



Operator:

Good morning, ladies and gentlemen, and thank you for holding. At this time, we would like to welcome everyone to CSN conference call to present results for the 1Q23. Today, we have with us the Company's executive officers.

We would like to inform you that this event is being recorded, and all participants will be in listen-only mode during the Company's presentation. Ensuing this, we will go on to the questions and answer session, when further instructions will be given. Should any participant require assistance during this call, please press *0 to reach the operator.

We have simultaneous webcast that may be accessed through CSN's Investor Relations website at ri.csn.com.br where the presentation is also available. The replay service will be available for 1 week. You may flip through the slides at your own convenience.

Before proceeding, please bear in mind that some statements herein are mere expectations or trends and are based on the current assumptions and opinions of the Company management and may differ materially from those expressed a risk as they do not constitute projections. In fact, actual results, performances, or events may differ materially from those expressed or implied by forward-looking statements as a result of several factors, such as overall and economic conditions in Brazil and other countries; interest rate and exchange rate levels; future rescheduling or prepayment of debt denominated in foreign currencies; protectionist measures in the U.S., Brazil and other countries; changes in laws and regulations; and general competitive factors at a global, internal or national basis.

I will now turn the conference over to Mr. Marcelo Cunha Ribeiro, CFO and Investor Relations Executive Officer, who will present the operating and financial highlights for the period. Mr. Ribeiro, you may proceed.

Marcelo Cunha Ribeiro:

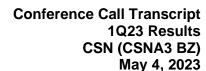
Good morning to all of you, and thank you for attending our conference call for the 1Q23. With us here, we have the main executive officers, Mr. Benjamin Steinbruch, the Chairman of the Board, who will make comments after the presentation.

First of all, the highlights. We were able to enhance the operational situation, although we faced a very difficult quarter in mining and cement because of bottlenecks in transportation. Had we not had these bottlenecks, we would have had considerably better results.

The good news is that we hope that the problems will be resolved during the 2Q and that we will have a performance that will be reasonably better than that of this 1Q.

We have taken on one of the largest loans and investments from the Japanese Development Bank, JBIC/NEXI, for a mining business of R\$1.4 billion, which will guarantee ultra-competitive conditions to accelerate our P15 project.

The third highlight is referring to ESG. We have not only 1 but now 2 companies of the CSN Group as part of the 5 Best in Sustainalytics, one of the most renowned agencies in the world, with Cement standing in fourth place and CSN in fifth place. We will speak about financial performance and look at the EBITDA figures below.





We highlight the resiliency of our EBITDA based on our diversification. We have had very diverse activities and, of course, we have had the third quarter of growth. In this specific quarter, we had a great performance in terms of mining because of price realization and better freight conditions. And all of this was partially offset with the problems that we had in sales at limited volume, but it was an excellent quarter when it comes to volumes and we show you the results of the integration of the Lafarge Holcim platform, the cross-selling that led to an increase in sales, but the profitability pointed to lower prices due to seasonality. We had a growth of 2.6%, reaching R\$3.2 billion of adjusted EBITDA.

Let's go on to the cash. The CAPEX was very similar to the same quarter last year, perhaps a little lower vis-à-vis the last quarter of last year. Our forecast is to end the year 2023 with R\$4.4 billion. We are going to speed up our CAPEX because of the main project, which is P15.

In working capital, an important movement, but once again, in line with the seasonality that we had last year. We have an increase in working capital with a cash impact, but as we saw last year, these are temporary effects that will not be repeated during the year 2023.

On the next page, we see the cash evolution. We see what happened in the 1Q of last year. And all of this was reverted. In this 1Q, we had a negative cash flow of R\$2 billion, mainly due to that effect.

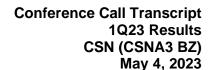
If we look at the details of this, you will see the more negative financial results due to a temporary issue, which was the hedging of iron ore, almost R\$600 million of cash in this operation and in line with our strategy to hold on to profitability and opportunity products. And if you look at the calendar year up to now, the results have been positive. What we had in terms of financial losses is being more than offset in the 2Q, and we get to that negative cash flow of R\$2 billion.

