

(A free translation of the original in Portuguese)

Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS

**Quarterly Information (ITR) at
September 30, 2020
and report on review of
quarterly information**



Report on review of quarterly information

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

Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS ("Company"), included in the Quarterly Information Form (ITR) for the quarter ended September 30, 2020, comprising the balance sheet at that date and the statements of operations and comprehensive income for the quarter and nine-month period then ended, and the statements of changes in equity and cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of the parent company and consolidated interim accounting information in accordance with the accounting standard CPC 21, Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC) and International Accounting Standard (IAS) 34, Interim Financial Reporting issued by the International Accounting Standards Board (IASB), as well as the presentation of this information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim accounting information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Reviews of Interim Financial Information (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company and consolidated interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the CVM.



Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS

Other matters

Statements of value added

The quarterly information referred to above includes the parent company and consolidated statements of value added for the nine-month period ended September 30, 2020. These statements are the responsibility of the Company's management and are presented as supplementary information under IAS 34. These statements have been subjected to review procedures performed together with the review of the interim accounting information for the purpose of concluding whether they are reconciled with the interim accounting information and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in the accounting standard CPC 09 - "Statement of Value Added". Based on our review, nothing has come to our attention that causes us to believe that these statements of value added have not been properly prepared, in all material respects, in accordance with the criteria established in this accounting standard, and consistent with the parent company and consolidated interim accounting information taken as a whole.

Belo Horizonte, October 29, 2020

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

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

Contents

Company Information / Capital Breakdown	4
Parent Company Financial Statements / Balance Sheet – Assets	5
Parent Company Financial Statements / Balance Sheet - Liabilities	6
Parent Company Financial Statements / Statement of Operations	7
Parent Company Financial Statements / Statement of Comprehensive Income (Loss)	8
Parent Company Financial Statements / Cash Flow Statement - Indirect Method	9
Parent Company Financial Statements / Statement of Changes in Equity - 01/01/2020 to 09/30/2020	10
Parent Company Financial Statements / Statement of Changes in Equity - 01/01/2019 to 09/30/2019	11
Parent Company Financial Statements / Statement of Value Added	12
Consolidated Financial Statements - Balance Sheet - Assets	13
Consolidated Financial Statements / Balance Sheet - Liabilities	14
Consolidated Financial Statements / Statement of Operations	15
Consolidated Financial Statements / Statement of Comprehensive Income (loss)	16

Consolidated Financial Statements / Cash Flow Statement - Indirect Method	17
Consolidated Financial Statements / Statement of Changes in Equity - 01/01/2020 to 09/30/2020	18
Consolidated Financial Statements / Statement of Changes in Equity - 01/01/2019 to 09/30/2019	19
Consolidated Financial Statements / Statement of Value Added	20
Notes	21

Company Information / Capital Breakdown

Number of shares (units)	Current period 09/30/2020
Common Shares - Paid-in Capital	705,260,684
Preferred Shares - Paid-in Capital	547,818,424
Total - Paid-in Capital	1,253,079,108
Common Treasury Shares	2,526,656
Preferred Treasury Shares	20,817,506
Total Treasury Shares	23,344,162

Parent Company Financial Statements / Balance sheet - Assets

(In thousands of reais)

Account Code	Account description	Current period 09/30/2020	Prior year 12/31/2019
1	Total Assets	25,115,668	24,007,150
1.01	Current Assets	7,094,981	6,533,651
1.01.01	Cash and Cash Equivalents	2,135,839	901,864
1.01.03	Trade Receivables	1,357,546	1,396,884
1.01.04	Inventories	3,061,044	3,166,003
1.01.08	Other Current Assets	540,552	1,068,900
1.01.08.03	Other	540,552	1,068,900
1.01.08.03.01	Taxes Recoverable	328,901	541,831
1.01.08.03.02	Prepaid Income Tax and Social Contribution	21,734	41,344
1.01.08.03.03	Dividends Receivable	18,255	40,220
1.01.08.03.04	Advances to Suppliers	131	149
1.01.08.03.05	Financial Instruments	1,396	762
1.01.08.03.06	Credits - Eletrobras	-	305,848
1.01.08.03.07	Other	170,135	138,746
1.02	Noncurrent Assets	18,020,687	17,473,499
1.02.01	Long-term Receivables	3,154,609	3,049,988
1.02.01.04	Accounts Receivable	394,235	317,285
1.02.01.04.01	Trade Accounts Receivable	75,491	84,446
1.02.01.04.02	Other Accounts Receivable	318,744	232,839
1.02.01.07	Deferred Income Tax and Social Contribution	2,157,652	2,117,027
1.02.01.09	Receivables from Related Parties	23,042	42,231
1.02.01.10	Other Noncurrent Assets	579,680	573,445
1.02.01.10.03	Judicial Deposits	364,888	379,692
1.02.01.10.04	Properties for Sale	27,395	27,424
1.02.01.10.05	Financial Instruments	7,069	6,950
1.02.01.10.06	Taxes Recoverable	169,222	148,020
1.02.01.10.08	Other	11,106	11,359
1.02.02	Investments	5,089,646	4,440,843
1.02.02.01	Ownership Interests	4,988,819	4,350,641
1.02.02.01.01	Interest Held in Associates	42,768	32,412
1.02.02.01.02	Interest Held in Subsidiaries	4,355,480	3,787,579
1.02.02.01.03	Interest Held in Jointly-Controlled Subsidiaries	590,571	530,650
1.02.02.02	Investment Properties	100,827	90,202
1.02.03	Property, Plant and Equipment (PPE)	9,679,611	9,892,313
1.02.03.01	Property, Plant and Equipment in Use	8,724,579	9,167,238
1.02.03.03	Construction in Progress	955,032	725,075
1.02.04	Intangible Assets	96,821	90,355

Parent Company Financial Statements / Balance Sheet - Liabilities

(In thousands of reais)

