



2Q21 FINANCIAL RESULTS

July 27, 2021



Companhia Siderúrgica Nacional

São Paulo, July 27, 2021 - **Companhia Siderúrgica Nacional** ("CSN") (B3: CSNA3) (NYSE: SID) **announces its second quarter of 2021 (2Q21)** financial results in Brazilian Reals, with all financial statements consolidated in accordance with accounting practices adopted in Brazil issued by the Accounting Pronouncements Committee ("CPC"), approved by the Brazilian Securities and Exchange Commission ("CVM") and the Federal Accounting Council ("CFC") and in accordance with international financial reporting standards (IFRS), issued by the International Accounting Standards Board (IASB).

All comments presented herein refer to the Company's consolidated results for the **second quarter of 2021 (2Q21)** and the comparisons are for the second quarter of 2020 (2Q20) and the first quarter of 2021 (1Q21). The dollar was R\$5.48 as of 06/30/2020; R\$5.70 on 03/31/2021 and R\$5.00 on 06/30/2021.

2Q21 Operational and Financial Highlights

ANOTHER QUARTER WITH RECORD RESULTS FOR CSN

The **Adjusted EBITDA** reached **R\$8,174 million** in **2Q21**, **40.8%** higher than in the previous quarter and **3.25x above** the baseline presented during the same period of 2020. This extraordinary result is a consequence of the combination of better prices and cost efficiency in basically all operations segments.

LEVERAGE TARGET REACHED DURING THE FIRST SEMESTER

The strong operating results accrued an **Adjusted Cash Flow of R\$5,345 million**, the Company's new quarterly record.

Net Debt/EBITDA ratio went from 1.29x in 1Q21 to 0.60x in 2Q21, **below the guidance** for the end of the year, reinforcing the company's financial strength.

EXCEPTIONAL PERFORMANCE IN THE STEEL INDUSTRY

The price increase and the higher efficiency presented in the period provided an **EBITDA evolution of 48% in 2Q21**, even with a small reduction in sales volume when compared to the previous quarter. EBITDA of R\$2.7 billion in the steel industry in 2Q21 was **higher than that recorded during the full year of 2020**.

HIGHER VOLUME AND PRICES HAVE GENERATED ANOTHER RECORD RESULT IN MINING

Iron ore production totaled 10.5Mton in 2Q21, **25.4% higher than the previous quarter**. The combination of higher volumes with the rising prices led to **another record of EBITDA in mining**.

CEMENT SEGMENT CONSOLIDATES AS NEW GROWTH LEVER

Heated demand for cements and price increases led the cement **segment to an EBITDA of R\$147 million** in 2Q21, with a **43% growth compared** to the previous quarter. When compared to 2Q20, the growth was **436%**.

GROWING RESULTS IN THE LOGISTICS SEGMENT

The **recovery of rail volumes** increased EBITDA by 22%, reaching R\$269MM in 2Q21.



Consolidated Framework – Highlights

	2Q21	2Q20	2Q21 x 2Q20	1Q21	2Q21 x 1Q21
Steel Sales (Thousand Tones)	1,281	1,003	28%	1,317	-3%
- Domestic Market	896	614	46%	911	-2%
- External Market	385	389	-1%	406	-5%
Iron Ore Sales (Thousand Tones)	9,110	7,743	18%	8,225	11%
- Domestic Market	1,174	1,084	8%	1,286	-9%
- External Market	7,936	6,659	19%	6,939	14%
Consolidated Results (R\$ million)					
Net Revenue	15,392	6,221	147%	11,913	29%
Gross Profit	8,280	1,843	349%	5,735	44%
Adjusted EBITDA ⁽¹⁾	8,174	1,925	324%	5,806	41%
EBITDA margin %	53.1%	31.0%	22.2 p.p.	48.7%	4.4 p.p.
Adjusted Net Debt ⁽²⁾	13,228	33,120	-60%	20,542	-36%
Adjusted Cash/Disponibilities ⁽²⁾	22,517	5,177	335%	14,727	53%
Net Debt / Adjusted EBITDA	0.60x	5.17x	-88%	1.29x	-54%

¹ Adjusted EBITDA is calculated from net income (loss), plus depreciation and amortization, taxes on income, net financial result, income from investment participation, income from other operating income/expenses and includes the proportional ebitda participation of jointly controlled MRS Logística and CBSI. Adjusted EBITDA includes a 100% stake in CSN Mineração and 37.27% in MRS.

² Adjusted Net Debt and Adjusted Cash/Availability consider 100% in CSN Mineração, 37.27% of MRS, in addition to not considering *Forfeiting and Cashed Risk* operations.

Consolidated Results

- **Net revenue in 2Q21** added up to R\$15,392 million, an increase of 147% compared to 2Q20 and 29% compared to 1Q21. This result is a consequence of the strong price behavior observed in the period, both for iron ore, steel and cement. In the first semester, net revenue reached R\$ 27.3 billion, a performance 136% higher than in the same period of 2020.
- The **cost of goods sold** totaled R\$7,111 million in 2Q21, 15% higher compared to 1Q21, mainly due to the price evolution of some commodities needed in the production process. In addition, the higher volume of ore sales in the foreign market also impacted the cost.
- Even within the cost increase, the **gross margin** was 6 p.p. higher than that recorded in 1Q21, rising to 54% in 2Q21, as a result of the strong performance observed in the operating segments. In the first half of the year, gross profit reached R\$14.0 billion, with a gross margin of 51%.
- In 2Q21, **sales, general and administrative expenses** totaled R\$825 million, 48.2% higher than in the last quarter, as a result of an increasingly commercial activity and accrual distribution costs in the foreign market for the mining operations.
- The group of **other operating income and expenses** was negative by R\$402 million in 2Q21, owing mainly for the hedge accounting operations for iron ore totaling R\$279 million.
- The **financial result in 2Q21** was negative by R\$ 340 million, as a consequence of the currency exchange rate observed in the period, in addition to the cost of debt. This result ended up compensating the gaining results of the partial sale of Usiminas shares, as well as the appreciation of the shares held, which generated a gain without cash effect of R\$ 143 million.

	2Q21	2Q20	2Q21 x 2Q20	1Q21	2Q21 x 1Q21
Financial Result - IFRS	(340)	285	-219%	(201)	69%
Financial Revenue	791	457	73%	586	35%
Financial Expenses	(1,131)	(172)	558%	(787)	44%
Financial Expenses (ex-exchange rate variation)	(801)	(154)	420%	(731)	10%
Result with exchange rate variation	(330)	(18)	1733%	(56)	489%
Monetary and Exchange Rate Variation	(402)	8	-5125%	(53)	658%
Derivatives Result	72	(26)	-377%	(3)	-2500%

- In 2Q21, **the equity result was** positive in R\$55 million, a better performance than in the previous quarter due to the positive practices observed in the operations of MRS Logística.

	2Q21	2Q20	2Q21 x 2Q20	1Q21	2Q21 x 1Q21
MRS Logística	75	55	37%	28	167%
TLSA	(15)	(12)	29%	(5)	229%
Arvedi Metalfer BR	2	(5)	-144%	(0)	-1920%
Eliminations	(7)	(10)	-30%	(10)	-29%
Equity Result with Affiliated Companies	55	28	94%	13	309%

- The **Company's net income in 2Q21 was R\$5,513 million** a result 3% lower than in 1Q21, since the previous quarter was positively impacted by the capital gain with CSN Mineração's IPO. In the semester, net income reached R\$11.2 billion compared to a net loss of R\$ 866 million recorded in the same period of 2020, which attests to the excellent performance recorded throughout 2021.