This cash flow, of course, has a punctual impact on leverage. This quarter, we reached 2.45x net debt/EBITDA, which is something that we had foreseen. We had stronger periods last year, when the year began with an increase in calcarean material. Now, as that happened in the 1Q leading to an increase in leverage, the 2Q will have a contrary effect. As I mentioned, a better performance in terms of cost and volumes; a strengthening of prices in the market, and this will take this leverage to the levels of our guidance, which is below 2x.

In terms of our net debt buildup, we had a situation of stability and we were able to offset this increase that we had because of the negative cash with our hedging of iron ore with greater predictability in sales and more attractive sales with our partners.

To speak about liquidity and payments, this had a very positive effect. We have R\$500 million in cash, which means we have come closer to our structural goal, our policy of R\$15 billion. This quarter, we had R\$13.9 billion, which gives us a very comfortable coverage in terms of our results.

In terms of our indebtedness, what we have to celebrate this moment is the loan that will be disbursed as the plant is being built. We have a very differentiated structure. And this will, of course, fund our CAPEX.





So going forward, we are working with instruments from multilateral banks, from the National Development Bank. We are always trying to remain at competitive levels in terms of our debt.

To speak about our businesses on page 10, in steel, a production of volume somewhat higher than the previous quarter, but this is a sequence. But with different performances in the domestic market and the foreign market, we had a good performance in volume, with a robust growth, especially in the United States. And after this sunset review, we were able to work with hot turbines, working with slabs with good results and volumes in Portugal.

In the domestic market, which is our main market, we had a drop in production that we will see when we speak about production, with bottlenecks in our steel plant. And of course, this reduced our growth vis-à-vis the 4Q.

In terms of net revenue, a slight drop because of a drop in prices, especially abroad. We have observed resiliency. We see an increase in prices domestically, but abroad, there was a drop, especially in Germany. In 2021 and 2022, the prices were not very normal. They are now becoming more normalized, with exceptional margin and the price of scrap, of course, continues to be very interesting. With this, we had a very similar EBITDA with that of the 4Q, R\$54 million.

When we look at production, it could have been better because it was impacted by the higher costs, higher costs that came from a decrease of costs and bottleneck in the steel mill and problems that were resolved during March, April and until mid-May. We hope that between mid-May and the end of June, we will have better production situation and resolve this with a positive performance of prices. We already see this happening in May. The profitability per ton in percentage terms is better than the previous quarter.

To speak a bit about mining, we have that pace that we attained a record in terms of sales in the 1Q. We had the first sales of our 1Q, but we were not able to dispatch it. We had 1 million tons but because of bottlenecks, we were not able to do this because of a very strong rain flow. In March, we increased the inventory and all of this will be sold during the 2H of the year.

We should celebrate our operational performance. This has helped us to maintain the cost under control and we will make the most of price realization that has increased to 50% with an EBITDA of R\$2 million.

In the next page, we see how this aided and abetted the results. We can separate the results line by line volume with a nonrelevant impact. We were successful from buying more iron ore from third parties because of the price, opportunity prices, and that gives us a good price ratio with an improvement in the Platts price and a decrease in freight costs. So we have a positive adjustment of provision prices of R\$2 million.

Finally, when we speak about cement, if we look at this in detail, we observe a new reality. We see a company working with B2B, 3,091 tons were sold. In a fair comparison with the same period last year show a significant growth of approximately 10% in a market that remains actively stable. So this is another way of approaching the market, making the most of synergy between clients, making the most of our distribution network.

It's only because of a weaker price increase in the quarter, so the quarter was somewhat slower in terms of civil construction, but civil construction has proven to be very resilient.



And beginning in April, we see new synergies materializing with the use of concrete the cost will continue to drop, it had already dropped during the quarter. With energy and oil dropping prices, our margin will increase beginning in April.

With this, we end our discussion from the different businesses. I will give the floor to Helena Guerra to speak about EST.

Helena Guerra:

Good morning to everybody. We are going to present the highlights for the quarter. In terms of ESG, you can see that beginning this quarter, we are independently following up on each of these indicators. We also have qualitative cases and some highlights with this material that will give us greater transparency in terms of our performance in individual areas.

In March of 2023, declaration of stability renewed for all of our dams. We are also moving forward in terms of work safety. We had ended 2022 with a historic rate, now we have an expressive reduction in the accident severity rate when compared to 2022.

We also concluded our greenhouse gas inventory. We ended the quarter with 2% of total use of the Company water, especially in cement, and a reduction of 5 p.p. in CO2.

