board Member of the Superior Economic Council (COSEC) of FIESP (Federation of Industries of the State of São Paulo and (vii) Member of the Board of GAB – Global Advisory Board of Northwestern Kellogg.

ANDRÉ BIER GERDAU JOHANNPETER (born in 1963)

• Education: Degree in Business Administration from the Pontifíca Universidade Católica do Rio Grande do Sul (PUC — RS). Studied General Business Administration at the University of Toronto (Canada), Marketing at the Ashridge Business School (UK), and Advanced Management at the Wharton School, University of Pennsylvania (United States).

• Professional Experience: Has 41 years of experience at Gerdau and held the position of Chief Executive Officer (CEO) (2007-2017). He was President of the Worldsteel Association (2018-2019). Currently is (i) Vice Chairman of the Board of Directors of Gerdau SA, and member of its advisory committees, (ii) Vice Chairman of the Board of Directors of Metalúrgica Gerdau SA, a listed company, holding company of Gerdau S.A., (iii) Board member of the Executive Committee of the Worldsteel Association, (iv) Board Member of Directors of Instituto Aço Brasil (Brazilian Steel Institute), (v) Board Member of Alacero (Latin American Steel Association), (vi) Vice Chairman of the Federation of Industries of São Paulo – FIESP, (vii) Vice Chairman of the Federation of Industries of Rio Grande do Sul – FIERGS and (viii) Board Member of Transforma RS.

CLAUDIO JOHANNPETER (born in 1963)

• Education: Degree in Metallurgical Engineering from the Universidade Federal do Rio Grande do Sul (UFRGS). He completed courses in Operations Management at University of London (Canada), Executive Development at Penn State (United States) and Advanced Management Program at Harvard (United States).

• Professional Experience: Has 41 years of experience at Gerdau and held the position of Chief Operating Officer (COO) (2012-2017). In December 2017, he left his executive position at the Executive Committee representing the Brazil Long Steel Business Operation and the Global Processes: Engineering and Industrial, Health and Safety. Was the Board Chairman of Gerdau S.A. (2015-2020), and Board Chairman of Metalúrgica Gerdau SA (2016-2020), a listed company, holding company of Gerdau S.A. Currently is (i) Vice Chairman of the Board of Directors of Gerdau SA, and member of its advisory committees and (ii) Vice Chairman of the Board of Directors at Metalúrgica Gerdau SA, a listed company, holding company of Gerdau S.A.

ALBERTO FERNANDES (born in 1962)

• Education: Degree in Mechanical and Production Engineering from the Polytechnic School of the Universidade de São Paulo - USP (1986).

• Professional Experience: He started his career in the financial market in 1986. He worked as Commercial Director at Crédit Commercial at France Bank (1989-1997), Commercial Director at Lloyds Bank (1997-1999) and Executive Vice President of Itaú/BBA (1999-2019). Currently (i) Board Member at Gerdau S.A. and (ii) Board Member at Metalurgica Gerdau S.A., a listed company, holding company at Gerdau S.A., (iii) Senior Advisor at Morgan Stanley Brazil, (iv) Member of the Board at Direcional Engenharia (DIRR3) and JHSF (JHSF3), (v) Member of the Board at COPERSUCAR S.A., (vi) Chairman of the Board at Fulwood Logistica, (vii) Member of the Board at CIVI-CO Social Impact Hub and (viii) Board Member of the Museu de Arte de São Paulo (MASP).

CLÁUDIA SENDER RAMIREZ (born in 1976)

• Education: Degree in Chemical Engineering from the Polytechnic School at the University of São Paulo ("USP") and an MBA from Harvard Business School.

• Professional Experience: Participated in Latam Airlines Brasil (2011-2019). For the last 5 years, she served as CEO of Latam Airlines Brasil and Vice President of Clients of the Latam Airlines Group. Currently is (i) Board Member of Gerdau S.A., (ii) Board Member of Embraer S.A., (iii) Board Member of Holcim (Switzerland) and (iv) Board Member of Telefonica (Spain). Also serves on the boards of NGOs such as: Amigos do Bem, Hospital Israelita Albert Einstein and Gastromotiva.

GUSTAVO WERNECK DA CUNHA (born in 1973)

• Education: Degree in Mechanical Engineering from the Universidade Federal de Minas Gerais (UFMG - Brazil). Studied Project Management at Fundação Getúlio Vargas (Brazil), General Business Administration at INSPER Business School (Brazil), Leading Change and Organizational Renewal at Harvard Business School (United States) and Advanced Corporate Finance at London Business School (UK).

• Professional Experience: He has worked at Gerdau for 19 years. He held the positions of Executive Officer of Gerdau Long and Flat Steel Brazil, Industrial Officer of Gerdau India, Gerdau Corporate Officer of Information Technology (CIO). Currently, he is (i) Chief Executive Officer (CEO) of Gerdau S.A. since January 2018, (ii) Chief Executive Officer (CEO) of Metalúrgica Gerdau S.A., a listed company, holding company of Gerdau S.A. since January 2018, (iii) Board Member of Gerdau S.A., (iv) Board Member of Metalúrgica Gerdau S.A., and (v) Board Chairman of Seiva S.A. – Florestas e Industrias, a company that is part of Gerdau's economic group. He also serves as board member of the Instituto Aço Brasil (Brazilian Steel Institute) and "Juntos Somos Mais".

MÁRCIO HAMILTON FERREIRA (born in 1972)

• Education: Graduated in Administration from the Faculty of Administration of Brasília; Post-Graduation in Training for Senior Executives at Fundação Getúlio Vargas (FGV) and Certified as Board Member by IBGC.

• Professional experience: He worked for more than 30 years at Banco do Brasil (1986-2019), where he held the position of Director of Capital Markets and Investments (2009), Director of Finance (2009-2012), Director of Credit (2012- 2014), Chief Executive Officer of BB Asset (2015-2017) and, from January 2017 onwards, he held the positions of Vice-President of Internal Controls and Risk Management and Vice-President of Wholesale Business. He was responsible for managing the pension plan at Brasilprev, holding the position of Chief Executive Officer (2020). He served as CEO of BB Seguros (2020-2021) and Executive Vice-President of the company ELO Serviços (2021-2022). He also served as Member of the Board of Directors of the Guarulhos Airport Concessionaire (2016-2017); Member of the Board of Directors of Invepar (2016-2017), Member of the Board of Directors of QUOD - Gestora de Crédito (2017-2019), Chairman of the Board of Directors of Brasilcap Capitalização S.A (2017-2019), President and Member of the Board of Administration of Neoenergia S.A (2015-2016 / 2017-2019 / 2020-2021), Chairman of the Board of Directors of BB DTVM (2017-2020), Member of the Board of Directors of Banco Patagonia (2019-2020), Member of the Board of Administration at Vale (2019), President and Member of the Board of Directors of Brasilprev Seguros Previdência (2020-2021). He was a Member of the Executive Board of Febraban (2017-2020), Anbima (2016-2017) and Fenaprevi (2020). He is currently a (i) Member of the Board of Directors of Livelo, (ii) Board Member at Gerdau S.A. and (iii) Board Member at Metalurgica Gerdau S.A., a listed company, holding company at Gerdau S.A.

RAFAEL DORNELES JAPUR (born in 1982)

• Education: Bachelor's degree in Business Administration and Graduate in Economics from UFRGS.

• Professional Experience: Has started his career at Gerdau in 2005 as an intern in the Planning area. In 2006, he participated in the trainee program in the Planning and Management department. In 2015, he was promoted to Business Development Manager and, a year later, he became the leader of the debt and capital market management process in the Financial department. In 2018, he assumed the position of Planning, IT & Innovation Manager at Gerdau Diaco and Gerdau Metaldom, in Colombia. In 2020, he returned to Brazil as General Manager in the Financial Operations department. He currently holds the position of (i) Executive Vice President of Finance and CFO, responsible for Finance, Accounting and Tax departments. He is also an (ii) Investor Relations Officer at the companies Gerdau SA, Metalúrgica Gerdau SA and Seiva SA – Florestas e Indústrias, and (iii) Vice President Director of Gerdau SA and Metalúrgica Gerdau SA and Director of Seiva SA – Florestas e Indústrias.

MARCOS EDUARDO FARACO WAHRHAFTIG (born in 1972)

• Education: Degree in Mechanical Engineering from the Federal University of Paraná (UFPR), with an MBA from the Manchester Business School (UK) and has studied Corporate Finance at ISAE/ FGV.

• Professional Experience: 28 years of experience, with 20 years in Gerdau. In the last years he has held positions as Commercial Officer of Special Steel, Corporate Commercial Officer, Commercial Officer of Gerdau Brazil Steel and Executive Vice-President – Brazil, Argentina and Uruguay. Also he was the Chairman of the board of the Instituto Aço Brasil (Brazilian Steel Institute) in 2021/22, where he currently serves as Board member. He was Board member of FIESP/ Concic Conselho Superior da Construção Civil; Board Member of ABRAMAT - Associação Brasileira dos Fabricantes de Materiais de Construção; (iii) Board Member of FIEMG (Federação das Indústrias do Estado Minas Gerais) - Strategic Council; (iv) Board member of ABM – Associação Brasileira de Metalurgia, Materiais e Mineração and (v) Board Member of Alacero (Associação Latino-americana do Aço). Currently holds the position of Executive Vice-President of Strategy and Gerdau Next at Gerdau.

RUBENS FERNANDES PEREIRA (born in 1972)

● Education: Graduated in Electronic Engineering from Instituto Tecnológico de Aeronáutica (ITA), with an MBA in Business Administration from the MIT Sloan School of Management in Cambridge, USA.

● Professional Experience: He worked as a Consultant at Booz Allen & Hamilton do Brasil (1995-1997) and Summer Intern at Booz Allen & Hamilton International (U.K.) LTD (1998). He was a Consultant and Project Leader at The Boston Consulting Group Brasil and The Boston Consulting Group INC. (1999-2004). In 2004, he joined Cargill Agrícola S.A., as Commercial Manager of the Oils & Fats Business, where he later held the positions of: Manager of Commercial Planning and Supply Chain – Consumer Products (2006-2008); General Manager – Consumer Products (2008-2010); General Manager – Cargill Foods Brazil (Consumer Products and Ingredients) (2011-2012); Business Unit Leader – Cargill Foods Brazil (2012-2016); Executive Director for South America and Global Director of Strategy and Innovation for the Vegetable Oils and Fats Business (2016-2018). He was Corporate Vice-President – Strategy, Management & Innovation at BRF S.A (2018-2020) and Executive Vice-President at Gerdau, responsible for the Special Steel Business Brazil - GSB (2020-2022). He currently holds the position of Vice-President of the Steel Brazil operation.

ALDO TAPIA CASTILLO (born in 1977)

• Education: Degree in Industrial Engineering from the San Agustín National University (Peru), with an MBA from the CENTRUM Business School (Perú) and has studied an Advanced Management Program at Columbia University (New-York USA), a Senior Management and Innovation Program at Berkeley University of California (California-USA) and a Digital Transformation Program at Massachusetts Institute of Technology MIT (USA).

• Professional Experience: 23 years of experience, with 16 years in Gerdau. In the last years he has held positions of Executive Director at Gerdau Siderperu – Peru, COO Chief Operating Officer, Logistic Manager and Sales Manager of Gerdau Siderperu; Also he was member of the board of Gerdau Siderperu in 2020-2023 and member of Alacero (Associação Latino-americana do Aço). Currently holds the position of (i) Executive Director at Gerdau Special Steel Brasil and (ii) Member of the board of Gerdau Summit.

CESAR OBINO DA ROSA PERES (born in 1962)

• Education: Graduated in Business Administration from the Faculdade de Ciências Econômicas, Contábeis e Administração Prof. de Plácido e Silva in Curitiba-PR, he has completed his academic training with a specialization course in Business Administration at Universidade Presbiteriana MACKENZIE in São Paulo-SP.

• Professional Experience: Has more than 39 years of experience at Gerdau. He held the position of Sales and Marketing Manager at the Gerdau operation in Mexico (2010-2012). In addition, held the position of Sales and Marketing General Manager at the Gerdau operation in Colombia (2013-2014), later was promoted to Executive Director of Gerdau Colombia Operation where he remained until the end of 2016. Currently holds the position of Commercial Officer of Gerdau Steel Brasil (GAB).

MAURO DE PAULA (born in 1962)

• Education: Graduated in Economics from the Faculdade Don Bosco in Resende-RJ and completed his academic training with Foreign Trade Course at IBET in Rio de Janeiro-RJ and Master's in Business Administration - MBA in Strategic Marketing at Universidade Federal de Pernambuco in Recife-PE.

• Professional Experience: Has more than 33 years of experience in Gerdau, holding positions of Comercial Gerdau units Manager, Civil Construction National Sales Manager, Distribution National Sales Manager and Logistics Officer. He has served as Counselor of the company MRS Logística (2015/2016) and Member of the Board of Directors of INDA - National Institute of Steel Distributors (2016/2017). Currently holds the position of Comercial Gerdau Executive Officer.

WENDEL GOMES DA SILVA (born in 1974)

● Education: Graduated in Metallurgical Engineering from the Universidade Federal de Minas Gerais (Brasil, 1998), completed his academic training with MBA courses in Business Management at Erasmus University in Rotterdam (Netherlands, 2004), MBA in Business Management at Fundação Dom Cabral (Brasil, 2009) and Specialization in Marketing from the Universidade Federal de Minas Gerais (Brasil, 2002).

● Professional Experience: He has 26 years of professional experience, including 12 years of experience at Gerdau, where he held in the Mining area the positions of General Commercial Manager, General Commercial and Logistics Manager, General Industrial Manager and Executive Manager. Currently he is Director of Mining and Raw Materials at the Company, (ii) Board Member of the MRS and (iii) Chairman of the Raw Materials Committee of the World Steel.

Family Relationships

André Bier Gerdau Johannpeter, Claudio Johannpeter, Guilherme Chagas Gerdau Johannpeter and Richard Chagas Gerdau Johannpeter are cousins. Guilherme Chagas Gerdau Johannpeter and Richard Chagas Gerdau Johannpeter are brothers.

Arrangements

Gerdau has no agreement of any kind with shareholders, clients, suppliers or other parties with respect to the election of its officers or directors. Except as described in this document, there are no pending legal proceedings to which any Board Member or Executive Officer is a party against the Company. Apart from statutory severance benefits, none of the Board Members or Executive Officers are entitled to any contractual benefits upon termination of employment.

B. COMPENSATION

The employees' compensation system is divided into two portions: a fixed salary and a variable pay linked to performance.

The fixed portion of the compensation is constantly monitored and compared to market benchmarks in order to maintain parity with the good market practices as adopted by other companies. The variable portion of the compensation package is tied to annual goals. These goals are measured against standards clearly specified that are intended to support and motivate overachievement of individual and teams results.

The human resources policy states and recognizes co-workers as being strategic to the business.

The Company uses several assessment methods, including Performance Assessment and Assessment of potential and readiness for succession. It aims to identify the behaviors and deliveries of the Directors as well as monitor individual development according to the company's strategies and business management.

In 2023, the cost of management compensation, in salaries, variable compensation, benefits and terminations, was R$ 64.3 million. The cost of management's social charges totaled R$ 17.1 million. The total compensation paid to Managers and Directors was R$ 81.4 million. The variable remuneration of directors is determined based on Gerdau's financial results and individual performance evaluation. Fiscal Council members are not eligible for variable remuneration.

Gerdau Group sponsors Pension Plans for its subsidiaries in Brazil and abroad. About 5% of participants are in the Defined Benefit plans and 95% in a Defined Contribution plan.

During 2023, Gerdau's contribution to the Gerdau Plan with respect to the executive officers amounted to R$ 2 million to the Defined Contribution Plan. This sum includes only that portion of contributions for executives who do not currently receive retirement benefits. These benefits are in no way different from those offered to the other employees of the Company.

On April 30, 2003, Gerdau's shareholders approved a new compensation program for strategic employees in the Company known as the Long-Term Incentive Program. This program foresees the grant of options of the Company's Preferred Shares, on an annual basis, representing 20% of the annual base salary of each executive and, for the Directors and Executive Offices, an additional entrance bonus equivalent to 30% of the annual salary which latter was eliminated as of April 28, 2005. From 2005 on, in order to align their potential total compensation to market measures, the Board members were granted a number of shares representing 120% of their base salary. This modification of the long-term incentive program was approved by the Compensation and Succession Committee in February 2006. In 2007, the Compensation and Succession Committee approved a change in the grant to the Chief Executive Officer (CEO) and the Chief Operating Officer (COO) to the equivalent of 50% of their annual base salaries. In order to align the potential total compensation to market measures, the Compensation and Succession Committee approved respectively in 2012 and in 2013, to the Chief Executive Officer (CEO) and to the Chief Operating Officer (COO) a change to the grant to 75% and then to 120% of their annual base salaries and to the Vice-Presidents to 30% and then to 40%. In order to align the potential total compensation to market, the Compensation and Succession Committee approved a change to 2018 in the grant to the Chief Executive Officer (CEO) to the equivalent of 150% of his annual base salary, Board Members up to 100% and CFO to 50%. In order to adapt market references and new indicators, in 2020 the 20% readjustment in the previous target was approved, establishing observation parameters for the granting of shares or options, which vary between 12% and 180% of the eligible annual base salary, level hierarchical level and location.

The intent of such Program to attract and assure the long-term commitment of executives by allowing them to share in the growth of the Company, thereby enhancing the participation in the business. (See Item 10. Additional Information — B. Memorandum and Articles of Association).

To meet the effort of aligning globally both the compensation programs and the business needs, the Human Resources team, supported by the Korn Ferry Consultancy, an expert in compensation related matters, reviewed the Long-Term Compensation Program in order to tie a significant part of this compensation to a long-term financial metric, in this case the ROCE (Return on Capital Employed), which was submitted to and approved by the Gerdau Compensation and Succession Committee during the meeting held on April 28, 2010. The Chief Executive Officer (CEO and Director positions will have part of their Long-Term Compensation tied to ROCE (Return on Capital Employed) calculated on a yearly basis by comparing the actual ROCE against the one foreseen in the Strategic Plan.

In a shareholders meeting, held on September 19, 2013, changes to the Program were approved to better support the fulfillment of long-term goals. These changes consisted of the inclusion of new "vehicles" such as Restricted Shares, Performance Shares, Differed Shares and also allowed participants to convert voluntarily until November 17, 2013, their Stock Options or Share Appreciation Rights to Restricted Shares, through a calculation methodology that assured that there would be equivalent fair value.

On December 18, 2020 new amendments to the Long-Term Incentive Plan were approved at the Extraordinary General Meeting of Gerdau SA, which aim at aligning the long-term compensation incentives of senior leadership through performance goals that may be met. based on the economic-financial indicator EVA (Economic Value Added), and on sustainability indicators, which will consider a combination of indicators that are part of the SCORECARD ESG. There was also the inclusion of complementary programs such as ILP Matching and specific retention actions (ILP Spot).

The Long-Term Incentive grants distributed to the Board of Directors and Executive Committee are as follows (see Consolidated Financial Statements — Note 24 for a complete summary of the stock option plans):

Grant Price*:	R$ 11,12	R$ 13,22	R$ 14,99	R$ 20,06	R$ 25,60*	R$ 25,95*	R$ 28,01*
Grant Date:	01/01/17	01/01/18	01/01/19	01/01/20	01/01/21	01/01/22	01/01/23
Vesting Date:	03/01/24	03/01/21	03/01/22	02/01/23	02/01/24	02/01/25	02/01/26
Expiration Date:	03/31/24	03/31/21	03/31/22	02/28/23	02/28/24	02/28/25	02/01/26
Grant Restricted Share	628,945	778,667	699,402	616,684	507,985	504,155	1,215,448
Grant Restricted Share (Bonus):	—	—	—	—	27,933	111,636	29,290
Exercised Restricted Share	83,105	778,667	698,094	616,684	42,476	38,156	16,628
Cancelled Restricted Share	—	—	1,308	—	63,902	59,892	101,885
Balance Restricted Share	545,840	—	—	—	429,540	517,742	1,126,225
Grant Performance Share	916,567	272,940	280,081	218,255	218,638	187,367	1,330,634
Grant Performance Share - Performance Adjustment	19,216	79,862	86,713	95,983	—	—	—
Exercised Performance Share	117,021	352,802	364,832	314,238	29,422	2,899	16,349
Cancelled Performance Share	—	—	1,962	—	11,878	15,521	152,828
Balance Performance Share	818,761	—	—	—	177,338	168,946	1,161,458

*The price of the share granted was retrospectively adjusted to take into account the effect of the increase in share capital with the issuance of shares as a bonus, in the proportion of one new share for every twenty shares of the same type, as detailed in Note 23 of the Financial Statements.”

C. BOARD PRACTICES

Gerdau has a historical commitment to good corporate governance practices and to strengthening the stock markets, which is why it has taken part in Corporate Governance – “Level 1 Listing Rules of the São Paulo Stock Exchange” managed by B3 S.A. – Brasil, Bolsa, Balcão (“B3”) since 2001.

Furthermore, Gerdau S.A. also has 14 corporate policies as follows: (a) “Information Disclosure Policy” that defines the criteria guiding investor relations, including the announcement of significant acts and facts. The aim is to maintain a fast and efficient flow of data while respecting the rules of secrecy and confidentiality. This policy covers controlling shareholders; officers and managers; members of the Board of Directors and Board of Auditors and any organizations or persons with technical or consultative functions which, as a result of their responsibilities, function or position, have access to information concerning the Gerdau Companies; (b) “Securities Trading Policy” which regulates transactions in the Company´s securities, ensuring transparency in transactions in the securities to avoid the use of privileged information for the benefit of Bound Persons (insider trading) or of third parties benefited by Bound Persons (tipping) in trading in the securities. This policy covers as “Bound Persons” the Company itself; direct and indirect controlling shareholders; officers and managers; members of the Board of Directors and Board of Auditors; employees and executives of the Company who have access to any privileged information, among others; (c) “Related-Party Transactions Policy” that aims to establish the procedures to be followed in “related-party transactions” to ensure that they are carried out in the best interest of the Company and its affiliates. This policy covers the affiliates; managers and controlling shareholders, and their family members; and any entities over which the managers or controlling shareholders of the Company exercise control, whether subsidiaries, associated Companies or companies under shared control; (d) “Human Rights Policy”: which establishes guidelines that foster respect for human rights in all business activities, and support the Universal Declaration of Human Rights, the Declaration on Fundamental Principles and Rights at Work of the International Labor Organization, and the United Nations Guiding Principles on Business and Human Rights.; (e) “Anti-Corruption Policy”: which defines guidelines and obligations in order to combat corruption and ensure compliance with the law and with Gerdau’s Code of Ethics and Conduct, regulate Gerdau’s conduct before public agents and its relationship with suppliers, customers, employees, investors and the community, reinforce the importance of complying with all applicable laws where Gerdau operates with an emphasis on anti-corruption and anti-money laundering laws, and meet the best governance practices and the principles and objectives of the UN Global Compact to which Gerdau is a signatory: “work against corruption in any form, including bribery and extortion, towards Peace, Justice and Effective Institutions”; (f) “Sustainability Policy”: which establishes guidelines for the sustainable conduction of Gerdau’s activities, considering the economic, social, environmental and governance elements, as well as an assessment of the associated risks and opportunities, and reinforces Gerdau’s commitment to creating value for the Company and for society; (g) “Compliance Policy”: which reinforce the commitment to conduct business ethically and with integrity, that is already established by Gerdau’s Code of Ethics and Conduct, policies, guidelines and state legislation and/or regulation, compliance management being the individual obligation of each of Gerdau’s employees; (h) “Risk Management Policy”: which establishes corporate guidelines for risk management, scope, definitions and organizational structure and assigns responsibility for identification and treatment, in order to prevent or minimize their impact on risk factors; (i) “Tax Policy”: which lists and discloses the key commitments and guidelines applicable to actions related to the tax positioning of the business environments in places where Gerdau operates. This policy states and reiterates Gerdau’s commitment to complying with the laws and guiding principles on tax issues surrounding our business environments; (j) “Integrated Policy”: which reinforces Gerdau´s commitment with Health and Safety, Environment and Quality; (k) “Diversity and Inclusion Policy”; (l) “Clawback Policy”; (m) Code of Ethics and Conduct: which is a fundamental and mandatory document for all Gerdau employees and Board of Directors, regardless of their area of activity, their position or their geographic location. It must be understood as a priority in all our activities, as it expresses the commitment and engagement in the adoption of conduct based on the highest ethical standards; (n) Code of Ethics and Conducts for Third Parties: which establishes guidelines for Gerdau’s relationship with third parties, defined in this code as its suppliers, service providers and customers; establishes Gerdau’s main commitments to issues related to ethics and compliance with laws; defines how third parties are accountable to ensure compliance with these commitments; and highlights unacceptable behaviors, which are subject to contractual review, including employment termination.

The board structure is composed of two levels and has maintained the existing governing bodies: the Board of Directors and the Board of Officers.

Board of Directors: the Board of Directors is responsible for determining the board direction of Gerdau's business. The Board may have up to 11 members; currently there are 7 members and 3 of them are independent Directors. The Board has the following four Committees: Compensation, Corporate Governance, Finance, and Strategy and Sustainability. According to the Ordinary General Shareholders' Meeting, held on April 17, 2023, the members of the Board of Directors, whose terms of office expire on the date that the Ordinary General Shareholders' Meeting is held to approve managements' accounts for the 2023 fiscal year, such meeting currently planned to be held on April 16, 2024, are:

Chairman
Guilherme Chagas Gerdau Johannpeter (1), (2), (3) and (4)

Vice-Chairmen
André Bier Gerdau Johannpeter (1), (2) and (4)
Claudio Johannpeter (2) and (4)

Members

Alberto Fernandes (2) and (3)
Claudia Sender Ramirez (1) and (2)
Gustavo Werneck da Cunha (1), (2), (3) and (4)
Márcio Hamilton Ferreira (2)

Other Committee members:
Marcos Eduardo Faraco Wahrhaftig (3)
Rafael Dorneles Japur (3) and (4)
Raul Fernando Schneider (3)
Richard Chagas Gerdau Johannpeter (3)

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(1) Member of the Compensation and Succession Committee
(2) Member of the Corporate Governance Committee
(3) Member of the Finance Committee
(4) Member of the Strategy and Sustainability Committee

The Committees created to support the Board of Directors are:

Compensation and Succession Committee: responsible for evaluating and endorsing CEO's recommendation regarding compensation and main executives' performance, proposing them to Board of Directors; evaluating individual compensation of CEO, Directors and the responsible for compliance, proposing them to Board of Directors; evaluating CEO and responsible for compliance performances, establishment of goals and strategic for professional development, proposing them to Board of Directors; evaluate the strategic, policy and budget regarding fixed compensation, short and long-term incentives, severances, retentions, commissions, benefits, retirement pension and other programs regarding the global compensation of the employees, proposing them to Board of Directors; opining about the organizational structures of the Company proposing it to the Board of Directors the significant measures; and approving position promotion of statutory Officers and non-statutory Officers.

Corporate Governance Committee: responsible for, among other functions, keeping the members updated about the trends and benchmarks of Corporate Governance; evaluating the recommendations of the agents of capital markets and financial and specialized agencies, to recommend to the Board principles and guidelines of Corporate Governance; reviewing and commenting on the information relating to Corporate Governance contained in the official documents of the Company for dissemination to the market and evaluating the performance of the Board as a whole.

Finance Committee: responsible for supporting the Board in financial matters, including follow-up of the financial results of the Company, debt and leverage levels and targets, liquidity position and cash flows, capital structure, capital allocation, stock price, financial market trends, capital market communication, insurance and guarantee, review of the financial and hedging policies of the Company.

Strategy and Sustainability Committee: responsible for supporting the Board in the formulation of general policy guidelines of the Company; providing recommendations to the Board regarding policies and guidelines of business by product line and market; providing opinion on the investment program; opining on proposed mergers and acquisitions; trends in the steel industry and evaluating the impacts of the development on the Company's business, as well as the environmental, social and governance factors ("ESG"), including, but not limited to, climate change.

Board of Executive Officers: statutory Board whose members are responsible for the representation of the Company and performance of the acts needed for the management of the Company. The members of the Board of Executive Officers, whose terms of office expire on the date that the Ordinary General Shareholders' Meeting is held to approve managements' accounts for the 2023 fiscal year, such meeting currently planned to be held on April 16, 2024, are:

Chief Executive Officer (CEO):
Gustavo Werneck da Cunha

Vice-President, Chief Financial officer (CFO) and Investor Relations Officer:
Rafael Dorneles Japur

Executive Vice-Presidents
Marcos Eduardo Faraco Wahrhaftig
Rubens Fernandes Pereira

Officers:
Aldo Tapia Castillo
Cesar Obino da Rosa Peres
Mauro de Paula
Wendel Gomes da Silva

Other Committees created to Support the Management: in order to provide support to the Management several committees were created and are responsible for advising on specific matters, such as the Risk Committee and the Disclosure Committee.

Corporate structure: Gerdau's corporate structure has evolved to help the business, adding value in governance and brand, image and values, and optimizing the efficiency of Gerdau's activities through economies of scale. The corporate areas are Finance, Investor Relations and Accounting; Communication and Brand, Legal and Institutional Relations, Compliance, Internal Audit, Industrial, Engineering, Health, Safety and Environment, Information Technology and Procurement. In addition, the Shared Services area has the task of optimizing resources and achieving economies of scale.

All members of the Board of Directors and the Board of Executive Officers are elected for one-year terms, with re-election or re-appointment permitted. Members of the Board of Directors are appointed at the Ordinary General Meeting of Shareholders while members of the Board of Officers are elected at meetings of the Board of Directors.

Board of Auditors

Under Brazilian Corporate Law, the Board of Auditors (*"Conselho Fiscal*") is a shareholder-nominated audit board and an independent corporate body from the Board of Directors, management and the Company's external auditors. The Board of Auditors has not typically been equivalent to or comparable with a U.S. audit committee; its primary responsibility has been to monitor management's activities, review the financial statements, and report its findings to the shareholders.

Pursuant to an exemption under Section 10A-3 of the SEC rules concerning the audit committees of listed companies, a foreign private issuer (such as the Company) does not need to have a separate audit committee composed of independent members if it has a Board of Auditors established and selected pursuant to its home country's legal or listing provisions expressly requiring or permitting such a board and if such a board meets certain requirements. Pursuant to this exemption, a Board of Auditors can exercise the required duties and responsibilities of a U.S. audit committee to the extent permissible under Brazilian Corporate Law. To comply with the SEC rules, the Board of Auditors must meet the following standards: it must be separate from the full Board of Directors, its members must not be elected by management, no executive officer may be a member, and Brazilian law must set forth standards for the independence of the members. In order to qualify for exemption, the Board of Auditors must, to the extent permitted by Brazilian law:

- be responsible for the appointment, retention, compensation and oversight of the external auditors (including the resolution of disagreements between management and the external auditors regarding financial reporting);
- be responsible for establishing procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters, and procedures for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters;
- have the authority to engage independent counsel and other advisors as deemed necessary, to carry out its duties; and
- receive appropriate funding from the Company for payment of compensation to the external auditors, for any advisors and ordinary administrative expenses.

As a foreign private issuer, the Company decided to modify its Board of Auditors to comply with the exemption requirements. Accordingly, the Ordinary General Meeting of Shareholders held on April 28, 2005 amended the Company's Bylaws to modify the duties of the Board of Auditors and the Board of Directors, and, on the same date, approved the delegation of certain additional responsibilities to the Board of Auditors. The Board of Auditors operates pursuant to a charter ("Regimento Interno") that contemplates the activities described above to the extent permitted by Brazilian Law and is compliant with the requirements of the Sarbanes-Oxley Act, the pertinent regulations, and the requirements of the New York Stock Exchange.

Because Brazilian Corporate Law does not permit the Board of Directors to delegate responsibility for the appointment, retention and compensation of the external auditors and does not provide the Board of Directors or the Board of Auditors with the authority to resolve disagreements between management and the external auditors regarding financial reporting, the Board of Auditors cannot fulfill these functions. Therefore, in addition to its oversight responsibilities, the Board of Auditors may only make recommendations to the Board of Directors with respect to the appointment, retention and compensation of the external auditors. Likewise, the Board of Auditors may only make recommendations to management and the Board of Directors with regard to the resolution of disagreements between management and the external auditors. This limited scope of authority is a key difference between the Board of Auditors and the customary authority of an audit committee as a full committee of the Board of Directors.

Under the Brazilian Corporate Law, members of the Board of Auditors of a company are not allowed to be members of the Board of Directors, hold executive office, or be employed in any other position within that of a company or its subsidiaries or controlled companies. In addition, a member of the Board of Auditors cannot be spouse or relative of any member of a company's management. The Brazilian Corporate Law requires that members of the Board of Auditors receive a remuneration at least 10% of the average amount paid to each executive officer; and, also, that a Board of Auditors be composed of a minimum of three and a maximum of five members and their respective alternates.

As part of the adaptation of its Board of Auditors to the regulations, the Company has installed a permanent (standing) Board of Auditors currently composed of three members and their corresponding alternates who are elected at the Ordinary General Meeting of Shareholders with term of office to run until the next Ordinary General Meeting of Shareholders following their election, reelection being permitted. Under Brazilian Corporate Law, holders of Preferred Shares have the right to elect through a separate vote, one member of the Board of Auditors to represent their interests. Likewise, minority groups of shareholders with voting shares also have the right to elect one member of the Board of Auditors through a separate vote. However, irrespective of circumstances, the common shareholders have the right to elect the majority of the members of the Board of Auditors. Set forth below are the names, ages and positions of the members of the Company's Board of Auditors and their respective alternates, elected at the Company's last Ordinary General Meeting of Shareholders:

Name	Birthday	Member Position	Year First Elected
Bolívar Charneski	08/22/1950	Effective	2011
Tarcisio Beuren	11/15/1953	Effective	2017
Aroldo Salgado de Medeiros Filho	10/01/1970	Effective	2023
Herculano Aníbal Alves	02/27/1953	Alternate	2017
João Odair Brunozi	02/07/1953	Alternate	2021
Marcelo Rodrigues de Farias	10/03/1969	Alternate	2023

The Board of Auditors has determined that Bolívar Charneski is an "audit committee financial expert" within the meaning of the rules adopted by the SEC concerning the disclosure of financial experts. Each member of the Board of Auditors has acquired significant financial experience and exposure to accounting and financial issues.

The following is a brief summary of the business experience of our Board of Auditors members:

BOLÍVAR CHARNESKI (born in 1950)

● Education: Degree in Accounting in 1974 and participant in a professional exchange program in PricewaterhouseCoopers, in Atlanta, GA – USA.

● Professional Experience: Founder and partner of Charneski, Consultoria S/S LTDA (1988-2009, Charneski - Auditores & Consultores), a company settled in Porto Alegre (RS), where he was technically responsible for independent auditing and consulting services. Since 2009 dedicates to advising companies and organizations in the fields of Governance, Boards, Management, Accounting and Tax. Board member certified by Instituto IBGC – Instituto Brasileiro de Governança Corporativa (Brazilian Corporate Governance Institute), where he acted as a member of the Coordination Committee of the South Chapter. He was acting Partner (1st elected in Brazil) of Price Waterhouse (1971-1988), where he was also one of the founders of the Accounting and Audit Commission. Former director in various management terms of the IBRACON – Instituto dos Auditores Independentes do Brasil (Brazilian Institute of Independent Auditors), having presided over the 6th Regional Section and serving twice as Director of IBRACON in the national level. Board of Auditors member of Grendene SA (2011-2013), of Forjas Taurus SA (1998-2007), of Metalúrgica Gerdau (2017-2020). Currently he is Board of Auditors member (assigned as Financial Expert for SOX purposes since 2011) at Gerdau S.A.

TARCISIO BEUREN (born in 1953)

● Education: Degree in Business Administration, Course Supervisory Board in practice (IBGC), Participation in various courses, seminars, conferences and congresses related to finance, accounting, investor relations, planning, management development and leadership.

● Professional Experience: He worked at Gerdau for over 30 years, he held the following positions: Head of Investor Relations Department of Gerdau (2001-2005); Investor Relations Manager of Gerdau (2006-2014); Supervisory Board member at Metalúrgica Gerdau S.A. (2018/2021). Other experiences: Investment Analyst and Account Manager of Banco Maisonnave S.A. (1981-1985); President at COMEC – Comissão de Mercado de Capitais (Capital Markets Commission) at ABRASCA – Associação Brasileira das Companhias Abertas (Brazilian Association of Publicly Traded Companies) (2008-2014). Currently is (i) Supervisory Board member at Gerdau S.A. and (ii) Supervisory Board substitute member at Metalúrgica Gerdau S.A.

AROLDO SALGADO DE MEDEIROS FILHO (born in 1970)

● Education: Graduated in Economic Sciences from UERJ, Post-Graduation in Business Administration from IBMEC/RJ, Post-Graduation in Capital Markets from FGV/RJ (1995) and Organizational Leadership Course at University of Oxford – Said Business School.

● Professional Experience: He worked at the Banco do Brasil Conglomerate from 1984 up to 2023, working in the following areas: Asset management (management of investment funds, management of strategic projects and back-office), bank finance and treasury, asset management in pension funds. He held positions of Executive Manager, Financial and Pension Director, and Chief Executive Officer at BB Asset Management from Dec//202 to July/2023.. He was Member of the Fiscal Council at Visanet S.A. (2001-2003), Alternate Member of the Fiscal Council at Eluma S.A. Indústria e Comércio (2005-2007), Board Member at 202 Participações S.A (2002), Board Member at Nitrocarbono S.A (2002-2003), Board Member at Solpart Participações S.A.(2003-2004) , Board Member at Pronor Petroquímica S.A.(2002-2010), Member of the Fiscal Council at UBS BB(2021-2022), Board Member at BB SECURITIES ASIA (2019-2021), Board Member at BB SECURITIES LONDON (2019-2021). He is currently (i) Board Member at LIVELO, (ii) Board Member at UBS BB, (iii) Member of the Fiscal Council at Ativos Securitização S.A. and (iv) Supervisory Board member at Gerdau S.A.

HERCULANO ANÍBAL ALVES (born in 1953)

● Education: Degree in Economics by PUC/SP with a post-graduation in Financial Management and a Master degree in Finance and Investments at EAESP-FGV. Also holds a Governance, Risk and Compliance Certificate by Risk University – KPMG, participated in the Audit Committee course by IBGC, Portfolio Manager Certification by CVM and ANBIMA (CGA).

● Professional Experience: Worked in the financial market, as Investment Director, Equities Portfolio Manager, Investment Analyst and Credit Analyst at: BRAM – Bradesco Asset Management, ABN AMRO Bank, Unibanco and Banco Bozzano Simonsen, and in the administrative and financial area of the bus company Vila Carrão. He was Board Member of Value and Liquidity Fund of Bradesco Templeton (1998-2001), Board Member of GP’s Private Equity Technology Fund (2001-2005), Member of the Fiscal Council of Gerdau S.A. (2017-2018), Member of the Fiscal Council Grupo Fleury and Ecorodovias (2018-2019), Alternate Fiscal Advisor to the Private Equity Fund of 2Bcapital (2013-2019), Partner at Araxá Investimentos (2015-2016) and Partner at Barigui Gestão de Recursos (2015-2023). Currently is (i) Board Member of Tim Brasil, (ii) Board Member of Marfrig Brasil Foods, (iii) Member of the Fiscal Council of Cielo, (iv) Member of the Fiscal Council of Grendene, (v) Member of the Fiscal Council of Metalúrgica Gerdau,(vi) Alternate Fiscal Advisor to the Gerdau S.A and (vii) Chairman of the Fiscal Council of Tivio Asset Management.

JOÃO ODAIR BRUNOZI (born in 1953)

● Education: Degree in Accounting, specializing in Tax Law, Graduate in Financial Management and an MBA in Finance from IBMEC-SP. Supervisory Board member certified by IBGC.

● Professional Experience: He started his career at Price Waterhouse Auditores Independentes as a trainee, acting as an auditor for seven years. He has solid experience in the areas of Controllership and Finance, acting as Controller and CFO for over thirty years in large manufacturing industries. At São Paulo Alpargatas was Financial Planning and Financial Analysis Manager for two years. He joined Grupo Villares in 1985, where he worked for twenty years, as Tax Planning Manager and Controller for several companies in the group and the holding company, and accumulated Investor Relations management for five years. He was Director of several subsidiaries and Officer (Treasurer) of subsidiary in the United States. In the Gerdau Group, where he joined in early 2006 with the purchase by it of Aços Villares, he worked in the positions of CFO of Aços Villares and Controller (CFO) of Gerdau Diaco (Colombia). He was CFO of Cecil SA Laminação de Metais (2017-2019). Currently he is (i) Chairman of the Fiscal Council of Concessionária Aeroporto do Rio de Janeiro SA (Tom Jobim Airport), (ii) Supervisory Board member at Metalúrgica Gerdau S.A., (iii) Supervisory Board substitute member at JHSF Participações S.A. and Supervisory Board substitute member at Gerdau S.A.

MARCELO RODRIGUES DE FARIAS (born in 1969)

● Education: Graduated in Data Processing from Universidade Veiga de Almeida, MBA in Corporate Finance from Universidade Cândido Mendes and Master's in Administration from IBMEC – RJ, Certification of Board Member from IBGC.

● Professional Experience: He has experience in the areas of Finance, Company and Project Valuation, ESG, Credit Analysis and Structured Operations, Strategic Planning, Corporate Governance and Organizational Consulting. He was Credit Analysis Division Manager at BB Asset (2013-2019) and Executive Manager of Governance, Regulation and Compliance at BB Asset (2019-2020). He is currently (i) Executive Manager of Analysis and Domestic Allocation at BB Asset, (ii) Deliberative Advisor at AMEC Brasil - Association of Investors in the Capital Market and (iii) Collaborating professor at IBMEC Online.

D. EMPLOYEES

Work Force	Brazil	Other Countries	Total
2023	17,389	9,982	27,371
2022	18,372	9,825	28,197
2021	18,102	9,637	27,739

Extended Work Force*	Brazil	Other Countries	Total
2023	5,290	1,262	6,552
2022	6,200	1,317	7,517
2021	6,420	1,346	7,766

* Outsourced corresponds to employees of third-party service providers of Gerdau which provide, as employees of those providers, services directly to Gerdau in areas that are not the core business of Gerdau.

As of December 31, 2023, the Company employed 27,371 at its industrial units, excluding jointly controlled entities, 64% of this total is based in Brazil and the remainder in South America and North America, which have 3,681 and 6,301 employees, respectively.

As labor unions in Brazil and other Countries in Latin America are organized on a regional basis, the Company has no nationwide agreements with its employees. 33% of Gerdau North America employees are unionized.

Gerdau maintains good working conditions at its mills and consequently has what it believes to be a comparatively low employee turnover rate.

Gerdau maintain good relations with employees. To maintain such good working environment, the company provides development and training opportunities, team-building programs and transparent management system. Compensation programs are designed to meet employee's financial interests with those of Gerdau shareholders.

E. STOCK OWNERSHIP

The following table shows the individual holdings of shares in preferred and common stock in Gerdau S.A. for each director and executive officer as of December 31, 2023.

Shareholder	Common Shares (with voting rights)	%	Preferred Shares (with restricted voting rights)	%
Claudio Johannpeter	—	—	506,713	0.00
André Bier Gerdau Johannpeter	—	—	196,405	0.00
Guilherme Chagas Gerdau Johannpeter	—	—	215,705	0.00
Claudia Sender Ramirez	—	—	5,020	0.00
Rubens Fernandes Pereira	—	—	53,712	0.00
Gustavo Werneck da Cunha	—	—	281,532	0.00
Rafael Dorneles Japur	—	—	6,320	0.00
Cesar Obino da Rosa Peres	—	—	—	0.00
Marcos Eduardo Faraco Wahrhaftig	—	—	—	0.00
Alberto Fernandes	—	—	—	0.00
Mauro de Paula	—	—	48,886	0.00
Márcio Hamilton Ferreira	—	—	—	—
Wendel Gomes da Silva	—	—	39,961	0.00
TOTAL			**1,354,254**	**0.00**

The Company has different employee stock option plans for each of its subsidiaries. See Note 27 — Long-Term Incentive Plans in its Consolidated Financial Statements included herein for further details.

The following table shows the 2013, 2014, 2015, 2016, 2017, 2018,2019, 2020, 2021, 2022 and 2023 awards (all Gerdau S.A. preferred shares) to each Board member and executive officer, with a current mandate, up to December 31, 2023. Since 2013, the Company has not been granting Stock Options and all remaining Stock Options were either vested or cancelled.

	Restricted Share Units					Performance Share Units			
Names	Grant	Bonus	Exercised	Cancelled	Balance	Grant with performance adjustment	Exercised	Cancelled	Balance
Alberto Fernandes	5,729	286	—	—	6,015	—	—	—	—
Aldo Tapia Castillo	5,332	667	—	—	5,999	7,999	—	—	7,999
Andre Bier Johannpeter	1,944,832	14,000	1,410,114	18,080	530,639	1,595,647	1,193,533	47,138	354,976
Cesar Obino da Rosa Peres	78,611	1,285	68,334	—	11,562	80,169	64,429	324	15,416
Claudia Sender Ramirez	24,088	825	6,594	984	17,335	—	—	—	—
Claudio Johannpeter	1,781,788	14,000	1,285,751	18,080	491,957	1,312,535	979,435	36,146	296,954
Guilherme Gerdau Johannpeter	1,069,365	14,000	660,076	18,080	405,209	394,593	216,261	11,500	166,832
Gustavo Werneck da Cunha	798,492	51,303	388,070	—	461,725	1,361,198	745,267	299	615,632
Marcio Hamilton Ferreira	—	—	—	—	—	—	—	—	—
Marcos Eduardo Faraco Wahrhatig	407,538	43,135	62,456	—	388,217	610,583	91,435	1,526	517,623
Mauro de Paula	64,409	1,136	54,019	1,308	10,217	68,515	52,575	2,320	13,620
Rafael Dorneles Japur	65,179	6,975	1,066	—	71,088	87,688	2,399	—	85,289
Rubens Fernandes Pereira	213,132	16,889	49,850	—	180,171	199,880	—	—	199,880
Wendel Gomes da Silva	38,638	2,852	15,818	—	25,672	62,354	28,125	—	34,229
Total	**6,497,133**	**167,353**	**4,002,148**	**56,532**	**2,605,806**	**5,781,161**	**3,373,459**	**99,253**	**2,308,448**

Information concerning exercise price, grant date, vesting date and expiration date are available in the stock option table in Item 6.B — Compensation.

F. DISCLOSURE OF A REGISTRANT'S ACTION TO RECOVER ERRONEOUSLY AWARDED COMPENSATION

Not applicable.

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ITEM 7. MAJOR SHAREHOLDERS AND RELATED-PARTY TRANSACTIONS

A. MAJOR SHAREHOLDERS

As of December 31, 2023, Gerdau S.A. had 600,526,442 common shares and 1,148,995,967 non-voting preferred shares outstanding (excluding treasury stock). Of the two classes of stock traded in the market, only the common stock carries voting rights. Under the terms of the Company's bylaws, however, specific rights are assured to the non-voting preferred stock. See the bylaws of Gerdau S.A. attached to this Annual Report.

The table below presents certain information as of December 31, 2023, regarding (i) any person known to the Company as the owner of more than 5% of Gerdau S.A.'s outstanding common stock, (ii) any person known to the Company as the owner of more than 5% of Gerdau S.A.'s outstanding preferred stock, and (iii) the total amount of the common and preferred stock owned by the members of the board of directors and executive officers of the Gerdau S.A. as a group.

Shareholder	Common Shares	%	Preferred Shares	%
Metalúrgica Gerdau S.A	585,793,846	97.5	—	—
JP Morgan Chase Bank	—	—	363,605,689	31.4
Members of the board of directors and executive officers as a group (14 members)	—	—	1,354,254	0.12

Metalúrgica Gerdau S.A. is a holding company that directly and indirectly controls all Gerdau companies in Brazil and abroad. Metalúrgica Gerdau hold 97.5% of the voting capital stock of Gerdau S.A. and thus has the ability to control the Company's Board of Directors as well as its management and operations.

On December 31, 2023 there were 363,605,689 ADSs outstanding, representing 31.44% of Gerdau S.A. preferred shares and the number of United States record holders was 54 (based solely on their addresses).

B. RELATED-PARTY TRANSACTIONS

The Company's transactions with related parties consist of (i) loans, (ii) commercial operations, (iii) marketable securities in investment funds managed by a bank (iv) sale and rental of property. See Note 20 to the Consolidated Financial Statements (Related Party Transactions) for further information.

(i) Gerdau S.A. maintains loans with some of its subsidiaries and other affiliates through loan contracts, which are repaid under conditions similar to those prevailing in the open market. Loan agreements between Brazilian companies are adjusted by the monthly variation in the CDI (interbank deposit rate). The agreements with foreign companies are adjusted by contracted charges plus foreign exchange variation, when applicable.

(ii) Commercial operations between Gerdau S.A. and its subsidiaries or related parties basically consist of transactions involving the purchase and sale of inputs and products. These transactions are carried out under the terms and conditions established in the contract between the parties and under prevailing market conditions.

(iii) The Company holds marketable securities in investment funds managed by a bank. These marketable securities comprise time deposits and debentures issued by major Brazilian banks and treasury bills issued by the Brazilian government.

(iv) The Company and its subsidiaries carried out transactions with controlling shareholders referring to the sale of property. Additionally, the Company recorded income derived from rental agreement.