Account code	Account description	Current period 09/30/2020	Prior year 12/31/2019
2	Total Liabilities and Equity	25,115,668	24,007,150
2.01	Current Liabilities	3,093,768	2,516,867
2.01.01	Social and Labor Liabilities	201,029	138,706
2.01.02	Trade Payables	1,628,555	1,405,831
2.01.03	Tax Liabilities	59,850	70,011
2.01.04	Borrowings	64,415	117,365
2.01.04.01	Borrowings	64,408	92,348
2.01.04.02	Debentures	7	25,017
2.01.05	Other Liabilities	1,139,919	784,954
2.01.05.02	Other	1,139,919	784,954
2.01.05.02.01	Dividends and Interest on Capital Payable	532	51,107
2.01.05.02.04	Accounts Payable	148,285	91,469
2.01.05.02.05	Taxes Payable in Installments	4,368	4,312
2.01.05.02.07	Advances from Customers	51,167	11,749
2.01.05.02.08	Accounts Payable - Forfeiting	927,184	613,803
2.01.05.02.09	Lease Liabilities	8,383	12,514
2.02	Noncurrent Liabilities	8,392,668	7,446,860
2.02.01	Borrowings	6,188,829	4,978,491
2.02.01.01	Borrowings	4,204,437	2,997,241
2.02.01.02	Debentures	1,984,392	1,981,250
2.02.02	Other Liabilities	377,559	290,689
2.02.02.01	Payables to Related Parties	149,842	104,335
2.02.02.02	Other	227,717	186,354
2.02.02.02.05	Lease Liabilities	1,401	19,293
2.02.02.02.06	Other Accounts Payable	226,316	167,061
2.02.04	Provisions	1,826,280	2,177,680
2.02.04.01	Provisions for Tax, Social Security, Labor and Civil Contingencies	1,228,228	1,518,362
2.02.04.01.03	Provisions for Social Security and Labor Contingencies	1,228,228	1,518,362
2.02.04.02	Other Provisions	598,052	659,318
2.02.04.02.04	Contingent Liabilities	598,052	659,318
2.03	Equity	13,629,232	14,043,423
2.03.01	Share Capital	13,200,295	13,200,295
2.03.02	Capital Reserves	307,506	307,033
2.03.04	Profit Reserves	943,132	943,132
2.03.04.01	Legal reserve	58,647	58,647
2.03.04.10	Investments and working capital	884,485	884,485
2.03.05	Retained Earnings (Accumulated Losses)	-876,788	-
2.03.06	Other Comprehensive Income	55,087	-407,037

Parent Company Financial Statements / Statement of Operations**(In thousands of reais)**

Account code	Account description	Current period 01/01/2020 to 09/30/2020	Prior period 01/01/2019 to 09/30/2019
3.01	Revenue	8,172,821	9,659,494
3.02	Cost of Sales and/or Services	-7,880,344	-8,865,422
3.03	Gross Profit	292,477	794,072
3.04	Operating Income (Expenses)	21,753	-287,330
3.04.01	Selling Expenses	-114,906	-84,835
3.04.02	General and Administrative Expenses	-232,147	-229,134
3.04.04	Other Operating Income	159,558	440,662
3.04.05	Other Operating Expenses	-407,948	-758,441
3.04.06	Equity in Results of Investees	617,196	344,418
3.05	Income Before Financial Income (Expense) and Taxes	314,230	506,742
3.06	Finance result, Net	-1,480,660	-686,859
3.07	Income Before Income Taxes	-1,166,430	-180,117
3.08	Income Tax and Social Contribution	280,099	174,316
3.08.02	Deferred	280,099	174,316
3.09	Net Income (loss) from Continuing Operations	-886,331	-5,801
3.11	Net Income/Loss for the Period	-886,331	-5,801
3.99	Earnings (Loss) per Share (Reais / Shares)	-	-
3.99.01	Basic Earnings per Share	-	-
3.99.01.01	Registered Common Shares (RCS)	-0,72000	-
3.99.01.02	Registered Preferred Shares (RPS)	-0,72000	-
3.99.02	Diluted Earnings per Share	-	-
3.99.02.01	RCS	-0,72000	-
3.99.02.02	RPS	-0,72000	-

Parent Company Financial Statements / Statement of Comprehensive Income (Loss)

(In thousands of reais)

Account code	Account description	Current period 01/01/2020 to 09/30/2020	Prior period 01/01/2019 to 09/30/2019
4.01	Consolidated Net Income for the Period	-886,331	-5,801
4.02	Other Comprehensive Income (Loss)	471,250	-23,728
4.02.01	Actuarial Gain (Loss) on Retirement Benefits	471,250	-23,728
4.03	Consolidated Comprehensive Income (Loss) for the Period	-415,081	-29,529

Parent Company Financial Statements / Cash Flow Statement - Indirect Method

(In thousands of reais)

Account code	Account description	Current period 01/01/2020 to 09/30/2020	Prior period 01/01/2019 to 09/30/2019
6.01	Net Cash from Operating Activities	1,629,869	423,994
6.01.01	Cash From Operations	316,932	844,987
6.01.01.01	Net Income (Loss) for the Period	-886,331	-5,801
6.01.01.02	Charges and Indexation/Exchange Gains (Losses), Net	1,202,944	251,335
6.01.01.03	Interest Expenses	252,757	297,243
6.01.01.04	Depreciation and Amortization	618,214	619,062
6.01.01.05	Gain/Loss on Sale of Property, Plant and Equipment	-8,252	-4,016
6.01.01.07	Equity in Result of Investees	-617,196	-344,418
6.01.01.09	Deferred Income Tax and Social Contribution	-280,099	-174,316
6.01.01.10	Set up (Reversal) of Provisions	-26,707	141,468
6.01.01.11	Actuarial Gains (Losses)	61,602	64,430
6.01.02	Changes in Assets and Liabilities	1,275,748	34,373
6.01.02.02	Trade Receivables	29,237	140,400
6.01.02.03	Inventories	124,542	-264,440
6.01.02.04	Recoverable Taxes	-95,595	-102,643
6.01.02.05	Receivables from Related Parties	45,801	11,817
6.01.02.06	Judicial Deposits	6,847	-28,897
6.01.02.07	Receivables - Eletrobras	311,534	-
6.01.02.08	Other Increase (Decreases) In Assets	-147,005	-132,317
6.01.02.09	Suppliers, Contractors and Freight	222,724	178,553
6.01.02.10	Customer Advances	39,418	15,660
6.01.02.11	Amounts Payable to Related Companies	-24,621	-
6.01.02.12	Taxes Payable	322,563	308,437
6.01.02.13	Accounts Payable – Forfeiting	313,381	-50,144
6.01.02.14	Other Increase (Decrease) in Liabilities	126,922	-42,053
6.01.03	Other	37,189	-455,366
6.01.03.01	Interest Paid	-329,992	-339,424
6.01.03.02	Prepaid Income Tax and Social Contribution	-9,980	-
6.01.03.03	Actuarial Liabilities Paid	377,161	-115,942
6.02	Net Cash from Investing Activities	364,412	-135,410
6.02.01	Proceeds from the Sale of Property, Plant and Equipment	21,609	5,640
6.02.02	Fixed Assets Purchases	-395,549	-250,274
6.02.04	Dividends Received	25,115	120,671
6.02.06	Purchase of Software	-15,587	-11,447
6.03	Net Cash from Financing Activities	-58,636	-428,460
6.03.01	Proceeds from Loans, Financing and Debentures	-	2,861,018
6.03.02	Repayment of Borrowings	-8,723	-3,117,467
6.03.04	Swap Transaction Settlement	662	356
6.03.05	Prepaid Capital Contribution	-50,575	-172,367
6.04	Exchange Gain (Loss) on Cash and Cash Equivalents	27,154	3,672
6.05	Increase (Decrease) in Cash and Cash Equivalents	1,233,975	-136,204
6.05.01	Cash and Cash Equivalents at the beginning of Period	901,864	765,638
6.05.02	Cash and cash Equivalents at end of Period	2,135,839	629,434