You see a stride in social and diversity, an increase in the representation of women as part of our personnel. We already have a 45% representation, reaching 21% presently. And when we compare this to the same period of 2022, this is important.

And Marcelo has also mentioned this, as well as Pedro, the environmental management of the Company. We have reached the fourth best result in terms of mining companies from among 156 companies assessed throughout the world. We are the only company in the steel sector and in civil construction that were named and elected as industry movers in 2023, according to the criteria of this agency and the ICS.

Now all of these that are part of our ESG agenda are a representation of our commitment and, of course, we will try to do better for our stakeholders. After the integrated report that was released in April of 2023, we have a full framework, a full list of the indicators, of areas where we are active. We also include a great deal of information on our growth and, of course, this will guarantee full transparency and accuracy of our information.

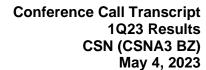
Thank you very much.

Marcelo Cunha Ribeiro:

Thank you, Helena. I will now give the floor to Mr. Benjamin Steinbruch for the final remarks regarding the Company.

Benjamin Steinbruch:

Good morning. It's a pleasure to be here with you. Some very brief comments on the presentation for the 1Q23. I begin with mining. As was said in the result release of Cement, we had a good quarter. We had a strong production with the quality that we have foreseen. Purchases were also quite strong. The shipments sold very normally, which for us is important, the reliability and predictability at the port. Because of the increase of production and the increase of purchase and because of the guidance that





we have set forth, we are going to deliver over and above what is included in the guidance.

I would say, therefore, that we are in a good situation. We only did not attain a record due to logistics issues that were hampered by a very strong rainfall. But internally, we are going to have the best month that we ever had at CSN Mining because of the production, the purchases and also the inventory, which we have resolved.

We have made the most of the strategy to guarantee sales of our less enrichened iron ore, and this is because of the hedge that we proposed. As was mentioned, in this 1Q we had lower results, and this has been broadly offset regarding the hedge that is still open for May up to September. So this is due to the financial results and the hedge. And of course, we have already fully covered this drop.

Now regarding the mining, we had a coincidence of positive factors, and we are quite satisfied with the results of mining. In terms of the medium and long run, we will have the funding already in place for P15. We have a schedule for P15, and it is quite adequate. I would say, therefore, that we are quite satisfied with the result of mining.

In the case of cement, the same holds true. The synergies are much broader than we had imagined initially with the acquisition of Lafarge Holcim. And we also have a nationwide coverage. And we are exploring the good things of the 3 companies that we acquired, and we begin to see the results in terms of the market and growth.

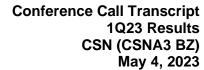
We had a nominal capacity of 6 million tons. At present, we have 16 million. And the idea is to make the most of this and transform this nominal capacity with a good outlook for cement.

We have attained reasonably good results in terms of what we had set forth to do. We have grown considerably, and we truly believe, as we do in mining, something I did not mention, but I believe that because of the price reduction of raw material, along with an increase of production, we will have a cost reduction, which will, of course, be reflected in the results, not only for mining but also for cement. We mandatorily have to reduce our costs. We are going to go through this tide of a drop of cost in diesel and transform this into a greater margin. So both in mining and cement, we find ourselves at a very good moment with good news.

In steel, unfortunately, we were surprised with a problem. We did not have any accidents luckily enough, it was simply a poor management of logistic that caused us to feel somewhat suffocated. And although it seems incredible, we were forced to review production due to a lack of mobility transportation in the plant. This is a primary error. Unfortunately, it did happen, a mistake of my team and myself. It took me some time to perceive the severity of this.

Beginning in December, we had a full idea of what had been caused. We began with a different combat strategy for this problem. We went through the 1Q23 at the mercy of this problem, but beginning in May now, we will return to a normal production, and I do hope that in May, we will be able to revert this situation and that we will have a year working at full steam returning to our normal quantities and normal costs as well.

This will not only be benefited by the reduction in cost of raw material, but also an increase of production that will return to normalcy. We do not have to invent anything, simply do things correctly, and we are working on this.





As we mentioned with the 2 other businesses, mining and cement, the cost of mining is somewhat high, and we are going to reduce it beginning in May because of a reduction of a normal flow of production at the plant.

In mining, therefore, despite this primary error or problem that occurred and because of the errors that we committed, we are redressing this. And we are already on our path to normalcy in May, and we will see the results in the 2Q.