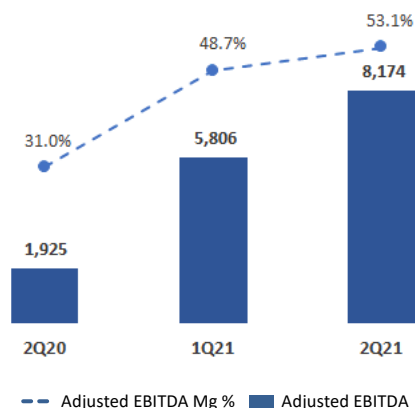
Adjusted EBITDA

	2Q21	2Q20	2Q21 x 2Q20	1Q21	2Q21 x 1Q21
Profit (Loss) for the Period	5,513	446	1136%	5,697	-3%
Depreciation	502	428	17%	456	10%
Income Tax and Social Contribution	1,257	392	220%	1,278	-2%
Finance Income	339	(285)	-219%	202	68%
EBITDA (ICVM 527)	7,611	981	676%	7,633	0%
Other Operating Income (expenses)	402	791	-49%	(1,986)	-120%
Free Cash Flow Hedge Accounting - Exchange rate	-	775	-	252	-
Free Cash Flow Hedge Accounting - Platts Index	279	-	-	59	373%
Net gain sales of CSN Mineração Shares	-	-	-	(2,472)	-
Other	123	16	672%	175	-30%
Equity Results of Affiliated Companies	(55)	(28)	94%	(13)	309%
Proportional EBITDA of Jointly Owned Subsidiaries	216	182	19%	173	25%
Adjusted EBITDA	8,174	1,925	325%	5,806	41%

*The Company discloses its adjusted EBITDA excluding participation in investments and other operating income (expenses) because it understands that it should not be considered in the calculation of recurring operating cash generation.

- Adjusted EBITDA reached** another record in this quarter, totaling R\$8,174 million in 2Q21, compared to R\$5,806 million recorded in 1Q21. This result was accompanied by a margin gain of 4.4p.p., consequently, adjusted EBITDA margin reached 53%. The combination of higher sales volume with higher prices, on all marketed products, contributed positively to this extraordinary result. In the first half year, adjusted EBITDA was R\$ 14.0 billion, with an adjusted EBITDA margin of 51%, or 28p.p. above that seen in the same period of 2020.

Adjusted EBITDA (R\$ MM) and Adjusted Margin¹ (%)

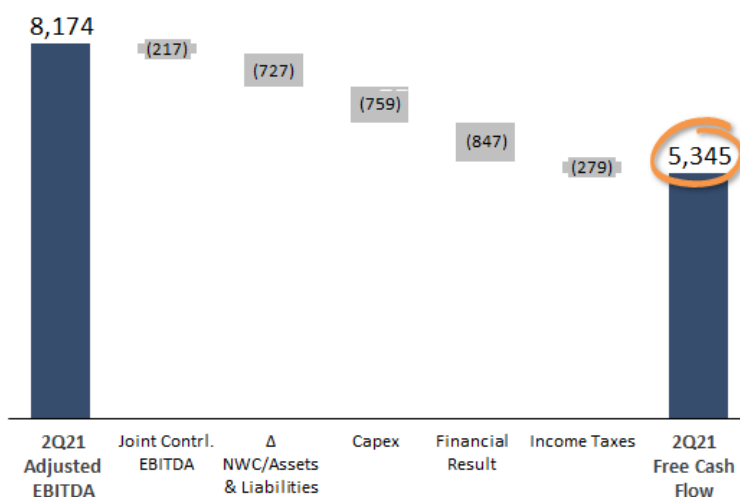


¹ Adjusted EBITDA Margin is calculated from the division between Adjusted EBITDA and Adjusted Net Revenue, which considers the 100% stakes in CSN Mineração's consolidation and 37.27% in MRS,

Adjusted Cash Flow¹

Adjusted Cash Flow in 2Q21 reached R\$5,345MM, positively impacted by the strong EBITDA recorded. That ended up compensating the largest volume of investments and the increases in accounts receivable and inventory volume.

Adjusted cash flow¹ in 2Q21 (R\$MM)



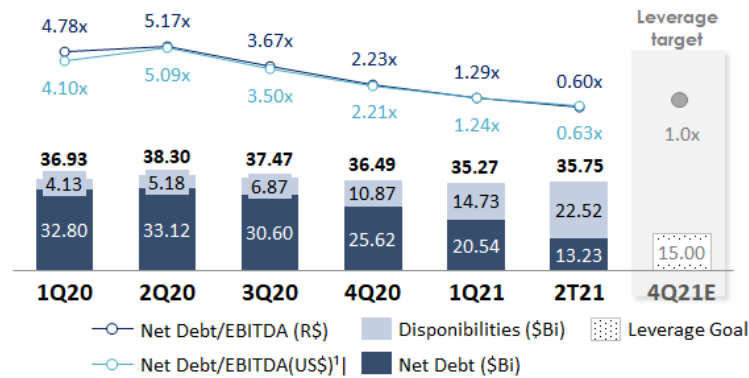
¹The concept of adjusted cash flow is calculated from adjusted Ebitda, subtracting Ebitda from Jointly Controlled Companies, CAPEX, IR, Financial Results and Changes in Assets and Liabilities², excluding the effect of the Glencore advance.

²Adjusted Working Capital is composed of the change in Net Working Capital, plus the change in long-term asset and liability accounts and disregarding the net change in IR and CS.

Indebtedness

As of June 30, 2021, consolidated net debt attained R\$13,229 million, below the expected guidance for the end of the year. In the quarter, net debt aired a reduction of more than R\$7.3 billion in relation to the previous year, as a consequence of: (i) the strong cash generation of the period, (ii) the disposal of a portion of Usiminas shares, and (iii) the exchange variation recorded in the period. As a result, the adjusted net debt/EBITDA ratio was 0.6x, reflecting the current moment of the Company, with a robust and sustainable capital structure.

Indebtedness (R\$ Billion) and Net Debt /Adjusted EBITDA (x)



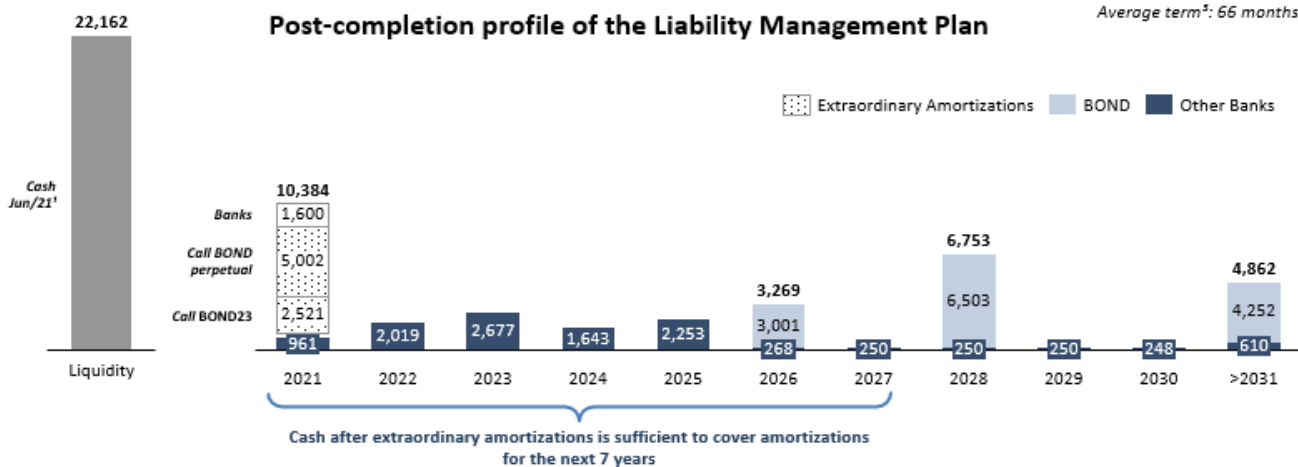
¹Net Debt / EBITDA: To calculate the debt considers the final dollar of each period and for net debt and EBITDA the average dollar of the period.