The Company’s transactions with related parties are presented below:

Item	INTRA-GROUP AGREEMENTS Purpose of the Agreement	Relationship with issuer	Original Amount		Maturity or Deadline	Termination or extinction conditions	Outstanding Amount	
			In thousands of R$	Date			December 31, 2023	Largest amount during the period covered
1	In September 2022, the Company concluded the renewal of the Global Credit Line in the total amount of US$ 875 million (equivalent to R$ 4,236 million on 12/31/2023). The operation aims to provide liquidity to subsidiaries and companies with shared control in North America and Latin America, including Brazil. The companies Gerdau SA, Gerdau Açominas SA and Gerdau Aços Longos SA provide guarantee to this transaction, which matures in September 2027.	Joint-venture / Subsidiary	4,730,775	09/30/2022	Sep-27	Maturity	-	-
2	Co-guarantee for Gerdau Trade Inc. in the 10-year Bond issued in October/2017 in an amount of up to US$ 650 million.	Subsidiary	2,056,535	10/12/2017	Oct-27	Settlement of the agreement	2,064,877	2,166,857
3	Co-guarantee for GUSAP III LP. in the 10-year Bond issued in November/2019 in an amount of up to US$ 500 million.	Subsidiary	2,100,600	11/21/2019	Jan-30	Settlement of the agreement	2,410,967	2,530,039
4	Co-guarantee for Gerdau Ameristeel US Inc. in the 25-year Bond issued in October/2012 in an amount of US$ 51 million.	Subsidiary	103,505	10/18/2012	Oct-37	Settlement of the agreement	246,906	259,100
5	Co-guarantee for GUSAP III LP in the 30-years Bond issued in April/2014 in an amount of US$ 500 million. No remuneration.	Subsidiary	1,117,100	04/16/2014	Apr-44	Settlement of the agreement	2,328,873	2,443,891
6	Guarantee granted to Gerdau Aços Longos S.A. raised a loan from BRB Pró DF II	Subsidiary	12,834	08/05/2009	Jun-38	Settlement of the agreement	12,216	12,216
7	Gerdau S.A. has accounts receivable derived from sales to parent company and subsidiaries.	Subsidiaries	-	-	-	Maturity	409,224	409,224
8	Gerdau S.A. has accounts payment derived from buys to parent company and subsidiaries.	Subsidiaries	-	-	-	Maturity	205,529	205,529
9	Current account (liability balance) with Gerdau Trade Inc. Pays the contracted charges plus exchange variance.	Subsidiary	-	09/17/2010	Undetermined	No maturity	2,140,587	3,423,317
10	Renting agreement of commercial room of area of 840 m2 of building placed on Av. Farrapos, 1811 - Porto Alegre/RS, Lessor: Gerdau Aços Longos S.A. Lessee: Grupo Gerdau Empreendimentos Ltda: Amount per month R$ 75 thousand.	Parent company	50	01/01/2013	Undetermined	Maturity	73	80

11	Balance receivable of R$ 9,951 thousands, which is fully guaranteed by means of a personal guarantee, consisting of 5 annual installments of R$ 3,534 thousands, adjusted by the positive variation of the IPCA, referring to the sale to controlling shareholders of a property located at Avenida Farrapos, 1811, Porto Alegre/RS	Parent company	21,204	-	Aug-25	No maturity	9,951	14,518
12	Financial investment in subsidiary Paraopeba - Fundo de Investimento Renda Fixa.	Subsidiary	-	-	Undetermined	No maturity	271,632	321,882
13	Rio Paraná Energy: Guarantee granted for the obligations set forth in the Electricity Sale and Purchase Agreement, entered into on 08/30/2018, among Rio Paraná Energia S.A. and Gerdau Aços Longos S.A. and Gerdau Açominas S.A. in the up to limit amount of R$ 35,451 thousand with maturity on March 1, 2024.	Subsidiaries	35,451	01/01/023	Mar-24	Maturity	35,451	35,451
14	Guarantee granted for the obligations provided for in the Electricity Sale and Purchase Agreement, entered into on 08/30/2018, among Rio Paranapanema Energia SA and Gerdau Aços Longos S.A. and Gerdau Açominas S.A. up to the limit amount of BRL 59,644 thousand with maturity on March 1, 2024.	Subsidiaries	59,644	01/01/2023	Mar-24	Maturity	63,024	63,024
15	Guarantee granted to Gerdau Aços Longos due to the financing contracted with Banco BNP Paribas in the amount of R$ 400 million with maturity on November 16, 2025.	Subsidiary	400,000	01/01/2021	Nov-25	Maturity	400,000	400,000
16	Guarantee granted to Gerdau Corsa S.A.P.I. de C.V., borrower of a simple credit line, in the amount of US$ 73,330 thousands, equivalent in MXN.	Joint-venture	384,262	09/09/2021	Sep-26	Settlement of the agreement	419,120	419,120
17	Guarantee granted to Gerdau Corsa S.A.P.I. de C.V., borrower of a simple credit line, in the amount of US$ 43,760 thousand, equivalent in MXN.	Joint-venture	207,326	09/10/2021	Sep-26	Maturity	250,039	244,827
18	Guarantee granted to Gerdau Aços Longos due to the financing contracted with Banco Santander in the amount of R$ 400 million with Maturity on November 27, 2024.	Subsidiary	400,000	12/08/2022	Nov-24	Maturity	400,000	400,000
19	Guarantee granted to Gerdau Açominas S.A due to the financing contracted with Banco Santander in the amount of R$ 400 million with maturity on November 27, 2024.	Subsidiary	400,000	12/08/2022	Nov-24	Maturity	400,000	400,000
20	Guarantee granted regarding Electricity Sale and Purchase Agreement, signed on May 23, 2023, between the beneficiary Comerc Power Trading and the guarantor Gerdau Aços Longos.	Subsidiary	437	05/23/2023	Jan-24	Maturity	437	437
21	Guarantee granted to Gerdau Açominas S.A. due to the financing contracted with Banco Santander in the amount of R$ 375 million with maturity on May 6, 2025.	Subsidiary	375,000	05/02/2023	May-25	Maturity	375,000	375,000

22	Guarantee granted to Gerdau Aços Longos S.A. due to the financing contracted with Banco Itaú in the amount of R$ 375 million with maturity on May 5, 2025.	Subsidiary	375,000	05/04/2023	May-25	Maturity	375,000	375,000
23	Guarantee granted to Gerdau Aços Longos S.A. due to the financing contracted with Bradesco Bank in the amount of R$ 150 million with maturity on April 15, 2024.	Subsidiary	150,000	09/15/2023	Apr-24	Maturity	150,000	150,000
24	The subsidiaries Gerdau Aços Longos S.A and Gerdau Açominas S.A signed a CGD - Global Derivatives Contract with ABC Bank that will govern the contracting of derivative instruments in accordance with the Company's hedging strategies.	Subsidiaries	-	06/30/2023	Undetermined	No maturity	365	365
25	The subsidiaries Gerdau Aços Longos S.A and Gerdau Açominas S.A signed a CGD - Global Derivatives Contract with Banco Safra that will govern the contracting of derivative instruments in accordance with the Company's hedging strategies.	Subsidiaries	-	08/14/2023	Undetermined	No maturity	-	-
26	The associate Newave Energia S.A signed a CGD - Global Derivatives Contract with Banco BTG that will govern the contracting of derivative instruments in accordance with the Company's hedging strategies.	Associate	-	08/23/2023	Undetermined	No maturity	9,887	9,887
27	The Company and its subsidiaries Gerdau Aços Longos S.A and Gerdau Açominas S.A signed a CGD - Global Derivatives Contract with BOFA Bank that will govern the contracting of derivative instruments in accordance with the Company's hedging strategies.	Subsidiaries	-	08/30/2023	Undetermined	No maturity	1,380	1,380
28	The associate Newave Energia S.A signed a CGD - Global Derivatives Contract with XP Bank that will govern the contracting of derivative instruments in accordance with the Company's hedging strategies.	Associate	-	09/20/2023	Undetermined	No maturity	9,887	9,887

C. INTERESTS OF EXPERTS AND COUNSEL

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMATION

The Company's financial statements are included in Item 18.

Legal Proceedings

General

In common with other Brazilian companies, Gerdau and its subsidiaries are parties to judicial and administrative proceedings involving labor, civil and tax matters. Management believes that the provisions recorded for these judicial and administrative proceedings are sufficient to cover probable and reasonably estimable losses from unfavorable court decisions and that the final decisions will not have significant effects on the financial position of the Company and its subsidiaries on December 31, 2023.

The following table summarizes the contingencies and related judicial deposits: as of December 31, 2023, 2022, and 2021 (in thousands of Reais):

Subjects

	Contingencies			Deposits		
	2023	2022	2021	2023	2022	2021
Tax	1,737,984	1,530,040	1,270,473	1,828,611	1,603,136	1,449,699
Labor	413,179	463,452	435,803	56,640	67,911	73,709
Civil	34,662	32,511	34,750	178,819	154,852	135,971

The material administrative and judicial claims and the related provisions are described more fully in Note 19 to the Financial Statements.

Tax Provisions

Tax provisions are related to:

- R$ 112,848 related to ICMS (state VAT), mostly in regarding of the right of offsetting credits.

- R$ 90,581 related to Social Security Contributions asset on the payroll.

- R$ 1,137 related to Recomposição Tarifária Extraordinária – RTE, which represent tariffs charged for supplying energy to the Company's industrial units. Management believes that these tariffs represent taxes and are thus incompatible with the National Tax System. The claims are currently under review in Regional and Superior Federal Courts. The Company has made escrow deposits equivalent to the total amount of these claims.

- R$ 512,263 related to disallowance of PIS and Cofins credits and claims related to their impact on other revenues.

- R$ 645,608 related to tax uncertainties related to Corporate Income Tax - IRPJ and Social Contribution on Net Income – CSLL.

- R$ 8,799 related to other taxes, which were classified as probable loss.

The Company and its subsidiaries are parties to other tax claims, described within this document on Item 3. D – Risk Factors. For these claims, no accounting provision was made, since these were considered as possible losses, based on the opinion of its legal counsel and management's assessment.

Labor Provisions

The Company is also a party to labor lawsuits, for which there is a provision of R$ 413,179 as of December 31, 2023. None of these lawsuits involve significant amounts individually and the lawsuits involve various labor amounts and the provision arises from unfavorable decisions and/ or probability of probable loss in the normal course of claims with the expectation of outflow of financial resources by the Company. The balance of judicial deposits related to labor contingencies, on December 31, 2023, represented R$ 56,640.

The Company and its subsidiaries are parties to other labor claims that together have an amount of approximately R$ 1,028,176. For these claims, no accounting provision was made, since these were considered as possible losses, based on the opinion of management with input from legal counsel.

Other Provisions

The Company is also involved in lawsuits arising from the ordinary course of its operations and has reserved R$ 34,662 for these actions. Deposits in guaranteed accounts related to these contingencies on December 31, 2023, amounted to R$ 180,285.

Other contingent liabilities with remote probabilities of losses, involving uncertainties regarding their occurrence, and, therefore, not recorded as provisions, are presented below:

Antitrust Proceedings

A lawsuit arising from the request by two civil construction unions in the state of São Paulo alleging that Gerdau S.A. and other long steel producers in Brazil share customers, thus violating the antitrust legislation. After investigations carried out by the Competition Defense System (SDE — Secretaria de Direito Econômico), the final opinion was that a cartel exists. The lawsuit was therefore forwarded to the Administrative Council for Economic Defense (CADE) for judgment, which resulted in a fine to the Company and other long steel producers, on September 23, 2005, an amount equivalent to 7% of gross revenues in the year before the Administrative Proceeding was commenced, excluding taxes (fine of R$ 245,070, updated by the judicial accountant on August 01, 2013 to R$ 417,820).

Two lawsuits challenge the investigation conducted by the Competition Defense System based on procedural irregularities, especially the production of evidence, based on an economic study, to prove that a cartel did not exist. The Court, upon offer of bank guarantee letter, granted the suspension of the effects of CADE's decision. Both actions were dismissed, and their respective appeals were also rejected by the Federal Regional Court of the 1st Region.

Against both decisions, appeals were lodged with the Superior Court of Justice and the Federal Supreme Court. The Appeal to the Supreme Federal Court was dismissed. Upon unanimous decision, the Superior Court of Justice (STJ) dismissed the fine, acknowledging that there was not due legal process, considering that CADE conducted the case without the proper market analysis and related facts (see STJ, REsp 1.979.138 - DF (2021/0405949-3).

The decision of the STJ was appealed by CADE to the Supreme Federal Court (STF) (see STF, RE 1.466.465 – DF). The Chief Justice has already rejected the appeal on the grounds that the case lacks any constitutional matter to be examined. Both CADE and the Attorney-General of the Republic (PGR – Procurador-Geral da República) have now filed appeals against his decision to the Court.

The Company denies having been engaged in any type of anti-competitive conduct.

Other Civil Litigation

The Company and its subsidiaries are parties to other civil claims that together have an amount of approximately R$ 595,649. For these claims, no accounting provision was made, since these were considered as possible losses, based on the opinion of its legal counsel and management's assessment.

No Material Effect

Management believes that any losses arising from other contingencies will not materially affect the results of operations or the Company's consolidated financial position. However, there is no guarantee that a final court order will be favorable in any of these or other proceedings, as well as any material adverse effects on the Company's consolidated financial position, results or future cash flows.

Dividend Distribution

Brazilian Corporate Law generally requires the Bylaws of each Brazilian corporation to specify a minimum percentage of the profits for each fiscal year that must be distributed to shareholders as dividends. On this note, it is not uncommon for corporations to provide for a minimum payout of 25% of adjusted net income. According to the Company's Bylaws, this percentage has been fixed at no less than 30% of the adjusted net income for distribution each fiscal year.

Dividends for a given fiscal year are payable from (i) retained earnings from prior periods and (ii) after-tax income for the same period, after the allocation of income to the legal reserve and to other reserves ("Adjusted Net Income"). In order to convert the dividends paid by the Company from *reais* into U.S. dollars, the financial institution providing the Company with custodial services ("Custodian") uses the significant commercial market exchange rate on the date that these dividends are made available to shareholders in Brazil. Under Brazilian Corporate Law, a Brazilian company is required to maintain a legal reserve, to which it must allocate 5% of net income determined in accordance with the law for each fiscal year until such reserve reaches an amount equal to 20% of the Company's paid-in capital. On December 31, 2023, Gerdau S.A.'s legal reserve amounted to R$ 2,528.7 million or 12.5% of total paid-in capital of R$ 20,215.3 million.

According to Law 6,404, holders of preferred shares in a Brazilian corporation are entitled to dividends at least 10% greater than the dividends paid on ordinary shares. Gerdau S.A.'s executive directors presented a proposal at the 2002 shareholders' meeting to grant to both ordinary and preferred shares 100% tag-along rights. Shareholders approved this measure and the right was extended to all shareholders, even though the new Brazilian Corporate Law only requires that such rights be granted to the common minority shareholders (and only for 80% of the consideration paid to the controlling shareholders).

Under the amendments to the Brazilian Corporate Law, by extending the tag along rights to minority shareholders, the Company no longer needs to comply with the requirement to pay an additional 10% premium on dividends paid to preferred shareholders. Following the approval and implementation of the amendments to the Company's Bylaws to provide for the tag-along rights as described above, the Company now pays the stated minimum dividend of 30% of adjusted net profit (section 19 of the Company's Bylaws) to all shareholders, from January 1, 2002 dividends paid to preferred shareholders no longer being subject to a minimum 10% premium over those paid to holders of ordinary shares.

As a general requirement, shareholders who are non-residents of Brazil must have their Brazilian company investments registered with the Central Bank in order to be eligible for conversion into foreign currency of dividends, sales proceeds or other amounts related to their shares for remittance outside Brazil. Preferred shares underlying the American depositary shares ("ADSs") will be held in Brazil by the Custodian as agent for the Depositary Bank (the "Depositary"). The holder of preferred shares will be the registered holder recorded in the preferred shares register.

Payments of cash dividends and distributions, if any, are made in Brazilian currency to the Custodian, on behalf of the Depositary, which will then convert such proceeds into U.S. dollars and deliver the same U.S. dollars to the Depositary for distribution to holders of ADSs. If the Custodian is unable to convert the Brazilian currency received as dividends into U.S. dollars immediately, the amount of U.S. dollars payable to holders of ADSs may be adversely affected by any devaluation or depreciation of the Brazilian currency relative to the U.S. dollar that may occur before such dividends are converted and remitted. Dividends in lieu of the preferred shares paid to holders who are not resident in Brazil, including holders of ADSs, are not subject to Brazilian withholding tax.

Since 1999, dividends have been paid to holders of the Company's ordinary and preferred shares in *reais* and in U.S. dollars converted from *reais* at the commercial exchange rate on the date of payment. Significant amounts are described in Item 3 - Key Information - Selected Financial Data.

Interest on Capital Stock

Law 9,249 of December 1995 provides that a company may, at its sole discretion, pay interest on capital stock in addition to, or instead of, dividends. A Brazilian corporation is entitled to pay its shareholders interest on capital stock up to the limit of an amount computed as the TJLP (Long-Term Interest Rate) rate of return on its interest on capital stock or 50% of the net income (according BR GAAP) for the fiscal year, whichever is the lower. The payment of interest as described herein is subject to a 15% withholding income tax. See Item 10. Additional Information — Taxation.

B. SIGNIFICANT CHANGES

Not applicable.

ITEM 9. THE OFFER AND LISTING

A. OFFER AND LISTING DETAILS

Not required.

B. DISTRIBUTION PLAN

Not required.

C. MARKETS

São Paulo Stock Exchange - Brasil

Trading on the B3

The São Paulo Stock Exchange (called "B3 S.A. - Brasil, Bolsa, Balcão" or just "B3") trading is conducted between 10:00 a.m. and 5:00 p.m. *(or 6:00pm depending on the season)* on the B3 automated system. There is also trading on the so-called After-Market, a system that allows for evening trading through an electronic trading system. Trades are made by entering orders in the Mega Bolsa electronic trading system, created and operated by B3. The price variations are limited to 2% (above or below) the closing quote of the day.

In order to better control volatility, the B3 adopts a "circuit breaker" system pursuant to which trading sessions may be suspended for a period of 30 minutes or one hour whenever the index of the B3 falls below the limits of 10% or 15%, respectively, in relation to the index registered in the previous trading session. If any circuit breaker takes place during the day, trading sessions thereafter may be suspended by a period of time to be determined as per B3's own discretion whenever the index of the B3 falls below the limit of 20% in relation to the index registered in the trading session of the day before.

Since March 17, 2003, market making activities have been allowed on the B3. The CVM and the B3 have discretionary authority to suspend trading in shares of a particular issuer under certain circumstances. Trading of securities listed on the B3 may be affected off the stock exchange market under certain circumstances, although such trading is very limited.

Settlement of transactions is effected three business days after the trade date without adjustment of the purchase price for inflation. The seller is ordinarily required to deliver the shares to the exchange on the second business day following the trade date.

Trading on the B3 by non-residents of Brazil is subject to certain limitations under Brazilian foreign investment legislation. See specific regulation for foreign investments in Brazil.

Corporate Governance Practices in Brazil

In 2000, the B3 introduced three special listing segments, known as Level 1 and 2 of Differentiated Corporate Governance Practices and in 2004 the *Novo Mercado*, aimed at encouraging Brazilian companies to follow good corporate governance practices and higher levels of transparency, as per required by Brazilian Corporate Law. The listing segments were designed for the trading of shares issued by companies voluntarily undertaking to abide by corporate governance practices and disclosure requirements in addition to those already imposed by Brazilian law. These rules generally increase shareholders' rights and enhance the quality of information provided to shareholders.

The Company is listed on the Level 1 segment of the B3. To become a Level 1 company, in addition to the obligations imposed by current Brazilian law, an issuer must agree to (i) ensure that shares of the issuer representing at least 25% of its total capital are effectively available for trading; (ii) adopt offering procedures that favor widespread ownership of shares whenever making a public offering; (iii) comply with minimum quarterly disclosure standards, including cash flow statements; (iv) follow stricter disclosure policies with respect to transactions made by controlling shareholders, directors and officers; (v) disclose the terms of the transactions with related parties; (vi) make a schedule of corporate events available to shareholders; (vii) at least once a year, hold public meetings with analysts and investors; (viii) include in the Company' Bylaws of the mandatory minimum clauses set out by B3; (ix) prepare and publish its Trading Securities Policy and Code of Conduct; and (x) not accumulate the position of Chairman of the Board of Directors and Chief Executive Officer or lead executive by the same person.

Regulation of the Brazilian Securities Market

The Brazilian securities markets are regulated by the CVM, which has authority over stock exchanges and the securities markets generally, and by the Brazilian Central Bank, which has, among other powers, licensing authority over brokerage firms and regulates foreign investment and foreign exchange transactions. The Brazilian securities market is governed by the Brazilian Securities Law (Law No. 6,385 of December 7, 1976, as amended) and the Brazilian Corporate Law (Law No. 6,404 of December 15, 1976, as amended).

Law No. 11,638, of December 28, 2007, and Law No. 11,941, of May 27, 2009, amended a number of provisions of Law No. 6,385/76 and Law No. 6,404/76, related to accounting rules and financial statements of Brazilian corporations. The changes aim to bring Brazilian accounting rules/financial statements closer to international standards.

Under the Brazilian Corporate Law, a company is either publicly held, such as Gerdau S.A., or closely held. All publicly held companies must apply for registration with the CVM and are subject to ongoing reporting requirements. A publicly held company may have its securities traded either on the B3 or on the Brazilian over-the-counter markets (Brazilian OTC). The shares of a publicly held company, including Gerdau S.A., may also be traded privately subject to certain limitations established in CVM regulations.

CVM has issued Resolution N. 80, dated as of March 29, 2022, that provides for the requirements for the registration of publicly held companies and companies that intend to trade securities in regulated securities markets. CVM Resolution N. 80/22 significantly modified the reporting requirements applicable to publicly held companies and set forth the obligation to such companies to file annually with CVM a Reference Form ("Formulário de Referência") containing all of the Company's significant information and to update the information contained therein as soon as any significant changes occur.

In addition to such reporting requirements, the occurrence of certain events also requires disclosure of information to the CVM, the B3, or even the public. These include (i) the direct or indirect acquisition by an investor of at least 5% (five percent) of any class or type of shares representing the share capital of a publicly held company, (ii) the sale of shares representing the transfer of control of a publicly held company and (iii) the occurrence of a material event to the corporation. On March 31, 2022, the CVM issued Resolution N. 85, which regulates tender offers if one of the following events occurs: (i) delisting of companies; (ii) an increase in the equity interest of the controlling shareholder; or (iii) the transfer of control of a public held company.

The Brazilian OTC market consists of direct trades between individuals in which a financial institution registered with the CVM serves as intermediary. No special application, other than registration with the CVM, is necessary for securities of a publicly held company to be traded on the Brazilian OTC. The CVM must be notified of all trades carried out on the Brazilian OTC by a company's respective intermediaries. The trading of a company's securities on the B3 may be suspended in anticipation of a material announcement. Trading may also be suspended at the initiative of the B3 or the CVM based on a belief that a company has provided inadequate information regarding a material event, has not provided an adequate response to the inquiries by the CVM or the stock exchange, or for other reasons.

The laws and regulations regarding the Brazilian Securities Market provide for disclosure requirements, restrictions on insider trading and price manipulation, and protection of minority shareholders. Although many changes and improvements have been introduced, the Brazilian securities markets are not as highly regulated and supervised as the U.S. securities markets or those in certain other jurisdictions.

Regulation of Foreign Investment in Brazil

Foreign investors may either register their investments in the Company's shares as a foreign direct investment under Law No. 4,131/62 and CMN (*Conselho Monetário Nacional*) Resolution N. 3,844/10 or as a portfolio investment under CMN Resolution N. 4,373/14 and CVM Instruction N. 560/15, both as amended. Foreign investors, regardless of whether their investments are made as foreign direct investments or portfolio investments, must be enrolled with the RFB (*Receita Federal do Brasil*, the Brazilian internal revenue service) pursuant to its Regulatory Instruction No.1,863, as of December 27, 2018. This registration process is undertaken by the investor's legal representative in Brazil.

Law No. 4,131/62 and CMN Resolution N. 3,844/10 provide that, after a foreign direct investment is made, an application for its registration with the Central Bank must be submitted by the investee and the non-resident investor, through its independent representatives in Brazil, within 30 days. The registration of the foreign direct investment with the Central Bank allows the foreign investor to remit abroad resources classifiable as capital return, resulting either from: (i) the transfer of corporate interests to Brazilian residents, (ii) capital reduction, or (iii) the liquidation of a company, as well as funds classified as dividends, profits or interest on shareholders' equity. Foreign investors with foreign direct investments may also divest those investments through private transactions or transactions conducted through the stock exchange or the over-the-counter market. See *"Taxation — Brazilian Tax Considerations"* for information regarding the taxation of such transactions.

There are no restrictions on ownership of the Company's shares by individuals or legal entities domiciled outside Brazil. With certain limited exceptions, under CMN Resolution N. 4,373/14 investors are permitted to carry out any type of transaction in the Brazilian financial and capital markets involving a security traded on a stock, futures or organized over-the counter markets. Investments and remittances outside of Brazil of gains, dividends, profits or other payments for ordinary and preferred shares are made through the exchange market. See "*Exchange Controls*" for further information regarding non-Brazilian holders who qualify under CMN Resolution N. 4,373/14.

Securities and other financial assets held by non-Brazilian investors pursuant to CMN Resolution N. 4,373/14 must be registered or maintained in deposit accounts or under the custody of an entity duly licensed by the Central Bank or the CVM. In addition, securities trading is restricted to transactions carried out in the stock exchanges or through organized over-the-counter markets licensed by the CVM, except for transfers resulting from a corporate reorganization, or occurring upon the death of an investor by operation of law or will.

Trading on Exchanges outside Brazil

In addition to the B3, Gerdau shares are currently traded on the New York Stock Exchange:

New York Stock Exchange

On March 10, 1999, Gerdau S.A. obtained registration for the issuance of Level II ADSs, which began trading on the New York Stock Exchange the same day. Under the GGB symbol, these Level II ADSs have been traded in virtually every session since the first trading day. In 2023, 1.8 billion ADSs were traded, a figure 52% lower than in 2022, representing a trading volume of US$ 9.10 billion, equivalent to a daily average of US$ 36.4 million. In 2022, 3.5 billion ADSs were traded, being a volume 20.7% higher than 2021 and representing a trading volume of US$ 19.74 billion, equivalent to a daily average of US$ 78.3 million.

Subsequent Event

Latibex — Madrid Stock Exchange

From December 2, 2002 to January 15, 2024, Gerdau S.A.'s preferred shares were traded on the Latibex, the Madrid Stock Exchange devoted to Latin American companies traded in Euros. The shares were traded in Spain under the symbol XGGB in the form of Depositary Receipts ("DRs"), each corresponding to one preferred share.

On December 27, 2023, a formal request was submitted to the Latibex to initiate the necessary procedures for the delisting of XGGB shares. In the end of 2023, a total of 300 thousand Gerdau preferred shares were traded on the Latibex, representing a trading volume of €1.6 million, equivalent to a daily average of €6.1 thousand.

The request to delist the Company's shares traded on Latibex was granted on February 16, 2024, and the Company is no longer listed on it. The Company' shares continue to be traded on the Stock Exchange of São Paulo, Brazil (B3 S.A. – Brasil, Bolsa, Balcão) and in the form of ADR in New York, United States (New York Stock Exchange – NYSE).

ITEM 10. ADDITIONAL INFORMATION

A. SHARE CAPITAL

Not applicable.

B. MEMORANDUM AND ARTICLES OF ASSOCIATION

Gerdau's Bylaws have been registered with the Public Registry of the State of São Paulo (Junta Comercial de São Paulo) under company number (NIRE) 35.3.0052069-6 and its last amendment was made on April 17, 2023.

The consolidated Bylaws set forth herein as Exhibit 1.1.

Objects and purposes

According to the Article 2 of the Company's Bylaws, Gerdau S.A. has the following purposes:

a) holding interests in the capital of companies engaged in the industry and trade of steel and/or metallurgical products, with plants integrated or not integrated to ports, as well as other companies and industrial consortia, including activities of research, mining, ore industrialization and trading, elaboration, execution and management of forestation and reforestation, as well as the trade, export and import of goods, conversion of forests into charcoal, transport of goods of its own manufacture and port operator activities referred to in Law No. 8.630, of February 25, 1993; and

b) industry and trade exploitation in steel products in general, laminates, drawn and iron and steel products, smelting of iron, steel and other metals, including through representation, import and exporting of goods related to its industrial and commercial activities, technical assistance and service provision.

Summary of Special Conditions Relating to Directors and Officers

Although the Bylaws do not specifically address this matter, the Company, its directors and officers are obliged to adhere to the provisions of Law 6.404/76 (Corporate Law), which regulates corporations in Brazil, and also observe the rules of the Brazilian Securities Commission (CVM) and the São Paulo Stock Exchange (B3).

In general terms, Section 153 of the Brazilian Corporate Law establishes that in exercising his/her duties, a company director or officer shall employ the care and diligence which a person normally employs in the administration of his/her own affairs.

In addition, Section154, paragraph 2 of the Brazilian Corporate Law, states that directors and officers shall not: a) perform an act of liberality at the expense of the company; b) borrow money or property from the company or use company's property, services or credits for his/her own advantage or for the advantage of any entity in which he/she/any third party has an interest, without the prior approval of a general shareholders' meeting or the board of directors; c) by virtue of his/her position, receive any type of direct or indirect personal benefit unless according to the Company's Bylaws or a general shareholders' meeting.

Section 156 of the Brazilian Corporate Law states that an administrator (member of the board of directors and executive officers) shall not take part in any corporate transaction in which he/she has an interest which conflicts with an interest of the corporation, nor in the decisions made by the other officers on the matter.

Regarding the decision on director's compensation, the Bylaws of the Company state that the shareholders are in charge of defining the global remuneration of the administrators (members of the board of directors and executive officers) and the board of directors is in charge of fixing the individual remuneration of directors and officers (article 6, paragraph 5, letters "m" and "n" of the Bylaws).

Finally, the Board of Directors and the Board of Officers may decide to create specific committees linked to themselves, which shall include one or more of its members, Company employees or contracted third-parties with the aim of coordinating or orienting certain corporate processes or operations (see Article 6, paragraph 7, and Article 9, paragraph 3, respectively, of the Bylaws of the Company).

Rights, preferences and restrictions attaching to each class of the shares

Gerdau's capital stock is divided into common and preferred shares.

Rights to dividends

All common and preferred shares enjoy the same rights to dividends, which are established by the Company's Bylaws as a minimum mandatory percentage of 30% of net income, with the following adjustments:

a) the addition to the following amounts:

- amounts arising during the fiscal year from the reversal of previous contingency reserves;
- amounts resulting from the realization, during the fiscal year, of profits that have previously been transferred to the unrealized profit reserve line;
- amounts arising from the realization during the fiscal year of increases in the value of assets, as a result of new valuations, recorded as revaluation reserve.

b) the subtraction of amounts assigned during the fiscal year for the constitution of legal reserves, the reserve for contingencies, the unrealized profit reserve and the tax incentive reserve.

For additional information, please see the item Dividend Policy above.

Voting rights

According to Gerdau´s Bylaws, the common shares have voting rights and the preferred shares have no voting rights although the holders of preferred share are entitle to attend to shareholders' meetings and to participate in the discussions.

Note, however, that the Company's Bylaws state, in Article 19, Paragraph 11, that the preferred shares shall acquire the right to vote if the Company, for three consecutive fiscal years, fails to pay the minimum dividends to which they are entitled, a right that the shares will hold until the first subsequent payment of dividends that the Company makes.

Shareholders representing the majority of a) holders of preferred shares without voting rights (or with restricted voting rights) representing 10% of the total capital stock and b) holders of at least 15% of the voting capital stock, shall have the right to elect and remove a member and his substitute from the board of directors, in a separate election at the general meeting, being excluded from such election the majority shareholder.

If neither the holders of shares with voting rights nor the holders of preferred shares without voting rights or with restricted voting rights are sufficient to achieve the quorum above, they shall be allowed to aggregate their shares in order to jointly elect a member and his substitute for the board of directors, in this case considering the quorum of 10% of the capital stock.

Shareholders representing at least 10% of the voting capital may also request that the election of directors be subject to cumulative voting, said request to be submitted to the company no later than 48 hours prior to the general shareholders meeting.

Notwithstanding the provisions aforementioned, the controlling shareholders shall always have the right to elect the majority of the members of the board of directors of a Brazilian company.

Based upon section 161, paragraph 4 of the Brazilian Corporate Law, the holders of preferred shares without voting rights or with restricted voting rights shall be entitled to elect one member of the board of auditors and his alternate in a separate election. The minority shareholders shall have the same right, provided that they jointly represent 10% or more of the voting shares.

Rights to the reimbursement of capital

The preferred shares enjoy preference in the reimbursement of capital, up to the value of their respective interest in the capital stock, in the event of the Company's dissolution, after which the common shares are reimbursed up to the value of their respective fractional participation in the capital stock, with the remaining balance distributed on equal conditions among the holders of the common and preferred shares.

Liability to further capital calls and Shareholders owning a substantial number of shares

There are no specific provisions in the Bylaws of liability to further capital calls by the Company or provisions discriminating against any existing or prospective holder of such securities as a result of such shareholder owning a substantial number of shares.

Changes to the rights

The Brazilian Corporate Law states, in its Section 109, that neither the Bylaws nor a general meeting may deprive a shareholder of the right:

a) to participate in the corporate profits;

b) to participate in the assets of the corporation in the case of liquidation;

c) to supervise the management of the corporate business as provided for in the Corporate Law;

d) of first refusal in the subscription of shares, founders' shares convertible into shares, debentures convertible into shares and subscription bonuses, and

e) to withdraw from the corporation in the cases provided for in the Corporate Law.

Furthermore, Section 16, sole paragraph of the Brazilian Corporate Law sets forth that, unless expressly provided for, an amendment to that section of the Bylaws which regulates the different classes of shares shall require the approval of the shareholders of all shares thereby affected.

On the same hand, Section 136, paragraph 1 of the Brazilian Corporate Law states that any changes in the preferences or rights of the preferred shares, or the creation of a class of shares having priority in relation to the existing preferred shares, unless the change is authorized by the Bylaws, would require the approval of the preferred shareholders in a special Shareholders' Meeting, in addition to approval by the majority of the holders of the outstanding voting shares.

Annual general meetings and extraordinary general meetings of shareholders

The call for the annual Ordinary General Shareholders' Meeting and Extraordinary Shareholders' General Meetings of Gerdau shall be made by a notice published on at least three occasions in the Valor Econômico, São Paulo edition, and Official Diary of the State of São Paulo. The notice shall contain, in addition to the place, date and time of the general meeting, the agenda and, in the case of an amendment to the Bylaws, an indication of the subject-matter.

The first call of the general meeting shall occur fifteen (15) days in advance, and the second call eight (8) days in advance.

Apart from the exceptions provided by law, the opening of a general meeting shall occur on first call with the presence of shareholders representing at least one-quarter of the voting capital; and on the second call, with any number.

The investors attending a general meeting shall produce proof of their shareholder status. According to Gerdau's Bylaws, the Company may require, within a period established in the notice of calling, the depositing of proof of ownership of shares, submitted by the financial institution acting as depositary for the same shares, as well as to suspend, for the same period, transfer and stock split services.

A shareholder may be represented at a general meeting by a proxy, appointed less than one year before, who shall be a shareholder, a corporation officer, a lawyer or a financial institution. A condominium shall be represented by its investment fund officer.

A request for the appointment of a proxy, made by post or by public notice, shall satisfy the following requirements:

a) contain all information necessary to exercise the requested vote;

b) entitle the shareholder to vote against a resolution by appointing another proxy to exercise the said vote; and

c) be addressed to all shareholders whose addresses are kept by the corporation.

Subject to the requirements aforementioned, any shareholder whose shares with or without voting rights represent one-half percent or more of the capital shall be entitled to request a list of the addresses of the shareholders.

The legal representative of a shareholder shall receive an authorization to attend general meetings.

Limitations on the rights of non-residents and foreign shareholders to own securities

There are no limitations on the rights to own securities by non-residents or foreign shareholder set forth in the Bylaws of Gerdau S.A. The Brazilian Corporate Law neither establishes limitation. Note that some procedures shall be observed by the foreign companies for the remittance of funds (see Item 10.D, below).

A shareholder resident or domiciled abroad must maintain a representative in Brazil empowered to accept service of process in proceedings brought against him under the Brazilian Corporate Law.

Change in control of the Company

Brazilian Corporate Law states that the direct or indirect transfer of control of a publicly held corporation can only be effective under the condition that the purchaser agrees to conduct a public offer to acquire the voting shares owned by the remaining shareholders.

Gerdau´s Bylaws attribute to all shares the right to be included in any public offering involving the transfer of control, guaranteeing the same price paid per share with voting rights that are part of the controlling block.

Disclosure of shareholders ownership

With regard to the disclosure of ownership, shareholders shall observe the CVM Resolution No. 44, of August 23, 2021 ("*CVM Resolution 44*") enacted by the Brazilian Securities Commission (CVM), which sets forth that:

"Article 12. The direct or indirect controlling shareholders and the shareholders that elected members of the Board of Directors and the Board of Auditors, as well as any person or company or group of people acting together or representing the same interest, who carry out relevant negotiations, shall send to the company the following information:

I - the announcers' name and qualification, indicating their Brazilian Tax Payer Number;

II - objective of the participation and quantity envisaged, if it is the case, including a declaration of the buyer that purchases will not alter the composition of the control or administrative structures of the company;

III - number of shares and other securities, and derivative financial instruments referenced in such shares, whether for physical or financial settlement, explaining the quantity, class and type of shares referenced;

IV - indication of any agreement or contract regulating the right to vote or purchase and sale securities issued by the company; and

V — if the shareholder has its residence or domicile abroad, the name or social denomination and the Brazilian Tax Payer Number of its attorney or legal representative in the country, in compliance with section 119 of Law 6,404 of 1976.

Paragraph 1. It is considered relevant negotiations the business or the set of business through which direct or indirect people referred to in the caput exceeds, upwards or downwards, the levels of 5% (five percent), 10% (ten percent), 15% (fifteen percent), and so on, of the type or class of shares representing the share capital of a publicly-held company

Paragraph 2. The obligations provided for in the caput and paragraph 1 are also extended to the acquisition of any rights over shares and further securities stated there and the execution of any derivative financial instruments referenced in shares referred to in the caput, although there is no provision for physical settlement..

Paragraph 3 In the cases provided for in Paragraph 2, the following rules must be observed:

I – the shares directly held and those referenced by derivative financial instruments of physical settlement must be considered together for the purposes of verifying the percentages referred to in Paragraph 1 of this article;

II – the shares referenced by derivative financial instruments with exclusively financial settlement forecast must be computed independently of the shares referred to in section I for the purpose of verifying the percentages referred to in Paragraph 1 of this article;

III – the number of shares referenced in derivative instruments that provide economic exposure to the shares cannot be offset by the number of shares referenced in derivative instruments that produce inverse economic effects; It is

IV – the obligations set out in the caput of this article do not extend to structured operations certificates, securities index funds and other derivative financial instruments in which shares issued by the company have a weight of less than 20% (twenty percent) .

Paragraph 4. The communication referred to in the caput shall be performed immediately after the mentioned participation is accomplished.

Paragraph 5.In cases when the acquisition results or has been carried out with the objective of changing the control's composition or the governance structure of the company, as in case when the acquisition generates the obligation of making a public offer, according to the applicable regulation, the acquirer must promote the disclosure, at least, in the same communication channels regularly adopted by the company, in compliance with section 3, paragraph 4, of a notice with the information predicted in line I to V of this article caput.

Paragraph 6. The Investor Relations Officer is responsible for transmitting the information, as soon as they are received by the company, to CVM and, if applicable, to the stock exchange or organized over-the-counter market entities in which the company trades its shares, as well as update the IAN form in the correspondent field."

Conditions more stringent governing changes in the capital than is required by law

There are no conditions imposed by the Bylaws more stringent than is required by law governing changes in the capital.

C. MATERIAL CONTRACTS

For information concerning material contracts regarding the acquisition of assets, see Item 4 — Company Information, Item 5 — Operating and Financial Review and Prospects and Item 8 — Financial Information. Gerdau S.A. has entered into financial agreements in order to finance its expansion projects and improve its debt profile. Although some of these contracts entail significant amounts, none exceed 10% of the Company's consolidated total assets. The most significant financial agreements are described below, with the Company agreeing to provide a copy of the debt instruments described herein to the Securities and Exchange Commission upon request.

Bonds — The Company, through its subsidiaries, Gerdau Trade Inc. and GUSAP III LP, has issued bonds due in 2027, 2030 and 2044. The following companies guaranteed these transactions: Gerdau S.A., Gerdau Açominas S.A. and Gerdau Aços Longos S.A.. In April, 2023, the Company, through its subsidiary Gerdau Trade Inc. ("GTI"), paid the totality of its 2023 Bonds at maturity, with principal amount of US$ 188.3 million (equivalent to R$ 931.1 million). On December 31, 2023, the outstanding balance of these bonds was US$ 1,406 million (equivalent to R$ 6,805 million).

Debenture — The Company concluded in 2019 the issuance of debentures with maturity of 4 and 7 years. In May, 2023, the Company paid the debentures issued in 2019 at maturity, with total amount of R$ 600 million. On December 31, 2023, the outstanding balance of these debentures was R$ 800 million.

GGWCF — In September 2022, the Company concluded the structuring of its senior unsecured working capital revolving facility with a total committed amount of US$ 875 million (equivalent to R$ 4,236 million) and maturity on September 2027. On December 31, 2023, there were no outstanding loans under this facility.

D. EXCHANGE CONTROLS

There are no restrictions on ownership or voting of the Company's paid-in capital by individuals or legal entities domiciled outside Brazil. The right to convert dividend payments and proceeds from the sale of the Company's paid-in capital into foreign currency and to remit such amounts outside Brazil is subject to restrictions under foreign investment legislation which generally require, among other things, the prior registration of the significant investment with the Central Bank of Brazil.

In Brazil, a mechanism is available to foreign investors interested in trading directly on the B3 which is regulated by CMN Resolution N. 4,373/14 and CVM Resolution N. 13/20.

CMN Resolution N. 4,373/14 establishes rules for foreign investments in Brazilian equities. Such rules allow foreign investors to invest in almost all types of financial assets and to engage in almost all transactions available in the Brazilian financial and capital markets, provided that certain requirements are fulfilled.

Pursuant to CMN Resolution N. 4,373/14, foreign investors are defined as individuals, legal entities, mutual funds and other collective investments resident, domiciled or headquartered abroad. CMN Resolution N. 4,373/14 prohibits the offshore transfer or assignment of title to the securities.

Pursuant to CMN Resolution N. 4,373/14, foreign investors must: (i) appoint at least one representative in Brazil with powers to perform actions relating to the foreign investment; (ii) obtain registration as a foreign investor with the CVM; (iii) appoint an authorized custodian in Brazil for its investment; and (iv) register the foreign investment with the Central Bank. The securities and other financial assets held by the foreign investor pursuant to CMN Resolution N. 4,373/14 must be registered or maintained in deposit accounts or under the custody of an entity duly licensed by the Central Bank or by the CVM or be registered in registration, clearing and custody systems authorized by the Central Bank or by the CVM. In addition, securities trading is restricted to transactions carried out on exchanges or organized over-the-counter markets licensed by the CVM. All investments made by a foreign investor under CMN Resolution N. 4,373/14 will be subject to electronic registration with the Central Bank.

CMN Resolution N. 4,373/14 provides for the issuance of depositary receipts in foreign markets in respect of shares of Brazilian issuers. Since ADSs have been approved under the applicable law by the Central Bank and the CVM, the proceeds from the sale of the ADSs by ADS holders outside Brazil are free of Brazilian foreign investment controls and holders of the ADSs will be subject to a specific tax treatment. According to CMN Resolution N. 4,373/14, are subject to concurrent exchange operations or international transfers in Brazilian Reais, without effective delivery of resources and whether prior authorization of the Central Bank of Brazil, the application of non-resident investor through the mechanism of Depositary Receipts may be transferred to other foreign investments mechanisms, with due regard to the conditions set forth by the Central Bank and by the CVM.

CVM Resolution 13/20 exempted the individual foreign investor from obtaining registration with CVM, requires that his representative send, prior to the start of operations, the information requested in an electronic system made available by CVM or by the organized market administrator that has formalized a partnership or similar instrument with CVM for this purpose. The representative of the foreign investor may be an intermediary institution through which the investor operates in the Brazilian exchange market. This resolution started on May 2, 2022.

Since July 1, 2013, JPMorgan Chase Bank is the Depositary for the ADSs (“Depositary”) and Itaú Unibanco S.A. (“Custodian”) on behalf of the Depositary. Pursuant to the registration, the Custodian and the Depositary are able to convert dividends and other distributions with respect to the Preferred Shares represented by ADSs into foreign currency and remit the proceeds abroad. Subject to the provisions set forth in Annex V Regulations, holders of preferred ADSs may exchange such ADSs for the underlying Preferred Shares. In this event, such a holder will be entitled to continue to rely on the Depositary’s registration of foreign investment for only five business days after such exchange, after which time, the same holder must seek its own registration with the Central Bank.

The Registered Capital for Preferred Shares that are withdrawn upon surrender of ADSs will be the U.S. dollar equivalent to (i) the average price of the Preferred Shares on the B3 on the day of withdrawal, or (ii) if no Preferred Shares were sold on such day, the average price of Preferred Shares that were sold in the fifteen trading sessions immediately preceding the same withdrawal. The U.S. dollar value of the Preferred Shares is determined on the basis of the average Foreign Exchange rates quoted by the Central Bank on the same date (or, if the average price of Preferred Shares is determined under clause (ii) of the preceding sentence, the average of such average quoted rates on the same fifteen dates used to determine the average price of the Preferred Shares). A non-Brazilian holder of Preferred Shares may experience delays in effecting the registration of Registered Capital, which may delay remittances abroad. Such a delay may adversely affect the amount, in U.S. dollars, received by the non-Brazilian holder.

Thereafter, unless the Preferred Shares are held pursuant to CMN Resolution N. 4,373/14 or to Law No. 4,131/62 by a foreign investor, the same holder may not be able to convert into foreign currency and remit the proceeds outside Brazil from the disposal of, or distributions with respect to, such Preferred Shares, and will generally be subject to less favorable Brazilian tax treatment than a holder of ADSs.

Restrictions on the remittance of foreign capital overseas could hinder or prevent the Custodian, as custodian for the Preferred Shares represented by ADSs, or holders who have exchanged ADSs for Preferred Shares, from converting dividends, distributions or the proceeds from any sale of Preferred Shares into U.S. dollars and remitting such U.S. dollars abroad. Holders of ADSs could be adversely affected by delays in, or refusal to grant any required government approval for conversions of Brazilian currency payments and remittances abroad of the Preferred Shares underlying the ADSs.

Exchange Rates

Before March 2005, there were two legal foreign exchange markets in Brazil, the Commercial Market and the Floating Market. The difference between these two markets was the type of transaction that could be performed through each market.

On March 4, 2005, through CMN Resolution N. 3,265 (revoked and replaced by CMN Resolution N. 3,568, of May 29, 2008), CMN introduced a single foreign exchange market and abolished the legal differences between the referred Commercial and Floating Markets. Among the modifications to foreign exchange market rules is a greater freedom to remit funds abroad through the foreign exchange market. On the other hand, the so-called "CC5-Accounts", which are bank accounts in *reais* held in Brazil by foreign entities, may no longer be used to transfer funds on behalf of third parties.

On March 24, 2010, the CMN approved Resolution No. 3,844, adopting a series of measures to consolidate and simplify the Brazilian foreign exchange regulations. These changes are expected to reduce the effective cost of foreign exchange transactions and the related administrative expenses for both the public and private sectors as well as to provide more legal certainty to the parties to such transaction.

On December 29, 2021, Law No. 14.286 was sanctioned, creating transactions where payments with international currency will be allowed in Brazil, and allowing banks and financial institutions to invest, allocate or lend resources in Brazil or abroad while facilitating the use of Brazilian currency in international transactions. The law provides the creating of further specific regulation and entered into force on December 30, 2022, following alterations regulated by Law No. 14.596 and No. 14.651 of 2023.

In the past, the Central Bank has intervened occasionally to control unstable movements in foreign exchange rates. We cannot predict whether the Central Bank or the Brazilian government will continue to let the *real* float freely or will intervene in the exchange rate market through the return of a currency band system or otherwise. The *real* may depreciate or appreciate against the U.S. dollar.

The current exchange rates from U.S Dollar to Brazilian Reais are demonstrated in the table of item 3.A, "Exchange rates between the United States Dollar and Brazilian Reais".

E. TAXATION

The following summary contains a description of the main Brazilian and U.S. federal income tax consequences of the purchase, ownership and disposition of common shares, Preferred Shares and ADSs, as applicable. It does not purport to be a comprehensive description of all tax considerations that may be significant to a decision to purchase these securities. In particular, this summary only addresses holders of common shares, Preferred Shares or ADSs as capital assets (generally, property held for investment) and does not address the tax treatment of a holder that may be subject to special tax rules, such as tax-exempt entities, banks or other financial institutions, insurance companies, broker-dealers, traders in securities that elect to use a mark-to-market method of accounting for their securities holdings, regulated investment companies, real estate investment trusts, U.S. expatriates, investors liable for the alternative minimum tax, partnerships and other pass-through entities, investors that own or are treated as owning 10% or more of the total combined voting power of the Company's voting stock or 10% or more of the total value of the Company's stock, and investors that hold the common shares, Preferred Shares or ADSs as part of a straddle, hedge, conversion or constructive sale transaction or other integrated transaction. Prospective purchasers of common shares, Preferred Shares or ADSs should consult their own tax advisors as to the personal tax consequences of their investment, which may vary for investors in different tax situations. The summary is based upon tax laws of Brazil and the United States and applicable regulations, judicial decisions and administrative pronouncements as in effect on the date hereof. Such authorities are subject to change or new interpretations, possibly with retroactive effect. Although there is no income tax treaty between Brazil and the United States at this time, the tax authorities of the two countries continue to have discussions that may culminate in a treaty. No assurance can be given, however, as to whether or when a treaty will enter into force or how it will affect the U.S. holders of Preferred Shares or ADSs. This summary is also based on the representations of the Depositary (as defined below) and under the assumption that each obligation in the Deposit Agreement relating to the ADSs and any related documents will be performed in accordance with its specific terms.

Brazilian Tax Considerations

The following information summarizes the main Brazilian tax consequences related to the acquisition, ownership and disposition of common shares, Preferred Shares or ADSs by a holder that is not resident or domiciled in Brazil for tax purposes ("Non-Resident Holder").

The following is a general discussion only and does not specifically address all of the Brazilian tax considerations applicable to any particular Non-Resident Holder. The effects of any tax treaties or reciprocity of tax treatment entered into by Brazil and other countries are not addressed herein, nor are any tax consequences applicable under the laws of Brazilian States and Municipalities.

Income tax

Dividends

Dividends derived from profits generated on or after January 1, 1996, paid by a Brazilian corporation such as our company, including stock dividends and other dividends paid to a Non-Resident Holder of common shares, Preferred Shares or ADSs, are currently exempt from income tax in Brazil, as provided by art. 10 of Federal Law no. 9,249, of December 26, 1995.

Despite the fact that this exemption is currently in force, news released by the press in past years claim that the Brazilian authorities intend to revoke the mentioned tax exemption and thus levy income tax on dividends paid by Brazilian companies, a measure that allegedly would be followed by a reduction of the overall income tax burden borne by said companies. Currently, several bills on the subject are being discussed and await voting in the Brazilian National Congress. These bills have not advanced during the year of 2023, but it is expected that they will advance in 2024.

On December 20, 2023, a broad reform on the rules pertaining to the taxation of consumption was approved, by means of the Constitutional Amendment no. 123/23, which also determined that, within 90 days, the Executive Branch should send the National Congress a Bill for the reform on the rules pertaining to the taxation of income, which may include a repeal of the current exemption of dividend distributions.

In any case, it is not yet possible to anticipate the exact terms of the intended taxation, and such new taxation rules would only become effective as of January 1, 2025, at the earliest, if approved by the Brazilian National Congress in 2024.

Interest Attributable to Shareholders' Equity

As from the enactment of Federal Law no. 9,249/95, a Brazilian corporation, such as our company, is allowed to make distributions to shareholders of interest on shareholders' equity and to treat such payments as a deductible expense for purposes of calculating Brazilian corporate income tax and social contribution on net profits, as far as the limits described below are observed.

For tax purposes, this interest is calculated over the net equity accounts of the corporation and is limited to the daily *pro rata* variation of the Brazilian long-term interest rate (*Taxa de Juros de Longo Prazo* – "TJLP"), as determined by the Brazilian Central Bank from time to time, and the amount of the deduction cannot exceed the greater of:

- 50% of net income (after the deduction of social contribution on net profits and before taking into account the provision for corporate income tax and the amounts attributable to interest on shareholders' equity) for the period in respect of which the payment is made; and

- 50% of the sum of retained profits and profit reserves as of the date of the beginning of the period in respect of which the payment is made.

Such payments of interest on shareholders' equity made to a Non-Resident Holder are generally subject to withholding income tax at the rate of 15%, such rate being increased to 25% if the Non-Resident Holder is resident or domiciled in a Tax Favorable Jurisdiction (please refer to "—Tax Favorable Jurisdictions" for a definition of this concept).

Payments of interest on shareholders' equity may be included, at their net value, as part of any mandatory dividend. To the extent a payment of interest on shareholders' equity is so included, the corporation is required to distribute to shareholders an additional amount to ensure that the net amount received by such shareholders, after payment of the applicable withholding income tax, plus the amount of declared dividends, is at least equal to the mandatory dividend ("gross-up method").

Although the Brazilian legislation currently in force allows payments of interest on shareholders' equity for a number of years the Brazilian Congress has been discussing some measures to restrain and even repeal the deductibility of payments of interest on shareholders' equity.

On December 29, 2023, by means of Federal Law no. 14,789/23, rules on the limitation of the amount payable and deductible as interest on shareholders' equity were passed. The Federal Law determined that, when applying the TJLP over the net equity accounts, the following accounts should be disregarded: (i) the paid-in share capital; (ii) the positive variation of accounts that do not represent effective inflow of funds to the company, with an definite increase in net equity; and (iii) reserves formed out of net profits derived from government gifts or grants.