Regarding ESG, as Helena just mentioned, we were awarded at CSN and CSN Mining we are extremely satisfied by this. We are delivering what we had set forth to do, and this is our priority. This is the guidance of our business.

In terms of the leverage, I think that I would like to reiterate our commitment that we will remain at less than 2x net debt/EBITDA until the end of the year. We have a normal drop that is foreseen in our budget for the 2Q. We had a high disbursement last year with the acquisition of the hydroelectric plant, the CEEE and Lafarge Holcim. It's natural, therefore, that the leverage increased.

The synergies that we have obtained with that investment are well known and will be recorded beginning in the 2Q. Our commitment is there, it will be maintained and we are deploying all possible efforts to reduce costs. We do hope there will be price stability. We are not counting upon anything extraordinary to reach this, simply continue working normally in terms of production in our 3 businesses.

And we also have that option at the right time to ensure that the energy business that we have created will become strategic for the market so that we can continue on with this fourth business, which is our energy business.

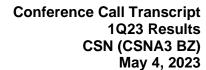
We understand the concern that you may have with leverage, but you can be sure that it is our obligation to reduce it, according to guidance, below 2x net debt/EBITDA. We are counting upon an improvement in margin in the 3 businesses as of this moment. And market prices and more specifically because of cost reductions, which is what we will have to work on. I am convinced therefore, operationally, that we will deliver what we have set forth to do.

And consequently, we will obtain the results that we have committed to, not only operationally, but also through the use of the assets that we have acquired; of course, going to the market to have a better market structure, but also to grow, which is what we have set forth to do; especially in the energy business that we are willing to be highly complementary to what we would like to do.

This is what I wanted to share with you. I would like to thank all of you for your attendance and your call, and we are at your entire disposal for questions that you may have. Thank you very much.

Edgard Souza, Itaú BBA:

A good day to all of you, and thank you for taking my question. My question refers to the steel business. Last year, you commented that if the production improved, you could





raise prices beginning in April. There has been a drop in the domestic market. Therefore, what will happen with the price dynamic? If you could share with us the level of clarity that you are thinking of for prices.

My second question refers to cement. Last quarter, you spoke about a gradual recovery of margin, but we have seen a drop in margin, especially because of the lower prices, explained by the seasonality. Is there room to recover either margin or prices? Do you expect a continuous reduction of price and cement? Which will be the price dynamic for cement, therefore, and which will be a reasonable margin in the medium and long term for cement? Because you have already incorporated Elizabeth and Lafarge Holcim. What will happen to prices going forward? These are my 2 questions. Thank you.

Luis Martinez:

First of all, regarding the results of steel in the 1Q, I am quite comfortable. I will not say satisfied because we cannot be satisfied with that situation. But to calm down the market, everything that we have here depends entirely upon ourselves. It no longer depends on the market.

These are controllable variables, and it depends exclusively on production. To give you an idea, I have a portfolio of orders of 680,000 tons already placed orders, which gives us a certain tranquility to say that we have a sufficient portfolio of clients. For at least 2 or 3 months, we will be able to service the market and this is a onetime situation that is happening now.

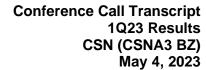
Regarding the prices, and I mentioned this in the last call, I said I wanted to increase prices in distribution and civil construction up to 7.5%. We are at a somewhat lower level. We are at 7.5%. And in some cases, I was more surgical. Taking into account the premiums we have on the higher added value products, we were more selective, smarter to capture more value. In April, and this is real information, we had our average price increased by 4.5%, which is good news, 4.5% for April.

To go back to the 1Q, to offer you even greater comfort about our strategy, in January, to give you an idea, we shipped 120,000 tons in February, 177,000 in March. When we, in fact, began to work and enhance production, reducing inventory, to give you an idea, in the quarter, we reduced inventory by around 100,000 tons and we went to 200,000 tons in March. So we have already begun this operation, and it will continue during the 2Q.

Another important point shown by Marcelo, we lost 200,000 tons of production in slabs. Obviously, this would generate 180,000 of products, and I could go to 80% or 70% of this. So it's completely the opposite of what happened, the drop of volume in the 1Q would be probably 10% above what we presented.

Now, why am I explaining all of this? Because I have the portfolio, I have the clients and in truth, we had a problem. A problem that is up to us to resolve. It's not something due to the market. We had the market price, portfolio and client. The rest is in our hands.