In this quarter, aligned with the objective of reducing and extending its debt, the Company repurchased all of 7.625% Notes 2023 in the amount of US\$925 million, thus anticipating part of the short-term maturities and launching a new debt representative securities totaling US\$850 million, maturing for 2031 and with a tight interest of 4.625%. Additionally, the Company announced the repurchase of the entirety of its Perpetual Bond in the amount of US\$1 billion, with redemption scheduled for 09/23/2021.

Amortization Schedule (R\$Bi)

Position 06.30.21

Gross Debt²: R\$35,74Bi
Net Debt: R\$13,23Bi
Net Debt/EBITDA: 0.60x
Average term³: 66 months



¹IFRS: does not consider participation in MRS (37.27%) .

²Gross/Net Management Debt considers participation in MRS (37.27%) and scrupulous interest.

³ Profile after completion of the Liability Management Plan.

Foreign Exchange Exposure

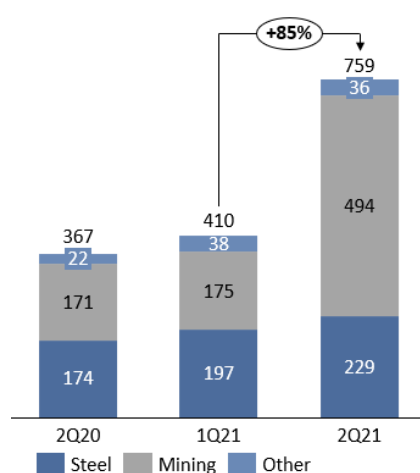
The consolidated net foreign exchange exposure of 06/30/2021 was US\$1,416 million, as shown in the table below, an increase of approximately US\$1 billion over 1Q21 due to the increase of cash in US\$.

The Hedge Accounting adopted by CSN correlates the projected flow of dollar exports with future debt maturities, in the same currency. Thus, the exchange variation of the dollar debt, recorded in the equity, is temporarily and will be brought up to the result when the dollar revenues from said exports occur.

	2Q21	2Q20	2Q21 x 2Q20	1Q21	2Q21 x 1Q21
Cash	2,683	412	551%	1,047	156%
Accounts Recivables	644	240	168%	415	55%
Short Term investments	24	24	0%	23	4%
Loans and Financing	(5,247)	(4,753)	10%	(4,408)	19%
Suppliers	(387)	(142)	173%	(282)	37%
Iron Ore Derivatives	(6)	-	0%	2	-400%
Other	10	(3)	433%	2	400%
Natural Foreign Exch. Exposure (Assets - Liabilities)	(2,279)	(4,222)	-46%	(3,201)	-29%
Cash Flow Hedge Accounting	3,762	4,274	-12%	3,762	0%
NDF Real vs Dollar	-	-	0%	(100)	-100%
Swap CDI vs Dollar	(67)	(67)	0%	(67)	0%
Net Foreign Exchange Exposure	1,416	(15)	9540%	394	-259%

Investments

In 2Q21, R\$759 million were invested, a significantly higher level than the R\$ 410 million invested at the beginning of the year, as a result of the advance in expansion capacity and equipment renewal in the mining segment. The expectation for the second half of the year is an even greater acceleration of investments, in order to achieve the guidance expected by the Company.



Net Working Capital

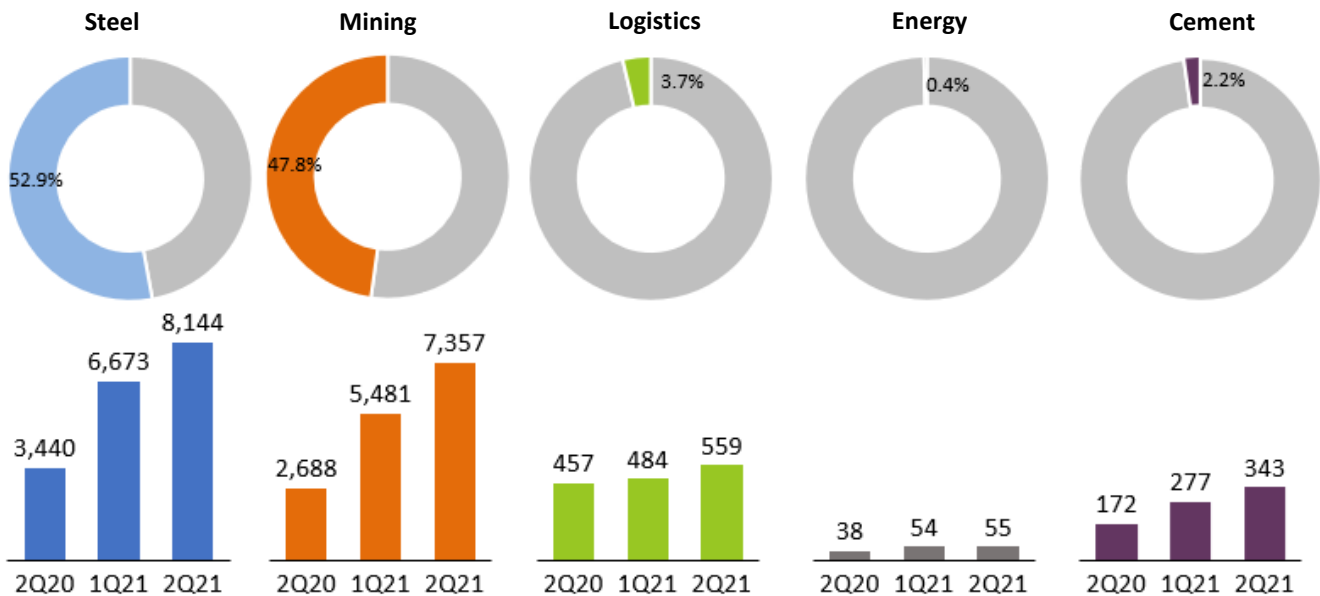
Net Working Capital applied to the business totaled **R\$2,715 million** in 2Q21, an increase of 73% against 1Q21 due to the increase in accounts receivable and inventory volume, as a result of the increased commercial activity recorded in the period and the increase in value of raw materials, in addition to a longer term for suppliers.

The calculation of the Net Working Capital applied to the business does not consider the advance by Glencore, as shown in the table below:

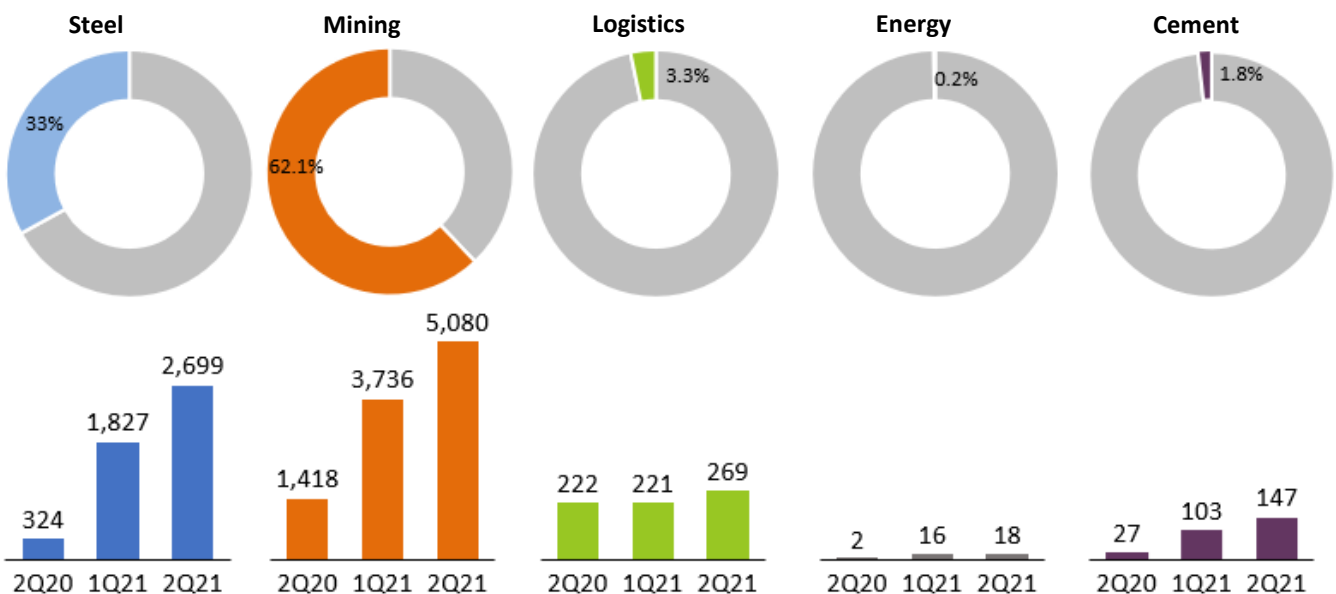
Results by Business Segments

STEEL	MINING	LOGISTICS	ENERGY	CEMENT
				
Usina Presidente Vargas Porto Real Paraná Lusosider Prada (Distribution and Packaging) Long Steel (UPV) SWT LLC	Casa de Pedra Tear Engenho Pires Fernandinho ERSA	Railways: MRS and FTL Port: Sepetiba Tecon	CSN Energia Itasa	Volta Redonda Arcos