Parent Company Financial Statements / Statement of Changes in Equity - 01/01/2020 to 09/30/2020

(In thousands of reais)

Account code	Account description	Paid-in capital	Capital reserves, options granted and treasury shares	Revenue reserves	Retained earnings (accumulated losses)	Other Comprehensive Income (loss)	Equity
5.01	Opening balances	13,200,295	307,033	943,132	-	-407,037	14,043,423
5.03	Adjusted Opening Balances	13,200,295	307,033	943,132	-	-407,037	14,043,423
5.04	Capital Transactions with Shareholders	-	473	-	9,543	-9,126	890
5.04.03	Recognized Options Granted	-	-417	-	417	-	-
5.04.05	Treasury Stock Sold	-	890	-	-	-	890
5.04.09	Adjustment from IAS 29 on Property, Plant and Equipment	-	-	-	9,126	-9,126	-
5.05	Total Comprehensive Income (Loss)	-	-	-	-886,331	471,250	-415,081
5.05.01	Net Income for the Period	-	-	-	-886,331	-	-886,331
5.05.02	Other Comprehensive Income (Loss)	-	-	-	-	471,250	471,250
5.05.02.06	Actuarial gain and loss on retirement benefits	-	-	-	-	471,250	471,250
5.07	Closing Balances	13,200,295	307,506	943,132	-876,788	55,087	13,629,232

Parent Company Financial Statements / Statement of Changes in Equity - 01/01/2019 to 09/30/2019

(In thousands of reais)

Account code	Account description	Paid-in capital	Capital reserves, options granted and treasury shares	Revenue reserves	Retained earnings (accumulated losses)	Other Comprehensive Income (loss)	Equity
5.01	Opening balances	13,200,295	309,391	766,942	-	-10,330	14,266,298
5.03	Adjusted Opening Balances	13,200,295	309,391	766,942	-	-10,330	14,266,298
5.04	Capital Transactions with Shareholders	-	658	-	6,837	-7,964	-469
5.04.03	Recognized Options Granted	-	-567	-	567	-	-
5.04.05	Treasury Stock Sold	-	1,225	-	-	-	1,225
5.04.07	Interest on equity	-	-	-	-1,694	-	-1,694
5.04.09	Adjustment from IAS 29 on Property, Plant and Equipment	-	-	-	7,964	-7,964	-
5.05	Total Comprehensive Income	-	-	-	-5,801	-23,728	-29,529
5.05.01	Net Income for the Period	-	-	-	-5,801	-	-5,801
5.05.02	Other Comprehensive Income	-	-	-	-	-23,728	-23,728
5.05.02.06	Actuarial gain and loss on retirement benefits	-	-	-	-	-23,728	-23,728
5.07	Closing Balances	13,200,295	310,049	766,942	1,036	-42,022	14,236,300

Parent Company Financial Statements / Statement of Value Added

(In thousands of reais)

Account code	Account description	Current period		Prior period	
		01/01/2020 to 09/30/2020	01/01/2019 to 09/30/2019	01/01/2020 to 09/30/2020	01/01/2019 to 09/30/2019
7.01	Revenue	9,757,471	12,064,555		
7.01.01	Sales of Goods, Products and Services	9,756,913	11,757,542		
7.01.02	Other Revenues	18,315	295,680		
7.01.04	Allowance (Reversal of) for Doubtful Accounts	-17,757	11,333		
7.02	Inputs Acquired from Third Parties	-7,297,393	-10,119,991		
7.02.01	Costs of Products Goods and Services Sold	-6,958,261	-9,441,463		
7.02.02	Materials, Energy, Third-Party Services and Other Expenses	-339,132	-678,528		
7.03	Gross Value Added	2,460,078	1,944,564		
7.04	Retentions	-618,214	-619,062		
7.04.01	Depreciation, Amortization and Depletion	-618,214	-619,062		
7.05	Net Value Added Produced	1,841,864	1,325,502		
7.06	Value Added Received in Transfer	848,531	625,962		
7.06.01	Equity in earnings	617,196	344,418		
7.06.02	Financial Revenues	114,864	294,526		
7.06.03	Other	116,471	-12,982		
7.06.03.01	Actuarial Gains (Losses)	-61,602	-35,648		
7.06.03.02	Foreign Currency Gains/Losses, net	178,073	22,666		
7.07	Total Value Added to be Distributed	2,690,395	1,951,464		
7.08	Distribution of Value Added	2,690,395	1,951,464		
7.08.01	Personnel	496,507	503,524		
7.08.01.01	Direct Compensation	406,570	428,651		
7.08.01.02	Benefits	35,028	33,341		
7.08.01.03	Unemployment Compensation Fund (FGTS)	54,909	41,532		
7.08.02	Taxes, Rates and Contributions	1,306,622	449,690		
7.08.02.01	Federal	585,376	-68,762		
7.08.02.02	State	668,596	467,803		
7.08.02.03	Municipal	52,650	50,649		
7.08.03	Remuneration of Third Parties	1,773,597	1,004,051		
7.08.03.01	Interest	375,196	683,532		
7.08.03.03	Other	1,398,401	320,519		
7.08.03.03.01	Exchange gains and losses, net	1,399,933	324,191		
7.08.03.03.02	Swap Transaction Settlement	-1,532	-3,672		
7.08.04	Equity Remuneration	-886,331	-5,801		
7.08.04.03	Retained Earnings (Accumulated Losses)	-886,331	-5,801		