Now regarding the market dynamic, we need to further understand what is happening. In truth, the world is very different. In China, regarding the last call, there is still some volatility, somewhat different, perhaps. In China, we always speak about growth of 5%; strong investments; infrastructure work that should be finished; civil construction. I





remember I said that the VP was 530. Nowadays, it is pointing toward 580, which means there has been a reasonable drop. We are going to have to manage this.

If you look at the result of Chinese steel companies, they all have very poor results but they will not remain that way. They will work with higher value. And the inventory, a positive side, are under control. From the deal point of China, they are operating with steel, iron ore. They do not let iron ore shoot up to 125. They work with 106. And once again, it's gone up to 580 or 560 in terms of steel.

In the United States, everything positive is happening there. The location; the ships are coming back; domestic manufacturing, but from the price viewpoint, there is a slight drop in PQ, a minor drop US\$40 to US\$50 for PQ at 190. I am going to prioritize exports there, both because the premium and profitability will be better. Therefore, nothing that will impact us. Nothing that will shake our position in the United States.

And in Europe, a mature market, Turkey with some scrap, but Europe has that stability. If we have this as a backdrop of the world market, the premium here in the domestic market when we think of the Chinese coil at 560, 580, in the Brazilian market, with a price that increased in April, this premium is between 15% and 17%, relatively high, but still sustainable.

From the viewpoint of the market, we have a competitor, an international competitor that is supplying the plants in Europe. And we have another domestic competitor that is undergoing maintenance and has problems with slab.

It's not a problem, therefore. What is difficult is in the portfolio of zinc or galvanized products, where the premiums are much higher and where imports could grow. So the price dynamic, as Benjamin said, we have an increase of 4.5% for April, but they will remain stable.

Regarding the sectors, and I am answering all the questions at once, if you allow me, sectors that are positive in the industry, 5%, the industry is referring to 3%; civil construction, still positive with 2%; automotive, depending on how you look at it, some say the glass is full, others say the glass is empty, but from the viewpoint of production, it could still be positive because they had a very low level in the past; distribution market with a highly controlled inventory at 2.2% growth; and the white line, with a drop, with a growth of 10%. We are considering only 6%.

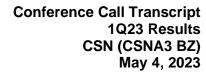
Some sectors which last year and last quarter were growing like trucks with anticipated purchases because of the Euro 6. So this is on the drop, buses and truck, and this will impact the agribusiness. But this is not a considerable problem with the steel market.

We are working with a scenario of stability for the market where CSN has growth of 5% to 6%. Some are speaking about the drop in this scenario, and our guidance for this year is a domestic market of 3 million tons practically. This is what we had last year as well. So this is the scenario where we think about prices, market and strategies for this year.

Edgard Souza:

Thank you. And cement?

Luiz Martinez:





Cement is a very interesting business. We were surprised. I did not imagine this business would be so good. We are 8 months away from the acquisition of Lafarge Holcim, and we had a volume growth that was very expressive. The market remained stable, it had a drop, but we are growing 6.5%.

We are not being aggressive towards the market. That's not our intention. We are advancing production with 3 plants. We are working on operational excellence. On the topic of cost, as mentioned by Benjamin, also in logistics, it's very difficult. It's like a crossword puzzle of where to deliver with other regions. And we were a company focused on the retail segment, 85% retail. We are now working in bulk, 40% bulk. And although it may sound incredible, for the first time in history, bulk has a higher price than the bagged product, and that is our portfolio.

So in terms of volume and positioning, in terms of channeling, in terms of positioning for channel, whether it is bulk or regional, so far, so good. In terms of prices, I think we have been quite resistant. The 1Q is always the worst quarter of the year. We have got everything bad. Even the problem of the MRS impacted us. The railway transportation to regions such as Mauá, for example.

So going forward, we will only be in a good position. We need to sustain our volumes. We are going to fragment ever more. There are regions where we have little activity, we are interested in traveling further with our cement for the distribution channel. We have good coverage in the Northeast. We should reach the Center West. We are going to impact the South a bit more. We have competition working alone there. And with the reduction of costs that Benjamin mentioned, we should be able to increase profitability.

Now regarding price though, on May 1, I announced a new price increase. We are the first company to announce this in May. And we have been leading the market. We do not tend to leave these opportunities on the table.