Net Revenue by Segment - 2Q21 (R\$ million)



Adjusted EBITDA by Segment - 2Q21 (R\$ million)



2Q21 Result (R\$ million)	Steel	mining	Logistics (Porto)	Logistics (Railway)	energy	cement	Corporate Expenses/Elimination	Consolidated
Net Revenue	8,144	7,357	72	487	55	343	(1,067)	15,392
Internal Market	6,050	904	72	487	55	343	(1,415)	6,495
Foreign Market	2,094	6,453	-	-	-	-	349	8,896
COSG	(5,451)	(2,312)	(52)	(312)	(35)	(204)	1,255	(7,111)
gross profit	2,693	5,045	20	175	21	139	188	8,280
DGA/DVE	(250)	(141)	(11)	(31)	(8)	(33)	(352)	(826)
depreciation	256	176	9	108	4	42	(92)	502
Contr Proportional EBITDA in Conj	-	-	-	-	-	-	217	217
Adjusted EBITDA	2,699	5,080	17	252	18	147	(39)	8,174

Result 1Q21 (R\$ million)	Steel	mining	Logistics (Porto)	Logistics (Railway)	energy	cement	Corporate Expenses/Elimination	Consolidated
Net Revenue	6,673	5,481	84	401	54	277	(1,056)	11,913
Internal Market	4,876	791,75	84	401	54	277	(1,221)	5,262
Foreign Market	1,797	4,689	-	-	-	-	165	6,651
COSG	(4,798)	(1,841)	(56)	(287)	(35)	(191)	1,029	(6,179)
gross profit	1,875	3,640	28	114	19	86	(27)	5,735
DGVA	(283)	(54,09)	(8)	(29)	(8)	(25)	(151)	(557)
depreciation	235	150	8	108	4	42	(92)	456
Contr Proportional EBITDA in Conj	-	-	-	-	-	-	173	173
Adjusted EBITDA	1,827	3,736	28	193	16	103	(98)	5,806

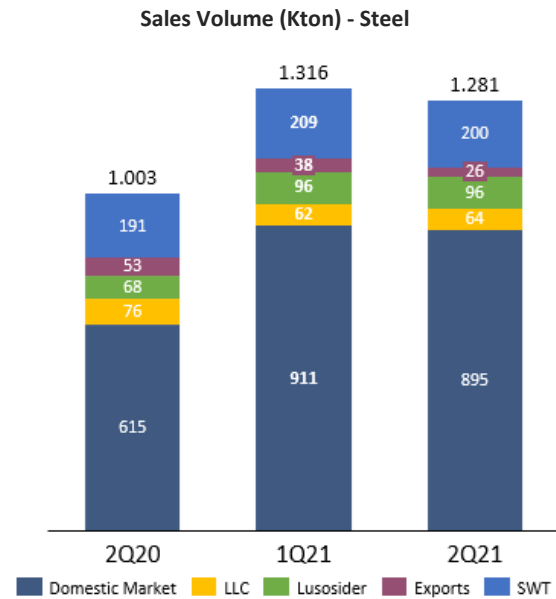
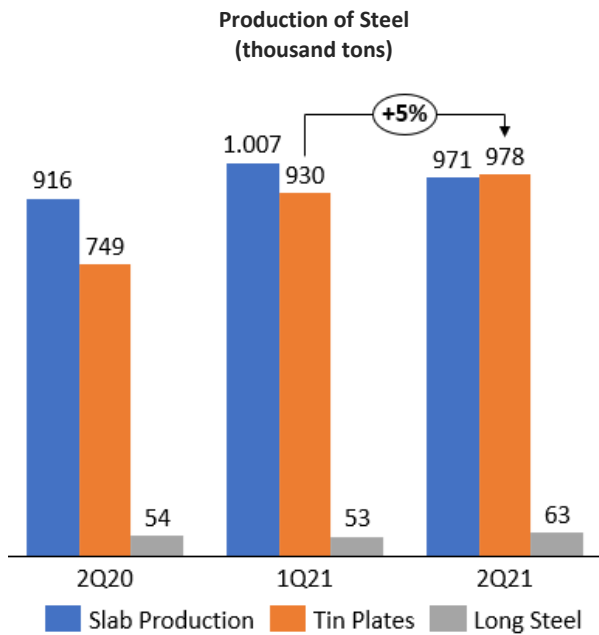
2Q20 Result (R\$ million)	Steel	mining	Logistics (Porto)	Logistics (Railway)	energy	cement	Corporate Expenses/Elimination	Consolidated
Net Revenue	3,440	2,688	75	382	38	172	(574)	6,221
Internal Market	2,124	345	75	382	38	172	(778)	2,358
Foreign Market	1,316	2,343	-	-	-	-	204	3,863
COSG	(3,109)	(1,367)	(51)	(260)	(33)	(161)	604	(4,378)
gross profit	330	1,321	23	122	5	11	30	1,843
DGVA	(228)	(44)	(9)	(28)	(7)	(21)	(190)	(527)
depreciation	222	141	8	105	4	37	(90)	428
Contr Proportional EBITDA in Conj	-	-	-	-	-	-	182	182
Adjusted EBITDA	324	1,418	22	200	2	27	(68)	1,925

Steel Result

According to the World Steel Association (WSA), global crude steel production totaled 1,003.9 million tons (Mt) from January to June 2021, which represents an increase of 14% over the same period in 2020, China alone produced 563.3 Mt, up 12%, while Brazil produced 18.1 Mt, but with an even greater annual growth, or 24%. Also according to the WSA, steel demand will grow by 5.8% in 2021, reaching 1,874.0 Mt, after a drop of 0.2% in 2020. For 2022, this growth in steel demand is expected to continue, with additional growth of 2.7%, to reach 1,924.6 Mt, which should support international prices in the coming years.

CSN's **Plate Production in 2Q21** totaled 971,000 tons, 4% lower than in 1Q21, due to preventive maintenance of the Blast Furnace #3, started in early June. The production of **Flat Laminates**, which is our main market, had an **increase of 5%** compared to the previous quarter.

In the second quarter of 2021, CSN's Total Sales reached 1,281,000 tones, 27% higher than in the second quarter of 2020, mainly due to the continuous observed recovery in the domestic market. Compared to the previous quarter, there was a 2.7% drop in sales due to the lower volume of exported products and a small decrease in SWT sales.



In **1Q21, Domestic Sales** totaled 896,000 tons of steel products, an amount only 2% lower than in 1Q21. Of this total, 840,000 tons refer to flat steel and 56,000 tons to long steel.

