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Usinas Siderúrgicas de Minas Gerais S.A. – USIMINAS

Parent company and consolidated financial statements at December 31, 2021 and independent auditor's report

Classificação da informação: Restrita
Grupo de Acesso: Destinatários deste e-mail

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Independent auditor's report

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

Opinion

We have audited the accompanying parent company financial statements of Usinas Siderúrgicas de Minas Gerais S.A. ("Company" or "Parent company"), which comprise the balance sheet as at December 31, 2021 and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, as well as the accompanying consolidated financial statements of Usinas Siderúrgicas de Minas Gerais S.A. and its subsidiaries ("Consolidated"), which comprise the consolidated balance sheet as at December 31, 2021 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including significant accounting policies and other explanatory information.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Usinas Siderúrgicas de Minas Gerais S.A. and of Usinas Siderúrgicas de Minas Gerais S.A. and its subsidiaries as at December 31, 2021, and the financial performance and the cash flows for the year then ended, as well as the consolidated financial performance and the cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis for opinion

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

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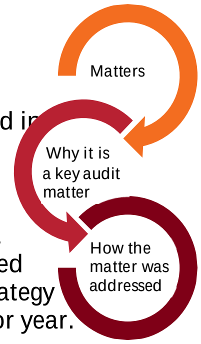
Key audit matters

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



We planned and performed our audit for the year ended December 31, 2021 considering that the operations of the Company and its subsidiaries remained substantially consistent with those of prior years. Accordingly, our audit strategy and the definition of the Key Audit Matters were similar to those of the prior year.

Why it is a Key Audit Matter	How the matter was addressed in the audit
Realization of deferred taxes (Notes 3.17 and 13) and recoverable value of intangible assets (Notes 3.13, 17 and 18)	
Deferred tax assets are recorded mainly for income tax and social contribution losses and temporary tax timing differences. These deferred tax balances are supported by taxable income projections. The subsidiary Mineração Usiminas S.A. presents significant intangible assets for which a provision for impairment may be necessary if events or changes in circumstances indicate that their carrying amount may not be recoverable. The annual assessment of recoverability of these assets requires management to apply critical judgment which relies on subjective variables for projections of results, taxable profits and discounted cash flows, all of which depend on future economic events. Using different sets of assumptions could significantly change the estimates of realization for these assets and require impairment provisions thus affecting the financial statements. Because of the significance of this issue to the financial statements, we considered this to be a key matter in our audit.	Our audit procedures included: We analyzed, with the assistance of our valuation specialists, the logic and mathematical accuracy of the cash flow projection models. We tested the consistency of the information and assumptions used to project future taxable profits and cash flows by comparing them with: (i) budgets approved by the Board of Directors; (ii) market assumptions and data; and (iii) the prior-year projections with the effective subsequent results. For deferred taxes, we tested, with the support of our tax specialists, the calculation bases of income tax and social contribution losses, and temporary differences, comparing them with the corresponding tax records. Our audit procedures indicated that the judgment applied and assumptions used by management to evaluate the recoverability of these assets were reasonable, and that the disclosures were consistent with the data and information obtained.
Provision for litigation (Notes 3.15 and 25)	
The Company and its subsidiaries are party to legal and administrative labor, tax, and civil proceedings arising from the normal course of its business. Management applies significant judgment in determining the likelihood of loss from such proceedings by examining the merits of the cases and evaluating the nature of the proceedings in the	Our audit procedures included, among others: Gaining an understanding and testing the significant internal controls over the process of identification and assessment of the proceedings and the quantification of the risks for the purposes of recording a provision when loss is considered probable. Similarly, understanding and testing the

Why it is a Key Audit Matter	How the matter was addressed in the audit
context of legislation in force and applicable case law. This process is periodically reassessed as the proceedings progress through the different judicial courts. Because of the significance of this issue to the financial statements, we considered this to be a key matter in our audit.	controls over the disclosures in the notes to the financial statements when the related estimates indicate a possible likelihood of loss. We obtained confirmations from outside legal counsel accompanying the legal and administrative proceedings as to the likely outcome of the lawsuits, as to the completeness of the information provided by management and management's conclusion on the sufficiency of the provisions recorded and/or amounts disclosed. Furthermore, with the support of our tax specialists we assessed the reasonableness of the likelihood of loss for the more significant proceedings, especially those of a tax nature. Finally, we read the information disclosed in the explanatory notes. We consider that the criteria and assumptions adopted by management, and the disclosures made, to be consistent with the information provided by outside legal counsel.
Favorable outcomes in tax lawsuits (Notes 12, 25(c), 33(b), 34)	
In 2018 and 2019, the Company and its subsidiaries received favorable, unappealable decisions in lawsuits for the right to exclude the Value-added Tax on Sales and Services (ICMS) from the Social Integration Program (PIS) and Social Contribution on Revenues (COFINS) calculation base. For those fiscal years, the Company and its subsidiaries recorded tax credits calculated following Federal Revenue Service guidance, using the ICMS amount paid method, since this was the undisputed part of the credits to which the Company and its subsidiaries had rights. Subsequently, in May 2021, the Federal Supreme Court (STF) issued a motion for clarification in favor of taxpayers affirming that the ICMS to be excluded from the PIS and COFINS tax bases is that displayed on the invoices and not the ICMS effectively paid. Accordingly, further tax credits were recorded in 2021 of R$2,237,035 thousand in the Parent Company and R$2,623,472 thousand in the Consolidated. In July 2021, an unappealable decision was granted in lawsuits filed by the Company claiming the right to apply PIS and COFINS credits on the monthly depreciation charges of certain property, plant and equipment acquired before April 30, 2004, which	Our audit procedures included: Gaining an understanding of the proceedings, through discussions with the Company's legal department and management. We obtained the tax credit analyses performed by management with the support of its external consultants. We assessed the criteria applied in the calculation and the mathematical accuracy and compared, on a sample basis, the monthly calculations with the historical accounting and tax records. We read the information disclosed by management in the accompanying notes to the financial statements to assure consistency of the balances and the corresponding disclosures with the underlying information obtained during our audit.

Why it is a Key Audit Matter	How the matter was addressed in the audit
had been prohibited by article 31 of Law 10,865 of that the same date. Accordingly, PIS and COFINS tax credits were recorded in the amount of R$ 712,900 thousand in the Parent Company and in the Consolidated. Additionally, in a judgment finalized in September 2021, with general repercussions, the STF concluded that income tax and social contribution should not be charged on interest income (SELIC rate) accruals on taxes recoverable when taxpayers have overpaid taxes. Accordingly, the Company recorded credits of R$240,002 thousand in the Parent Company and R$293,790 thousand in the Consolidated. These were considered as key audit matters because of the complexity in quantifying the amounts, the significance of the balances and the accounting treatment and disclosure in the financial statements of the Company and its subsidiaries.	

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Retirement benefit obligations (Notes 3.18 and 27)

The Company and its subsidiaries sponsor supplementary retirement plans that are managed by Previdência Usiminas.

The Company also has obligations for post-retirement healthcare plan benefits for employees of Companhia Siderúrgica Paulista - Cosipa (which was merged into the Company in 2009) who had retired before April 30, 2002 and still accrue the right to the benefit.

The actuarial calculations for the retirement and healthcare plan obligations are prepared by an independent actuary hired by management using actuarial assumptions based on participant census data provided by management.

We considered this to be a key audit matter because of the significance of the plans' present obligations as well as the level of judgment required in selecting the actuarial assumptions.

Our audit procedures included, among others, the detailed testing of census data for active participants and assisted individuals included in the retirement supplementation and healthcare plans, presented in the database supporting the actuarial liability.

With the support of our actuarial specialists, we analyzed the logic and mathematical accuracy of the model utilized to estimate the present value of the actuarial obligations. We also discussed the key assumptions applied in calculating the actuarial liabilities, such as salary growth projections, mortality and disability tables, medical costs and discount rates.

We reviewed the reconciliation, prepared by management, of the actuarial report matching these to the balances in the financial statements and the explanatory notes.

We further evaluated the professional qualifications of the independent external actuary contracted by management and the nature of their work in preparing the actuarial calculations.

For the retirement supplementation plan assets, we performed detailed testing and obtained confirmation from the manager of the pension plans as to the investment portfolio. We also tested, on a sample basis, the estimated fair value of the investment portfolio.

We consider that the criteria and assumptions used by the Company to record post-employment benefit obligations, as well as the disclosures made in the accompanying notes to the financial statements, to be reasonable, in all material respects, in the context of the financial statements taken as a whole.

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Other matters

Statements of Value Added

The parent company and consolidated Statements of Value Added for the year ended December 31, 2021, prepared under the responsibility of the Company's management and presented as supplementary information for IFRS purposes, were submitted to audit procedures performed in conjunction with the audit of the Company's financial statements. For the purposes of forming our opinion, we evaluated whether these statements are reconciled with the financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in Technical Pronouncement CPC 09 - "Statement of Value Added". In our opinion, these Statements of Value Added have been properly prepared, in all material respects, in accordance with the criteria established in the Technical Pronouncement and are consistent with the parent company and consolidated financial statements taken as a whole.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Belo Horizonte, February 11, 2022

PricewaterhouseCoopers
Auditores Independentes Ltda.
CRC 2SP000160/O-5

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

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Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS

Parent company and consolidated financial statements at December 31, 2021 and independent auditor's report

USIMINAS

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Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS

Balance sheet

All amounts in thousands of reais

	Note	Parent company 12/31/2021	Parent company 12/31/2020	Consolidated 12/31/2021	Consolidated 12/31/2020
Assets					
Current assets					
Cash and cash equivalents	8	2,156,063	1,848,310	6,341,017	3,261,288
Marketable securities	9	92,243	716,308	682,532	1,606,816
Trade receivables	10	3,606,160	1,561,483	3,563,328	2,372,791
Inventories	11	6,461,711	3,315,958	7,516,240	3,889,695
Taxes recoverable	12	1,199,457	251,782	1,679,278	441,572
Prepaid income tax and social contribution		-	30,883	35,011	35,780
Dividends receivable	37	536,521	380,516	18,182	11,686
Other receivables		139,538	197,555	163,882	209,974
Total current assets		14,191,693	8,302,795	19,999,470	11,829,602
Non-current assets					
Long-term receivables					
Trade receivables	10	57,351	87,321	88,945	87,321
Deferred income tax and social contribution	13	2,204,696	2,220,876	2,982,251	2,914,338
Receivables from related companies	37	23,652	23,086	-	-
Judicial deposits	14	293,988	352,615	489,316	543,408
Deferred income and social contribution taxes	25	240,002	-	293,790	-
Taxes recoverable	12	787,496	169,463	835,988	174,004
Insurance indemnity to receive	38	349,031	262,077	349,031	262,077
Other receivables		238,997	228,869	408,991	314,224
		4,195,213	3,344,307	5,448,312	4,295,372
Investments	15	6,401,336	5,182,120	1,138,402	1,058,708
Investment properties		92,624	100,822	159,054	164,222
Property, plant and equipment	16	9,636,845	9,627,857	11,085,685	11,006,034
Intangible assets	18	118,666	104,112	1,650,646	1,598,199
Total non-current assets		20,444,684	18,359,218	19,482,099	18,122,535
Total assets		34,636,377	26,662,013	39,481,569	29,952,137

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

Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS

Balance sheet
All amounts in thousands of reais

		Parent company		Consolidated	
	Note	**12/31/2021**	**12/31/2020**	**12/31/2021**	**12/31/2020**
Liabilities and equity					
Liabilities					
Current liabilities					
Trade payables, contractors and freight charges	19	2,301,514	1,966,924	2,630,292	1,917,690
Borrowings	20	121,204	113,610	125,078	116,738
Debentures	21	46,748	19,214	46,748	19,214
Advances from customers		119,545	64,305	154,267	139,678
Notes payable - Forfaiting	19	718,054	880,711	718,054	880,711
Salaries and social charges		160,583	141,490	221,950	180,757
Taxes payable	22	87,062	105,330	137,546	164,962
Taxes payable in installments	23	4,463	4,378	4,465	4,380
Lease liabilities	24	5,094	6,715	29,509	26,787
Income tax and social contribution payable	13	24,814	-	873,306	445,842
Derivative financial instruments	6	-	-	68,772	-
Dividends and interest on capital payable	28	737,058	160,315	968,984	324,728
Other payables		237,974	184,043	353,018	257,611
Total current liabilities		4,564,113	3,647,035	6,331,989	4,479,098
Non-current liabilities					
Borrowings	20	4,138,325	3,842,360	4,138,346	3,847,016
Debentures	21	1,989,405	1,985,394	1,989,405	1,985,394
Payables to related companies	37	-	-	91,448	80,042
Lease liabilities	24	20,826	766	53,014	37,920
Provision for litigation	25	803,139	656,422	919,154	799,601
Environmental restoration provision and dismantling of assets	26	-	-	233,178	230,002
Post-employment benefits	27	1,080,322	1,415,432	1,141,136	1,471,801
Other payables		290,912	247,138	225,396	183,093
Total non-current liabilities		8,322,929	8,147,512	8,791,077	8,634,869
Total liabilities		12,887,042	11,794,547	15,123,066	13,113,967
Equity	28				
Share capital		13,200,295	13,200,295	13,200,295	13,200,295
Capital reserves		312,665	311,366	312,665	311,366
Revenue reserves		8,324,834	1,472,967	8,324,834	1,472,967
Carrying value adjustments		(88,459)	(117,162)	(88,459)	(117,162)
Controlling stockholders' equity		21,749,335	14,867,466	21,749,335	14,867,466
Non-controlling interests		-	-	2,609,168	1,970,704
Total equity		21,749,335	14,867,466	24,358,503	16,838,170
Total liabilities and equity		34,636,377	26,662,013	39,481,569	29,952,137

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

Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS

Statement of income

All amounts in thousands of reais unless otherwise stated

	Note	Parent company Years ended 12/31/2021	12/31/2020	Consolidated Years ended 12/31/2021	12/31/2020
Continuing operations					
Revenue	30	28,347,005	12,370,762	33,736,964	16,088,052
Cost of sales	31	(21,548,091)	(11,609,059)	(22,462,636)	(12,831,522)
Gross profit		6,798,914	761,703	11,274,328	3,256,530
Operating income (expenses)					
Selling expenses	33	(183,939)	(140,661)	(570,675)	(398,385)
General and administrative expenses	33	(386,359)	(324,828)	(503,114)	(426,764)
Other operating expenses, net	33	1,074,599	(136,639)	1,071,135	337,325
Share of profit of subsidiaries, jointly-controlled subsidiaries and associates	15	2,173,874	1,388,565	218,788	159,759
		2,678,175	786,437	216,134	(328,065)
Operating profit (loss)		9,477,089	1,548,140	11,490,462	2,928,465
Finance result	34	589,922	(1,201,632)	845,815	(1,082,492)
Profit before income tax and social contribution		10,067,011	346,508	12,336,277	1,845,973
Income tax and social contribution	13				
Current		(972,739)	(16,710)	(2,332,338)	(684,614)
Deferred		(23,748)	342,992	56,015	130,384
		(996,487)	326,282	(2,276,323)	(554,230)
Profit for the year		9,070,524	672,790	10,059,954	1,291,743
Attributable to:					
Controlling interests		9,070,524	672,790	9,070,524	672,790
Non-controlling interests		-	-	989,430	618,953
Basic and diluted earnings per common share	35	R$ 7.07	R$ 0.52	R$ 7.07	R$ 0.52
Basic and diluted earnings per preferred share	35	R$ 7.78	R$ 0.58	R$ 7.78	R$ 0.58

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

Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS

Statement of comprehensive income (loss)

All amounts in thousands of reais

		Parent company		Consolidated	
		Years ended		Years ended	
	Note	**12/31/2021**	**12/31/2020**	**12/31/2021**	**12/31/2020**
Profit for the year		9,070,524	672,790	10,059,954	1,291,743
Other comprehensive income (loss)					
Actuarial gain (loss) on retirement benefits	27	51,930	301,670	51,620	302,719
Constitution (reversal) hedge accounting	6	(5,621)	-	(8,030)	-
Total other comprehensive income (loss)		46,309	301,670	43,590	302,719
Total comprehensive income (loss) for the year		9,116,833	974,460	10,103,544	1,594,462
Attributable to:					
Controlling interests		9,116,833	974,460	9,116,833	974,460
Non-controlling interests		-	-	986,711	620,002

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

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

Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS

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Statement of changes in equity

All amounts in thousands of reais

		Attributable to controlling stockholders												
			Capital reserves					Revenue reserves						
	Note	Share capital	Premium on share subscription	Premium on the sale of treasury shares	Treasury shares	Special goodwill reserve	Options granted recognized	Legal reserve	Reserve for invest-ments and working capital	Carrying value adjustments	Retained earnings (accumulated deficit)	Total	Non-controlling interests	Total equity
At December 31, 2020		13,200,295	105,295	25,074	(99,309)	278,729	1,577	92,286	1,380,681	(117,162)	-	14,867,466	1,970,704	16,838,170
Comprehensive income for the period														
Profit for the year		-	-	-	-	-	-	-	-	-	9,070,524	9,070,524	989,430	10,059,954
Actuarial gain (loss) on retirement benefits	27	-	-	-	-	-	-	-	-	51,930	-	51,930	(310)	51,620
Constitution (reversal) hedge accounting		-	-	-	-	-	-	-	-	(5,621)	-	(5,621)	(2,409)	(8,030)
Total comprehensive income for the period		-	-	-	-	-	-	-	-	46,309	9,070,524	9,116,833	986,711	10,103,544
Allocation of profit (loss) for the year	28													
Proposed dividends		-	-	-	-	-	-	-	-	-	(1,564,111)	(1,564,111)	(348,247)	(1,912,358)
Dividends and interest on own capital		-	-	-	-	-	-	-	-	-	(673,812)	(673,812)	-	(673,812)
Constitution of reserves		-	-	-	-	-	-	453,526	6,398,341	-	(6,851,867)	-	-	-
Stock option plan	39	-	-	-	-	-	(1,577)	-	-	-	1,577	-	-	-
Sale of treasury shares		-	-	2,173	703	-	-	-	-	-	-	2,876	-	2,876
Prescribed dividends		-	-	-	-	-	-	-	-	-	83	83	-	83
Adjustment to PP&E under IAS 29		-	-	-	-	-	-	-	-	(17,606)	17,606	-	-	-
At December 31, 2021		13,200,295	105,295	27,247	(98,606)	278,729	-	545,812	7,779,022	(88,459)	-	21,749,335	2,609,168	24,358,503

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

Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS

USIMINAS

Statement of changes in equity

All amounts in thousands of reais

		Attributable to controlling stockholders												
			Capital reserves					Revenue reserves						
	Note	Share capital	Premium on share subscription	Premium on the sale of treasury shares	Treasury shares	Special goodwill reserve	Options granted recognized	Legal reserve	Reserve for invest-ments and working capital	Carrying value adjustments	Retained earnings (accumulated deficit)	Total	Non-controlling interests	Total equity
At December 31, 2019		13,200,295	105,295	17,033	(100,639)	278,729	6,615	58,647	884,485	(407,037)	-	14,043,423	1,522,261	15,565,684
Comprehensive income for the period														
Profit for the year		-	-	-	-	-	-	-	-	-	672,790	672,790	618,953	1,291,743
Actuarial gain (loss) on retirement benefits	27	-	-	-	-	-	-	-	-	301,670	-	301,670	1,049	302,719
Total comprehensive income for the period										301,670	672,790	974,460	620,002	1,594,462
Allocation of profit (loss) for the year	28													
Proposed dividends and interest on capital		-	-	-	-	-	-	-	-	-	(159,788)	(159,788)	(171,559)	(331,347)
Complementary dividends and interest on own capital		-	-	-	-	-	-	33,639	496,196	-	(529,835)	-	-	-
Stock option plan	39	-	-	-	-	-	(5,038)	-	-	-	5,038	-	-	-
Sale of treasury shares		-	-	8,041	1,330	-	-	-	-	-	-	9,371	-	9,371
Adjustment to PP&E under IAS 29		-	-	-	-	-	-	-	-	(11,795)	11,795	-	-	-
At December 31, 2020		13,200,295	105,295	25,074	(99,309)	278,729	1,577	92,286	1,380,681	(117,162)	-	14,867,466	1,970,704	16,863,170