Obviously, we are leaders, and we hope the market will understand that there's the opportunity to increase margin. We only lose to China. So the trend is for stability. A price stability this month, a slight increase of price in June and July. And going forward, we are expecting the seasonality of cement and increase in volumes. Well, we will use more cement with the return of My House My Life, *Minha Casa Minha Vida*, and we hope that the work in infrastructure will be resumed until the end of the year.

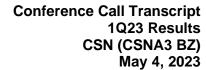
Edgard Souza:

Thank you, Martinez. That was very clear.

Caio Greiner, BTG Pactual:

Good morning. Thank you for taking my question. The first question is about cost looking at the coming quarters. You mentioned that in May, we should have a return of normalcy. Which will be the cost of slabs in the 2Q? There are several variables. So what can we think about costs for the 2Q and 3Q? You said that there would be a drop beginning in the 3Q.

The second question, your volume had a significant drop, of course, it should have been much higher. You had a drop of 10%. Which will be the return of CSN? Will you be ever more aggressive in price? Will you go for market share? Or will you base yourself on a more gradual strategy? Thank you very much.





Marcelo Cunha Ribeiro:

To begin speaking about costs, they will be marginally better in these quarters because of 2 effects: significant enhancement in the second half of the quarter, especially, it will not be an effect for the entire quarter, but the raw materials will help us. Iron ore, coal, there will be a drop in prices.

What is more important is that the 3Q will show us completely different levels; the increase in cost of slabs that we do not see for 1.5 year. And as we return to the production of slab, 1 million tons, which is what we did in the 3Q22.

In terms of volumes, Martinez will give the answer.

Luis Martinez:

Caio, we still do not know what we are going to do. We are going to do what we have always done: work to sell everything that we produce. If you see what we did in the 1Q, we reduced the inventory. Although we lost 200 tons of slab in the 1Q, we did not purchase any slabs. We used them all in the 4Q. I have not purchased slabs in the 2Q. I have to count upon the production that we have. I have 160,000 tons of material that is delayed in production and 640,000 tons in orders. We are going to catch up on this order portfolio. The orders have already come in.

It's not about acting on price or volume. It's what I always say, we have a fragmented customer base. We have a strategy that is very different from that of the competition. To give you an idea, our competitors gave a 12% discount for the automotive segment, an international competitor a 10%, we only gave 5%. And I increased the price in April by 4.5%. Our portfolio will award the distribution product, the civil construction products. Since we have a portfolio that is fragmented, we are going to do what we have always done, sell and go to market with our products.

We are going to add on added value. We are going to have to work strongly against imported material and there's something shameful that is happening in Brazil, the commercial agenda of Brazil. And I had the opportunity of speaking with some local authorities about this.

Fortunately, we are receiving material from China, enormous bumping, the middle sheets, the galvanized material. This material comes with specifications that are out of line, and we are forced to compete with this.

So regardless of what is happening in the market, we are going to have to act upon all fronts. This is where we are stronger in CSN, in civil construction. In the automotive part, we are quite limited. We work with spare parts, with some assembly plants that are quite focused in our portfolio.

And I truly do not believe there will be a huge supply in the domestic market, something that will lead to a fight in market share. This is happening now in the long steel market, because new players have entered the market. Some years ago, in long steel, we had Gerdau, Arcelor. We are now speaking of Cimex, Aço Verde, Sinobras, and the dynamic is very different, and you will see that the prices have had a more significant drop.



So we are going to keep working as we have always done, preserving our market share and grow. We are going to grow. The 2Q is for recovery and the 3Q and 4Q to put together our heads and regain the market leadership.

Caio Greiner:

Thank you, Martinez.

Carlos de Alba, Morgan Stanley:

Thank you very much. Just a couple of quick questions on the financials. One is, how do you see selling expenses for the 2Q that remained elevated, almost twice the level that we have seen in prior quarters? So 4Q and 1Q, a significant bump. And I wanted to see how you see the trend going forward.

And then, on the other operational expenses there was a 400 million loss on stocks or inventories. I just want to understand a little bit of what happened there and what is it related to. It seems that it's related to steel, at least in *Usina Presidente Vargas*, but I just wanted to make sure if it is. If you can give us some color there as to what happened. Thank you.