These rules entered into force on January 1, 2024, and may impact the amounts to be paid by the Company in the future as interest on shareholders' equity.

It is possible that new restrictions on these payments will be passed in the context of the reform on the rules pertaining to the taxation of income, described in the "Dividends" topic, above, with effects as from January 2025.

Capital Gains

According to Federal Law no. 10,833, of December 29, 2003, gains deriving from the transfer of assets located in Brazil by a Non-Resident Holder, whether to another non-Brazilian resident or to a Brazilian resident, may be subject to withholding income tax in Brazil.

With respect to a disposition of common or preferred shares, as these are assets considered to be located in Brazil, the Non-Resident Holder will be subject to withholding income tax on the realized gains, according to the rules described below.

As far as ADSs are concerned, although the matter is not entirely clear, arguably the gains realized by a Non-Resident Holder on the disposition of ADSs are not taxed in Brazil, based on the argument that ADSs are not "assets located in Brazil" for purposes of Article 26 of Federal Law no. 10,833/03. We cannot assure you, however, that Brazilian tax authorities or Brazilian tax courts will agree with this interpretation. Accordingly, in the event that ADSs are deemed to be "assets located in Brazil" for purposes of Article 26 of Federal Law no. 10,833/03, gains realized on a disposition of ADSs by a Non-Resident Holder will be subject to withholding income tax in Brazil, according to the rules described below.

In general, gains realized on the disposition of common or preferred shares (or ADSs, in case they are deemed to be "assets located in Brazil") correspond to the positive difference between the amount ascertained on the disposition, and the acquisition cost of the shares disposed of, assessed in Brazilian *reais* (without any correction for inflation), in line with the views expressed by the Brazilian tax authorities on the matter (*see, e.g.,* Normative Ruling no. 1,455, issued on March 06, 2014). There are grounds, however, for maintaining that the gains realized should be calculated taking into consideration the cost of the significant investments in foreign currency, as so registered before the Brazilian Central Bank. Notwithstanding, no assurance can be provided as to whether such arguments will prevail in the Brazilian administrative and/or judicial courts.

The rules related to whether or not withholding income tax must be levied on such gains will vary depending on the domicile of the Non-Resident Holder, the type of registration of the investment that must be made by the Non-Resident Holder before the Brazilian Central Bank, and how the disposition is carried out.

Gains realized on a disposition of common or preferred shares carried out on the Brazilian stock exchange are:

- exempt from income tax when assessed by a Non-Resident Holder that (1) has invested in Brazil under the rules set forth by the Brazilian Central Bank – "Qualified Portfolio Investor" (in particular the National Monetary Council Resolution no. 4,373, of September 29, 2014) and (2) is not domiciled or resident in a Tax Favorable Jurisdiction. Please refer to "—Tax Favorable Jurisdictions" for a definition of this concept; or

- subject to income tax at a rate of 15% in any other case, including a case of gains assessed by a Non-Resident Holder that is not a Qualified Portfolio Investor, and of a Non-Resident Holder that is domiciled or resident in a Tax Favorable Jurisdiction. In these cases, a withholding income tax of 0.005% on the sale value will be applicable and can be later offset against income tax due on any capital gain realized on the transaction.

Gains realized by a Non-Resident Holder on a disposition of common shares or Preferred Shares (or ADSs, in case they are deemed "assets located in Brazil") that is not carried out on a Brazilian stock exchange are subject to income tax at the same rate applicable to resident individuals. As from January 1, 2017, in accordance with Article 21 of Federal Law no. 8,981, of January 20, 1995, as amended by Federal Law no. 13,259, of March 16, 2016, capital gains realized by resident individuals are taxable at progressive rates in brackets that vary from 15% to 22,5%, depending upon the amount of gain realized on the transaction, being: (i) 15% on gains realized up to R$ 5 million; (ii) 17,5% on gains exceeding R$ 5 million but not R$ 10 million; (iii) 20% on gains exceeding R$ 10 million but not R$ 30 million; and (iv) 22,5% on gains exceeding R$ 30 million. In case, however, the Non-Resident Holder is resident or domiciled in a Tax Favorable Jurisdiction, the gains he/she realizes upon disposition of said assets will be taxable at the fixed rate of 25% (please refer to "—Tax Favorable Jurisdictions" below for a definition of this concept).

Gains related to transactions carried out outside the Brazilian stock exchanges, but on a Brazilian over-the-counter market with intermediation, are also subject to the withholding income tax of 0.005%, which can be offset against income tax due on any capital gain realized on the transaction.

In the event of a redemption of common shares or Preferred Shares (or ADSs, in case they are deemed to be "assets located in Brazil") or of a capital reduction by a Brazilian corporation, such as our company, the positive difference between the amount received by the Non-Resident Holder and the acquisition cost of the respective common shares or Preferred Shares (or ADSs, in case they are deemed to be "assets located in Brazil") will be treated as a capital gain derived from a disposition that is not carried out on a Brazilian stock exchange market, and therefore will be subject to income tax at a rates described in the previous paragraphs.

Any exercise of preemptive rights relating to the common shares, Preferred Shares or ADSs will not be subject to Brazilian income tax. Gains realized by a Non-Resident Holder on the disposition of preemptive rights relating to Preferred Shares or ADSs will be subject to Brazilian income tax according to the same rules described above.

A Non-Resident Holder of ADSs may cancel such ADSs and exchange them for common or preferred shares. Income tax may not be levied on such exchange, as long as the appropriate rules are complied with in connection with the registration of the investment before the Brazilian Central Bank, and as long as ADSs are not deemed "assets located in Brazil".

The deposit of common or preferred shares by a Non-Resident Holder in exchange for ADSs may trigger Brazilian income tax on the capital gain presumably realized, in accordance with the rates mentioned above. There are grounds to maintain, however, that such transaction should not trigger Brazilian income tax, provided that the appropriate rules are complied with in connection with the registration of the transaction before the Brazilian Central Bank.

There can be no assurance that the current favorable tax treatment granted to Qualified Portfolio Investors will continue in the future.

Tax Favorable Jurisdictions

The concept of "Tax Favorable Jurisdiction" is defined by Federal Law 9,430, of December 27, 1996, with the wording given by Federal Law no. 14,596, of June 14, 2023, and included the countries or locations (1) that do not impose income tax, (2) where the maximum income tax rate is lower than 17% or (3) whose laws do not allow access to information regarding the shareholding composition of legal entities, their ownership, or the identity of the beneficial owners of earnings attributable to non-residents. Normative Ruling no. 1,037, of June 04, 2010, expressly lists the countries or locations that fit into such definition.

The same Federal Law no. 9,430/96 also sets forth the concept of "Privileged Tax Regimes"; said regimes are also expressly listed by Normative Ruling no. 1,037/10. Notwithstanding, the mentioned concept does not seem significant for purposes of determining the tax treatment applicable to investments made by Non-Resident Holders of common shares, Preferred Shares and ADSs, although one cannot completely disregard the risk that tax authorities argue otherwise.

Tax on Foreign Exchange Transactions

Brazilian law imposes a Tax on Foreign Exchange Transactions ("IOF/FX") due on the liquidation of foreign exchange agreements related to the conversion of Brazilian *reais* into foreign currency and on the conversion of foreign currency into Brazilian *reais*.

Currently, as a general rule, IOF/FX is levied at the rate of 0.38%. There are, however, a number of exceptions to such general rule (as provided by Articles 15-B and 15-C of Decree no. 6,306, of December 14, 2007, as amended).

Foreign exchange transactions for the inflow of funds into Brazil in connection with investments made by foreign investors in the Brazilian financial and capital markets are currently subject to IOF/FX at a zero percent rate.

Foreign exchange transactions for the outflow of funds in connection with the return of investments made in the Brazilian financial and capital markets are also subject to IOF/FX at a zero percent rate. The same rate applies on the outflow of funds in connection with payments of dividends and interest on shareholders' equity made by Brazilian companies.

The Brazilian government is permitted to increase the rate of the IOF/FX at any time up to 25%. However, any increase in rates will only apply to transactions carried out after this increase in rates enters into force.

Tax on Transactions Related to Bonds and Securities

Brazilian law imposes a Tax on Transactions Related to Bonds and Securities ("IOF/Bonds") due on transactions involving bonds and securities, including those carried out on a Brazilian stock exchange. Currently, IOF/Bonds is levied at the rate of 0% in most transactions involving common or preferred shares, including the transfer of shares traded in Brazilian stock exchanges with the specific purpose of enabling the issuance of depositary receipts to be traded outside Brazil.

The Brazilian government is allowed to increase the rate of the IOF/Bonds at any time up to 1.5% per day of the transaction amount. However, any increase in rates may only apply to transactions carried out after this increase in rates enters into force.

Other Brazilian Taxes

There are no specific Federal Brazilian inheritance, gift or succession taxes applicable to the ownership, transfer or disposition of common shares, Preferred Shares or ADSs, except for gift and inheritance taxes that may be imposed by Brazilian states. There are no Brazilian stamp, issue, registration, or similar taxes or duties payable by holders of common shares, Preferred Shares or ADSs.

United States Tax Considerations

U.S. Federal Income Tax Considerations

The following discussion summarizes the principal U.S. federal income tax considerations relating to the purchase, ownership and disposition of Preferred Shares or ADSs by a U.S. holder (as defined below) holding such shares or ADSs as capital assets (generally, property held for investment). This summary is based on the Internal Revenue Code of 1986, as amended (the "Code"), Treasury regulations, administrative pronouncements of the U.S. Internal Revenue Service (the "IRS") and judicial decisions, all as in effect on the date hereof, and all of which are subject to change (possibly with retroactive effect) and to differing interpretations. This summary does not address federal tax laws other than those pertaining to U.S. federal income taxation (such as estate or gift tax laws), nor does it address any aspects of U.S. state or local or non-U.S. taxation. U.S. holders are urged to consult their own tax advisers regarding such matters.

This summary does not purport to address all material U.S. federal income tax consequences that may be significant to a U.S. holder of a Preferred Share or ADS, and does not take into account the specific circumstances of any particular investors, some of which (such as tax-exempt entities, banks or other financial institutions, insurance companies, broker-dealers, traders in securities that elect to use a mark-to-market method of accounting for their securities holdings, regulated investment companies, real estate investment trusts, U.S. expatriates, investors liable for the alternative minimum tax, partnerships and other pass-through entities, investors that own or are treated as owning 10% or more of the total combined voting power of the Company's voting stock or 10% or more of the total value of the Company's stock, investors that hold the Preferred Shares or ADSs as part of a straddle, hedge, conversion or constructive sale transaction or other integrated transaction, and U.S. holders whose functional currency is not the U.S. dollar) may be subject to special tax rules.

As used herein, a "U.S. holder" is a beneficial owner of a Preferred Share or ADS that is, for U.S. federal income tax purposes, (i) a citizen or resident alien individual of the United States, (ii) a corporation (or an entity taxable as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States, any State thereof or the District of Columbia, (iii) an estate, the income of which is subject to U.S. federal income tax without regard to its source, or (iv) a trust if (1) a court within the United States is able to exercise primary supervision over the administration of the trust, and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (2) the trust has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person. For purposes of this discussion, a "non-U.S. holder" is a beneficial owner of a Preferred Share or ADS that is not a U.S. holder or a partnership.

If a partnership (including for this purpose any entity treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of a Preferred Share or ADS, the U.S. federal income tax treatment of a partner in the partnership generally will depend on the status of the partner and the activities of the partnership. A holder of a Preferred Share or ADS that is a partnership and partners in that partnership are urged to consult their own tax advisers regarding the U.S. federal income tax consequences of the purchase, ownership and disposition of Preferred Shares or ADSs.

Nature of ADSs for U.S. Federal Income Tax Purposes

The following summary assumes that the representations contained in the deposit agreement among us, The Bank of New York Mellon, as depositary, and the holders and beneficial owners from time to time of ADSs issued thereunder are true and that the obligations in the deposit agreement and any related agreement will be complied with in accordance with their terms. In general, for U.S. federal income tax purposes, a holder of an ADS will be treated as the owner of the underlying Preferred Shares. Accordingly, except as specifically noted below, the tax consequences discussed below with respect to ADSs will be the same for Preferred Shares in the Company, and exchanges of Preferred Shares for ADSs, and ADSs for Preferred Shares, generally will not be subject to U.S. federal income tax.

For purposes of the following summary, any reference to Preferred Shares shall be understood to also include reference to the ADSs, unless otherwise noted.

Taxation of Distributions

U.S. holders

In general, subject to the passive foreign investment company ("PFIC") rules discussed below, a distribution on a Preferred Share will constitute a dividend for U.S. federal income tax purposes to the extent it is made from the Company's current or accumulated "earnings and profits" as determined under U.S. federal income tax principles (regardless of whether it is considered a dividend under Brazilian law or for Brazilian income tax purposes). If a distribution exceeds the amount of the Company's current and accumulated earnings and profits, it will be treated as a non-taxable return of capital (and reduction in tax basis) to the extent of the U.S. holder's tax basis in the Preferred Share on which it is paid, and to the extent it exceeds that basis it will be treated as capital gain from the sale or exchange of the Preferred Shares. The Company does not intend to calculate its earnings and profits under U.S. federal income tax principles. Therefore, a U.S. holder should expect that any distribution on a Preferred Share generally will be treated as a dividend for U.S. federal income tax purposes even if that distribution would otherwise be treated as a non-taxable return of capital or as capital gain under the rules described above.

The gross amount of any dividend on a Preferred Share (which will include the amount of any Brazilian taxes withheld, if any) generally will be subject to U.S. federal income tax as foreign source dividend income and will not be eligible for the corporate dividends received deduction. In the case of a Preferred Share, but not an ADS, the amount of a dividend paid in Brazilian currency will be its value in U.S. dollars based on the prevailing spot market exchange rate in effect on the day that the U.S. holder receives the dividend. In the case of a dividend received in respect of an ADS, the amount of a dividend paid in Brazilian currency will be its value in U.S. dollars based on the prevailing spot market exchange rate in effect on the date the Depositary receives it, whether or not the dividend is converted into U.S. dollars. A U.S. holder will have a tax basis in any distributed Brazilian currency equal to its U.S. dollar amount on the date of receipt, and any gain or loss realized on a subsequent conversion or other disposition of the Brazilian currency generally will be treated as U.S. source ordinary income or loss. If dividends paid in Brazilian currency are converted into U.S. dollars on the date they are received by a U.S. holder or the Depositary or its agent, as the case may be, the U.S. holder generally should not be required to recognize foreign currency gain or loss in respect of the Brazilian currency. U.S. holders are urged to consult their own tax advisers regarding the treatment of any foreign currency gain or loss if any Brazilian currency received by the U.S. holder or the Depositary or its agent is not converted into U.S. dollars on the date of receipt.

Subject to certain exceptions for hedged positions, any dividend that a non-corporate U.S. holder receives on a Preferred Share generally will be subject to a maximum Federal income tax rate of 20% (plus an additional 3.8% Net Investment Income tax — see *"Net Investment Income Tax"*) if the dividend is a "qualified dividend." A dividend on a Preferred Share will be a qualified dividend if (i) the Preferred Shares are readily tradable on an established securities market in the United States, (ii) the U.S. holder meets the holding period requirement for the Preferred Share (generally more than 60 days during the 121-day period that begins 60 days before the ex-dividend date), and (iii) the Company was not, in the year prior to the year the dividend was paid, and is not, in the year the dividend is paid, a passive foreign investment company ("PFIC").

The ADSs are listed on the New York Stock Exchange and will qualify as readily tradable on an established securities market in the United States so long as they are so listed. Based on existing guidance, it is not entirely clear whether a dividend on a preferred share will be treated as a qualified dividend, because the preferred shares themselves are not listed on a U.S. exchange. As discussed below under "PFIC Rules," the Company does not believe that it was a PFIC for U.S. federal income tax purposes for its taxable year, nor does it anticipate being classified as a PFIC in its current taxable year or future taxable years. Given that the determination of PFIC status involves the application of complex tax rules, and that it is based on the nature of the Company's income and assets from time to time, no assurances can be provided that the Company will not be considered a PFIC for the current (or any past or future) taxable year.

The U.S. Treasury Department has announced its intention to promulgate detailed rules pursuant to which holders of stock of non-U.S. corporations, and intermediaries through whom the stock is held, will be permitted to rely on certifications from issuers to establish that dividends are treated as qualified dividends. Because those detailed procedures have not yet been issued, it is not clear whether the Company will be able to comply with them. Special limitations on foreign tax credits apply to dividends subject to the reduced rate of tax for qualified dividends. U.S. holders of Preferred Shares are urged to consult their own tax advisers regarding the availability of the reduced qualified dividend tax rate in the light of their own particular circumstances.

Any Brazilian withholding tax will be treated as a foreign income tax eligible for credit against a U.S. holder's U.S. federal income tax liability, subject to generally applicable limitations under U.S. federal income tax law. For purposes of computing those limitations separately for specific categories of income, a dividend generally will constitute foreign source "passive category income" or, in the case of certain holders, "general category income." A U.S. holder will be denied a foreign tax credit with respect to Brazilian income tax withheld from dividends received with respect to the underlying Preferred Shares to the extent the U.S. holder has not held the Preferred Shares for at least 16 days of the 31-day period beginning on the date which is 15 days before the ex-dividend date or to the extent the U.S. holder is under an obligation to make related payments with respect to substantially similar or related property. Any days during which a U.S. holder has substantially diminished its risk of loss on the Preferred Shares are not counted toward meeting the 16-day holding period required by the statute. Alternatively, any Brazilian withholding tax may be taken as a deduction against taxable income, provided the U.S. holder takes a deduction and not a credit for all foreign income taxes paid or accrued in the same taxable year. The rules relating to the determination of the foreign tax credit are complex, and U.S. holders are urged to consult with their own tax advisers to determine whether and to what extent they will be entitled to foreign tax credits as well as with respect to the determination of the foreign tax credit limitation.

U.S. holders should be aware that the IRS has expressed concern that parties by whom ADSs are held or to whom they are transferred may be taking actions that are inconsistent with the claiming of foreign tax credits by U.S. holders of ADSs. Accordingly, the discussion above regarding the credibility of Brazilian withholding taxes could be affected by future actions that may be taken by the IRS.

Taxation of Capital Gains

U.S. holders

Subject to the PFIC rules discussed below, on a sale or other taxable disposition of a Preferred Share, a U.S. holder will recognize capital gain or loss in an amount equal to the difference between the U.S. holder's adjusted tax basis in the Preferred Share and the amount realized on the sale or other taxable disposition, each determined in U.S. dollars. Such capital gain or loss will be long-term capital gain or loss if at the time of the sale or other taxable disposition the Preferred Share has been held for more than one year. In general, any adjusted long-term net capital gain of a non-corporate U.S. holder is subject to a maximum U.S. Federal income tax rate of 20% (plus an additional 3.8% Net Investment Income tax — see *"Net Investment Income Tax"*). The deductibility of capital losses is subject to limitations.

Any gain a U.S. holder recognizes generally will be U.S. source income for U.S. foreign tax credit purposes, and, subject to certain exceptions, any loss will generally be a U.S. source loss. If a Brazilian tax is withheld on a sale or other disposition of a Preferred Share, the amount realized will include the gross amount of the proceeds of that sale or other disposition before deduction of the Brazilian tax. The generally applicable limitations under U.S. federal income tax law on crediting foreign income taxes generally precludes a U.S. holder from claiming a foreign tax credit for any Brazilian income tax withheld on U.S. source capital gain from a sale of a Preferred Share as an offset against the U.S. federal income tax liability on such U.S. source gain. Alternatively, any Brazilian withholding tax may be taken as (i) a foreign tax credit to offset U.S. federal income tax on non-U.S. source income or gains that the taxpayer has in the same "basket" of income, or (ii) as a deduction against taxable income, provided the U.S. holder takes a deduction and not a credit for all foreign income taxes paid or accrued in the same taxable year. The rules relating to the determination of the foreign tax credit are complex, and U.S. holders are urged to consult with their own tax advisers regarding the application of such rules.

Non-U.S. holders

A non-U.S. holder will not be subject to U.S. federal income tax on a gain recognized on a sale or other disposition of a Preferred Share unless (i) the gain is effectively connected with the conduct of trade or business by the non-U.S. holder within the United States (and, if an applicable income tax treaty so provides, is attributable to a permanent establishment or fixed base the non-U.S. holder maintains in the United States), or (ii) in the case of a non-U.S. holder who is an individual, the holder is present in the United States for 183 or more days in the taxable year of the sale or other taxable disposition and certain other conditions are met. Any effectively connected gain of a corporate non-U.S. holder may also be subject under certain circumstances to an additional "branch profits tax," the rate of which may be reduced pursuant to an applicable income tax treaty.

PFIC Rules

A special set of U.S. federal income tax rules applies to a foreign corporation that is PFIC for U.S. federal income tax purposes. Based on the Company's audited financial statements and significant market and shareholder data, as well as the Company's current and projected income, assets and activities, the Company believes it was not a PFIC for U.S. federal income tax purposes for its taxable year, nor does it anticipate being classified as a PFIC in its current taxable year or future taxable years. However, because the determination of whether the Company is a PFIC is based upon the composition of its income and assets from time to time, and because there are uncertainties in the application of the significant rules, it is possible that the Company will become a PFIC in a future taxable year (and no assurance can be provided that the Company will not be considered a PFIC for its current (or any past) taxable year).

If the Preferred Shares were shares of a PFIC for any taxable year, U.S. holders (including certain indirect U.S. holders) will generally be subject to adverse U.S. federal income tax consequences, including the possible imposition of ordinary income treatment for gains or "excess distributions" (generally a distribution in excess of 125% of the average distributions received during the past three years or, if shorter, the U.S. holder's holding period) that would otherwise be taxed as capital gains or dividends, along with an interest charge on gains or "excess distributions" allocable to prior years in the U.S. holder's holding period during which the Company was determined to be a PFIC. If the Company is deemed to be a PFIC for a taxable year, dividends on a Preferred Share would not constitute "qualified dividends" subject to preferential rates of U.S. federal income taxation for non-corporate taxpayers. In addition, if the Company is deemed to be a PFIC for a taxable year, U.S. holders would be subject to increased reporting requirements. U.S. holders are urged to consult their own tax advisers regarding the application of the PFIC rules.

Net Investment Income Tax

A U.S. holder that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, will be subject to a 3.8% tax on the lesser of (1) the United States holder's "net investment income" (or undistributed "net investment income" in the case of estates and trusts) for the significant taxable year and (2) the excess of the United States holder's modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals will be between $125,000 and $250,000, depending on the individual's circumstances). A holder's net investment income will generally include its dividend income and its net gains from the disposition of the Preferred Shares, unless such dividend income or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). If you are a U.S. holder that is an individual, estate or trust, you are urged to consult your own tax advisor regarding the applicability of this Net Investment Income tax to your income and gains in respect of your investment in our Preferred Shares.

Information Reporting and Backup Withholding

Under U.S. federal income tax law and the Treasury regulations, certain categories of U.S. holders must file information returns with respect to their investment in, or involvement in, a foreign corporation. For example, U.S. holders that hold certain specified foreign financial assets in excess of $50,000 are subject to U.S. return disclosure obligations (and related penalties for failure to comply with such reporting requirements). The definition of specified foreign financial assets includes not only financial accounts maintained in foreign financial institutions, but also, unless held in accounts maintained by a financial institution, any stock or security issued by a non-U.S. person, any financial instrument or contract held for investment that has an issuer or counterparty other than a U.S. person and any interest in a non-U.S. entity. U.S. holders may be subject to these reporting requirements unless their Preferred Shares are held in an account at a domestic financial institution. Penalties for failure to file certain of these information returns are substantial. U.S. holders should consult with their own tax advisers regarding the requirements of filing information returns, and, if applicable, filing obligations relating to the PFIC rules.

Dividends paid on, and proceeds from the sale or other taxable disposition of, a Preferred Share to a U.S. holder generally may be subject to information reporting requirements and may be subject to backup withholding (currently at the rate of 24%) unless the U.S. holder provides an accurate taxpayer identification number or otherwise demonstrates that it is exempt from backup withholding. The amount of any backup withholding collected from a payment to a U.S. holder will be allowed as a credit against the U.S. holder's U.S. federal income tax liability and may entitle the U.S. holder to a refund, provided that certain required information is timely submitted to the IRS. A non-U.S. holder generally will be exempt from these information reporting requirements and backup withholding tax but may be required to comply with certain certification and identification procedures in order to establish its non-U.S. status.

F. DIVIDENDS AND PAYING AGENTS

Not applicable.

G. STATEMENT BY EXPERTS

Not applicable.

H. DOCUMENTS ON DISPLAY

The Company makes its filings in electronic form under the EDGAR filing system of the U.S. Securities and Exchange Commission and XBRL - eXtensible Business Reporting Language. Its filings are available through the EDGAR system and XBRL at www.sec.gov. The Company's filings are also available to the public through the Internet at Gerdau's website at https://ri.gerdau.com/en/. Such filings and other information on its website are not incorporated by reference in this Annual Report. Interested parties may request a copy of this filing, and any other report, at no cost, by writing to the Company at the following address: Doutora Ruth Cardoso, 8501 – 8th floor – São Paulo-SP – 05425-070 – Brazil or calling +55113094 6300 or by e-mail at inform@gerdau.com. In compliance with New York Stock Exchange Corporate Governance Rule 303A.11, the Company provides on its website a summary of the differences between its corporate governance practices and those of U.S. domestic companies under the New York Stock Exchange listing standards.

I. SUBSIDIARY INFORMATION

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES REGARDING MARKET RISK

Gerdau is exposed to various market risks, which involve the fluctuation of exchange rates, interest rates and also commodities. The Company uses derivatives and other financial instruments to reduce the impact of such risks on its financial assets and liabilities or future cash flows and earnings. Gerdau has established policies to assess market risks and to approve the use of derivate financial instruments transactions related to those risks. The Company enters into derivative financial instruments to manage the above-mentioned market risks and never for speculative purposes.

Exchange Rate Risk

This risk is related to the possibility of fluctuations in exchange rates affecting the amounts of financial assets or liabilities or of future cash flows and income. The Company assesses its exposure to the exchange rate by measuring the difference between the amount of its assets and liabilities in foreign currency. The Company understands that the accounts receivables originated from exports, its cash and cash equivalents denominated in foreign currencies and its investments abroad are more than equivalent to its liabilities denominated in foreign currency. Since the management of these exposures occurs at each operation level, if there is a mismatch between assets and liabilities denominated in foreign currency, the Company may contract derivative financial instruments in order to mitigate the effect of exchange rate fluctuations.

Foreign currency sensitivity analysis

As of December 31, 2023, the Company is mainly exposed to variations between the Real and the Dollar. The sensitivity analysis carried out by the Company considers the effects of a 5% increase or decrease between the Real and the Dollar in its non-hedged debts, trade accounts receivable - exports from Brazil and trade accounts payable - imports (also including the variation between the Argentinian Peso and the Dollar). In this analysis, if the Real/Argentinian Peso appreciates against the Dollar, this would represent a loss of R$ 18,772 (gain of R$ 113,778 as of December 31, 2022). If the Real/Argentinian Peso depreciates against the Dollar, this would represent an expense of the same amount.

The net values of other assets and other liabilities in foreign currencies do not present significant risks of impacts due to fluctuations in the exchange rate.

Interest rate risk

This risk arises from the effects of fluctuations in interest rates applied to the Company's financial liabilities or assets and future cash flows and income. The Company evaluates its exposure to these risks: (i) comparing financial assets and liabilities denominated at fixed and floating interest rates and (ii) monitoring the variations of interest rates like SOFR and CDI. Accordingly, the Company may enter into interest rate swaps in order to reduce this risk.

Interest rate sensitivity analysis

The interest rate sensitivity analysis made by the Company considers the effects of an increase or reduction of 10 basis point (bps) on the average interest rate applicable to the floating part of its debt. The calculated impact, considering this variation in the interest rate totals R$ 29,939 as of December 31, 2023 (R$ 32,377 as of December 31, 2022) and would impact the Financial expenses account in the Consolidated Statements of Income. The specific interest rates to which the Company is exposed are related to the loans, financing, and debentures presented in Notes 15 and 16, and are mainly comprised by SOFR and CDI — Interbank Deposit Certificate.

Price risk of commodities

This risk is related to the possibility of changes in prices of the products sold by the Company or in prices of raw materials and other inputs used in the productive process. Since the Company operates in a commodity market, net sales and cost of sales may be affected by changes in the international prices of their products or materials. In order to minimize this risk, the Company constantly monitors the price variations in the domestic and international markets. Besides that, the Company may use derivative instruments for hedge purposes.

The sensitivity analysis made by the Company considers the effects of an increase or of a reduction of 1% on both prices. The impact measured considering this variation in the price of products sold, considering the revenues and costs for the year ended on December 31, 2023, totals R$ 689,164 (R$ 824,122 as of December 31, 2022) and the variation in the price of raw materials and other inputs totals R$ 425,232 as of December 31, 2022 (R$ 486,066 as of December 31, 2022). The impact in the price of products sold and raw materials would be recorded in the accounts Net Sales and Cost of Sales, respectively, in the Consolidated Statements of Income. The Company does not expect to be more vulnerable to a change in one or more specific product or raw material.

Credit risk

This risk arises from the possibility of the Company not receiving amounts arising from sales to customers or investments made with financial institutions. In order to minimize this risk, the Company adopt the procedure of analyzing in details of the financial position of their customers, establishing a credit limit and constantly monitoring their balances. Regarding financial investments, the Company only carries out transactions with first-rate institutions and with low credit risk, as assessed by rating agencies and risk mitigation parameters defined in the Company's internal guidelines.

Capital management risk

This risk comes from the Company's choice in adopting a financing structure for its operations. The Company manages its capital structure, which consists of a ratio between the financial debts and its own capital (Equity) based on internal policies and benchmarks. The Key Performance Indicators (KPI) related to the "Capital Structure Management" objective are: WACC (Weighted Average Cost of Capital), Net Debt/EBITDA (Earnings before interest, income tax, depreciation and amortization), Coverage Ratio of Net Financial Expenses (EBITDA/Net Financial Expenses) and Debt/Total Capitalization Ratio. Net Debt is formed by the principal of the debt reduced by cash, cash equivalents and short-term investments (Notes 4, 15 and 16). Total Capitalization is formed by the Total Debt (composed of the principal of the debt) and the Equity (Note 24). The Company may change its capital structure, according to economic and financial conditions, in order to optimize its financial leverage and debt management. At the same time, the Company seeks to improve its ROCE (Return on Capital Employed) through the implementation of working capital management and an efficient program of investments in property, plant and equipment.

Liquidity risk

The Company's management policy of indebtedness and cash on hand is based on using the committed lines and the currently available credit lines with or without a guarantee in export receivables for maintaining adequate levels of short, medium, and long-term liquidity.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A. DEBT SECURITIES

Not applicable.

B. WARRANTS AND RIGHTS

Not applicable.

C. OTHER SECURITIES

Not applicable.

D. AMERICAN DEPOSITARY SHARES

On March 10, 1999, Gerdau S.A. obtained registration for the issuance of Level II ADSs, which began trading on the New York Stock Exchange the same day. Under the GGB symbol, these Level II ADSs are equivalent to one preferred share of Gerdau S.A (GGBR4).

J.P. Morgan Chase Bank, as depositary, has agreed to reimburse the Company for expenses it incurs that are related to the maintenance of the ADS program. The depositary has agreed to reimburse the Company for its continuing and annual stock exchange listing fees. It has also agreed to pay the standard out-of-pocket maintenance costs for the ADSs, and to reimburse the Company annually for certain investor relations programs or special promotional activities. In certain instances, the depositary has agreed to provide additional payments to the Company based on any applicable performance indicators relating to the ADS facility. There are limits on the amount of expenses for which the depositary will reimburse the Company, but the amount of reimbursement available to the Company is not necessarily tied to the amount of fees the depositary collects from investors. During calendar year 2023, the depositary reimbursed the Company in the amount of US$ 1,629,174 gross (US$ 1,140,422 net of withholding taxes)

The depositary collects its fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deduction from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them.

The fees that ADS holders may be required to pay or incur are the following:

Depository Service	Fee payable by ADS holder
Transferring, splitting or grouping receipts	$1.50 per transfer of ADSs
Depositary services	$0.05 or less per ADS
Withdrawal or deposit/issuance and cancellations of shares underlying ADSs	$5.00 or less per 100 ADSs
Cash distributions	$0.05 or less per ADS

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

Not applicable.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

Not applicable.

ITEM 15. CONTROLS AND PROCEDURES

(a) Disclosure Controls and Procedures

The Company has established disclosure controls and procedures to ensure that the information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934 as amended (the "Exchange Act") is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms. And such information is accumulated and made known to the officers who certify the Company's financial reports and to other members of senior management and the Disclosure Committee as appropriate to allow timely decisions regarding required disclosure.

A control system, no matter how well designed and operated, can only provide reasonable, not absolute, assurance that the objectives of the control system will be met. Based on their evaluation as of December 31, 2023, the Chief Executive Officer and the Chief Financial Officer of the Company have concluded that the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) are effective at a reasonable assurance level.

The Disclosure Committee is composed of the Chief Executive Officer, Gustavo Werneck, the Chief Financial Officer and Executive Vice President, Rafael Dorneles Japur, the Accounting Director, Clemir Uhlein, the Director of Corporate Communication, Pedro Torres Pinto and the Corporate Legal Manager Rafael Lebensold. This Committee oversees and reviews all materials for which there is a legal disclosure requirement, together with all data required to support the documents mentioned above. This committee meets at regular intervals in order to review all data.

There have been no significant changes in the Company's internal control or other factors that could significantly affect these controls subsequent to the date of their most recent evaluation.

Please see Exhibits 12.01 and 12.02 for the certifications required by this Item.

(b) Management's annual report on internal control over financial reporting

The management of Gerdau S.A. is responsible for establishing and maintaining adequate internal control over Financial Reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. The internal controls are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management has documented and evaluated the effectiveness of the internal control over Financial Reporting of the Company as of December 31, 2023, in accordance with the criteria established in the Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on the above evaluation, management has concluded that the Company maintained effective internal control over financial reporting as of December 31, 2023.

(c) Attestation report of the registered public accounting firm

PricewaterhouseCoopers Auditores Independentes Ltda., an independent registered certified public accounting firm (PCAOB ID: 1351), has audited and issued its report on the Consolidated Financial Statements of the Company and the effectiveness of the Company's internal controls over financial reporting. The report is included on page F-2.

(d) Changes in internal control over financial reporting

There is no change.

ITEM 16. [RESERVED]

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

The Board of Auditors has determined that Bolívar Charneski, a member of its Board of Auditors, is a "financial expert" and independent within the meaning of the SEC rules applicable to disclosure of such expertise.

ITEM 16B. CODE OF ETHICS AND CONDUCT

The Gerdau Code of Ethics and Conduct is the foundation that defines the Company's behavior and shows the commitment of conducting business ethically, which permeates the actions and relationships with employees, vendors, customers, shareholders and the community.

The Gerdau Code of Ethics and Conduct must be followed by all employees, Officers, President and Board of Directors, and meets all legal, ethics and compliance requirements applicable to publicly traded companies.

The current code is defined according to the Company's culture and the principle DO WHAT IS RIGHT. The code is organized with the chapters: safety above all; respect; obligation with third parties; conflict of interest; corruption prevention; laws and regulations; competition practices; accurate information; donation and sponsorship; protection of company property; data protection; disciplinary procedures; ethics helpline.

The code in the chapter "ethics helpline" instructs all to report suspected breaches or violations, with no fear of demotion, reprisal or retaliation. The Company has implemented an Ethics Helpline to which all employees and third parties may refer in the case of violations of the code, assuring confidentiality, anonymity, investigation of all cases, two-way communication for any needed follow-up and report of status to Risk Committee, Fiscal Council and Board of Directors.

The purpose and the contents of the current Code of Ethics and Conduct have been made public to all employees and board of directors, with their understanding and formal agreement, and have been the object of periodically in-company training. For suppliers, service providers and customers there is a Code of Ethics and Conduct with similar content.

The actual Code of Ethics and Conduct meets the definition contemplated by applicable SEC and New York Stock Exchange rules, covering wrongdoing related to business conduct, conflicts of interest, disclosure in reports and other documents, as well as compliance with legislation.

The Gerdau Code of Ethics is incorporated by reference into this Annual Report and also may be accessed through our Internet website (www.gerdau.com).

The Company did not grant any waiver from the Code provisions in the last fiscal year.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table provides information on fees billed to Gerdau for professional services rendered by the external auditors responsible for auditing the financial statements included in this Annual Report (in thousands of Brazilian Reais) which were PricewaterhouseCoopers Auditores Independentes Ltda. for the years ended on December 31, 2023 and December 31, 2022:

	2023	2022
Audit fees	10,368	9,612
Audit-related fees	909	166
All other fees	—	—
Total	**11,277**	**9,778**

Audit fees are related to professional services rendered in the auditing of Gerdau's Consolidated Financial Statements, quarterly reviews of Gerdau's Consolidated Financial Statements and statutory audits and interim reviews of certain of the Company's subsidiaries and affiliates as required by the appropriate legislation. Those amounts also include fees related to the audit of internal controls over financial reporting of Gerdau.

Audit-related fees are for assurance and related services, such as due diligence services traditionally performed by an external auditor related to acquisitions, as well as compliance services on accounting standards and transactions.

Other fees are mainly related to services provided to subsidiaries relating to tax compliance and tax services.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

On April 28, 2005, the Company elected its Board of Auditors duly adapted to ensure compliance with the Sarbanes-Oxley Act requirements and exemptions from the listing standards. The Board of Auditors ("Conselho Fiscal") has been operating in accordance with Brazilian Corporate Law 6,404/76, since April 2000. The customary role of this board is to monitor and verify the actions of Company´s directors and executive officers and the compliance with their legal duties, providing opinions and official statements on the annual management report and the proposals of members of the Board of Directors, denouncing errors or fraud, calling meetings whenever necessary and analyzing financial statements. In establishing a permanent Board of Auditors, the Company has availed itself of paragraph (c)(3) of Rule 10A-3 of the U.S. Securities Exchange Act of 1934, as amended, which provides a general exemption from the audit committee requirements for a foreign private issuer (such as the Company) with a board of auditors, subject to certain requirements which continue to be applicable under Rule 10A-3.

NYSE rules require that listed companies have an audit committee that (i) is composed of a minimum of 3 (three) independent directors who are all financially literate, (ii) meets the SEC rules regarding audit committees for listed companies, (iii) has at least one member who has accounting or financial management expertise and (iv) is governed by a written charter addressing the committee's required purpose and detailing its required responsibilities. However, as a foreign private issuer, the Company needs only to comply with the requirement that the audit committee, or Board of Auditors in its case, meet the SEC rules regarding audit committees for listed companies. The Brazilian Corporate Law requires companies to have a non-permanent Board of Auditors composed of 3 (three) to 5 (five) members who are elected by the shareholders at the Ordinary General Meeting of Shareholders. The Board of Auditors operates independently from management and from a company's external auditors. Its main function is to monitor the activities of the management of the Company, examine the financial statements of each fiscal year and provide a formal report to its shareholders.

The Company has a permanent Board of Auditors that consists of 3 (three) but up to 5 (five) members and 3 (three) but up to 5 (five) alternates and which has ordinary meetings every two months. The members of Gerdau S.A.'s Board of Auditors are all financially literate and one member has accounting expertise that qualifies him as an audit committee financial expert. Gerdau S.A. believes that its Board of Auditors, as modified, meets the requirements for the exemption available to foreign private issuers under the SEC rules regarding audit committees of listed companies. In addition, the Board of Auditors operates under a written charter and which the Gerdau S.A. believes meets the NYSE's requirements for audit committee charters. The Board of Auditors is not the equivalent of, or wholly comparable to, a U.S. audit committee. Among other differences, it is not required to meet the standards of "independence" established in Rule 10A-3 and is not fully empowered to act on matters that are required by Rule 10A-3 to be within the scope of an audit committee's authority. Nonetheless, with the duties that have been provided to the Board of Auditors to the extent permitted by Brazilian law, Gerdau S.A. believes that its current corporate governance system, taken as a whole, including the ability of the Board of Auditors to consult internal and external experts, is fully equivalent to a system having an audit committee functioning as a committee of its Board of Directors. For a further discussion of its Board of Auditors, see "Item 6C. Board Practices – Board of Auditors".

The Board of Auditors members are elected at the Ordinary Shareholders' Meeting for one-year terms. They are eligible for reelection. In Gerdau S.A. the Board of Auditors consists of 3 (three) members and 3 (three) alternates. As required by Brazilian law, members of the Board of Auditors must be college graduates or have held office for at least 3 (three) years as business administrators or as members of boards of auditors. The Board of Auditors, at the request of any of its members, may ask the external auditors to provide explanations or information and to investigate specific facts.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

Not applicable.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT.

Not applicable.

ITEM 16G. CORPORATE GOVERNANCE

Under the Corporate Governance Rules of the New York Stock Exchange, currently in effect, Gerdau S.A. is required to disclose any significant ways in which its corporate governance practices differ from those required to be followed by domestic companies under NYSE listing standard. These significant differences are summarized below.

The Company is permitted to follow the practices in Brazil in lieu of the provisions of the Corporate Governance Rules, except that it is required to avail itself of an appropriate exemption to the requirement to have a qualifying audit committee under Section 303A.06 of the Rules and its Chief Executive Officer is obligated, under Section 303A.12(b), to promptly notify the NYSE in writing after any of its executive officers becomes aware of any material non-compliance with any applicable provisions of the Corporate Governance Rules.

Majority of Independent Directors: Under NYSE Rule 303A.01 domestic listed companies must have a majority of independent directors. The Company does not have a similar requirement under Brazilian practice and currently does not have a majority of independent directors serving on its board of directors (3 independent members out of 7 total members).

Separate meetings of non-management directors: Under NYSE Rule 303A.03, the non-management directors of each domestic listed company must meet at regularly scheduled executive sessions without management. Gerdau does not have a similar requirement under Brazilian practice, but non-management directors meet separately once a year to assess management performance.

Nominating/corporate governance committee: Under NYSE Rule 303A.04, a domestic listed company must have a nominating/corporate governance committee composed entirely of independent directors. While the Company is not required to have such a committee under Brazilian law, it has a Corporate Governance Committee, but it is not composed by a majority of independent directors. The purpose of this Committee is to provide its views to the Board in respect of the best practices in Corporate Governance; evaluating the recommendations of the agents of capital markets and financial and specialized agencies, to recommend to the Board principles and guidelines of Corporate Governance; reviewing and commenting on the information relating to Corporate Governance contained in the official documents of the Company for dissemination to the market and evaluating the performance of the Board as a whole.

Compensation Committee: Under NYSE Rule 303A.05, a domestic listed company must have a compensation committee composed entirely of independent directors. Gerdau is not required to have such a committee under Brazilian practice. It has established a Compensation Committee to advise the full Board on employee and executive compensation and recruitment, incentive-compensation plans and related matters, but, although such committee has a separate charter, it is not composed by a majority of independent directors.

Audit Committee: Under NYSE Rule 303A.06 and the requirements of Rule 10A-3 of the Securities and Exchange Commission, domestic listed companies are required to have an audit committee consisting entirely of independent directors that otherwise complies with Rule 10A-3. In addition, the audit committee must have a written charter that addresses the matters outlined in NYSE Rule 303.A.06(c), has an internal audit function and otherwise fulfills the requirements of the NYSE and Rule 10A-3. There is no requirement for an audit committee under Brazilian law and there are features of Brazilian law that require adaptation of the independent audit committee rule to local practice, as permitted by NYSE Rule 303A.06 and Rule 10A-3. Gerdau has a Board of Auditors (Conselho Fiscal) that currently performs certain of the functions prescribed for the audit committee, although the scope of its duties is not entirely compatible with the requirements of U.S. law and the NYSE rules. The Company has adapted its corporate governance practices and the functions of the board of auditors (with certain limitations due to Brazilian corporate law that qualify for an exemption as authorized by the SEC) to assure compliance with the requirements of the NYSE Rule and Rule 10A-3. See Item 6C.-"Board Practices-Board of Auditors" and Item 16D.-"Exemption from the Listing Standards for Audit Committees."

Equity Compensation Plans: Under NYSE Rule 303A.08, shareholders must be given the opportunity to vote on all equity-compensation plans and material revisions thereto, with certain limited exemptions as described in the Rule. Any material changes to such plan, or a new or different plan if established, would require the favorable vote of holders of the common shares of the Company. Holders of preferred shares, including holders of Gerdau's ADSs, would not have the opportunity to vote on such a plan or any revisions thereto.

Corporate governance guidelines: Under NYSE Rule 303A.09, domestic listed companies must adopt and disclose their corporate governance guidelines. Gerdau establishes operating principles for governance, and it observes the requirements of the Brazilian Securities Commission (CVM) and it has adhered to the Level I listing standards of the B3. Furthermore, Gerdau S.A. also has the following corporate policies: (i) Securities Trading Policy; (ii) Related-Party Transactions Policy; (iii) Information Disclosure Policy ; (iv) Risk Management Policy; (v) Compliance Policy; (vi) Sustainability Policy; (vii) Anti-Corruption Policy; (viii) Human Rights Policy; (ix) Tax Policy; (x) Integrated Policy; (xi) Diversity and Inclusion Policy, (xii) Clawback Policy; and (xiii) Code of Ethics and Conduct.

Code of Business Conduct and Ethics: Under NYSE Rule 303A.10, domestic listed companies must adopt and disclose a code of business conduct and ethics for directors, officers and employees and promptly disclose any waivers of the code for directors or executive officers. Gerdau has a similar requirement under Brazilian law, and it has adopted a code of ethics that applies to its directors, officers and employees. For more information regarding the Code of Ethics please see Item 16B. Code of Ethics.

Further information concerning Gerdau's corporate governance practices and applicable Brazilian law is available on the Company's website and in its submissions to the U.S. Securities and Exchange Commission.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable as none of our mines are located in the United States and, therefore, not subject to the Federal Mine Safety and Health Act of 1977 or the Mine Safety and Health Administration.

ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTION.

Not applicable.

ITEM 16J. INSIDER TRADING POLICIES

As a Brazilian publicly traded company, Gerdau S.A. follows Brazilian Law and CVM Resolution No. 44, of August 23, 2021, in addition to having adopted a “Securities Trading Policy” and the Code of Ethics and Conduct. The Securities Trading Policy applies to the purchase, sale and other dispositions by our Board of Directors, Fiscal Counsel, senior management and employees and has been reasonably designed to promote and control compliance with insider trading laws, rules and regulations and the treatment of confidential and non-public information.

The Securities Trading Policy and the Code of Ethics and Conduct are set forth herein as Exhibits 14.02 and 11.01, respectively.

ITEM 16K. CYBERSECURITY

Cybersecurity Disclosure:

Cybersecurity is a significant concern due to the importance of information technology to the successful conduct of our business operations. For that reason, Gerdau maintains a cybersecurity program to safeguard information assets and operations from both external and internal cyber threats.

Information Security Governance:

Gerdau maintains a dedicated structure for Information Security Governance and we have an executive, known as CISO, dedicated to leading the Information Security and Data Protection effort.

The CISO of Gerdau is an experienced and qualified professional in information security and related areas. With extensive international experience in leading critical projects and global teams, he has over 27 years of executive experience in corporate IT, with more than 22 years specifically focused on information security executive roles.

Before joining Gerdau, he worked at companies such as Hewlett-Packard (HP), Electronic Data Systems (EDS), and Netshoes (retail e-commerce), and has experience in the industrial sector with EMS – Pharmaceuticals industry.

He holds a bachelor’s degree in information technology, a postgraduate degree in Business Administration, an MBA in Cybersecurity, and a specialization in Cyber Risk Management. Additionally, he has numerous international certifications in Information Security and Data Privacy, including EXIN Information Security, EXIN Certified Data Protection Officer, Cyber Risk Management from Fundação Getulio Vargas (FGV), and Modulo Certified Security Officer from Modulo Security Solutions.

We also have an internal team with qualified specialists and analysts to conduct and evaluate the adequacy of the security and data protection controls and the corporate information security program, providing regular reports to executives and the Board of Directors.

This team is responsible for:

- **Threat Detection and Monitoring:** Identify and analyze potential cybersecurity threats and vulnerabilities through continuous monitoring.

- **Incident Response:** Develop and implement strategies to respond effectively to cybersecurity incidents, minimizing damage and ensuring a swift recovery.

- **User Awareness Training:** Educate employees on cybersecurity best practices to reduce the risk of human-related security breaches.

- **Risk Assessment:** Conduct regular assessments to identify and prioritize potential risks to the organization's information systems.
- **Compliance Management:** Ensure adherence to cybersecurity regulations, industry standards, and internal policies.
- **Security Policy Development:** Establish and enforce security policies to guide the organization's information security practices.
- **Network and Endpoint Security:** Implement measures to secure networks, endpoints, and devices against cyber threats.
- **Cloud Security:** Implement and manage security measures specific to cloud environments to ensure the protection of data and resources.
- **Secure Development Practices:** Promote and enforce secure coding practices during software development to minimize vulnerabilities.
- **Information Security Architecture:** Design and implement a comprehensive architecture that aligns with security best practices, ensuring a resilient and secure information environment.
- **Collaboration with IT Teams:** Work closely with IT teams to integrate security measures seamlessly into IT infrastructure and applications.
- **Data Protection:** Implement measures to protect sensitive data, including encryption, access controls, and secure data storage.
- **Security Awareness Programs:** Promote a culture of cybersecurity awareness among all employees to foster a collective commitment to security.

Additionally, Gerdau has contracts with globally recognized information security service providers to offer advisory and operational support in the areas of information security and data protection.

The CISO presents the Security Roadmap and the cybersecurity matters to the Board of Directors at least annually.

Cyber Risks Management:

Gerdau employs a risk-based information security process that aligns with both the National Institute of Standards and Technology (NIST) and the ISO 31000 framework. This approach is applied to conduct risk assessments for technologies, third-party suppliers, as well as its IT and OT networks.

The relevant results of these assessments are reported and presented to the corporate risk management team and the Board of Directors on a regular basis.

We have identified and mapped the main cyber risks faced by the Company, with the most relevant ones being threats of hacker attacks such as ransomware on corporate systems, cyberattacks targeting infrastructure and industrial systems, and unauthorized access to sensitive data. Our proactive approach involves continuous assessment and monitoring of these risks within the cybersecurity risk management process.

Risk Mitigation Strategies:

We have implemented various strategies to mitigate these risks, emphasizing investments in security technologies such as firewalls, disk encryption, detecting and respond systems (EDR), Data Loss Prevention systems and intrusion detection systems.

We have a security awareness program in place to train our employees against cyberfrauds and social engineering attacks.

There is an OT cybersecurity framework currently in the implementation phase to address vulnerabilities in the industrial control systems and operational technology environments.

We also operate a Global Security Operations Center, which monitors and manages security tools 24/7, 365 days a year, including Security Information and Event Management (SIEM) technology. This enables us to promptly identify and respond to threats and incidents.

Additionally, we maintain an internal team specialized in cybersecurity management and incident response. Continuous employee training and partnerships with security experts for assessment and audits further strengthen our cybersecurity measures.

Despite the cybersecurity measures Gerdau is implementing to mitigate these risks, there is no guarantee that these measures will be sufficient to protect Gerdau's systems and other assets from significant harm. Furthermore, future cybersecurity incidents may have a material adverse effect on the Company, impacting its results of operations, financial condition, or causing reputational harm and other adverse consequences.

Policies and Procedures:

The Company adheres to rigorous internal policies and procedures related to cybersecurity, such as corporate guidelines covering aspects such as strong password policies, regular password changes, incident response procedures in case of security breaches, and access controls with privilege restrictions.

These corporate guidelines are regularly reviewed, communicated to all operations and employees, including third parties. Similarly, they are made available on Gerdau's intranet for online reference.