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

Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS

Statement of cash flows
All amounts in thousands of reais

	Note	Parent company		Consolidated	
		Years ended		Years ended	
		12/31/2021	12/31/2020	12/31/2021	12/31/2020
Cash flows from operating activities					
Profit for the year		9,070,524	672,790	10,059,954	1,291,743
Adjustments to reconcile profit or loss					
Charges and monetary/ foreign exchange variations, net		(704,328)	909,769	(815,507)	924,273
Interest expenses		261,095	319,035	259,972	312,863
Depreciation, amortization and depletion		781,479	828,415	982,741	1,000,223
Profit on the sale/reduction of PP&E/investment		(49,125)	(169,521)	(64,974)	(174,766)
Impairment of assets	17	400,287	(107,261)	397,257	(730,654)
Share of profit (loss) of subsidiaries, jointly-controlled subsidiaries and associates	15	(2,173,874)	(1,388,565)	(218,788)	(159,759)
Deferred income tax and social contribution	13	23,748	(342,992)	(56,015)	(130,384)
Changes in provisions		(642,118)	52,616	642,901	743,228
Actuarial losses (gains)	27	(239,345)	85,718	(234,967)	89,692
(Increase) decrease in assets					
Trade receivables		(2,012,676)	(186,113)	(1,116,017)	(422,648)
Inventories		(3,072,938)	(142,442)	(3,556,343)	(86,350)
Taxes recoverable		(132,265)	(129,225)	(424,540)	(205,431)
Receivables from related companies		6,041	47,282	-	1,651
Judicial deposits		41,179	10,393	41,172	(14,349)
Receivables - Eletrobras		-	311,534	-	311,534
Other		(23,254)	(29,309)	(118,277)	(338,949)
Increase (decrease) in liabilities					
Trade payables, contractors and freight charges		334,590	561,093	712,602	399,420
Advances from customers		55,240	52,556	14,589	81,921
Payables to related companies		(5,392)	(174,511)	11,406	(41,796)
Notes payable - Forfaiting		(162,657)	266,908	(162,657)	266,908
Taxes payable		1,106,523	499,361	1,117,666	627,306
Actuarial liability paid		(51,298)	365,629	(51,298)	365,629
Other		(31,097)	98,146	(11,978)	215,171
Income tax and social contribution paid		(810,048)	(9,980)	(1,768,479)	(230,029)
Interest paid		(350,648)	(336,902)	(343,849)	(337,059)
Net cash provided by (used in) operating activities		1,619,643	2,064,424	5,296,571	3,759,388
Cash flows from investing activities					
Marketable securities	9	624,065	(716,308)	924,284	(938,641)
Purchases of property, plant and equipment (PP&E)	16	(1,124,264)	(548,831)	(1,389,727)	(768,707)
Proceeds from sale of PP&E		53,465	100,815	105,041	121,281
Capital increase in subsidiaries		-	-	-	(22)
Purchases of intangible assets	18	(36,224)	(27,329)	(93,562)	(29,972)
Dividends received		763,522	144,942	128,235	136,902
Net cash provided by (used in) investing activities		280,564	(1,046,711)	(325,729)	(1,479,159)

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

Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS

Statement of cash flows
All amounts in thousands of reais

	Note		Parent company		Consolidated
			Years ended		Years ended
		12/31/2021	12/31/2020	12/31/2021	12/31/2020
Cash flows from financing activities					
Repayment of borrowings and debentures		(3,880)	(47,613)	(7,609)	(50,031)
Settlement of swap transactions		-	9,247	(23,089)	(171,472)
Dividends and interest on capital paid	28	(1,577,423)	(50,580)	(1,849,264)	(68,083)
Net cash provided by (used in) financing activities		(1,581,303)	(88,946)	(1,879,962)	(289,586)
Foreign exchange changes in cash and cash equivalents		(11,151)	17,679	(11,151)	17,679
Net increase (decrease) in cash and cash equivalents		307,753	946,446	3,079,729	2,008,322
Cash and cash equivalents at the beginning of the year	8	1,848,310	901,864	3,261,288	1,252,966
Cash and cash equivalents at the end of the year	8	2,156,063	1,848,310	6,341,017	3,261,288
Net increase (decrease) in cash and cash equivalents		307,753	946,446	3,079,729	2,008,322

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

Statement of value added

All amounts in thousands of reais

	Note	Parent company		Consolidated	
		Years ended		Years ended	
		12/31/2021	12/31/2020	12/31/2021	12/31/2020
Revenue					
Sales of goods and services		34,311,513	14,929,375	41,853,879	19,812,127
Provision for impairment of trade receivables	31	2,341	(17,698)	(3,240)	(31,487)
Other income		31,780	22,536	38,796	27,678
		34,345,634	14,934,213	41,889,435	19,808,318
Inputs acquired from third parties					
Cost of sales of goods and services		(24,808,631)	(11,657,333)	(27,461,257)	(13,347,953)
Materials, electricity, outsourced services and others		1,063,573	(213,230)	714,712	(612,686)
Recovery of assets		(400,287)	-	(397,257)	630,976
		(24,145,345)	(11,870,563)	(27,143,802)	(13,329,663)
Gross value added		10,200,289	3,063,650	14,745,633	6,478,655
Depreciation, amortization and depletion	31	(781,479)	(828,415)	(982,741)	(1,000,223)
Net value added generated by the Company		9,418,810	2,235,235	13,762,892	5,478,432
Value added received through transfer					
Share of profit or loss of subsidiaries, jointly controlled subsidiaries and associates	15	2,173,874	1,388,565	218,788	159,759
Finance income	34	1,530,003	163,156	1,809,297	262,691
Foreign exchange variations, net	34	109,154	166,186	120,405	252,339
Actuarial gains and losses	27	239,345	(85,718)	234,967	(89,692)
		4,052,376	1,632,189	2,383,457	585,097
Value added to distribute		13,471,186	3,867,424	16,146,349	6,063,529

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

Statement of value added

All amounts in thousands of reais

	Parent company		Consolidated	
	Years ended		Years ended	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Personnel and payroll charges				
Salaries and social charges	553,368	513,615	883,824	861,725
Government Severance Indemnity Fund for Employees (FGTS)	54,126	73,800	75,104	94,884
Management compensation	36,571	25,105	47,605	33,419
Profit sharing	129,288	76,173	174,468	94,539
Retirement plans	19,427	1,270	21,966	1,444
	792,780	689,963	1,202,967	1,086,011
Taxes and contributions				
Federal (i)	697,878	(45,930)	1,208,250	735,946
State	1,715,386	945,911	2,405,912	1,265,112
Municipal	72,422	69,590	81,040	79,894
Tax incentives	72,961	4,126	104,339	7,301
	2,558,647	973,697	3,799,541	2,088,253
Remuneration of third parties' capital				
Interest	620,187	496,544	673,217	582,163
Foreign exchange variations, net	429,048	1,035,965	410,670	1,016,894
Other	-	(1,535)	-	(1,535)
	1,049,235	1,530,974	1,083,887	1,597,522
Remuneration of own capital				
Profits reinvested	9,070,524	672,790	9,070,524	672,790
Non-controlling interests in profits reinvested	-	-	989,430	618,953
	9,070,524	672,790	10,059,954	1,291,743
Value added distributed	13,471,186	3,867,424	16,146,349	6,063,529

(i) Includes social security charges.

All amounts in thousands of reais unless otherwise stated

1 Reporting entity

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

The Company and its subsidiaries, jointly-controlled subsidiaries and associates ("Usiminas") operate in the steel industry and related activities, such as iron ore extraction, steel transformation and logistics. Currently, Usiminas operates two steel mills, located in the cities of Ipatinga, State of Minas Gerais, and Cubatão, State of São Paulo, which have a nominal capacity to produce 6.9 million (data not reviewed by auditor) metric tons of products, in addition to iron ore reserves, service and distribution centers, maritime ports and cargo terminals, strategically located in different Brazilian cities.

The Company holds direct or indirect investments in subsidiaries, jointly-controlled subsidiaries and associated companies, as presented below:

(a) Subsidiaries

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

(i) Company's direct holding of 16.7% and indirect holding through MUSA of 83.3%.
(ii) Company's percentage of direct and indirect voting rights through MUSA of 50.10% and 49.90%, respectively.

(b) Jointly-controlled subsidiaries

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

(c) Investments in associates

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

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

2 Approval of the financial statements

The issue of these financial statements was authorized by the Board of Directors on February 10, 2022.

3 Significant accounting policies

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

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

The accounting policies, which are the same as those adopted in the previous year, have been consistently applied to the parent company, subsidiaries, associates and jointly-controlled subsidiaries. Where necessary, the financial statements of the subsidiaries were adjusted to meet this criterion.

3.1 Basis of preparation and statement of compliance

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

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

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

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

3.2 Basis of consolidation and investments in subsidiaries

(a) Subsidiaries

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

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

(b) Jointly-controlled subsidiaries and associates

The Company classifies its investments as follows:

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

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

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

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

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

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

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

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

(c) Transactions with non-controlling interests

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

3.3 Segment reporting

Operating segments were reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. Usiminas is organized in four operating segments: Steelworks, Mining and Logistics, Steel Transformation, and Capital Assets. The bodies responsible for the major operating decision-making, allocation of funds, and performance assessment of operating segments include the Executive Board and the Board of Directors.

3.4 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

3.5 Cash and cash equivalents and marketable securities

(a) Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank deposits, and other short-term highly liquid investments, with immaterial risk of change in value, held for the purpose of meeting short-term commitments.

(b) Marketable securities

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

3.6 Financial assets

(a) Classification

Usiminas classifies its financial assets, upon initial recognition, in the following categories: at amortized cost, at fair value through other comprehensive income, and at fair value through profit or loss.

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

- the asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at fair value through other comprehensive income if both of the following conditions are met:

- the asset is held within a business model whose objective is achieved through both the collection of contractual cash flows and the sale of financial assets; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that represent payments of principal and interest on the principal amount outstanding.

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

In addition, at initial recognition, the Company may irrevocably designate a financial asset that meets the requirements to be measured at amortized cost, at fair value through other comprehensive income, or at fair value through profit or loss. This designation has the purpose of eliminating or significantly reducing a possible accounting mismatch arising from measuring the asset and recognizing related gains or losses using different bases.

(b) Recognition and measurement

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

(c) Impairment of financial assets

Assets carried at amortized cost

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

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

(d) Derecognition of financial assets

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

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

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

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

3.7 Financial liabilities

(a) Recognition and measurement

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

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

(b) Subsequent measurement

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

(c) Borrowing costs

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

(d) Derecognition of financial liabilities

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

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

3.8 Derivative financial instruments and hedging activities

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

3.9 Inventories

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

3.10 Judicial deposits

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

3.11 Property, plant and equipment

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

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

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

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

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

3.12 Investment properties

Investment properties are initially measured at cost, including the transaction costs. After initial recognition, investment properties are stated at fair value, which reflects the market conditions on the balance sheet date. Gains or losses arising from changes in the fair value of investment properties are included in the statement of income in the year in which they are generated. Investment properties are written off when they are sold or no longer used on a permanent basis, and when no future economic benefit is expected from their sale. The difference between the net proceeds from the sale and the asset's carrying amount is recognized in the statement of income in the period in which the asset is written off.

3.13 Intangible assets

(a) Goodwill

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

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

(b) Mineral rights

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

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

Mineral rights are depleted, using the unit-of-production method, as the reserves are exploited.

(c) Software

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

3.14 Impairment of non-financial assets

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

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

3.15 Provision for litigation

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

3.16 Provision for environmental restoration and asset retirement obligation

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

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

The Company recognizes an obligation for the expected mine closure and asset retirement costs in the period in which they occur, discounted to present value. The Company considers the accounting estimates related to the reclamation of degraded areas and mine closure costs as a critical accounting practice since they involve significant provision amounts and are based on various assumptions, such as interest rates, inflation, useful life of the asset given the current stage of depletion, and the projected depletion date for each mine. Such estimates are reviewed annually.

3.17 Current and deferred income tax and social contribution

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

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

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

3.18 Employee benefits

(a) Supplementary retirement plan

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

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

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

(b) Post-retirement healthcare benefit plan

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

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

These obligations are valued annually by independent actuaries.

(c) Profit sharing

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

(d) Share-based payments

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

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

3.19 Revenue recognition

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

(a) Sales of products

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

The Company's criterion for revenue recognition is the date the product is delivered to the purchaser.

(b) Sales of services

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

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

(c) Revenue from orders in progress

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

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

Revenues from orders in progress are solely part of operations conducted by the subsidiary Usiminas Mecânica S.A., which, in addition to this type of revenue, also sells services.

(d) Interest income

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

3.20 Distribution of dividends and interest on capital

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

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

3.21 Pronouncements issued but not yet effective at December 31, 2021

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

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

4 Significant accounting judgments, estimates and assumptions

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

4.1 Judgments

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

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

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

(b) Classification of investment control

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

4.2 Estimates and assumptions

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

(a) Impairment of non-financial assets

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

(b) Income tax, social contribution, and other taxes

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

(c) Fair value of derivatives and other financial instruments

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

(d) Revenue recognition

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

(e) Pension benefits

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

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

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

(f) Provisions for litigation

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

(g) Provision for environmental restoration and asset retirement obligation

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

(h) Useful lives of property, plant and equipment

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

5 Financial risk management objectives and policy

5.1 Financial risk factors

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

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

5.2 Policy for utilization of financial instruments

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

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

5.3 Financial risk management policy

(a) Credit risk

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

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

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

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

(b) Liquidity risk

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

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

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

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

				Parent company
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At December 31, 2021				
Trade payables, contractors and freight charges	2,301,514	-	-	-
Borrowings	265,543	264,960	4,972,436	-
Debentures	212,254	918,709	1,516,198	-
Notes payable - Forfaiting	718,054	-	-	-
Lease liabilities	7,234	6,453	21,403	-
At December 31, 2020				
Trade payables, contractors and freight charges	1,971,348	-	-	-
Borrowings	248,244	247,538	736,291	4,141,239
Debentures	77,050	77,359	2,154,825	-
Notes payable - Forfaiting	880,711	-	-	-
Lease liabilities	7,049	781	-	-

				Consolidated
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At December 31, 2021				
Trade payables, contractors and freight charges	2,630,292	-	-	-
Borrowings	253,440	249,067	4,924,795	-
Debentures	212,254	918,709	1,516,198	-
Notes payable - Forfaiting	718,054	-	-	-
Lease liabilities	36,339	25,799	39,377	-
At December 31, 2020				
Trade payables, contractors and freight charges	1,922,071	-	-	-
Borrowings	236,503	235,498	691,863	4,126,504
Debentures	77,050	77,359	2,154,825	-
Notes payable - Forfaiting	880,711	-	-	-
Lease liabilities	31,462	23,228	20,048	-

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

(c) Foreign exchange risk

(i) Foreign exchange exposure

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

		Parent company		Consolidated
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Assets in foreign currency				
Cash and cash equivalents	693,705	128,916	1,207,806	397,051
Marketable securities	-	-	33,765	32,120
Trade receivables	893,799	47,353	1,019,761	262,589
Advances to suppliers	-	-	3	1,364
	1,587,504	176,269	2,261,335	693,124
Liabilities in foreign currency				
Borrowings	(4,251,459)	(3,944,010)	(4,251,459)	(3,944,010)
Trade payables, contractors and freight charges	(893,008)	(607,429)	(925,937)	(618,415)
Advances from customers	(10,237)	(10,682)	(10,237)	(20,074)
Other payables	(1,172)	(2,793)	(1,164)	(2,787)
	(5,155,876)	(4,564,914)	(5,188,797)	(4,585,286)
Currency exposure	(3,568,372)	(4,388,645)	(2,927,462)	(3,892,162)

Usiminas' borrowings and debentures are denominated in the following currencies:

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Brazilian Real	2,044,223	2,016,568	2,048,118	2,024,352
U.S. Dollar	4,251,459	3,944,010	4,251,459	3,944,010
Total borrowings and debentures	6,295,682	5,960,578	6,299,577	5,968,362

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

The Company prepared a sensitivity analysis of outstanding assets and liabilities denominated in foreign currency at year-end, considering the foreign exchange rate at December 31, 2021. Scenario I considered a 5% depreciation of the Brazilian Real when compared to the current scenario. Scenarios II and III were stressed based on factors of 25% and 50%, respectively, on the amount of the foreign currency at December 31, 2021.

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

				12/31/2021
Currency	Foreign exchange rate at the end of the year	Scenario I	Scenario II	Scenario III
US$	5.5805	5.8595	6.9756	8.3708
Euro	6.3210	6.6371	7.9013	9.4815
Yen	0.0485	0.0509	0.0606	0.0727

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

			Consolidated
			12/31/2021
Currency	Scenario I	Scenario II	Scenario III
US$	(144,511)	(722,553)	(1,445,106)
Euro	(1,724)	(8,618)	(17,237)
Yen	(140)	(694)	(1,389)

(d) Cash flow or fair value interest rate risk

(i) Composition of borrowings by type of interest rate

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

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

	Parent company				Consolidated			
	12/31/2021	**%**	**12/31/2020**	**%**	**12/31/2021**	**%**	**12/31/2020**	**%**
Borrowings								
Fixed rate	4,259,529	68	3,955,970	66	4,263,424	68	3,963,754	66
Debentures								
CDI	2,036,153	32	2,004,608	34	2,036,153	32	2,004,608	34
	6,295,682	100	5,960,578	100	6,299,577	100	5,968,362	100

(ii) Sensitivity analysis of changes in interest rates

The Company prepares a sensitivity analysis of outstanding assets and liabilities indexed to interest rates at the end of the period, considering the rates prevailing at December 31, 2021 for the probable scenario. Scenario I considers a 5% increase on the average interest rate applicable to the floating portion of its current debt. Scenarios II and III were stressed based on factors of 25% and 50%, respectively, on the amounts of the rates at December 31, 2021.

The rate used and its related scenarios are shown below:

				12/31/2021
Index	**Year-end rate**	**Scenario I**	**Scenario II**	**Scenario III**
CDI	9.2%	9.6%	11.4%	13.7%

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

			Consolidated
			12/31/2021
Index	**Scenario I**	**Scenario II**	**Scenario III**
CDI	15,236	76,179	152,358

The interest rates to which the Company is exposed, related to debentures, are presented in Note 21 to the financial statements for the year ended December 31, 2021, and mainly comprise Interbank Deposit Certificates (CDI).

5.4 Capital management

Usiminas' objectives when managing capital are to safeguard the ability to continue as a going concern, honor its commitments, and increase its earnings in order to provide returns for stockholders and benefits for other stakeholders.

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

		Parent company		Consolidated
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Total borrowings, debentures and taxes payable in installments	6,300,145	5,964,956	6,304,042	5,972,742
Less: cash and cash equivalents and marketable securities	(2,248,306)	(2,564,618)	(7,023,549)	(4,868,104)
Net debt	4,051,839	3,400,338	(719,507)	1,104,638
Total equity	21,749,335	14,867,466	24,358,503	16,838,170
Total capitalization	25,801,174	18,267,804	23,638,996	17,942,808
Gearing ratio	16%	19%	-3%	6%

5.5 Fair value estimate

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

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

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

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

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques which maximize the utilization of available market data. For the year ended December 31, 2021, the Company's financial instruments comprises investments in CDB and derivative financial instruments - swap (Note 6).

At December 31, 2021 and 2020, Usiminas had no financial instruments the fair value of which has been measured based on Levels 1 and 3. The table below presents assets measured at fair value through profit or loss:

(i) Parent company

	12/31/2021	12/31/2020
	Level 2	**Level 2**
Assets		
Marketable securities	92,243	716,308

At December 31, 2021 and 2020, the Parent company had no derivative financial instruments classified as liabilities.

(ii) Consolidated

	12/31/2021	12/31/2020
	Level 2	**Level 2**
Assets		
Marketable securities	682,532	1,606,816

	12/31/2021
	Level 2
Liabilities	
Derivative financial instruments	68,772

At December 31, 2020, Usiminas had no derivative financial instruments classified in liabilities.

Specific valuation techniques used to value financial instruments, consider market prices quotes, as well as dealer quotes for similar instruments.

(b) Fair value of borrowings and debentures

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

				Parent company
	12/31/2021		12/31/2020	
	Book value	Market value	Book value	Market value
Bank loans – local currency	8,070	8,070	11,960	11,960
Debentures - local currency	2,036,153	2,046,741	2,004,608	2,019,207
Bonds	4,251,459	4,334,918	3,944,010	4,242,378
	6,295,682	6,389,729	5,960,578	6,273,545

				Consolidated
	12/31/2021		12/31/2020	
	Book value	Market value	Book value	Market value
Bank loans – local currency	11,965	11,965	19,744	19,744
Debentures - local currency	2,036,153	2,046,741	2,004,608	2,019,207
Bonds	4,251,459	4,334,918	3,944,010	4,242,378
	6,299,577	6,393,624	5,968,362	6,281,329

(c) Other financial assets and liabilities

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

6 Derivative financial instruments

Usiminas enters into swap transactions mainly to hedge and manage price risks, thereby reducing the effects of volatility in the prices of its commodities. Financial instruments are not used for speculative purposes. In accordance with its policy, Usiminas does not settle its transactions prior to the respective original maturities, and does not prepay its derivative financial instruments.