Marcelo Cunha Ribeiro:

Thank you for the question, Carlos. When it comes to sales, there has been a great volatility, and our sales in mining are quite high and they change quarter after quarter. There is no structural variation. And as I mentioned, the freights have gone in the right direction; there has been a drop of US\$2. So it's more about volume.

Carlos de Alba:

Sorry, Marcelo, I was talking about selling expenses.

Marcelo Cunha Ribeiro:

And talking about distortion in cement, there are significant rates. And last year, when we did not have the volumes at Lafarge Holcim, they grew substantially. As this quarter we had a record production of cement, this had that effect. I do not think it's something that will reduce our profitability, and we wanted to clarify this. You have to look at the mix between the businesses.

Now regarding those R\$400 million, there are 2 main effects here, and they both refer to steel. R\$150 million, R\$160 million were lost because of the bottlenecks that we have at the steel mill. We had a product, pig iron that was thrown into the well that we are going to use in future production. As we do not account for this drop, it generates an expense, and in the future, it will be reduced, and it was an operational expense, a loss of inventory, but it's not really a long because we are going to use it in other quarters. I am referring to pig iron that will be used in the third and 4Qs.

The second question, the R\$100 million is a provision for a decrease of inventory. We were exporting to Luso mainly during a period of higher prices, and in certain periods, they have a periodic comparison of the market price compared to the inventory price, and there will be a write-down of that inventory. They are going to sell them with a higher



margin. But in this quarter, we had the provision with a drop. So these are nonrecurrent events without an impact on cash.

Carlos de Alba:

Thank you.

Rafael Barcellos, Santander:

Thank you for taking my question. First of all, I would like to congratulate you for your new ESG structure. I do have a question regarding that topic. In the program for the characterization of dams, we have a program for the Vigia dam for the 2H23. I would like to know if this remains unchanged. And how can this impact your current operations? I know that the dam of Vigia is in a processing complex. Could there be an operational impact on this complex?

My second question refers to capital allocation. So if you could explain the Company's priorities in terms of growth, this would be interesting. We are aware of the projects in mining, but besides that, with the priority being cement and the steel business, and your timing especially, we know that the Company is very attentive in terms of leveraging. So how are you thinking about this timing for more significant and new investments? Thank you.

Helena Guerra:

Thank you for the question. Regarding Barra do Vigia, the characterization, it has been maintained for the 2H23. What is pending is the regulations, and we are working on, and we think that we will have the backup of these 2 agencies to conclude the characterization of the Vigia dam.

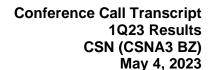
This does not impact production. It's part of the investment portfolio of the Company to work with the tailings. And this is what will be done going forward. But what we are doing is piling up the tailings for future processing.

Marcelo Cunha Ribeiro:

Regarding capital allocation, to repeat what Benjamin said a short time ago, everything goes through maintaining our commitment with the leveraging to attain our goal. Now given this as a backdrop, we do have other priorities that we share with the market. In the case of mining, the project P15, which is underway, especially with the loan from the Japanese bank, we are going to speed up.

In the case of cement and steel, we have a mission of becoming international. We are always in the quest for opportunities, especially in the U.S. market, which is not easy. There is enormous competition, consolidation. So it's not something that we can say we are going to do but it's something that keeps us very attentive to opportunities from the viewpoint of significant movements, therefore, there is nothing that might happen very soon.

We are focused on operational performance. We do have a 2H23 with better results and significant improvements in-house. For example, the energy sector, bringing in a partner to guarantee that the leverage will be only 2x. And if we see a very good opportunity, as part of these priorities, we will do our homework and make the most of this opportunity,





always respecting the self-imposed limitation. There's no priority that is mature now, but our priority, of course, is to internationalize.

In terms of dividends, this has already been communicated to the market at the end of the year. They are being paid out now. We moved away from our recent historical standard, but beginning in the 2H, we will be more in line with our historical payout, maintaining interest remuneration for the shareholders, perhaps with a lower value to ensure that the leverage remains at 2x.

Rafael Barcellos:

Thank you very much.

Caio Ribeiro, Bank of America:

Good morning all. Thank you for taking my question. My first question is about potential M&As, especially in terms of steel assets of Thyssenkupp. You mentioned that CSN, as well as other players, would be interested in these assets. If you could speak about this asset, if in fact you are interested, if you are assessing it, and how can this business complement the assets you already have in Europe.