Incident Report:

There were no cybersecurity incidents during the year.

In the same way we have developed and maintain a Comprehensive Cybersecurity Incident Response Plan to identify critical roles and ensure the restored functioning of our operations in the event of a significant cybersecurity incident.

This comprehensive plan is not a static document; rather, it is a dynamic framework that undergoes regular review and updates to stay ahead of emerging threats. We conduct periodic assessments and adjustments to guarantee its relevance and effectiveness in the ever-evolving cybersecurity landscape.

Additionally, we also have an incident response service provider to support our team to prevent and respond to cyber incidents.

Finally, despite maintaining an incident response plan and a robust system backup strategy, the service recovery time may vary depending on the severity and scope of an incident. It is not possible to specify with precision; however, through tests and exercises, we consider that this time frame can range from 12 hours to two weeks, depending on the severity and extent of the incident.

Cyber Insurance:

The company does not have specific insurance for cyber incidents. However, it has coverage under industrial infrastructure insurance against impacts arising from cyber incidents that may physically impact the infrastructure of industrial operations. This strategic measure reinforces our commitment to protecting and ensuring the continuity of operations, demonstrating the comprehensive approach taken to safeguard our company against evolving cyber threats.

PART III

ITEM 17. FINANCIAL STATEMENTS

The Company has responded to Item 18 in lieu of responding to this item.

ITEM 18. FINANCIAL STATEMENTS

The audited consolidated financial statements as required under Item 18 are attached hereto starting on page F-1 of this Form 20-F. The audit report of PricewaterhouseCoopers Auditores Independentes Ltda., independent registered public accounting firm (PCAOB ID: 1351), is included preceding the audited consolidated financial statements.

ITEM 19. FINANCIAL STATEMENTS AND EXHIBITS

(a) Financial Statements

(b) **List of Exhibits**

1.01	Bylaws of Gerdau S.A. ±
2.(a)(1)	Corporate Governance – Level 1 Listing Rules — B3*
2.(a)(2)	Further Amended and Restated Deposit Agreement dated as of March 22, 2019, among the Company, JPMorgan Chase Bank, N.A., as Depositary and all holders from time to time of American Depositary Receipts issued thereunder. **
2(b)(1)	The Company agrees to furnish to the Commission upon its request any instrument relating to long-term debt issued by the Company or any subsidiary where the total amount of securities authorized under that instrument does not exceed 10% of the Company's consolidated assets.
4.01	Gerdau S.A. Equity Incentive Plan, Equity Ownership Plan and Long-Term Incentive Plan (for Gerdau Ameristeel)***
4.02	Gerdau Special Steel North America Equity Incentive Plan****
4.03	Long-term incentive plan*****
11.01	Code of Ethics******
12.01	Certification of the Chief Executive Officer under Item 15±
12.02	Certification of the Chief Financial Officer under Item 15±
13.01	Certification pursuant to 18 U.S.C. Section 1350 †±
13.02	Certification pursuant to 18 U.S.C. Section 1350 †±
14.01	Clawback Policy ±
14.02	Securities Trading Policy ±
23.01	Consent of PricewaterhouseCoopers Auditores Independentes Ltda.±
23.02	Consent of KPMG Auditores Independentes Ltda.±
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

*Incorporated by reference to Exhibit 2(a)(1) to the Company's Annual Report on Form 20-F (File No. 001-14878), filed with the Securities and Exchange Commission on April 23, 2012.

**Incorporated by reference to the Company's Registration Statement on Form F-6 (File No. 333-230439), filed with the Securities and Exchange Commission on March 22, 2019.

*** Incorporated by reference to the Company's Registration Statement on Form S-8 (File No. 333-171217) filed with the Securities and Exchange Commission on December 16, 2010.

**** Incorporated by reference to the Company's Registration Statement on Form S-8 (File No. 333-179182) filed with the Securities and Exchange Commission on January 26, 2012.

***** Incorporated by reference to Exhibit 4.03 to the Company's Annual Report on Form 20-F (File No. 001-14878), filed with the Securities and Exchange Commission on March 31, 2022.

****** Incorporated by reference to Exhibit 11.01 to the Company's Annual Report on Form 20-F (File No. 001-14878), filed with the Securities and Exchange Commission on March 31, 2022.

± Filed herewith.

† This certification will not be deemed "filed" for purposes of Section 18 of the Act (15 U.S.C. 78r), or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the Registrant specifically incorporates it by reference.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

GERDAU S.A.

By: /s/ Gustavo Werneck da Cunha
Name: Gustavo Werneck da Cunha
Title: Chief Executive Officer

Dated: March 28, 2024

By: /s/ Rafael Dorneles Japur
Name: Rafael Dorneles Japur
Title: Chief Financial Officer

GERDAU S.A.

Consolidated financial statements
as of December 31, 2023 and 2022
and for each of the three years in the period
ended December 31, 2023
prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board
and Reports of Independent Registered Public Accounting Firms

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Gerdau S.A.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Gerdau S.A. and its subsidiaries (the "Company") as of December 31, 2023 and 2022, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for each of the two years in the period ended December 31, 2023, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2023 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control over Financial Reporting appearing under Item 15(b). Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Goodwill Impairment Assessment

As described in Notes 11 and 29.2 to the consolidated financial statements, the Company has a consolidated goodwill balance of R$ 10,825,148 thousand as of December 31, 2023 and the goodwill balance associated with the North America and Special Steel cash generating units ("CGUs") were R$ 6,885,024 thousand and R$ 3,566,989 thousand, respectively. Management performs impairment tests of goodwill for each of its CGUs at least annually, or whenever changes in events or circumstances indicate that the carrying value of goodwill may be impaired. When the carrying amount of the asset exceeds its recoverable amount, the Company recognizes an impairment charge. The recoverable amount is the higher of fair value less costs of disposal and value in use. The Company's management determined the recoverable amount based on value in use, using a discounted cash flow model. The cash flow projections used by management to estimate the recoverable amount of goodwill includes significant judgments and assumptions relating to growth rates in perpetuity and discount rates.

The principal considerations for our determination that performing procedures relating to goodwill impairment assessment is a critical audit matter are the significant judgments by management when developing the recoverable amounts of the Company's CGUs. This, in turn, led to a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's significant assumptions, including growth and discount rates. In addition, the audit effort involved the use of professionals with specialized skill and knowledge to assist in performing these procedures and evaluating the audit evidence obtained.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's impairment assessment. These procedures also included, among others, testing management's process for developing a reliable estimate; evaluating the appropriateness of the discounted cash flow model; testing the completeness and accuracy of underlying data used in the model; and evaluating the reasonableness of the significant assumptions used by management related to discount and growth rates by considering (i) the current and past performance of the cash generating units, (ii) the consistency with available external market and industry data, and (iii) whether these assumptions were consistent with evidence obtained in other areas of the audit. Professional with specialized skill and knowledge were used to assist in the evaluation of the Company's use of the discounted cash flow model and the discount rate assumption.

Recoverability of deferred tax assets

As described in Notes 2.10 and 8 to the consolidated financial statements, the Company has a net amount of R$ 2,015,310 thousand of deferred tax credits ("IRPJ and CSLL") in its consolidated balance sheet as of December 31, 2023. The assessment of the recoverability of these deferred tax assets is dependent on the generation of future taxable income, which is supported by projections prepared by management. These assessments consider the historical profitability of the Company and its subsidiaries, expectations of continuous profitability and estimates of the recovery of deferred tax assets over future years. The future taxable income projections used by management to estimate the recoverability of these deferred tax assets includes significant judgments and assumptions relating to growth rates as well as movements in the temporary tax differences.

The principal considerations for our determination that performing procedures relating to the recoverability of deferred tax assets is a critical audit matter are (i) a high degree of auditor judgment, subjectivity in applying our procedures relating to the reasonableness of the estimated recoverability of deferred tax assets through the assessment of the Company's ability to generate sufficient future taxable income; (ii) assessing the significant judgments and assumptions; and (iii) professionals with specialized skills and knowledge were used to assist in performing these procedures and evaluating the audit evidence.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the completeness, accuracy and integrity of the tax data, significant assumptions and the projected future taxable income used to assess the recoverability of deferred tax assets. These procedures also included, among others, (i) evaluating the reasonableness of management's assessment of future taxable income generation; (ii) testing the completeness and accuracy of tax loss carryforwards and temporary tax differences, (iii) evaluating the appropriateness of the recoverability analysis method and the reasonableness of the projection for the recoverability of deferred tax assets; and (iv) evaluating the completeness, accuracy and sufficiency of disclosures. Professional with specialized skill and knowledge were used to assist in the evaluation of the tax calculation bases.

/s/PricewaterhouseCoopersAuditores Independentes Ltda.
Porto Alegre, Brazil
March 28, 2024

We have served as the Company's auditor since 2022.

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
Gerdau S.A.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statement of income, comprehensive income, changes in equity and cash flows of Gerdau S.A. and its subsidiaries (the “Company”) for the year ended December 31, 2021, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the results of operations of the Company and its cash flows for the year ended December 31, 2021, in conformity with International Financial Reporting Standards, as issued by the International Accounting Standards Board.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provide a reasonable basis for our opinion.

We served as the Company’s auditor from 2017 to 2021.

/s/ KPMG Auditores Independentes Ltda.

Porto Alegre, Brazil
March 30, 2022

GERDAU S.A.
CONSOLIDATED BALANCE SHEETS
as of December 31, 2023 and 2022
In thousands of Brazilian reais (R$)

	Note	2023	2022
CURRENT ASSETS			
Cash and cash equivalents	4	3,005,645	2,475,863
Short-term investments	4	2,338,097	2,959,135
Trade accounts receivable - net	5	4,875,394	4,999,004
Inventories	6	15,227,778	17,817,585
Tax credits	7	1,009,824	1,392,417
Income and social contribution taxes recoverable		986,068	815,197
Dividends receivable		1,036	5,048
Assets held for sale	3.4	1,210,041	—
Fair value of derivatives	17	766	3,272
Other current assets		543,288	789,901
		29,197,937	31,257,422
NON-CURRENT ASSETS			
Tax credits	7	1,916,100	511,547
Deferred income taxes	8	2,219,461	2,164,477
Judicial deposits	19	2,064,070	1,825,899
Other non-current assets		355,390	700,377
Prepaid pension cost	21	11,695	9,179
Investments in associates and joint ventures	9	3,858,449	3,896,518
Goodwill	11	10,825,148	11,634,464
Leasing	13	1,182,654	960,876
Other intangibles	12	373,710	415,159
Property, plant and equipment, net	10	22,880,530	20,422,734
		45,687,207	42,541,230
TOTAL ASSETS		74,885,144	73,798,652

The accompanying notes are an integral part of these Consolidated Financial Statements.

GERDAU S.A.
CONSOLIDATED BALANCE SHEETS
as of December 31, 2023 and 2022
In thousands of Brazilian reais (R$)

	Note	2023	2022
CURRENT LIABILITIES			
Trade accounts payable - domestic market	14	4,120,701	4,241,819
Trade accounts payable - debtor risk	14	584,320	653,085
Trade accounts payable - imports	14	1,196,162	1,724,019
Short-term debt	15	1,783,201	2,492,262
Debentures	16	14,421	628,886
Taxes payable	18	512,935	395,212
Income and social contribution taxes payable		502,766	497,243
Payroll and related liabilities		845,848	1,056,325
Leasing payable	13	373,151	275,934
Employee benefits	21	209	516
Environmental liabilities	22	139,395	262,018
Fair value of derivatives	17	19,042	19,056
Other current liabilities		1,192,461	1,216,206
		11,284,612	13,462,581
NON-CURRENT LIABILITIES			
Long-term debt	15	8,296,474	8,687,355
Debentures	16	799,212	798,887
Related parties	20	24,992	24,890
Deferred income taxes	8	204,151	96,341
Provision for tax, civil and labor liabilities	19	2,185,825	2,026,003
Environmental liabilities	22	378,274	222,634
Employee benefits	21	706,767	893,378
Fair value of derivatives	17	1,606	—
Leasing payable	13	904,451	754,709
Other non-current liabilities		859,917	533,681
		14,361,669	14,037,878
EQUITY	23		
Capital		20,215,343	19,249,181
Capital reserves		11,597	11,597
Treasury stocks		(150,182)	(179,995)
Retained earnings		25,914,830	22,172,561
Transactions with non-controlling interests without change of control		(2,904,670)	(2,904,670)
Other reserves		5,972,041	7,767,520
EQUITY ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT		49,058,959	46,116,194
NON-CONTROLLING INTERESTS		179,904	181,999
EQUITY		49,238,863	46,298,193
TOTAL LIABILITIES AND EQUITY		74,885,144	73,798,652

The accompanying notes are an integral part of these Consolidated Financial Statements.

GERDAU S.A.
CONSOLIDATED STATEMENTS OF INCOME
for the years ended December 31, 2023, 2022 and 2021
In thousands of Brazilian reais (R$)

	Note	2023	2022	2021
NET SALES	25	68,916,447	82,412,210	78,345,081
Cost of sales	30	(57,583,992)	(63,661,156)	(57,527,721)
GROSS PROFIT		11,332,455	18,751,054	20,817,360
Selling expenses	30	(716,195)	(733,026)	(715,830)
General and administrative expenses	30	(1,491,441)	(1,454,592)	(1,390,121)
Other operating income	30	1,033,506	246,313	979,760
Other operating expenses	30	(522,476)	(210,042)	(460,029)
Eletrobras compulsory loan recovery	19	—	—	1,391,280
Results in operations with subsidiary and joint ventures	3.4	—	—	(162,913)
Impairment of financial assets	30	(10,728)	(81)	357
Equity in earnings of unconsolidated companies	9	827,606	1,151,827	563,158
INCOME BEFORE FINANCIAL INCOME (EXPENSES) AND TAXES		10,452,727	17,751,453	21,023,022
Financial income	31	903,019	606,362	249,024
Financial expenses	31	(1,396,789)	(1,563,158)	(1,433,087)
Bonds repurchase expenses	31	—	—	(264,687)
Exchange variations, net	31	(850,375)	(974,709)	(108,373)
Tax credits monetary update	31	253,002	—	788,741
(Losses) Gains on financial instruments, net	31	(14,979)	39,079	17,928
INCOME BEFORE TAXES		9,346,605	15,859,027	20,272,568
Current	8	(1,810,459)	(3,709,414)	(4,306,223)
Deferred	8	837	(670,061)	(407,407)
Income and social contribution taxes		(1,809,622)	(4,379,475)	(4,713,630)
NET INCOME		7,536,983	11,479,552	15,558,938
ATTRIBUTABLE TO:				
Owners of the parent		7,501,565	11,425,512	15,494,111
Non-controlling interests		35,418	54,040	64,827
		7,536,983	11,479,552	15,558,938
Basic earnings per share - preferred - (R$)	24	4.29	6.53	9.09
Basic earnings per share - common - (R$)	24	4.29	6.53	9.09
Diluted earnings per share - preferred - (R$)	24	4.26	6.50	9.04
Diluted earnings per share - common - (R$)	24	4.26	6.50	9.04

The accompanying notes are an integral part of these Consolidated Financial Statements.

GERDAU S.A.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
for the years ended December 31, 2023, 2022 and 2021
In thousands of Brazilian reais (R$)

	2023	2022	2021
Net income for the year	**7,536,983**	**11,479,552**	**15,558,938**
Items that may be reclassified subsequently to profit or loss			
Other comprehensive income from associates and joint ventures	176,214	(205,592)	225,507
Cumulative translation adjustment	(2,405,155)	(1,335,109)	1,275,767
Recycling of cumulative translation adjustment to net income	—	13,239	193,334
Unrealized Gains (Losses) on net investment hedge	247,924	488,146	(695,102)
Cash flow hedges			
Unrealized Gains (Losses) on Financial Instruments, net of tax	783	(607)	1,907
	(1,980,234)	(1,039,923)	1,001,413
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit pension plan, net of tax	96,570	245,853	252,532
	96,570	245,853	252,532
Other comprehensive (loss) income, net of tax	**(1,883,664)**	**(794,070)**	**1,253,945**
Total comprehensive income for the year, net of tax	**5,653,319**	**10,685,482**	**16,812,883**
Total comprehensive income attributable to:			
Owners of the parent	5,625,696	10,634,205	16,753,253
Non-controlling interests	27,623	51,277	59,630
	5,653,319	**10,685,482**	**16,812,883**

The items in the statement of comprehensive income/(loss) are presented net of taxes, where applicable. The tax effects of these items are presented in note 8.

The accompanying notes are an integral part of these Consolidated Financial Statements.

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GERDAU S.A.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
for the years ended December 31, 2023, 2022 and 2021
in thousands of Brazilian reais (R$)

	Attributed to parent company's interest															
				Retained earnings					Other reserves							
	Capital	Capital Reserve	Treasury stocks	Legal reserve	Tax Incentives Reserve	Investments and working capital reserve	Retained earnings	Transactions with non-controlling interests without change of control	Gains and losses on net investment hedge	Gains and losses on financial instruments	Cumulative translation adjustment	Pension Plan	Stock Option	Total parent company's interest	Non-controlling interests	Total Shareholder's Equity
Balance as of January 1, 2021	19,249,181	11,597	(229,309)	908,946	887,590	5,495,796	—	(2,870,825)	(8,872,114)	(14,034)	16,550,072	(417,904)	161,275	30,860,271	224,939	31,085,210
2021 Changes in Equity																
Net income	—	—	—	—	—	—	15,494,111	—	—	—	—	—	—	15,494,111	64,827	15,558,938
Other comprehensive income (loss) recognized in the year	—	—	—	—	—	—	—	—	(695,102)	1,907	1,699,980	252,357	—	1,259,142	(5,197)	1,253,945
Total comprehensive income (loss) recognized in the year	—	—	—	—	—	—	15,494,111	—	(695,102)	1,907	1,699,980	252,357	—	16,753,253	59,630	16,812,883
Long term incentive plan cost recognized in the year	—	—	—	—	—	—	—	—	—	—	—	—	(138,193)	(138,193)	(59)	(138,252)
Long term incentive plan exercised during the year	—	—	76,900	—	—	67,029	—	—	—	—	—	—	—	143,929	53	143,982
Effects of interest changes in subsidiaries	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(18,962)	(18,962)
Complementary dividends	—	—	—	—	—	(528)	—	—	—	—	—	—	—	(528)	—	(528)
Destination of net income proposed to the shareholders																
Legal reserve	—	—	—	756,334	—	—	(756,334)	—	—	—	—	—	—	—	—	—
Tax incentives reserve	—	—	—	—	367,430	—	(367,430)	—	—	—	—	—	—	—	—	—
Investments and working capital reserve	—	—	—	—	—	9,014,747	(9,014,747)	—	—	—	—	—	—	—	—	—
Dividend - adjustment in excess of the minimum estatutory undistributed	—	—	—	—	—	341,150	(341,150)	—	—	—	—	—	—	—	—	—
Dividends/interest on capital	—	—	—	—	—	—	(5,014,450)	—	—	—	—	—	—	(5,014,450)	(54,234)	(5,068,684)
Balance as of December 31, 2021 (Note 23)	19,249,181	11,597	(152,409)	1,665,280	1,255,020	14,918,194	—	(2,870,825)	(9,567,216)	(12,127)	18,250,052	(165,547)	23,082	42,604,282	211,367	42,815,649
2022 Changes in Equity																
Net income	—	—	—	—	—	—	11,425,512	—	—	—	—	—	—	11,425,512	54,040	11,479,552
Other comprehensive income (loss) recognized in the year	—	—	—	—	—	—	—	—	488,146	(607)	(1,524,510)	245,664	—	(791,307)	(2,763)	(794,070)
Total comprehensive income (loss) recognized in the year	—	—	—	—	—	—	11,425,512	—	488,146	(607)	(1,524,510)	245,664	—	10,634,205	51,277	10,685,482
Effects of the share buyback program	—	—	(1,073,124)											(1,073,124)	—	(1,073,124)
Long term incentive plan cost recognized in the year	—	—	—	—	—	—	—	—	—	—	—	—	30,583	30,583	100	30,683
Long term incentive plan exercised during the year	—	—	21,452	—	—	24,102	—	—	—	—	—	—	—	45,554	12	45,566
Effects of interest changes in subsidiaries	—	—	—	—	—	—	—	(33,845)	—	—	—	—	—	(33,845)	(19,761)	(53,606)
Cancellation of treasury stocks	—	—	1,024,086	—	—	(1,024,086)	—	—	—	—	—	—	—	—	—	—
Dividend in excess of the minimum estatutory undistributed in 2021	—	—	—	—	—	(341,555)	—	—	—	—	—	—	—	(341,555)	—	(341,555)
Destination of net income proposed to the shareholders																
Legal reserve	—	—	—	545,251	—	—	(545,251)	—	—	—	—	—	—	—	—	—
Tax incentives reserve	—	—	—	—	520,478	—	(520,478)	—	—	—	—	—	—	—	—	—
Investments and working capital reserve	—	—	—	—	—	4,277,165	(4,277,165)	—	—	—	—	—	—	—	—	—
Dividend - adjustment in excess of the minimum estatutory undistributed	—	—	—	—	—	332,712	(332,712)	—	—	—	—	—	—	—	—	—
Dividends/interest on capital	—	—	—	—	—	—	(5,749,906)	—	—	—	—	—	—	(5,749,906)	(60,996)	(5,810,902)
Balance as of December 31, 2022 (Note 23)	19,249,181	11,597	(179,995)	2,210,531	1,775,498	18,186,532	—	(2,904,670)	(9,079,070)	(12,734)	16,725,542	80,117	53,665	46,116,194	181,999	46,298,193
2023 Changes in Equity																
Net income	—	—	—	—	—	—	7,501,565	—	—	—	—	—	—	7,501,565	35,418	7,536,983
Other comprehensive income (loss) recognized in the year	—	—	—	—	—	—	—	—	247,924	783	(2,221,071)	96,495	—	(1,875,869)	(7,795)	(1,883,664)
Total comprehensive income (loss) recognized in the year	—	—	—	—	—	—	7,501,565	—	247,924	783	(2,221,071)	96,495	—	5,625,696	27,623	5,653,319
Increase in Capital through capitalization of Retained earnings	966,162	—	—	—	—	(966,162)	—	—	—	—	—	—	—	—	—	—
Long term incentive plan cost recognized in the year	—	—	—	—	—	—	—	—	—	—	—	—	80,390	80,390	47	80,437
Long term incentive plan exercised during the year	—	—	29,813	—	—	6,520	—	—	—	—	—	—	—	36,333	17	36,350
Effects of interest changes in subsidiaries	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(9,590)	(9,590)
Dividend in excess of the minimum estatutory undistributed in 2022	—	—	—	—	—	(333,151)	—	—	—	—	—	—	—	(333,151)	—	(333,151)
Destination of net income proposed to the shareholders																
Legal reserve	—	—	—	318,142	—	—	(318,142)	—	—	—	—	—	—	—	—	—
Tax incentives reserve	—	—	—	—	1,138,728	—	(1,138,728)	—	—	—	—	—	—	—	—	—
Investments and working capital reserve	—	—	—	—	—	3,403,240	(3,403,240)	—	—	—	—	—	—	—	—	—
Dividend - adjustment in excess of the minimum estatutory undistributed	—	—	—	—	—	174,952	(174,952)	—	—	—	—	—	—	—	—	—
Dividends/interest on capital	—	—	—	—	—	—	(2,466,503)	—	—	—	—	—	—	(2,466,503)	(20,192)	(2,486,695)
Balance as of December 31, 2023 (Note 23)	20,215,343	11,597	(150,182)	2,528,673	2,914,226	20,471,931	—	(2,904,670)	(8,831,146)	(11,951)	14,504,471	176,612	134,055	49,058,959	179,904	49,238,863

The accompanying notes are an integral part of these Consolidated Financial Statements.

GERDAU S.A.
CONSOLIDATED STATEMENTS OF CASH FLOWS
for the years ended December 31, 2023, 2022 and 2021
In thousands of Brazilian reais (R$)

	Note	2023	2022	2021
Cash flows from operating activities				
Net income for the year		7,536,983	11,479,552	15,558,938
Adjustments to reconcile net income for the year to net cash provided by operating activities				
Depreciation and amortization	30	3,047,212	2,866,699	2,658,561
Equity in earnings of unconsolidated companies	9	(827,606)	(1,151,827)	(563,158)
Exchange variation, net	31	850,375	974,709	108,373
Losses (Gains) on derivative financial instruments, net	31	14,979	(39,079)	(17,928)
Post-employment benefits		235,977	246,958	255,477
Long-term incentive plans		157,979	104,714	65,289
Income tax	8	1,809,622	4,379,475	4,713,630
Gain (Loss) on disposal of property, plant and equipment		27,525	(25,579)	(77,417)
Results in operations with subsidiary and joint ventures		—	—	162,913
Impairment (Reversal) of financial assets	5	10,728	81	(357)
Provision (reversal) of tax, civil, labor and environmental liabilities, net		160,245	295,021	125,641
Tax credits recovery	19.V	(1,098,218)	—	(1,182,082)
Interest income on short-term investments		(481,624)	(309,782)	(170,671)
Interest expense on loans	31	840,069	964,607	1,059,841
Interest expense on leases liabilities	13	127,787	88,370	68,789
Interest on loans with related parties	20	—	199	(6,089)
Provision (Reversal) for net realizable value adjustment in inventory, net	6	12,036	43,843	(2,812)
		12,424,069	19,917,961	22,756,938
Changes in assets and liabilities				
(Increase) Decrease in trade accounts receivable		(294,509)	290,579	(1,614,047)
Decrease (Increase) in inventories		1,305,424	(2,039,135)	(7,704,329)
(Decrease) Increase in trade accounts payable		(355,416)	(995,598)	2,534,329
(Increase) Decrease in other receivables		(107,171)	(284,826)	290,658
Decrease in other payables		(434,100)	(1,597,602)	(386,447)
Dividends from associates and joint ventures		461,292	425,493	117,438
Purchases of short-term investments		(7,223,644)	(3,588,529)	(3,010,084)
Proceeds from maturities and sales of short-term investments		7,908,990	3,434,859	3,595,212
Cash provided by operating activities		13,684,935	15,563,202	16,579,668
Interest paid on loans and financing		(858,301)	(968,851)	(1,100,826)
Interest paid on lease liabilities	13	(127,787)	(88,370)	(68,789)
Income and social contribution taxes paid		(1,560,137)	(3,355,643)	(2,893,120)
Net cash provided by operating activities		11,138,710	11,150,338	12,516,933
Cash flows from investing activities				
Purchases of property, plant and equipment	10	(5,209,128)	(4,291,873)	(3,026,023)
Proceeds from sales of property, plant and equipment, investments and other intangibles		40,661	48,322	82,635
Additions in other intangibles	12	(127,195)	(189,382)	(166,310)
Shares repurchase from joint venture	9	47,006	—	—
Capital (increase) decrease in associate and joint venture	9	(524,185)	(26,751)	113,595
Net cash used by investing activities		(5,772,841)	(4,459,684)	(2,996,103)
Cash flows from financing activities				
Acquisition of interest in subsidiary		—	(46,153)	—
Purchases of Treasury stocks		—	(1,073,124)	—
Dividends and interest on capital paid		(2,683,328)	(5,891,690)	(5,339,426)
Proceeds from loans and financing		1,776,684	2,263,311	609,703
Payment of loans and financing		(2,830,684)	(3,201,126)	(5,116,621)
Leasing payment		(388,202)	(310,226)	(275,854)
Intercompany loans, net		102	2,721	139,556
Net cash used in financing activities		(4,125,428)	(8,256,287)	(9,982,642)
Exchange variation on cash and cash equivalents		(710,659)	(119,158)	5,262
Increase (Decrease) in cash and cash equivalents		529,782	(1,684,791)	(456,550)
Cash and cash equivalents at beginning of year		2,475,863	4,160,654	4,617,204
Cash and cash equivalents at end of year		3,005,645	2,475,863	4,160,654

The accompanying notes are an integral part of these Consolidated Financial Statements.

NOTE 1 — GENERAL INFORMATION

Gerdau S.A. is a publicly traded corporation (sociedade anônima) with its corporate domicile in the city of São Paulo, Brazil. Gerdau S.A and subsidiaries (collectively referred to as the "Company") is a leading producer of long steel in the Americas and one of the largest suppliers of special steel in the world. In Brazil, the Company also produces flat steel and iron ore, activities which expanded the product mix and made its operations even more competitive. The Company believes it is the largest recycler in Latin America and around the world it transforms each year millions of tonnes of scrap into steel, reinforcing its commitment to sustainable development of the regions where it operates. Gerdau is listed on the São Paulo and New York stock exchanges.

The Consolidated Financial Statements of Gerdau S.A and subsidiaries were approved by the Board of Directors on March 28, 2024.

Subsequent Event

On February 15, 2024, the request submitted by Gerdau S.A. to the Latin American Stock Market ("Latibex"), the Madrid Stock Exchange devoted to Latin American companies traded in Euros, for the cancellation of the registration of XGGB shares was granted and, since then, its shares are no longer listed in this trading environment.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES

2.1 — Basis of Presentation

The Company's Consolidated Financial Statements have been prepared in accordance with and are in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

The preparation of the Consolidated Financial Statements in accordance with IFRS Accounting Standards requires Management to make accounting estimates. The areas that involve judgment or use of estimates significant to the Consolidated Financial Statements are stated in Note 2.17. The Consolidated Financial Statements have been prepared using historical cost as its basis, except for the valuation of certain financial instruments, which are measured at fair value.

The Company adopted all applicable standards and revisions of standards and interpretations issued by the IASB or the IFRS Interpretations Committee that are effective as of December 31, 2023.

a) Investments in Subsidiaries

The Company's consolidated financial statements include the financial statements of Gerdau S.A. and all its subsidiaries. The Company controls an entity when it is exposed or has the right to variable returns arising from their involvement with the entity and has the ability to affect those returns due to the power exercised over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

Third parties' interests in equity and net income of subsidiaries are reported separately in the consolidated balance sheet and in the consolidated statement of income, respectively, under the account "Non-controlling interests".

For business combinations, the assets, liabilities, and contingent liabilities of a subsidiary are reported at their respective fair value on the date of acquisition. Any excess of the acquisition cost over the fair value of the identifiable net assets acquired is recorded as goodwill. When the acquisition cost is less than the fair value of the net assets identified, the difference is recorded as a gain in the statement of income for the year in which the acquisition took place. The non-controlling interests are presented based on the proportion of the fair value of the identified assets and liabilities acquired. Intercompany transactions and balances are eliminated in the consolidation process. Gains or losses resulting from transactions among consolidated entities of the Company are also eliminated.

b) Investments in Joint ventures and Associate companies

Joint ventures are those in which the control is held jointly by the Company and one or more partners. An associate company is one in which the Company exercises significant influence, but over which it does not have control. Investments in joint ventures and associate companies are recorded under the equity accounting method.

c) Equity in Earnings of Unconsolidated Companies

According to this method, investments are recognized in the consolidated balance sheet at acquisition cost and are adjusted subsequently based on the Company's share in the earnings and in other changes in the net assets of the Associates and Joint Ventures. The balances of the investments can also be reduced due to impairment losses. Furthermore, dividends received from these companies are recorded as reductions in the value of the investments.

2.2 —Foreign Currency Translation

a) Functional and Reporting Currency

The functional currency of an entity is the currency of the primary economic environment where it operates. The Consolidated Financial Statements are presented in Brazilian Reais (R$), which is the functional and reporting currency of the Company. The functional currencies of the subsidiaries located in other countries are the currencies of the respective countries, with the conversion to Reais being carried out as disclosed in items b) and c) below. All balances were rounded to the nearest thousand, unless otherwise stated.

b) Transactions and Balances

For purposes of the Consolidated Financial Statements, the balances of each subsidiary of the Company are converted into Brazilian reais, which is the functional currency of the Company and the reporting currency of its Consolidated Financial Statements, at the exchange rates at the dates of the transactions.

c) Translation of financial statements in foreign currency

The results of operations and financial position of all subsidiaries included in the consolidated financial statements, along with equity investments, which have functional currencies different from the Company's reporting currency are translated into the reporting currency as follows:

i) Asset and liability balances are translated at the exchange rate in effect at the balance sheet date;

ii) Income and expenses are translated using the average monthly exchange rates for the year;

iii) Translation gains and losses resulting from the above methodology are recognized in Equity, in the Statement of Comprehensive Income, in the account named “Other reserves - Cumulative translation adjustment”; and

iv) The amounts presented in the cash flow are extracted from the converted changes in assets, liabilities and results.

d) Hyperinflation in Argentina

Since July 2018, Argentina has been considered a hyperinflationary economy due to its accumulated inflation in the previous three years above 100%, thus, the application of the accounting and disclosure standard in a highly inflationary economy (IAS 29) has been required. According to IAS 29, the non - monetary assets and liabilities, shareholders' equity and income statement of subsidiaries operating in highly inflationary economies are adjusted by the change in the general purchasing power of the currency, applying a consumer price index and their values are shown in the monetary unit of measurement at the end of the year and then translated and recognized in the Cumulative translation adjustment in Equity (see more details in Note c iii above). As a result of the above, the Company has applied the IAS 29 concepts to its subsidiaries in Argentina, which effects are presented in the line of Exchange variations, net in the income statement.

2.3 — Financial Assets

At initial recognition, a financial asset is classified as measured at amortized cost, at fair value through profit or loss or at fair value through other comprehensive income. Financial assets are not reclassified after initial recognition, unless the Company changes the business model for the management of financial assets. The Company performs an evaluation of the business model objective in which a financial asset is held in the portfolio because this better reflects the way in which the business is managed.

a) Financial assets at amortized cost

These assets are measured subsequently to initial recognition at the amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized directly in income. Any gain or loss on derecognition is recognized on statement of income.

b) Financial assets measured at fair value through profit or loss

These assets are measured subsequently to initial recognition at the fair value. The net result, including interest, is recognized directly in income.

c) Financial assets measured at fair value through other comprehensive income

These assets are measured subsequently to initial recognition at fair value. Interest income calculated using the effective interest method, exchange gains and losses and impairment are recognized in the statement of income. Other net results are recognized in other comprehensive income. In derecognition, the accumulated result in other comprehensive income is reclassified to the statement of income.

d) Impairment of financial assets

The Company measures the impairment of financial assets in an amount equal to the Expected credit loss. In determining whether the credit risk of a financial asset has increased significantly since the initial recognition and in estimating the expected credit losses, the Company considers reasonable and supportable information that is significant and available without undue cost or effort. This includes quantitative and qualitative information and analysis, based on the Company's historical experience, credit assessment and considering forward-looking information. The impairment loss of financial assets was calculated based on the credit risk analysis, which includes the historical losses, the individual situation of the clients, the situation of the economic group to which they belong, the real guarantees for the debts and the evaluation of the legal advisors and is considered sufficient to cover possible losses on amounts receivable, in addition to a prospective assessment that takes into account the change or expectation of change in economic factors that affect expected credit losses, which will be determined based on probabilities weighted. The Company presents the impairment of the financial assets in the Statement of Income in the line of Impairment of financial assets.

e) Derecognition

The Company derecognizes a financial asset when expire the contractual rights of the cash flows of the asset, or when the Company transfers the contractual rights of that cash flows in a transaction in which substantially all the risks and benefits of the financial asset are transferred or in which the Company neither transfers nor maintains substantially all the risks and benefits of the financial asset and also does not retain control over the financial asset.

f) Offset

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to offset the amounts and intends to settle them on a net basis or to realize the asset and settle the liability simultaneously.

g) Financial Instruments

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as measured at fair value through profit or loss: it is maintained within a business model whose objective is to maintain financial assets to receive contractual cash flows; and its contractual terms generate, at specific dates, cash flows that are related only to payment of principal and interest outstanding amounts.

A debt instrument is measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated as measured at fair value through profit or loss: it is maintained within a business model whose objective is achieved both by receipt of contractual cash flows and sale of financial assets; and its contractual terms generate, on specific dates, cash flows that are only payments of principal and interest on the outstanding principal amount. In the initial recognition of an investment in an equity instrument that is not held for trading, the Company may irrevocably choose to present subsequent changes in the fair value of the investment in other comprehensive income. This choice is made investment by investment.

The Company performs an evaluation of the business model objective in which a financial asset is held in the portfolio because this better reflects the way in which the business is managed, and the information is provided to Management. The information considered includes: the policies and objectives stipulated for the portfolio and the practical operation of those policies. They include the question of whether Management's strategy focuses on obtaining contractual interest income, maintaining a certain interest rate profile, matching the duration of financial assets with the duration of related liabilities or expected outflows of cash, or the realization of cash flows through the sale of assets; how the performance of the portfolio is evaluated and reported to the Company's Management; the risks that affect the performance of the business model (and the financial asset held in that business model) and the manner in which those risks are managed; the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and their expectations about future sales.

h) Evaluation on whether contractual cash flows are only payments of principal and interest

For the purposes of this valuation, the 'principal' is defined as the fair value of the financial asset at the initial recognition. 'Interest' is defined as a consideration for the time value of money and for the credit risk associated with the principal amount outstanding over a given period of time and for the other underlying risks and costs of borrowing (e.g. liquidity risk and costs administrative costs), as well as a profit margin.

The Company considers the contractual terms of the instrument to assess whether contractual cash flows are only principal and interest payments. This includes assessing whether the financial asset contains a contractual term that could change the timing or value of the contractual cash flows so that it would not meet that condition. In making this assessment, the Company considers: contingent events that modify the value or the time of cash flows; terms that may adjust the contractual rate, including variable rates; the prepayment and the extension of the term; and terms that limit the Company's access to cash flows of specific assets (for example, based on the performance of an asset).

The prepayment is consistent with the principal and interest payments criterion if the prepayment amount represents, for the most part, unpaid principal and interest amounts on the outstanding principal amount - which may include additional compensation on the early termination of the contract.

2.4 — Inventories

Inventories are measured at the lower of historical cost of acquisition or production and net realizable value. The acquisition and production costs include transportation, storage and non-recoverable taxes.

Net realizable value is the estimated sale price in the ordinary course of business less the estimated costs of completion and directly related selling expenses. Information regarding the allowance for adjustments to net realizable value is presented in Note 6.

2.5 — Property, Plant and Equipment

Property, plant and equipment are stated at historical cost, monetarily adjusted when applicable, less depreciation, except for land, which is not depreciated. The Company recognizes monthly to the construction costs of qualified assets, which are assets that, necessarily, require a substantial period of time to be finished for its intended use, the borrowing costs as part of the acquisition cost of the property, plant and equipment under construction based on the following capitalization criteria: (a) the capitalization period begins when the property, plant and equipment item is under construction in process and the capitalization of borrowing costs ceases when the asset is available for use; (b) borrowing costs are capitalized considering the weighted average rate of loans existing on the capitalization date or a specific rate, in the case of loans for the acquisition of property, plant and equipment; (c) borrowing costs capitalized do not exceed the interest expenses during the capitalization period; and (d) capitalized borrowing costs are depreciated considering the same criteria and useful life determined for the property, plant and equipment item to which it was capitalized.

Depreciation is calculated under the straight-line method at rates that take into consideration the estimated useful life of the asset, its level of utilization and the estimated residual value of the asset at the end of its useful life. The estimated residual value and useful life of the assets are reviewed and adjusted, if necessary, at each year-end.

Subsequent costs are added to the carrying amount of property, plant and equipment or recognized as a specific item, as appropriate, only if the economic benefits associated to these items are probable and the amounts can be reliably measured. The carrying amount of replaced items is written-off. Other repairs and maintenance are recognized directly in income when incurred.

Exploration expenditures are recognized as expenses until the technical feasibility and commercial viability of mining activity is established and thereafter subsequent costs are capitalized. Costs for the development of new iron ore reserves or to expand the capacity of operating mines are capitalized and amortized based on the amount of iron ore extracted. Stripping costs (costs associated with removal of waste and other residual materials) incurred during the development phase of a mine, before production phase, are registered as part of the depreciable cost of asset. Subsequently, these costs are depreciated over the useful life of the mine. Spending on waste removal, after the start of production of the mine, are treated as production costs. Depletion of mines is calculated based on units of production.

The net book value of property, plant and equipment items is immediately impaired to its recoverable amount when the residual balance exceeds the recoverable amount.

2.6 — Goodwill

Goodwill represents the excess of the acquisition cost over the fair value net of the assets acquired, liabilities assumed and identifiable contingent liabilities of a subsidiary, joint venture, or associate company, at the respective acquisition date.

Goodwill is recorded as an asset and recorded under “Goodwill” account. Goodwill is not amortized and is subject to impairment tests annually or whenever there are indications of potential impairment. Any impairment loss is recorded as an expense in the income statement and cannot be reversed. Goodwill is allocated to the operating segments, which represents the lowest level at which goodwill is monitored by management.

Goodwill that forms part of the carrying amount of an investment in an associate or a joint venture is not separately recognized. The entire carrying amount of the investment in associate or joint venture is tested for impairment as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with it carrying amount.

When a subsidiary, joint venture or associate is sold, goodwill is included in the determination of gains and losses on disposal.

2.7 — Other Intangible Assets

Other intangible assets are stated at acquisition cost, less accumulated amortization and impairment losses, when applicable. Intangible assets consist mainly of assets which represent the capacity to generate economic benefits from companies acquired based on relationships with customers and suppliers, software and others. Software development expenditures are capitalized when all aspects of the standard are met, in particular, the technical feasibility of completing the asset so that it is available for use.

Intangible assets with definite useful lives are amortized taking into consideration their actual use or a method that reflects their consumption of economic benefits. The net book value of intangible assets is impaired immediately to its recoverable value when the residual balance exceeds the recoverable amount (Note 2.8).

Intangible assets acquired in a business combination are recorded at fair value, less accumulated amortization and impairment losses, when applicable. Intangible assets that have a defined useful life are amortized over their useful lives using an amortization method that reflects the period of economic benefit use of the intangible asset to record amortization through the period of use of that intangible and is recorded in the cost of sales account. The intangible relationship with customers and suppliers is amortized based on an accelerated method that considers the expected future economic benefit provided over time by these new acquired customers and suppliers. Mining exploration rights are classified as Other intangible assets.

The Company reviews the amortization period and amortization method for its intangible assets with definite useful lives at the end of each year.

2.8 — Provision for Impairment of Assets and Reversal of Impairment

At each balance sheet date, the Company performs an assessment to determine whether there is evidence that the carrying amount of long-lived assets might be impaired. If such evidence is identified, the recoverable amount of the assets is estimated by the Company. The recoverable amount of an asset is determined as the higher of: (a) its fair value less estimated costs to selling and (b) its value in use. The value in use is measured based on discounted cash flows (before taxes) derived from the continuous use of the asset until the end of its estimated useful life. Regardless of whether or not there is any indication that the carrying amount of the asset may be impaired, the balances of goodwill arising from business combinations and intangible assets with indefinite useful lives are tested for impairment at least once a year in December.

When the carrying amount of the asset exceeds its recoverable amount, the Company recognizes a reduction in the book value of the asset (Impairment). The reduction to the recoverable amount of the asset is recorded as an expense. Goodwill impairment, after recognized, is not allowed to be reversed, even if circumstances that resulted in the impairment changes. Other assets impairment may be reversed if circumstances that resulted in the impairment no longer exists, but in these circumstances the reversal of impairment is limited to the residual depreciated balance of the asset at the time of the reversal, determined as if the impairment had not been recorded.

The Company does not believe there is a reasonable likelihood that a material change in the estimates or assumptions used to calculate long-lived asset impairment losses may occur. However, if actual results are not consistent with estimates and assumptions used in estimating future cash flows and asset fair values, the Company may be exposed to losses that could be material.

2.9 — Financial Liabilities and Equity Instruments

a) Financial liabilities

Financial liabilities are classified as amortized cost or at fair value through profit or loss. A financial liability is classified as fair value through profit or loss if it is classified as held for trading, it is a derivative, or it is designated as such at initial recognition. Financial liabilities measured at fair value through profit or loss are measured at fair value and the net result, including interest, is recognized in the income statement. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense, exchange gains and losses are recognized in income.

b) Derecognition

The Company derecognizes a financial liability when its contractual obligation is withdrawn, canceled, or expired. The Company also derecognizes a financial liability when the terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. In the derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in the income statement.

c) Derivative Instruments and hedging

The Company enters into derivative financial instruments mainly to manage its exposure to fluctuation in interest rates and exchange rates. The Company measures its derivative financial instruments, based on quotations obtained from market participants, at fair value at the balance sheet date.

Changes in the fair value of a derivative that is highly effective and that is designated and qualifies as a cash flow hedge or a net investment hedge are recorded in the statement of comprehensive income.

The Company assesses, both at the beginning of hedge coverage and on an ongoing basis, whether the derivatives used in hedge transactions are highly effective in offsetting changes in the fair value or cash flows of hedged items. When a cash flow hedge instrument is sold, terminated, expired or exercised, the hedge is discontinued prospectively, but the cumulative unrealized gain or loss is recognized in the comprehensive income statement. The cumulative gain and loss is transferred from the comprehensive income and recognized in the income statement when the hedged transaction is recognized in the statement of income. When no more than one transaction is expected to occur, the accumulated gain or loss is immediately transferred to the income statement. In cases of net investment hedges, the amount recorded in the statement of comprehensive income is written off and recognized in the statement of income when the disposal of the hedged investment occurs. In addition, changes in the fair value of financial instruments not characterized as hedges are recognized in the line of (Loss) Gains on financial instruments, net, in the statement of income.

d) Equity instruments

The equity component is initially recognized by the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

2.10 — Current and Deferred Income and Social Contribution Taxes

Current income and social contribution tax expense is calculated in conformity with enacted tax rate in effect at the balance sheet date in the countries where the Company’s subsidiaries, associates and joint venture operate and generate taxable income. Management periodically evaluates positions taken in relation to tax matters which are subject to interpretation and recognizes a provision when there is an expectation of payment of income tax and social contribution in accordance with the tax bases. The expense for income tax and social contribution taxes comprises current and deferred taxes. Current tax and deferred tax are recognized in income unless they are recognized for a business combination, or for items directly recognized in equity through other comprehensive income.

Current tax is the estimated tax payable or receivable on the taxable income or loss for the year, at the tax rates effective at the balance sheet date. Deferred income tax and social contribution are recognized in its total on the differences generated between assets and liabilities recognized for tax purposes and corresponding to amounts recognized in the Financial Statements. However, deferred income and social contribution taxes are not recognized arising from the initial recognition of assets and liabilities in a transaction other than a business combination and that do not affect the tax basis. Income and social contribution taxes are determined based on tax rates (and laws) effective at the balance sheet date and applicable when the respective income and social contribution taxes is paid. Deferred income and social contribution tax assets are recognized only to the extent that it is probable that there will be taxable income for which the temporary differences can be used, and tax losses can be compensated and are presented in the balance sheet on a net basis in assets or liabilities, based on the balance of each subsidiary.

Deferred tax assets recorded for tax loss carryforwards are supported by projections of taxable income based on technical feasibility studies submitted annually to the Board of Directors of the Company and its subsidiaries, when applicable. These studies consider historical profitability of the Company and its subsidiaries, expectations of continuous profitability and estimates of the recovery of deferred tax assets over future years. Other deferred tax assets arising from temporary differences, mainly tax provision, are recognized according to their estimate of realization. Deferred income tax and social contribution assets are reviewed at each reporting date and will be reduced to the extent that their realization is not more likely than not based on future taxable income.

The Company recognizes a provision for tax matters only if a past event gives rise to a present obligation. The Company determines whether a present obligation exists at the end of the year considering all available evidence, including, for example, the opinion of legal advisors. The Company also considers whether it is more likely than not that there will be an outflow of assets and whether a reliable estimate can be made.

2.11 — Employee Benefits

The Company has several employee benefit plans including pension and retirement plans, health care benefits, profit sharing, bonus, and share-based payment, as well as other retirement and termination benefits. The main benefit plans granted to the Company’s employees are described at Notes 21 and 26.

The actuarial obligations related to the pension and retirement benefits and the actuarial obligations related to the health care plans are recorded based on actuarial calculations performed every year by independent actuaries, using the projected unit credit method, net of the plan assets, when applicable, and the related costs are recognized over the employees' service period. Any employee benefit plan surpluses are also recognized up to the probable amount of reduction in future contributions by the Company.

Actuarial remeasurement arising from adjustments and changes in actuarial assumptions of the pension and retirement benefit plans and actuarial obligations related to the health care plan are recognized directly in the Statement of Comprehensive Income as described in Note 21.

In accounting for pension and post-retirement benefits, several statistical and other factors that attempt to anticipate future events are used to calculate plan expenses and liabilities. These factors include discount rate assumptions, return on plan assets, future increases in health care costs, and rate of future compensation increases. In addition, the Company and its actuary use other factors whose measurement involves judgment are used such as withdrawal, turnover, and mortality rates. The actuarial assumptions used by the Company may differ materially from actual results in future periods due to changing market and economic conditions, regulatory events, judicial rulings, higher or lower withdrawal rates, or longer or shorter participant life spans. The disclosures of relevant assumptions and estimates related to this matter are described in Note 21.

2.12 — Other Current and Non-current Assets and Liabilities

Other current and non-current assets and liabilities are recorded at their realizable amounts (assets) and at their known or estimated amounts plus accrued charges and monetary adjustments (liabilities), when applicable.

2.13 — Related-Party Transactions

Loan agreements between the entities in Brazil and abroad are adjusted by contractual financial charges plus foreign exchange variation, when applicable. These contracts have an expiration date, with the possibility of extension of time by agreement between the parties. Sales and purchases of raw materials and products are made under terms and conditions contractually established between the parties.

2.14 — Dividends and Interest on equity

The bylaws of Gerdau S.A. requires dividends of not less than 30% of the annual net income adjusted by 5% representing the constitution of legal reserve, and the constitution of tax incentives reserve; therefore, Gerdau S.A. records a liability at year-end for the minimum dividend amount that has not yet been paid during the year up to the limit of the mandatory minimum dividend described above. Brazilian Law 9,249/95 provides that a company may, at its sole discretion, consider dividends distributions to shareholders to be considered as interest on own capital, subject to specific limitations, which has the effect of a taxable deduction in the determination of income tax and social contribution. The limitation is the greater of (i) shareholders' equity multiplied by the TJLP (Long-Term Interest Rate) rate or (ii) 50% of the net income in the fiscal year. This expense is not recognized for the purpose of preparing the financial statements and therefore does not impact net income.

2.15 — Revenue Recognition

Net sales are presented net of taxes and discounts. The significant judgment made by the Company is presented in Note 2.17 and regarding revenue recognition it considers that such recognition is derived from the sole performance obligation to transfer its products or services in accordance with contracts and commercial agreements. The transfer of control and the fulfillment of the Company's performance obligation occur at the same time, at which time the revenue of sale of goods and services is recognized by the Company. It is also considered that the buyer obtains the benefits of the acquisitions, the potential cash flows, and the amount of revenue (transaction price) can be reliably measured, and the consideration must be transferred, meaning that the Company is likely to receive the consideration to which it is entitled in exchange for the products or services.

For the Company's operations, generally the revenue recognition criteria are met when its products are delivered to its customers (CIF term) or to a carrier that will transport the goods to its customers (FOB term) and these are the times when the Company has generally fulfilled its performance obligations.

The Company's products follow industry production standards for its applications. Historically, only a small portion of the Company's products are returned or have claims filed against the sale as result of quality complaints or other problems. Claims may be one of the following: product shipped and billed to an end customer that did not meet industry quality standards, such as physical defects in the goods, goods shipped to the wrong location or goods shipped outside acceptable time parameters. The Company estimates the consideration for such claims and reduces the amount of revenue recognized.

The warranties and claims arise when the product fails on the criteria mentioned above. Sales-related warranties associated with the goods cannot be purchased separately and they serve as an assurance that the products sold comply with agreed specifications. Accordingly, the Company accounts for warranties in accordance with IAS 37. Warranties and claims represent immaterial amounts to the Company.