At December 31, 2021, the transactions with derivative financial instruments entered into by the subsidiary Mineração Usiminas were as follows:

(a) Consolidated

Hedged item	Maturity groups month/year	INDEX		NOTIONAL AMOUNT (contracted amount)				FAIR (MARKET) VALUE - BOOK VALUE		Gain/loss for the period
				12/31/2021		12/31/2020		12/31/2021	12/31/2020	12/31/2021
		Asset position	Liability position	Asset position	Liability position	Asset position	Liability position	Asset (liability) position	Asset (liability) position	Gain (loss)
HEDGE OF COMMODITIES' PRICE										
Iron ore (CFR China 62% Fe)	11/21	Ore FWD USD 104.95	Ore_Fut_SCOV1	-	-	-	-	-	-	(4.566)
Iron ore (CFR China 62% Fe)	11/21	Ore FWD USD 98.00	Ore_Fut_SCOV1	-	-	-	-	-	-	(13.031)
Iron ore (CFR China 62% Fe)	11/21	Ore FWD USD 109.40	Ore_Fut_SCOV1	-	-	-	-	-	-	(3.185)
Iron ore (CFR China 62% Fe)	11/21	Ore FWD USD 113.60	Ore_Fut_SCOV1	-	-	-	-	-	-	(2.140)
Iron ore (CFR China 62% Fe)	11/21	Ore FWD USD 115.10	Ore_Fut_SCOV1	-	-	-	-	-	-	(3.438)
Iron ore (CFR China 62% Fe)	12/21	Ore FWD USD 108.15	Ore_Fut_SCOX1	-	-	-	-	-	-	3.569
Iron ore (CFR China 62% Fe)	01/22	Ore FWD USD 106.95	Ore_Fut_SCOZ1	R$ 27.097	R$ 27.097	-	-	(1.486)	-	(1.486)
Iron ore (CFR China 62% Fe)	01/22	Ore FWD USD 91.50	Ore_Fut_SCOZ1	R$ 56.338	R$ 56.338	-	-	(13.001)	-	(13.001)
Iron ore (CFR China 62% Fe)	01/22	Ore FWD USD 91.50	Ore_Fut_SCOZ1	R$ 10.172	R$ 10.172	-	-	(2.342)	-	(2.342)
Iron ore (CFR China 62% Fe)	01/22	Ore FWD USD 102.00	Ore_Fut_SCOZ1	R$ 48.414	R$ 48.414	-	-	(4.978)	-	(4.978)
Iron ore (CFR China 62% Fe)	02/22	Ore FWD USD 90.00	Ore_Fut_SCOF2	R$ 25.174	R$ 25.174	-	-	(8.659)	-	(8.659)
Iron ore (CFR China 62% Fe)	03/22	Ore FWD USD 102.00	Ore_Fut_SCOG2	R$ 84.334	R$ 84.334	-	-	(15.453)	-	(15.453)
Iron ore (CFR China 62% Fe)	03/22	Ore FWD USD 105.00	Ore_Fut_SCOG2	R$ 87.695	R$ 87.695	-	-	(12.979)	-	(12.979)
Iron ore (CFR China 62% Fe)	04/22	Ore FWD USD 109.00	Ore_Fut_SCOH2	R$ 29.677	R$ 29.677	-	-	(3.070)	-	(3.070)
Iron ore (CFR China 62% Fe)	04/22	Ore FWD USD 111.00	Ore_Fut_SCOH2	R$ 61.463	R$ 61.463	-	-	(5.099)	-	(5.099)
Iron ore (CFR China 62% Fe)	02/22	Ore FWD USD 116.00	Ore_Fut_SCOF2	R$ 33.134	R$ 33.134	-	-	(1.413)	-	(1.413)
Iron ore (CFR China 62% Fe)	02/22	Ore FWD USD 120.00	Ore_Fut_SCOF2	R$ 33.494	R$ 33.494	-	-	(292)	-	(292)
									Revenue from exports in the period	(91.563)
						Book balance (asset position net of the liability position)		(68.772)		

Book balances of the derivative financial instruments:

	Consolidated
	12/31/2021
Current liabilities	68,772

	Parent		Consolidated
	12/31/2020	12/31/2021	12/31/2020
In gross revenue - foreign market (i)	-	(44,598)	(182,841)
In finance result	1,535	-	1,535
	1,535	(44,598)	(181,306)

(i) Relates to hedging transactions to protect iron ore prices entered into by the subsidiary Mineração Usiminas S.A.

(c) Hedging activities – cash flow hedge (hedge accounting)

The subsidiary Mineração Usiminas has entered into some hedging transactions to protect against fluctuations in iron ore price, which have an impact on its sales to the foreign market.

Hedge accounting involves the recognition of the net effect on profit or loss of gains/losses arising from changes in the fair value of the hedging instrument and the item being hedged at the same time.

The commodity price hedge transactions designated as hedging instruments at December 31, 2021 are presented below:

					Consolidated
		Index		Notional amount (amount contracted)	
Hedged item	Maturity (year/month)	Asset position	Liability position		Balance
Iron ore (CFR China 62% Fe)	01/22	Ore FWD USD 106,95	Ore _Fut_SCOZ1	R$ 27,097	(1,486)
Iron ore (CFR China 62% Fe)	01/22	Ore FWD USD 91,50	Ore _Fut_SCOZ1	R$ 56,338	(13,001)
Iron ore (CFR China 62% Fe)	01/22	Ore FWD USD 91,50	Ore _Fut_SCOZ1	R$ 10,172	(2,342)
Iron ore (CFR China 62% Fe)	01/22	Ore FWD USD 102,00	Ore _Fut_SCOZ1	R$ 48,414	(4,978)
Iron ore (CFR China 62% Fe)	02/22	Ore FWD USD 90,00	Ore _Fut_SCOF2	R$ 25,174	(8,659)
Iron ore (CFR China 62% Fe)	03/22	Ore FWD USD 102,00	Ore _Fut_SCOG2	R$ 84,334	(15,453)
Iron ore (CFR China 62% Fe)	03/22	Ore FWD USD 105,00	Ore _Fut_SCOG2	R$ 87,695	(12,979)
Iron ore (CFR China 62% Fe)	04/22	Ore FWD USD 109,00	Ore _Fut_SCOH2	R$ 29,677	(3,070)
Iron ore (CFR China 62% Fe)	04/22	Ore FWD USD 111,00	Ore _Fut_SCOH2	R$ 61,463	(5,099)
Iron ore (CFR China 62% Fe)	02/22	Ore FWD USD 116,00	Ore _Fut_SCOF2	R$ 33,134	(1,413)
Iron ore (CFR China 62% Fe)	02/22	Ore FWD USD 120,00	Ore _Fut_SCOF2	R$ 33,494	(292)
				-	(68,772)

Hedge accounting recognized in equity is shown below:

	Consolidated
	12/31/2021
Opening balance recognized in equity	-
Amount recognized as hedging instrument in the period	(46,965)
Amount recognized as hedged item in the period	34,798
	(12,167)
Deferred taxes on profit (34%)	4,137
Closing balance recognized in equity (i)	(8,030)
Amount reversed from equity and classified in export revenue (redemptions)	(44,598)

(i) In the Parent Company, the balance of R$5,621, recognized in equity, is proportional to the 70% ownership interest in Mineração Usiminas S.A.

7 Financial instruments by category

(a) Parent company

	12/31/2021			12/31/2020		
	Assets at amortized cost	Assets measured at fair value through profit or loss	Total	Assets at amortized cost	Assets measured at fair value through profit or loss	Total
Assets						
Cash and cash equivalents	2,156,063	-	2,156,063	1,848,310	-	1,848,310
Marketable securities	-	92,243	92,243	-	716,308	716,308
Trade receivables	3,663,511	-	3,663,511	1,648,804	-	1,648,804
Other financial assets (excluding prepayments)	1,249,480	-	1,249,480	971,668	-	971,668
	7,069,054	92,243	7,161,297	4,468,782	716,308	5,185,090

	12/31/2021	12/31/2020
	Liabilities at amortized cost	Liabilities at amortized cost
Liabilities		
Borrowings and debentures	6,295,682	5,960,578
Trade payables, contractors, and freights	2,301,514	1,966,924
Notes payable - Forfaiting	718,054	880,711
Lease liabilities	25,920	7,481
	9,341,170	8,815,694

(b) Consolidated

	12/31/2021			12/31/2020		
	Assets at amortized cost	Assets measured at fair value through profit or loss	Total	Assets at amortized cost	Assets measured at fair value through profit or loss	Total
Assets						
Cash and cash equivalents	6,341,017	-	6,341,017	3,261,288	-	3,261,288
Investment funds	-	264,180	264,180	-	-	-
Marketable securities	-	418,352	418,352	-	1,606,816	1,606,816
Trade receivables	3,652,273	-	3,652,273	2,460,112	-	2,460,112
Other asset financial instruments (excluding prepayments)	1,349,305	-	1,349,305	1,082,652	-	1,082,652
	11,342,595	682,532	12,025,127	6,804,052	1,606,816	8,410,868

			12/31/2021	12/31/2020
	Liabilities at amortized cost	Liabilities at fair value through profit or loss	Total	Liabilities at amortized cost
Liabilities				
Borrowings and debentures	6,299,577	-	6,299,577	5,968,362
Financial instruments - swap	-	68,772	68,772	-
Trade payables, contractors and freight charges	2,630,292	-	2,630,292	1,917,690
Notes payable - Forfaiting	718,054	-	718,054	880,711
Lease liabilities	82,523	-	82,523	64,707
	9,730,446	68,772	9,799,218	8,831,470

8 Cash and cash equivalents

		Parent company		Consolidated
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Banks - current accounts	120,045	27,391	151,406	43,264
Bank accounts abroad	693,705	128,916	1,207,806	397,051
Bank Deposit Certificates (CDB) and repurchase commitments	1,342,313	1,692,003	4,981,805	2,820,973
	2,156,063	1,848,310	6,341,017	3,261,288

Financial investments in Bank Deposit Certificates (CDBs) and repurchase transactions have immediate liquidity, and earn on average 105.34% (104.24% at December 31, 2020) of the CDI rate in the Parent company, and 105.70% (103.98% at December 31, 2020) of the CDI rate in the Consolidated.

At December 31, 2021, Usiminas did not have overdraft accounts.

9 Marketable securities

		Parent company		Consolidated
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Bank Deposit Certificates (CDB)	92,243	716,308	384,587	1,574,696
Financial investments abroad	-	-	33,765	32,120
Investment funds	-	-	264,180	-
	92,243	716,308	682,532	1,606,816

Financial investments in CDB earn on average 105,34% (104.24% at December 31, 2020) of the CDI rate in the Parent company and 105.70% (103.98% at December 31, 2020) of the CDI rate in Consolidated.

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

Financial investments mainly comprise Bank Deposit Certificates (CDBs) and Investment Funds, held with first-rate financial institutions

10 Trade receivables

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Trade receivables:				
In local currency	1,807,007	1,354,497	2,814,666	2,381,091
In foreign currency	752,373	34,191	878,335	249,427
Provision for impairment of trade receivables (i)	(135,177)	(137,208)	(201,241)	(197,946)
Trade receivables, net	2,424,203	1,251,480	3,491,760	2,432,572
Receivables from related parties				
In local currency	1,093,379	379,969	14,584	10,185
In foreign currency	145,929	17,355	145,929	17,355
Total receivables from related parties	1,239,308	397,324	160,513	27,540
	3,663,511	1,648,804	3,652,273	2,460,112
Current assets	3,606,160	1,561,483	3,563,328	2,372,791
Non-current assets	57,351	87,321	88,945	87,321

(i) Of the total provision for impairment of trade receivables in Parent company and Consolidated, the balance of R$4,503 (R$4.193 at December 31, 2020) refers to trade receivables denominated in foreign currency.

The ageing analysis of trade receivables is shown below:

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Amounts not yet due	3,574,189	1,641,529	3,616,518	2,270,168
Overdue:				
Up to 30 days	119,228	38,153	62,970	211,221
From 31 to 60 days	7,105	4,124	7,163	5,557
From 61 to 90 days	(350)	1,925	2,253	7,717
From 91 to 180 days	863	2,486	1,790	5,073
Over 181 days	97,653	97,795	162,820	158,322
(-) Provision for impairment of trade receivables	(135,177)	(137,208)	(201,241)	(197,946)
	3,663,511	1,648,804	3,652,273	2,460,112

At December 31, 2021, trade receivables amounting to R$ 89,322 in the Parent company and R$35,755 in the Consolidated were past due but not impaired (R$7,275 and R$189,944, respectively, at December 31, 2020). These accounts relate to a number of independent customers with no recent history of default, or whose outstanding balances are supported by collateral.

Usiminas' trade receivables are denominated in the following currencies:

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Brazilian Real	2,769,712	1,601,451	2,632,512	2,197,523
U.S. dollar	891,909	46,048	1,017,871	261,284
Euro	1,890	1,305	1,890	1,305
	3,663,511	1,648,804	3,652,273	2,460,112

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

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Opening balance	(137,208)	(118,569)	(197,946)	(168,058)
(Additions to) reversals from profit or loss	2,341	(17,698)	(3,240)	(31,487)
Write-offs against trade receivables		-	255	2,540
Foreign exchange gains/losses	(310)	(941)	(310)	(941)
Closing balance	(135,177)	(137,208)	(201,241)	(197,946)

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

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

11 Inventories

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Current assets				
Finished products	1,655,902	669,208	1,802,859	786,763
Work in progress	1,936,511	1,257,692	1,963,322	1,274,666
Raw materials	1,888,919	685,879	2,716,510	1,072,102
Supplies and spare parts	607,757	484,788	685,070	546,827
Imports in transit	281,856	160,446	286,643	160,520
Provision for losses	(185,379)	(120,836)	(214,309)	(129,964)
Others	276,145	178,781	276,145	178,781
	6,461,711	3,315,958	7,516,240	3,889,695

12 Taxes recoverable

				Parent company
	12/31/2021		12/31/2020	
	Current	Non-current	Current	Non-current
Social Integration Program (PIS) (i) (ii)	189,304	127,166	20,809	13,798
Social Contribution on Revenues (COFINS) (i) (ii)	770,538	585,734	80,986	103,940
Value-Added Tax on Sales and Services (ICMS)	168,855	53,241	114,000	30,926
Excise Tax (IPI)	66,121	-	34,923	-
Special System for Refund of Tax Amounts to Exporting Companies (Reintegra) - credit	4,378	19,490	1,040	18,934
Others	261	1,865	24	1,865
	1,199,457	787,496	251,782	169,463

				Consolidated
	12/31/2021		12/31/2020	
	Current	Non-current	Current	Non-current
PIS (i) (ii)	243,109	144,992	36,283	14,353
COFINS (i) (ii)	1,030,722	615,135	159,117	106,633
ICMS	218,568	54,351	176,309	32,064
IPI	176,445	-	64,694	-
Export credit - Reintegra	4,378	19,490	1,040	18,934
National Institute of Social Security (INSS)	3,713	-	2,809	-
Others	2,343	2,020	1,320	2,020
	1,679,278	835,988	441,572	174,004

(i) At December 31, 2021, in current assets, refers mainly to credits arising from the exclusion of ICMS from the PIS/COFINS tax base, as described in note 25 (c).
(ii) At December 31, 2021, in non-current assets, refers mainly to PIS/COFINS credits arising from the depreciation of property, plant, and equipment acquired until April 30, 2004, as described in Note 25 (c).

13 Income tax and social contribution

(a) Taxes on profit

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

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Profit (loss) before income tax and social contribution	10,067,011	346,508	12,336,277	1,845,973
Nominal rates	34%	34%	34%	34%
Income tax at nominal rates	(3,422,784)	(117,813)	(4,194,334)	(627,631)
Adjustments to determine taxable income:				
Equity in the results of investees	861,533	484,786	74,389	54,318
Interest on capital received	(64,906)	(52,086)	(8,067)	(8,464)
Interest on capital paid	229,097	-	253,457	18,698
Permanent exclusions (additions)	(4,741)	(27,683)	83,091	(37,193)
Recognized (unrecognized) tax credits	439,494	39,078	455,969	(5,488)
Exclusion of Selic rate on refund of overpaid taxes	906,310	-	967,671	-
Tax incentives	59,510	-	93,149	21,979
Non-taxable income and rate differences of foreign subsidiaries	-	-	(1,648)	29,551
Tax (expense) credit in the statement of income	(996,487)	326,282	(2,276,323)	(554,230)
Current	(972,739)	(16,710)	(2,332,338)	(684,614)
Deferred	(23,748)	342,992	56,015	130,384
Tax (expense) credit in the statement of income	(996,487)	326,282	(2,276,323)	(554,230)
Income tax	(717,459)	235,746	(1,649,528)	(403,942)
Social contribution	(279,028)	90,536	(626,795)	(150,288)
Effective rates	10%	-	18%	30%

(b) Deferred income tax and social contribution

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

(i) Parent company

	12/31/2020	Equity/ Comprehensive income	Recognized in profit or loss	12/31/2021
In assets				
Income tax and social contribution				
Tax losses	2,537,974	-	(542,611)	1,995,363
Unrecognized tax credits	(857,997)	-	439,494	(418,503)
Tax losses on overpaid taxes	-	-	539,908	539,908
Temporary provisions				
Provision for actuarial liability	292,034	7,568	(97,831)	201,771
Provision for litigation	223,183	-	49,884	273,067
Provision for inventory adjustments	41,084	-	21,945	63,029
Impairment of assets	198,654	-	(116,529)	82,125
Provision for unrealized inventory profit	42,545	-	122,416	164,961
Others	133,819	-	46,306	180,125
Total assets	2,611,296	7,568	462,982	3,081,846
In liabilities				
Income tax and social contribution				
Tax-incentive depreciation	6,876	-	(1,884)	4,992
Tax depreciation	292,910	-	492,941	785,851
Adjustment to property, plant and equipment (IAS 29)	43,955	-	(9,070)	34,885
Indexation of judicial deposits	45,016	-	1,767	46,783
Others	1,663	-	2,976	4,639
Total liabilities	390,420	-	486,730	877,150
Total, net	2,220,876	7,568	(23,748)	2,204,696

(ii) Consolidated

	12/31/2020	Equity/ Comprehensive income	Recognized in profit or loss	12/31/2021
In assets				
Income tax and social contribution				
Tax losses	2,691,854	-	(568,896)	2,122,958
Unrecognized tax credits	(1,064,596)	-	455,970	(608,626)
Tax losses on overpaid taxes	-	-	551,077	551,077
Temporary provisions				
Provision for actuarial liability	311,199	7,762	(96,513)	222,448
Provision for litigation	265,191	-	96,516	361,707
Provision for inventory adjustments	60,550	-	30,117	90,667
Goodwill/acquisition of companies	293,197	-	(4,497)	288,700
Impairment of assets	423,572	-	(124,892)	298,680
Provision for unrealized inventory profit	42,545	-	122,416	164,961
Others	315,392	4,136	91,212	410,740
Total assets	3,338,904	11,898	552,510	3,903,312
In liabilities				
Income tax and social contribution				
Tax-incentive depreciation	6,876	-	(1,884)	4,992
Depreciation tax rate	303,976	-	496,868	800,844
Adjustment to property, plant and equipment (IAS 29)	43,955	-	(9,070)	34,885
Indexation of judicial deposits	52,344	-	10,996	63,340
Others	17,415	-	(415)	17,000
Total liabilities	424,566	-	496,495	921,061
Total, net	2,914,338	11,898	56,015	2,982,251

In the year ended December 31, 2021, the Company’s management reversed a provision for tax credit losses amounting to R$439,494 and R$455,970 in the Parent company and Consolidated, respectively (reversal of R$39,078 and R$5,488, espectively, at December 31, 2020). Deferred tax credits not recognized in the financial statements totaled R$418,503 in the Parent company and R$608,187 in the Consolidated (R$857,997 and R$1,064,596, respectively, at December 31, 2020). Management will continue monitoring the unrecognized amounts, which may be accounted for as soon as their use becomes probable.