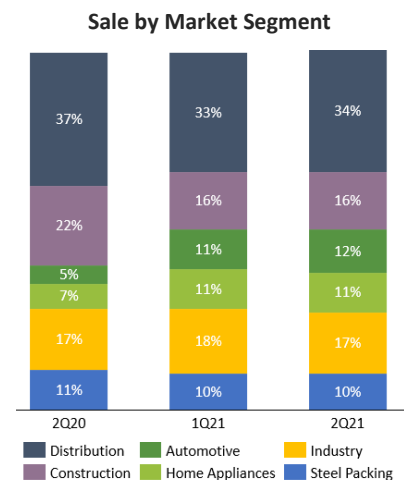
The foreign market sales 2Q21 totaled 386,000 tons, practically stable compared to the same period of the previous year and 4.7% lower than in 1Q21, as a consequence of the lower exported volume (prioritization of the domestic market) and the reduction of SWT sales, as commented above. In this period, 26,000 tons were directly exported, 360,000 tons were sold by subsidiaries abroad, 64,000 tons by LLC, 200,000 tons by SWT and 96,000 tons by Lusosider.

In relation to the total sales volume in 2Q21, the share of flat steel coated products accounted for 46%, a performance 0.2 p.p. higher than in 1Q21. On the other hand, sales volumes for distribution segments (-2%) and industry in general (-8.9%) had a decrease in volumes, but within historical seasonality.

According to the **ANFAVEA** (National Association of Motor Vehicle Manufacturers), the second quarter production of 2021 recorded 550,6 thousand units, 192 thousand only in May, the best month of the period. The market has performed 284% higher than that of same period 2020. In 2Q21 the Exports hit 104,3 thousand units, a volume 9% higher than the shipments of the first quarter of 2021.

According to data from **Instituto Aço Brasil (IABr)**, crude steel production in the second quarter was 9.4Mt, an increase of 48% compared to the same period last year. Apparent Consumption in April and May was even higher, indicating a consumption 69% higher than in 2Q20. The Steel Industry Confidence Indicator (ICIA) for the month of June 2021 was 63.8 points, 13.8 points above the 50-point dividing line, which indicates the good momentum of the local market. On the other hand, the indicator points to a lower confidence for the next six months, or 59.8 points.

According to **IBGE data**, the **production of appliances** for the months of April and May recorded an increase of 89% compared to the same period last year. Compared to the first two months of the first quarter, production had a slight drop of 2.3%. Data for the month of June have not yet been published.

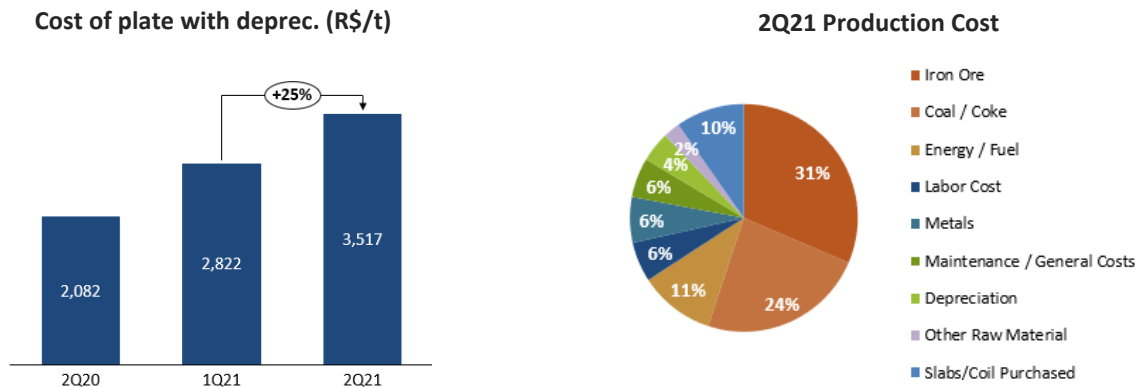


- **Net revenue in Steel attained R\$8,114 million in 2Q21, 22% higher than in 1Q21.**

The dynamics observed at the beginning of the year remained in the second quarter and we had another period of strong implementation of adjustments in the main lines, as a reflection (i) of the increase in demand and recovery of domestic activity, (ii) the increase in international price levels, (iii) the devalued exchange rate, and (iv) the increase in raw material

costs. Thus, the average **price in 2Q21** in the domestic market was **26% higher than in 1Q21**, and the foreign market variation was even greater.

- The **cost of plate consumed** in **2Q21** reached R\$3,517/t, 24.7% higher than in the previous quarter, mainly due to the increase in price and exchange variation of raw materials, in addition to the lower operational efficiency due to the drop of total production.



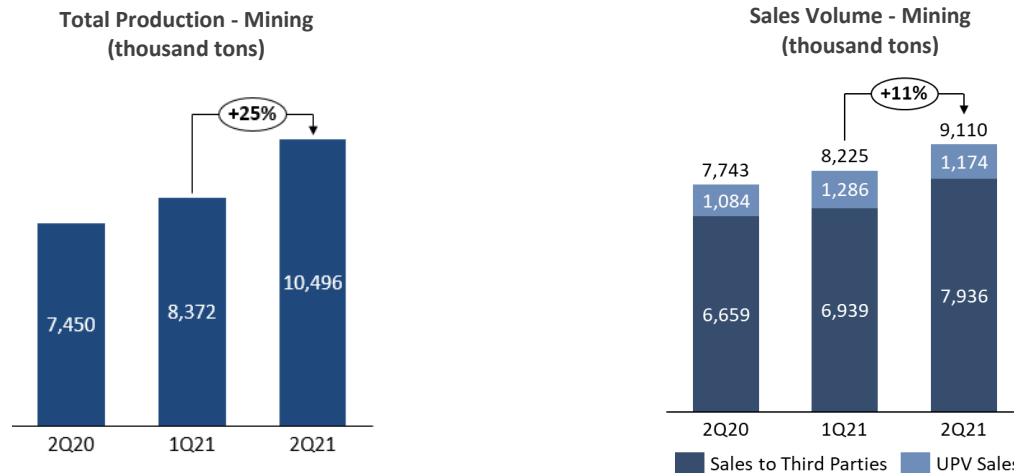
- **Adjusted EBITDA** reached R\$2,699 million in **2Q21**, 47.7% higher than in 1Q21 with an EBITDA margin of 33.1% or 5.8p.p. above in the period. This significant profitability gain was achieved through increasing efficiency in the production process, with rigorous cost management combined with advances in global prices. During the period, production profitability increased from R\$1,388/ton in 1Q21 to R\$1,908/ton in 2Q21.

Mining Result

In 2Q21, despite China's efforts to try to contain the rise in commodity prices and steel production levels in its country, the price of iron ore remained at high levels throughout the quarter, underpinned by a heated demand for iron ore, especially when taking into account the limited supply in the transoceanic market. In addition, the stimulus programs of developed countries and the economic recovery of international markets have provided high margins for the steel industry and sustained the price of iron ore, at levels well above the historical average. In this context, **the ore ended 2Q21 with an average of US\$200.01/dmt (Platts, Fe62%, N. China), 19.8% and 114% higher than 1T21 (US\$166.9/dmt) and 2Q20 (US\$93.3/dmt), respectively.**

In relation to **seafreight**, the BCI-C3 Route (Tubarão-Qingdao) price averaged **US\$26.2/wmt** in 2Q21, an increase of **45.4%** over the previous quarter.

- CSN's **iron ore production** totaled 10.5 million tons in 2Q21, a volume 25.4% higher than in the previous quarter, due to the seasonality of the drought period, allowing a better production yield. Additionally, there was also an increase in purchases of ore from third parties throughout 2Q21, taking advantage of the strong price conditions observed in the period.
- **Sales volume** reached **9.1 million tons** in 2Q21, **10.8% higher than** the previous quarter due to the increased availability of ore and a heated transoceanic market.