2.16 — Investments in Environmental Protection and Environmental liabilities

Environmental costs that relate to current operations are expensed or capitalized as appropriate. Environmental costs that relate to an existing condition caused by past operations, and which do not contribute to current or future revenue generation or cost reduction are recorded as expense. Liabilities are recorded when environmental assessments or remedial efforts are probable, and the cost can be reasonably estimated based on discussions with the environmental authorities and other assumptions significant to the nature and extent of the remediation that may be required. The ultimate cost to the Company is dependent upon factors beyond its control such as the scope and methodology of the remedial action requirements to be established by environmental and public health authorities, new laws or government regulations, rapidly changing technology, and the outcome of any potential related litigation. Environmental liabilities are adjusted to present value when the aggregate amount of the obligation and the amount and timing of cash disbursements are established or can be reliably estimated.

2.17 — Use of Judgements and Estimates

The preparation of the Consolidated Financial Statements requires estimates to record certain assets, liabilities, and other transactions. To make these estimates, Management uses the best information available on the date of preparation of the Consolidated Financial Statements and the experience of past and/or current events, also considering assumptions related to future events. As such, the Consolidated Financial Statements include estimates with respect to estimates referring mainly to revenue recognition (Note 2.15), the recoverable amount of goodwill and long-lived assets (Note 29), with respect to the need and the amount of provisions for tax, civil and labor claims (Note 19), recoverability of deferred tax assets (Note 8), estimates in selecting interest rates, return on assets, mortality tables and expectations for salary increases (Note 21), and long-term incentive plans through the selection of the valuation model and rates (Note 26). Actual results could differ from those estimates.

2.18 — Business Combinations for the Financial Statements

a) Step-acquisitions in which control is obtained

When a business combination is achieved in stages, the interest previously held by the Company in the acquired entity is remeasured at fair value at acquisition date (i.e. the date when the Company acquires the control) and the resulting gain or loss, if any, is recognized in profit or loss. Amounts related to the Company's interest in the acquired company before the acquisition date, and that were recognized in "Other comprehensive income," are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

b) Acquisitions in which control is obtained initially

Acquisitions of businesses are accounted for under the acquisition method. The cost of the acquisition is measured at the fair values (at the date of the transaction) of the assets transferred, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquired business entity. The acquiree's identifiable assets, liabilities and contingent liabilities are recognized at their fair values at the acquisition date. The interest of non-controlling shareholders in the acquiree is initially measured at the non-controlling shareholders' proportion of the net fair value of the assets, liabilities and contingent liabilities recognized. Expenses related to the acquisition are recognized in the income statement when incurred.

c) Increases/decreases in non-controlling interests

Subsequent increases/decreases in interest in subsidiaries, after the Company has obtained control, are treated as acquisitions/reductions of shares from non-controlling shareholders. The identifiable assets and liabilities of the acquired entity are not subject to a further revaluation and the positive or negative difference between the cost of such subsequent acquisitions/reductions and the net amount disbursed/received from the Company's proportional portion is recorded in equity.

d) Loss of control of a subsidiary

When control of a subsidiary is lost because of a transaction, event or other circumstance, the Company derecognizes all assets, liabilities and non-controlling interests at their carrying amount. Any retained interest in the former subsidiary is recognized at its fair value at the date that control is lost. This fair value is reflected in the calculation of the gain or loss on disposal attributable to the parent and becomes the initial carrying amount for subsequent accounting for the retained interest.

2.19 — Segment Information

The bodies responsible for making operational decisions, allocating resources, and evaluating performance include the Board of Executive Officers and the Board of Directors, collectively the "senior management". The information presented to the senior management with the respective performance of each segment is derived from the records kept in accordance with IFRS Accounting Standards, with some reallocations between the segments.

The Company's segments are as follows: Brazil Operations (includes operations of steel and iron ore in Brazil, except Special Steel), North America Operations (includes all operations in North America, including the joint venture in Mexico, with the exception of Special Steel), South America Operations (includes all operations in South America, except Brazil and includes the Joint venture in Dominican Republic and Colombia) and Special Steel Operations (including special steel operations in Brazil and in the United States and the joint venture in Brazil).

2.20 — Earnings per Share

The tables presented in Note 24 reconcile net income to the amounts used to calculate basic and diluted earnings per share. The Company has no instruments considered antidilutive that should be excluded from the calculation of diluted EPS.

The calculation of basic EPS has been based on the profit attributable to shareholders and weighted-average number of shares outstanding. The calculation of diluted EPS has been based on the profit attributable to shareholders and weighted-average number of shares outstanding after adjustment for the effects of all dilutive potential shares.

2.21 — Long-term incentive plans

The Company settles its Long-term incentive plans by delivering its own shares, which are held in treasury until the exercise of the options by the employees. Additionally, the Company granted the following long-term incentive plans: Restricted Shares and Performance Shares, as presented in Note 26.

2.22 — Leasing Operations

The Company, as a lessee, recognizes a right-of-use asset that represents its right to use the leased asset and a lease liability that represents its obligation to make lease payments. Exemptions are available for short-term leases and low-value items. The Company recognizes new assets and liabilities for its operating leases. The Company recognizes a depreciation of rights of use assets and financial expense on lease obligations. Variable elements of payments related to leases (such as, for example, a lease for machinery and/or equipment with parts of payments based on the productivity of the asset) are not considered in the calculation of the liability, being recorded as operating expense. The discount rates used by the Company were obtained in accordance with market conditions.

2.23 — Tax Claims

The Company and its subsidiaries are party in judicial and administrative proceedings involving tax matters, as disclosed in Note 19. In note 2.17, the Company discloses that provisions for tax liabilities require the use of judgments and estimates.

The Company discloses different taxes related to indirect taxes (ICMS, IPI, PIS and COFINS) and they fall into the scope of IAS 37, which establishes that a liability is a present obligation of the entity arising from past events and the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits. In these tax discussions, past events give rise to present obligations, which based on all available evidence, resulted in a more likely than not present obligation. Contingent liabilities are not recognized, since the possibility of an outflow of resources embodying economic benefits is not more likely than not. Since contingent liabilities may develop in a way not initially expected, they are assessed continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognized in the financial statements of the period in which the change in probability occurs.

Contingent liabilities disclosures related to income taxes (IRPJ and CSLL) also fall into the scope of IAS 37, while tax provisions related to income taxes fall into the scope of IAS 12. Management considers the guidance in IFRIC 23, with the assistance of its legal advisors, to record tax provisions in accordance with applicable laws and appropriately considers uncertainties over income taxes for purposes of recognition and measurement. The assessment provided by the Company in these cases considers whether it is probable that a taxation authority will accept an uncertain tax treatment and a provision is recognized when the uncertain income tax treatment is no longer probable that it will be accepted by the taxation authority. During every fiscal year, the Company reassess its judgment and estimates to check if the facts and circumstances on which the judgment or estimate was based changed as a result of new information that affects the judgment or estimate.

2.24 — Trade accounts payable (domestic market, debtor risk and imports)

Trade accounts payable balances are obligations payable for the acquisition of goods or services in the normal course of business, being classified as current liabilities due to maturity of up to one year in the Balance Sheet and in the Cash Flow variations are presented as an increase or decrease in trade accounts payable. These amounts are initially recognized at fair value and subsequently measured at amortized cost.

In import operations of coal and other raw materials abroad, the supplier may request the issuance of a letter of credit or similar risk mitigation instrument to ship the products, being the costs associated with issuing the letter of credit recognized as a financial expense.

The breakdown of trade accounts payable balances is presented in Note 14.

2.25 — Assets held for sale

The Company presents the balances of investments in the joint ventures in Colombia and the Dominican Republic held for sale in a specific line of the Balance Sheet, called Assets held for sale. The Company measures assets classified as held for sale at the lesser of their carrying amount and fair value less costs to sell.

2.26 — New accounting standards

The issued and/or reviewed IFRS Accounting Standards made by the IASB that are effective for the year started in 2023 had no impact on the Company's Financial Statements. In addition, the IASB issued/reviewed some IFRS Accounting Standards, which have mandatory adoption for the year 2024 and/or after, and the Company is assessing the adoption impact of these standards in its Consolidated Financial Statements.

- Amendment to IFRS 16 – Lease Liability in a Sale and Leaseback. It clarifies aspects to be considered in the accounting treatment of an asset transfer in a sale. This amendment to the standard is effective for fiscal years beginning on/or after January 1, 2024. The Company does not expect material impacts on its Financial Statements.

- Amendment to IAS 1 – Non-current Liabilities with Covenants. It clarifies aspects of separate classifications in the balance sheet of current and non-current assets and liabilities, establishing the presentation based on liquidity when it provides information that is reliable and more relevant. This amendment to the standard is effective for fiscal years beginning on/or after January 1, 2024. The Company does not expect material impacts on its Financial Statements.

- Amendment to IAS 12 – Income Taxes. It clarifies aspects related to the recognition and disclosure of deferred tax assets and liabilities related to the Pillar Two Model Rules published by the Organization for Economic Co-operation and Development (OECD).This amendment to the standard is effective for fiscal years beginning on/or after January 1, 2024, for Spain and Canada. It is a fact that in all countries in which the Company has relevant industrial and commercial activities, its subsidiaries are taxed at nominal tax rates on income higher than 15%. There is no expectation for the years 2024 and following that there will be legislative changes or extraordinary transactions that result in effective income tax rates of less than 15% in the geographies in which the company carries out relevant industrial and commercial activities. Thus, the Company does not expect significant exposure to Pillar Two effects in any of the jurisdictions in which it operates, and consequently, does not expect significant impacts on its Financial Statements regarding the entry into force of this rule change, with no exceptions to be applied and disclosed.

- Amendments to IAS 7 and IFRS 7 – Supplier finance arrangements. They clarify aspects related to the disclosure of information on supplier finance that allow users of financial statements to assess the effects of these arrangements on the Company’s liabilities and cash flows, as well as exposure to liquidity and risk. These amendments to the standards are effective for fiscal years beginning on/or after January 1, 2024. The Company does not expect material impacts on its Financial Statements.

- Amendment to IAS 21 – Lack of Exchangeability. It clarifies aspects related to accounting treatment and disclosure when a currency lacks exchangeability into another currency. This amendment to the standard is effective for fiscal years beginning on/or after January 1, 2025. The Company does not expect material impacts on its Financial Statements.

- On March 6, 2024, the SEC approved new rules that will require climate-related disclosures by public companies, including evaluation and disclosure of certain climate-related financial metrics in their audited financial statements. These rules are effective for fiscal years beginning on/or after January 1, 2025. The Company is currently evaluating the impact of the rule changes.

2.27 - Risks of international conflicts

International conflicts may have a material adverse effect on the overall macroeconomic environment, which may include demand for steel and iron ore and prices, as well as increasing energy costs. Both the conflict itself and the sanctions imposed (and further sanctions that may be imposed), as well as potential responses to sanctions, may have further destabilizing effects on financial markets and in certain commodity markets. A conflict may escalate militarily both regionally and globally; any substantial escalation would have a material adverse effect on macroeconomic conditions. In addition, sanctions may remain in place beyond the duration of any military conflict and have a long-lasting impact on the region and globally and may adversely impact the Company’s results of operations and financial condition.

NOTE 3 — CONSOLIDATED FINANCIAL STATEMENTS

3.1 — Subsidiaries

Listed below are the significant consolidated subsidiaries:

Consolidated company	Country	Equity Interests Total capital (*)		
		2023	2022	2021
Gerdau GTL Spain S.L.	Spain	100.00	100.00	100.00
Gerdau Internacional Empreendimentos Ltda. - Grupo Gerdau	Brazil	100.00	100.00	100.00
Gerdau Ameristeel Corporation and subsidiaries (1)	USA/Canada	100.00	100.00	100.00
Gerdau Açominas S.A.	Brazil	99.86	99.86	99.86
Gerdau Aços Longos S.A. and subsidiaries (2)	Brazil	99.83	99.83	99.83
Gerdau Steel Inc.	Canada	100.00	100.00	100.00
Gerdau Holdings Inc. and subsidiary (3)	USA	100.00	100.00	100.00
Paraopeba - Fixed-income investment fund (4) (**)	Brazil	75.36	47.34	70.62
Gerdau Hungria Holdings Limited Liability Company	Hungary	100.00	100.00	100.00
GTL Equity Investments Corp.	British Virgin Islands	100.00	100.00	100.00
Empresa Siderúrgica del Perú S.A.A. - Siderperú	Peru	90.03	90.03	90.03
Gerdau GTL México, S.A. de C.V.	Mexico	100.00	100.00	100.00
Seiva S.A. - Florestas e Indústrias	Brazil	97.73	97.73	97.73
Gerdau Laisa S.A.	Uruguai	100.00	100.00	100.00
Sipar Gerdau Inversiones S.A.	Argentina	99.99	99.99	99.99
Sipar Aceros S.A. and subsidiary (5)	Argentina	99.98	99.98	99.98
Sizuca - Siderúrgica Zuliana, C. A.	Venezuela	—	—	100.00
Gerdau Trade Inc.	British Virgin Islands	100.00	100.00	100.00
Gerdau Next S.A. and subsidiaries (6)	Brazil	100.00	100.00	100.00

(*) The voting capital is substantially equal to the total capital. The interests reported represent the ownership percentage held directly and indirectly in the subsidiary.
(**) The percentage of participation including interest of the parent company Metalúrgica Gerdau S.A. in the investment fund is 77.92% in 2023, 62.14% in 2022 and 73.54% in 2021.
(1) Subsidiaries: Gerdau Ameristeel US Inc., GUSAP III LLP and Chaparral Steel Company.
(2) Subsidiaries: Gerdau Açominas Overseas Ltd.
(3) Subsidiary: Gerdau MacSteel Inc.
(4) Fixed-income investment fund managed by Santander Bank.
(5) Subsidiary: Siderco S.A.
(6) Subsidiaries: G2L Logística S.A., G2base Fundações e Contenções Ltda, G2 Adições Minerais e Químicas Ltda., Gerdau Ventures Participações Ltda, Circulabi S.A. and Cluster Industrial S.A.

In March 2022, the Company sold 100% of its interest in the subsidiary Sizuca - Siderúrgica Zuliana C.A., located in Venezuela, without recognizing material losses in relation to the equity value recorded in its financial statements on December 31, 2021. In June 2022, the Company acquired an additional interest of 3.65% in the subsidiary Siderúrgica Latino Americana S.A., subsequently incorporating it into the subsidiary Gerdau Aços Longos S.A., which resulted in the recognition of a loss of R$ 33,845 in the equity attributable to the equity holders of the parent as a result of transactions with non-controlling shareholders. The other amounts involved in these transactions and their impact on the financial statements are not considered material by the Management of the Company.

3.2 — Joint ventures

Listed below are the interests in joint ventures:

Joint ventures	Country	Equity Interests Total capital (*)		
		2023	2022	2021
Bradley Steel Processors	Canada	50.00	50.00	50.00
MRM Guide Rail	Canada	50.00	50.00	50.00
Gerdau Corsa S.A.P.I. de CV	Mexico	75.00	75.00	75.00
Gerdau Metaldom Corp.	Dominican Rep.	50.00	50.00	50.00
Gerdau Summit Aços Fundidos e Forjados S.A.	Brazil	58.73	58.73	58.73
Diaco S.A.	Colombia	49.85	49.87	49.87
Juntos Somos Mais Fidelização S.A.	Brazil	27.16	27.50	27.50
Addiante S.A.	Brazil	50.00	50.00	—
Ubiratã Tecnologia S.A.	Brazil	50.00	50.00	—
Brasil ao Cubo S.A. (Note 3.4)	Brazil	44.66	—	—

(*) The voting capital is substantially equal to the total capital. The interests reported represent the ownership percentage held directly and indirectly held in the joint venture.

Although the Company owns more than 50% of Gerdau Corsa S.A.P.I. de C.V. and Gerdau Summit Aços Fundidos e Forjados S.A., it does not consolidate the financial statements of these joint venture entities, due to joint control agreements with the other shareholders that prevent the Company from controlling the decisions in conducting the joint venture's business.

The Company presents the joint venture information in aggregate, since the investments in these entities are not individually material. The summarized financial information of these joint ventures, accounted for under the equity method, is presented below:

Joint ventures	Joint ventures 2023	2022	2021
Cash and cash equivalents	1,560,816	948,019	1,146,411
Total current assets	6,212,742	5,358,394	6,175,859
Total non-current assets	6,362,085	4,817,960	5,223,576
Short-term debt	389,433	454,518	890,039
Total current liabilities	3,821,055	3,574,475	4,360,043
Long-term debt	633,163	921,164	2,054,530
Total non-current liabilities	1,210,572	1,232,537	2,374,207
Net sales	13,605,661	14,978,713	12,263,023
Cost of sales	(8,907,668)	(12,072,326)	(10,075,640)
Income before financial income (expences) and taxes	1,998,139	2,424,468	1,396,769
Financial income	211,149	339,310	349,333
Financial expenses	(319,079)	(501,573)	(740,096)
Income and social contribution taxes	(249,629)	(518,113)	(104,359)
Net income	1,372,870	1,713,009	968,064
Depreciation and amortization	(329,855)	(299,830)	(742,566)
Total comprehensive income for the year, net of tax	1,380,500	1,710,953	968,239

3.3 — Associate companies

Listed below is the interest in associate company:

Associate company	Country	Equity interests Total capital (*)		
		2023	2022	2021
Dona Francisca Energética S.A.	Brazil	51.82	51.82	51.82
Newave Energia S.A (Note 3.4)	Brazil	33.33	—	—

(*) The voting capital is substantially equal to the total capital. The interests reported represent the ownership percentage held directly and indirectly.

Although the Company owns more than 50% of Dona Francisca Energética S.A., it does not consolidate the financial statements of this associate because according to the associate by-laws it is necessary 65% of interest to control the company.

The Company presents the associate companies information in aggregate, since the investments in these entities are not individually material. The summarized financial information of the associate company, accounted for under the equity method, is presented below:

Associate company	Associate company		
	2023	2022	2021
Cash and cash equivalents	138,389	12	16
Total current assets	165,048	10,148	13,570
Total non-current assets	424,053	165,267	166,855
Total current liabilities	(122,308)	22,374	19,938
Total non-current liabilities	(7,965)	31,266	42,987
Net sales	80,312	66,163	66,796
Cost of sales	(41,022)	(32,368)	(24,676)
Income before financial income (expences) and taxes	(15,033)	32,703	40,193
Financial income	33,528	1,187	489
Financial expenses	(4,793)	(6,359)	(1,153)
Income and social contribution taxes	(2,557)	(3,009)	(2,298)
Net income	9,134	24,522	37,231
Depreciation and amortization	(10,329)	(11,646)	(5,464)
Total comprehensive income for the year, net of tax	9,134	24,522	37,231

3.4 — Acquisition of entities and Assets held for sale

a) Acquisition of joint ventures and associate company

I) On January 10, 2023, the Company converted into equity interest a convertible loan with the Brasil ao Cubo S.A. in the amount of R$141 million. On the same date, the Company also acquired some shareholdings from the original shareholders in the amount of R$37 million and, as a result of these operations, became the holder of 44.66% of the total capital of this company. Brasil ao Cubo S.A. operates in the construction of buildings, the manufacture of metallic structures, the manufacture of metal frames, the manufacture of locksmith articles, with the exception of frames, retail trade of construction materials in general and engineering services.

II) On March 15, 2023, the Company's subsidiary Gerdau Next S.A. ("Gerdau Next") and Fundo Newave Energia I Advisory Fundo de Investimento em Participações Multiestratégia ("NW Capital"), signed an agreement for the subscription of an equity interest in the share capital of Newave Energia S.A. ("Newave") by Gerdau Next and NW Capital, in the proportions of 33.33% and 66.67%, respectively. On December 31, 2023, the amount paid in by the Company is R$388 million.

III) On November 30, 2021, the Company, together with Grupo Córdova (comprised of Corcre, S.A.P.I. de C.V. and Juan Angel Córdova Creel), concluded the stages of the corporate reorganization of operations in Mexico involving its subsidiary Sidertúl, S.A. de C.V. (Sidertúl) and the joint venture Gerdau Corsa, S.A.P.I. de C.V. (Gerdau Corsa) and its subsidiary Aceros Corsa, S.A. de C.V. (Aceros Corsa). The corporate reorganization was approved by the shareholders of the companies involved, as well as by the Comisión Federal de Competencia Económica – COFECE and took effect as of December 1, 2021. The corporate reorganization of the companies Sidertúl and Aceros Corsa by Gerdau Corsa is part of the process of reorganization and simplification of the corporate structure in Mexico, with the objective of: (i) strengthening the financial structure of Gerdau Corsa, with the reduction of leverage and financial expenses; (ii) centralizing the main business activities, generating greater operational efficiency for the companies involved; and (iii) optimizing internal processes, creating synergy in activities and economies of scale by reducing administrative, operational and tax costs. Additionally, the corporate reorganization reinforces the Company's commitment to its operations in Mexico. As a result of the corporate reorganization, the Company increased its interest in Gerdau Corsa from 70% to 75%, maintaining joint control of this company with Grupo Córdova.

As a result of this corporate reorganization of operations in Mexico, the Company recognized a gain in 2021 of R$ 193,651, which is calculated as the difference between the carrying amount and the fair value of Sidertúl and R$ 193,334 for the recycling to income of the cumulative translation adjustments, which is required as the Company lost Sidertúl control, as presented in the statement of comprehensive income. The corporate reorganization resulted in the loss of control of Sidertúl and as required by IFRS Accounting Standards, the Company carried out a proportional write-off of goodwill from the North America segment in the amount of R$ 549,898, as described in Note 11, measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained. The net result of this corporate reorganization was an expense of R$ 162,913 recognized in the line of Results in operations with subsidiary and joint ventures.

(b) Assets held for sale

On January 17, 2024, the Company signed an agreement for the sale of all its equity interests of 49.85% in the joint venture Diaco S.A. (and subsidiaries) and 50.00% in the joint venture Gerdau Metaldom Corp (and subsidiaries), whose acquirer is the INICIA Group, Gerdau's partner in these companies, which were part of the Company's South America Segment and were recorded by the equity method as of December 31, 2023. The transaction took place at a base price corresponding to US$325 million (equivalent to R$1,573 million on December 31, 2023). The Company reinforces that this transaction is in line with its capital allocation strategy, focusing on the growth and competitiveness of assets with greater potential for long-term value generation. On December 31, 2023, the Company started to present the balance of these investments in joint ventures in a specific line of the balance sheet of assets held for sale, in the amount of R$1,210,041.

Subsequent event

On February 1, 2024, after compliance with the corresponding conditions precedent, the sale of the 50.00% equity interest in the joint venture Gerdau Metaldom Corp. (and subsidiaries) was concluded. On March 14, 2024, after compliance with the corresponding conditions precedent, the sale of the 49.85% in the joint venture Diaco S.A. (and subsidiaries) was concluded.

NOTE 4 — CASH AND CASH EQUIVALENTS, AND SHORT AND LONG-TERM INVESTMENTS

Cash and cash equivalents

	2023	2022
Cash	10,468	11,957
Banks and immediately available investments	2,995,177	2,463,906
Cash and cash equivalents	3,005,645	2,475,863

Immediately available investments include investments with maturity up to 90 days at the time of acquisition, immediate liquidity, and low risk of fair value variation.

Short - term investments

	2023	2022
Short-term investments	2,338,097	2,959,135

Short-term investments include Bank Deposit Certificates and marketable securities, which are stated at their fair value and held until maturity. Income generated by these investments is recorded as financial income.

NOTE 5 — TRADE ACCOUNTS RECEIVABLE

	2023	2022
Trade accounts receivable - in Brazil	2,622,865	2,641,881
Trade accounts receivable - exports from Brazil	617,577	262,306
Trade accounts receivable - outside of Brazil	1,724,838	2,187,404
(-) Impairment loss on trade receivables	(89,886)	(92,587)
	4,875,394	4,999,004

Accounts receivable by aging are as follows:

	2023	2022
Current	4,294,446	4,303,352
Past-due:		
Up to 30 days	513,384	629,018
From 31 to 60 days	48,538	50,587
From 61 to 90 days	24,027	37,065
From 91 to 180 days	50,502	24,627
From 181 to 360 days	13,251	18,934
Above 360 days	21,132	28,008
(-) Impairment on financial assets	(89,886)	(92,587)
	4,875,394	4,999,004

The changes in the impairment on financial assets are as follows:

Balance as of January 1, 2021	(137,146)
Impairment on financial assets during the year	(55,731)
Recoveries in the year	56,088
Write-offs	9,892
Loss of control of subsidiary (note 3.4)	23,203
Exchange variation	(4,078)
Balance as of December 31, 2021	(107,772)
Impairment on financial assets during the year	(29,445)
Recoveries in the year	29,364
Write-offs	11,313
Exchange variation	3,953
Balance as of December 31, 2022	(92,587)
Impairment on financial assets during the year	(37,609)
Recoveries in the year	26,719
Write-offs	9,736
Exchange variation	3,855
Balance as of December 31, 2023	(89,886)

The Company’s maximum exposure to credit risk, net of impairment on financial assets, is the amount of accounts receivable. The credit quality of accounts receivable to maturity is considered adequate, and the value of the effective risk of possible losses on accounts receivable from customers is presented as impairment on financial assets.

NOTE 6 — INVENTORIES

	2023	2022
Finished products	6,971,497	7,942,003
Work in progress	3,336,780	4,480,989
Raw materials	3,241,607	3,257,362
Storeroom supplies	1,266,465	1,349,130
Imports in transit	469,601	835,598
(-) Allowance for adjustments to net realizable value	(58,172)	(47,497)
	15,227,778	17,817,585

The allowance for adjustment to net realizable value of inventories, on which the provision and write-offs are registered with impact on cost of sales, is as follows:

Balance as of January 1, 2021	(6,119)
Provision for the year	(6,331)
Reversal of adjustments to net realizable value	9,143
Exchange rate variation	(68)
Balance as of December 31, 2021	(3,375)
Provision for the year	(56,441)
Reversal of adjustments to net realizable value	12,598
Exchange rate variation	(279)
Balance as of December 31, 2022	(47,497)
Provision for the year	(59,783)
Reversal of adjustments to net realizable value	47,747
Exchange rate variation	1,361
Balance as of December 31, 2023	(58,172)

NOTE 7 — TAX CREDITS

	2023	2022
Current		
ICMS (state VAT)	165,598	177,692
Social security financing	606,477	931,370
Financing of social integration program	132,507	189,565
IPI (federal VAT)	21,796	29,547
IVA (value-added tax)	27,311	15,886
Others	56,135	48,357
	1,009,824	1,392,417
Non-current		
ICMS (state VAT)	146,074	118,475
Social security financing*	1,452,618	321,432
Financing of social integration program* and Others	317,408	71,640
	1,916,100	511,547
	2,925,924	1,903,964

*As detailed in Note 19.V, on February 2, 2023, the subsidiaries Gerdau S.A., Gerdau Açominas S.A. and Gerdau Aços Longos S.A. were successful in a tax lawsuit, regarding the right to PIS and COFINS credits in their scrap metal acquisitions.

The estimates of realization of non-current tax credits are as follows:

	2023	2022
2024	—	327,873
2025	530,605	164,897
2026	502,110	16,551
2027	299,152	2,226
2028 on	584,233	—
	1,916,100	511,547

NOTE 8 — INCOME AND SOCIAL CONTRIBUTION TAXES

In Brazil, income taxes include federal income tax (IRPJ) and social contribution (CSLL), which represents an additional federal income tax. The statutory rates for income tax and social contribution are 25% and 9%, respectively, and are applicable for the years ended December 31, 2023, 2022 and 2021. The foreign subsidiaries of the Company are subject to taxation at rates ranging between 23% and 35%, without considering there are subsidiaries abroad with zero tax rate, which have mainly financial activities. The differences between the Brazilian tax rates and the rates of other countries are presented under “Difference in tax rates in foreign companies” in the reconciliation of income tax and social contribution below.

a) Reconciliations of income and social contribution taxes at statutory rates to amounts presented in the Statement of Income are as follows:

	2023	2022	2021
Income (loss) before income taxes	9,346,605	15,859,027	20,272,568
Statutory tax rates	34 %	34 %	34 %
Income and social contribution taxes at statutory rates	(3,177,846)	(5,392,069)	(6,892,673)
Tax adjustment with respect to:			
- Difference in tax rates in foreign companies	281,754	66,851	403,431
- Equity in earnings of unconsolidated companies	281,386	391,621	191,474
- Interest on equity (Note 2.14)	302,602	566,740	406,022
- Interests on tax lawsuits*	134,131	20,442	551,624
- Tax credits and incentives	16,634	36,779	112,521
- Deferred tax assets not recognized / Realization, net	44,000	58,402	482,497
- Other permanent differences, net	307,717	(128,241)	31,474
Income and social contribution taxes	(1,809,622)	(4,379,475)	(4,713,630)
Current	(1,810,459)	(3,709,414)	(4,306,223)
Deferred	837	(670,061)	(407,407)

* On September 24, 2021, the Federal Supreme Court finalized the judgment of Topic 962, deciding unanimously that the IR and CS levy was not due on the amounts related to interests (Selic rate) on tax lawsuits. Thus, the effects of such judgment were considered to the tax calculation applied to the interests recorded in each period.

b) Breakdown and changes in deferred income and social contribution tax assets and liabilities at statutory tax rates:

	Balance as of January 1, 2021	Recognized in income	Others	Comprehensive Income	Balance as of December 31, 2021
Tax loss carryforward	1,220,485	(556,480)	(24,312)	10,156	649,849
Social contribution tax losses	290,276	(187,814)	20,625	—	123,087
Provision for tax, civil and labor liabilities	385,463	37,256	—	33	422,752
Benefits granted to employees	392,257	(35,812)	—	(57,828)	298,617
Other temporary differences	501,114	(144,352)	—	2,312	359,074
Deferred exchange variance	1,057,541	511,763	—	7	1,569,311
Provision for losses	35,520	6,576	—	(5,832)	36,264
Fair value adjustments on businesses acquired	(550,864)	(38,544)	—	(39,213)	(628,621)
	3,331,792	(407,407)	(3,687)	(90,365)	2,830,333
Non-current assets	3,393,354				2,929,308
Non-current liabilities	(61,562)				(98,975)

	Balance as of December 31, 2021	Recognized in income	Others	Comprehensive Income	Balance as of December 31, 2022
Tax loss carryforward	649,849	17,112	41	(27,956)	639,046
Social contribution tax losses	123,087	50,492	—	—	173,579
Provision for tax, civil and labor liabilities	422,752	108,240	(5,295)	(539)	525,158
Benefits granted to employees	298,617	(88)	—	(98,756)	199,773
Other temporary differences	359,074	(191,137)	—	179,114	347,051
Deferred exchange variance	1,569,311	(735,097)	—	121	834,335
Provision for losses	36,264	7,607	—	(134)	43,737
Fair value adjustments on businesses acquired	(628,621)	72,810	(3,142)	(135,590)	(694,543)
	2,830,333	(670,061)	(8,396)	(83,740)	2,068,136
Non-current assets	2,929,308				2,164,477
Non-current liabilities	(98,975)				(96,341)

	Balance as of December 31, 2022	Recognized in income	Others	Comprehensive Income	Balance as of December 31, 2023
Tax loss carryforward	639,046	209,405	88,975	(10)	937,416
Social contribution tax losses	173,579	67,505	—	—	241,084
Provision for tax, civil and labor liabilities	525,158	55,830	—	(40)	580,948
Benefits granted to employees	199,773	(276)	—	(106,576)	92,921
Other temporary differences	347,051	56,739	—	(120,863)	282,927
Deferred exchange variance	834,335	(410,931)	—	223	423,627
Provision for losses	43,737	49,696	—	(33)	93,400
Fair value adjustments on businesses acquired	(694,543)	(27,131)	—	84,661	(637,013)
	2,068,136	837	88,975	(142,638)	2,015,310
Non-current assets	2,164,477				2,219,461
Non-current liabilities	(96,341)				(204,151)

The recoverability analysis of deferred tax balances related to tax loss carryforward and social contribution tax losses performed by the Company and approved by its Board of Directors are based on its business plans and aligned with other projections and analysis performed by the Company as, for example, the impairment of assets tests.

c) Estimated recovery and reversal of income and social contribution tax assets and liabilities are as follows:

	Assets		Liabilities	
	2023	2022	2023	2022
2023	—	622,110	—	—
2024	441,109	458,222	(90,751)	(46,976)
2025	406,774	435,473	(29,983)	(29,100)
2026	379,248	221,496	(29,219)	(7,259)
2027	273,083	212,803	(11,698)	(5,637)
2028 on	719,247	214,373	(42,500)	(7,369)
	2,219,461	2,164,477	(204,151)	(96,341)

d) Tax Assets not booked:

Due to the lack of expectation to use tax losses, negative social contribution base and deferred exchange variation arising from some operations in Brazil, the Company did not recognize a portion of tax assets of R$ 282,387 (R$ 239,989 on December 31, 2022), which do not have an expiration date. The subsidiaries abroad had R$ 569,714 (R$ 1,105,130 as of December 31, 2022) of tax credits on capital losses for which deferred tax assets have not been recognized and which expire between 2029 and 2035 and also several Unrecognized tax loss carryforwards from state credits in the United States in the amount of R$ 277,348 (R$ 334,475 as of December 31, 2022), which expire at various dates between 2024 and 2044.

NOTE 9 — INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	Investments in North America	Investments in South America	Investments in Special Steel	Others	Total
Balance as of Janurary 1, 2021	908,339	976,045	231,152	156,093	2,271,629
Equity in earnings	279,948	268,291	28,831	(13,912)	563,158
Cumulative Translation Adjustment	173,934	52,278	710	(1,415)	225,507
Capital increase	—	—	—	27,500	27,500
Capital decrease	—	(141,095)	—	—	(141,095)
Results in operations with subsidiary and joint ventures (note 3.4)	511,514	—	—	—	511,514
Dividends/Interest on equity	(2,460)	(84,186)	(9,025)	(21,767)	(117,438)
Balance as of December 31, 2021	1,871,275	1,071,333	251,668	146,499	3,340,775
Equity in earnings	884,437	277,108	9,243	(18,961)	1,151,827
Cumulative Translation Adjustment	(76,795)	(127,099)	(414)	(1,284)	(205,592)
Capital increase	—	—	—	35,001	35,001
Dividends/Interest on equity	(250,680)	(160,572)	(3,684)	(10,557)	(425,493)
Balance as of December 31, 2022	2,428,237	1,060,770	256,813	150,698	3,896,518
Equity in earnings	591,354	230,176	10,582	(4,506)	827,606
Cumulative Translation Adjustment	142,830	17,060	1,127	15,197	176,214
Capital increase*	—	—	—	524,185	524,185
Conversion of intercompany loan into equity interest	—	—	—	141,070	141,070
Negative goodwill in acquisition of equity interest	—	—	—	11,195	11,195
Presentation as Assets held for sale	—	(1,210,041)	—	—	(1,210,041)
Shares repurchase	—	(47,006)	—	—	(47,006)
Dividends/Interest on equity	(396,015)	(50,959)	—	(14,318)	(461,292)
Balance as of December 31, 2023	2,766,406	—	268,522	823,521	3,858,449

* The capital increase in associate and joint venures refers to the companies Ubiratã Tecnologia S.A. in the amount of R$9,375, Addiante S.A. in the amount of R$90,000, Newave Energia S.A. in the amount of R$388,157 and Brasil ao Cubo S.A. in the amount of R$36,653.

NOTE 10 — PROPERTY, PLANT AND EQUIPMENT

a) Summary of changes in property, plant and equipment:

Cost of the property, plant, and equipment	Land and buildings	Machines, equipment, and installations	Data electronic equipment	Property, plant and equipment under construction	Other	Total
Balances as of January 1, 2021	9,939,856	34,900,469	922,143	2,254,205	1,078,537	49,095,210
Additions	20,661	159,387	21,595	2,649,417	174,963	3,026,023
Capitalized interest	—	—	—	32,876	—	32,876
Transfers	224,789	1,125,706	48,827	(1,405,597)	6,275	—
Disposals	(41,475)	(383,593)	(2,982)	(19,462)	(87,574)	(535,086)
Loss of control of subsidiary (note 3.4)	(168,222)	(414,955)	(2,545)	(7,143)	(5,367)	(598,232)
Foreign exchange effect	245,005	1,476,437	32,978	116,633	18,088	1,889,141
Balances as of December 31, 2021	10,220,614	36,863,451	1,020,016	3,620,929	1,184,922	52,909,932
Additions	40,825	305,997	25,692	3,688,558	230,801	4,291,873
Capitalized interest	—	—	—	28,431	—	28,431
Transfers	589,875	2,821,673	23,189	(3,477,100)	42,363	—
Disposals	(114,159)	(532,931)	(10,787)	(2,685)	(69,825)	(730,387)
Foreign exchange effect	(306,940)	(819,496)	(35,477)	(143,452)	(14,103)	(1,319,468)
Balances as of December 31, 2022	10,430,215	38,638,694	1,022,633	3,714,681	1,374,158	55,180,381
Additions	93,945	211,267	15,337	5,097,397	265,551	5,683,497
Assets retirement obligation	21,310	—	—	—	—	21,310
Capitalized interest	—	—	—	54,374	—	54,374
Transfers	708,827	2,335,980	96,450	(3,238,470)	97,213	—
Disposals	(33,995)	(344,697)	(5,598)	(2,739)	(18,487)	(405,516)
Foreign exchange effect	(346,911)	(1,761,512)	(41,713)	(108,693)	(15,786)	(2,274,615)
Balances as of December 31, 2023	10,873,391	39,079,732	1,087,109	5,516,550	1,702,649	58,259,431

Accumulated depreciation	Land and buildings	Machines, equipment, and installations	Data electronic equipment	Property, plant and equipment under construction	Other	Total
Balances as of Januray 1, 2021	(5,144,539)	(25,534,221)	(857,675)	—	(305,860)	(31,842,295)
Depreciation	(383,122)	(1,468,513)	(41,973)	—	(163,803)	(2,057,411)
Transfers	6,693	(1,201)	—	—	(5,492)	—
Disposals	23,046	369,173	2,981	—	86,064	481,264
Loss of control of subsidiary (note 3.4)	84,286	332,312	2,542	—	3,462	422,602
Foreign exchange effect	(126,758)	(1,006,607)	(28,879)	—	(10,062)	(1,172,306)
Balances as of December 31, 2021	(5,540,394)	(27,309,057)	(923,004)	—	(395,691)	(34,168,146)
Depreciation	(440,471)	(1,709,643)	(41,423)	—	(83,150)	(2,274,687)
Transfers	(85)	85	—	—	—	—
Disposals	101,457	509,174	10,720	—	65,228	686,579
Foreign exchange effect	163,071	789,745	34,938	—	10,853	998,607
Balances as of December 31, 2022	(5,716,422)	(27,719,696)	(918,769)	—	(402,760)	(34,757,647)
Depreciation	(542,419)	(1,773,479)	(62,072)	—	(72,227)	(2,450,197)
Transfers	30	(143)	113	—	—	—
Disposals	17,558	307,113	5,597	—	16,736	347,004
Foreign exchange effect	172,016	1,202,584	45,872	—	61,467	1,481,939
Balances as of December 31, 2023	(6,069,237)	(27,983,621)	(929,259)	—	(396,784)	(35,378,901)
Net property, plant and equipment						
Balances as of December 31, 2021	4,680,220	9,554,394	97,012	3,620,929	789,231	18,741,786
Balances as of December 31, 2022	4,713,793	10,918,998	103,864	3,714,681	971,398	20,422,734
Balances as of December 31, 2023	4,804,154	11,096,111	157,850	5,516,550	1,305,865	22,880,530

The average rate of capitalized interest in 2023 was 13.1% (3.7% in 2022 and 3.3% in 2021).

The following useful lives are used to calculate depreciation:

	Useful lives of property, plant and equipment
Buildings	10 to 33 years
Machines, equipment, and installations	10 to 20 years
Furniture and fixture	5 to 10 years
Vehicles	3 to 5 years
Data electronic equipment	2.5 to 6 years

b) Guarantees — property, plant and equipment were not offered as collateral for loans and financing in 2023, 2022 and 2021.

c) Impairment of property, plant and equipment — As of December 31, 2023, the carrying amount of items of property, plant and equipment for which an impairment loss has been recognized up to current year is R$ 281,560 for land and buildings (R$ 316,348 as of December 31, 2022), R$ 339,236 for machines, equipment and installations (R$ 476,602 as of December 31, 2022), R$ 543,726 for Property, plant and equipment under construction (R$ 543,726 as of December 31, 2022). No impairment of property, plant and equipment was recognized in 2023 and 2022.

d) Asset additions in 2023 include a non - cash effect of R$474,369.

NOTE 11 — GOODWILL

The changes in goodwill are as follows:

	Goodwill	Accumulated impairment losses	Goodwill after Impairment losses
Balance as of January 1, 2021	22,421,588	(10,318,069)	12,103,519
(+/-) Foreign exchange effect	1,469,190	(595,284)	873,906
Results in operations with subsidiary and joint ventures (note 3.4)	(549,898)	—	(549,898)
Balance as of December 31, 2021	23,340,880	(10,913,353)	12,427,527
(+/-) Foreign exchange effect	(1,595,333)	802,270	(793,063)
Balance as of December 31, 2022	21,745,547	(10,111,083)	11,634,464
(+/-) Foreign exchange effect	(1,377,739)	568,423	(809,316)
Balance as of December 31, 2023	20,367,808	(9,542,660)	10,825,148

The amounts of goodwill by segment are as follows:

	2023	2022	2021
Brazil	373,135	373,135	373,135
Special Steel	3,566,989	3,844,314	4,111,619
North America	6,885,024	7,417,015	7,942,773
	10,825,148	11,634,464	12,427,527

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NOTE 12 — INTANGIBLE ASSETS

Intangible assets refer, substantially, to the development of software with application in business management:

Balance as of January 1, 2021	622,578
Foreign exchange effect	30,889
Acquisition	166,310
Amortization	(310,017)
Balance as of December 31, 2021	509,760
Foreign exchange effect	(18,839)
Acquisition	189,382
Amortization	(265,144)
Balance as of December 31, 2022	415,159
Foreign exchange effect	(1,153)
Acquisition	127,195
Disposals	(1,336)
Amortization	(166,155)
Balance as of December 31, 2023	373,710
Estimated useful lives	up to 7 years

NOTE 13 — LEASING

a) Summary of changes in the leasing assets:

Right-of-use Cost	Land and buildings	Machines, equipment, and installations	Data electronic equipment	Others	Total
Balances as of January 1, 2021	301,940	738,330	120,476	120,944	1,281,690
Additions	48,504	135,652	291	36,599	221,046
Disposals	(5,621)	(109,947)	(151)	(22,066)	(137,785)
Remeasurements	40,024	55,866	6,456	4,045	106,391
Results in operations with subsidiary and joint ventures (note 3.4)	—	(2,894)	(302)	—	(3,196)
Foreign exchange effect	8,152	13,828	111	8,599	30,690
Balances as of December 31, 2021	392,999	830,835	126,881	148,121	1,498,836
Additions	157,577	80,759	—	87,279	325,615
Disposals	(4,339)	(89,751)	—	(832)	(94,922)
Remeasurements	33,801	112,946	6,716	6,578	160,041
Foreign exchange effect	(17,851)	(25,080)	(113)	(21,851)	(64,895)
Balances as of December 31, 2022	562,187	909,709	133,484	219,295	1,824,675
Additions	45,736	580,722	—	51,738	678,196
Disposals	(7,134)	(241,191)	(589)	(7,962)	(256,876)
Remeasurements	26,615	11,357	—	10,102	48,074
Foreign exchange effect	(28,128)	(54,981)	(98)	(12,947)	(96,154)
Balances as of December 31, 2023	599,276	1,205,616	132,797	260,226	2,197,915

Accumulated depreciation	Land and buildings	Machines, equipment, and installations	Data electronic equipment	Others	Total
Balances as of January 1, 2021	(97,619)	(284,656)	(30,925)	(53,179)	(466,379)
Depreciation	(59,284)	(186,300)	(13,800)	(31,750)	(291,134)
Disposals	3,668	108,532	97	21,334	133,631
Results in operations with subsidiary and joint ventures (note 3.4)	—	1,860	230	—	2,090
Foreign exchange effect	(3,574)	(7,889)	(45)	(3,792)	(15,300)
Balances as of December 31, 2021	(156,809)	(368,453)	(44,443)	(67,387)	(637,092)
Depreciation	(77,668)	(201,777)	(12,849)	(34,574)	(326,868)
Disposals	4,277	86,298	—	568	91,143
Foreign exchange effect	3,785	1,583	28	3,622	9,018
Balances as of December 31, 2022	(226,415)	(482,349)	(57,264)	(97,771)	(863,799)
Depreciation	(77,771)	(300,200)	(12,893)	(39,996)	(430,860)
Disposals	8,475	239,196	519	5,629	253,819
Foreign exchange effect	7,564	15,278	76	2,661	25,579
Balances as of December 31, 2023	(288,147)	(528,075)	(69,562)	(129,477)	(1,015,261)
Right-of-use Assets					
Balances as of December 31, 2021	236,190	462,382	82,438	80,734	861,744
Balances as of December 31, 2022	335,772	427,360	76,220	121,524	960,876
Balances as of December 31, 2023	311,129	677,541	63,235	130,749	1,182,654

b) Leasing payable:

Lease payments are presented within financing activities in the consolidated statements of cash flows.

The liabilities presented in the Balance Sheet are adjusted to present value, based on risk-free interest rates observed in each country where the Company has operations, adjusted by the Company's credit spread, where on December 31, 2023 the discount rates were between 3.5% p.a. to 12.3% p.a. (3.5% p.a. to 13.4% p.a. in December 31, 2022), varying according to the country and duration of the lease.

The payment schedules of leasing are as follows:

	2023	2022
2023	—	275,934
2024	373,151	195,137
2025	336,033	162,315
2026	207,496	114,801
2027	138,995	282,456
2028 on	221,927	—
	1,277,602	1,030,643
Leasing payable		
Current	373,151	275,934
Non-current	904,451	754,709
Financial expense for the years ended on December 31, 2023 and 2022	127,787	88,370

NOTE 14 – TRADE ACCOUNTS PAYABLE (domestic market, debtor risk and imports)

	2023	2022
Trade accounts payable - domestic market	4,120,701	4,241,819
Trade accounts payable - debtor risk	584,320	653,085
Trade accounts payable - imports	1,196,162	1,724,019
	5,901,183	6,618,923

Under "Trade Accounts Payable - Domestic Market", the Company presents balances payable arising from the acquisition of goods and services in the domestic markets of each of the countries where the Company and its subsidiaries operate.

The Company has contracts with financial institutions in order to allow its suppliers to anticipate their receivables through an operation called "Trade Accounts Payable – Debtor Risk". In this operation, suppliers can transfer, at their discretion, the right to receive the securities to a financial institution, which, in turn, becomes the holder of the rights of the suppliers' receivables. The average discount rate on risk transactions carried out by our suppliers with financial institutions in Brazil and with subsidiaries in the United States was based on market conditions. The transfer of the right to receive the Company's securities, at the supplier's discretion, does not change the payment term, nor does it imply the payment of interest by the Company, as the financial cost of such transfer is the responsibility of the supplier.

The balances presented as "Trade Accounts Payable - Imports" substantially refer to the purchase of coal and other raw materials abroad, where in commercial transactions the supplier may require the issuance of a letter of credit or similar risk mitigation instrument to ship the products. On December 31, 2023, contracts negotiated via letter of credit had a payment term of up to 180 days and rates that also varied, depending on market conditions.

The Company permanently monitors the composition of the portfolio and the conditions established with suppliers, which have not undergone significant changes in relation to what had been practiced historically.

NOTE 15 – SHORT-TERM DEBT AND LONG-TERM DEBT

Loans and financing are as follows:

	2023	2022
Ten/Thirty Year Bonds	7,051,637	8,514,787
Other loans	3,028,038	2,664,830
Total Loans and Financing	10,079,675	11,179,617
Current	1,783,201	2,492,262
Non-current	8,296,474	8,687,355
Principal amount of loans and Financing	9,903,534	11,029,354
Interest accrued of loans and Financing	176,141	150,263
Total	10,079,675	11,179,617

As of December 31, 2023, the nominal weighted average cost of debts denominated in US dollars is 5.68% p.a. (5.31% p.a. on December 31, 2022), for debts denominated in Real of 104.9% of the CDI p.a. (102.88% of the CDI p.a. on December 31, 2022) and for other currencies 6.49% p.a. (7.42% p.a. on December 31, 2022).

Loans and financing denominated in Brazilian reais are indexed to fixed rates or CDI (Interbank Deposit Certificate).

Summary of loans and financing by currency:

	2023	2022
Brazilian Real (BRL)	2,667,065	1,273,180
U.S. Dollar (USD)	7,169,183	9,581,266
Other currencies	243,427	325,171
	10,079,675	11,179,617

The amortization schedules of long-term loans and financing are as follows:

	2023	2022
2024	—	809,098
2025	1,156,718	410,840
2026	168,374	10,410
2027	2,001,442	2,236,582
2028 on	4,969,940	5,220,425
	8,296,474	8,687,355

a) Credit Lines

In September 2022, the Company completed the renewal of the Global Credit Line in the total amount of US$ 875 million (equivalent to R$ 4,236 million as of December 31, 2023) with maturity in September 2027. The transaction aims to provide liquidity to operations in North America and Latin America, including Brazil. The companies Gerdau S.A., Gerdau Açominas S.A. and Gerdau Aços Longos S.A. provide guarantee for this transaction. As of December 31, 2023, no amount of this credit line was used.

The Company and its subsidiaries are not subject to default clauses (covenants) linked to financial ratios. Non-financial performance clauses have been complied with.

b) Main debt funding and amortization

In May 2023, the subsidiaries Gerdau Açominas S.A. and Gerdau Aços Longo S.A. got loans with top-tier financial institutions, in the amount of R$ 750 million and maturing in 2 years.

In September 2023, Gerdau S.A. and the subsidiaries Gerdau Açominas S.A. and Gerdau Aços Longos S.A. raised debt from top-tier financial institutions, in the amount of R$ 600.5 million with a maturity period of up to 3 years. This funding was carried out in conjunction with a protective derivative financial instrument, with the objective of represent, in the set of two operations, a cost indexed to the CDI.

Regarding debt amortizations in the year, the subsidiary Gerdau Trade Inc. made the total payment of its Bonds that matured in April/23 in the amount of US$ 188.3 million (equivalent to R$ 931.1 million on the settlement date).

NOTE 16 — DEBENTURES

	General	Quantity as of December 31, 2023				
Issuance	Meeting	Issued	Held in treasury	Maturity	2023	2022
14th	August 26, 2014	20,000	20,000	August 30, 2024	—	—
16th - A	April 25, 2019	—		May 6, 2023	—	612,159
16th - B	April 25, 2019	800,000		May 6, 2026	813,633	815,614
Total Consolidated					813,633	1,427,773
Current					14,421	628,886
Non-current					799,212	798,887

The amortization schedules of long-term are as follows:

	2023	2022
2026	799,212	798,887
	799,212	798,887

The debentures are denominated in Brazilian Reais, nonconvertible, and pay variable interest as a percentage of the CDI – Interbank Deposit Certificate.

The average interest rate was 13.21% for the year ended on December 31, 2023 (12.50% for the year ended on December 31, 2022).

In May 2023, the Company settled the amount of R$ 600 million related to the 16th - A issuance of debentures, according to the maturity schedule of the operation.

NOTE 17 — FINANCIAL INSTRUMENTS

a) General considerations - Gerdau S.A. and its subsidiaries enter into transactions with financial instruments whose risks are managed through market strategies discussed and shared with senior management and in accordance with internal guidelines and control systems for exposure limits to them. All financial instruments are recorded in the accounting books and presented as short-term investments, trade accounts receivable - net, fair value of derivatives, other current assets, other non - current assets, trade accounts payable – domestic market, trade accounts payable – debtor risk, trade accounts payable - imports, loans and financing, debentures, related parties, other current liabilities and other non-current liabilities.