At December 31, 2021, the expected realization of deferred taxes was as follows:

	Parent company	Consolidated
2022	319,928	389,623
2023	311,004	349,198
2024	277,441	316,135
2025	280,145	318,839
2026 to 2028	909,779	1,025,861
2029 to 2031	982,596	1,128,046
2032 to 2034	419,456	501,884
After 2035 (i)	-	482,352
Assets	3,500,349	4,511,938
Unrecognized tax credits	(418,503)	(608,626)
Assets	3,081,846	3,903,312
Liabilities	(877,150)	(921,061)
Net position	2,204,696	2,982,251

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

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

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

(c) Income tax and social contribution in current liabilities

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Income tax				
Current income (expense)	(699,889)	(16,710)	(1,689,979)	(500,068)
Prepayments and offsets in the year	694,881	16,710	1,050,416	169,036
	(5,008)	-	(639,563)	(331,032)
Social contribution				
Current income (expense)	(272,850)	-	(642,359)	(184,546)
Prepayments and offsets in the year	253,044	-	408,616	69,736
	(19,806)	-	(233,743)	(114,810)
Total income tax and social contribution payable	(24,814)	-	(873,306)	(445,842)

14 Judicial deposits

						Parent company
			12/31/2021			12/31/2020
	Judicial deposits	Taxes payable in installments	Net balance	Judicial deposits	Taxes payable in installments	Net balance
IPI	176,823	(106,138)	70,685	177,021	(106,138)	70,883
IR and CSLL	152,847	(57,090)	95,757	152,847	(57,090)	95,757
INSS	37,120	(7,264)	29,856	62,949	(7,264)	55,685
CIDE*	26,384	(26,384)	-	26,384	(26,384)	-
ICMS	6,249	-	6,249	10,486	-	10,486
COFINS	2,625	-	2,625	2,731	-	2,731
Labor claims	136,331	-	136,331	167,029	-	167,029
Civil claims	36,762	(16)	36,746	37,329	(16)	37,313
Others	4,232	-	4,232	1,224	-	1,224
Provision for losses (i)	(88,493)	-	(88,493)	(88,493)	-	(88,493)
	490,880	(196,892)	293,988	549,507	(196,892)	352,615

*CIDE: Contribution for Intervention on the Economic Domain

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

						Consolidated
			12/31/2021			12/31/2020
	Judicial deposits	Taxes payable in installments	Net balance	Judicial deposits	Taxes payable in installments	Net balance
IPI	176,823	(106,138)	70,685	177,021	(106,138)	70,883
IR and CSLL	158,787	(57,090)	101,697	158,787	(57,090)	101,697
INSS	46,633	(7,264)	39,369	72,219	(7,264)	64,955
CIDE	26,384	(26,384)	-	26,384	(26,384)	-
ICMS	7,434	-	7,434	11,658	-	11,658
COFINS	3,652	-	3,652	23,693	-	23,693
Labor claims	190,767	-	190,767	232,494	-	232,494
Civil claims	39,386	(16)	39,370	38,626	(16)	38,610
Others	115,114	-	115,114	78,220	-	78,220
Provision for losses (i)	(78,772)	-	(78,772)	(78,802)	-	(78,802)
	686,208	(196,892)	489,316	740,300	(196,892)	543,408

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

Changes in judicial deposits were as follows:

		Parent company		Consolidated
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Opening balance	549,507	576,584	740,300	740,550
Additions	2,626	15,724	37,282	58,018
Interest/inflation indexation	5,292	4,193	11,005	7,728
Reversals	(66,545)	(46,994)	(102,379)	(65,996)
Closing balance	490,880	549,507	686,208	740,300

15 Investments

(a) Changes in investments

(i) Parent company

	12/31/2020	Equity in the results of investees	Interest on capital and dividends	Unrealized inventory profit	Actuarial liability	Others	12/31/2021
Subsidiaries							
Mineração Usiminas	3,666,557	1,736,327	(542,670)	-	(939)	(5,621)	4,853,654
Soluções Usiminas	701,100	538,951	(256,004)	(360,047)	203	-	624,203
Usiminas International	73,163	(4,849)	-	-	-	-	68,314
Usiminas Mecânica	21,702	126,233	(37,500)	-	915	-	111,350
Usiminas Participações e Logística S.A. (UPL)	84,474	12,965	(5,549)	-	49	-	91,939
Other	76,917	-	-	-	-	(1,442)	75,475
	4,623,913	2,409,627	(841,723)	(360,047)	228	(7,063)	5,824,935
Jointly-controlled subsidiaries							
Unigal	503,078	112,496	(105,000)	-	(300)	-	510,274
Usiroll	12,603	2,246	(1,000)	-	(43)	-	13,806
	515,681	114,742	(106,000)	-	(343)	-	524,080
Associates							
Codeme	30,504	8,273	-	-	-	-	38,777
MRS	12,022	1,965	(451)	-	8	-	13,544
	42,526	10,238	(451)	-	8	-	52,321
	5,182,120	2,534,607	(948,174)	(360,047)	(107)	(7,063)	6,401,336

At December 31, 2021, equity in the results of investees in the Parent company, presented in changes in investments, is reconciled as follows:

	Parent company
Equity in the results of investees presented in the statements of income and cash flows	2,173,874
Net capital deficiency of the subsidiary Rios Unidos	686
Unrealized inventory profit determined in the subsidiaries Soluções Usiminas and Usiminas Mecânica.	360,047
Equity in the results of investees presented in changes in investments	2,543,607

(ii) Consolidated

	12/31/2020	Equity in the results of investees	Interest on capital and dividends	Actuarial liability	12/31/2021
Jointly-controlled subsidiaries					
Jointly-controlled subsidiaries	518,063	118,107	(109,307)	(343)	526,520
Goodwill on jointly-controlled subsidiaries	4,668	-	-	-	4,668
	522,731	118,107	(109,307)	(343)	531,188
Associates					
Investments in associates	528,777	100,681	(29,745)	301	600,014
Goodwill on associate	7,200	-	-	-	7,200
	535,977	100,681	(29,745)	301	607,214
Total	1,058,708	218,788	(139,052)	(42)	1,138,402

(b) Financial information on associated companies

The Company's share of profit (loss) in its most significant associates at December 31, 2021 is shown below:

	Country of incorporation	Assets	Liabilities	Equity	Net revenue	Profit	% of interest held
Codeme	Brazil	350,842	222,220	128,622	232,651	19,491	30.77%
MRS (i)	Brazil	13,436,512	8,423,185	5,013,327	4,427,385	699,294	11.41%

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

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

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

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

(i) Summarized balance sheets

			12/31/2021			12/31/2020
	Modal	Unigal	Usiroll	Modal	Unigal	Usiroll
Current assets						
Cash and cash equivalents	2,753	93,155	6,538	2,460	64,433	9,245
Trade receivables	1,496	60,355	4,051	1,094	62,574	3,999
Inventories	-	45,237	1,569	-	35,726	1,049
Taxes recoverable	-	5,845	-	-	4,215	-
Others	7	4,284	202	8	1,371	131
Total current assets	4,256	208,876	12,360	3,562	168,319	14,424
Non-current assets						
Long-term receivables	-	17,719	71	-	2,785	27
Property, plant and equipment	2,001	801,148	21,124	2,205	825,149	12,245
Intangible assets	-	786	2	-	473	3
Total non-current assets	2,001	819,653	21,197	2,205	828,407	12,275
Total assets	6,257	1,028,529	33,557	5,767	996,726	26,699
Liabilities and equity						
Borrowings	-	-	-	-	12	-
Trade payables	203	17,007	4,375	148	20,179	266
Contingencies	-	34,497	-	-	3,494	-
Deferred income tax and social contribution	-	226,203	-	-	221,225	-
Others	1,175	42,785	1,571	855	28,131	1,228
Equity	4,879	739,037	27,611	4,764	723,685	25,205
Total liabilities and equity	6,257	1,028,529	33,557	5,767	996,726	26,699

(ii) Summarized statements of income

			12/31/2021			12/31/2020
	Modal	Unigal	Usiroll	Modal	Unigal	Usiroll
Net sales and services	12,033	347,841	18,968	10,374	290,198	16,033
Cost of sales and services	(3,971)	(129,014)	(10,268)	(3,696)	(117,037)	(8,897)
Operating (expenses) income	(19)	(17,505)	(2,313)	(3)	(12,320)	(2,387)
Finance income (costs)	77	10,214	356	50	6,180	160
Provision for IRPJ and CSLL	(1,391)	(45,755)	(2,251)	(1,196)	(42,790)	(1,644)
Profit for the year	6,729	165,781	4,492	5,529	124,231	3,265

16 Property, plant and equipment

		Parent company					
				12/31/2021			12/31/2020
	Weighted average rate of annual depreciation (%)	Cost	Accumulated depreciation	PP&E, net	Cost	Accumulated depreciation	PP&E, net
In operation							
Buildings	4	1,864,457	(1,208,650)	655,807	2,021,930	(1,307,671)	714,259
Machinery and equipment	5	17,946,194	(11,402,986)	6,543,208	21,232,691	(14,283,215)	6,949,476
Facilities	4	988,948	(362,297)	626,651	996,228	(353,401)	642,827
Furniture and fixtures	15	60,126	(50,358)	9,768	59,253	(48,514)	10,739
IT equipment	24	221,044	(193,201)	27,843	215,097	(187,296)	27,801
Vehicles	20	34,809	(34,768)	41	34,809	(34,760)	49
Tools and instruments	20	187,862	(172,730)	15,132	211,264	(192,457)	18,807
Right of use	15	56,925	(31,463)	25,462	33,149	(26,172)	6,977
		21,360,365	(13,456,453)	7,903,912	24,804,421	(16,433,486)	8,370,935
Land		274,419	-	274,419	274,423	-	274,423
Total in operation		21,634,784	(13,456,453)	8,178,331	25,078,844	(16,433,486)	8,645,358
Under construction							
Construction in progress		1,121,174	-	1,121,174	790,974	-	790,974
Assets in progress		91,178	-	91,178	48,904	-	48,904
Imports in transit		87,882	-	87,882	35,624	-	35,624
Advances to suppliers		63,837	-	63,837	17,032	-	17,032
Capitalized borrowing costs		29,954	-	29,954	27,576	-	27,576
Others		64,489	-	64,489	62,389	-	62,389
Total under construction		1,458,514	-	1,458,514	982,499	-	982,499
		23,093,298	(13,456,453)	9,636,845	26,061,343	(16,433,486)	9,627,857

							Consolidated
				12/31/2021			12/31/2020
	Weighted average rate of annual depreciation (%)	Cost	Accumulated depreciation	PP&E, net	Cost	Accumulated depreciation	PP&E, net
In operation							
Buildings	4	2,266,833	(1,467,274)	799,559	2,425,852	(1,543,039)	882,813
Machinery and equipment	5	19,200,249	(12,405,367)	6,794,882	22,513,945	(15,256,875)	7,257,070
Facilities	4	1,754,146	(884,958)	869,188	1,740,728	(813,851)	926,877
Furniture and fixtures	15	74,301	(62,325)	11,976	74,778	(61,896)	12,882
IT equipment	24	275,364	(234,333)	41,031	260,067	(227,700)	32,367
Vehicles	20	49,144	(47,732)	1,412	49,938	(48,033)	1,905
Tools and instruments	20	217,893	(192,363)	25,530	243,527	(214,282)	29,245
Right of use	15	164,074	(87,159)	76,915	117,599	(57,204)	60,395
Impairment (i)		-	-	-	(66,047)	-	(66,047)
Others		115,496	(16,806)	98,690	115,496	(13,365)	102,131
		24,117,500	(15,398,317)	8,719,183	27,475,883	(18,236,245)	9,239,638
Land		457,131	-	457,131	463,884	-	463,884
Total in operation		24,574,631	(15,398,317)	9,176,314	27,939,767	(18,236,245)	9,703,522
Under construction							
Construction in progress		1,565,544	-	1,565,544	1,087,472	-	1,087,472
Assets in progress		190,096	-	190,096	106,783	-	106,783
Imports in transit		88,148	-	88,148	35,629	-	35,629
Advances to suppliers		65,099	-	65,099	31,443	-	31,443
Capitalized borrowing costs		30,617	-	30,617	27,576	-	27,576
Impairment (i)		(101,493)	-	(101,493)	(52,680)	-	(52,680)
Others		71,360	-	71,360	66,289	-	66,289
Total under construction		1,909,371	-	1,909,371	1,302,512	-	1,302,512
		26,484,002	(15,398,317)	11,085,685	29,242,279	(18,236,245)	11,006,034

(i) Refers to impairment test of property, plant and equipment (Note 17).

Changes in property, plant and equipment were as follows:

	Buildings	Machinery and equipment	Facilities	Tools and instruments	Land	Construction in progress	Right of use	Others	Total
									Parent company
At December 31, 2020	714,259	6,949,476	642,827	18,807	274,423	982,499	6,977	38,589	9,627,857
Additions (i)	38	43,564	2,854	-	-	1,077,808	-	-	1,124,264
Remeasurement	-	-	-	-	-	-	27,388	-	27,388
Disposals	(227)	(30)	(412)	-	(4)	(3,666)	-	(1)	(4,340)
Depreciation	(42,075)	(657,045)	(35,654)	(5,822)	-	-	(8,903)	(13,151)	(762,650)
Capitalized borrowing costs (ii)	-	-	-	-	-	29,954	-	-	29,954
Impairment	(15,020)	(324,452)	(26,436)	(21)	-	(41,628)	-	-	(407,557)
Transfers	(1,168)	531,695	43,472	2,168	-	(588,382)	-	12,215	-
Others	-	-	-	-	-	1,929	-	-	1,929
At December 31, 2021	655,807	6,543,208	626,651	15,132	274,419	1,458,514	25,462	37,652	9,636,845

(i) In the Parent company, additions to property, plant and equipment relate to cash purchases of R$1,124,264.
(ii) Charges capitalized at the contracted rates, which are stated in Note 20.

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

(i) In the Parent company, additions to property, plant and equipment relate to cash purchases of R$548,831.
(ii) Charges capitalized at the contracted rates, which are stated in Note 20.

										Consolidated
	Buildings	**Machinery and equipment**	**Facilities**	**Tools and instruments**	**Land**	**Construction in progress**	**Right of use**	***Impairment***	**Others**	**Total**
At December 31, 2020	882,813	7,257,070	926,877	29,245	463,884	1,355,192	60,395	(118,727)	149,285	11,006,034
Additions (i)	38	45,839	2,854	339	-	1,340,484	-	-	173	1,389,727
Remeasurement	-	-	-	-	-	-	50,137	-	-	50,137
Disposals	(9,755)	(18,763)	(652)	(1,332)	(5,771)	(5,733)	-	1,993	(54)	(40,067)
Depreciation	(76,696)	(719,455)	(100,289)	(8,261)	-	-	(33,615)	14,988	(20,065)	(943,393)
Capitalized borrowing costs (ii)	-	-	-	-	-	29,954	-	-	-	29,954
Impairment (iii)	(15,020)	(324,452)	(26,436)	(21)	-	(41,628)	-	-	-	(407,557)
Transfers	18,179	554,642	66,839	5,564	(982)	(668,261)	1	250	23,768	-
Others	-	1	(5)	(4)	-	856	(3)	3	2	850
At December 31, 2021	799,559	6,794,882	869,188	25,530	457,131	2,010,864	76,915	(101,493)	153,109	11,085,685

(i) In the Consolidated, additions to property, plant and equipment relate to cash purchases of R$1,389,727.
(ii) Charges capitalized at the contracted rates, which are stated in Note 20.
(iii) Refers to impairment of property, plant and equipment (Note 17).

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

(i) In the Consolidated, additions to property, plant and equipment relate to cash purchases of R$768,707.
(ii) Charges capitalized at the contracted rates, which are stated in Note 20.
(iii) Refers to impairment of property, plant and equipment (Note 17).

At December 31, 2021, additions to property, plant and equipment refer mainly to expenses incurred for the renovation of blast furnace 3, repair of blast furnace 2, renovation of regenerators 4, 5 and 6, construction of the new gasometer at the Ipatinga plant in Minas Gerais, as well as other works performed to keep the Company's production capacity.

At December 31, 2021, construction in progress amounting to R$2,010,864 in the Consolidated refers to projects for improving manufacturing processes and maintaining production capacity.

At December 31, 2021, interest and foreign exchange variations on borrowings amounting to R$29,954 were capitalized within property, plant and equipment, in the Parent company and Consolidated. These charges were capitalized at the contracted rates, which are described in Note 20.

At December 31, 2021, depreciation in the Parent company was recognized in "Cost of sales", "Other operating income (expenses)", "Selling expenses" and "General and administrative expenses", in the amounts of R$596,296, R$150,754, R$3,043 and R$12,557, (R$561,363, R$232,008, R$3,013 and R$10,759 at December 31, 2020), respectively. In the Consolidated, depreciation was recognized in "Cost of sales", "Other operating income (expenses)", "Selling expenses" and "General and administrative expenses" in the amounts of R$762,296, R$161,385, R$4,283 and R$15,429 (R$707,220, R$242,579, R$4,076 and R$13,895 at December 31, 2020), respectively.

Certain property, plant and equipment items have been pledged as collateral for borrowings and judicial proceedings (Note 40).

17 Impairment of non-financial assets

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

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

The cash generating units and/or reportable segments identified in the Company are Mining and Logistics, Steel Metallurgy and Steel Transformation (Note 29).

(a) General assumptions and criteria

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

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

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

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

The long-term inflation rate used in the projected flows was 3.15% p.a.

The discount rates applied to the projections of future cash flows were an estimate of the rate that the market would use to address the risks of the asset being evaluated. The Company adopted different rates for each business segment tested to reflect its capital structure. The estimated future cash flows of the mining segment were discounted at the effective rate of 8.71% in 2021.

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

For the other business segments, no indications were identified for the impairment test.

(b) Recoverable amount and recognized losses

(i) Intangible assets with indefinite useful lives

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

	Consolidated	
	12/31/2021	12/31/2020
Mining and Logistics	11,868	11,868
Steel Transformation	2,433	2,433
	14,301	14,301

The impairment tests identified the following impairment losses that were recognized in the statement of income, within Other operating income (expenses) (Note 33 (b)):

	Consolidated
	12/31/2020
Mining and Logistics	(3,068)

As of December 31, 2021, no impairment loss was recognized in the Mining and Logistics segment.

The Steel Metallurgy and Usiminas Mecânica Assets did not have intangible assets with indefinite useful lives.

(ii) Other long-term assets

At December 31, 2021 and 2020, the Company tested the assets of its cash generating units for impairment, and the following impairment (losses) reversals were recognized in the statement of income, within Other operating income (expenses) (Note 33 (b)):

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Mining and Logistics				
Mineral rights (i)		-		812,576
Property, plant and equipment		-	3,030	
Steel Metallurgy				
Investments (ii)		107,261		-
Property, plant and equipment (ii)	(407,557)	-	(407,557)	53,640
Intangible assets (i) (ii)		-		53,621
Usiminas Mecânica				
Intangible assets		-		(1,191)
Property, plant and equipment		-		(6,392)
Investment properties	7,270	-	7,270	(181,600)
	(400,287)	107,261	(397,257)	730,654

(i) The reversal of the impairment of mineral rights was mainly due to changes in the estimated future price of iron ore and the U.S. dollar.
(ii) At December 31, 2020, the amount of R$107,261 in the Parent company refers to the reversal of the impairment of assets generated on acquisition of subsidiary, which is reclassified to intangible assets and property, plant and equipment in the Consolidated.
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Long-term assets of the Steel Transformation unit were reviewed, and no evidence of impairment was identified.

(c) Impairment testing of the Mining segment

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

The Company considered market sources to define the inflation and foreign exchange rates used to project future cash flows. Short-term projections of iron ore prices per metric ton (CFR China, 62% Fe) ranged from US$72.00 to US$107.50, and US$95.00 for long-term projections. The prices used to calculate future cash flows are within the range of the estimates disclosed by market analysts.

At December 31, 2021, no impairment loss/reversal was recorded on mineral rights. A reversal of impairment in the amount of R$3,030 was recorded in Investment properties, related to a plot of land in Itaguaí. The reversal resulted from the appreciation of the fair value of the property in relation to its cost, which reflects the market conditions on the balance sheet date.

No impairment losses on goodwill were determined at December 31, 2021 and 2020.

In the year ended December 31, 2021, the remaining impairment loss of R$584,366, constituted in previous years (R$51,163 in inventories and R$533,203 in mineral rights), continues to be monitored by the Company and will be reversed as future projections make it possible.

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

(d) Impairment testing of the Steel Metallurgy segment

(i) Usiminas

In line with CVM Resolution 639, the Company performed an analysis of the recoverability of its assets at December 31, 2021. The analysis considered both external sources, taking into account the current economic scenario, more specifically in the steel industry segment, and internal sources regarding the administrative measures taken to sustain the favorable moment experienced by the sector. In the period, the economic scenario presented signs of a gradual growth.

All the Company's segments reflected this growth through better projections of results for the period, when compared to those of the previous year.

The Management realized that the operating cash flow projected for the coming years is positive and the Company's expectation is the full recoverability of assets, as there is no indication of impairment, especially when verified that cash generation will remain strong, with the maintenance of margins and growth in sales volume.

Usiminas' cash flows projected for the next five years have been used and did not identify any indication of impairment, and therefore, there was no need to perform an impairment test for the period.