- **Net mining revenue** totaled R\$7,357 million in 2Q21, 34.2% higher than in the previous quarter, as a result of the combination of increasing production/sales and a strong realization price, with Platts 19.8% up on the same comparison basis. **The unit net revenue attained \$153.36** per wet ton, an increase of 25.9% over the previous quarter due to platts index variation, and earnings from quality/humidity adjustments.
- In turn, the **cost of products sold** from mining also increased in **2Q21**, totaling **R\$2,312 million**. Cost C1 was USD19.9/t in 2Q21, 9% higher when compared to 1Q21, mainly as a result of higher port expenditures, which is partly also impacted by the rising Platts price (lease affect). In addition, the average dollar rate decrease in the period contributed positively to the increase in the C1 cost in dollars.
- **EBITDA exceeded the mark of R\$ 5 billion in 2Q21**, with a quarterly EBITDA margin of 69.0%, representing an increase of 0.8p.p. compared to the previous quarter. Despite the cost increase, the strong performance of international prices and the increase in production more than offset its effects and provide an even greater margin in this quarter.

Cement Result

The Brazilian market and the general demand for cement continued to warm in the second quarter of 2021, resulting in a sales increase of 6.4% compared to the previous quarter. Domestic cement sales totaled 16.1 million tons in the period. According to the National Union of the Cement Industry (SNIC), the improvement in the economy at the beginning of the year, the evolution of the outlook in relation to the pandemic and new concession auctions were the *main drivers* that led to this increase in the volume of cement sales. The combination of these factors led SNIC to raise its projections of cement consumption for 2021, with the growth outlook rising from 1% to the 6% expected for this year.

Local demand has been sustained by the purchase of small consumers, with the residential and commercial self-construction market heated in Brazil. The number of reforms and the continuity of real estate works are the main reasons for product demand and the accumulated sales in the year are already 15.8% higher than the same period of 2020. **For CSN Cimentos, sales in 2Q21 were 11% higher than in the previous quarter and 19% higher than in 2Q20.** The commercial strategy of prioritizing bagged material, concentrating sales in smaller retail stores and in construction material stores has enabled a greater usage of this market trend, therefore enabling the group's operational expansion.

- As a result, **net revenue** in the segment reached R\$343 million in 2Q21, a performance 23.6% higher than in the previous quarter, due to seasonality and a driest quarter. Additionally, the increase in sales and the FOB Price increase of 6.1% in the period also contributed positively to a strong revenue performance.
- In turn, unit **costs also rose**, but to a lesser extent, as a result of the increase in the price of imported coke.
- Despite the increase in raw material costs, the **adjusted EBITDA** in the segment increased 42.8% compared to the previous quarter, reaching R\$147 million and an adjusted EBITDA margin of 42.9%, representing a solid efficiency increase with a 5.8p.p. higher margin.

Logistics Result

Railway Logistics: In 2Q21, net revenue reached R\$487 million with an adjusted EBITDA of R\$252 million and an adjusted EBITDA margin of 51.8%. Compared to the first quarter of 2021, net revenue increased by 21.5%, and adjusted EBITDA rose 30.7%.

Port Logistics: In 2Q21, 138,000 tons of steel products were shipped by Sepetiba Tecon, in addition to 37,000 containers, 3,000 tons of general cargo and 324,000 tons of bulk. In comparison with the previous quarter, the only significant variation was in the bulk volume, which showed a 39% decrease in the period due to lower movement of pellets to UPV. **Consequently, the segment's net revenue** was 13.8% lower, reaching R\$72 million in 2Q21. Continuously, the **adjusted EBITDA** also decreased 39.0%, reaching R\$17 million in the quarter, with an **adjusted EBITDA margin** of 23.9%, or 9.9p.p. lower.

Energy Result

In 2Q21, the volume of energy traded generated a net revenue of R\$55 million, with an adjusted EBITDA of R\$18 million and 31.9% adjusted EBITDA margin. Comparing to the first quarter of 2021, net revenue increased by 2.1%, while adjusted EBITDA was 8.8% higher.

ESG - Environmental, Social & Governance

CSN Integrated Report Release

Reiterating its commitment to disseminate sustainability information annually, CSN published the new Integrated Report (year 2020 basis) following the standards of the Global Reporting Initiative (GRI), thus ensuring the transparency and timing proposed by the methodology. The Report was audited by Russell Bedford, a third independent party, which assess or adherence of the information to the standards adopted by the Company and the standards of Resolution 14 of December 9, 2020, of the Brazilian Securities and Exchange Commission (CVM).

ENVIRONMENTAL DIMENSION

Environmental Management

CSN maintains several instruments of socio-environmental Management and Sustainability in order to act in a propositional way and serving the various stakeholders involved in the communities and businesses in which it operates. We constantly work to transform natural resources into prosperity and sustainable development. To this end, the Company monitors and guarantees the proper functioning of its Environmental Management System (EMS), implemented according to the requirements of the international standard ISO 14001: 2015, certified by an independent international body in all its main units.

The **Quarter marked the beginning of the certification process at ISO 14,001** of three other company units: two plants of CSN Cimentos (Arcos and UPV) and the Port of TECAR (RJ).

Certification also began at **ISO 9001** - Quality Management System, for TECAR (RJ) and MINERAÇÃO ERSA (RO).

In addition, when starting its 2021 performance evaluation cycle, the areas with the most interface with the ESG **theme established goals related to the payment of variable remuneration (PPR)**, with the objective of strengthening the proactive culture in the face of the main sustainability challenges and proposing innovative solutions, to reinforce the commitment of the CSN Group with socio-environmental aspects. Among them: reduction of 10% in the number of days of absence by injured; 10% reduction in the disposal of waste and slum sent to landfills, Realization of CSN Mineração's water footprint; reduction of 9% in Co2 emissions from the cement segment.

As a highlight in the search for better performance in the use of natural resources, we closed the semester with a reduction of 8.1% in the specific capture of water per ton of steel produced, when compared to the year 2020, from: 22.1 m³/t of steel, in 2020, to 20.3 m³/t of steel, in 2021.

Climate Change

In 2Q21, we reported the CDP (Disclosure Insight Action) of the CSN Group and CSN Mineração, and filed our GEE emissions inventory, obtaining for the 7th consecutive year a gold seal from *GHG Protocol*.

The period also marked the beginning of the training of our executives and their teams on the structure of the **TCFD** (*Taskforce on climate-related financial disclosures*), with the construction of an array of risks and climate opportunities.

CSN has invested efforts and resources to reduce greenhouse gas emissions and mitigate impacts related to climate change. In this sense, CSN has pioneered a target in the country to reduce its specific emissions by 10% per ton of steel produced by 2030. To achieve this goal, the ***CSN Roadmap for Decarbonization is in a development stage***.

Through the use of a software tool with artificial intelligence, Marginal Cost Curves of Abatement (or MACC curve) are being generated, from our current scenario of GHG emissions, projecting emissions in normal business environment, as well as projected low Carbon scenarios, considering the feasibility and impact of different mitigation options and mapped projects. The Tool will also assist the Company in the construction of carbon pricing scenarios, define its long-term emissions targets and enable the proposal of new targets, even more ambitious than those established so far.

To lead the strategy and implementation ***of the CSN Roadmap for Decarbonization***, the CLIMA GROUP was created **last quarter**, a forum that will define and supervise the implementation of initiatives related to the subject. The **GROUP** is coordinated by the Sustainability Board and CSN INOVA and has the participation of executives and employees representing the Boards of Risks, Legal, Energy, New Projects, Investments and Operational Areas of all segments of the Company's operations.

Innovation

In the last quarter, CSN and Itochu Corporation signed MOU to work together, on the agenda for the decarbonization and digital transformation of CSN Mineração's operations and to study and develop new technologies, aimed at producing low-carbon steel, for example through the use of hydrogen and other technologies.

In addition to acting to reduce its own emissions, CSN recognizes that its products are essential not only to economic development, but also to the ESG agenda of various client sectors. Therefore, attentive to the evolution of the various markets in which it operates, CSN has aggressive Research and Development strategy aimed at the development of more sustainable products and solutions, combining characteristics such as lightness, strength and durability.

In this line, in June CSN Inova, CSN's innovation arm, announced a financial contribution to 2D Materials Pte Ltd (2DM), a Singapore-based startup focused on graphene production and application technology.