The Company has derivatives and non-derivative instruments, such as the hedge for some operations under hedge accounting. These operations are intended to protect the Company against exchange rate fluctuations on foreign currency loans, interest rate and commodity prices fluctuations. These transactions are carried out considering direct active or passive exposures, without leverage.

b) Fair Value — the Fair Value of the financial instruments is as follows:

	2023		2022	
	Book value	Fair value	Book value	Fair value
Assets				
Short-term investments	2,338,097	2,338,097	2,959,135	2,959,135
Trade accounts receivable - net	4,875,394	4,875,394	4,999,004	4,999,004
Fair value of derivatives	766	766	3,272	3,272
Other current assets	543,288	543,288	789,901	789,901
Other non-current assets	355,390	355,390	700,377	700,377
Liabilities				
Trade accounts payable - domestic market	4,120,701	4,120,701	4,241,819	4,241,819
Trade accounts payable - debtor risk	584,320	584,320	653,085	653,085
Trade accounts payable - imports	1,196,162	1,196,162	1,724,019	1,724,019
Loans and Financing	10,079,675	10,161,103	11,179,617	11,267,779
Debentures	813,633	812,413	1,427,773	1,421,187
Related parties	24,992	24,992	24,890	24,890
Fair value of derivatives	20,648	20,648	19,056	19,056
Other current liabilities	1,192,461	1,192,461	1,216,206	1,216,206
Other non-current liabilities	859,917	859,917	533,681	533,681

The fair values of Loans and Financing and Debentures are based on market premises, which may take into consideration discounted cash flows using equivalent market rates and credit rating. All other financial instruments, which are recognized in the Consolidated Financial Statements at their carrying amount, are substantially similar to those that would be obtained if they were traded in the market. However, because there is no active market for these instruments, differences could exist if they were settled in advance. The fair value hierarchy of the financial instruments above are presented in Note 17.g.

c) Risk factors that could affect the Company’s and its subsidiaries’ businesses:

Price risk of commodities: this risk is related to the possibility of changes in prices of the products sold by the Company or in prices of raw materials and other inputs used in the productive process. Since the Company operates in a commodity market, net sales and cost of sales may be affected by changes in the international prices of their products or materials. In order to minimize this risk, the Company constantly monitors the price variations in the domestic and international markets. Furthermore, the Company may contract derivatives in order to reduce this risk.

Interest rate risk: this risk arises from the effects of fluctuations in interest rates applied to the Company’s financial liabilities or assets and future cash flows and income. The Company evaluates its exposure to these risks: (i) comparing financial assets and liabilities denominated at fixed and floating interest rates and (ii) monitoring the variations of interest rates like Secured Overnight Financing Rate (SOFR) and CDI. Accordingly, the Company may enter into interest rate swaps in order to reduce this risk.

Exchange rate risk: this risk is related to the possibility of fluctuations in exchange rates affecting the amounts of financial assets or liabilities or of future cash flows and income. The Company assesses its exposure to the exchange rate by measuring the difference between the amount of its assets and liabilities in foreign currency. The Company understands that the accounts receivables originated from exports, its cash and cash equivalents denominated in foreign currencies and its investments abroad are more than equivalent to its liabilities denominated in foreign currency. Since the management of these exposures occurs at each operation level, if there is a mismatch between assets and liabilities denominated in foreign currency, the Company may contract derivative financial instruments in order to mitigate the effect of exchange rate fluctuations.

Credit risk: this risk arises from the possibility of the Company not receiving amounts arising from sales to customers or investments made with financial institutions. In order to minimize this risk, the Company adopt the procedure of analyzing in details of the financial position of their customers, establishing a credit limit and constantly monitoring their balances. Regarding financial investments, the Company only carries out transactions with first-rate institutions and with low credit risk, as assessed by rating agencies and risk mitigation parameters defined in the Company's internal guidelines.

Capital management risk: this risk comes from the Company's choice in adopting a financing structure for its operations. The Company manages its capital structure, which consists of a ratio between the financial debts and its own capital (Net Equity) based on internal policies and benchmarks. The Key Performance Indicators (KPI) related to the "Capital Structure Management" objective are: WACC (Weighted Average Cost of Capital), Net Debt/EBITDA (Earnings before interest, income tax, depreciation and amortization), Coverage Ratio of Net Financial Expenses (EBITDA/Net Financial Expenses) and Debt/Total Capitalization Ratio. Net Debt is formed by the principal of the debt reduced by cash, cash equivalents and short-term investments (notes 4, 15 and 16). Total Capitalization is formed by the Total Debt (composed of the principal of the debt) and the Net Equity (Note 23). The Company may change its capital structure, according to economic and financial conditions, in order to optimize its financial leverage and debt management. At the same time, the Company seeks to improve its ROCE (Return on Capital Employed) through the implementation of working capital management and an efficient program of investments in property, plant and equipment. In the long term, the Company seeks to remain within the parameters below, admitting occasional variations in the short term:

Net debt/EBITDA	Less or equal to 1.5 times
Gross debt limit	R$ 12 billion
Average maturity	more than 6 years

These key indicators are used to monitor the objectives described above and may not be used as indicators for other purposes, such as impairment test.

Liquidity risk: The Company's management policy of indebtedness and cash on hand is based on using the committed lines and the currently available credit lines with or without a guarantee in export receivables for maintaining adequate levels of short, medium, and long-term liquidity. The maturity of long-term loans and financing, and debentures are presented in Notes 15 and 16, respectively.

	2023				
Contractual obligations	**Total**	**Less than 1 year**	**1-3 years**	**4-5 years**	**More than 5 years**
Trade accounts payable - domestic market	4,120,701	4,120,701	—	—	—
Trade accounts payable - debtor risk	584,320	584,320	—	—	—
Trade accounts payable - import	1,196,162	1,196,162	—	—	—
Loans and financing	15,355,211	1,783,201	2,327,202	3,038,617	8,206,191
Debentures	1,055,196	14,421	199,915	840,860	—
Related parties	24,992	24,992	—	—	—
Fair value of derivatives	20,648	19,042	1,606	—	—
Other current liabilities	1,192,461	1,192,461	—	—	—
Other non-current liabilities	859,917	—	59,029	—	800,888
	24,409,608	**8,935,300**	**2,587,752**	**3,879,477**	**9,007,079**

Contractual obligations	Total	Less than 1 year	1-3 years	4-5 years	More than 5 years
			2022		
Trade accounts payable - domestic market	4,241,819	4,241,819	—	—	—
Trade accounts payable - debtor risk	653,085	653,085	—	—	—
Trade accounts payable - import	1,724,019	1,724,019	—	—	—
Loans and financing	17,262,024	2,492,262	1,987,699	1,369,784	11,412,279
Debentures	1,863,925	628,886	270,236	964,803	—
Related parties	24,890	24,890	—	—	—
Fair value of derivatives	19,056	19,056	—	—	—
Other current liabilities	1,216,206	1,216,206	—	—	—
Other non-current liabilities	533,681	—	45,431	—	488,250
	27,538,705	**11,000,223**	**2,303,366**	**2,334,587**	**11,900,529**

Sensitivity analysis:

The Company performed a sensitivity analysis, which can be summarized as follows:

Impacts on Statements of Income

Assumptions	Percentage of change	2023	2022
Foreign currency sensitivity analysis - Loans and financing	5%	10,197	(40,693)
Foreign currency sensitivity analysis - Imports/Exports	5%	(28,929)	(73,085)
Interest rate sensitivity analysis	10 bps	29,939	32,377
Sensitivity analysis of changes in prices of products sold	1%	689,164	824,122
Sensitivity analysis of changes in raw material and commodity prices	1%	425,232	486,066
Currency forward contracts	5%	(8,311)	9,507
Commodity contracts	5%	(2,850)	2,899
Swaps USD x DI	5%	7,604	—
Swaps IPCA x DI	5%	(152)	—

Foreign currency sensitivity analysis: As of December 31, 2023, the Company is mainly exposed to variations between the Real and the Dollar. The sensitivity analysis carried out by the Company considers the effects of a 5% increase or decrease between the Real and the Dollar in its non-hedged debts, trade accounts receivable - exports from Brazil and trade accounts payable – imports. Variations between the local currencies of other countries and the Dollar do not represent material exposures. In this analysis, if the Real appreciates against the Dollar, this would represent a gain of R$ 10,197 (expense of R$ 40,693 as of December 31, 2022). If the Real depreciates against the Dollar, this would represent an expense of the same amount. As for foreign currency variations in Imports/Exports, if the Real appreciates against the Dollar, this would represent an expense of R$28,929 (expense of R$73,085 on December 31, 2022), if the Real depreciates against the Dollar, this would represent a gain of the same value.

The net values of other assets and other liabilities in foreign currencies do not present significant risks of impacts due to fluctuations in the exchange rate.

Interest rate sensitivity analysis: The interest rate sensitivity analysis made by the Company considers the effects of an increase or reduction of 10 basis point (bps) on the average interest rate applicable to the floating part of its debt. The calculated impact, considering this variation in the interest rate totals R$ 29,939 as of December 31, 2023 (R$ 32,377 as of December 31, 2022) and would impact the Financial expenses account in the Consolidated Statements of Income. The specific interest rates to which the Company is exposed are related to the loans, financing, and debentures presented in Notes 15 and 16, and are mainly comprised by SOFR and CDI — Interbank Deposit Certificate.

Sensitivity analysis of changes in sales price of products and price of raw materials and other inputs used in production: The Company is exposed to changes in the price of its products. This exposure is associated with the fluctuation of the sales price of the Company's products and the price of raw materials and other inputs used in the production process, mainly for operating in a commodity market. The sensitivity analysis made by the Company considers the effects of an increase or of a reduction of 1% on both prices. The impact measured considering this variation in the price of products sold, considering the revenues and costs for the year ended on December 31, 2023, totals R$ 689,164 (R$ 824,122 as of December 31, 2022) and the variation in the price of raw materials and other inputs totals R$ 425,232 as of December 31, 2023 (R$ 486,066 as of December 31, 2022). The impact in the price of products sold and raw materials would be recorded in the accounts Net Sales and Cost of Sales, respectively, in the Consolidated Statements of Income. The Company does not expect to be more vulnerable to a change in one or more specific product or raw material.

Sensitivity analysis of currency forward contracts: the Company has exposure to dollar forward contracts for some of its assets and liabilities. The sensitivity analysis carried out by the Company considers the effects of a 5% increase or decrease in the Dollar against the Argentinian Peso, and its effects on the mark to market of these derivatives. A 5% increase in the Dollar against the Argentinian Peso represents an expense of R$ 8,311 as of December 31,2023 (income of R$ 9,507 as of December 31, 2022) and a 5% decrease in the Dollar against the Argentinian Peso represents a gain in the same amount in December 31, 2023 and an expense in the same amount in December 31, 2022. Forward contracts in Dollar/Argentinian Peso were intended to cover asset and liability positions in Dollars and the effects of the mark to market of these contracts were recorded in the Consolidated Statement of Income. On December 31, 2023 and December 31, 2022 there was no open position of forward contracts for currencies in Reais against the Dollar. Dollar forward contracts to which the Company is exposed are presented in note 17.e.

Sensitivity analysis of commodity forward contracts: the Company has exposure to Commodity forward contracts (coal, natural gas and nickel) for some of its liabilities. The sensitivity analysis carried out by the Company considers the effects of a 5% increase or decrease in the price of the commodity, and its effects on the mark to market of these derivatives. A 5% increase in the price of the commodity represents an expense of R$ 2,850 as of December 31, 2023 (income of R$ 2,899 as of December 31, 2022), and a 5% decrease in the price of the commodity represents an income in 2023 and an expense in 2022 in the same amount. Coal, nickel and natural gas forward contracts were intended to cover liability positions and the mark to market effects of these contracts were recorded in the Consolidated Statement of Income. Commodity forward contracts to which the Company is exposed are presented in Note 17.e.

Sensitivity analysis of USD x DI swaps: the Company has USD x DI swaps to protect some of its Loans and financing. The sensitivity analysis carried out by the Company considers the impact on the MTM of a 5% increase in the Dollar against Real for all vertices of the respective operations. This variation would represent an income of R$7,604 (R$0 as of December 31, 2022). These effects would be recognized in the Consolidated Income Statement. The USD x DI swaps that the Company is exposed to are presented in Note 17.e.

Sensitivity analysis of IPCA x DI swaps: the Company has IPCA x DI swaps to protect some of its loans and financing. The sensitivity analysis carried out by the Company considers the impact on MTM of a 5% increase in the real yield curve for all vertices of the respective operations. This variation would represent an expense of R$152 (R$0 as of December 31, 2022). These effects would be recognized in the Consolidated Income Statement. The IPCA x DI swaps to which the Company is exposed to are presented in Note 17.e.

d) Financial Instruments per Category

Summary of the financial instruments per category:

2023 **Assets**	**Financial asset at amortized cost**	**Financial asset at fair value through profit or loss**	**Total**
Short-term investments	—	2,338,097	2,338,097
Trade accounts receivable - net	4,875,394	—	4,875,394
Fair value of derivatives	—	766	766
Other current assets	529,629	13,659	543,288
Other non-current assets	353,370	2,020	355,390
Total	5,758,393	2,354,542	8,112,935
Financial income (expenses)	550,407	584,255	1,134,662

2023 Liabilities	Financial liability at fair value through profit or loss	Financial liability at amortized cost	Total
Trade accounts payable - domestic market	—	4,120,701	4,120,701
Trade accounts payable - debtor risk	—	584,320	584,320
Trade accounts payable - import	—	1,196,162	1,196,162
Loans and financing	—	10,079,675	10,079,675
Debentures	—	813,633	813,633
Related parties	—	24,992	24,992
Fair value of derivatives	20,648	—	20,648
Other current assets	—	1,192,461	1,192,461
Other non-current assets	—	859,917	859,917
Total	20,648	18,871,861	18,892,509
Financial income (expenses)	(54,874)	(2,185,910)	(2,240,784)

2022 Assets	Financial asset at amortized cost	Financial asset at fair value through proft or loss	Total
Short-term investments	—	2,959,135	2,959,135
Trade accounts receivable - net	4,999,004	—	4,999,004
Fair value of derivatives	—	3,272	3,272
Other current assets	789,901	—	789,901
Other non-current assets	559,389	140,988	700,377
Total	6,348,294	3,103,395	9,451,689
Financial income (expenses)	318,105	475,910	794,015

2022 Liabilities	Financial liability at fair value through profit or loss	Financial liability at amortized cost	Total
Trade accounts payable - domestic market	—	4,241,819	4,241,819
Trade accounts payable - drawn risk	—	653,085	653,085
Trade accounts payable - import	—	1,724,019	1,724,019
Loans and financing	—	11,179,617	11,179,617
Debentures	—	1,427,773	1,427,773
Related parties	—	24,890	24,890
Fair value of derivatives	19,056	—	19,056
Other current liabilities	—	1,216,206	1,216,206
Other non-current liabilities	—	533,681	533,681
Total	19,056	21,001,090	21,020,146
Financial income (expenses)	(44,386)	(2,642,055)	(2,686,441)

e) Operations with derivative financial instruments

Risk management objectives and strategies: In order to execute its strategy of sustainable growth, the Company implements risk management strategies in order to mitigate market risks.

The objective of derivative transactions is always related to mitigating market risks as stated in our policies and guidelines. All derivative instruments in force are monthly reviewed by the Financial Risk Committee, which validates the fair value of such instruments. All gains and losses on derivative instruments are recognized at their fair value in the Company’s consolidated financial statements in the line of Gains (Losses) on financial instruments, net.

Policy for use of derivatives: The Company is exposed to various market risks, including changes in exchange rates, commodities prices and interest rates. The Company uses derivatives and other financial instruments to reduce the impact of such risks on the fair value of its assets and liabilities or in future cash flows and income. The Company has established policies to evaluate the market risks and to approve the use of derivative transactions related to these risks. The Company enters into derivative financial instruments solely to manage the market risks mentioned above and never for speculative purposes. Derivative financial instruments are used only when they have a related position (asset or liability exposure) resulting from business operations, investments and financing.

Policy for determining fair value: the fair value of derivative financial instruments is determined using models and other valuation techniques, including future prices and market curves.

Derivative transactions may include: interest rate and/or currency swaps, currency futures contracts and currency options contracts.

Currency forward contracts: The Company may contract forward contract operations, through which it receives/pays a fixed dollar amount and receives/pays a fixed Real/Argentinian peso amount. Counterparties are always top - tier financial institutions with low credit risk.

Swap Contracts: The Company may contract a swap contract operation, through which it exchanges interest rate indices or local and/or foreign currency. Counterparties are always top - tier financial institutions with low credit risk.

The derivatives instruments can be summarized and categorized as follows:

		Notional value		Amount receivable		Amount payable	
Contracts	**Position**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Currency forward contracts							
Maturity in 2024	buyed in US$	US$ 34.2 million	US$ 30.9 million	—	—	17,337	17,950
Commodity contracts							
Maturity in 2024	buyed in US$	US$ 12.1 million	US$ 2.4 million	32	3,272	1,349	1,106
Swaps IPCA x DI							
Maturity in 2024	99.2% of CDI	R$ 450.0 million	—	734	—	356	—
Swaps USD x DI							
Maturity in 2026	107.9% of CDI	US$ 30.6 million	—	—	—	1,606	—
Total fair value of financial instruments				766	3,272	20,648	19,056

Fair value of derivatives	**2023**	**2022**
Current assets	766	3,272
	766	3,272
Fair value of derivatives		
Current liabilities	19,042	19,056
Non-current liabilities	1,606	—
	20,648	19,056

	2023	**2022**
Net Income		
Gains on financial instruments	39,895	83,465
Losses on financial instruments	(54,874)	(44,386)
	(14,979)	39,079
Other comprehensive income		
Gains on financial instruments	783	—
Losses on financial instruments	—	(607)
	783	(607)

f) Net investment hedge

The Company designated as hedge of part of its net investments in subsidiaries abroad the operations of Ten Years Bonds. Consequently, the effect of exchange rate changes on these debts on the amount of US$ 0.4 billion (equivalent to R$2.1 billion on December 31, 2023) (designated as a hedge) has been recognized in the Statement of Comprehensive Income.

The Company demonstrated effectiveness of the hedge as of its designation dates and demonstrated the high effectiveness of the hedge from the contracting of each debt for the acquisition of these companies abroad, whose effects were measured and recognized directly in the Statement of Comprehensive Income as an unrealized gain, net of taxes, in the amount R$ 247,924 for the year ended on December 31, 2023 (gain of R$ 488,146 for the year ended on December 31, 2022).

The objective of the hedge is to protect, during the existence of the debt, the amount of part of the Company's investment in the subsidiaries abroad mentioned above against positive and negative changes in the exchange rate. This objective is consistent with the Company's risk management strategy. Prospective and retrospective tests demonstrated the effectiveness of these instruments.

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g) Measurement of fair value:

IFRS Accounting Standards defines fair value as the price that would be received for the sale of an asset or that would be paid for the transfer of a liability in an arm's length transaction between market participants on the measurement date. The standard also establishes the classification by price quoted in an active market for an identical asset or liability or when it is based on a valuation technique that uses only observable market data.

As detailed in Note 17.d, on December 31, 2023 and December 31, 2022, the Company maintained certain assets classified as Financial asset at fair value through profit or loss and liabilities classified as Financial Liability at fair value through profit or loss, whose fair value measurement is required on a recurring basis.

The Company's financial assets and liabilities, measured at fair value on a recurring basis, are measured by a valuation technique that uses only observable market data.

h) Changes in liabilities from Cash flow from financing activities:

The Company has summarized below the changes in the liabilities of cash flow from financing activities, from its Statement of Cash Flows:

		Cash transactions		Non cash transactions		
	Balances as of January 1, 2021	Proceeds/(Repayment) from financing activities	Interest paid on loans and financing	Interest expense on loans and Interest on loans with related parties	Exchange variation and others	Balances as of December 31, 2021
Related parties	(111,499)	139,556	—	(6,089)	2	21,970
Leasing payable	856,474	(275,944)	(68,699)	68,699	337,835	918,365
Debt, Debentures and Losses/Gains on financial instruments - Derivative instruments	17,516,322	(4,506,918)	(1,100,826)	1,059,841	1,068,028	14,036,447

		Cash transactions		Non cash transactions		
	Balances as of December 31, 2021	Proceeds/(Repayment) from financing activities	Interest paid on loans and financing	Interest expense on loans and Interest on loans with related parties	Exchange variation and others	Balances as of December 31, 2022
Related parties	21,970	2,721	—	199	—	24,890
Leasing payable	918,365	(310,226)	(88,370)	88,370	422,504	1,030,643
Debt, Debentures and Losses/Gains on financial instruments - Derivative instruments	14,036,447	(937,815)	(968,851)	964,607	(471,214)	12,623,174

		Cash transactions		Non cash transactions		
	Balances as of December 31, 2022	Proceeds/(Repayment) from financing activities	Interest paid on loans and financing	Interest expense on loans and Interest on loans with related parties	Exchange variation and others	Balances as of December 31, 2023
Related parties	24,890	102	—	—	—	24,992
Leasing payable	1,030,643	(388,202)	(127,787)	127,787	635,161	1,277,602
Debt, Debentures and Losses/Gains on financial instruments - Derivative instruments	12,623,174	(1,054,000)	(858,301)	840,069	(637,752)	10,913,190

NOTE 18 — TAXES PAYABLE

	2023	2022
Payroll charges	98,125	95,432
ICMS (state VAT)	73,281	77,766
COFINS (tax on revenue)	9,361	8,850
IPI (federal VAT)	17,804	24,438
IVA (value-added tax) and others	314,364	188,726
	512,935	395,212

NOTE 19 — TAX, CIVIL AND LABOR CLAIMS AND CONTINGENT ASSETS

The Company and its subsidiaries are party in judicial and administrative proceedings involving tax, civil and labor matters. Based on the opinion of its legal advisors, Management believes that the provisions recorded for these judicial and administrative proceedings is sufficient to cover probable and reasonably estimable losses from unfavorable court decisions and that the final decisions will not have significant effects on the financial position, operational results and liquidity of the Company and its subsidiaries.

For claims whose expected loss is considered probable, the provisions have been recorded considering the judgment of the Management of the Company with the assistance of its legal advisors and the provisions are considered enough to cover expected probable losses. The provisions balances are as follows:

I) Provisions

	2023	2022
a) Tax provisions	1,737,984	1,530,040
b) Labor provisions	413,179	463,452
c) Civil provisions	34,662	32,511
	2,185,825	2,026,003

a) Tax Provisions

Tax provisions refer mainly to discussions related to ICMS, IPI, Income tax and social contribution, social security contributions, offsetting of PIS and COFINS credits and incidence of PIS and COFINS on other revenues.

b) Labor Provisions

The Company is party to a group of individual and collective labor and/or administrative lawsuits involving various labor amounts and the provision arises from unfavorable decisions and/or the probability of loss in the ordinary course of proceedings with the expectation of outflow of financial resources by the Company.

c) Civil Provisions

The Company is party to a group of civil, arbitration and/or administrative lawsuits involving various claims and the provision arises from unfavorable decisions and/or probable losses in the ordinary course of proceedings with the expectation of outflow of financial resources for the Company.

The changes in the tax, civil and labor provisions are shown below:

	2023	2022	2021
Balance at the beginning of the year	2,026,003	1,741,026	1,172,511
(+) Additions	208,219	385,662	801,412
(+) Interests	157,227	194,170	42,435
(-) Payments and reversal of accrued amounts	(205,202)	(293,536)	(276,251)
(+) Foreign exchange effect on provisions in foreign currency	(422)	(1,319)	919
Balance at the end of the year	2,185,825	2,026,003	1,741,026

II) Contingent liabilities for which provisions were not recorded as of December 31,2023

Considering the opinion of legal advisors and management's assessment, contingencies listed below have the probability of loss considered as possible (but not likely) and due to this classification, accruals have not been made in accordance with IFRS Accounting Standards.

a) Tax contingencies

a.1) The Company and its subsidiaries Gerdau Aços Longos S.A. and Gerdau Açominas S.A. have lawsuits related to the ICMS (state VAT) which are mostly related to credit rights and rate differences, whose demands totaled R$ 603,926 (R$ 559,076 as of December 31, 2022).

a.2) The Company and certain of its subsidiaries in Brazil are parties to claims related to: (i) Imposto sobre Produtos Industrializados - IPI, substantially related to IPI credit on inputs, whose demands total the updated amount of R$ 465,843 (R$434,095 as of December 31,2022);(ii) PIS and COFINS, substantially related to disallowance of credits on inputs totaling R$ 1,991,993 (R$ 1,646,717 as of December 31, 2022), (iii) social security contributions in the total of R$ 145,786 (R$ 139,219 as of December 31, 2022) and (iv) other taxes, whose updated total amount is currently R$ 641,405 (R$ 732,283 as of December 31, 2022).

a.3) The Company and its subsidiary Gerdau Aços Longos S.A. are parties to administrative proceedings related to Withholding Income Tax, levied on interest remitted abroad, linked to export financing formalized through "Prepayment of Exports Agreements "(PPE) or" Advance Export Receipt "(RAE), in the updated amount of R$ 1,533,806 (R$ 1,719,027 as of December 31, 2022), of which: (i) R$ 824,113 (R$ 1,069,274 as of December 31, 2022) correspond to five lawsuits of the subsidiary Gerdau Aços Longos S.A. that are processed in the administrative sphere where, currently, four lawsuits are at the first instance of the Administrative Board of Tax Appeals (CARF) awaiting the judgment of the Voluntary Appeals filed by the Company and one lawsuit that is in the Superior Chamber of Tax Appeals (CSRF) of CARF, for judgment of the Special Appeal filed by the Company; and (ii) R$ 709,693 (R$ 649,753 as of December 31, 2022) correspond to three lawsuits of subsidiary Gerdau S.A., of which two processes are in the Superior Chamber of Tax Appeals (CSRF) of CARF, for judgment of Special Resources and Appeal filed, and one lawsuit that is currently at the Administrative Board of Tax Appeals (CARF) for judgment of the Voluntary Appeal filed by the Company.

a.4) The Company is party to administrative proceedings related to goodwill amortization pursuant to articles 7 and 8 of Law 9,532/97, from the basis of calculation of Income Tax (IRPJ) and Social Contribution (CSLL), resulting from a corporate restructuring started in 2010. The updated total amount of the assessments is R$ 546,859 (R$ 513,287 as of December 31, 2022), of which: (i) R$ 29,787 (R$ 27,325 as of December 31, 2022) corresponds to a process in which the opposite Declaration Embargoes were rejected against the decision that granted the official appeal in favor of the National Treasury, and the Special Appeal filed by the Company is pending of judgment; (ii) R$ 253,779 (R$ 234,846 as of December 31, 2022) correspond to a lawsuit in which the Company had its Voluntary Appeal granted at the Administrative Board of Tax Appeals (CARF),pending analysis of the Special Appeal filed by the National Treasury Attorney's Office;(iii) R$ 82,913 (R$ 86,237 as of December 31, 2022) correspond to a lawsuit in which the Company had its challenge partially provided and filed a Voluntary Appeal with the Administrative Board of Tax Appeals (CARF), recently upheld, pending analysis of the Special Appeal filed by the National Treasury Attorney's Office; and (iv) R$ 180,380 (R$ 164,879 as of December 31, 2022) correspond to a lawsuit whose Opposition presented by the Company was partially accepted by the Federal Revenue Judgment Office (DRJ), with the Voluntary Appeal lodged pending of judgment at the Administrative Board of Tax Appeals (CARF).

a.5) Gerdau S.A. (as successor of Gerdau Aços Especiais S.A.) and its subsidiary Gerdau Internacional Empreendimentos Ltda. – Grupo Gerdau are parties to judicial proceedings relating to IRPJ — Income Tax and CSLL — Social Contribution, in the current amount of R$ 1,430,407 (R$ 1,346,502 as of December 31, 2022). Such lawsuits relate to profits generated abroad, of which: (i) R$ 1,177,724 (R$ 1,107,520 as of December 31, 2022) corresponds to two lawsuits of the subsidiary Gerdau Internacional Empreendimentos Ltda. – Grupo Gerdau. One of the lawsuits is pending at the lower court, awaiting judgment of the Tax Enforcement Embargoes filed by the Company, and another is pending at the Federal Regional Court of the 4th Region, where the motion for clarification opposed against the decision that unanimously granted the appeal filed by Gerdau, to extinguish the Tax Execution and dismissed the Federal Government's appeal, is pending of judgment;and (ii) R$ 252,683 (R$ 238,892 as of December 31, 2022) correspond to a lawsuit involving Gerdau S.A. (as successor of Gerdau Aços Especiais S.A.), in which the appeal lodged by the Federal Government against the judgment that upheld the Embargoes of Tax Enforcement opposed by the Company is pending of judgement.

a.6) Gerdau S.A. (by itself and as successor of Gerdau Aços Especiais S.A.) and its subsidiaries Gerdau Aços Longos S.A. and Gerdau Açominas S.A. are parties to administrative and judicial proceedings relating to the disallowance of goodwill amortization generated in accordance with Article 7 and 8 of Law 9,532/97, as a result of a corporate restructuring carried out in 2004/2005,regarding tax base of the Income tax - IRPJ and Social Contribution - CSLL. The updated total amount of the assessments amounts to R$ 7,882,203 (R$ 8,734,573 as of December 31, 2022), of which: (i) R$ 4,637,104 (R$ 5,755,883 as of December 31, 2022) correspond to four lawsuits of Gerdau S.A. (as successor of Gerdau Aços Especiais S.A.) and its subsidiaries Gerdau Aços Longos S.A. and Gerdau Açominas S.A.,in the phase of judicial collection, with the companies offering judicial guarantees, under precautionary measures, through Guarantee Insurance, and initiated the legal discussions of Embargoes to Execution, in the respective lawsuits, and in the Embargoes to Execution filed by Gerdau S.A. (as successor of Gerdau Aços Especiais S.A.), on April 8, 2021, in a judgment made at the Federal Regional Court of the 4th Region, the appeal filed by the National Treasury was dismissed, being pending of judgment the special and extraordinary appeals filed by the National Treasury; in the Embargoes to Execution filed by the subsidiary Gerdau Aços Longos S.A. (as successor of Gerdau Comercial de Aços S.A.), the appeal filed by the National Treasury is pending judgment in the Federal Regional Court of the 2nd Region; in the lawsuit of the subsidiary Gerdau Aços Longos S.A., on November 17, 17/2023, in a judgment held at the Federal Regional Court of the 2nd Region, the appeal filed by the National Treasury was dismissed, and the Embargoes for declaration filed by the National Treasury is pending of judgment. Also in this process, on November 30, 2023, the request for review of the registration as overdue debt was granted, causing the reduction of the amount of the debt required due to the exclusion of fines and, consequently, default interest and legal charge, pursuant to the provisions of § 9-A of article 25 of Decree No. 70,235/72 and article 15 of Law No. 14,689/2023; and also, the Embargoes of Tax Enforcement filed by the subsidiary Gerdau Açominas S.A. are awaiting judgment in the first instance; (ii) R$ 366,382 (R$ 344,171 as of December 31, 2022) corresponds to a lawsuit of the subsidiary Gerdau Aços Longos S.A., in which part of the debt whose administrative discussion has already ended and is under judicial discussion, and the appeal is pending of judgment by the Regional Federal Court of the 2nd Region filed by the National Treasury against the sentence that upheld the Embargoes to Execution and acknowledged the non-substantiation of the tax assessment; (iii) R$ 342,072 (R$ 319,983 as of December 31, 2022) corresponds to a lawsuit filed by the subsidiary Gerdau Aços Longos S.A., in which part of the debt whose administrative discussion has ended is under judicial discussion, in which is pending of judgment the appeal filed by the Company against the sentence that dismissed its Embargoes to Tax Enforcement; (iv) R$5,958 (R$ 5,597 as of December 31, 2022) corresponds to a lawsuit of the subsidiary Gerdau Aços Longos S.A., in which the administrative discussion has ended, and it is being processed in the lower court awaiting judgment in the Embargoes to Tax Enforcement filed by the Company; (v) R$ 96,280 (R$89,684 as of December 31, 2022) correspond to a lawsuit filed by the subsidiary Gerdau Aços Longos S.A., whose administrative discussion ended, and is currently under judicial discussion, in which are pending of judgement the appeals lodged by the parties against the sentence that upheld the Embargoes on Tax Execution; (vi) R$ 190,058 (R$148,032 as of December 31, 2022) corresponds to a lawsuit filed by Gerdau S.A. (as successor to Gerdau Aços Especiais S.A.), whose administrative discussion has ended, and which will be forwarded shortly for judicial collection and will be discussed in the context of Embargoes on Tax Execution to be opportunely opposed by the Company; (vii) R$ 208,449 (R$ 192,076 as of December 31, 2022) corresponds to a lawsuit filed by the subsidiary Gerdau Aços Longos S.A., which is at the Superior Chamber of Tax Appeals (CSRF) of CARF to judge the Special Appeals filed by the Company and the National Treasury; (viii) R$ 129,050 (R$ 119,305 as of December 31, 2022) corresponds to a lawsuit filed by Gerdau S.A. (as successor of Gerdau Aços Especiais S.A.), which is at the Superior Chamber of Tax Appeals (CSRF) of CARF for judgment of the Special Appeal filed by the Company; (ix) R$ 676,217 (R$ 623,485 as of December 31, 2022) correspond to a lawsuit filed by the subsidiary Gerdau Aços Longos S.A.,in which the Voluntary Appeal filed by the Company was partially granted, being pending of judgment the appeal filed by the Company at the CARF; (x) R$ 596,754 (R$ 547,501 as of December 31, 2022) pending before the first instance of the Administrative Board of Tax Appeals (CARF), which awaits judgment of the Voluntary Appeal filed by the Company; (xi) R$ 167,887 (R$ 155,962 as of December 31, 2022) corresponds to a lawsuit of the subsidiary Gerdau Aços Longos S.A., separated from the process mentioned in item "vii" above, and which is currently in the judicial collection phase, being pending of judgment the appeal filed against the judgment that dismissed the Embargoes to Tax Enforcement filed by the Company; and (xii) R$ 465,992 (R$ 432,894 as of December 31, 2022) corresponds to a lawsuit of the subsidiary Gerdau Aços Longos S.A., separated from the lawsuit mentioned in item "vii" above, and that it is currently in the judicial collection stage, pending judgment at the Federal Regional Court of the 2nd Region the appeals filed by the Company and the National Treasury against the sentence that upheld the Embargoes to Execution and recognized the non-substantiation of the credits object of the tax enforcement.

The Company's tax advisors confirm that the procedures adopted by the Company regarding the tax treatment of profits earned abroad and the goodwill amortization, which led to the aforementioned lawsuits, have complied with the strict legality and, therefore, these lawsuits are classified as possible loss (but not likely).

On January 24, 2024, a proceeding was definitively archived regarding the investigations conducted by the Brazilian federal authorities and the judiciary branch on certain matters related to CARF proceedings and specific political contributions made by the Company. The Company previously disclosed that, in addition to its interactions with Brazilian authorities, it was providing information required by the U.S. Securities and Exchange Commission ("SEC"). The Company has since been informed by the SEC's staff that it has closed its inquiry and therefore is not seeking any further information from the Company regarding these matters. Thus, the Company, its board members, executive officers, and former executive officers are not parties to ongoing criminal investigations, proceedings or lawsuits associated with such investigations.

b) Civil contingencies

b.1) A lawsuit arising from the request by two civil construction unions in the state of São Paulo alleging that Gerdau S.A. and other long steel producers in Brazil share customers, thus, violating the antitrust legislation. After investigations carried out by the Economic Law Department (SDE – Secretaria de Direito Econômico), the final opinion was that a cartel exists. The lawsuit was therefore forwarded to the Administrative Council for Economic Defense (CADE) for judgment, which resulted in a fine to the Company and other long steel producers, on September 23, 2005, an amount equivalent to 7% of gross revenues in the year before the Administrative Proceeding was commenced, excluding taxes (fine of R$ 245,070, updated by the judicial accountant on August 1, 2013 to R$ 417,820).

Two lawsuits challenge the investigation conducted by the Competition Defense System and its merits judgment, whose grounds are procedural irregularities, especially the production of evidence, based on an economic study, to prove the inexistence of a cartel. The Court, upon offer of bank guarantee letter, granted the suspension of the effects of CADE's decision. Both actions were dismissed, and their respective appeals were also rejected by the Federal Regional Court of the 1st Region.

Against both decisions, appeals were lodged with the Superior Court of Justice and the Federal Supreme Court, after admissibility judgment, the appeal to the Superior Court of Justice was admitted and well as substitution of the guarantee offered by insurance guarantee in a decision of October 8, 2019.

In the same order in which the Vice president Judge gave suspensive effect to the Special Appeal, in order to change the guarantee, the Extraordinary Appeal was dismissed, on the grounds of violation of res judicata with recognized general repercussion. Against this decision, the Company filed an Internal Appeal for the TRF1 Plenary, which was dismissed.

According to the decision published on November 10, 2022,in a unanimous vote, the STJ annulled the fine and recognized that there was no due process of law, as CADE would have concluded without the necessary study of the market and the facts (Cf. STJ, REsp n.º 1.979.138 - DF (2021/0405949-3).

The STJ's decision is subject to appeal by the Brazilian government and Gerdau will continue to seek all appropriate legal remedies to defend its rights.

The Company denies having been engaged in any type of anti-competitive conduct and it is certain that it has not practiced the conduct attributed to it, understanding shared by its legal consultants.

b.2) The Company and its subsidiaries are parties to other demands of a civil nature that collectively have a discussion amount of approximately R$ 595,649. For these demands, no accounting provision was recorded, since they were considered as possible losses, based on the opinion of its legal counsel.

c) Labor Contingencies

The Company and its subsidiaries are parties to other labor claims that together have an amount of approximately R$ 1,028,176 (R$ 820,032 as of December 31, 2022).For these claims, no accounting provision was made, since these were considered as possible losses, based on the opinion of its legal counsel.

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III) Judicial deposits

The Company has judicial deposits related to tax, labor and civil lawsuits as listed below:

	2023	2022
Tax	1,828,611	1,603,136
Labor	56,640	67,911
Civil	178,819	154,852
	2,064,070	1,825,899

The balance of tax judicial deposits as of December 31, 2023 includes the amount of R$ 1,670,984 (R$ 1,504,984 as of December 31, 2022) which corresponds to judicial deposits made up to June 2017, referring to the same discussion on the inclusion of the ICMS in the tax base of PIS and COFINS and awaits termination of the lawsuits before the Brazilian courts in order to be returned to the Company.

The Company and its subsidiaries made judicial deposits and accounting provisions, which in turn were updated in accordance with the SELIC rate, which were referred to the unpaid amounts of PIS and COFINS since 2009, because the collection of which was fully suspended, due to the mentioned judicial deposits.

On March 15, 2017, the Brazilian Federal Supreme Court (STF — Supremo Tribunal Federal) ruled on a claim related to this matter, and by 6 votes to 4, concluded: "The ICMS does not comprise the tax base for PIS and COFINS assessment purposes". The STF decision, in principle, affects all the nine judicial proceedings, due to its general repercussion. Eight of these lawsuits already have a final favorable decision, and the gain was recognized when the decision was final and unappealable, considering for the purposes of calculation the exclusion of the ICMS informed in the invoices, as recognized in the final and unappealable decisions, and is preparing the documents to carry out the qualification of its credit and be able to start the compensation procedures and/or have already qualified before the Federal Revenue Service of Brazil. It is important to note that the Company still has a lawsuit for repetition of undue payments, which is awaiting the respective final and unappealable decision. In this lawsuit the Company seeks the recognition of R$ 683 million (R$ 643 million, net of related expenses) referring to credits prior to the filing of the lawsuit.

On May 13, 2021, the Federal Supreme Court ruled the Embargoes for Declaration that the National Treasury Attorney's Office had opposed, alleging that the Supreme Court's decision was silent on certain points, and requesting the modulation of the effects of the decision. In that judgment, the STF accepted, in part, the Embargoes for Declaration, to modulate the effects of the judgment whose production took place after March 15, 2017 (date on which RE No. 574.706 was judged), except for lawsuits or administrative proceedings filed up to that date, and rejected the embargoes regarding the allegation of omission, obscurity or contradiction and, in the point related to the ICMS excluded from the calculation basis of the PIS-COFINS contributions, it signed the understanding that it is the ICMS informed in the invoice. After this judgment, the concept of virtually certain for the purposes of the entry of economic benefits and recognition of the asset and the corresponding gain started to be demonstrated. Thus, even though there was no final and unappealable decision on two lawsuits that were pending of judgment, the Company recognized in 2021, with sufficient reliability, the amounts of tax credits to which it is entitled, referring to credits prior to the filing of the lawsuits.

The amounts recognized in the Company's results related to the recovery of credits arising from the ICMS in the tax base of PIS and COFINS lawsuits (net of related expenses) was R$ 1.2 billion in 2021, of which, R$ 393.3 million in the Other Operating Income line and R$ 788.7 million in the Tax Credits Monetary Update line.

Due to the economic moment strongly impacted by the pandemic caused by COVID-19, as well as the fact that the procedural legislation expressly provides the equivalence of cash and guarantee insurance, the subsidiary Gerdau Aços Longos S.A. requested the replacement of the amounts deposited by it over the years regarding the Inclusion of ICMS in the tax base of PIS and COFINS for a guarantee insurance presented by the Company, in the amount of R$ 1.7 billion, which complies with all the requirements established by the PGFN (Attorney General of the National Treasury) and can be converted into income at any time, ensuring that the Public Treasury receives all the amounts that may eventually be due at the end of the process.

In the lower court decision, therefore, there was a decision to release the funds deposited by the Company. The Public Treasury appealed to the Court and obtained a decision reversing the release of the amounts. The Company, then, filed a complaint to settle divergence between the decision handed down by Federal Judge, member of the 4th Specialized Panel of the Federal Regional Court of the 2nd Region, in the case files of process nº 50003743-37.2020.4.02.0000, and the jurisprudence of the Supreme Court (Theme nº 69). With an initially favorable injunction, the decision was later suspended to await the statement by the National Treasury regarding the fine for bad faith litigation applied to the Company. After the manifestation, which did not bring any additional element in relation to the fine for bad faith litigation applied, the Minister understood that the Complaint was not applicable due to the lack of exhaustion of ordinary channels.

The fine for bad faith litigation, applied due to the allegation of alleged attempt to mislead the Judiciary, was canceled by the Federal Regional Court of the 2nd Region, when it partially granted, unanimously, the interlocutory appeal filed by the Company. In December 2022, after judgment of the Declaration Embargoes opposed by the National Treasury, which upheld the favorable decision for the Company,the fine was definitively terminated.

In view of the final and unappealable decision with favorable merits decision confirmed on December 26, 2023, rendered in the main proceedings (0012235- 15.2009.4.02.5101) and the revocation of the suspensive effect previously granted to the National Treasury in case No. 5003743-37.2020.4.02.0000, the subsidiary Gerdau Aços Longos S.A. filed a request for provisional compliance with the judgment (assessed under No. 5100372-91.2023.4.02.5101/RJ), in which the request for withdrawal of the amounts deposited over the years dealing with the Inclusion of ICMS in the PIS and COFINS Calculation Base was granted, in the amount of R$ 1.6 billion, pending the final and unappealable decision for the withdrawal permits to be issued.

IV) Eletrobras Compulsory Loan — Centrais Elétricas Brasileiras S.A. (Eletrobras)

The Compulsory Loan, instituted by the Brazilian government in order to expand and improve the energy sector of the country was charged and collected from industrial consumers with monthly consumption equal or greater than to 2000kwh through the “electricity bills” issued by the electric power distribution companies, was converted into credits to the taxpayers based on the annual value of these contributions made between 1977 and 1993. The legislation sets a maximum 20 years period to return the compulsory loan to the taxpayers, providing Eletrobras the possibility of anticipating this return through the conversion of those loans in shares of its own issuance.

Prior to the conversion of the credits into shares, those credits were monetary corrected through an indexer and quantifier, called Standard Unit (SU). However, the compulsory loan was charged to the companies in their monthly electricity bills, consolidated during the year, and only indexed by the SU in January of the following year, resulting in a lack of monthly monetary correction during the years of collection, as well as interest. This procedure imputed to taxpayers’ considerable financial losses, particularly during the periods when the monthly inflation rates stood at high levels. In order to claim the appropriate interest and monetary correction subtracted by the methodology applied by Eletrobras, the Company (understood to be legally entities existing at the time and that later became part of Gerdau S.A.) filed lawsuits claiming credits resulting from differences on the monetary correction of principal, interest, default interest and other accessory amounts owed by Eletrobras due to the compulsory loans.

The Company maintain lawsuits pending before the Judiciary, dealing with the subject, with final and unappealable decisions on the merits, favorable to the Company. Regarding one of these processes, involving Gerdau S.A. and its subsidiary Seiva SA – Florestas e Indústrias, on November 25, 2020 a decision was issued that ratified the expert report prepared by the court expert appointed by the Court, establishing the amount to be received in favor of the companies. This decision was maintained by the Court of Justice of the State of Rio de Janeiro in judgment on August 10, 2021, and on September 10, 2021, Eletrobras made the judicial deposit/payment of the amount of the sentence determined by the Judiciary Branch of the State of Rio January, duly increased by interests and loss charges. Thus, considering the current procedural stage, the Company concludes that said asset, until then treated as contingent, due to uncertainties as to the term, form and amount that would be effectively paid and currently defined, fulfilled the accounting characteristics related to the entry of economic benefits, pursuant to paragraph 35 of IAS 37, which implied the recognition by the Company, in the 3rd quarter of 2021, of gain in the statement of income in the amount of R$ 1,391,280, net of fees and related expenses. The Company clarifies that on December 21, 2021 the entire amount was deposited in the Company's account, after the presentation of a guarantee insurance. The Company reinforces that the decision that fixed the amount due in favor of Gerdau was maintained in all instances of the Judiciary Branch of the State of Rio de Janeiro, having been rejected the request for suspension by the Superior Court of Justice – STJ; and that it takes care of definitive execution, based on a final judicial enforcement order, no longer subject to deconstitution of any nature before the Judiciary, leaving only appeals and measures with remote possibilities of acceptance, in view of its only delaying nature. In this sense, in a final judgment concluded on November 7, 2023, the First Chamber of Private Law of the Court of Justice of the State of Rio de Janeiro, unanimously, dismissed the appeal filed by Eletrobras against the decision that had rejected its challenge to compliance with the judgment.

The other lawsuits pending before the Judiciary, dealing with this subject, with final and unappealable decisions on the merits, favorable to the Company, total approximately R$ 73 million.

V) Other contingent assets

On February 2, 2023, Gerdau S.A. and its subsidiaries Gerdau Açominas S.A. and Gerdau Aços Longos S.A. were successful in a lawsuit of tax nature, regarding the right to PIS and COFINS credits on scrap purchases. Due to the final and unappealable decision of the court, which occurred on this date, Gerdau S.A. and its subsidiaries recognized a credit of R$ 845 million in the Other operating income line, credit of R$ 253 million in the Tax credits monetary update line and expenses of R$ 270 million in the Income and social contribution taxes line, resulting in a net credit of R$ 828 million (principal plus monetary update minus legal fees and taxes). This amount, until then disclosed as Other contingent assets, reached the level of virtually certain, resulting in the recognition of the asset in Tax credits, which is expected to be monetized within a period of up to 5 years.

NOTE 20 — RELATED-PARTY TRANSACTIONS

a) Intercompany loans

Liabilities **Joint ventures**	Maturity	2023	2022
Bradley Steel Processors Inc.	August 1, 2024	(24,992)	(24,890)
		(24,992)	(24,890)

	2023	2022	2021
Net financial (expense) income	—	(199)	6,089

b) Operations with related parties

During the years ended December 31, 2023,2022 and 2021, the Company, through its subsidiaries, entered into commercial operations with some of its associate companies and joint ventures including sales of R$ 1,620,459 as of December 31, 2023 (R$ 1,480,619 and R$ 997,298 as of December 31, 2022 and 2021, respectively) and purchases in the amount of R$ 210,931 as of December 31, 2023 (R$ 311,691 and R$ 304,239 as of December 31, 2022 and 2021, respectively). The net amount totals R$ 1,409,528 as of December 31, 2023 (R$ 1,168,928 and R$ 693,058 as of December 31, 2022 and 2021, respectively).

On December 31, 2023, the Company and its subsidiaries have to receive from controlling shareholders, referring to the sale of property, the amount of R$ 16,878 (R$ 23,975 on December 31, 2022). Additionally, the Company recorded income derived from rental agreement in the amount of R$ 877 as of December 31, 2023 (R$ 829 and R$ 670 as of December 31, 2022 and 2021, respectively).

Guarantees granted

Related Party	Relationship	Object	Original Amount	Maturity	2023	2022	2021
Gerdau Aços Longos S.A	Subsidiary	Financing Agreements	437	Jan-24	437	—	—
Gerdau Aços Longos S.A and Gerdau Açominas S.A	Subsidiary	Commercial Contract	59,644	Mar-24	63,024	50,644	—
Gerdau Aços Longos S.A and Gerdau Açominas S.A	Subsidiary	Commercial Contract	35,451	Mar-24	35,451	33,550	—
Gerdau Aços Longos S.A.	Subsidiary	Financing Agreements	150,000	apr/24	150,000	—	—
Gerdau Açominas S.A.	Subsidiary	Financing Agreements	400,000	Nov-24	400,000	400,000	—
Gerdau Aços Longos S.A.	Subsidiary	Financing Agreements	400,000	Nov-24	400,000	400,000	—
Gerdau Açominas S.A.	Subsidiary	Financing Agreements	375,000	may/25	375,000	—	—
Gerdau Aços Longos S.A.	Subsidiary	Financing Agreements	375,000	may/25	375,000	—	—
Gerdau Aços Longos S.A.	Subsidiary	Financing Agreements	400,000	Nov-25	400,000	400,000	400,000
Gerdau Corsa S.A.P.I. de C.V.	Joint Venture	Financing Agreements	591,588	sep/26	648,322	629,255	2,157,290
Gerdau Trade Inc.	Subsidiary	Financing Agreements	4,730,775	sep27	—	—	—
Gerdau Trade Inc.	Subsidiary	Financing Agreements	2,056,535	oct/27	2,064,877	2,225,417	2,771,455
GUSAP III LP.	Subsidiary	Financing Agreements	2,100,600	Jan-30	2,410,967	2,598,415	2,790,250
Gerdau Ameristeel US Inc.	Subsidiary	Financing Agreements	103,505	oct/37	246,906	266,103	284,606
Gerdau Aços Longos S.A.	Subsidiary	Financing Agreements	12,834	Jun-38	12,216	12,216	12,516
GUSAP III LP.	Subsidiary	Financing Agreements	1,117,100	apr/44	2,328,873	2,509,938	2,790,250

c) Price and interest

Loan agreements between related parties are updated by fixed and/or market rates, such as Euro Interbank Offered Rate (Euribor) and SOFR, plus exchange rate variation, where applicable. Sales of products and purchases of inputs are made under terms and conditions agreed between the parties.

d) Key Management compensation

The expense recognized related to key management salaries, variable compensation and benefits was R$ 36,964 for the year ended on December 31, 2023 (R$ 42,164 and R$ 61,747 for the years ended on December 31, 2022,and 2021, respectively).

Contributions to management’s defined contribution pension plans totaled R$ 1,986 for the year ended on December 31, 2023 (R$ 2,040 and R$ 1,932 for the years ended on December 31, 2022,and 2021, respectively).

The cost of long-term incentive plans recognized in income and attributable to key management (members of Board of Directors and executive officers) totaled R$ 25,352 for the year ended on December 31, 2023 (R$ 19,548 and R$ 19,637 for the years ended on December 31, 2022,and 2021, respectively).