For the Steel Metallurgy segment an impairment loss of R$407,557, corresponding to a property, plant, and equipment loss resulting from obsolescence of assets identified by an internal evaluation, was reversed at December 31, 2021. Additionally, an impairment loss of R$7,270 recorded in Investment properties was reversed upon the realization of the assets, resulting in a net effect of R$400,287 (Note 33 (b)).

In the year ended December 31, 2020, the impairment loss of R$107,261 (R$16,731 at December 31, 2019) on investment arising from assets generated in the acquisition of a subsidiary, which in the Consolidated is reclassified to intangible assets and property, plant and equipment, was reversed.

Management will continue to monitor the results in 2022, which will determine the reasonableness of the future projections used.

(ii) Usiminas Mecânica

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

In the year ended December 31, 2020, an impairment loss was recorded in the Usiminas Mecânica in the amount of R$7,583, of which R$6,392 related to the balance of property, plant and equipment and R$1,191 to intangible assets, as a result of the downturn in the capital assets market, which has not resumed growth with sustainable results for the Company. No movements were recorded in 2021.

Long-term assets of the Capital Assets segment were reviewed, based on updated projections and assumptions, and no reversal of impairment was identified.

In the Capital Assets segment, the remaining impairment loss at December 31, 2021, totaling R$103,727 (R$2,230 in intangible assets and R$101,497 in property, plant and equipment), continues to be monitored by the Company and will be reversed as future projections make it possible.

The Company will continue to monitor the key assumptions of the Usiminas Mecânica.

18 Intangible assets

The composition of intangible assets is as follows:

							Parent company
				12/31/2021			12/31/2020
	Weighted average rate of annual amortization (%)	Cost	Accumulated amortization	Net balance	Cost	Accumulated amortization	Net balance
Software	19	294,632	(252,699)	41,933	283,763	(234,343)	49,420
Intangible assets in progress	-	76,733	-	76,733	54,692	-	54,692
		371,365	(252,699)	118,666	338,455	(234,343)	104,112

							Consolidated
				12/31/2021			12/31/2020
	Weighted average rate of annual amortization (%)	Cost	Accumulated amortization	Net balance	Cost	Accumulated amortization	Net balance
Software	19	367,061	(312,594)	54,467	349,747	(292,185)	57,562
Goodwill	-	2,433	-	2,433	2,433	-	2,433
Mineral rights (i)	-	2,223,667	(142,952)	2,080,715	2,175,109	(119,581)	2,055,528
Impairment of assets	-	(568,116)	-	(568,116)	(574,605)	-	(574,605)
Others	-	84,766	(3,619)	81,147	60,758	(3,477)	57,281
		2,109,811	(459,165)	1,650,646	2,013,442	(415,243)	1,598,199

(i) Mineral rights are amortized in accordance with mine depletion at an average rate of R$1.58 per metric ton (rate adjusted considering the net value of the asset, net of impairment, which reflects the estimated cost of each metric ton depleted from the mines).

Changes in intangible assets are presented below:

			Parent company
	Software acquired	Intangible assets in progress	Total
Net book value at December 31, 2020	49,420	54,692	104,112
Additions	219	36,005	36,224
Transfers	13,964	(13,964)	-
Amortization	(18,829)	-	(18,829)
Others	(2,841)	-	(2,841)
At December 31, 2021	41,933	76,733	118,666
Total cost	294,632	76,733	371,365
Accumulated amortization	(252,699)	-	(252,699)
Net book value at December 31, 2021	41,933	76,733	118,666
Annual amortization rate %	19	-	-

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

	Mineral rights (i)	Goodwill paid on acquisition	*Software* acquired	Others	Total
					Consolidated
Net book value at December 31, 2020	1,480,923	2,433	57,562	57,281	1,598,199
Additions	50,000	-	5,590	37,972	93,562
Transfers	-	-	13,964	(13,964)	-
Amortization	(18,324)	-	(20,882)	(142)	(39,348)
Others	-	-	(1,767)	-	(1,767)
At December 31, 2021	1,512,599	2,433	54,467	81,147	1,650,646
Total cost	1,655,551	2,433	367,061	84,766	2,109,811
Accumulated amortization	(142,952)	-	(312,594)	(3,619)	(459,165)
Net book value at December 31, 2021	1,512,599	2,433	54,467	81,147	1,650,646
Annual amortization rate %	-	-	19	-	-

(i) Mineral rights are amortized in accordance with mine depletion at an average rate of R$1.58 per metric ton (rate adjusted considering the net value of the asset, net of impairment, which reflects the estimated cost of each metric ton depleted from the mines).

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

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

At December 31, 2021, the amortization in the Parent company accounts was recognized in "Cost of sales" and "General and administrative expenses" in the amounts of R$742 and R$18,087 (R$373 and R$20,899, respectively at -December 31, 2020). At the same date, in the Consolidated accounts, amortization was recognized in “Cost of sales”, “Selling expenses” and “General and administrative expenses” in the amounts of R$19,695, R$0 and R$19,653 (R$9,208, R$53 and R$23,192 at December 31, 2020), respectively.

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

No impairment loss was recognized in the Parent company financial statements at December 31, 2021.

19 Trade payables, contractors and freight charges

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
In Brazil	1,458,494	934,161	2,044,482	1,189,390
Abroad	177,354	166,315	210,283	177,301
Payables to related companies	665,666	866,448	375,527	550,999
	2,301,514	1,966,924	2,630,292	1,917,690

At December 31, 2021, the amount of R$718,054 in Notes payable in the Parent company and Consolidated (R$880,771 at December 31, 2020) refers to forfaiting operations and credit assignment with domestic and foreign raw material suppliers. The negotiated contracts have a payment term of up to 180 days, at rates ranging from of 0.99% to 1.19% p.a.

20 Borrowings

20.1 Composition of borrowings

Borrowings were as follows:

(a) Parent company

(i) In local currency

	Currency / index	Maturity of the principal amount	Annual finance charges (%)	12/31/2021 Current	12/31/2021 Non-current	12/31/2020 Current	12/31/2020 Non-current
FINAME	R$	2022 to 2024	2.5% to 9.5% p.a.	3,398	4,672	3,910	8,050

(ii) In foreign currency

	Currency / index	Maturity of the principal amount	Annual finance charges (%)	12/31/2021 Current	12/31/2021 Non-current	12/31/2020 Current	12/31/2020 Non-current
Bonds	US$	2026	5.875% p.a.	117,806	4,185,375	109,700	3,897,525
Commissions and other costs	-	-	-	-	(51,722)	-	(63,215)
				117,806	4,133,653	109,700	3,834,310
In local currency				3,398	4,672	3,910	8,050
				121,204	4,138,325	113,610	3,842,360

(b) Consolidated

(i) In local currency

	Currency / index	Maturity of the principal amount	Annual finance charges (%)	12/31/2021		12/31/2020	
				Current	Non-current	Current	Non-current
FINAME	R$	2022 to 2024	2.5% to 9.5% p.a.	3,422	4,693	4,016	8,096
Others	R$	2022	8.24% p.a.	3,850	-	3,022	4,610
				7,272	4,693	7,038	12,706

(ii) In foreign currency

	Currency / index	Maturity of the principal amount	Annual finance charges (%)	12/31/2021		12/31/2020	
				Current	Non-current	Current	Non-current
Bonds	US$	2026	5.875% p.a.	117,806	4,185,375	109,700	3,897,525
Commissions and other costs	-	-	-	-	(51,722)	-	(63,215)
				117,806	4,133,653	109,700	3,834,310
In local currency				7,272	4,693	7,038	12,706
				125,078	4,138,346	116,738	3,847,016

20.2 Schedule of borrowings in non-current liabilities

Long-term amounts fall due as follows:

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
2022	-	3,378	-	6,038
2023	2,976	2,976	2,993	4,968
2024	1,696	1,696	1,700	1,700
2026	4,133,653	3,834,310	4,133,653	3,834,310
	4,138,325	3,842,360	4,138,346	3,847,016

20.3 Changes in borrowings

Changes in borrowings were as follows:

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Opening balance	3,955,970	3,089,589	3,963,754	3,099,971
Accrued interest	258,951	262,435	251,952	262,851
Indexation accruals	466	580	506	648
Foreign exchange gains/losses	287,850	874,500	287,850	874,500
Payment of interest	(251,321)	(236,186)	(244,522)	(236,343)
Repayments/write-offs of the principal amount	(3,880)	(47,613)	(7,609)	(50,031)
Deferral of commissions	11,493	12,665	11,493	12,158
Closing balance	4,259,529	3,955,970	4,263,424	3,963,754

20.4 Covenants

(a) Debentures and bonds

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

(i) Net debt / adjusted EBITDA:

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

For the year ended December 31, 2021, the Company determined the following ratios:

Indicator	Contracted ratio	Determined ratio
Net debt / adjusted EBITDA	< 3.5	(0.1)

The Company has controls in place for monitoring non-financial covenants, which were all complied with in the year ended December 31, 2021.

21 Debentures

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

Changes in debentures at December 31, 2021 were as follows:

	Parent company and Consolidated	
	12/31/2021	**12/31/2020**
Opening balance	2,004,608	2,006,267
Accrued charges	43,140	68,898
Indexation accruals	87,732	30,159
Payment of interest	(99,327)	(100,716)
Closing balance (i)	2,036,153	2,004,608
Current liabilities	46,748	19,214
Non-current liabilities	1,989,405	1,985,394

(i) Balance presented net, after deducting the amount of R$10,595 (R$14,606 at December 31, 2020) related to the deferral of transaction costs, in accordance with Technical Pronouncement CPC 08 - Transaction Costs and Premiums on Issue of Securities.

At December 31, 2021, debenture charges of R$46,748 are recorded in current liabilities (R$19,214 at December 31, 2020).

Long-term amounts fall due as follows:

	Parent company and Consolidated	
	12/31/2021	**12/31/2020**
2023	696,291	694,888
2024	646,557	645,253
2025	646,557	645,253
	1,989,405	1,985,394

22 Taxes payable

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Value-Added Tax on Sales and Services (ICMS)	26,761	48,378	39,176	57,415
Excise Tax (IPI)	41,789	37,866	45,872	41,127
Withholding Income Tax (IRRF)	11,019	9,954	13,587	11,977
Service Tax (ISS)	2,062	1,353	6,145	4,554
Social Integration Program (PIS) and Social Contribution on Revenues (COFINS)	3,459	1,897	4,578	3,485
Financial Contribution for the Exploration of Mineral Resources (CFEM)	-	-	23,212	37,927
Others	1,972	5,882	4,976	8,477
	87,062	105,330	137,546	164,962

23 Taxes payable in installments

The composition of taxes payable in installments was as follows:

	Parent company					
	12/31/2021			12/31/2020		
	Taxes payable in installments	Judicial deposits	Net balance	Taxes payable in installments	Judicial deposits	Net balance
INSS	7,265	(7,265)	-	7,265	(7,265)	-
IPI	104,542	(100,079)	4,463	104,457	(100,079)	4,378
Tax Recovery Program (REFIS) – Law 11,941/09 – IPI and CIDE	32,443	(32,443)	-	32,443	(32,443)	-
REFIS – Law 11,941/09 - IRPJ/CSLL Elimination of the inflation effects of the “Verão Economic Stabilization Plan”	57,089	(57,089)	-	57,089	(57,089)	-
Others	16	(16)	-	16	(16)	-
	201,355	(196,892)	4,463	201,270	(196,892)	4,378

	Consolidated					
	12/31/2021			12/31/2020		
	Taxes payable in installments	Judicial deposits	Net balance	Taxes payable in installments	Judicial deposits	Net balance
INSS	7,265	(7,265)	-	7,265	(7,265)	-
IPI)	104,542	(100,079)	4,463	104,457	(100,079)	4,378
REFIS – Law 11,941/09 – IPI and CIDE	32,443	(32,443)	-	32,443	(32,443)	-
REFIS – Law 11,941/09 - IRPJ/CSLL Elimination of the inflation effects of the “Verão Economic Stabilization Plan”	57,089	(57,089)	-	57,089	(57,089)	-
Others	18	(16)	2	18	(16)	2
	201,357	(196,892)	4,465	201,272	(196,892)	4,380

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

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Opening balance (i)	201,270	201,204	201,272	201,206
Provision for interest	85	66	85	66
Sub-total	201,355	201,270	201,357	201,272
Balance offset against judicial deposits	(196,892)	(196,892)	(196,892)	(196,892)
Closing balance	4,463	4,378	4,465	4,380

(i) The amount of R$196,892 (R$196,892 at December 31, 2020), which refers to offset against judicial deposits, must be deducted from the total amount of taxes payable in installments presented in the Parent company and Consolidated balance sheets.

At December 31, 2021, considering the payment schedule, the balance of taxes payable in installments is fully recorded in current liabilities.

24 Lease liabilities

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

At December 31, 2021, changes in lease liabilities were as follows:

	Parent company	Consolidated
Opening balance	7,481	64,707
Addition/ remeasurement	27,388	50,137
Reductions		
Payments	(10,655)	(39,903)
Interest	1,706	7,582
Closing balance	25,920	82,523
Current	5,094	29,509
Non-current	20,826	53,014

The estimated future minimum lease payments are shown below:

(a) Parent company

				12/31/2021
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
Lease agreements	7,234	6,453	21,403	35,090
Adjustment to present value	(2,140)	(1,711)	(5,319)	(9,170)
	5,094	4,742	16,084	25,920

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

(i) Mainly related to machinery and equipment.

At December 31, 2020, the Parent company did not have future minimum payments due between two and five years.

(b) Consolidated

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
				12/31/2021
Lease agreements (i)	36,339	25,799	39,377	101,515
Adjustment to present value	(6,830)	(4,488)	(7,674)	(18,992)
	29,509	21,311	31,703	82,523

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

(i) Mainly related to machinery and equipment.

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

				Parent company
		12/31/2021		**12/31/2020**
Cash flow	**Nominal**	**Adjusted to present value**	**Nominal**	**Adjusted to present value**
Lease consideration	31,844	23,522	7,106	6,789
Potential PIS/COFINS recoverable (9.25%)	3,246	2,398	724	692
	35,090	25,920	7,830	7,481

				Consolidated
		12/31/2021		**12/31/2020**
Cash flow	**Nominal**	**Adjusted to present value**	**Nominal**	**Adjusted to present value**
Lease consideration	92,124	74,890	67,824	58,722
Potential PIS/COFINS recoverable (9.25%)	9,390	7,633	6,913	5,985
	101,514	82,523	74,737	64,707

25 Provision for litigation

						Parent company
			12/31/2021			12/31/2020
	Provisions	Judicial deposits	Net balance	Provisions	Judicial deposits	Net balance
INSS	54,353	-	54,353	51,692	-	51,692
ICMS	237,039	-	237,039	52,564	-	52,564
Labor claims	410,033	(101,938)	308,095	399,329	(126,811)	272,518
Civil claims	101,714	(23,500)	78,214	152,837	(24,064)	128,773
	803,139	(125,438)	677,701	656,422	(150,875)	505,547

						Consolidated
			12/31/2021			12/31/2020
	Provisions	Judicial deposits	Net balance	Provisions	Judicial deposits	Net balance
INSS	64,359	(59)	64,300	52,364	(58)	52,306
ICMS	238,224	(1,279)	236,945	53,640	(1,254)	52,386
PIS/COFINS	2,101	-	2,101	2,049	-	2,049
Labor claims	487,858	(141,255)	346,603	491,105	(177,526)	313,579
Civil claims	114,395	(40,500)	73,895	189,510	(40,695)	148,815
Others	12,217	(2,808)	9,409	10,933	(2,747)	8,186
	919,154	(185,901)	733,253	799,601	(222,280)	577,321

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

Changes in provisions for litigation were as follows:

		Parent company		Consolidated
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Opening balance	656,422	659,318	799,601	777,386
Additions	203,069	111,644	218,676	151,410
Interest/inflation indexation	164,328	73,496	154,124	98,273
Repayments/reductions	(162,170)	(73,221)	(164,735)	(76,475)
Reversal of principal	(19,733)	(88,520)	(48,829)	(118,847)
Reversal of interest	(38,777)	(24,488)	(39,683)	(26,883)
Transfers between current and non-current	-	(1,807)	-	(5,263)
Closing balance	803,139	656,422	919,154	799,601

(a) Provisions for litigation

Provisions for litigation were recorded to cover probable losses arising from administrative proceedings and litigation relating to tax, labor, civil and environmental matters, in amounts considered sufficient by management, based on the advice and assessment of internal and external legal advisors. The most significant proceedings at December 31, 2021 are described below:

(i) Provisions recorded by the parent company

Description	Status	12/31/2021 Balance	12/31/2020 Balance
Labor claims involving employees, former own employees and outsourced personnel of the Ipatinga Plant in which various labor and social security amounts are claimed.	Pending judgment by the Labor Court and administrative bodies, at several levels.	64,985	64,775
Labor claims involving employees, former own employees and outsourced personnel of the Cubatão Plant in which various labor and social security amounts are claimed.	Pending judgment by the Labor Court and administrative bodies, at several levels.	297,309	310,352
Claims for compensatory damages (alimony, fixed medical expenses etc.) and pain and suffering due to exposure to benzene gas during working hours.	Pending judgment.	5,740	8,548
Differences in relation to the price paid for the shares upon the acquisition of a company merged with Soluções Usiminas.	Pending judgment of appeal by the Superior Court of Justice.	6,388	5,149
Actions for annulment of administrative rulings issued by the Administrative Council for Economic Defense (CADE) (Usiminas and the former Cosipa).	Agreement signed with CADE, providing for payment in installments in 3 years (semi-annual installments).	67,591	118,751
Filing of an action for annulment against the tax assessment notices issued by the tax authorities of Rio Grande do Sul claiming ICMS allegedly due by Usiminas.	Pending judgment by higher courts.	47,466	46,401
Action claiming that the social security contribution (INSS) should be not levied on the 1/3 vacation bonus.	Pending judgment by the appellate court.	51,147	49,817
Tax proceedings in which the tax authorities seek the reversal of ICMS/SP credits on materials considered as consumables (refractory items and others).	Pending judgment by the Special Resource.	184,482	-
Civil Investigation initiated by the Public Prosecution Office of Minas Gerais to determine the damage caused by the gasometer explosion in 2018.	Conduct Adjustment Agreement signed - In compliance	4,500	-
Actions filed by employees of Usiminas Ipatinga claiming overtime pay.	-	24,578	2,808
Other civil and environmental proceedings .	-	17,495	20,388
Other labor claims.	-	23,161	21,394
Other tax proceedings.	-	8,297	8,039
		803,139	656,422

(ii) Provisions recorded by the subsidiary Soluções Usiminas

Description	Status	12/31/2021 Balance	12/31/2020 Balance
Tax Assessment Notice in which tax authorities seek the payment of Value-Added Tax on Sales and Services (ICMS/RS) in connection with an alleged irregularity on the recording of presumed credits.	Awaiting the development of the case at an appellate court.	1,185	1,076
Labor proceedings consist mainly of claims by former employees in connection with disputes about the amount of compensation paid on terminations.	Pending judgment.	54,269	61,716
Other civil proceedings.	-	8,226	7,054
Other tax proceedings.	-	11,440	10,168
		75,120	80,014

	12/31/2021	12/31/2020
Provisions by the Parent company	803,139	656,422
Provisions by Soluções Usiminas	75,120	80,014
Provisions by the other companies	40,895	63,165
Total Consolidated	919,154	799,601

(b) Possible contingencies

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

(i) Parent company's contingencies

Description	Status	12/31/2021 Balance	12/31/2020 Balance
Action challenging non-approval of the offset of federal tax debts against IRPJ credits determined after review of the Taxable Income Control Register (LALUR).	Pending judgment by the appellate court.	97,719	96,518
Tax proceedings claiming the reversal of ICMS/SP credits arising from the difference in classification of materials between the tax authorities and Usiminas' records.	Pending judgment by the trial court.	43,189	42,745
Tax assessment notice issued by the Federal Revenue Secretariat to require the settlement of tax liabilities related to the Excise Tax (IPI).	Pending judgment by the administrative trial court.	50,659	49,208
Tax proceedings in which tax authorities seek the reversal of ICMS/SP credits on materials considered as consumables (refractory items and others).	Several case records, declaratory actions and tax collection proceedings, suspended or pending decision by higher courts.	539,445	1,268,327
Tax proceeding in which tax authorities seek the reversal of ICMS/SP credits used by Usiminas upon contracting transportation services.	Pending judgment by the trial court.	55,936	55,096
Tax assessment notice related to the collection of ICMS/SP on export transactions, alleging that the recipients were not considered as qualified entities at the Foreign Trade Secretariat (SECEX).	Pending judgment by the trial court.	41,770	41,334
Tax collection proceedings related to the collection of ICMS/SP on goods shipped to other countries for alleged lack of proof of the export.	Pending judgment by the trial court.	662,052	652,003
Request to offset IPI, PIS and COFINS payable against a credit from an undue payment of CSLL, which was not approved.	Pending judgment at administrative level.	49,162	48,297
Arbitration of the additional amount of the social security contribution related to the financing of benefits granted due to the disability level resulting from occupational health, safety and environmental risks.	Pending judgment at administrative level.	52,070	51,459
Tax assessment notice in which tax authorities seek the payment of ICMS due to the alleged improper use of tax credits on the purchase of consumables used in the export of goods.	Pending decision at the administrative level and judgment by the trial court .	259,853	319,280