Graphene is considered the material of the future with high potential to break boundaries of material science. From this investment, the Research Center of the company has structured a cell of competencies that will act in the development of a new generation of products with disruptive characteristics, taking advantage of the unique characteristics of Graphene as an additive and that will allow the evolution of more sustainable projects in sectors such as energy, automotive and agribusiness.

Dam Management

CSN Mineração is at the world's forefront in the management of mining tailings, having invested about R\$ 400 million in technologies that have allowed better management of tailings with dry filtration and stacking, making since the beginning of 2020, our processes 100% independent of the use of the tailings dam. All dams are audited by independent companies specialized in the subject, aiming to attest to the stability or not of the dams and identify preventive actions to ensure this stability.

The Fernandinho dam, owned by the company Minérios Nacional had its stabilization and decharacterization operation suspended at the request of ANM – National Mining Agency, so that the methodology of the stabilization project that had been executed by the company could be reevaluated.

In order to meet the demand of The Agency, Minérios Nacional has contracted new complementary studies, in addition to an opinion by an *independent third party (peer review)*, regarding the project so far under implementation, which will be submitted in the next 30 days to ANM, subsidizing the request for resumption of works.

In continuity with the schedule of decharacterization of our dams, the works of the waist channel of the Vigia dam began, with the expected completion in November 2021, as well as the contracting of the construction channel of the B4 dam, marking the beginning of its decharacterization process.

SOCIAL DIMENSION

Safety of Work

Safety is our top priority, in 1Q21 we reached the lowest historical level of our frequency rate (CAF+SAF – accidents with or without departure). There were 2.00 accidents/million man-hours worked. The second quarter brought a slight increase in our rate that reached 2.40 accidents/million men hours worked, but we still closed the semester with an accumulated reduction of **8.94%** in our Frequency Rate compared to the year 2020.

Even with the punctual increase in the number of accidents in the second trimester, there was a significant reduction in the severity of the accidents that occurred, most of them as low-severity accidents, without loss of time for leave. Thus, we closed the second quarter with an accumulated severity rate of 37 i.e. a **drop of 21.3%** compared to the first quarter of the year. Also, regarding the severity rate of third parties, there was a significant improvement in our rates, from 56 in 1Q21 to 50 in 2Q21, 11% lower in this period.

The main highlights of 2Q21 were:

- Cements: 29.5% reduction in its frequency rate when compared to 1Q21;
- Third parties: 11% reduction in severity rate;

COVID-19

Among the actions adopted to protect its more than 23,000 employees, strict and technically validated health measures and processes were implemented for the indispensable protection of the health of each of those involved. Employees of the risk group continue to work on a remote regime, as well as part of the employees of the company's offices.

Highlights of the main prevention measures adopted:

- Body temperature measurement of all employees in access to operations.
- RT-PCR testing on **2,575** employees in the period, and immediate removal in cases of symptomatic and professional collaborators who had contact with the suspected case, only returning to work after confirmation of negative test.
- Removal of cases tested positive for 14 days, according to the protocol of the Ministry of Health and WHO;
- Dissemination of behavioral reinforcement materials in the prevention of COVID-19 through the company's official communication channels (Digital Communications, marketing emails, CSN TV and Security Alerts).

These measures continuously help preserve the health and lives of our employees, ensuring that there was no impact on our operational performance.

Diversity

We understand that an inclusive and diverse environment is important to stimulate innovation and ensure the continuity of our business. Thus, in 2020, we set a bold goal: to double the female workforce by 2025. The first half of 2021 already brings results of the company's initiatives in search of this goal: we went from **13.86% in January 2021 to 14.86% in June, an increase of 7.21%**.

For the next few months, the expectation is for an even greater increase in this indicator, as the Empowering Women and PCDs Program was implemented in the second quarter, which added more than 200 vacancies in the Volta Redonda operation. CSN has also become one of the companies participating in the **MOVE Movement - Movement for Racial Equity**, the initiative brings together 45 large companies from different sectors in favor of racial equity and aims to generate 10,000 new leadership

positions for black professionals and training for 3 million people by 2030. The participation in the MOVE project shows that the change within the CSN is happening from the inside out, and this will impact on an even more diverse and inclusive culture, empathic and that understands the importance of breaking old habits and seeking education in this sense at all hierarchical levels. For there to be change, proposals are not enough, it takes movement.

SOCIAL RESPONSIBILITY

In 2021, the CSN Foundation completed six decades of operations, developing actions aligned with the goals of sustainable development (SDGs). In 2Q21, the performance of all educational and cultural initiatives that were previously carried out in face-to-face format remained in the digital environment.

In the axis of culture, the CSN Foundation believes in the transformation of society through cultural expression. It realizes the **Garoto Cidadão** (ODS: 1, 4 and 10), a sociocultural project that works with 2300 children and adolescents in the main cities that CSN is inserted. Next semester, the Foundation expands the performance of the **Garoto Cidadão** inaugurating a new unit in Mato Grosso do Sul that will serve 250 more students.

Highlights 1st half 2021

- CSN invested more than R\$ 2 million in social responsibility with contributions to 8 projects;

Direct action of the CSN Foundation:

- Presence in 27 cities
- 37 cultural actions carried out with audience reach 20,653 views;
- 291 students awarded the Scholarship Program;
- 3,203 young people impacted by the projects carried out by the CSN Foundation;

GOVERNANCE DIMENSION

CSN has been working on the formalization of its main ESG commitments. Thus, our Integrated Sustainability, Environment, Health and Safety Policy emerged, approved by the Board of Directors of the CSN Group, which reinforces the commitment to generating value for stakeholders and is aligned with regulatory guidelines and global best practices, promoting its deployment in all operations, detailing responsibilities and procedures to be followed.

Also in the first quarter, the Internal Rules of Operation of the ESG Committee, a non-statutory advisory body to the Company's Board of Directors, which operates in the following axes, were concluded and filed with the CVM: (i) sustainable finance; (ii) social practice; (iii) technology and operational sustainability; (iv) governance; and (v) diversity and inclusion. The Committee has 14 effective members - Company Executives - with one-year terms, automatically renewable. Also, with the possibility of participation of independent external members.

Capital Markets

In the **second quarter** of 2021, CSN shares recorded an increase of 16.1%, while the Ibovespa rose 8.7%. The average daily value (CSNA3) traded in B3, in turn, was R\$519 million. On the New York Stock Exchange (NYSE), the Company's American Depositary Receipts (ADRs) rose 31.0%, while the Dow Jones rose 4.6%. The daily average trading (SID) with ADRs on the NYSE was \$36.8 million.

	2Q21
Number of shares in thousands	1,387,524
Market Value	
Closing Quote (R\$/share)	43.99
Closing Quote (US\$/ADR)	8.78
Market Value (R\$ million)	61,037
Market Value (US\$ million)	12.282
Change in period	
CSNA3 (BRL)	16.1%
SID (USD)	31.0%
Ibovespa (BRL)	8.7%
Dow Jones (USD)	4.6%
Volume	
Daily average (thousand shares)	11.357
Daily average (R\$ thousand)	518,833
Daily average (thousand ADRs)	4.242
Daily average (US\$ thousand)	36.801

Source: Bloomberg

2Q21 Financial Results Presentation Webcast

Investor Relations Team's

Conference call in Portuguese with Simultaneous Translation into English

July 28, 2021

11:30 am (Brasilia time)

10:30 am (New York Time)

Tel: +55 11 4210-1803/ +55 11 4090-1621

Code: CSN

Tel. Replay: +55 11 3193-1012

Replay code: 7165948 #

Webcast: [click here](#)

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Some of the statements contained herein are future perspectives that express or imply expected results, performance or events. These perspectives include future results that may be influenced by historical results and statements made in 'Perspectives'. Current results, performance and events may differ significantly from hypotheses and perspectives and involve risks such as: general and economic conditions in Brazil and other countries; interest rate and exchange rate levels, protectionist measures in the U.S., Brazil and other countries, changes in laws and regulations, and general competitive factors (globally, regionally or nationally)