The cost of social charges, related to the management of the Company, totaled R$ 17,077 for the year ended on December 31, 2023 (R$ 20,455 and R$ 23,266 for the years ended on December 31, 2022,and 2021, respectively).

At the end of the year, quantity of Restricted and Performance Shares with the key management were:

	2023	2022	2021
Available at beginning of the year	3,415,166	3,712,436	6,456,248
Granted	2,705,702	840,496	709,990
Exercised	(938,953)	(1,135,503)	(3,453,802)
Cancelled	(404,922)	(2,262)	—
Share Bonus	168,859	—	—
Available at the end of the year	4,945,852	3,415,166	3,712,436

Additional information on the long-term incentive plan are presented in Note 27.

e) Convertible loan into equity interest

As described in Note 3.4, on January 10, 2023, the Company converted into equity interest a convertible loan contributed in the joint venture Brasil ao Cubo S.A. in the amount of R$ 141 million.

f) Other information from related parties

Contributions to the assistance entities Fundação Gerdau, Instituto Gerdau and Fundação Ouro Branco, classified as related parties, amounted R$ 41,763 (R$ 36,860 on December 31, 2022). The defined benefit pension plans and the post-employment health care benefit plan are related parties of the Company and the details of the balances and contributions are presented in Note 21.

NOTE 21 — EMPLOYEE BENEFITS

Total assets and liabilities of all types of employee benefits granted by the Company and its subsidiaries as of December 31, 2023 and 2022 are as follows:

	2023	2022
Plan assets - Defined contribution pension plan	11,695	9,179
Total assets	11,695	9,179
Actuarial liabilities - Defined benefit pension plan	498,732	658,492
Acturial liabilities - Post-employment health care benefit	196,446	224,180
Retirement and termination benefit liabilities	11,798	11,222
Total liabilities	706,976	893,894
Current	209	516
Non-current	706,767	893,378

a) Post-employment defined benefit pension plan

The Company’s Canadian and US subsidiaries sponsor defined benefit plans (Canadian Plan and American Plan), collectively referred to as the North American Plans, that cover substantially all their employees and provide supplemental benefits to employees during retirement. The assumptions adopted for pension plans can have a significant effect on the amounts disclosed and recorded for these plans.

The Company and its subsidiaries in Brazil sponsor a defined benefit pension plan (Brazilian plans), managed by Gerdau - Sociedade de Previdência Privada (GPrev), a closed supplementary pension plan, which were settled in 2010 and include only participants who decided not to transfer the reserve to a new defined contribution plan and, therefore, opted to maintain the benefit settled in the defined benefit plan, which has been adjusted by the INPC (National Consumer Price Index).

The potential effects of changes to the North American Plans on the Consolidated Statement of Income are presented below:

	1% Increase	1% Decrease
Discount rate	(17,449)	14,636

The accumulated amount recognized in other Comprehensive Income for employee benefits is R$ (578,055) as of December 31, 2023 (R$ (674,625) as of December 31, 2022).

Defined Benefit Pension Plan

The current expenses of the defined benefit pension plans are as follows:

	2023	2022	2021
Cost of current service	46,176	63,616	74,840
Interest expense	204,604	169,526	170,897
Return on plan assets	(187,247)	(150,700)	(136,933)
Past service cost	—	—	7,093
Settlement	—	—	(847)
Interest cost on unrecoverable surplus	13,645	10,440	4,371
Net pension cost	77,178	92,882	119,421

The reconciliations of assets and liabilities of the plans are as follows:

	2023	2022
Present value of defined benefit obligation	(3,573,044)	(3,841,213)
Fair value of plan assets	3,383,887	3,499,475
Asset ceiling restrictions on recognition of net funded assets	(309,575)	(316,754)
Net	(498,732)	(658,492)
Defined benefit obligation	(498,732)	(658,492)

Changes in plan assets and actuarial liabilities were as follows:

	2023	2022	2021
Variation of the plan obligations			
Obligation at the begining of the year	3,841,213	5,409,065	5,921,285
Cost of service	46,176	63,616	74,840
Interest expense	204,604	169,526	170,897
Payments of the benefits	(410,621)	(317,779)	(486,310)
Past service cost	—	—	7,093
Settlement	—	—	(228,881)
Acturial remeasurements	117,644	(1,058,898)	(457,421)
Exchange Variance	(225,972)	(424,317)	407,562
Obligation at the end of the year	3,573,044	3,841,213	5,409,065

	2023	2022	2021
Variation of the plan assets			
Fair value of the plan assets at the begining of the year	3,499,475	4,647,361	4,652,000
Return of the plan assets	187,247	150,700	136,933
Contributions from sponsors	75,321	173,316	244,123
Settlement	—	—	(228,034)
Payments of benefits	(413,565)	(317,779)	(486,310)
Remeasurement	214,503	(791,672)	25,498
Exchange Variance	(179,094)	(362,451)	303,151
Fair value of plan assets at the end of the year	3,383,887	3,499,475	4,647,361

The fair value of plan assets includes shares of the Company in the amount of R$ 0 as of December 31, 2023 (R$ 10,084 as of December 31, 2022).

Amounts recognized as actuarial gains and losses in the Statement of Comprehensive Income are as follows:

	2023	2022	2021
Return of the plan assets	(214,503)	791,672	(25,498)
Actuarial Remeasurements	117,644	(1,058,898)	(457,421)
Restriction recognized in Other Comprehensive Income	(22,456)	4,965	178,941
Remeasurements recognized in Other Comprehensive Income	(119,315)	(262,261)	(303,978)

The historical actuarial remeasurements are as follows:

	2023	2022	2021	2020	2019
Present value of defined benefit obligation	(3,573,044)	(3,841,213)	(5,409,065)	(5,921,285)	(4,601,965)
Fair value of the plan assets	3,383,887	3,499,475	4,647,361	4,652,000	3,656,891
Surplus (Deficit)	(189,157)	(341,738)	(761,704)	(1,269,285)	(945,074)
Experience adjustments on plan liabilities (Gain)	117,644	(1,058,898)	(457,421)	467,106	546,911
Experience adjustments on plan assets (Gain)	(214,503)	791,672	(25,498)	(334,675)	(386,767)

Actuarial remeasurements are recognized in the period in which they occur and are recorded directly in comprehensive income.

The allocations for plan assets are presented below:

	2023	
	Brazilian Plans	American Plans
Fixed income	99.7%	83.6%
Variable income	—	11.6%
Others	0.3%	4.8%
Total	100.0%	100.0%

	2022	
	Brazilian Plans	American Plans
Fixed income	99.5%	48.1%
Variable income	—	41.2%
Others	0.5%	10.7%
Total	100.0%	100.0%

The investment strategy for the Brazilian Plan is based on a long-term macroeconomic scenario. This scenario assumes a reduction in Brazil's sovereign risk, moderate economic growth, stable levels of inflation, exchange rates and moderate interest rates.

The Canadian and American subsidiaries have an Investment Committee that defines the investment policy for the defined benefit plans. The primary investment objective is to ensure the security of benefits that were accrued under the plans, providing an adequately funded asset pool which is separated and independent of the Company. To reach this objective, the fund must invest in a manner that adheres to safeguards and diversification to which a prudent investor of pension funds would normally adhere. These subsidiaries retain specialized consultants that advice and support Investment Committee decisions and recommendations.

The asset mix policy considers the principles of diversification and long-term investment goals, as well as liquidity requirements. To do this, the target allocation ranges between 10% in shares, 85% in debt securities and 5% in alternative securities, and for Brazilian Plan it is close to 100% in fixed income.

The tables below show a summary of the assumptions used to calculate the defined benefit plans in 2023 and 2022, respectively:

	2023	
	Brazilian Plan	North America Plan
Average discount rate	9.03%	4,12% -5,11%
Rate of increase in compensation	Not applicable	1.50%
Mortality table	AT-2000 per sex	RP-2006 and MP-2023
Mortality table of disabled	AT-2000 per sex	RP-2006 and MP-2023
Rate of rotation	Null	Based on age and/or the service

	2022	
	Brazilian Plan	North America Plan
Average discount rate	9.81%	5.05% - 5.11%
Rate of increase in compensation	Not applicable	3.00%
Mortality table	AT-2000 per sex	RP-2006 and MP-2022
Mortality table of disabled	AT-2000 per sex	RP-2006 and MP-2022
Rate of rotation	Null	Based on age and/or the service

b) Post-employment defined contribution pension plan

The Company and its subsidiaries in Brazil, in the United States and in Canada maintain a defined contribution plan to which contributions are made by the sponsor in proportion to the contributions made by its participating employees. The total cost of these plans was R$ 196,027 in 2023 (R$ 184,984 in 2022 and R$ 162,133 in 2021).

c) Post-employment health care benefit plan

The North American plans include, in addition to pension benefits, specific health care benefits for employees who retire after a certain age and with a certain number of years of service. The Americans and Canadian subsidiaries have the right to change or eliminate these benefits, and the contributions are actuarially calculated.

The net periodic costs of post-employment health care benefits are as follows:

	2023	2022	2021
Current service cost	2,069	3,005	3,458
Interest expense	10,127	8,102	8,239
Past service cost	—	—	(32,434)
Net cost pension benefit	12,196	11,107	(20,737)

The funded status of the post-employment health benefits plans is as follows:

	2023	2022
Present value of obligations	(196,446)	(224,180)
Total net liabilities	(196,446)	(224,180)

Changes in plan assets and actuarial liabilities were as follows:

	2023	2022	2021
Change in benefit obligation			
Benefit obligation at beginning of the year	224,180	318,181	362,944
Cost of service	2,069	3,005	3,458
Interest expense	10,127	8,102	8,239
Past service cost	—	—	(32,434)
Contributions from participants	1,096	1,472	2,032
Payment of benefits	(20,265)	(17,488)	(17,431)
Remeasurements	(7,232)	(61,524)	(36,938)
Exchange variations	(13,530)	(27,568)	28,311
Benefit obligation at the end of the year	196,445	224,180	318,181

	2023	2022	2021
Change in plan assets			
Contributions from sponsors	19,168	16,016	24,713
Contributions from participants	1,096	1,472	2,032
Payments of benefits	(20,264)	(17,488)	(26,745)
Fair value of plan assets at end of the year	—	—	—

The historical actuarial gains and losses of the plans are as follows:

	2023	2022	2021	2020	2019
Present value of defined benefit obligation	(196,445)	(224,180)	(318,181)	(362,944)	(298,989)
Deficit	(196,445)	(224,180)	(318,181)	(362,944)	(298,989)
Experience adjustments on plan liabilities	(7,232)	(61,524)	(36,938)	(23,533)	11,202

The amounts recognized as actuarial gains and losses in other comprehensive income are as follows:

	2023	2022	2021
Losses / Gains on actuarial obligation	(7,232)	(61,524)	(36,938)
Actuarial losses recognized in Equity	(7,232)	(61,524)	(36,938)

The accounting assumptions adopted for post-employment health benefits are as follows:

	2023	2022
Average discount rate	4,63% - 4,92%	5.05% - 5.11%
Health treatment - rate assumed next year	4,84% - 7,60%	5.01% - 6.70%
Health treatment - Assumed rate of decline in the cost to achieve in the years of 2032 to 2041	3,26% - 4,50%	3.30% - 3.75%

The assumptions adopted for post-employment health benefits have a significant effect on the amounts disclosed and recorded for post-employment health benefits plans. The change of one-point percentage on discount rates would have the following effects:

	1% Increase	1% Decrease
Effect over total service costs and interest costs	(425)	240
Effect over benefit plan obligations	(16,877)	20,149

d) Other retirement and termination benefits

The benefits of this plan provide a compensation supplement up to retirement date, cost of living allowance, and other benefits as a result of termination and retirement of the employees. The Company estimates that the total obligation for these benefits was R$ 11,798 as of December 31, 2023 (R$ 11,222 as of December 31, 2022).

NOTE 22 — ENVIRONMENTAL LIABILITIES

The steel industry uses and generates substances that may damage the environment. The Company and its subsidiaries believe they are compliant with all the applicable environmental regulations in the countries where they operate. The Company's management performs frequent analysis with the purpose of identifying potentially impacted areas and a liability is recorded based on the best estimate of costs for investigation, treatment and cleaning of potentially affected sites. The balances of the provisions are as follows:

	2023	2022
Provision for environmental liabilities	517,669	484,652
Current	139,395	262,018
Non-current	378,274	222,634

NOTE 23 — EQUITY

a) Capital

The Board of Directors may, without need to change the bylaws, issue new shares (authorized capital), including the capitalization of profits and reserves up to the authorized limit of 1,500,000,000 common shares and 3,000,000,000 preferred shares, all without nominal value. In the case of capital increase through subscription of new shares, the right of preference shall be exercised in up to 30 days, except in the case of a public offering, when the limit is not less than 10 days.

Reconciliations of common and preferred outstanding shares are presented below:

	2023		2022		2021	
	Common shares	Preferred shares	Common shares	Preferred shares	Common shares	Preferred shares
Balance at beginning of the year	571,929,945	1,091,630,395	571,929,945	1,133,816,901	571,929,945	1,129,231,487
Acquisition of Treasury shares	—	—	—	(44,564,000)	—	—
Share Bonus	28,596,497	54,691,436	—	—	—	—
Exercise of long-term incentive plan	—	2,674,136	—	2,377,494	—	4,585,414
Balance at the end of the year	600,526,442	1,148,995,967	571,929,945	1,091,630,395	571,929,945	1,133,816,901

As of December 31, 2023, 600,526,442 common shares and 1,156,540,608 preferred shares are subscribed and paid up, with a total capital of R$ 20,215,343 (net of share issuance costs). Ownership of the shares is presented below:

	Shareholders					
	2023*					
Shareholders	Common	%	Pref.	%	Total	%
Metalúrgica Gerdau S.A.**	585,793,846	97.5	—	0.0	585,793,846	33.3
Brazilian institutional investors	2,442,108	0.4	117,790,196	10.2	120,232,304	6.8
Foreign institutional investors	1,425,937	0.2	546,220,396	47.2	547,646,333	31.2
Other shareholders	10,864,551	1.9	484,985,375	41.9	495,849,926	28.3
Treasury stock	—	0.0	7,544,641	0.7	7,544,641	0.4
	600,526,442	100.0	1,156,540,608	100.0	1,757,067,050	100.0

*As of December 31, 2023, the shareholders composition includes the share bonus

	Shareholders					
	2022					
Shareholders	Common	%	Pref.	%	Total	%
Metalúrgica Gerdau S.A.**	557,898,901	97.5	—	0.0	557,898,901	33.3
Brazilian institutional investors	4,292,172	0.8	157,020,405	14.3	161,312,577	9.6
Foreign institutional investors	1,529,109	0.3	520,985,608	47.3	522,514,717	31.2
Other shareholders	8,209,763	1.4	413,624,382	37.6	421,834,145	25.2
Treasury stock	—	0.0	9,836,850	0.8	9,836,850	0.7
	571,929,945	100.0	1,101,467,245	100.0	1,673,397,190	100.0

Shareholders	Shareholders 2021					
	Common	%	Pref.	%	Total	%
Metalúrgica Gerdau S.A.**	557,898,901	97.3	—	0.0	557,898,901	32.4
Brazilian institutional investors	4,363,438	0.8	232,421,779	20.3	236,785,217	13.8
Foreign institutional investors	1,895,038	0.3	490,810,572	42.8	492,705,610	28.7
Other shareholders	7,772,568	1.4	410,584,550	35.8	418,357,118	24.3
Treasury stock	1,697,538	0.2	12,214,344	1.1	13,911,882	0.8
	573,627,483	100.0	1,146,031,245	100.0	1,719,658,728	100.0

**Metalurgica Gerdau S.A. is the controlling shareholder and Indac – Ind. e Com. S.A. (holding of Gerdau's family) is the utltimate controlling shareholder of the Company.

Preferred shares do not have voting rights and cannot be redeemed but have the same rights as common shares in the distribution of dividends and priority in the capital distribution in case of liquidation of the Company.

On February 28, 2023, the Company's Board of Directors approved a capital increase of R$ 966,162 through the capitalization of part of the balance of the Retained earnings account - Investments and Working Capital reserve, with issuance, within the limit of the capital authorized by Art. 4, paragraph 1, of the Company's Bylaws, of 83,669,860 new shares, of which 28,596,497 are common shares and 55,073,363 are preferred shares, all book-entry, with no par value, distributed to shareholders as a bonus, in the proportion of one new share for every twenty shares of the same type held on March 21, 2023; increasing the Company's capital to R$ 20,215,343, divided into 1,757,067,050 shares, of which 600,526,442 are common shares and 1,156,540,608 are preferred shares, all book-entry and without par value.

b) Treasury stocks

Changes in treasury stocks are as follows:

	2023			
	Common shares	R$	Preferred shares	R$
Opening balance	—	—	9,836,850	179,995
Exercise of long-term incentive plan	—	—	(2,674,136)	(29,813)
Capital increase with share bonus	—	—	381,927	—
Closing balance	—	—	7,544,641	150,182

	2022			
	Common shares	R$	Preferred shares	R$
Opening balance	1,697,538	557	12,214,344	151,852
Share buyback program	—	—	44,564,000	1,073,124
Exercise of long-term incentive plan	—	—	(2,377,494)	(21,452)
Cancellation of treasury stocks	(1,697,538)	(557)	(44,564,000)	(1,023,529)
Closing balance	—	—	9,836,850	179,995

	2021			
	Common shares	R$	Preferred shares	R$
Opening balance	1,697,538	557	16,799,758	228,752
Exercise of long-term incentive plan	—	—	(4,585,414)	(76,900)
Closing balance	1,697,538	557	12,214,344	151,852

These shares are held in treasury for subsequent cancellation, selling in the market or to be granted under the long-term incentive plan of the Company. The average acquisition cost of these shares was R$ 19.91 during 2022 (R$ 18.30 and R$ 12.43 during the years ended on December 31, 2022 and 2021, respectively).

On May 4, 2022, the Board of Directors of Gerdau S.A., in accordance with the statutory provisions and pursuant to CVM Resolution No. 77, of March 29, 2022, approved the Share Buyback Program issued by the Company, which aims to: (i) maximize the generation of long-term value for its shareholders through an efficient management of the capital structure and meet the long-term incentive plan of the Company and its subsidiaries; (ii) holding in treasury; (iii) cancellation; or (iv) subsequent sale in the market. The quantity of shares to be acquired will be up to 55,000,000 preferred shares, representing approximately 5% of the outstanding preferred shares (GGBR4) and/or ADSs backed by preferred shares (GGB). The acquisition started on May 6, 2022 and lasted 18 months. On November 3,2023, the Company informed the market that the Share Buyback Program of its own issuance was completed. During its validity period, 44,564,000 preferred shares (GGBR4) were acquired at an average price of R$ 24.08 per share, corresponding to 81.0% of the Share Buyback Program and representing the amount of R$ 1,073,124.

On November 8, 2022, the Company's Board of Directors approved the cancellation of 1,697,538 common shares and 44,564,000 preferred shares, with no par value, issued by the Company, without reducing the value of the Capital. Due to the deliberate cancellation of shares, the Company's capital is now divided into 571,929,945 common shares and 1,101,467,245 preferred shares, with no par value. Accordingly, Article 4 of the Company's Bylaws, which deals with the Capital have been adjusted.

c) Capital reserves — consists of premium on issuance of shares.

d) Retained earnings

I) Legal reserves — under Brazilian Corporate Law, the Company must transfer 5% of the annual net income determined on its statutory books in accordance with Brazilian accounting practices to the legal reserve until this reserve equals 20% of the paid-in capital. The legal reserve can be utilized to increase capital or to absorb losses but cannot be used for dividend purposes.

II) Tax incentives reserve — under Brazilian Corporate Law, the Company may transfer to this account part of net income resulting from government benefits which can be excluded from the basis for dividend calculation. The tax incentives reserve recognized in Gerdau S.A. refers to incentives of state and federal nature, constituted in the subsidiaries Gerdau Açominas S.A. and Gerdau Aços Longos S.A.

III) Investments and working capital reserve — consists of earnings not distributed to shareholders and includes the reserves required by the Company's by-laws. The Board of Directors may propose to the shareholders the transfer of at least 5% of the profit for each year determined in its statutory books in accordance with accounting practices adopted in Brazil to this reserve. Amount can be allocated to the reserve only after the minimum dividend requirements have been met and its balance cannot exceed the amount of paid-in capital. The reserve can be used to absorb losses, if necessary, for capitalization, for payment of dividends or for the repurchase of shares.

e) Operations with non-controlling interests — Corresponds to amounts recognized in equity from changes in non-controlling interests.

The effects of interest changes in subsidiaries for the years presented are composed of:

	December 31, 2023		
	Attributed to parent company's interest	Non-controlling interests	Total
(i) Other changes	—	(9,590)	(9,590)
Effects of interest changes in subsidiaries	—	(9,590)	(9,590)

	December 31, 2022		
	Attributed to parent company's interest	Non-controlling interests	Total
(i) Other changes	(33,845)	(19,761)	(53,606)
Effects of interest changes in subsidiaries	(33,845)	(19,761)	(53,606)

	December 31, 2021		
	Attributed to parent company's interest	Non-controlling interests	Total
(i) Other changes	—	(18,962)	(18,962)
Effects of interest changes in subsidiaries	—	(18,962)	(18,962)

(i) Other changes in subsidiaries without losing control, which may include among others, capital increases, other acquisitions of interests and dilutions of any nature.

f) Other reserves - Include: gains and losses on available for sale securities, gains and losses on net investment hedge, gains and losses on derivatives accounted as cash flow hedge, cumulative translation adjustments and expenses recorded regarding the long term incentive plans.

g) Dividends and interest on capital - the shareholders have a right to receive a minimum annual mandatory dividend equal to 30% of adjusted net income as determined in its corporate records. The Company calculates interest on shareholders´ capital in accordance with the terms established by Law 9249/95. The corresponding amount was recorded as a financial expense for tax purposes. For presentation purposes, this amount was recorded as dividends and did not affect net income.

	2023	2022	2021
Net income	7,501,565	11,425,512	15,494,111
Constitution of legal reserve	(318,142)	(545,251)	(756,334)
Constitution of the tax incentives reserve	(1,138,728)	(520,478)	(367,430)
Net income before dividends and interest on capital	6,044,695	10,359,783	14,370,347
Dividends and interest on equity based on income of the year	(2,466,503)	(5,749,906)	(5,014,450)
Dividend - adjustment in excess of the minimum estatutory undistributed	(174,952)	(332,712)	(341,150)
Total dividends	(2,641,455)	(6,082,618)	(5,355,600)
Net income before constitution of investments and working capital reserve	3,403,240	4,277,165	9,014,747
Constitution of investments and working capital reserve	(3,403,240)	(4,277,165)	(9,014,747)

The excess of retained earnings in relation to the capital will be the subject of a proposal by the Company's management for capitalization to be submitted for deliberation by the Shareholders' Meeting.

Subsequent event

On March 14, 2024, the Company informed that the Board of Directors sent a proposal to the Extraordinary Shareholders' Meeting, to be held on April 16, 2024, for a capital increase of R$ 4,057,882 through the capitalization of part of the balance of the Retained earnings account - Investments and Working Capital reserve, with issuance of 351,413,410 new shares, of which 120,105,288 will be common shares and 231,308,122 will be preferred shares, all book-entry, with no par value, and that will be distributed to the shareholders as a bonus, in the proportion of one new share for every five shares of the same type held on April 17, 2024. It is important to note that this proposal, if approved, will take place on April 16, 2024, and there are no impacts until this date.

The dividends for the years 2023, 2022 and 2021 are presented below:

Period	Nature	R$ /share	Outstanding shares (thousands)	Credit	Payment	2023
	Dividends and interest on capital in the years					
1st quarter	Interest	0.51	1,749,090	05/15/2023	05/29/2023	892,056
2nd quarter	Dividends	0.43	1,749,522	08/18/2023	08/29/2023	752,172
3rd quarter	Dividends	0.47	1,749,522	11/17/2023	12/13/2023	822,275
4th quarter	Dividends	0.10	1,749,522	03/01/2024	03/12/2024	174,952
Proposed Interest and Dividends						2,641,455
Credit per share (R$)		1.51				

Period	Nature	R$ /share	Outstanding shares (thousands)	Credit	Payment	2022
	Dividends and interest on capital in the years					
1st quarter	Interest	0.57	1,707,829	05/16/2022	05/25/2022	973,542
2nd quarter	Dividends	0.71	1,693,994	08/15/2022	8/25/2022	1,199,713
3rd quarter	Dividends	1.73	1,663,560	11/21/2022	12/14/2022	2,877,957
3rd quarter	Interest	0.42	1,663,560	11/21/2022	12/14/2022	698,694
4th quarter	Dividends	0.20	1,663,560	03/14/2023	3/23/2023	332,712
Proposed Interest and Dividends						6,082,618
Credit per share (R$)		3.63				

Period	Nature	R$ /share	Outstanding shares (thousands)	Credit	Payment	2021
	Dividends and interest on capital in the years					
1st quarter	Dividends	0.40	1,705,338	5/14/2021	5/26/2021	682,199
2nd quarter	Dividends	0.54	1,705,576	8/16/2021	8/26/2021	921,011
3rd quarter	Interest	0.38	1,705,582	9/27/2021	11/16/2021	648,122
3rd quarter	Interest	0.20	1,705,630	11/5/2021	11/16/2021	341,126
3rd quarter	Dividends	1.42	1,705,628	11/5/2021	11/16/2021	2,421,992
4th quarter	Dividends	0.20	1,705,747	3/7/2022	3/16/2022	341,150
Proposed Interest and Dividends						5,355,600
Credit per share (R$)		3.14				

NOTE 24 — EARNINGS PER SHARE (EPS)

The following tables reconcile net income to the amounts used to calculate basic and diluted earnings per share.

Basic

	2023		
	Common	Preferred	Total
	(in thousands, except share and per share data)		
Basic numerator			
Allocated net income available to common and preferred shareholders	2,576,016	4,925,549	7,501,565
Basic denominator			
Weighted-average outstanding shares, after deducting the average treasury shares (Refer to Note 24 for number of shares)	600,526,442	1,148,255,014	
Earnings per share (in R$) — Basic	4.29	4.29	

	2022		
	Common	Preferred	Total
	(in thousands, except share and per share data)		
Basic numerator			
Allocated net income available to common and preferred shareholders	3,922,039	7,503,473	11,425,512
Basic denominator			
Weighted-average outstanding shares, after deducting the average tresuary shares	600,526,442	1,148,900,801	
Earnings per share (in R$) — Basic	6.53	6.53	

	2021		
	Common	Preferred	Total
	(in thousands, except share and per share data)		
Basic numerator			
Allocated net income available to common and preferred shareholders	5,198,011	10,296,100	15,494,111
Basic denominator			
Weighted-average outstanding shares, after deducting the average tresuary shares	571,929,945	1,132,865,567	
Earnings per share (in R$) — Basic	9.09	9.09	

Diluted

	2023	2022	2021
Diluted numerator			
Allocated net income available to Common and Preferred shareholders			
Net income allocated to preferred shareholders	4,925,549	7,503,473	10,296,100
Add:			
Adjustment to net income allocated to preferred shareholders in respect to the potential increase in number of preferred shares outstanding, as a result of long-term incentive plans of Gerdau.	16,037	20,898	26,192
	4,941,586	7,524,371	10,322,292
Net income allocated to common shareholders	2,576,016	3,922,039	5,198,011
Less:			
Adjustment to net income allocated to preferred shareholders in respect to the potential increase in number of preferred shares outstanding, as a result of long-term incentive plans of Gerdau.	(16,489)	(20,898)	(26,192)
	2,559,527	3,901,141	5,171,819
Diluted denominator			
Outstanding shares			
Common Shares	600,526,442	600,526,442	571,929,945
Preferred Shares			
Weighted-average number of preferred shares outstanding	1,148,255,014	1,148,900,801	1,132,865,567
Potential increase in number of preferred shares outstanding in respect of long-term incentive plan of Gerdau	11,159,835	9,371,523	8,633,716
Total	1,159,414,849	1,158,272,324	1,141,499,283
Earnings per share — Diluted (Common and Preferred Shares)	4.26	6.50	9.04

NOTE 25 — NET SALES

The net sales revenues for the year are composed of:

	2023	2022	2021
Gross sales	76,845,604	93,234,968	89,398,218
Taxes on sales	(5,884,335)	(8,372,931)	(8,987,882)
Discounts	(2,044,822)	(2,449,827)	(2,065,255)
Net sales	68,916,447	82,412,210	78,345,081

NOTE 26 — LONG-TERM INCENTIVE PLANS

a) Quantity Summary of Restricted Shares and Performance Shares:

Balance on January 1, 2021	12,469,334
Granted	2,228,196
Cancelled	(1,755,522)
Exercised	(4,407,441)
Balance on December 31, 2021	8,534,567
Granted	5,922,879
Cancelled	(1,267,065)
Exercised	(2,377,494)
Balance on December 31, 2022	10,812,887
Granted	7,697,990
Share Bonus	664,433
Cancelled	(2,192,635)
Exercised	(2,674,136)
Balance on December 31, 2023	14,308,539

The Company recognizes the cost of the long-term incentive plan through Restricted Shares and Performance Shares based on the fair value of the options granted on the grant date during the vesting period of each grant. The fair value of the options granted is equivalent to the fair value of the services provided to the Company, being the amount of R$ 25.16 for the 2023 grant (R$ 27.25 for the 2022 grant). The grace period for the year is 3 years for grants made as from 2017. The costs with long-term incentive plans recognized in the income statement on December 31, 2023 were R$ 157,979 (R$ 104,714 and R$ 65,289 on December 31, 2022 and 2021, respectively).

As of December 31, 2023, the Company has a total of 7,544,641 preferred shares in treasury and, according to Note 23, these shares may be used for serving this plan.

NOTE 27 — SEGMENT REPORTING

	Business Segments 2023					
	Brazil Operation	North America Operation	South America Operation	Special Steel Operation	Eliminations and Adjustments	Consolidated
Net sales	26,830,683	26,857,690	5,118,150	11,385,130	(1,275,206)	68,916,447
Cost of sales	(24,172,216)	(21,062,243)	(4,014,010)	(9,687,587)	1,352,064	(57,583,992)
Gross profit	2,658,467	5,795,447	1,104,140	1,697,543	76,858	11,332,455
Selling, general and administrative expenses	(868,530)	(629,852)	(137,203)	(281,302)	(290,749)	(2,207,636)
Other operating income (expenses)	(50,664)	(12,863)	34,604	(26,398)	566,351	511,030
Impairment of financial assets	(10,044)	(641)	(1,007)	(990)	1,954	(10,728)
Equity in earnings of unconsolidated companies	—	591,354	230,176	10,582	(4,506)	827,606
Operational income before financial income (expenses) and taxes	1,729,229	5,743,445	1,230,710	1,399,435	349,908	10,452,727
Financial result, net	(531,412)	173,862	(722,790)	(294,454)	268,672	(1,106,122)
Income (Loss) before taxes	1,197,817	5,917,307	507,920	1,104,981	618,580	9,346,605
Income and social contribution taxes	(293,344)	(1,243,406)	(170,516)	(262,627)	160,271	(1,809,622)
Net income (Loss)	904,473	4,673,901	337,404	842,354	778,851	7,536,983
Supplemental information:						
Net sales between segments	940,632	152,186	45	134,453	47,890	1,275,206
Depreciation/amortization	1,695,487	620,934	195,030	482,144	53,617	3,047,212
Investments in associates and joint ventures	—	2,766,406	—	268,522	823,521	3,858,449
Total assets	23,788,261	22,589,796	4,428,996	11,885,419	12,192,672	74,885,144
Total liabilities	8,849,071	3,064,061	1,373,802	2,881,499	9,477,848	25,646,281

	Business Segments 2022					
	Brazil Operation	North America Operation	South America Operation	Special Steel Operation	Eliminations and Adjustments	Consolidated
Net sales	32,971,136	31,098,937	7,179,691	13,626,418	(2,463,972)	82,412,210
Cost of sales	(27,083,063)	(22,694,132)	(5,532,144)	(11,185,898)	2,834,081	(63,661,156)
Gross profit	5,888,073	8,404,805	1,647,547	2,440,520	370,109	18,751,054
Selling, general and administrative expenses	(819,806)	(628,881)	(154,782)	(266,148)	(318,001)	(2,187,618)
Other operating income (expenses)	31,212	(14,902)	8,291	12,854	(1,184)	36,271
Impairment of financial assets	946	(3,219)	(81)	2,953	(680)	(81)
Equity in earnings of unconsolidated companies	—	884,437	277,108	9,243	(18,961)	1,151,827
Operational income before financial income (expenses) and taxes	5,100,425	8,642,240	1,778,083	2,199,422	31,283	17,751,453
Financial result, net	(669,951)	72,145	(819,625)	(270,552)	(204,443)	(1,892,426)
Income (Loss) before taxes	4,430,474	8,714,385	958,458	1,928,870	(173,160)	15,859,027
Income and social contribution taxes	(1,105,203)	(1,848,548)	(295,603)	(483,480)	(646,641)	(4,379,475)
Net income (Loss)	3,325,271	6,865,837	662,855	1,445,390	(819,801)	11,479,552
Supplemental information:						
Net sales between segments	1,023,664	92,927	8,797	136,719	1,201,865	2,463,972
Depreciation/amortization	1,459,472	612,784	232,010	554,707	7,726	2,866,699
Investments in associates and joint ventures	—	2,428,237	1,060,770	256,813	150,698	3,896,518
Total assets	25,664,151	21,767,488	7,488,279	13,193,959	5,684,775	73,798,652
Total liabilities	8,801,615	3,843,178	2,668,313	2,601,359	9,585,994	27,500,459

	Business Segments 2021					
	Brazil Operation	North America Operation	South America Operation	Special Steel Operation	Eliminations and Adjustments	Consolidated
Net sales	34,757,720	27,838,000	6,856,766	10,980,191	(2,087,596)	78,345,081
Cost of sales	(22,496,140)	(22,416,578)	(5,332,853)	(9,427,221)	2,145,071	(57,527,721)
Gross profit	12,261,580	5,421,422	1,523,913	1,552,970	57,475	20,817,360
Selling, general and administrative expenses	(781,942)	(639,370)	(157,912)	(233,348)	(293,379)	(2,105,951)
Other operating income (expenses)	137,649	42,141	27,514	71,287	241,140	519,731
Eletrobras compulsory loan recovery	—	—	—	—	1,391,280	1,391,280
Results in operations with subsidiary and joint ventures (note 3.4)	—	—	—	—	(162,913)	(162,913)
Impairment of financial assets	7,823	(7,668)	(1,073)	1,275	—	357
Equity in earnings of unconsolidated companies	—	279,948	268,291	28,831	(13,912)	563,158
Operational income before financial income (expenses) and taxes	11,625,110	5,096,473	1,660,733	1,421,015	1,219,691	21,023,022
Financial result, net	(538,341)	(156,437)	(314,473)	(238,249)	497,046	(750,454)
Income (Loss) before taxes	11,086,769	4,940,036	1,346,260	1,182,766	1,716,737	20,272,568
Income and social contribution taxes	(2,769,495)	(1,092,146)	(377,286)	(287,292)	(187,411)	(4,713,630)
Net income (Loss)	8,317,274	3,847,890	968,974	895,474	1,529,326	15,558,938
Supplemental information:						
Net sales between segments	1,186,719	70,904	16,297	74,714	738,962	2,087,596
Depreciation/amortization	1,323,598	627,483	213,001	487,114	7,365	2,658,561
Investments in associates and joint ventures	—	1,871,274	1,071,333	251,668	146,500	3,340,775
Total assets	24,835,717	22,096,314	7,113,706	13,658,147	6,110,729	73,814,613
Total liabilities	8,105,443	4,603,424	2,376,176	2,801,071	13,112,850	30,998,964

The main products sold in each segment are:

Brazil Operations: rebar, bars, shapes, drawn products, billets, blooms, slabs, wire rod, structural shapes and iron ore.
North America Operations: rebar, bars, wire rod, light and heavy structural shapes.
South America Operations: rebar, bars and drawn products.
Special Steel Operations: stainless steel, round, square and flat bars, wire rod.

The column of eliminations and adjustments includes the elimination of sales and intercompany loans between segments in the context of the Consolidated Financial Statements. This column also includes amounts that are not part of operational results of a specific segment, such as Results in operations with subsidiary and joint ventures, Eletrobras compulsory loan recovery, Selling, general and administrative expenses of corporate employees and the related income tax effects of these amounts, among others.

The Company's geographic information with revenues classified according to the geographical region where the products were shipped is as follows:

	Brazil	Latin America (1)	North America (2)	Geographic Area Consolidated
	2023	2023	2023	2023
Net sales	27,734,290	8,003,111	33,179,046	68,916,447
Total assets	32,811,578	7,386,237	34,687,329	74,885,144

	Brazil	Latin America (1)	North America (2)	Geographic Area Consolidated
	2022	2022	2022	2022
Net sales	36,416,581	8,294,142	37,701,487	82,412,210
Total assets	31,628,514	9,895,251	32,274,887	73,798,652

	Brazil	Latin America (1)	North America (2)	Geographic Area Consolidated
	2021	2021	2021	2021
Net sales	37,733,918	8,567,310	32,043,853	78,345,081
Total assets	31,740,469	8,959,237	33,114,907	73,814,613

(1) Does not include operations of Brazil
(2) Does not include operations of Mexico

IFRS Accounting Standards requires the Company to disclose revenues from external customers for each product and service, or each group of similar products and services, unless the necessary information is not available and the cost to develop it would be excessive. Management does not consider this information useful for its decision-making process, because it would aggregate sales in different markets and in different currencies, subject to the effects of changes in exchange rates. Furthermore, the trends of steel consumption and the price dynamics of each product or group of products in different countries and different markets within these countries are poorly correlated and, as a result, the information would not be useful and would not serve to reach any conclusions about historical trends. Considering this scenario and considering that the information of revenue from external customers by product and service is not maintained by the Company on a consolidated basis and the cost to obtain this information would be excessive compared to the benefits of the information, the Company does not present revenue by product and service.

NOTE 28 — INSURANCE

Subsidiaries maintain insurance contracts with coverage determined by experts, taking into account the nature and degree of risk. The main insurance coverage contracted are:

Type	Scope	2023	2022
Assets	Inventories and property, plant and equipment items are insured against fire, electrical damage, explosion, machine breakage and overflow (leakage of material in fusion state).	108,885,132	102,494,125
Business Interruption	Net income plus fixed expenses	25,316,332	21,255,334
Civil Liability	Industrial operations	687,465	751,349

NOTE 29 — IMPAIRMENT OF ASSETS

The Company performs tests for impairment of assets, notably goodwill and other long-lived assets, based on projections of discounted cash flows, which take into account assumptions such as: cost of capital, growth rate and adjustments applied to flows in perpetuity, methodology for working capital determination, investment plans, and long-term economic-financial forecasts. The impairment test of these assets is assessed based on the analysis of facts or circumstances that may indicate the need to perform the impairment test and are performed at least annually, for groups of cash generating units containing goodwill, in December, or whenever changes in events or circumstances indicate that the goodwill and other long-lived assets may be impaired.

To determine the recoverable amount of each cash generating unit, the Company uses the discounted cash flow method, using as basis, financial and economic projections for each one. The projections are prepared by taking into consideration observed changes in the economic scenario in the market where the Company operates, as well as assumptions with respect to future results and the historical profitability of each segment.

The Company maintains its monitoring of the steel market in order to identify any deterioration, significant drop in demand from steel consuming sectors (notably automotive and construction), stoppage of industrial plants or significant changes in the economy or financial market that result in increased perception of risk or reduction of liquidity and refinancing capacity.

29.1 Other assets Impairment test

In 2023, 2022 and 2021, no impairment losses were recognized for other long-lived assets, notably property, plant and equipment.

The post-tax discount rates used for this test are the same as presented in Note 29.2 of the goodwill impairment test.

29.2 Goodwill impairment test

The Company has four operating segments, which represents the lowest level in which goodwill is monitored by the Company. Goodwill balances by business segment are presented in Note 11. In 2023, 2022 and 2021, no impairment losses were recognized for goodwill.

The period for projecting the cash flows for the goodwill impairment test was five years. The assumptions used to determine the value in use based on the discounted cash flow method include analysis prepared in dollars, such as: projected cash flows based on management estimates for future cash flows, exchange rates, discount rates and growth rates. The cash flow projections already reflect a competitive scenario, as well as macroeconomic challenges in some geographies in which the Company operates. The perpetuity was calculated considering stable operating margins, levels of working capital and investments. The perpetuity growth rates considered in the 2023 test were: a) North America: 3% (3% in December 2022); b) Special Steel: 3% (3% in December 2022); c) South America: 3% (3% in December 2022); and d) Brazil: 3% (3% in December 2022).

The post-tax discount rates used were determined taking into consideration market information available on the date of performing the impairment test. The Company adopted distinct rates for each business segment tested with the purpose of reflecting the differences among the markets in which each segment operates, as well as the risks associated to each of them. The post-tax discount rates used were: a) North America:10.25% (9.75% in December 2022); b) Special Steel: 11.00% (10.75% in December 2022); c) South America: 19.00% (18.00% in December 2022); and d) Brazil 11.75%: (11.75% in December 2022). As required by the accounting standard, the Company made a calculation to determine the discount rates, before income tax and social contribution (gross rate of tax effects) and this calculation resulted in the following discount rates for each segment: a) North America 12.99% (12.28% in December 2022); b) Special Steel: 14.04% (13.81% in December 2022); c) South America: 28.44% (26.47% in December 2022); and d) Brazil: 15.06% (15.56% in December 2022).

Discounted cash flows are compared to the book value of each segment and result in the recoverable amount that exceeded book value as shown below: a) North America: R$ 6,432 million (R$ 10,426 million in 2022); b) Special Steel: R$ 2,832 million (R$ 5,299 million in 2022); c) South America: R$ 749 million (R$ 1,074 million in 2022); and d) Brazil: R$ 1,678 million (R$ 3,632 million in 2022).

The Company performed a sensitivity analysis in the assumptions of discount rate and perpetuity growth rate, due to the potential impact in the discounted cash flows.

An increase of 0.5 percentage points in the discount rate of each segment’s cash flow would result in a recoverable amount that exceeded book value as shown below: a) North America: R$ 5,075 million (R$ 8,749 million in 2022); b) Special Steel: R$ 2,067 million (R$ 4,329 million in 2022); c) South America: R$ 657 million (R$ 953 million in 2022); and d) Brazil: R$ 343 million (R$ 2,306 million in 2022).

On the other hand, a decrease of 0.5 percentage points in the perpetuity growth rate of the cash flow of each business segment would result in a recoverable amount that exceeded book value as shown below: a) North America: R$ 5,431 million (R$ 9,161 million in 2022); b) Special Steel: R$ 2,271 million (R$ 4,586 million in 2022); c) South America: R$ 702 million (R$ 1,011 million in 2022); and d) Brazil: R$ 719 million (R$ 2,673 million in 2022).

It is important to note that significant events or changes in the outlook may lead to losses due to goodwill recoverability. A combination of the above-mentioned sensitivities in the cash flow of each segment would result in an impairment value in the Brazil segment of R$ 501 million due to the recoverable amount lower than the book value (recoverable amount exceeded book value by R$ 1,357 million in 2022) and the recoverable amount exceeding the book value in the other segments, as shown below: North America: R$ 4,213 million (R$ 7,116 million in 2022); b) Special Steel: R$ 1,578 million (R$ 3,442 million in 2022) and c) South America: R$ 614 million (R$ 831 million in 2022).

The Company will maintain over the next year its constant monitoring of the steel market in order to identify any deterioration, significant drop in demand from steel consuming sectors (notably automotive and construction), stoppage of industrial plants or activities significant changes in the economy or financial market that result in increased perception of risk or reduction of liquidity and refinancing capacity. Although the projections made by the Company provide a more challenging scenario than that in recent years, the events mentioned above, if manifested in a greater intensity than that anticipated in the assumptions made by management, may lead the Company to revise its projections of value in use and eventually result in impairment losses.

NOTE 30 — EXPENSES BY NATURE

The Company opted to present its Consolidated Income Statement by function. As required by IAS 1, the expenses classified by nature are as follows:

	2023	2022	2021
Depreciation and amortization	(3,047,212)	(2,866,699)	(2,658,561)
Labor expenses	(7,653,352)	(7,367,601)	(7,249,811)
Raw material and consumption material	(42,523,164)	(48,606,561)	(43,720,989)
Freight	(4,360,264)	(4,820,294)	(3,898,360)
Other expenses/income, net	(1,707,334)	(2,151,429)	(1,585,863)
Eletrobras compulsory loan recovery	—	—	1,391,280
Results in operations with subsidiary and joint ventures	—	—	(162,913)
	(59,291,326)	(65,812,584)	(57,885,217)
Classified as:			
Cost of sales	(57,583,992)	(63,661,156)	(57,527,721)
Selling expenses	(716,195)	(733,026)	(715,830)
General and administrative expenses	(1,491,441)	(1,454,592)	(1,390,121)
Other operating income	1,033,506	246,313	979,760
Other operating expenses	(522,476)	(210,042)	(460,029)
Eletrobras compulsory loan recovery	—	—	1,391,280
Results in operations with subsidiary and joint ventures	—	—	(162,913)
Impairment of financial assets	(10,728)	(81)	357
	(59,291,326)	(65,812,584)	(57,885,217)

NOTE 31 — FINANCIAL INCOME

	2023	2022	2021
Income from short-term investments	543,507	392,445	182,639
Interest income and other financial income	359,512	213,917	66,385
Financial Income	903,019	606,362	249,024
Interest on debt	(840,069)	(964,607)	(1,059,841)
Monetary variation and other financial expenses	(556,720)	(598,551)	(373,246)
Financial Expenses	(1,396,789)	(1,563,158)	(1,433,087)
Exchange Variation, net	(850,375)	(974,709)	(108,373)
Bonds repurchase expenses	—	—	(264,687)
Tax credits monetary update	253,002	—	788,741
Gains and losses on derivative financial instruments, net	(14,979)	39,079	17,928
Financial result, net	(1,106,122)	(1,892,426)	(750,454)

EXHIBIT 1.01

BYLAWS OF GERDAU S.A.

GERDAU S.A.
CNPJ nº 33.611.500/0001-19.
NIRE Nº 35300520696
Public Held Company.

BYLAWS

CHAPTER I. HEADQUARTERS, PURPOSES AND DURATION

Art. 1. GERDAU S.A., with headquarters and jurisdiction in the City of São Paulo, State of São Paulo, at Avenida Doutora Ruth Cardoso, 8.501, 8th floor, *Conjunto* 2, Bairro Pinheiros, CEP 05425-070, will be ruled by these Bylaws and legislation applicable to corporations.

§ 1. As a result of the Company being admitted to the special listing segment of the B3 S.A. – Brasil, Bolsa, Balcão ("B3") known as Corporate Governance - Level 1, the Company, its shareholders, members of the Board of Directors, Executive Board and Board of Auditors are subject to the provisions of the Corporate Governance - Level 1 Listing Rules of B3 ("Level 1 Listing Rules").

§ 2. As the securities issued by the Company are admitted to trading on the Organized Markets managed by B3, the Company, its shareholders and managers must comply with the provisions set forth in the Rules for the Listing of Issuers and for Admission to the Trading of Securities, including the rules related to the withdrawal and exclusion of securities admitted to trading on the Organized Markets managed by B3.

Art. 2. The Company has the following purposes:

a) holding interests in the capital of companies engaged in the industry and trade of steel and/or metallurgical products, with plants integrated or not integrated to ports, as well as other companies and industrial consortia, including activities of research, mining, ore industrialization and trading, elaboration, execution and management of forestation and reforestation, as well as the trade, export and import of goods, conversion of forests into charcoal, transport of goods of its own manufacture and port operator activities referred to in Law No. 8.630, of February 25, 1993; and

b) industry and trade exploitation in steel products in general, laminates, drawn and iron and steel products, smelting of iron, steel and other metals, including through representation, import and exporting of goods related to its industrial and commercial activities, technical assistance and service provision.

Art. 3. The Company shall exist for an indeterminate term and may open and maintain branch offices, subsidiaries, agencies and offices, in Brazil and abroad, and may hold interests in other entities.

CHAPTER II. SHARE CAPITAL

Art. 4. The capital stock is R$ 20,289,409,000.00 (twenty billion, two hundred and eighty-nine million, four hundred and nine thousand reais), divided in 600.526.442 (six hundred million, five hundred and twenty-six thousand, four hundred and forty-two) common shares and 1,156,540,608 (one billion, one hundred and fifty-six million, five hundred and forty thousand, six hundred and eight) preferred shares, with no par value.

§ 1. The Board of Directors may, independently from modifications to the Company's Bylaws, decide to issue new shares, including the capitalization of profits and reserves, in accordance with the terms of these Bylaws, up to an authorized limit of 1,500,000,000 (one billion, five hundred million) ordinary shares and 3,000,000,000 (three billion) preferred shares.

§ 2. Within the limit of the authorized capital stock, the Board of Directors may, based on a plan approved by the General Shareholders' Meeting, grant stock options to its Directors, Executive Officers, employees or individuals rendering services to the Company or to companies under its control.

§ 3. Capital increases by the Company may consist of common or preferred shares or of shares of only one category, without maintaining proportions between each type or class of stock, while observing, with regard to the preferred shares, the maximum limit established by Law.

§ 4. Pre-emptive rights must be exercised within a period of 30 (thirty) days, except when an issue consists of shares or securities convertible into shares, whose placement is made through stock exchange or in a public offering, or an exchange of shares made in a public offer for acquisition of control, in which events the Board of Directors shall guarantee priority to shareholders for the subscription of securities for a period of no less than 10 (ten) days.

§ 5. Each common share shall carry one vote in the deliberations of the General Shareholders' Meeting.

§ 6. The Company's shares shall have, regardless of type or class, an identical share in its profits and identical rights in any public offer in case of transfer of control, with these shares being guaranteed a price equal to the value paid per common share forming part of the controlling stake. Preferred shares shall not carry voting rights and may not be redeemed, although they shall enjoy in addition to the rights mentioned above, the following priorities and advantages:

(a) right to proportionally participate in the mandatory dividend of at least 30% (thirty percent) of the net income for the fiscal year, calculated in accordance with art. 19, §4; and

(b) preference in the reimbursement of the capital up to the value of their ideal proportion of the paid-in capital, in the event of the Company's liquidation, with the ordinary shares being reimbursed up to their ideal proportion in the paid-in capital; the balance will be distributed on equal terms to all common and preferred shares.

§ 7. The Company's shares shall exist in book entry form.

§ 8. Shares shall be maintained in a deposit account in the name of their holders, at Banco Itaú S.A, without the issue of certificates.

§ 9. The Company may charge for the cost of transfer of ownership of book entry shares, in accordance with the limits established by the Brazilian Securities Exchange Commission (Comissão de Valores Mobiliários).

§ 10. The Company may suspend share transfer services for periods not exceeding 15 (fifteen) days each, and a total of 90 (ninety) days in any given year.

CHAPTER III. MANAGEMENT

SECTION I. GENERAL REGULATIONS

Art. 5. The Board of Directors and the Executive Officers shall be responsible for the Administration of the Company.

§ 1. Each of the elected members of the Board of Directors or the Executive Officers shall take office by means of an entry recorded in the relevant register, independently of any guarantee.

§ 2. The remuneration of members of the Board of Directors and the Executive Officers shall be established by the General Shareholders' Meeting and may be approved on an individual or aggregate amount, being the responsibility of the Board of Directors in the latter case to decide on its distribution.

§ 3. The investiture of the members of the Board of Directors and Executive Officers is conditioned to the signature of the Adhesion Management Form ("Termo de Anuência dos Administradores"), based upon the terms of Level 1 Listing Rules, as well as the compliance with the applicable legal requirements.

§ 4. The positions of Chairman and Chief Executive Officer shall not be held by the same person.

SECTION II. BOARD OF DIRECTORS

Art. 6. The Board of Directors is a collegiate decision-making body composed of 3 (three) to 11 (eleven) effective members and up to 11 (eleven) alternates, at the discretion of the General Shareholders' Meeting that elects them, with the same members elected for a unified mandate of 1 (one) year, with reelection permitted.