Description	Status	12/31/2021 Balance	12/31/2020 Balance
Tax assessment notice related to the collection of IRPJ and CSLL on income earned abroad.	Pending judgment at administrative level.	115,433	115,433
Tax assessment notice in which the tax authorities seek the payment of ICMS related to the suspension of this tax on the shipments of fuel to a thermoelectric plant (manufacturing by transformation).	Pending judgment by the trial court.	65,538	63,948
Tax assessment notice in which tax authorities seek the payment of ICMS in connection with the alleged improper use of tax credits on the purchase of consumables.	Pending judgment by the trial court.	38,333	37,758
Labor lawsuits filed by employees, former own employees and outsourced personnel of the Cubatão Plant in which various labor and social security amounts are claimed.	Pending judgment by the Labor Court and administrative bodies, at several levels.	552,365	551,732
Labor lawsuits filed by employees, former own employees and outsourced personnel of the Ipatinga Plant in which various labor and social security amounts are claimed.	Pending judgment by the Labor Court and administrative bodies, at several levels.	302,066	312,187
Tax assessment notice seeking the payment of ICMS in connection with the non-prepayment of the tax due upon the receipt of goods from other Brazilian states (different rates).	Pending judgment at administrative level.	76,661	75,914
Objection filed against the decision that recognized only partially the credit rights established in a final and unappealable court decision determining the exclusion of ICMS amounts from the calculation basis of PIS/COFINS-Imports.	Pending judgment at administrative level.	1,164,630	1,135,011
ICMS - Tax collection proceeding filed by the State of São Paulo arising from the Company indicating the Manaus Free Trade Zone as the destination of goods without the supporting documentation that evidenced admission to that location.	Pending judgment at administrative level.	46,811	47,695
Tax assessment notice requiring the payment of penalty of one per cent on the customs value of the goods, as provided for in Article 84 of the Provisional Measure No. 2.158-35/01 combined with Article 69, paragraph 1 of Law No. 10.833/03 and Article 711, item III of Customs Regulations	Pending judgment at administrative level.	26,343	25,456
Tax assessment notice issued by the Federal Revenue Secretariat alleging irregularity in the use of PIS/COFINS credits.	Pending judgment at administrative level.	72,630	70,681
ICMS – Action for annulment of the tax debt claimed by the State of Rio Grande do Sul due to failure to make the advance payment of the tax at the entry of goods coming from other States (rate differential).	Pending judgment by the trial court.	307,391	299,076
ICMS – Action for annulment of the tax debt claimed by the State of Rio Grande do Sul under the allegation that Usiminas was in irregular fiscal situation when the presumed credits were used.	Pending judgment by the appellate court.	114,178	111,577
Tax assessment notice resulting from an inspection procedure initiated by the Federal Revenue Office of Uberlândia, State of Minas Gerais to ascertain the validity of the PIS and COFINS credits for the 2018 calendar year, determined under the non-cumulative system.	Pending judgment by voluntary appeal.	72,937	-
Tax assessment notice issued in the scope of the inspection procedure initiated by the Federal Revenue Office of Juiz de Fora, State of Minas Gerais, to check compliance with the Excise Tax (IPI) obligations.	Pending judgment by voluntary appeal.	62,772	60,778
ICMS - Provisional remedy claimed at the outset of the case, requesting that the existing debts do not prevent the renewal of the positive certificate with negative effects (CPD-EN) before the State Treasury Department.	Pending judgment of the outcome of the main action.	41,837	40,824
Objection filed against the decision that rejected the request for offsetting income tax debts (IRPJ-estimate).	Pending judgment of the manifestation of non-conformity.	42,279	41,788
Occupancy Charge levied on lands owned by the Navy related to the property where the port of Praia Mole in the State of Espírito Santo is located	Pending judgment by appeal judgment.	44,109	42,677
Indemnity action claiming compensation for material damages and pain and suffering based on breach of an alleged commercial agreement between the parties.	Pending sentence.	359,009	294,098
Public civil action filed by the Public Prosecution Office	Pending judgment of appeal by the Superior Court of Justice.	61,145	59,847
Collection action of the amount corresponding to the annual contract and payment adjustments allegedly due.	Pending judgment by appeal judgment.	43,237	36,045

Description	Status	12/31/2021 Balance	12/31/2020 Balance
Collection action of the amount corresponding to the annual adjustments to a contract entered into with a supplier	Pending sentence.	19,182	16,223
Tax collection proceeding filed by the Federal Tax Authorities requiring the payment of tax liabilities related to inclusion in the official registration of outstanding debts applied by the former National Superintendency of Supply (SUNAB).	Pending judgment of the Federal Tax Authorities appeal.	13,570	13,125
Other civil and environmental proceedings.	-	138,946	180,090
Other labor claims.	-	69,021	65,936
Other tax proceedings.	-	281,378	224,213
		5,983,656	6,546,379

(ii) Usiminas Mecânica's contingencies

Description	Status	12/31/2021 Balance	12/31/2020 Balance
Action claiming reimbursement of direct and indirect expenses determined in the manufacturing and supply phases due to a disagreement between Usiminas Mecânica and the customer.	Agreement concluded. Filed process.	-	775,743
Public civil action related to the construction of a bridge, claiming reimbursement to the customer of amounts added through an amendment to the construction contract.	Pending examination conclusion.	852,240	714,171
Public civil action filed by the Public Prosecution Office against Usiminas Mecânica, claiming reimbursement for alleged losses to the customer for improper expenses incurred in the construction of a bridge.	Pending examination conclusion.	171,009	146,476
Payment of ICMS required by the São Paulo State Government in connection with a number of alleged violations related to the issue and accounting for manufacturing invoices.	Pending judgment by the trial court.	12,316	15,195
Request for refund of IRPJ/CSLL overpayment the related payment of which was the subject matter of several offsets.	Pending judgment at administrative level.	58,400	57,656
Labor claims involving employees, former own employees and outsourced personnel in which various labor and social security amounts are claimed.	Pending judgment by the Labor Court and administrative bodies, at several levels.	77,069	89,665
Other civil and environmental proceedings .	-	34,782	45,681
Other tax proceedings.	-	39,174	27,254
		1,244,990	1,871,841

(iii) Soluções Usiminas' contingencies

Description	Status	12/31/2021 Balance	12/31/2020 Balance
Several tax assessment notices related to non-approval of the offset of PIS against other taxes, such as COFINS, Tax for Social Security Financing (FINSOCIAL), ICMS and the National Institute for Colonization and Agrarian Reform (INCRA).	The assessment notices were challenged.	18,379	17,952
Labor proceedings mainly consisting of claims by former employees in connection with disputes about the amount of compensation paid on terminations.	Pending judgment.	152,675	169,390
Other tax proceedings.	-	83,311	82,691
Other civil proceedings.	-	37,661	32,398
Other environmental proceedings.	-	3,151	3,046
		295,177	305,477

(iv) Mineração Usiminas' contingencies

Description	Status	12/31/2021 Balance	12/31/2020 Balance
Tax assessment notice for the collection of PIS and COFINS on the use of credits on services related to the legal entity's activity.	Pending judgment at administrative level.	39,448	38,447
Litigation proceedings challenging the exclusion of freight and insurance expenses incurred in the selling phase of the mineral product from the calculation and payment of the Financial Compensation for Mineral Exploration (CFEM).	Pending judgment by the appellate court.	91,834	58,364
Other civil proceedings.	-	15,269	12,136
Other labor claims.	-	5,730	6,690
Other tax proceedings.	-	5,972	4,019
		158,253	119,656

	12/31/2021	12/31/2020
Parent company's contingencies	5,983,656	6,546,379
Usiminas Mecânica's contingencies	1,244,990	1,871,841
Soluções Usiminas' contingencies	295,177	305,477
Mineração Usiminas' contingencies	158,253	119,656
Other companies' contingencies	30,802	29,196
Total Consolidated	7,712,878	8,872,549

(c) Contingent assets

At December 31, 2021, the main proceedings in which the Company is the plaintiff are presented below:

(i) Inclusion of ICMS in the PIS and COFINS tax base - amount separately identified in the invoice

In March 2017, the Federal Supreme Court (STF) ruled as unconstitutional the inclusion of ICMS in the PIS and COFINS tax base. In October 2018, the Brazilian Federal Revenue Secretariat (RFB) published COSIT Private Letter Ruling #13, which determined the exclusion of ICMS paid from the PIS and COFINS tax base. Since December 2018, supported by the RFB's understanding, the Company and its subsidiaries have been recording PIS and COFINS credits based on the amount of ICMS paid, since this was the undisputed portion of the credits to which the Company was entitled.

In May 2021, the STF confirmed that the ICMS separately identified in the invoice should also be excluded from the PIS and COFINS taxable base, and not only the ICMS paid. Following this favorable decision, which referred to various periods since November 2001, the Company computed, together with its external consultants, the amounts of taxes overpaid, considering aspects related to the quantification of the credits, the method for computing interest/indexation accruals, as well as the prospects for offsetting such credits against federal taxes payable.

Accordingly, at December 31, 2021, the amount of R$2,237,035 was recorded in the Parent Company, and R$2,623,472 in the Consolidated within “Recoverable taxes” (Note 12), as a corresponding entry to “Other operating income" (Note 33(b)) and "Finance income (costs)" (Note 34), as follows:

ICMS in the PIS and COFINS tax base	**Parent company**	**Consolidated**
	12/31/2021	**12/31/2021**
PIS/COFINS credits - Other operating income	1,389,646	1,665,061
Indexation of PISCOFINS credits - Finance result	847,389	958,411
Total PIS/COFINS credits recognized	2,237,035	2,623,472
Provision for losses on expected realization	-	(76,558)
Total PIS/COFINS credits recognized - net	2,237,035	2,546,914
PIS/COFINS credits - Other operating income (item ii)	-	31,530
Indexation of PIS/COFINS credits - Finance result (item ii)	-	13,950
Total PIS/COFINS credits recognized - net	2,237,035	2,592,394
Total PIS/COFINS credits - Other operating income	1,389,646	1,696,591
Total provision for losses on expected realization	-	(76,558)
Total indexation of PIS/COFINS credits - Finance result	847,389	972,361

In the year ended December 31, 2021, the following amounts were offset: R$1,503,452 in the Parent company and R$1,592,733 in the Consolidated.

(ii) Inclusion of ICMS in the PIS and COFINS tax base - tax amount paid

In addition to the information presented in item (i) above, at the end of 2020, a final decision was rendered in favor of the subsidiary Soluções em Aço Usiminas S.A. with respect to the lawsuit that challenged the inclusion of ICMS in the PIS and COFINS tax base.

The subsidiary, together with its external consultants, determined the amounts of taxes overpaid considering aspects related to the quantification of the credits, particularly COSIT Private Letter Ruling # 13 of the Brazilian Federal Revenue Secretariat, the method for computing interest/indexation accruals, as well as the prospects for offsetting such credits against federal taxes payable. Accordingly, in March 2021, the amount of R$45,480 was recorded in the Consolidated, with a corresponding entry to “Other operating income” and “Finance result”, in the amounts of R$31,530 and R$13,950, respectively. These credits were determined in the first quarter considering the exclusion of the ICMS paid from the PIS and COFINS tax base, which, in that period, was the undisputed amount, since the STF’s decision on the Motion for Clarification was rendered only in May 2021. Therefore, the additional amounts referring to the exclusion of the ICMS separately identified in the invoice were recognized in the second quarter, as shown in item (i) table.

(iii) Exclusion of income taxes on interest paid (Selic rate)

In a final decision rendered on September 24, 2021, the STF ruled out the levy of IRPJ and CSLL on late payment interest (SELIC) received by taxpayers as refund of taxes overpayments. Accordingly, the Company reassessed the judgment on the lawsuit, as required by ICPC 22/IFRIC 23, and concluded that the facts and circumstances on which the decision was based had changed. Therefore, at December 31, 2021, the Company recognized, on Non-current assets, tax credits of R$240,002 and R$293,790 in the Parent company and Consolidated, respectively, as a corresponding entry on result, “Income tax and social contribution”. After the rendering of the final decision on the lawsuits of Usiminas, the corresponding amounts will be considered in the tax calculations, pursuant to the rules of the Brazilian Federal Revenue Service.

(iv) PIS and COFINS credits corresponding to the depreciation of the fixed asset

In a final judicial decision rendered by the Federal Supreme Court (STF) on July, 2021 the Company was authorized to use of PIS and COFINS credits corresponding to the depreciation of certain assets that compose the fixed assets, acquired up to April 30, 2004, corrected as per SELIC rate from the generation of the respective credits until the final decision. Accordingly, at December 31, 2021, the Company recorded the amount of R$712,900 in the Parent Company and Consolidated on non-current assets, as a corresponding entry to “Other operating income” and “Finance income (costs)” the amount of R$335,425 and R$377,475, respectively.

26 Provision for environmental restoration and asset retirement obligation

At December 31, 2021, the subsidiary Mineração Usiminas S.A. recorded a provision for environmental restoration of the explored areas and asset retirement obligation of R$233,178 (R$230,002 at December 31, 2020).

The expenditures incurred with environmental restoration and asset retirement were recorded as part of the costs of these assets against the provision that will support such expenses, based on management's estimates. These estimates are reviewed periodically, and the amounts previously recorded are adjusted, whenever necessary.

27 Retirement benefit obligations

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

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Balance sheet obligations for:				
Pension plan benefits	581,837	676,280	593,027	691,024
Post-employment medical benefits	498,485	739,152	548,108	780,777
	1,080,322	1,415,432	1,141,136	1,471,801

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Income (expenses) recognized in the statement of income (Note 33 (b))				
Pension plan benefits	(43,122)	(36,919)	(44,254)	(38,007)
Termination of COSAUDE	330,972	-	330,972	-
Post-employment medical benefits	(48,505)	(48,799)	(51,751)	(51,685)
	239,345	(85,718)	234,967	(89,692)

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Actuarial gains (losses) recognized directly in other comprehensive income	161,006	(133,508)	160,696	(132,459)
Decrease in assets (asset ceiling) in other comprehensive income - paragraph 58, CPC 33 and IAS 19	(109,076)	(11,330)	(109,076)	(11,330)
Gains (losses) on PB1 Plan debt renegotiation recognized directly in other comprehensive income	-	446,508	-	446,508
Accumulated actuarial gains recognized in other comprehensive income (i)	51,930	301,670	51,620	302,719

(i) At December 31, 2021, the total balance in the Parent company includes a loss of R$107 (Loss of R$26,946 at December 31, 2020). The total balance in the Consolidated includes a loss of R$419 (loss of R$27,992 at December 31, 2020) related to actuarial losses of subsidiaries and jointly-controlled subsidiaries recorded under the equity method of accounting.

27.1 Supplementary pension plans

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

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

In line with the applicable legislation, Previdência Usiminas has as its main purpose the management and running of private pension plans.

Plans managed by Previdência Usiminas

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

(a) Benefit Plan 1 - PB1

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

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

(b) Benefit plan 2 (USIPREV)

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

During the accumulation phase, the USIPREV member defines the monthly contribution to form a savings reserve. At the time the benefit is granted, the members may opt for receiving benefits in the form of a monthly income ranging from 0.5% and 1.5% of their account balance, or a monthly income for a period between 60 and 360 months. Charter Members – enrolled on the plan before April 13, 2011, may also opt for converting their account balance into a monthly life annuity. In this case, during the payout phase, USIPREV will be similar to a Defined-benefit-type plan.

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

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

A defined benefit plan, which has been closed for new enrollments since December 2000, and provides the following benefits converted into life annuity: length-of-service retirement pension, permanent disability retirement pension, old-age retirement pension, special retirement pension, and pension on death. It also provides sick pay, prisoner's family grant, birth allowance, and funeral assistance.

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

(d) COSIPREV

A defined-benefit-type plan, which has been closed for new enrollments since April 30, 2009, and provides the following benefits: programmed retirement, benefit for total disability, death benefit, and sick pay.

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

27.2 Debts contracted – minimum requirements

The Company has taken out debts in connection with the minimum requirements for payment of contributions, for the purpose of covering the gap in relation to the services already received. In the event of non-recoverable surplus, the debts taken are recognized as an additional liability in net actuarial liabilities.

At December 31, 2021, the debit balance payable by the Company to Previdência Usiminas for the PBD plan - totaled R$468,878 (R$556,510 at December 31, 2020).

The PBD plan debit balance is determined at the end of each year, based on a direct actuarial revaluation of the total mathematical reserves for benefits granted and to be granted. During the subsequent year, as defined by the system of actuarial revaluation, the liability is adjusted by the monthly surplus or deficit determined in the PBD plan and the amount of payments falling due in the period. The debt balance should be paid in 160 installments, which correspond to the amount of all monthly installments calculated based on the Price Table, with interest of 9% per annum and monthly indexation based on the National Consumer Price Index (INPC).

At December 31, 2021 and 2020, the PBD plan debt is guaranteed by Company's assets, of which the market value is R$1.331.339, determined based on an appraisal report issued on the guarantee granting date.

27.3 Actuarial calculation of retirement plans

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

					Parent company
					12/31/2021
	PB1	PBD	USIPREV	COSIPREV	TOTAL
Present value of actuarial liability	(4,206,816)	(1,746,836)	(894,782)	(1,511)	(6,849,945)
Fair value of plan assets	5,073,085	1,307,486	799,591	15,536	7,195,698
	866,269	(439,350)	(95,191)	14,025	345,753
Asset ceiling	(866,269)	(47,528)	-	(13,793)	(927,590)
	-	(486,878)	(95,191)	232	(581,837)

					Consolidated
					12/31/2021
	PB1	PBD	USIPREV	COSIPREV	TOTAL
Present value of actuarial liability	(4,206,816)	(1,746,836)	(999,652)	(1,534)	(6,954,838)
Fair value of plan assets	5,073,085	1,307,486	893,269	15,565	7,289,405
	866,269	(439,350)	(106,383)	14,031	334,567
Asset ceiling	(866,269)	(47,528)	-	(13,797)	(927,594)
	-	(486,878)	(106,383)	234	(593,027)

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

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

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

USIPREV and COSIPREV plans have a Pension Fund from members' account balances not used in benefit payouts. As provided for in the plans' regulations, this Fund may be used for costing these plans in the future. At December 31, 2021, the Pension Fund portion attributed to Usiminas amounted to R$25,498 (R$21,370 at December 31, 2020).

The Company has been monitoring the loss on assets, in the amount of R$154,259, related to withdrawals of resources from PBD Plan made by former participants of the bankrupt sponsor Companhia Ferro e Aço de Vitória (COFAVI). In view of the lack of solidarity by sponsors and benefit plans, Previdência Usiminas has been taking all appropriate legal remedies to recover the funds raised by COFAVI's former participants, as well as to prevent further withdrawals.

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

	Parent		Consolidated	
	12/31/2021	**12/31/2020**	**12/31/2021**	**12/31/2020**
Opening balance	(7,844,393)	(7,779,012)	(7,969,524)	(7,901,138)
Current service cost	(637)	(611)	(785)	(1,283)
Cost of interest	(495,584)	(521,269)	(503,502)	(529,744)
Benefits paid	607,599	556,243	617,217	562,339
Actuarial (losses) gains	883,070	(99,744)	901,756	(99,698)
Closing balance	(6,849,945)	(7,844,393)	(6,954,838)	(7,969,524)

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

	Parent		Consolidated	
	12/31/2021	**12/31/2020**	**12/31/2021**	**12/31/2020**
Opening balance	7,895,149	8,266,889	8,005,536	8,376,048
Expected return on assets	(128,990)	239,555	(136,053)	247,844
Actual contributions during the year	37,138	10,891	37,139	10,892
Benefits paid	(607,599)	(556,243)	(617,217)	(562,339)
Actuarial (losses) gains	-	(65,943)	-	(66,909)
Closing balance	7,195,698	7,895,149	7,289,405	8,005,536

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

	Parent		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Current service cost	(637)	(611)	(785)	(777)
Cost of interest	(541,721)	(609,892)	(550,114)	(618,367)
Expected return on assets	500,143	551,659	507,552	559,211
Plan experience adjustment	(907)	21,925	(907)	21,926
	(43,122)	(36,919)	(44,254)	(38,007)

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

Expected contributions to the post-employment benefit plans for 2022 totaled R$626,909.