Consolidated Financial Statements - Balance Sheet - Assets

(In thousands of reais)

Account code	Account description	Current period 09/30/2020	Prior period 12/31/2019
1	Total Assets	27,867,367	26,337,032
1.01	Current Assets	10,391,300	8,861,282
1.01.01	Cash and Cash Equivalents	2,424,074	1,252,966
1.01.02	Financial investments	1,310,228	668,175
1.01.03	Trade Receivables	2,420,397	1,938,440
1.01.04	Inventories	3,580,494	3,795,832
1.01.08	Other Current Assets	656,107	1,205,869
1.01.08.03	Other	656,107	1,205,869
1.01.08.03.01	Taxes Recoverable	491,701	731,049
1.01.08.03.02	Prepaid Income Tax and Social Contribution	26,847	48,496
1.01.08.03.03	Dividends Receivable	13,088	-
1.01.08.03.04	Advances to Suppliers	2,863	1,225
1.01.08.03.05	Financial Instruments	1,396	762
1.01.08.03.06	Credits - Eletrobras	-	305,848
1.01.08.03.07	Other Accounts Receivable	120,212	118,489
1.02	Noncurrent Assets	17,476,067	17,475,750
1.02.01	Long-term Receivables	4,290,262	4,180,797
1.02.01.04	Accounts Receivable	374,524	344,370
1.02.01.04.01	Trade Accounts Receivable	75,491	131,452
1.02.01.04.02	Other Accounts Receivable	299,033	212,918
1.02.01.05	Inventories	1,674	1,642
1.02.01.07	Deferred Taxes	3,064,609	3,037,626
1.02.01.09	Receivables from Related Parties	-	1,651
1.02.01.10	Other Noncurrent Assets	849,455	795,508
1.02.01.10.03	Judicial Deposits	548,298	543,658
1.02.01.10.04	Financial Instruments	7,069	6,950
1.02.01.10.05	Taxes Recoverable	173,788	152,336
1.02.01.10.08	Other	120,300	92,564
1.02.02	Investments	1,234,703	1,143,340
1.02.02.01	Ownership Interest	1,133,876	1,053,138
1.02.02.01.01	Interests Held in Associates	536,339	515,271
1.02.02.01.04	Other Ownership Interests	597,537	537,867
1.02.02.02	Investment Properties	100,827	90,202
1.02.03	Property, Plant and Equipment (PP&E)	11,224,774	11,424,691
1.02.03.01	Property, Plant and Equipment in Use	10,050,354	10,514,306
1.02.03.03	Construction in Progress	1,174,420	910,385
1.02.04	Intangible Assets	726,328	726,922

Consolidated Financial Statements / Balance Sheet - Liabilities

(In thousands of reais)

Account code	Account description	Current period 09/30/2020	Prior period 12/31/2019
2	Total Liabilities and Equity	27,867,367	26,337,032
2.01	Current Liabilities	3,690,047	2,889,738
2.01.01	Social and Labor Liabilities	262,164	198,416
2.01.02	Trade Payables	1,633,137	1,518,270
2.01.03	Tax Liabilities	392,854	114,693
2.01.03.01	Federal Tax Liabilities	392,854	114,693
2.01.03.01.01	Income and Social Contribution Taxes Payable	263,602	15,096
2.01.03.01.02	Taxes Payable	129,252	99,597
2.01.04	Borrowings	67,427	121,333
2.01.04.01	Borrowings	67,420	96,316
2.01.04.02	Debentures	7	25,017
2.01.05	Other Liabilities	1,334,465	937,026
2.01.05.02	Other	1,334,465	937,026
2.01.05.02.01	Dividends and Interest on Capital Payable	8,630	67,814
2.01.05.02.04	Taxes Payable in Installments	4,370	4,314
2.01.05.02.05	Financial instruments	26,950	-
2.01.05.02.06	Advances from Customers	115,692	57,757
2.01.05.02.08	Accounts Payable	221,223	160,010
2.01.05.02.09	Accounts Payable - Forfeiting	927,184	613,803
2.01.05.02.10	Lease Liabilities	30,416	33,328
2.02	Noncurrent Liabilities	8,760,686	7,881,610
2.02.01	Borrowings	6,192,003	4,984,905
2.02.01.01	Borrowings	4,207,611	3,003,655
2.02.01.02	Debentures	1,984,392	1,981,250
2.02.02	Other Liabilities	309,786	312,932
2.02.02.01	Payables to Associates	107,654	121,838
2.02.02.02	Other	202,132	191,094
2.02.02.02.06	Lease Liabilities	41,591	75,942
2.02.02.02.07	Other Payables	160,541	115,152
2.02.04	Provisions	2,258,897	2,583,773
2.02.04.01	Provisions for Tax, Social Security, Labor and Civil Contingencies	1,287,642	1,574,796
2.02.04.01.023	Provisions for Social Security and Labor Contingencies	1,287,642	1,574,796
2.02.04.02	Other Provisions	971,255	1,008,977
2.02.04.02.03	Provisions for Environmental Liabilities and Decommissioning	241,442	231,591
2.02.04.01.04	Provision for litigation	729,813	777,386
2.03	Equity	15,416,634	15,565,684
2.03.01	Share Capital	13,200,295	13,200,295
2.03.02	Capital Reserves	307,506	307,033
2.03.04	Revenue Reserves	943,132	943,132
2.03.04.01	Legal Reserve	58,647	58,647
2.03.04.10	Investments and working capital	884,485	884,485
2.03.05	Retained Earnings (Accumulated Losses)	-876,788	-
2.03.06	Other Comprehensive Income	55,087	-407,037
2.03.09	Noncontrolling Shareholders	1,787,402	1,522,261