Secondly, about leverage, it's 2.4x net debt/EBITDA. Is there any level that you would consider to accelerate your level of investments in P15? And which would be the minimum level of CAPEX you would run with? Thank you.

Marcelo Cunha Ribeiro:

Caio, about M&As, we are always attentive to opportunities, especially with differentiated assets in markets that are very important, such as Europe and the United States.

I do not think it's worthwhile remarking on this specific situation. There is nothing concrete. Good assets that come to the market are rare and few in between. When they do come, we will be attentive. But presently, we have nothing to comment.

Regarding the leverage, we are very far away from a point where we would change our investment costs, especially in CMIN, where we have a large project, which is the P15, where capital structure has been planned for this, and complementary projects for the processing of tailings, for example, which are very interesting. And the decharacterization of dams also makes sense to take these away from their present day schedule.

Speaking about the Group as a whole, we are going to look at mining as we did in the IPO, perhaps bring in partners, bring in outside capital to keep a strong balance. We have the Cement IPO. So we have sufficient levers, therefore, to guarantee that our leverage will be consistent, and all of these projects, of course, are of interest.

Caio Ribeiro:

Thank you very much. That was very clear.

Vanessa Quiroga, Credit Suisse:



Good morning. My question is the following. Your line of suppliers and working capital, if you could revert this. And can we expect that the production that we saw in the 1Q will be maintained during the year?

My last question, what is that one-off event that you are referring to in the release? Thank you.

Marcelo Cunha Ribeiro:

Vanessa, last year, we had a situation in terms of raw material, and this was reverted in the 2Q. This year, we had a change in suppliers between the 4Q and the 1Q23, and this ended up in a rupture of the average term.

Our planned purchases will return to the average that we had in 2022. So we will be recovering our working capital levels, and this will help the operational cash flow during 2023.

Vanessa Quiroga:

Thank you very much.

Thiago Lofiego, Credit Suisse:

Thank you. Just 1 question. Most of the questions have been answered. Let's go back to cement. Do you believe there is potential for greater consolidation regardless of the players? What do you think about the competition of cement in the coming 2 years, is there is a change of mindset? Still speaking about cement, EBITDA per ton normalized, given that you are in the process of incorporating Lafarge with very good results?

Marcelo Cunha Ribeiro:

Thank you, Thiago. On the consolidation, I do not think it's worthwhile referring to specific names, but we compare the Brazilian market with markets elsewhere. It's still a fragmented market and a market where we have players with isolated plants. players who do not have the scale or the cost of other plants, and besides having players who are undergoing financial difficulties and that are going to seek a solution.

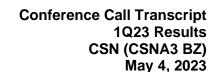
So all of these are factors that lead us to thinking that this market will have a great deal of activity in the good sense, a higher level of consolidation, which is healthy for the market.

Regarding EBITDA per ton, there is potential to more than double that EBITDA per ton that we see in this 1Q, not different of EBITDA per ton that we delivered in the past, especially with the acquisition of Lafarge Holcim and a potential for cost and competitiveness that will, of course, increase our level.

Thiago Lofiego:

Marcelo, if the price remains at that level, which would be the normalized EBITDA per ton? If you could give us more color.

Marcelo Cunha Ribeiro:





Doubling it is reasonable. In line with the synergies that we will have to attain and they will come from logistic, from energy, from greater volumes, we are convinced that we can double this.

Thiago Lofiego:

Thank you, Marcelo.

Operator:

As we have no further questions, we will return the floor to Marcelo Cunha Ribeiro, CFO and Investor Relations Executive Officer for his closing remarks.

Marcelo Cunha Ribeiro:

Thank you all for your participation, and we close with a self-assessment of the 1Q, which operationally was not a good quarter, but we have our glass that is more than half full. We have clear opportunities for improvement, and they will appear during the 2H23.

Whatever we can, in CSN, we will do. We are already doing it, and that is why we are highly optimistic, especially in the Steel part. Mining and Cement have also delivered results, and there will be a significant difference in Steel beginning in the 2H of the year. 2023 will be better than 2022, which was our second best year.

This is the message that I close with. I thank all of you, and I hope to see you in our next results release. Thank you very much.

Operator:

The results conference call for CSN is concluded. We would like to thank all of you for your participation. Have a good afternoon. Thank you.

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