Actuarial assumptions

	12/31/2021	12/31/2020
Discount rate	(i)	(i)
Inflation rate	4.00%	3.20%
Expected return on assets – PB1 and PBD	9.51%	6.50%
Expected return on plan assets - USIPREV	9.60%	6.92%
Expected return on plan assets - COSIPREV	9.28%	5.26%
Future salary increases	From 1.80% to [illegible]	From 1.50% to [illegible]
Growth in the benefits of the Government Social Security	4.00%	3.20%

(i) At December 31, 2021, the actual discount rate presents the following actuarial assumptions by plan: PB1, 5.31%; PBD, 5.30%; USIPREV, 5.38%; and COSIPREV, 5.08%.
(ii) At December 31, 2020, the actual discount rate presents the following actuarial assumptions by plan: PB1, 3.20%; PBD, 3.20%; USIPREV, 3.60%; and COSIPREV, 2.00%.

The mortality rate assumptions are based on actuarial advice in accordance with published statistics and experience. (Note 27.5).

27.4 Experience adjustments

The effects of experience adjustments for the year were as follows:

							Parent company
							12/31/2021
	PB1	PBD	USIPREV	COSIPREV	Total retirement plans	Healthcare plan	TOTAL
Present value of defined benefit obligation	(4,206,816)	(1,746,836)	(894,782)	(1,511)	(6,849,945)	(498,485)	(7,348,430)
Fair value of plan assets	5,073,085	1,307,486	799,591	15,536	7,195,698	-	7,195,698
Plan surplus (deficit)	866,269	(439,350)	(95,191)	14,025	345,753	(498,485)	(152,732)
Experience adjustments on plan liabilities	(348,092)	(147,755)	(66,236)	(67)	(562,150)	(28,506)	(590,656)
Return on plan assets higher (lower) than the discount rate	(376,959)	(140,989)	(128,339)	(4,366)	(650,653)	-	(650,653)

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

							Consolidated
							12/31/2021
	PB1	PBD	USIPREV	COSIPREV	Total retirement plans	Healthcare plan	TOTAL
Present value of defined benefit obligation	(4,206,816)	(1,746,836)	(999,652)	(1,534)	(6,954,838)	(548,109)	(7,502,947)
Fair value of plan assets	5,073,085	1,307,486	893,269	15,565	7,289,405	-	7,289,405
Plan surplus (deficit)	866,269	(439,350)	(106,383)	14,031	334,567	(548,109)	(213,542)
Experience adjustments on plan liabilities	(348,092)	(147,755)	(66,236)	(61)	(562,144)	(30,128)	(592,272)
Return on plan assets higher (lower) than the discount rate	(376,959)	(140,989)	(128,339)	(4,386)	(650,673)	-	(650,673)

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

27.5 Actuarial assumptions and sensitivity analysis

				Parent company and Consolidated
				12/31/2021
Significant actuarial assumptions	**PB1**	**PBD**	**USIPREV**	**COSIPREV**
Present value of obligation	(4,206,816)	(1,746,836)	(894,782)	(1,511)
Discount rate Applied to the plans' liabilities				
Mortality table applied to plans	BREMS 2015	AT-2000 Basic reduced by (F) e AT-2000 Basic (M)	AT-2000 Basic reduced by 40%	AT-2000 Basic reduced by 30%
Disability mortality table	AT-83 Basic	AT-83 Basic	AT-49	n/a
Sensitivity analysis on plan obligations discount rate				
1% increase on actual rate	371,881	149,316	108,512	50
1% decrease on actual rate	(320,033)	(128,998)	(90,632)	(47)
Sensitivity analysis on Mortality Table				
Reduced by 10%	(4,322,298)	(1,796,941)	(1,102,512)	(1,475)

(i) Tables segregated between male (M) and female (F) participants.

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

27.6 Post-retirement healthcare benefit plans

(a) COSaúde

SÃO FRANCISCO XAVIER FOUNDATION (FSFX) is an operator of private health care plans registered at the National Supplementary Health Care Agency that manages individual, family and business plans. In this connection, it was responsible for the COSIPA Health Fund Regulation – COSaúde, which comprises 06 (six) private self-management health care plans, existing prior to Law 9656, of June 3, 1998, and registered with the ANS, as listed below. The referred Fund was maintained to assist the group of beneficiaries associated with the former Companhia Siderúrgica Paulista - COSIPA, who remained in the plan after the merger of COSIPA into USIMINAS.

a) CoSaúde A – Blue, SCPA registration No. 03;
b) CoSaúde A – Green, SCPA registration No. 02;
c) CoSaúde B – Blue, SCPA registration No. 05;
d) CoSaúde B – Green, SCPA registration No. 04;
e) CoSaúde C – Blue, SCPA registration No. 07; and
f) CoSaúde C – Green, SCPA registration No. 06.

Considering the significant economic and financial imbalance, attested by actuarial studies, and considering the interest of the parties in terminating the contract for CoSaúde management, it was terminated on November 30, 2021, with the consequent restructure of the offer of group plans to its former beneficiaries, in compliance with the clauses and conditions accepted by ANS.

The extinction of the referred plan is supported by the formal and final judicial decision ruled by the Superior Court of Justice (STJ), which not only recognized the possibility of extinguishing CoSaúde and restructuring new group plans to be offered to its beneficiaries, as recommended by the measure, in line with the consolidated case law of that court.

As a result, the regulation of CoSaúde and all of its six linked plans was terminated, for all intents and purposes, on November 30, 2021, with its former beneficiaries having been previously informed and given the opportunity to opt for the adhesion to other plans offered or to consider the portability rules set forth in ANS Normative Resolution #438, of December 3, 2018.

All the beneficiaries linked to CoSaúde were allowed to migrate to the following plans, as follows:

a) Usisaúde Essencial Rede Empresarial Enfermaria Santos, ANS registration No. 483.715/19-1;
b) Usisaúde Essencial Rede Empresarial Apartamento Santos, ANS registration No. 483.716/19-9;
c) Saúde Usiminas II Enfermaria, ANS registration No. 462.157/10-3; and
d) Saúde Usiminas II Apartamento, ANS registration No. 462.159/10-0.

In light of the above, at December 31, 2021, the Company fully reversed the loss computed on CoSaúde, and recognized income in the amount of R$ 330,972.

The new health care plans mentioned above did not record any losses at December 31, 2021.

(b) Saúde Usiminas

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

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

In addition to the characteristics above, the Plan's key actuarial assumption is the long-term increase in medical services costs, which totaled 7.69% p.a. in the years ended December 31, 2021 and 2020.

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

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Opening balance	(739,152)	(702,997)	(780,777)	(746,464)
Current service cost	281	780	(1)	1,028
Cost of interest	(48,787)	(49,577)	(51,749)	(52,582)
Benefits paid	13,185	13,743	13,185	13,743
Adjustment to the Plan	330,972	-	330,972	-
Actuarial (losses) gains	(54,983)	(1,101)	(59,738)	3,498
Closing balance	(498,484)	(739,152)	(548,108)	(780,777)

27.7 Retirement plan assets

Retirement plan assets comprise the following:

	12/31/2021		12/31/2020	
	Amount	%	Amount	%
Company shares	494,933	7	559,086	7
Federal government securities	5,356,195	73	4,997,054	62
Fixed income	1,264,336	17	1,854,588	23
Real estate investments	40,392	1	69,358	1
Others	133,548	2	525,450	7
	7,289,405	100	8,005,536	100

At December 31, 2021, the pension plan assets include 34,109,762 common shares of the Company, at the fair value of R$494,933 (At December 31, 2021 - 34,109,762 common shares of the Company, at the fair value of R$559,086).

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

28 Equity

(a) Share capital

At December 31, 2021, the Company's share capital of R$13,200,295 comprised 1,253,079,108 book entry shares with no par value, divided into 705,260,684 common shares; 547,752,163 Class A preferred shares, and 66,261 Class B preferred shares,

as shown below:

	Common shares	Class A Preferred shares	Class B Preferred shares	Total
Total shares at December 31, 2021	705,260,684	547,752,163	66,261	1,253,079,108
Total treasury shares	(2,526,656)	(19,609,792)	-	(22,136,448)
Total shares except treasury shares	702,734,028	528,142,371	66,261	1,230,942,660

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

Each common share entitles its holder to one vote at General Meetings. Holders of preferred shares have no voting rights but are entitled to (i) receive dividends 10% higher than the dividends attributed to common shares; (ii) receive all the bonuses voted in General Meetings, under the same conditions as common shares; (iii) priority in the reimbursement of capital, with no right to premium, in the event of Company liquidation; and (iv) right to vote at meetings if the Company fails to pay preferred dividends during three consecutive years.

Preferred shares may not be converted into common shares.

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

The stockholders are entitled to receive mandatory minimum dividends of 25% of the profit for the year, calculated in accordance with the Brazilian Corporate Law.

(b) Reserves

At December 31, 2021, the reserves were as follows:

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

- Treasury shares - At December 31, 2021, the Company held in treasury 2,526,656 common shares and 19,609,792 Class A preferred shares (2,526,656 common shares and 20,019,445 Class A preferred shares at December 31, 2020).

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

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

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

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

(c) Equity adjustments

Equity adjustments refer substantially to:

(i) Result from equity transaction, which corresponds to changes in shareholding interest without change of control. At December 31, 2021 and 2020, the credit balance of R$845,238 refers mainly to the corporate restructuring of Mineração Usiminas.

(ii) Actuarial gains and losses: correspond to actuarial gains and losses calculated in accordance with CPC 33 and IAS 19 (Note 27). At December 31, 2021, the debit balance of this account totaled R$997,597 (R$1,049,527 at December 31, 2020).

(iii) Indexation of property, plant and equipment: corresponds to the application of IAS 29. This adjustment is based on the useful life of property, plant and equipment items against retained earnings. At December 31, 2021, the credit balance of this account totaled R$69,521 (R$87,127 at December 31, 2020).

(d) Dividends and interest on capital

The dividends proposed for 2021 are shown below:

	12/31/2021	12/31/2020
Profit for the year	9,070,524	672,790
Legal reserve (5%)	(453,526)	(33,639)
Calculation basis of dividends	8,616,998	639,151
Minimum dividends proposed (25%)	2,154,249	159,788
Proposed dividends	1,564,112	159,788
Proposed interest on capital	673,811	-
Gross total dividends and interest on capital	2,237,923	159,788
Tax on interest on capital	(83,674)	-
Total net of dividends and interest on capital	2,154,249	159,788
Amount per common share (i)	R$1.678073	R$0.119924
Amount per preferred share (i)	R$1.845881	R$0.131916

(i) At December 31, 2021, calculated based on the net amount of R$2,154,249 and according to the shareholding structure on the reporting date for the year (calculated based on the net amount of R$159,788 at December 31, 2020).

Changes in dividends payable were as follows:

	Parent company		Consolidated	
Nature	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Dividends payable at the beginning of the year	160,315	51,107	324,728	67,814
Payment of dividends and interest on capital	(1,577,423)	(50,580)	(1,849,264)	(68,083)
Proposed dividends and interest on capital	2,237,923	159,788	2,586,277	324,997
Tax on interest on capital	(83,674)	-	(92,674)	-
Expired dividends	(83)	-	(83)	-
Total net dividends payable at the end of the year	737,058	160,315	968,984	324,728

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

29 Segment reporting

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

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

Reportable segments	Operations
Mining and Logistics	Extraction and processing of iron ore as pellet feed, sinter feed and granulated iron ore. Storage, handling, transport of cargo and operation of highway and railway cargo terminals. The sales of iron ore are mainly intended for the Steel Metallurgy segment.
Steel Metallurgy	Manufacture and sale of steel products. A portion of the sales is intended for the segments of steel transformation and subsidiary Usiminas Mecânica.
Steel Transformation	Transformation and distribution of steel products.

Management reviews the internal managerial reports for each segment periodically.

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

						12/31/2021
	Mining and Logistics	**Steel Metallurgy**	**Steel Transformation**	**Subtotal**	**Eliminations and adjustments**	**Total**
Gross sales revenue from products and services	6,229,143	34,480,874	10,579,892	51,289,909	(10,893,263)	40,396,646
Sales of products	6,229,143	34,441,644	10,522,923	51,193,710	(10,892,929)	40,300,781
Sales of services	-	39,230	56,969	96,199	(334)	95,865
Deductions.	(374,097)	(6,123,772)	(2,063,499)	(8,561,368)	1,901,686	(6,659,682)
Revenue	5,855,046	28,357,102	8,516,393	42,728,541	(8,991,577)	33,736,964
Cost of sales	(2,072,141)	(21,356,821)	(7,511,164)	(30,940,126)	8,477,490	(22,462,636)
Gross profit (loss)	3,782,905	7,000,281	1,005,229	11,788,415	(514,087)	11,274,328
Operating expenses	(354,224)	2,451,778	(77,975)	2,019,579	(1,803,445)	216,134
Selling expenses	(313,690)	(183,228)	(73,757)	(570,675)	-	(570,675)
General and administrative expenses	(38,130)	(420,233)	(61,650)	(520,013)	16,899	(503,114)
Other income (expenses)	(96,292)	1,114,640	57,432	1,075,780	(4,645)	1,071,135
Share of results of subsidiaries, jointly-controlled	93,888	1,940,599	-	2,034,487	(1,815,699)	218,788
Operating profit (loss)	3,428,681	9,452,059	927,254	13,807,994	(2,317,532)	11,490,462
Finance result	144,121	655,700	53,145	852,966	(7,151)	845,815
Profit (loss) before income tax and social contribution	3,572,802	10,107,759	980,399	14,660,960	(2,324,683)	12,336,277
Income tax and social contribution	(1,073,487)	(1,159,647)	(197,925)	(2,431,059)	154,736	(2,276,323)
Profit (loss) for the year	2,499,315	8,948,112	782,474	12,229,901	(2,169,947)	10,059,954
Attributable to						
Controlling interests	1,753,410	8,948,109	538,952	11,240,471	(2,169,947)	9,070,524
Non-controlling interests	745,905	3	243,522	989,430	-	989,430
Assets	9,215,607	34,909,942	3,609,566	47,735,115	(8,253,546)	39,481,569
Total assets include: Investments in associates (except goodwill and investment	545,384	54,630	-	600,014	-	600,014
Additions to non-current assets (except financial instruments and deferred tax assets)	337,439	1,181,225	17,321	1,535,985	(18,472)	1,517,513
Current and non-current liabilities	2,097,339	13,113,907	1,998,924	17,210,170	(2,087,104)	15,123,066

	Mining and Logistics	Steel Metallurgy	Steel Transformation	Subtotal	Eliminations and adjustments	Total
						12/31/2020
Gross sales revenue from products and services	4,071,463	15,082,819	4,787,100	23,941,382	(4,856,590)	19,084,792
Sales of products	908,731	13,820,794	4,784,704	19,514,229	(4,856,590)	14,657,639
Sales of services	3,162,732	1,262,025	2,396	4,427,153	-	4,427,153
Deductions.	(213,275)	(2,655,820)	(943,524)	(3,812,619)	815,879	(2,996,740)
Revenue	3,858,188	12,426,999	3,843,576	20,128,763	(4,040,711)	16,088,052
Cost of sales	(1,480,012)	(11,629,600)	(3,537,326)	(16,646,938)	3,815,416	(12,831,522)
Gross profit (loss)	2,378,176	797,399	306,250	3,481,825	(225,295)	3,256,530
Operating expenses	363,028	702,188	(122,832)	942,384	(1,270,449)	(328,065)
Selling expenses	(194,910)	(151,092)	(52,383)	(398,385)	-	(398,385)
General and administrative expenses	(26,742)	(361,050)	(52,933)	(440,725)	13,961	(426,764)
Other income (expenses)	526,247	(166,068)	(17,516)	342,663	(5,338)	337,325
Share of results of subsidiaries, jointly-controlled	58,433	1,380,398	-	1,438,831	(1,279,072)	159,759
Operating profit (loss)	2,741,204	1,499,587	183,418	4,424,209	(1,495,744)	2,928,465
Finance result	66,486	(1,141,069)	(3,583)	(1,078,166)	(4,326)	(1,082,492)
Profit (loss) before income tax and social contribution	2,807,690	358,518	179,835	3,346,043	(1,500,070)	1,845,973
Income tax and social contribution	(860,238)	301,593	(60,840)	(619,485)	65,255	(554,230)
Profit (loss) for the year	1,947,452	660,111	118,995	2,726,558	(1,434,815)	1,291,743
Attributable to						
Controlling interests	1,365,529	660,115	81,961	2,107,605	(1,434,815)	672,790
Non-controlling interests	581,923	(4)	37,034	618,953	-	618,953
Assets	7,032,637	26,930,196	1,874,809	35,837,642	(5,885,505)	29,952,137
Total assets include: Investments in associates (except goodwill and investment properties)	483,861	44,916	-	528,777	-	528,777
Additions to non-current assets (except financial instruments and deferred tax assets)	237,814	612,145	21,986	871,945	(15,226)	856,719
Current and non-current liabilities	1,623,569	12,015,617	675,259	14,314,445	(1,200,478)	13,113,967

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

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

30 Revenue

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

The reconciliation between gross and net revenue is as follows:

		Parent company		**Consolidated**
	12/31/2021	**12/31/2020**	**12/31/2021**	**12/31/2020**
Sales of products				
Domestic market	31,610,407	13,704,774	32,515,306	14,518,384
Foreign market	2,818,842	1,255,889	7,784,465	4,421,017
	34,429,249	14,960,663	40,299,771	18,939,401
Sales of services				
Domestic market	28,992	31,077	91,293	139,255
Foreign market	5,582	6,136	5,582	6,136
	34,574	37,213	96,875	145,391
Gross revenue	34,463,823	14,997,876	40,396,646	19,084,792
Deductions from revenue	(6,116,818)	(2,627,114)	(6,659,682)	(2,996,740)
Net revenue	28,347,005	12,370,762	33,736,964	16,088,052

31 Expenses by nature

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Depreciation, amortization and depletion	(781,479)	(828,415)	(982,741)	(1,000,223)
Employee benefit expenses	(700,608)	(912,597)	(1,179,831)	(1,371,374)
Raw materials and consumables	(18,166,806)	(8,850,152)	(16,988,485)	(8,434,769)
Scheduled maintenance	(261,973)	(150,883)	(254,550)	(148,335)
Freight and insurance	(749,871)	(405,604)	(1,475,565)	(959,949)
Distribution costs	(124,891)	(68,597)	(455,485)	(268,169)
Outsourced services	(958,591)	(803,464)	(1,381,765)	(1,141,834)
Judicial charges	(14,231)	(19,253)	(26,357)	(33,198)
Income (expenses) in litigation, net	(183,336)	(23,124)	(169,523)	(32,563)
Loss on the sale of excess electricity (i)	3,933	(8,019)	6,006	(8,545)
Result on the sale/reduction of PP&E, intangible assets and investments	49,125	169,521	64,974	174,766
Impairment (reversal of impairment) of assets, net	(400,287)	107,261	(397,257)	730,654
Recovery of taxes	335,425	-	335,425	-
Inclusion of ICMS in the PIS and COFINS tax base	1,389,646	21,468	1,665,061	46,048
Provision for tax losses	-	-	(208,691)	-
Provision for impairment of trade receivables	2,341	(17,698)	(3,240)	(31,487)
Others	(482,187)	(421,631)	(1,013,266)	(840,368)
	(21,043,790)	(12,211,187)	(22,465,290)	(13,319,346)
Cost of sales	(21,548,091)	(11,609,059)	(22,462,636)	(12,831,522)
Selling expenses	(183,939)	(140,661)	(570,675)	(398,385)
General and administrative expenses	(386,359)	(324,828)	(503,114)	(426,764)
Other operating income (expenses), net	1,074,599	(136,639)	1,071,135	337,325
	(21,043,790)	(12,211,187)	(22,465,290)	(13,319,346)

(i) At December 31, 2021, the Company had receivables from the sale of excess electric power amounting to R$501 in the Parent Company and R$648 in the Consolidated (R$3,751 and R$5,793, respectively, at December 31, 2020), which are recorded in Other current assets.