Consolidated Financial Statements / Statement of Operations

(In thousands of reais)

Account code	Account description	Current period 01/01/2020 to 09/30/2020	Prior period 01/01/2019 to 09/30/2019
3.01	Revenue	10,613,782	11,075,828
3.02	Cost of Sales and/or Services	-8,930,057	-9,497,534
3.03	Gross Profit	1,683,725	1,578,294
3.04	Operating Income (Expenses)	-863,743	-816,939
3.04.01	Selling expenses	-301,950	-212,149
3.04.02	General and Administrative Expenses	-304,447	-308,464
3.04.04	Other Operating Income	173,842	477,370
3.04.05	Other Operating Expenses	-532,060	-906,324
3.04.06	Equity in Results of Investees	100,872	132,628
3.05	Income Before Financial Income (Expense) and Taxes	819,982	761,355
3.06	Finance result, Net	-1,306,904	-664,272
3.07	Income Before Income Taxes	-486,922	97,083
3.08	Income Tax and Social Contribution	-134,037	11,461
3.08.01	Current	-413,653	-134,708
3.08.02	Deferred	279,616	146,169
3.09	Net income (loss) from Continuing Operations	-620,959	108,544
3.11	Net Income/Loss for the Period	-620,959	108,544
3.11.01	Attributed to Shareholders of Parent Company	-886,331	-5,801
3.11.02	Attributable to Noncontrolling Shareholders	265,372	114,345
3.99	Earnings (Loss) per Share (Reais / Shares)	-	-
3.99.01	Basic Earnings per Share	-	-
3.99.01.01	Registered Common Shares (RCS)	-0.72000	-
3.99.01.02	Registered Preferred Shares (RPS)	-0.72000	-
3.99.02	Diluted Earnings per Share	-	-
3.99.02.01	RCS	-0.72000	-
3.99.02.02	RPS	-0.72000	-

Consolidated Financial Statements / Statement of Comprehensive Income (loss)

(In thousands of reais)

Account code	Account description	Current period 01/01/2020 to 09/30/2020	Prior period 01/01/2019 to 09/30/2019
4.01	Consolidated Net Income for the Period	-620.959	108,544
4.02	Other Comprehensive Income (Loss)	471.258	-23,720
4.02.01	Actuarial Gain (Loss) on Retirement Benefits	471.258	-23,720
4.03	Consolidated Comprehensive Income (Loss) for the Period	-149.701	84,824
4.03.01	Attributed to Shareholders of Parent Company	-415.081	-29,529
4.03.02	Attributable to Noncontrolling Shareholders	265.380	114,353

Consolidated Financial Statements / Cash Flow Statement - Indirect Method

(In thousands of reais)

Account code	Account description	Current period 01/01/2020 to 09/30/2020	Prior period 01/01/2019 to 09/30/2019
6.01	Net Cash from Operating Activities	2,532,591	978,891
6.01.01	Cash From Operations	1,857,406	1,528,908
6.01.01.01	Net Income (Loss) for the Period	-620,959	108,544
6.01.01.02	Charges and Indexation/Exchange Gains (Losses), Net	1,225,262	319,162
6.01.01.03	Interest Expenses	244,078	296,539
6.01.01.04	Depreciation and Amortization	747,414	735,603
6.01.01.05	Gain/Loss on sale of Property, Plant and Equipment	-9,620	-6,100
6.01.01.07	Equity Income Result	-100,872	-132,628
6.01.01.09	Deferred Income Tax and Social Contribution	-279,616	-146,169
6.01.01.10	Set up (Reversal) of Provisions	580,386	290,601
6.01.01.11	Actuarial Gains (Losses)	64,582	64,356
6.01.01.12	Impairment of Assets	6,751	-
6.01.02	Changes in Assets and Liabilities	770,873	-17,460
6.01.02.02	Trade Receivables	-455,238	12,249
6.01.02.03	Inventories	234,923	-326,292
6.01.02.04	Taxes Recoverable	-128,731	-159,326
6.01.02.05	Judicial Deposits	1,651	-48,251
6.01.02.06	Receivables from Related Parties	-10,533	768
6.01.02.07	Receivables - Eletrobras	311,534	-
6.01.02.08	Other (Increase) Decrease in Assets	-149,096	-133,803
6.01.02.09	Accounts Payable, Contractors and Freight	114,867	359,885
6.01.02.10	Payables to Related Parties	-14,184	-12,416
6.01.02.11	Advances from Customers	57,935	36,767
6.01.02.12	Taxes Payable	417,592	322,285
6.01.02.13	Accounts Payable – Forfaiting	313,381	-50,144
6.01.02.14	Other Increase (Decrease) in Liabilities	76,772	-19,182
6.01.03	Other	-95,688	-532,557
6.01.03.01	Interest Paid	-330,146	-340,147
6.01.03.02	Income and Social Contribution Taxes Paid	-142,703	-76,468
6.01.03.03	Actuarial Liabilities Paid	377,161	-115,942
6.02	Net Cash from Investing Activities	-1,165,069	-644,538
6.02.01	Received by Disposal of Property, Plant and Equipment	24,348	9,238
6.02.02	Purchases of Property, Plant and Equipment	-537,363	-315,890
6.02.04	Dividends Received	6,821	4,268
6.02.06	Purchase of Software	-16,822	-13,144
6.02.07	Marketable Securities	-642,053	-329,001
6.02.08	Capital Increase in Subsidiary	-	-9
6.03	Net Cash from Financing Activities	-223,568	-537,962
6.03.01	Proceeds from Loans, Financing and Debentures	-	2,811,557
6.03.02	Repayment of Borrowings	-11,116	-3,121,130
6.03.04	Swap Transaction Settlement	-153,029	-5,507
6.03.05	Dividends and Interest on Equity Paid	-59,423	-222,882
6.04	Exchange Gain (Loss) on Cash and Cash Equivalents	27,154	3,672
6.05	Increase (Decrease) in Cash and Cash Equivalents	1,171,108	-199,937
6.05.01	Cash and Cash Equivalents at Beginning of Period	1,252,966	1,106,790
6.05.02	Cash and cash Equivalents at End of Period	2,424,074	906,853