INCOME STATEMENT
CONSOLIDATED - Corporate Legislation - In thousands of reais

	2Q21	1Q21	2Q20
Net Sales Revenue	15,391,573	11,913,328	6,220,683
Domestic Market	6,495,191	5,262,403	2,358,059
External Market	8,896,382	6,650,925	3,862,624
Cost of Goods Sold (COGS)	(7,111,092)	(6,178,784)	(4,378,065)
COGS, no Depreciation and Exhaustion	(6,617,466)	(5,733,126)	(3,962,839)
Depreciation/Exhaustion answered at cost	(493,626)	(445,658)	(415,226)
Gross Profit	8,280,481	5,734,544	1,842,618
Gross Margin (%)	54%	48%	30%
Sales Expenses	(677,771)	(419,277)	(396,847)
General and Administrative Expenses	(139,001)	(127,757)	(117,706)
Depreciation and Amortization in Expenses	(8,862)	(10,015)	(12,356)
Other Net Income (Expenses)	(401,386)	1,986,120	(790,794)
Equity Income	55,121	13,445	28,354
Operating Income Before Financial Results	7,108,582	7,177,060	553,269
Net Financial Results	(339,051)	(201,507)	284,857
Result Before Tax and Social Contribution	6,769,531	6,975,553	838,126
Income Tax and Social Contribution	(1,256,871)	(1,278,240)	(392,226)
Net Income (Loss) for the Period	5,512,660	5,697,313	445,900

**BALANCE SHEET
CONSOLIDATED - Corporate Legislation - In thousands of reais**

	6/30/2021	3/31/2021
Current Assets	38,801,277	29,770,912
Cash and Cash Equivalents	21,756,753	13,908,238
Financial Investments	3,564,127	4,282,151
Accounts Receivable	5,308,206	4,219,052
Inventory	7,050,184	5,673,189
Taxes to be recovered	730,542	1,199,100
Other Current Assets	391,465	489,182
Prepaid Expenses	182,842	266,824
Dividends to be received	38,086	38,086
Derivative financial instruments	5,679	39,236
other	164,858	145,036
Non-Current Assets	40,638,846	39,908,020
Long-Term achievable	9,539,821	9,080,505
Financial Investments Valued at Amortized Cost	118,790	132,635
Inventory	428,434	381,175
Deferred Taxes	4,253,337	3,929,974
Other Non-Current Assets	4,739,260	4,636,721
Taxes to be recovered	922,546	946,792
judicial deposits	345,915	338,890
Prepaid expenses	121,036	121,513
Credits Related Parties	1,810,489	1,707,780
other	1,539,274	1,521,746
Investments	3,942,510	3,746,507
Equity Interests	3,784,110	3,587,397
Investment Properties	158,400	159,110
Immobilized	19,905,158	19,759,932
Fixed assets in operation	19,395,983	19,236,496
Right of Use in Lease	509,175	523,436
Right of Use in Lease	7,251,357	7,321,076
TOTAL ASSET	79,440,123	69,678,932
CURRENT LIABILITIES	18,963,270	16,545,529
Social and Labor Obligations	360,453	301,555
Suppliers	7,001,074	6,156,294
Tax Obligations	3,162,737	2,022,024
Loans and Financing	4,093,782	3,617,910
Other Obligations	4,257,123	4,360,314
Dividends and JCP payable	64,170	901,982
Advance of customers	1,174,901	1,145,238
Suppliers - Risk Withdrawn	2,190,459	1,469,209
Rental Liabilities	93,501	95,287
Derivative financial instruments	32,155	
Other obligations	701,937	748,598
Tax, Social Security, Labor and Civil Provisions	88,101	87,432
Non-Current Liabilities	35,380,738	35,858,067
Loans, Financing and Debentures	30,504,498	30,521,280
Other obligations	2,169,975	2,621,344
Other obligations	1,253,637	1,514,256
Other obligations	436,725	445,209
Derivative financial instruments	73,268	119,306
Other Obligations	406,345	542,573
Deferred Taxes	574,492	602,209
Tax, Social Security, Labor and Tax Provisions	521,777	526,991
Other Provisions	1,609,996	1,586,243
Provisions for Environmental Liabilities and Deactivation	851,570	827,817
Pension and Health Plan	758,426	758,426
Equity	25,096,115	17,275,336
Realized Share Capital	6,040,000	6,040,000
Capital Reserve	32,720	32,720
Profit Reserves	5,824,350	5,824,350
Accumulated Profit	10,205,786	5,240,015
Other Comprehensive Results	(386,163)	(2,749,597)
Participation Non-Controlling Shareholders	3,379,422	2,887,848
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	79,440,123	69,678,932

**CASH FLOW STATEMENT
CONSOLIDATED - Corporate Legislation - In thousands of reais**

	2Q21	1Q21
Net Cash Flow from Operating Activities	4,792,431	3,455,474
Net income / (Loss) for the year attributable to controlling shareholders	4,965,771	5,240,015
Net income / (Loss) for the year attributable to non-controlling shareholders	546,889	457,298
Charges on loans and financing raised	454,878	471,147
Charges on loans and financing granted	(11,992)	(6,541)
Charges on rental liabilities	14,561	14,827
Depreciation, exhaustion and amortization	528,192	484,065
Equity income	(55,121)	(13,445)
Deferred taxes	(338,774)	(80,858)
Tax, social security, labor, civil and environmental provisions	(2,004)	(22,203)
Net monetary and exchange variations	(285,741)	716,123
Asset and intangible losses	1,978	1,838
Update actions - VJR	(272,016)	(543,498)
Receivables for indemnification	(4,429)	(4,428)
Passive environmental provisions and deactivation	23,753	23,982
Net gain in the Sale of CSN Mineração Shares	-	(2,472,497)
Capital gain from disposal of shares - Usiminas	(505,844)	-
Provision (Reversal) for consumption and services	19,815	17,039
Other provisions	5,371	(20,825)
Change in assets and liabilities	253,065	(91,370)
Accounts receivable - third parties	(1,292,899)	(1,190,789)
Accounts receivable - related parties	109,464	(165,806)
Inventory	(1,571,869)	(813,705)
Taxes to Compensate	492,804	398,054
Judicial Deposits	(7,025)	(13,773)
Suppliers	788,090	996,084
Suppliers - Risk Cashed and Forfainting	721,250	845,348
Salaries and social charges	62,983	17,498
Tributes / Refis	1,139,259	(46,349)
Accounts payable - related parties	(11,012)	(10,141)
Advance of customers - Glencore other	(194,691)	(149,884)
	16,711	42,093
	-	-
Other payments and receipts	(545,921)	(715,195)
Interest Paid	(369,677)	(639,045)
Payment of cash flow hedge operations	(176,244)	(76,150)
Cash Flow from Investment Activities	529,101	2,737,117
Investments/AFAC	(62,520)	-
Fixed Asset Acquisition, investment property and intangible assets	(734,219)	(373,094)
Loans granted - related parties	(35,085)	(70,394)
Financial application - USIMS	1,360,925	15,993
Cash received by the sale of CSN Mining Shares	-	3,164,612
Cash Flow from Financing Activities	2,496,871	(2,212,281)
Borrowings loans and financing	6,585,061	310,141
Amortization loans - main	(3,044,588)	(3,653,158)
Borrowing Cost	(117,557)	(11,423)
Lease amortization	(25,486)	(29,486)
Dividends and interest on equity paid	(900,559)	(176,217)
Cash received by the issuance of new shares CSN Mineração	-	1,347,862
Exchange Variation on cash and cash equivalents	30,112	(16,658)
Increase (Decrease) in Cash and Cash Equivalents	7,848,515	3,963,652
Cash and cash equivalents at the beginning of the period	13,908,238	9,944,586
Cash and cash equivalents at the end of the period	21,756,753	13,908,238