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32 Employee expenses and benefits

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Salaries and social charges	(644,190)	(599,870)	(1,006,657)	(975,936)
Social security charges	(132,193)	(123,520)	(192,421)	(178,115)
Retirement plans and post-employment medical benefits	239,345	(85,718)	234,967	(89,692)
Bonuses	125	(12,650)	124	(14,092)
Employees' profit sharing	(129,288)	(76,173)	(174,468)	(94,539)
Retirement plan costs	(19,427)	(1,270)	(21,966)	(1,444)
Others	(14,980)	(13,396)	(19,410)	(17,556)
	(700,608)	(912,597)	(1,179,831)	(1,371,374)

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

33 Operating income (expenses)

(a) Selling and general and administrative expenses

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Selling expenses				
Personnel expenses	(34,020)	(30,213)	(72,666)	(64,688)
Outsourced services	(14,599)	(14,261)	(18,872)	(18,992)
Depreciation and amortization	(3,043)	(3,013)	(4,283)	(4,129)
Distribution costs	(124,891)	(68,597)	(455,485)	(268,169)
Changes in the provision for impairment of trade receivables	2,341	(17,698)	(3,240)	(31,487)
General expenses	(9,727)	(6,879)	(16,129)	(10,920)
	(183,939)	(140,661)	(570,675)	(398,385)
General and administrative expenses				
Personnel expenses	(183,335)	(161,641)	(227,112)	(196,234)
Outsourced services	(98,155)	(73,009)	(134,518)	(103,623)
Depreciation and amortization	(30,644)	(31,658)	(35,082)	(37,082)
Management fees	(36,571)	(25,105)	(47,605)	(33,419)
General expenses	(37,654)	(33,415)	(58,797)	(56,406)
	(386,359)	(324,828)	(503,114)	(426,764)

(b) Other operating income (expenses)

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Other finance income				
Revenue from sale of electricity	11,366	8,234	16,010	12,029
Reversal of impairment of assets	-	107,261	-	730,654
Sales of investments, fixed assets and intangible assets	69,011	183,763	121,714	189,305
Recovery of tax contingencies referring to litigation	335,425	-	335,425	-
Recovery of costs	91,698	4,561	94,769	6,440
Recovery of expenses incurred in claims	4,280	143,405	5,267	143,405
Recovery of expenses	955	4,895	3,057	9,784
Revenue from sundry sales	20,414	14,302	22,786	15,649
Reintegra Project	3,609	13,955	3,609	13,955
Inclusion of ICMS in the PIS/COFINS tax base (i)	1,389,646	21,468	1,665,061	46,048
Other income	24,344	15,549	41,281	13,608
	1,950,748	517,393	2,308,979	1,180,877
Other operating expenses				
Expenses for the sale of electricity	(6,063)	(15,916)	(8,205)	(19,886)
Impairment of assets	(400,287)	-	(397,257)	-
Cost of idleness (ii)	(208,741)	(306,850)	(229,553)	(332,548)
Expenses related to insurance and claims	(2,650)	(5,831)	(2,712)	(5,856)
Judicial charges	(14,231)	(19,253)	(26,357)	(33,198)
Income (expense) from litigation, net	(183,336)	(23,124)	(169,523)	(32,563)
PIS and COFINS on the sale of electricity	(1,370)	(337)	(1,799)	(688)
Technological research	(28,705)	(29,356)	(28,785)	(29,356)
Profit on the sale/reduction of PP&E, investment and intangible assets	(19,886)	(14,242)	(56,740)	(14,539)
Taxes (INSS, ICMS, Municipal real estate tax (IPTU), etc.)	(7,103)	(8,471)	(38,408)	(24,602)
Environmental control	(1,548)	(2,054)	(1,548)	(2,134)
Post-employment benefits (pension and health care)	239,345	(85,718)	234,967	(89,692)
Inventory adjustment	(114,074)	(42,967)	(114,074)	(42,967)
Provisions for tax losses	-	-	(208,691)	(49,675)
Pre-project expenses	(19,277)	(18,544)	(20,605)	(18,643)
Contractual penalties	-	(21,814)	-	(21,814)
Tax and cultural incentives	(37,159)	-	(65,932)	(14,405)
Other expenses	(71,064)	(59,555)	(102,622)	(110,986)
	(876,149)	(654,032)	(1,237,844)	(843,552)
	1,074,599	(136,639)	1,071,135	337,325

(i) As described in Note 25 (c).
(ii) Cost of idleness related to productive areas.

34 Finance result

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Finance income				
Interest from customers	15,682	9,930	26,864	38,384
Income from financial investments	998	17,479	5,717	40,870
Indexation accruals	93,343	21,499	243,700	38,631
Interest on Eletrobras credits	-	5,687	-	5,687
Indexation of judicial deposits	5,292	4,193	11,005	7,728
Interest on tax credits	10,343	7,411	10,724	7,761
Indexation of inclusion of ICMS in the calculation basis of PIS/COFINS (i)	847,389	32,089	958,411	52,669
Indexation of PIS/COFINS credits on depreciation	377,475	-	377,475	-
Accretion of present value adjustment of trade receivables	133,142	36,025	141,906	36,025
Reversal of the provision for interest on contingencies referring to litigation	38,777	24,487	39,635	26,883
Other finance income	7,562	4,356	(6,140)	8,053
	1,530,003	163,156	1,809,297	262,691
Finance costs				
Interest on borrowings and taxes payable in installments	(243,149)	(278,109)	(232,836)	(278,567)
Result on swap transactions	-	1,535	-	1,535
Indexation accruals	(86,574)	(34,474)	(105,427)	(50,322)
PIS/COFINS on interest on capital	(17,658)	(14,171)	(17,658)	(14,171)
PIS/COFINS on other finance income	(64,419)	(5,823)	(79,375)	(9,734)
Interest on provisions for litigation	(164,328)	(73,496)	(154,124)	(98,273)
Accretion of present value adjustment of trade payables	1,841	(31,164)	(13,839)	(58,063)
Commissions and other costs on borrowings	(30,085)	(36,299)	(24,869)	(24,079)
Other finance costs	(15,815)	(23,008)	(45,089)	(48,954)
	(620,187)	(495,009)	(673,217)	(580,628)
Foreign exchange gains/losses, net	(319,894)	(869,779)	(290,265)	(764,555)
	589,922	(1,201,632)	845,815	(1,082,492)

(i) As described in Note 25 (c).

The Company segregates the Extended Consumer Price Index (IPCA) in borrowings and financial investments indexed to the CDI rate and Referential Rate (TR). Accordingly, the IPCA portion is segregated from interest on borrowings and income from financial investments, and included in "Indexation accruals".

35 Earnings per share

Basic and diluted

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

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

						Parent company and Consolidated
			12/31/2021			12/31/2020
	Common shares	Preferred shares	Total	Common shares	Preferred shares	Total
Basic and diluted						
Basic and diluted numerator						
Profit available to controlling stockholders	4,965,218	4,105,306	9,070,524	368,416	304,374	672,790
Basic and diluted denominator						
Weighted average number of shares, excluding treasury shares	702,734,028	528,003,805	1,230,737,833	702,734,028	527,327,518	1,230,061,546
Earnings per share (R$)	7.07	7.78	-	0.52	0.58	-

36 Commitments

At December 31, 2021, the Company had various commitments with third parties, totaling R$6,214,679 in the Parent company, and R$6,316,119 in the Consolidated. The expected due dates of such commitments were as follows:

Parent company

	Expected due dates				
	Less than 1 year	From 1 to 3 years	From 4 to 5 years	Over 5 years	Total
Acquisition of property, plant and equipment	632,494	60,120	1,491	-	694,105
Suppliers	2,111,119	1,771,939	595,870	1,041,646	5,520,574
	2,743,613	1,832,059	597,361	1,041,646	6,214,679

Consolidated

	Expected due dates				
	Less than 1 year	From 1 to 3 years	From 4 to 5 years	Over 5 years	Total
Acquisition of property, plant and equipment	690,001	64,503	1,491	-	755,995
Suppliers	1,363,316	787,896	595,870	1,041,646	3,788,728
Operating leases	98,396	295,000	295,000	1,083,000	1,771,396
	2,151,713	1,147,399	892,361	2,124,646	6,316,119

(a) Capital commitments

At December 31, 2021, capital commitments for acquisition of property, plant and equipment, totaling R$694,105 in the Parent company and R$755,995 in the Consolidated, were mainly intended for adaptations, refurbishment and improvements in the primary areas of Ipatinga, quality improvement, cost reduction, maintenance, technological update of equipment, and environmental protection projects.

(b) Commitments with suppliers

At December 31, 2021, commitments with suppliers totaling R$5,520,574 in the Parent company and R$3,788,728 in the Consolidated related mainly to take-or-pay arrangements, and contracts for purchase of electricity and raw materials.

(c) Operating leases

Operating leases relate to the lease of mineral rights. At December 31, 2021, the related amount was R$1,771,396 in the Consolidated.

37 Transactions with related parties

The Company's shareholding is as follows:

12/31/2021

Stockholder	Common shares		Preferred shares		Total	
	Number	%	Number	%	Number	%
Nippon Steel Corporation (i)	220,320,979	31.24	3,138,758	0.57	223,459,737	17.83
Ternium Investments S.A.R.L. (i)	198,766,651	28.18	6,987,367	1.28	205,754,018	16.42
Confab Industrial S.A. (i)	36,502,746	5.18	1,283,203	0.23	37,785,949	3.02
Previdencia Usiminas (i)	34,109,762	4.84	-	-	34,109,762	2.72
Prosid Investments S.C.A. (i)	29,202,198	4.14	1,026,563	0.19	30,228,761	2.41
Ternium Argentina S.A. (i)	14,601,097	2.07	513,281	0.09	15,114,378	1.21
Mitsubishi Corporation (i)	7,449,544	1.05	59,048	0.01	7,508,592	0.60
Metal One Corporation (i)	759,248	0.11	-	-	759,248	0.06
Usiminas S.A. em tesouraria	2,526,656	0.36	19,609,792	3.58	22,136,448	1.77
Demais acionistas	161,021,803	22.83	515,200,412	94.05	676,222,215	53.96
Total	705,260,684	100.00	547,818,424	100.00	1,253,079,108	100.00

12/31/2020

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

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

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

(a) Assets

						Parent company
			12/31/2021			12/31/2020
	Trade receivables	Dividends receivable	Other receivables	Trade trade receivables	Dividends receivable	Other receivables
Controlling interests	8,361	-	28	1,253	-	28
Non-controlling interests	-	-	-	-	-	-
Subsidiaries	1,079,816	536,057	24,815	370,331	380,218	27,396
Jointly-controlled subsidiaries	293	-	-	73	-	-
Associates	7,700	464	-	6,181	298	-
Other related parties (i)	143,138	-	2,707	19,486	-	5,181
Total	1,239,308	536,521	27,550	397,324	380,516	32,605
Current	1,239,308	536,521	1,189	397,324	380,516	4,334
Non-current (ii)	-	-	26,361	-	-	28,271
Total	1,239,308	536,521	27,550	397,324	380,516	32,605

(i) At December 31, 2021, the balance of trade receivables mainly refers to the sale of flat-rolled products to the Ternium Group in the amount of R$117,136 (R$16,029 at December 31, 2020).
(ii) At December 31, 2021, the item "Other receivables" has in its balance the amount of R$2,709 refers to advance on fixed assets (December 31, 2020 - R$5,185), in the parent company and in the Consolidated. .

						Consolidated
			12/31/2021			12/31/2020
	Trade receivables	Dividends receivable	Other receivables	Trade trade receivables	Dividends receivable	Other receivables
Controlling interests	8,361	-	28	1,253	-	28
Non-controlling interests	-	-	-	-	-	-
Jointly-controlled subsidiaries	803	-	-	110	-	-
Associates	7,700	18,182	-	6,181	11,686	-
Other related parties (i)	143,649	-	2,707	19,996	-	5,181
Total	160,513	18,182	2,735	27,540	11,686	5,209
Current	160,513	18,182	26	27,540	11,686	24
Non-current	-	-	2,709	-	-	5,185
Total	160,513	18,182	2,735	27,540	11,686	5,209

(i) At December 31, 2021, the balance of trade receivables mainly refers to the sale of flat-rolled products to the Ternium Group in the amount of R$117,647 (R$16,540 at December 31, 2020).

Receivables from related parties mainly arise from sales transactions. These receivables are unsecured in nature and bear interest. At December 31, 2021 and December 31, 2020, no provisions were recorded for receivables from related parties.

(b) Liabilities

						Parent company
			12/31/2021			12/31/2020
	Trade payables	Other payables	Borrowings	Trade payables	Other payables	Borrowings
Controlling interests	926	1,248	-	585	3,253	-
Subsidiaries	302,402	147	4,292,360	309,730	20,835	3,994,000
Jointly-controlled subsidiaries	63,208	-	-	66,212	-	-
Associates	1,819	-	-	2,706	-	-
Other related parties (i)	295,916	-	-	463,127	-	-
Total	664,271	1,395	4,292,360	842,360	24,088	3,994,000
Current	664,271	1,395	117,806	842,360	24,088	109,700
Non-current	-	-	4,174,554	-	-	3,884,300
Total	664,271	1,395	4,292,360	842,360	24,088	3,994,000

				Consolidated
		12/31/2021		12/31/2020
	Trade payables	Other payables	Trade payables	Other payables
Controlling interests	926	1,248	596	3,253
Non-controlling interests	370	113,977	-	151,096
Jointly-controlled subsidiaries	64,504	-	67,277	-
Associates	11,469	91,911	11,456	81,058
Other related parties (i)	295,916	77,242	463,127	11,305
Total	373,185	284,378	542,456	246,712
Current	373,185	192,930	542,456	166,670
Non-current	-	91,448	-	80,042
Total	373,185	284,378	542,456	246,712

(i) At December 31, 2021, the balance of trade payables relates mainly to the purchase of steel plates from Ternium Brasil in the amount of R$293,322 (R$463,123 at December 31, 2020) in the Parent company and Consolidated.

(c) Results

						Parent company
			12/31/2021			12/31/2020
	Sales	Purchases	Finance and operating result	Sales	Purchases	Finance and operating result
Controlling interests	197,887	3,569	(2,840)	167,475	5,318	(1,671)
Non-controlling interests	-	-	-	-	181	-
Subsidiaries	9,705,143	1,412,037	(539,407)	4,032,552	1,018,389	(1,159,790)
Jointly-controlled subsidiaries	-	408,510	(3,399)	-	332,173	(2,687)
Associates	52,270	161,785	-	25,260	105,183	331
Other related parties (i) (ii)	555,787	6,031,105	1,193	178,140	2,524,625	8,296
Total	10,511,087	8,017,006	(544,453)	4,403,427	3,985,869	(1,155,521)

(i) At December 31, 2021, total sales to other related parties refer mainly to sales by Usiminas S.A. to the Ternium Group, amounting to R$424,695 (R$151,486 at December 31, 2020).

						Consolidated
			12/31/2021			12/31/2020
	Sales	Purchases	Finance and operating result	Sales	Purchases	Finance and operating result
Controlling interests	197,887	3,569	(2,876)	167,475	5,318	(1,716)
Non-controlling interests	-	33,755	-	-	181	-
Jointly-controlled subsidiaries	4,852	414,827	(3,820)	6,654	337,802	(3,088)
Associates	52,939	428,097	-	25,260	376,589	331
Other related parties (i) (ii)	555,787	6,031,105	6,745	185,194	2,524,625	8,290
Total	811,465	6,911,353	49	384,583	3,244,515	3,817

(i) At December 31, 2021, total sales to other related parties refer mainly to sales by Usiminas S.A. to the Ternium Group, amounting to R$424,695 (R$158,540 at December 31, 2020).
(ii) At December 31, 2021, total purchases from other related parties refer mainly to the purchase of steel plates from Ternium Brasil Ltda. in the amount of R$6,027,223 (R$2,518,065 at December 31, 2020), in the Parent company and Consolidated.

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

Finance result from transactions with related parties refers mainly to charges on borrowings between the Company and its subsidiary Usiminas International, as disclosed in Note 20.1 (b) (ii).

(d) Remuneration of the key management personnel

The remuneration paid or payable to key management personnel, which includes the Executive Board, the Board of Directors, and the Statutory Audit Board of the Company is shown below:

	Parent company	
	12/31/2021	12/31/2020
Fees	14,978	13,463
Social charges	3,274	2,844
Retirement plans	596	321
Provision for variable compensation	17,723	8,477
	36,571	25,105

At December 31, 2021, the amount paid to key management was R$29,463 (R$20,485 at December 31, 2020).

(e) Nature of transactions with related parties

The most significant transactions between the Company and related parties are shown below:

- Sale of products to Confab intended for the production of large diameter ducts and industrial equipment.
- Purchases of services from Nippon Steel & Sumitomo Metal Corporation, including the provision of advanced industrial technology, technical support services and training courses for employees.
- Sale of products to Ternium Argentina S.A.
- Purchase of iron ore from Mineração Usiminas to be used in the production process.
- Sale of products to Soluções Usiminas for transformation and distribution.
- Sale of products to Usiminas Mecânica S.A. and purchase of services, such as the manufacture of steel products and equipment.
- Purchase of services from Unigal, related to hot-dip galvanizing and cooling for the production of hot-rolled galvanized steel sheets and coils.
- Purchases of services related to texturing and chrome plating of cylinders used in the rolling processes of Usiroll.
- Purchase of railway transportation services from MRS for the transportation of iron ore.
- Purchase of services related to storage and loading of iron ore from Modal and Terminal Sarzedo.
- Loan from Usiminas International Ltd. (Note 20).

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

- Purchase of plates from Ternium Brasil Ltda.

38 Insurance

The insurance policies taken out by the Company and some subsidiaries provide coverage considered sufficient by management. At December 31, 2021 and 2020, these policies covered buildings, products and raw materials, equipment, machinery, furniture, objects, fittings and installations at the insured establishments and respective facilities of the Company and Unigal, with value at risk of US$10,710,788 (US$10,710,788 at December 31, 2020), and an "All Risks" policy with a maximum indemnity of US$600,000 per claim.

At December 31, 2021 and 2020, the deductible amount for material damages was US$10,000 and the cover for loss of profits had a deductible term of 45 days (waiting period). This insurance coverage expires on January 30, 2022.

At December 31, 2021, the Company had insurance indemnity receivable related to the accident that took place on August 10, 2018, in one of the four gasometers located at the Ipatinga plant. This indemnity, which corresponds to the amounts computed as property damage and additional operating expenses totaling R$349,031 (R$262,077 at December 31, 2020), was recorded in non-current assets. At December 31, 2021 the Company received the amount of R$116,219 (R$62,245 at December 31, 2020) as an advance payment of the insurance indemnity. For the remaining balance of R$232,812, Management expects to receive insurance indemnity as long as the supporting documents are provided to the insurance companies, in accordance with the agreement established.

39 Stock option plan

The Company has a stock option plan in place, which is overseen by the Board of Directors and managed with the support of the Human Resources Committee, under the parameters established for the plan.

The main objectives of the Plan are:

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

Over the term of the Plan, the Company granted its executives stock options through the 2011, 2012, 2013 and 2014 programs.

On November 30, 2021, the 2014 Program was terminated in accordance with the seven-year term established in the Plan. Therefore, at December 31, 2021, the Company did not have a stock option program in place.

At December 31, 2021, the exercise of the remaining options under the 2014 Program resulted in an impact of R$1,577 on the Company's capital reserves (R$5,038 December 31, 2020).

During the year, the exercise of 468,259 options remaining from the 2014 Program resulted in a decrease by the same number in preferred shares held in treasury within equity.

40 Collateral

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

			Parent company		Consolidated
Assets pledged as collateral	**Liabilities secured**	**12/31/2021**	**12/31/2020**	**12/31/2021**	**12/31/2020**
Cash and cash equivalents	Litigation	41,106	40,692	41,106	40,692
Inventories	Litigation	1,093	710	1,093	710
Property, plant and equipment	Litigation	177,739	359,846	203,678	390,027
Property, plant and equipment	Borrowings	-	-	11,437	724
Property, plant and equipment	Actuarial liability	1,331,339	1,331,339	1,331,339	1,331,339
		1,551,277	1,732,587	1,588,653	1,763,492

Board of Directors

Ruy Roberto Hirschheimer
Chairman

Edílio Ramos Veloso
Board Member

Hiroshi Ono
Board Member

Rita Rebelo Horta de Assis Fonseca
Board Member

Yuichi Akiyama
Board Member

Elias de Matos Brito
Board Member

Oscar Montero Martinez
Board Member

Ronald Seckelmann
Board Member

Statutory Audit Board

Wanderley Rezende de Souza
Chairman

Fabricio Santos Debortoli
Board Member

Sérgio Carvalho Campos
Board Member

Paulo Frank Coelho da Rocha
Board Member

Tácito Barbosa Coelho Monteiro Filho
Board Member

Executive Board

Sergio Leite de Andrade
CEO

Alberto Akikazu Ono
Vice-President - Finance and Investor Relations

Kohei Kimura
Vice-President - Technology and Quality

Yoshiaki Shimada
Vice-President - Corporate Planning

Américo Ferreira Neto
Vice-President - Industrial Area

Miguel Angel Homes Camejo
Vice-President - Commercial Area

Adriane Vieira Oliveira
CRC MG 070.852/0