Consolidated Financial Statements / Statement of Changes in Equity - 01/01/2020 to 09/30/2020

(In thousands of reais)

Account code	Account description	Paid-in capital	Capital reserves, options granted and treasury shares	Revenue reserves	Retained earnings (accumulated losses)	Other Comprehensive Income (Loss)	Equity	Noncontrolling shareholders	Equity - Consolidated
5.01	Opening Balances	13,200,295	307,033	943,132	-	-407,037	14,043,423	1,522,261	15,565,684
5.03	Adjusted Opening Balances	13,200,295	307,033	943,132	-	-407,037	14,043,423	1,522,261	15,565,684
5.04	Capital Transactions with Shareholders	-	473	-	9,543	-9,126	890	-239	651
5.04.03	Recognized Options Granted	-	-417	-	417	-	-	-	-
5.04.05	Treasury Stock Sold	-	890	-	-	-	890	-	890
5.04.06	Dividends	-	-	-	-	-	-	-239	-239
5.04.09	Adjustment from IAS 29 on Property, Plant and Equipment	-	-	-	9,126	-9,126	-	-	-
5.05	Total Comprehensive Income (Loss)	-	-	-	-886,331	471,250	-415,081	265,380	-149,701
5.05.01	Net Income (Loss) for the Period	-	-	-	-886,331	-	-886,331	265,372	-620,959
5.05.02	Other Comprehensive Income (Loss)	-	-	-	-	471,250	471,250	8	471,258
5.05.02.06	Actuarial loss on retirement benefits	-	-	-	-	471,250	471,250	8	471,258
5.07	Closing Balances	13,200,295	307,506	943,132	-876,788	55,087	13,629,232	1,787,402	15,416,634

Consolidated Financial Statements / Statement of Changes in Equity - 01/01/2019 to 09/30/2019

(In thousands of reais)

Account code	Account description	Paid-in capital	Capital reserves, options granted and treasury shares	Revenue reserves	Retained earnings (accumulated losses)	Other Comprehensive Income (Loss)	Equity	Noncontrolling shareholders	Equity - Consolidated
5.01	Opening Balances	13,200,295	309,391	766,942	-	-10,330	14,266,298	1,431,093	15,697,391
5.03	Adjusted Opening Balances	13,200,295	309,391	766,942	-	-10,330	14,266,298	1,431,093	15,697,391
5.04	Capital Transactions with Shareholders	-	658	-	6,837	-7,964	-469	-20,468	-20,937
5.04.03	Recognized Options Granted	-	-567	-	567	-	-	-	-
5.04.05	Treasury Stock Sold	-	1,225	-	-	-	1,225	-	1,225
5.04.06	Dividends	-	-	-	-	-	-	-20,468	-20,468
5.04.07	Interest on equity	-	-	-	-1,694	-	-1,694	-	-1,694
5.04.09	Adjustment from IAS 29 on Property, Plant and Equipment	-	-	-	7,964	-7,964	-	-	-
5.05	Total Comprehensive Income (Loss)	-	-	-	-5,801	-23,728	-29,529	114,353	84,824
5.05.01	Net Income (Loss) for the Period	-	-	-	-5,801	-	-5,801	114,345	108,544
5.05.02	Other Comprehensive Income (Loss)	-	-	-	-	-23,728	-23,728	8	-23,720
5.05.02.06	Actuarial loss on retirement benefits	-	-	-	-	-23,728	-23,728	8	-23,720
5.07	Closing Balances	13,200,295	310,049	766,942	1,036	-42,022	14,236,300	1,524,978	15,761,278

Consolidated Financial Statements / Statement of Value Added

(In thousands of reais)

Account code	Account description	Current period		Prior period
		01/01/2020 to 09/30/2020	01/01/2019 to 09/30/2019	01/01/2019 to 09/30/2019
7.01	Revenue	12,940,106		14,345,519
7.01.01	Sales of Goods, Products and Services	12,947,224		14,038,443
7.01.02	Other Revenues	20,825		300,555
7.01.04	Allowance (Reversal of) for Doubtful Accounts	-27,943		6,521
7.02	Inputs Acquired from Third Parties	-8,821,258		-11,432,225
7.02.01	Costs of Products Goods and Services Sold	-8,199,825		-10,517,114
7.02.02	Materials, Energy, Third-Party Services and Other Expenses	-621,433		-915,111
7.03	Gross Value Added	4,118,848		2,913,294
7.04	Retentions	-747,414		-735,603
7.04.01	Depreciation, Amortization and Depletion	-747,414		-735,603
7.05	Net Value Added Produced	3,371,434		2,177,691
7.06	Value Added Received in Transfer	552,534		550,047
7.06.01	Equity in Results of Investees	100,872		132,628
7.06.02	Financial Revenues	183,097		361,571
7.06.03	Other	268,565		55,848
7.06.03.01	Actuarial Gains and Losses	-64,582		-35,574
7.06.03.02	Foreign Exchange Gains/losses	333,147		91,422
7.07	Total Value Added to be Distributed	3,923,968		2,727,738
7.08	Distribution of Value Added	3,923,968		2,727,738
7.08.01	Personnel	811,311		805,999
7.08.01.01	Direct Compensation	695,339		703,136
7.08.01.02	Benefits	45,042		46,474
7.08.01.03	Unemployment Compensation Fund (FGTS)	70,930		56,389
7.08.02	Taxes, Rates and Contributions	1,910,468		695,930
7.08.02.01	Federal	975,255		-128,472
7.08.02.02	State	871,150		768,703
7.08.02.03	Municipal	64,063		55,699
7.08.03	Remuneration of Third Parties	1,823,148		1,117,265
7.08.03.01	Interest	440,657		743,064
7.08.03.03	Other	1,382,491		374,201
7.08.03.03.01	Exchange gains and losses, net	1,384,023		372,010
7.08.03.03.02	Others	-1,532		2,191
7.08.04	Equity Remuneration	-620,959		108,544
7.08.04.03	Retained Earnings (Accumulated Losses)	-886,331		-5,801
7.08.04.04	Noncontrolling Interests in Retained Profits	265,372		114,345

Notes

1 Operations

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

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

The Company holds, directly or indirectly, interest in subsidiaries, jointly-controlled subsidiaries and associates, as described in Note 1 to the financial statements for the year ended December 31, 2019.