§ 1. The General Shareholders' Meeting shall determine, prior to the election of the members of the Board of Directors, the number of effective and alternate members to be elected. These numbers may differ. If elected, the alternate members shall replace the effective members in the order established by the General Shareholders' Meeting that elects them. The alternate member that cumulatively exercises the position of Executive Officer shall be automatically prohibited from occupying this position during the period in which he/she replaces the effective member, if, on account of his/her simultaneous occupation of this position, he/she exceeds the legal limit for the accumulation of positions. In the event that a vacancy arises and there are no alternate members, the alternate shall be appointed by the remaining Board members and shall serve until the next General Shareholders' Meeting.

§ 2. The General Shareholders' Meeting shall appoint from among the elected Board members a Chairman and up to four (4) Vice Presidents, who shall replace the former in accordance with their respective order of nomination.

§ 3. The Board of Directors shall meet whenever the interests of the Company require and at least once every six (6) months, observing a minimum advance notice of twenty-four (24) hours for the first call of the meeting, except in cases of manifest urgency, with the responsibility for calling the meeting being incumbent on the Chairman of the Board or a majority of its members.

§ 4. The meetings of the Board of Directors shall be considered to have been convened at a first call in the presence of a majority of its members, and at a second call, with any number of its members present, being chaired by the Chairman or in his/her absence, by any other member of the Board of Directors. Decisions shall be taken by a majority vote among those present, with the Chairman or his/her replacement holding the casting vote and all members are entitled to vote in advance in written form. The decisions of these meetings shall be recorded as minutes in the relevant Company register.

§ 5. In addition to the attributions arising from the other provisions of these Bylaws or the Law, the Board of Directors shall be responsible for:

(a) set the general guidance of the corporate businesses;

(b) assure integrity, ethical values and compliance with laws and regulatory norms to which the Company is subject;

(c) approve the Company's strategic planning as well as the respective execution plan;

(d) supervise risk management architecture development;

(e) approve expansion and investment plans considering risks involved and expected returns;

(f) define the Company's financial policies and capital structure, as well as approve the capital budget and individual decisions of relevant investments;

(g) define the policy that will guide relations with investors and capital markets;

(h) establish criteria for control of the Company's corporate performance;

(i) elect and dismiss the Company's Executive Officers, provide substitutes in case of vacancy, set their assignments and assess their performance;

(j) establish basic guidelines for executive action of Executive Officers and assure the strict compliance with them;

(k) set the Company's administrative structure, observing the Executive Officers' attribution of functions;

(l) guide and provide qualification and professional development to key executives, as well as take care of their succession plans;

(m) establish policies and practices for remuneration of human resources, including participation in profits or results;

(n) establish individual remuneration of the Company's administrators, in case the General Shareholders' Meeting has set an aggregate amount, and propose to the General Shareholders' Meeting deliberation on their participation in social profits, observing the provisions set forth in law and in the present Bylaws;

(o) approve relevant changes in the Company's organizational structure, necessary to support defined strategies;

(p) inspect the management of corporate business by Executive Officers and assure the strict compliance with decisions by the Company's organisms; examine, at any time, the Company's books and documents, request information on contracts signed or about to be signed, and any other acts;

(q) deliberate on the General Shareholders' Meeting Call;

(r) express opinion on the Administration report and Board of Executive Officers accounts;

(s) choose and dismiss independent auditors;

(t) authorize the Company to negotiate its own shares;

(u) authorize the issuance of negotiable instruments for public distribution, including debentures, under the terms of art. 59, §1 of Law No. 6.404 of December 15, 1976;

(v) within the limits of the authorized capital, deliberate on the issuance of debentures convertible into shares, under the terms of art. 59, § 2 of Law No. 6.404 of December 15, 1976;

(w) authorize payment of interests as equity remuneration, as well as its integration to the value of the fiscal year dividends;

(x) authorize participation in other entities, as well as the creation of consortia, joint ventures and strategic alliances in the country and abroad;

(y) set guidelines to be observed by the Company's representatives in any control group or shareholders meetings, or in General Shareholders' Meetings of affiliated or controlled companies, or others that involve consortia, joint ventures or strategic alliances in which the Company participates;

(z) periodically set criteria for involved amount, duration, extension of effects and others for the practice of certain administrative acts by the Board of Executive Officers such as (i) authorize fund raising, undertaking loans and financing, including with the issuance of bonds and securities; granting of loans or other credits, including to employees and member of the corporate bodies; (ii) acquisition, transfer (even if fiduciary), encumbrance, rental or borrowing of any assets or rights; (iii) granting guarantees of any nature by the Company;

(aa) authorize the practice of the administration acts described in paragraph "z" above, while the criteria set forth therein are not established;

(ab) strengthen and watch for the Company's institutional image;

(ac) deliberate on the practice of any extraordinary management act not included in the General Shareholders' Meeting private competence.

§ 6. The Board of Directors may attribute to its Chairman or to any one of its Vice Presidents, or to any one of its members that it may appoint, responsibility for the systematic monitoring of the Company's business activities in such a way as to ensure the full attainment of the Company's objectives and the implementation of the decisions made by the Board of Directors.

§ 7. The Board may decide to create specific committees subordinated to itself, which shall include one (1) or more of its members, with or without the participation of Executive Officers, and may include Company employees or contracted third-parties with the aim of coordinating or orienting certain corporate processes or operations.

SECTION III. EXECUTIVE OFFICERS

Art. 7. The Executive Officers comprises:

(a) One (1) Chief Executive Officer;

(b) One (1) to ten (10) Executive Vice-Presidents; and

(c) One (1) to fifteen (15) Executive Officers, without specific designation.

§ 1. The Executive Officers, individuals resident in Brazil, whether shareholders of the Company or not, shall be elected by the Board of Directors for a one (1) year term of office.

§ 2. The Executive Officers shall ordinarily meet on occasions determined by themselves, and extraordinarily whenever necessary or convenient, when convened by the Chief Executive Officer, or any one of the Executive Vice-Presidents or by any two Executive Officers..

§ 3. The meetings of the Executive Officers shall be held with the attendance of a majority of their members at the first call. Decisions shall be taken by majority vote and recorded in minutes in the relevant Company register. The Chief Executive Officer will have, in addition to his vote, a casting vote at these meetings;

§ 4. An advance vote submitted in written form shall be permitted for the purposes of constituting a quorum, both for convening a meeting and for voting on decisions.

Art. 8. The Executive Officers shall carry out all acts necessary for the attainment of the Company's objectives, and shall take responsibility for the adequate implementation of decisions by the Company's corporate bodies.

§ 1. The Chief Executive Officer will be responsible for the general conduction of the businesses in accordance with the plans and programs approved by the Board of Directors, focusing on the strategical aim of the Company, on the follow-up of its results and on the report of results to the Board of Directors. In this capacity he will be the Company's representative before the public and will be supported by the Chairman of the Board of Directors as regards institutional relations and policies .

§ 2. The Chief Executive Officer will be responsible for the development and accomplishment of the objectives of the Company and will exert the operational coordination of the different businesses, seeking to maximize the synergism and results.

Art. 9. The Executive Officers are responsible, without detriment to individual functions, for preparing and submitting to approval by the Board of Directors:

(a) **s**trategical plan of the Company and its respective plan of execution, as well as its programs of expansion and investments;

(b) the Company's business portfolio;

(c) proposals for significant amendments in the organizational structure of the Company that are necessary to support the strategies defined by the Board of Directors;

(d) suggestions for professional development of key executives and their succession plans.

§ 1. It is also incumbent on the Executive Officers:

(a) define and systematize processes and operations, approve policies, strategies and guidelines, assessing the respective performance of their holders, the level of excellence achieved and the management techniques employed;

(b) execute the goals established by the Board of Directors, submitting to it the results obtained;

(c) authorize the practice of reasonable free of charge acts for the benefit of employees or communities in which the Company participates, including donation of unserviceable assets, considering its social accountability;

(d) follow and control the activities of the Company's affiliated and controlled companies;

(e) instruct the Company's representatives in control group and shareholders meetings and in General Shareholders' Meetings of affiliated and controlled companies, according to guidelines set forth by the Board of Directors;

(f) authorize the opening of affiliates, branches, agencies and offices;

(g) promote interchange of experiences and maximum synergy across the Company's processes and operations;

(h) disseminate the Company's values and culture to all functional levels;

(i) watch for and be responsible for the Company's institutional image;

(j) solve omitted cases, as long as they are not included in the General Shareholders' Meeting or Board of Directors competence.

§ 2. The Executive Officers will forward to the Board of Directors copies of their meetings' minutes and will provide the information that will make possible the assessment of the Company's activities performance.

§ 3. The Executive Officers can deliberate on the creation of auxiliary committees to be formed by one or more of its members, employees and contracted third-parties to promote the exchange of experiences and maximum synergy across the Company's operations, or in order to coordinate, guide, facilitate or support certain processes or operations.

Art. 10. The Executive Officers, except for exceptional cases authorized by the Board of Directors, will exercise their positions full time and will not endorse, provide guarantee or in any way guarantee third parties' debts.

Art. 11. The Executive Officers shall be responsible for representing the Company actively and passively in or outside court, observing relevant legal or statutory provisions and decisions taken by bodies of the Company.

Art. 12. As a general rule and except for cases that are the subject matter of subsequent paragraphs, the following undertakings by the Company shall be considered valid whenever it is represented by two (2) Executive Officers, or one (1) Executive Officer and one (1) attorney-in-fact, or by two (2) attorneys-in-fact, or by one (1) attorney-in-fact, duly appointed according to § 3 below and within the limits of their respective mandates.

§ 1. The practice of acts that these Bylaws stipulate that shall require the prior authorization by the Board of Directors or by the Executive Officers may only be undertaken once the above preliminary condition has been fulfilled.

§ 2. As per determined in the caput, the Company may also be represented by one (1) Executive Officer or one (1) attorney-in-fact, when the matter in question consists of issuing and negotiating, including the endorsing and discounting of bills relating to its sales, as well as the signing of correspondence that do not create liabilities for the Company and the practice of simple routine administrative acts.

§ 3 In appointing attorneys-in-fact, the following rules shall be observed:

(a) all powers of attorney will be jointly granted by two (2) Executive Officers;

(b) when the object of the mandate is an act that depends on the prior authorization of the Board of Directors or the Executive Officers, the granting of the power of attorney shall be expressly conditioned on obtaining this authorization;

(c) except in cases of judicial or similar representation, in which an essential feature of the mandate is its exercise until the resolution of the issue or proceeding, all other powers of attorney shall be issued for a specified term not to exceed one year, and shall grant limited powers.

§ 4. Acts carried out that are contrary to the rules set forth in the preceding paragraphs shall be considered null and shall not create any obligations for the Company.

CHAPTER IV. BOARD OF AUDITORS.

Art. 13. The Board of Auditors will comprise at least three (3) and no more than five (5) effective members, and one of them shall be necessarily a financial expert; and with the same number of substitutes, whether shareholders or not, and will be installed and elected by the General Shareholders' Meeting.

§ 1. The Board of Auditors shall:

(a) **o**versee acts of the Board of Directors and Executive Officers and ensure that they comply with their legal and statutory duties;

(b) express opinion on the management annual report, including in its opinion complementary information considered relevant or useful for the General Shareholders' Meeting deliberations;

(c) express opinion on the administration bodies proposals to be submitted to the General Shareholders' Meeting, related to change in the capital stock, issuance of debentures or subscription bonus, investment plans or capital budget, dividend distribution, transformation, incorporation, merger or spin-off;

(d) denounce, by any of its members, to the administration bodies and, in case these latter do not take measures necessary to protect the Company's interests, to the General Shareholders' Meeting, mistakes, frauds or crimes they find and suggest useful measures to the Company;

(e) call the ordinary General Shareholders' Meeting, if the administration bodies delay for more than 1 (one) month this call, and the extraordinary General Shareholders' Meeting whenever serious or urgent reasons occur, including in the meetings' agenda the subjects they consider necessary;

(f) analyze, at least quarterly, the balance sheet and other financial statements periodically prepared by the Company;

(g) examine financial statements of the fiscal year and express opinion on them;

(h) exercise the assignments, during liquidation, considering the special dispositions that regulate it;

(i) receive and verify complaints, denounces or irregularities;

(j) express opinion on proposal of hiring or dismissing the external auditor;

(k) express opinion on any services to be rendered to the Company by the external auditor;

(l) express opinion on the works conducted by the external auditor;

(m) assist in the solution of divergences between administrators and auditors;

(n) express opinion on accounting and audit internal controls.

§ 2. The Board of Auditors will function on a permanent basis.

§ 3. The Board of Auditors will establish, by majority vote, its internal rules.

§ 4. In case of vacancy of a member of the Board of Auditors elected by the Controlling Shareholder, the substitutes will be called, in the order of their election, as described in the minutes of the General Shareholders' Meeting that elected them, and, in case there is no substitute or the substitute resigns, the substitute will be appointed by the remaining board members, elected by the controlling shareholder, and will fulfill his/her term of office until the next General Shareholders' Meeting, which will elect the new substitute.

CHAPTER V. GENERAL SHAREHOLDERS' MEETING.

Art. 14. The General Shareholders' Meeting, duly called and installed in accordance with the law and this chapter, has powers to decide on all business activities relating to the object of the Company, as well as to make the decisions it considers appropriate to defend and for the development of the Company.

Art. 15. The General Shareholders' Meeting shall be installed by an Officer, or in his/her absence, by an attending shareholder, with shareholders chosen at the occasion to chair and act as secretary at the meeting.

§ 1. The Company may require, within a period established in the call notice, the depositing of proof of ownership of shares, issued by the financial institution acting as depositary for the same shares, as well as to suspend, for the same period, transfer and stock split services.

§ 2. Except for those cases in which the law determines a qualified quorum, the decisions of the General Shareholders' Meeting shall be taken by an absolute majority vote, excluding blank votes.

Art. 16. Minutes of the deliberations and proceedings of the General Shareholders' Meeting shall be recorded in the relevant register, together with the elements, indications, requirements and signatures, required by law.

Art. 17. The General Shareholders' Meeting shall be Ordinary or Extraordinary in accordance with the material under consideration. The Ordinary General Shareholders' Meeting and the Extraordinary General Shareholders' Meeting may be called cumulatively and held in the same place at the same date, time and documented in a single set of minutes.

Art. 18. The Ordinary General Shareholders' Meeting must take place within the period established in law and shall have as its object:

(a) take administrators accounts, examine, discuss and vote the financial statements;

(b) deliberate on the destination of the fiscal year net profit and dividend distribution;

(c) elect members of the Board of Directors and, when applicable, the Board of Auditors;

(d) approve the correction of the equity capital monetary expression.

CHAPTER VI. FISCAL YEAR.

Art. 19. The fiscal year begins on January 1st and ends on December 31 of the same year.

§ 1. At the end of each fiscal year, the Executive Officers shall order the preparation, observing the relevant legal provisions, of the following financial statements:

(a) balance sheet;

(b) statement of changes in stockholders' equity;

(c) income statement of the fiscal year in question;

(d) statement of cash flows; and

(e) statement of added value.

§ 2. Together with the financial statements for the year, the Board of Directors shall submit to the Ordinary General Shareholders' Meeting a proposal for the destination of the net income for the year, in accordance with the provisions of these Bylaws and the Law.

§ 3. The Board of Directors may recommend, and the Ordinary General Shareholders' Meeting may decide, to subtract from the net income for the financial year, at least 5% (five percent) of the same for the constitution of an Investment and Working Capital Reserve, that shall obey the following principles:

(a) its constitution will not affect the right of preferred shareholders to receive the minimum dividend to which they are entitled to, or affect the payment of mandatory dividends provided in §4 below;

(b) its balance, together with the balance of other profit reserves, except for reserves for contingencies and profits to be realized, will observe a maximum limit equal to the Company's stock capital, under penalty of the excess being capitalized or distributed in cash;

(c) the reserve is intended to assure investments in fixed assets, or additions to working capital, even through amortization of the Company's debts, regardless of profit retentions linked to capital budget, and its balance can be used for: **(i)** absorption of losses, whenever necessary; **(ii)** distribution of dividends, at any time; **(iii)** transactions involving the redemption, reimbursement or purchase of shares, authorized by law; **(iv)** incorporation to the capital stock, even upon granting bonus in new shares.

§ 4. Shareholders will have the right to receive, during at each fiscal year, as a dividend, a percentage of the net profit, obeying the mandatory minimum of 30% (thirty percent) of the net profit, adjusted as follows:

(a) addition of the following amounts: resulting from reversion, in the fiscal year, of previously formed contingency reserves; resulting from the realization in the fiscal year of profits that were previously transferred to the profits to be realized reserve; and resulting from realization, in the fiscal year, of increase in value of assets elements due to new assessments, recorded as re-assessment reserve;

(b) the subtraction of amounts assigned during the fiscal year for the constitution of the legal reserve, contingency reserves, the unrealized profit reserve and the tax incentive reserve.

§ 5. The mandatory dividend is formed by the preferred dividend and the dividend paid on account of pre-existing profits reserves or based on semi-annual balances or interim balances, unless otherwise defined by the General Shareholders' Meeting of by the Board of Directors.

§ 6. Members of the Board of Directors and Executive Officers are entitled to a share in the Company's profit, to be deliberated by the General Shareholders' Meeting, observing the limits of law. It is a condition for payment of such share the distribution to shareholders of the mandatory dividend referred to in § 4 above. Whenever a semi-annual balance is prepared and, based on it, interim dividends are paid in an amount corresponding to at least 30% (thirty percent) of the period's net profit, calculated pursuant to the terms set forth in the aforesaid § 4, the Board of Directors may approve the payment to management, ad referendum of the General Shareholders' Meeting, of their participation in the semi-annual profit.

§ 7. Whenever the mandatory dividend is paid using pre-existing profits reserves, portion of the fiscal year profit, corresponding to the dividend paid, will be appropriated to recompose the reserve used.

§ 8. The Board of Directors may declare dividends on account of pre-existing profits reserves, or on account of existing profits in the last annual, semi-annual or interim balance.

§ 9. The General Shareholders' Meeting may deliberate on the capitalization of reserves constituted in semi-annual or interim balance sheets.

§ 10. Dividends not claimed in 3 (three) years expire in favor of the Company.

§ 11. Preferred shares will acquire the right to vote if the Company, for three (3) consecutive fiscal years, fails to pay the minimum dividends to which they are entitled, right to which they will be entitled to until the first payment of dividends is made by the Company.

CHAPTER VII. LIQUIDATION

Art. 20. The Company will enter liquidation in the cases provided by law or by resolution of the General Shareholders' Meeting, which is responsible, in any circumstance, for establishing the method of liquidation, electing the liquidator and the members of the Board of Auditors, in the event the same is to function during the liquidation period, and setting their remuneration.

EXHIBIT 12.01

CERTIFICATION

I, **Gustavo Werneck da Cunha**, certify that:

1. I have reviewed this annual report on Form 20-F of Gerdau S.A.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 28, 2024

/s/ Gustavo Werneck da Cunha

Gustavo Werneck da Cunha
Chief Executive Officer

EXHIBIT 12.02

CERTIFICATION

I, **Rafael Dorneles Japur**, certify that:

1. I have reviewed this annual report on Form 20-F of Gerdau S.A.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect the company's internal control over financial reporting.

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 28, 2024

/s/ Rafael Dorneles Japur

Rafael Dorneles Japur
Chief Financial Officer

EXHIBIT 13.01

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE U.S. SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Gerdau S.A. (the “Company”) on Form 20-F for the fiscal year ended December 31, 2023, as filed with the U.S. Securities and Exchange Commission on the date hereof (the “Report”), I, **Gustavo Werneck da Cunha**, Chief Executive Officer, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the U.S. Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(i) the Report fully complies with the requirements of Section 13(a) or 15(d) of the U.S. Securities Exchange Act of 1934; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Gustavo Werneck da Cunha
Name: Gustavo Werneck da Cunha
Title: Chief Executive Officer
Date: March 28, 2024

EXHIBIT 13.02

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE U.S. SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Gerdau S.A. (the "Company") on Form 20-F for the fiscal year ended December 31, 2023, as filed with the U.S. Securities and Exchange Commission on the date hereof (the "Report"), I, **Rafael Dorneles Japur**, Chief Financial Officer, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the U.S. Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(i) the Report fully complies with the requirements of Section 13(a) or 15(d) of the U.S. Securities Exchange Act of 1934; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Rafael Dorneles Japur

Name: Rafael Dorneles Japur
Title: Chief Financial Officer
Date: March 28, 2024

EXHIBIT 14.01

CLAWBACK POLICY

I. PURPOSE

This Clawback Policy describes the circumstances under which Covered Persons of **Gerdau S.A**. and any of its direct or indirect subsidiaries (collectively, the "Company") will be required to repay or return Erroneously-Awarded Compensation to the Company. Each Covered Person of the Company shall sign an Acknowledgement and Agreement to the Clawback Policy in the form attached hereto as *Exhibit A* as a condition to his or her participation in any of the Company's incentive-based compensation programs.

II. SCOPE

This Policy applies to the Executive Officers, as defined herein, to all of Gerdau's Business Divisions and Corporate Processes of Gerdau S.A..

III. DEFINITIONS

For purposes of this Policy, the following capitalized terms shall have the meaning set forth below:

(a) "**Accounting Restatement**" shall mean an accounting restatement (i) due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial restatements that is material to the previously issued financial statements (a "Big R" restatement), or (ii) that corrects an error that is not material to previously issued financial statements, but would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (a "little r" restatement).

(b) "**Administrator**" shall mean, collectively, the independent members of the Board of the Company.

(c) "**Board**" shall mean the Board of Directors of the Company.

(d) "**Clawback-Eligible Incentive Compensation**" shall mean, in connection with an Accounting Restatement, any Incentive-Based Compensation Received by a Covered Person (regardless of whether such Covered Person was serving at the time that Erroneously-Awarded Compensation is required to be repaid) (i) on or after the Effective Date, (ii) after beginning service as a Covered Person, (iii) while the Company has a class of securities listed on a national securities exchange or national securities association and (iv) during the Clawback Period.

(e) "**Clawback Period**" shall mean, with respect to any Accounting Restatement, the three completed fiscal years immediately preceding the Restatement Date and any transition period (that results from a change in the Company's fiscal year, if applicable) of less than nine months within or immediately following those three completed fiscal years.

(f) "**Compensation Committee**" shall mean the Compensation Committee of the Board.

(g) "**Covered Person**" shall mean any person who is, or was at any time, during the Clawback Period, an Executive Officer of the Company. For the avoidance of doubt, Covered Person may include a former Executive Officer that left the Company, retired or transitioned to an employee role (including after serving as an Executive Officer in an interim capacity) during the Clawback Period.

(h) "**Effective Date**" shall mean October 2, 2023.

(i) "**Erroneously-Awarded Compensation**" shall mean the amount of Clawback-Eligible Incentive Compensation that exceeds the amount of Incentive-Based Compensation that otherwise would have been Received had it been determined based on the restated amounts. This amount must be computed without regard to any taxes paid.

(j) "**Executive Officer**" shall mean the Company's president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any executive in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other executive who performs a policy-making function, or any other person (including an executive of the Company's parent(s) or subsidiaries) who performs similar policy-making functions for the Company. For the sake of clarity, at a minimum, all persons who would be executive officers pursuant to Item 6.A of Form 20-F shall be deemed "Executive Officers".

(k) "**Financial Reporting Measures**" shall mean measures that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and all other measures that are derived wholly or in part from such measures. For purposes of this Policy, Financial Reporting Measures shall include stock price and total shareholder return (and any measures that are derived wholly or in part from stock price or total shareholder return). A Financial Reporting Measure need not be presented within the Company's financial statements or included in a filing with the applicable local authority.

(l) "**Incentive-Based Compensation**" shall have the meaning set forth in Section III below.

(m) "**Policy**" shall mean this Executive Officer Clawback Policy, as the same may be amended and/or restated from time to time.

(n) "**Received**" shall mean Incentive-Based Compensation received, or deemed to be received, in the Company's fiscal period during which the Financial Reporting Measure specified in the Incentive-Based Compensation is attained, even if the payment or grant occurs after the fiscal period.

(o) "**Repayment Agreement**" shall have the meaning set forth in Section V below.

(p) "**Restatement Date**" shall mean the earlier of (i) the date the Board, a committee of the Board or the officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement, or (ii) the date that a court, regulator or other legally authorized body directs the Company to prepare an Accounting Restatement.

(q) "**SARs**" shall mean stock appreciation rights.

IV. INCENTIVE-BASED COMPENSATION

"Incentive-Based Compensation" shall mean any variable compensation that is granted, earned or vested wholly or in part upon the attainment of a Financial Reporting Measure.

For purposes of this Policy, specific examples of Incentive-Based Compensation include, but are not limited to:

- Non-equity incentive plan awards that are earned, wholly or in part, based on satisfaction of a Financial Reporting Measure performance goal;
- Bonuses paid from a "bonus pool," the size of which is determined, wholly or in part, based on satisfaction of a Financial Reporting Measure performance goal;
- Other cash awards based on satisfaction of a Financial Reporting Measure performance goal;
- Restricted stock, restricted stock units, performance share units, stock options and SARs that are granted or become vested, wholly or in part, on satisfaction of a Financial Reporting Measure performance goal; and
- Proceeds received upon the sale of shares acquired through an incentive plan that were granted or vested based, wholly or in part, on satisfaction of a Financial Reporting Measure performance goal.

For purposes of this Policy, Incentive-Based Compensation excludes:

- Any base salaries (except with respect to any salary increases earned, wholly or in part, based on satisfaction of a Financial Reporting Measure performance goal), wages, pro-labore, fixed fees, health insurance (and other labor benefits) and retirement plans;
- Bonuses paid solely at the discretion of the Compensation Committee or Board that are not paid from a "bonus pool" that is determined by satisfying a Financial Reporting Measure performance goal;
- Bonuses paid solely upon satisfying one or more subjective standards and/or completion of a specified employment period;
- Non-equity incentive plan awards earned solely upon satisfying one or more strategic measures or operational measures; and
- Equity awards that vest solely based on the passage of time and/or satisfaction of one or more non-Financial Reporting Measures.

V. DETERMINATION AND CALCULATION OF ERRONEOUSLY-AWARDED COMPENSATION

In the event of an Accounting Restatement, the Administrator shall reasonably promptly (and in all events within ninety (90) days after the Restatement Date) determine the amount of any Erroneously-Awarded Compensation for each Covered Person in connection with such Accounting Restatement and shall promptly thereafter provide each Covered Person with a written notice containing the amount of Erroneously-Awarded Compensation and a demand for repayment or return, as applicable.

(a) **Cash Awards**. With respect to cash awards, the Erroneously-Awarded Compensation is the difference between the amount of the cash award (whether payable as a lump sum or over time) that was Received and the amount that should have been received applying the restated Financial Reporting Measure.

(b) **Cash Awards Paid From Bonus Pools**. With respect to cash awards paid from bonus pools, the Erroneously-Awarded Compensation is the pro rata portion of any deficiency that results from the aggregate bonus pool that is reduced based on applying the restated Financial Reporting Measure.

(c) **Equity Awards**. With respect to equity awards, if the shares, options or SARs are still held at the time of recovery, the Erroneously-Awarded Compensation is the number of such securities Received in excess of the number that should have been received applying the restated Financial Reporting Measure (or the value in excess of that number). If the options or SARs have been exercised, but the underlying shares have not been sold, the Erroneously-Awarded Compensation is the number of shares underlying the excess options or SARs (or the value thereof). If the underlying shares have already been sold, then the Administrator shall determine the amount which most reasonably estimates the Erroneously-Awarded Compensation.

(d) **<u>Compensation Based on Stock Price or Total Shareholder Return</u>**. For Incentive- Based Compensation based on (or derived from) stock price or total shareholder return, where the amount of Erroneously-Awarded Compensation is not subject to mathematical recalculation directly from the information in the applicable Accounting Restatement, the amount shall be determined by the Administrator based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was Received (in which case, the Administrator shall maintain documentation of such determination of that reasonable estimate and provide such documentation in accordance with applicable listing standards and regulation).

VI. <u>RECOVERY OF ERRONEOUSLY-AWARDED COMPENSATION</u>

Once the Administrator has determined the amount of Erroneously-Awarded Compensation recoverable from the applicable Covered Person, the Administrator shall take all necessary actions to recover the Erroneously-Awarded Compensation. Unless otherwise determined by the Administrator, the Administrator shall pursue the recovery of Erroneously-Awarded Compensation in accordance with the below:

(a) **<u>Cash Awards</u>**. With respect to cash awards, the Administrator shall either (i) require the Covered Person to repay the Erroneously-Awarded Compensation in a lump sum in cash (or such property as the Administrator agrees to accept with a value equal to such Erroneously-Awarded Compensation) reasonably promptly following the Restatement Date or (ii) if approved by the Administrator, offer to enter into a Repayment Agreement. If the Covered Person accepts such offer and signs the Repayment Agreement within a reasonable time as determined by the Administrator, the Company shall countersign such Repayment Agreement.

(b) **<u>Unvested Equity Awards</u>**. With respect to those equity awards that have not yet vested, the Administrator shall take all necessary action to cancel, or otherwise cause to be forfeited, the awards in the amount of the Erroneously-Awarded Compensation.

(c) **<u>Vested Equity Awards</u>**. With respect to those equity awards that have vested and the underlying shares have not been sold, the Administrator shall take all necessary action to cause the Covered Person to deliver and surrender the underlying shares in the amount of the Erroneously-Awarded Compensation.

In the event that the Covered Person has sold the underlying shares, the Administrator shall either (i) require the Covered Person to repay the Erroneously-Awarded Compensation in a lump sum in cash (or such property as the Administrator agrees to accept with a value equal to such Erroneously-Awarded Compensation) reasonably promptly following the Restatement Date or (ii) if approved by the Administrator, offer to enter into a Repayment Agreement. If the Covered Person accepts such offer and signs the Repayment Agreement within a reasonable time as determined by the Administrator, the Company shall countersign such Repayment Agreement.

(d) **<u>Repayment Agreement</u>**. “Repayment Agreement” shall mean an agreement (in a form reasonably acceptable to the Administrator) with the Covered Person for the repayment of the Erroneously-Awarded Compensation as promptly as possible without unreasonable economic hardship to the Covered Person.

(e) **<u>Effect of Non-Repayment</u>**. To the extent that a Covered Person fails to repay all Erroneously-Awarded Compensation to the Company when due (as determined in accordance with this Policy), the Company shall take all actions reasonable and appropriate to recover such Erroneously-Awarded Compensation from the applicable Covered Person. The applicable Covered Person shall be required to reimburse the Company for any and all expenses reasonably incurred (including legal fees) by the Company in recovering such Erroneously-Awarded Compensation in accordance with the immediately preceding sentence.

The Administrator shall have broad discretion to determine the appropriate means of recovery of Erroneously-Awarded Compensation based on all applicable facts and circumstances and taking into account the time value of money and the cost to shareholders of delaying recovery. However, in no event may the Company accept an amount that is less than the amount of Erroneously-Awarded Compensation in satisfaction of a Covered Person’s obligations hereunder.

VII. <u>DISCRETIONARY RECOVERY</u>

Notwithstanding anything herein to the contrary, the Company shall not be required to take action to recover Erroneously-Awarded Compensation if any one of the following conditions are met and the Administrator determines that recovery would be impracticable:

(i) The direct expenses paid to a third party to assist in enforcing this Policy against a Covered Person would exceed the amount to be recovered, after the Company has made a reasonable attempt to recover the applicable Erroneously-Awarded Compensation, documented such attempts and provided such documentation according to applicable regulation;

(ii) Recovery would violate home country law where that law was adopted prior to November 28, 2022, provided that, before determining that it would be impracticable to recover any amount of Erroneously-Awarded Compensation based on violation of the home country law, the Company has obtained an opinion of a home country counsel, acceptable to the local relevant stock exchange, that recovery would result in such a violation and a copy of the opinion is provided local relevant stock exchange, according to applicable regulation; or

(iii) Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of applicable law and regulations thereunder.

VIII. REPORTING AND DISCLOSURE REQUIREMENTS

The Company shall file all disclosures with respect to this Policy in accordance with the requirements of the applicable law, including capital market rules and regulations.

IX. EFFECTIVE DATE

This Policy shall apply to any Incentive-Based Compensation Received on or after the Effective Date.

X. NO INDEMNIFICATION

The Company shall not indemnify any Covered Person against the loss of Erroneously- Awarded Compensation and shall not pay, or reimburse any Covered Persons for premiums, for any insurance policy to fund such Covered Person's potential recovery obligations.

XI. ADMINISTRATION

The Administrator has the sole discretion to administer this Policy and ensure compliance with the applicable law, regulation, rule or interpretation of the capital markets authorities promulgated or issued in connection therewith. Actions of the Administrator pursuant to this Policy shall be taken by the vote of a majority of its members. The Administrator shall, subject to the provisions of this Policy, make such determinations and interpretations and take such actions as it deems necessary, appropriate or advisable. All determinations and interpretations made by the Administrator shall be final, binding and conclusive.

XII. AMENDMENT; TERMINATION

The Board may amend this Policy from time to time in its discretion and shall amend this Policy as it deems necessary, including as and when it determines that it is legally required by any applicable laws, including capital markets rules and regulations. Notwithstanding anything in this Section XI to the contrary, no amendment or termination of this Policy shall be effective if such amendment or termination would (after taking into account any actions taken by the Company contemporaneously with such amendment or termination) cause the Company to violate any applicable laws, including capital markets rules and regulations.

XIII. OTHER RECOUPMENT RIGHTS; NO ADDITIONAL PAYMENTS

The Administrator intends that this Policy will be applied to the fullest extent of the law. The Administrator may require that any executive service agreement, equity award agreement or any other agreement entered into on or after the

Adoption Date shall, as a condition to the grant of any benefit thereunder, require such Covered Person to agree to abide by the terms of this Policy. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other rights under applicable law, regulation or rule or any similar policy in any executive service agreement, equity plan, equity award agreement or similar arrangement and any other legal remedies available to the Company. However, this Policy shall not provide for recovery of Incentive-Based Compensation that the Company has already recovered pursuant to Section 304 of the Sarbanes-Oxley Act or other recovery obligations.

XIV. SUCCESSORS

This Policy shall be binding and enforceable against all Covered Persons and their beneficiaries, heirs, executors, administrators or other legal representatives.

This Policy was reviewed and approved at a meeting of the Board of Directors of the company held on November 06, 2023.

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EXHIBIT A

ACKNOWLEDGEMENT AND AGREEMENT TO THE CLAWBACK POLICY OF GERDAU S.A.

By signing below, the undersigned acknowledges and confirms that the undersigned has received and reviewed a copy of Gerdau's Clawback Policy (the "Policy"). Capitalized terms used but not otherwise defined in this Acknowledgement Form (this "Acknowledgement Form") shall have the meanings ascribed to such terms in the Policy.

By signing this Acknowledgement Form, the undersigned acknowledges and agrees that the undersigned is and will continue to be subject to the Policy and that the Policy will apply both during and after the undersigned's professional relation with the Company. Further, by signing below, the undersigned agrees to abide by the terms of the Policy, including, without limitation, by returning any Erroneously-Awarded Compensation (as defined in the Policy) to the Company to the extent required by, and in a manner permitted by, the Policy.

____
Signature
____
Name
____
Date

EXHIBIT 14.02

SECURITIES TRADING POLICY

1.Objectives

1.1.The objective of this Securities Trading Policy is to regulate transactions in the Securities (a) by establishing the applicable conduct, guidelines and restrictions, in an orderly way and within the parameters established by law and the other policies of the Company; and (b) ensuring transparency in transactions in the Securities to avoid the use of Privileged Information for the benefit of Bound Persons (insider trading) or of third parties benefited by Bound Persons (tipping) in trading in the Securities.

1.2.In addition to the Bound Persons, the rules of this Trading Policy also apply to cases in which trading in the Securities by Bound Persons occur for their own benefit, whether directly or indirectly, through the use of, for instance: (a) a company directly or indirectly controlled by them; (b) third parties with whom they have an agreement for the management, trust or administration of a portfolio of investments in financial assets; and/or (c) attorneys-in-fact or agents.

1.3.The natural persons indicated in items (b), (c), (d), (e) and (f) of the definition of Bound Persons must strive to ensure that this Trading Policy is observed by their spouses, partners and dependents included on their annual income tax return. For purposes of this Trading Policy, any transactions carried out by spouses, partners and dependents included on the annual income tax return will be deemed as carried out by the Bound Persons to whom they are related.

2.Scope

2.1.This Trading Policy applies to the trading of any Securities by Bound Persons.

3.Definitions

3.1.For the purposes of this Securities Trading Policy, the following terms, when their initial letter is capitalized, will have the following meanings, and may be in singular or plural form:

“Managers”: means the Statutory officers and members of the Board of Directors of the Company.

“Material Fact or Event”: means any decision by the Controlling Shareholders, resolution of the Shareholders Meeting or the management bodies of the Company or any other fact or event of a political, administrative, technical, business, economic-financial nature related to the Company’s business that could have a considerable influence on (i) the price of the Securities; (ii) the decision of investors to buy, sell or hold the Securities; or (iii) the decision of investors to exercise any rights inherent to their condition as holders of the Securities or of assets referenced to them, pursuant to CVM Resolution 44.

“Blackout Period”: meaning in accordance with the definition of item 5.1 of this Trading Policy.

“Stock Exchange”: means any stock exchange or organized over-the-counter trading market in which the Company’s Securities are admitted for trade, in Brazil or abroad.

“Company”: means Gerdau S.A.

“Control”: means (i) the power held by a natural person, Entity or group of persons or Entities, bound by a voting agreement, or under shared control, that hold partner rights that assures them, on a permanent basis, the majority of votes in resolutions of the Shareholders Meetings and the power to elect the majority of managers in an Entity; and (ii) the effective use of their power to manage the corporate activities and orient the functioning of the bodies of the Entity. The meaning of the terms “Subsidiary,” “Parent Company” and “Controlling Shareholder” is related to the definition of Control.

“CVM”: means the Securities and Exchange Commission of Brazil.

"Investor Relations Officer": means the Officer of the Company responsible for providing information to investors, to the CVM and to the Stock Exchange, among other duties in regulations of the CVM.

"Entity": means any legal or unincorporated entity, including, but not limited to, companies of any type, in fact or under the law, associations, consortia, investment funds, joint ventures or partnerships.

"Privileged Information": means any information concerning any Material Fact or Event, as defined by CVM Resolution 44, that has not yet been disclosed to the investor public and to which the Bound Persons had privileged access to due to their role or position.

"CVM Resolution 44": among other matters, the disclosure and use of information on Material Facts or Events involving public corporations, and the trading in securities issued by public corporations prior to the disclosure of material facts.

"Brazilian Corporation Law": means Federal Law 6,404, of December 15, 1976, as amended, which governs Brazilian corporations.

"Trading of Relevant Equity Interest": means a transaction or group of transactions through which the direct or indirect interest held by (a) direct or indirect Controlling Shareholders; (b) shareholders that elect members of the Board of Directors or the Audit Board; (c) any natural person or Entity, group of persons or Entities, acting jointly or representing the same interest, exceeds five percent (5%), ten percent (10%), fifteen percent (15%) and successively, of any type or class of shares of the Company.

"Bodies with Technical or Advisory Functions": means bodies of the Company, created by its Bylaws, with technical functions or intended to advise its Managers.

"Bound Persons": means the Company; (b) direct and indirect Controlling Shareholders, Subsidiaries, Associate Companies or Parent Company; (c) Managers and members of the Audit Board of the Company, of Subsidiaries and of Associate Companies; (d) members of Bodies with Technical or Advisory Functions; (e) any person who, due to their role or position in the Company, Subsidiaries, Associate Companies or Parent Company, have access to any Privileged Information; and (f) Relevant Third Parties, during the duration of their agreement with the Company, Subsidiaries, Associate Companies or Parent Company.

"Individual Investment Plans": meaning in accordance with the definition of item 7.1 of this Trading Policy.

"Securities Trading Policy": means this Securities Trading Policy.

"Associate Companies": means the Entities in which the Company holds significant influence, under Brazilian Corporation Law and the applicable legislation.

"Subsidiaries": means the Entities in which the Company, directly or through other Subsidiaries, holds any partner rights that ensure Control power.

"Parent Company": means the Entity that holds Control power over the Company.

"Relevant Third Parties": means the individuals or Entities which have a commercial, professional or fiduciary relationship with the Company, such as independent auditors, securities analysts, consultants, advisors, lawyers, accountants, contractors, institutions which are part of the securities distribution system and suppliers that, after being engaged by the Company, its Subsidiaries or Associate Companies, gain knowledge of or may gain knowledge of a Material Fact or Event not yet disclosed to the Market.

"Declaration of Acceptance": means the instrument to be entered into by the Bound Persons and recognized by the Company, under which each Bound Person expresses their awareness of the rules of this Trading Policy and undertakes to comply with them and ensure that the rules are observed by persons under their influence, including Subsidiaries or Associate Companies, spouses, partners and dependents.

"Securities": Means any shares, bonds, subscription bonuses, receipts (including those issued outside Brazil with spread in shares) and subscription rights, American Depositary Receipt ("ADR"), promissory notes, call or put options, indexes and derivatives of any type, or any other securities or collective investment contracts issued by the Company, or referenced thereto, which by legal determination are considered securities.

4.Acceptance

4.1.The restrictions on trading in the Securities set forth in this Trading Policy are applicable independent of express acceptance by the Bound Persons. However, for a Bound Person to benefit from the exceptions to the blackout periods in item 6.1 below, they must first sign the Declaration of Acceptance of this Trading Policy.

4.2.The Company will maintain filed at its headquarters an updated list of the signatories to this Policy and their respective information, including their employment relationship, position or function, address and tax identification number.

5.Trading Restrictions

5.1.**Periodic restrictions.** Bound Persons are prohibited from trading in the Securities or any other securities affected by a Material Fact or Event related to the Company, irrespective of any instruction by the Investor Relations Officer in this regard ("Blackout Period").

a) during a period of fifteen (15) days prior to disclosure of (ii) the quarterly financial information ("ITR") and annual financial statements ("DFP") of the Company, required by CVM; or (ii) the preliminary financial information of the Company;

b) during the period from the date of the resolution by a competent body and the respective publications of the notices or announcements, in the cases of (i) capital increases; (ii) distributions of net income; (iii) share bonuses or their derivatives; or (iv) share splits.

5.2.**One-off restrictions due to Material Facts or Events.** Trading in the Securities is prohibited prior to the disclosure to the market of a Material Fact or Event of the Companies of which the Bound Persons have knowledge, including, but not limited to, the existence of plans to carry out (i) any form of corporate restructuring involving the Company, Subsidiaries, Associate Companies or Parent Company; (ii) any transaction involving the divestment or acquisition of material assets, including shares in the Company.

5.3.**Permanence of restriction.** Bound Persons who have stepped down from management positions in the Company but who, due to the positions they held, have knowledge of Material Facts or Events or other Privileged Information prior to their disclosure, are prohibited from trading in the Securities. This restriction shall last until (a) the disclosure of such Material Fact or Event of which they have knowledge; or (b) a period of six (6) months as from their termination has transpired, whichever occurs first.

5.4.**Trading during share buyback periods.** Bound Persons are prohibited from trading in shares in the Company on days on which the Company is executing buy or sell orders of shares issued by the Company.

5.5.**Stop orders.** Bound Persons may use a stop order mechanism to buy or sell Securities, provided that such mechanism is set not to operate during the Blackout Period. If the securities brokerage used by the Bound Person is unable to set dates for use of the stop order mechanism, it may not be used for the trading in the Securities during any period.

5.6.**Restriction on Purchase of Treasury Shares.** The Board of Directors may not resolve to purchase shares for holding in treasury during the period between the adoption of procedures and initial acts and the disclosure of Material Facts or Events arising from the transfer of Control of the Company or any corporate restructuring.

5.7.The Bound Persons must ensure that any parties with which they maintain business, professional or fiduciary relationship refrain from trading in the Securities when they have access to **Privileged Information**. To such effect, the Bound Persons must make their best efforts to ensure that such parties, from the moment they gain access to the Privileged Information, safeguard its confidentiality by signing non-disclosure agreements and Declarations of Acceptance.

6.Exceptions to the Restrictions

6.1.The aforementioned restrictions do not apply in the following events:

a) transactions in Securities with the purpose of fulfilling obligations undertaken prior to the start of the Blackout Period arising from loans of Securities, the exercise of call or put options by third parties and forward purchase and sale agreements;

b) trading operations involving fixed income Securities carried out through operations involving matched commitments for repurchase by the seller and resale by the buyer, for settlement on a predetermined date, prior to or coincident with the maturity of the securities that are the object of the transaction, carried out with returns or with predetermined remuneration parameters;

7.Individual Investment Plan

7.1.The Individual Investment Plan is a written instrument through which a Bound Person voluntarily and irrevocably undertakes to invest in or divest from, individually or collectively, the Securities on predetermined dates or periods and in compliance with the following rules:

a) the Individual Investment Plan shall be formalized in writing and be verifiable, including with regard to its establishment and to the realization of any changes in its content. It also shall establish, irrevocably, the dates or events and the values or volumes of the trades to be carried out by the participants.

b) The Individual Investment Plan must be valid for a minimum period of at least three (3) months and must establish a minimum term of six (6) months for the actual Investment Plan, for any changes to it or for its cancellation to produce effects.

c) during the validity of the Individual Investment Plan, the participant is required to buy or sell Securities as previously established, even if the Material Fact or Event has not yet been disclosed to the market and during the fifteen (15) days prior to disclosure of the quarterly or annual financial information of the Company.

d) The Individual Investment Plan must be filed at the headquarters of the Company and be approved in advance by the Investor Relations Officer, who will determine its compatibility with the provisions of this Trading Policy. Changes to the Individual Investment Plan may be accepted only if approved by the Investor Relations Officer and the Chief Legal Officer, and

e) the Individual Investment Plan may be terminated unilaterally and at the discretion of the Bound Person, which must be formally notified in writing to the Investor Relations Officer. Immediately after the Investor Relations Officer receives the formal notice, the person terminating the plan will lose all rights arising from the exceptions in the Individual Investment Plan.

7.2.Particularly with regard to the Controlling Shareholders, Managers, members of the Audit Board and members of Bodies with Technical or Advisory Functions, the Board of Directors shall verify, at least semiannually, the compliance of the trading operations carried out by the participants of the Individual Investment Plan.

7.3.Participants of the Individual Investment Plan are prohibited from simultaneously maintaining more than one plan in force and from carrying out any transactions that nullify or mitigate the economic effects of the operations to be determined by the Individual Investment Plan.

8.Termination of Status

8.1.Subject to item 5.3 above, the Bound Persons will lose such status and consequently no longer be bound by this Trading Policy in the following cases:

a) resignation or termination, by any means, of the functions or activities performed by any person listed as Bound Persons; and

b) death of the natural person or dissolution of the legal person classified as Bound Persons.

8.2.The termination of the status of Bound Persons with regard to this Trading Policy may be requested by means of a formal communication to the Investor Relations Officers of the Company.

9.Relevant Third Parties

9.1.The provisions of this Trading Policy do not exclude the responsibility of Relevant Third Parties not directly connected to the Company and who have access to Privileged Information.

9.2.The commercial agreements entered into by and between the Company and Relevant Third Parties must contain rules ensuring the confidentiality of information that could constitute a Material Fact or Event, as well as compliance with the rules established by the CVM pertaining to trading in the Securities. In the case of Relevant Third Parties who work in a profession subject to professional confidentiality rules, in accordance with the rules applicable to the exercise of the profession, at the Company's discretion, the express clause in the respective commercial agreements regarding the provisions in the first part of item 9.2 may be excluded.

10.Procedures for Safeguarding Confidentiality and Securities Trading

10.1.Bound Persons must ensure that any parties with which they maintain commercial, professional or fiduciary relationships refrain from trading in the Securities when they have access to Privileged Information. For such, the Bound Persons must endeavor their best efforts to ensure that such persons, from the moment they gain access to the Privileged Information, safeguard their confidentiality by signing non-disclosure agreements and/or a Declaration of Confidentiality.

10.2. Bound Persons shall safeguard the confidentiality of the information related to Material Fact or Event to which they have privileged access due to their role, position or function until its disclosure to the market, and endeavor every effort to ensure that subordinates and third parties in a position of trust do the same, being jointly liable in the event of noncompliance.

10.3. Bound Persons must also follow the procedures below: (a) involve only persons deemed necessary in actions that could result in a Material Fact or Event; (b) refrain from discussing Privileged Information in the presence of third parties without such knowledge, even if it is expected that such third parties would not be able to infer the meaning of the topic discussed; (c) refrain from discussing Privileged Information in conference calls in which they cannot be certain of who is participating; and (d) take necessary and adequate measures to safeguard the confidentiality of documents, whether in physical or electronic form, containing Privileged Information (security, password protection, etc.).

10.4.When Privileged Information must be disclosed to employees of the Company, the person responsible for communicating the Privileged Information shall ensure that the person receiving such Privileged Information is aware of the provisions of this Securities Trading Policy.

10.5.Bound Persons who, inadvertently or without authorization, communicate, personally or through third parties, a Material Fact or Event before it is disclosed to the market, through any means of communication, including to the media or in meetings with trade associations, investors, analysts or select publics, in Brazil or abroad, it must immediately report it to the Investor Relations Officer so that they can take the appropriate measures.

11.Violations and Sanctions

11.1.In cases of violations of the terms and procedures established in this Trading Policy, the Investor Relations Officer is responsible for taking the measures applicable in the internal environment of the Company, without prejudice to the sanctions applied by the competent authorities, under the legislation in force.

11.2.If the Shareholders Meeting is empowered by law or the bylaws to take the appropriate measure, the Board of Directors must call such meeting to resolve on the matter.

12.Miscellaneous

12.1.This Securities Trading Policy complies with, when applicable, the principles of the Disclosure Policy of the Company, whose applicability is secondary to the interpretation and execution of this Securities Trading Policy.

12.2.Any questions and clarifications concerning the interpretation or applicability of this Securities Trading Policy should be addressed to the Investor Relations Officer, who must respond to them within fifteen (15) days of their receipt.

12.3.The unauthorized disclosure of the Privileged Information of the Company not publicly disclosed is damaging to the Company, and is strictly prohibited.

12.4.The Bound Persons must sign the Declaration of Acceptance of this Securities Trading Policy and inform the Company, via communication in writing to the Investor Relations Officer, of any Trading of Relevant Equity Interest.

12.5.The restrictions established in this Trading Policy do not apply to securities traded by any investment funds in which the Bound Persons are shareholders, provided that such funds are not exclusive investment funds or investment funds in which the Bound Persons may influence the trading decisions made by the fund administrator or portfolio manager.

12.6.Any violations of this Trading Policy verified by Bound Persons must be informed immediately to the Company by the Investor Relations Officer.

12.7.Any cases of omissions, exceptions and adjustments to this Trading Policy must be submitted for approval to the Investor Relations Officer.

12.8.This Securities Trading Policy was approved in a meeting of the Company's Board of Directors held on February 22, 2022, with immediate effect for an indefinite term. Any amendment to this Trading Policy must be approved by the Board of Directors. The Securities Trading Policy may not be amended if the disclosure of a Material Fact or Event is pending.

EXHIBIT 23.01

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-171217 and 333-179182) of Gerdau S.A. of our report dated March 28, 2024 relating to the consolidated financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 20-F.

/s/ PricewaterhouseCoopers Auditores Independentes Ltda.

Porto Alegre, Brazil
March 28, 2024

EXHIBIT 23.02

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the registration statements (No. 333-171217 and No. 333-179182) on Form S-8 of our report dated March 30, 2022, with respect to the consolidated financial statements of Gerdau S.A.

/s/ KPMG Auditores Independentes Ltda.

Porto Alegre, Brazil

March 28, 2024