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

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

During the nine-month period ended September 30, 2020, management adopted some measures at Usiminas, with the objective of minimizing the economic effects of the crisis, as well as trying to preserve employment and income for its employees. These measures included a vacation shutdown period, and having employees in administrative departments working from home; also, pursuant to Provisional Measure 936/2020, employment contracts were temporarily suspended and working hours reduced.

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

However, due to the expected recovery in demand levels of flat steel consumer markets, on August 26, 2020, the Company restarted Blast furnace 1 and resumed production at Steel mill 1, both at the Ipatinga plant, and resumed rolling processes at the Cubatão plant.

The Company's management has also been monitoring the receivables portfolio, mainly with respect to possible default, increased delinquency and extension of payment terms for customers. By the end of the nine-month period ended September 30, 2020, no significant impacts from COVID-19 were found on these receivables. The analysis of trade receivable maturities, as well as the changes adopted in the provision for impairment of trade receivables, is shown in Note 8.

In relation to the impairment of non-financial assets, the Company performed sensitivity tests considering different scenarios in its projections and did not identify the need to set up a provision for impairment in the period, as disclosed in Note 15.

(b) Usiminas Mecânica - Restructuring of the activities developed

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

2 Interim accounting information

The issue and disclosure of the interim accounting information included in this Quarterly Information Form (ITR) on the Company and Consolidated accounts was approved by the Board of Directors at a meeting held on October 28, 2020.

3 Summary of significant accounting policies

The significant accounting policies applied in the preparation of this interim accounting information are consistent with those adopted and presented in the Company's financial statements for the year ended December 31, 2019.

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

3.1 Basis of preparation and statement of compliance

This interim accounting information for the nine-month period ended September 30, 2020, should be read together with the Company's financial statements for the year ended December 31, 2019.

Considering that there were no material changes in the composition and nature of the balances presented in the financial statements for the year ended December 31, 2019, the following Notes are presented in a condensed manner for the nine-month period ended September 30, 2020.

- 3 Summary of significant accounting policies;
- 4 Financial risk management objectives and policy;
- 11 Income tax and social contribution;
- 12 Judicial deposits;
- 13 Investments;
- 14 Property, plant and equipment;
- 15 Impairment of non-financial assets;
- 16 Intangible assets;
- 17 Borrowings and debentures;
- 19 Taxes payable in installments;
- 21 Provision for litigation;
- 22 Retirement benefit obligations;
- 23 Equity;
- 29 Transactions with related parties; and
- 30 Stock option plan.

Parent company and consolidated interim accounting information

The parent company and consolidated interim accounting information presented herein under Parent company and Consolidated, respectively, has been prepared in accordance with Technical Pronouncement CPC 21 (R1) - Interim Financial Reporting, International Accounting Standard (IAS) 34 - Interim Financial Reporting, and the rules of the Brazilian Securities Commission (CVM). Accordingly, this interim accounting information discloses all the applicable significant information, which is consistent with the information utilized by management in the performance of its duties.

3.2 Standards, amendments to and interpretations of existing standards

In the nine-month period ended September 30, 2020, no new standards, amendments to or interpretations of existing standards were issued.

4 Financial risk management objectives and policy

At September 30, 2020, there were no significant changes in financial risk policies and management in relation to those disclosed in the Company's financial statements for the year ended December 31, 2019.

4.1 Foreign exchange risk

(i) Foreign exchange exposure

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

	Parent company		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Assets in foreign currency				
Cash and cash equivalents	109,835	38,879	330,968	209,017
Marketable securities	-	-	27,855	16,352
Trade receivables	127,282	147,457	607,784	142,974
Advances to suppliers	-	147	950	955
	<u>237,117</u>	<u>186,483</u>	<u>967,557</u>	<u>369,298</u>
Liabilities in foreign currency				
Borrowings	(4,217,308)	(3,028,237)	(4,215,800)	(3,028,744)
Trade payables, contractors and freight charges	(359,855)	(356,322)	(363,420)	(369,244)
Advances from customers	(21,756)	(4,410)	(33,047)	(8,814)
Other payables	(2,310)	(1,904)	(2,306)	(1,900)
	<u>(4,601,229)</u>	<u>(3,390,873)</u>	<u>(4,614,573)</u>	<u>(3,408,702)</u>
Currency exposure	<u>(4,364,112)</u>	<u>(3,204,390)</u>	<u>(3,647,016)</u>	<u>(3,039,404)</u>

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

The Company prepares a sensitivity analysis of outstanding assets and liabilities denominated in foreign currency at the end of the period, considering the foreign exchange rate at September 30, 2020. Scenario I considered a depreciation of the Brazilian Real of 5% when compared to the current scenario. Scenarios II and III were stressed based on factors of 25% and 50%, respectively, on the amount of the foreign currency at September 30, 2020.

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

Currency	9/30/2020			
	Foreign exchange rate at the end of the period	Scenario I	Scenario II	Scenario III
US\$	5.6407	5.9227	7.0509	8.4611
Euro	6.6132	6.9439	8.2665	9.9198
Yen	0.0534	0.0561	0.0668	0.0801

Potential effects on the finance result, considering Scenarios I, II and III, are shown below:

Currency	Consolidated		
	9/30/2020		
	Scenario I	Scenario II	Scenario III
US\$	(181,663)	(908,316)	(1,816,631)
Euro	(53)	(265)	(529)
Yen	(635)	(3,175)	(6,349)

4.2 Cash flow or fair value interest rate risk

(i) Composition of borrowings and debentures by interest type

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

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

	<u>Parent company</u>				<u>Consolidated</u>			
	<u>9/30/2020</u>	<u>%</u>	<u>12/31/2019</u>	<u>%</u>	<u>9/30/2020</u>	<u>%</u>	<u>12/31/2019</u>	<u>%</u>
Borrowings								
Fixed	4,230,313	68	3,044,400	60	4,236,499	68	3,054,782	60
Other	38,532	1	45,189	1	38,532	1	45,189	1
	<u>4,268,845</u>	<u>69</u>	<u>3,089,589</u>	<u>61</u>	<u>4,275,031</u>	<u>69</u>	<u>3,099,971</u>	<u>61</u>
Debentures								
CDI	1,984,399	31	2,006,267	39	1,984,399	31	2,006,267	39
	<u>6,253,244</u>	<u>100</u>	<u>5,095,856</u>	<u>100</u>	<u>6,259,430</u>	<u>100</u>	<u>5,106,238</u>	<u>100</u>

The Company uses derivative financial instruments to manage the effects of interest rate volatility risk on its borrowings.

(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 rate prevailing at September 30, 2020 as the probable scenario. Scenario I considers a 5% increase on the average interest rate applicable to the floating portion of its current debt. Scenarios II and III were stressed based on factors of 25% and 50%, respectively, on the amounts of that rate at September 30, 2020.

The rate used and its related scenarios are shown below:

<u>Index</u>	<u>9/30/2020</u>			
	<u>Rate at the end of the period (i)</u>	<u>Scenario I</u>	<u>Scenario II</u>	<u>Scenario III</u>
CDI	1.9%	2.0%	2.4%	2.9%

(i) Annual rate.

Potential effects on the finance result, considering Scenarios I, II and III, are shown below:

<u>Index</u>	<u>Consolidated</u>		
	<u>9/30/2020</u>		
	<u>Scenario I</u>	<u>Scenario II</u>	<u>Scenario III</u>
CDI	1,232	6,159	12,317

The interest rates to which the Company is exposed, related to borrowings and debentures, are presented in Note 20 to the financial statements for the year ended December 31, 2019, and, at September 30, 2020, mainly comprise Interbank Deposit Certificates (CDI) and the Referential Interest Rate (TR).

Derivative financial instruments used for interest rate risk, contracted to mitigate the volatility in the Company's profit or loss, were included in the sensitivity analysis for assets and liabilities (Note 5).

4.3 Capital management

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

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

	Parent company		Consolidated	
	<u>9/30/2020</u>	<u>12/31/2019</u>	<u>9/30/2020</u>	<u>12/31/2019</u>
Total borrowings, debentures and taxes payable in installments	6,257,612	5,100,168	6,263,800	5,110,552
Less: cash and cash equivalents and marketable securities	<u>(2,135,839)</u>	<u>(901,864)</u>	<u>(3,734,302)</u>	<u>(1,921,141)</u>
Net debt	<u>4,121,773</u>	<u>4,198,304</u>	<u>2,529,498</u>	<u>3,189,411</u>
Total equity	13,629,232	14,043,423	15,416,634	15,565,684
Total capitalization	<u>17,751,005</u>	<u>18,241,727</u>	<u>17,946,132</u>	<u>18,755,095</u>
Gearing ratio	<u>23%</u>	<u>23%</u>	<u>14%</u>	<u>17%</u>

5 Derivative financial instruments

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

At September 30, 2020, the transactions with derivative financial instruments entered into by the Company are as follows:

(a) Parent company

Financial institution	Maturity month/year	Index		NOTIONAL AMOUNT (contracted amount)				FAIR (MARKET) VALUE - BOOK VALUE		Gain/loss for the period
		9/30/2020		9/30/2020		12/31/2019		9/30/2020	12/31/2019	9/30/2020
		Asset position	Liability position	Asset position	Liability position	Asset position	Liability position	Asset (liability) position	Asset (liability) position	Gain (loss)

RATE AND FOREIGN EXCHANGE HEDGES (SWAP)

Bradesco	Apr/25	TR + 9.8000% p.a.	95.00% of the CDI rate	R\$ 59,000	R\$ 59,000	R\$ 59,000	R\$ 59,000	8,465	7,712	1,532
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Financial gain/loss in the period 1,532

Book balance (asset position net of the liability position) 8,465 7,712

(b) Consolidated

Financial institution	Maturity month/year	Index		NOTIONAL AMOUNT (contracted amount)				FAIR (MARKET) VALUE - BOOK VALUE		Gain/loss for the period
		9/30/2020		9/30/2020		12/31/2019		9/30/2020	12/31/2019	9/30/2020
		Asset position	Liability position	Asset position	Liability position	Asset position	Liability position	Asset (liability) position	Asset (liability) position	Gain (loss)

RATE AND FOREIGN EXCHANGE HEDGES (SWAP)

Bradesco	Apr/25	TR + 9.8000% p.a.	95.00% of the CDI rate	R\$ 59,000	R\$ 59,000	R\$ 59,000	R\$ 59,000	8,465	7,712	1,532
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Financial gain/loss in the period 1,532

HEDGE OF COMMODITIES' PRICE

Banco ABC Brasil	May20	Ore FWD US\$ 90.50	Ore_Fu_J20_SGX	R\$ 18,692	R\$ 18,692	-	-	-	-	1,814
Banco ABC Brasil	May20	Ore FWD US\$ 90.70	Ore_Fu_J20_SGX	R\$ 18,734	R\$ 18,734	-	-	-	-	1,868
Banco ABC Brasil	May20	Ore FWD US\$ 90.90	Ore_Fu_J20_SGX	R\$ 18,775	R\$ 18,775	-	-	-	-	1,923
Banco ABC Brasil	May20	Ore FWD US\$ 86.04	Ore_Fu_J20_SGX	R\$ 60,320	R\$ 60,320	-	-	-	-	1,797
Banco ABC Brasil	June20	Ore FWD US\$ 81.63	Ore_Fu_J20_SGX	R\$ 122,469	R\$ 122,469	-	-	-	-	(17,601)
Banco ABC Brasil	Jul/20	Ore FWD US\$ 85.00	Ore_Fu_J20_SGX	R\$ 1,589	R\$ 1,589	-	-	-	-	(390)
Banco ABC Brasil	Jul/20	Ore FWD US\$ 85.06	Ore_Fu_J20_SGX	R\$ 60,645	R\$ 60,645	-	-	-	-	(14,190)
Banco ABC Brasil	Aug/20	Ore FWD US\$ 77.24	Ore_Fu_N20_SGX	R\$ 70,450	R\$ 70,450	-	-	-	-	(28,057)
Banco ABC Brasil	Sep/20	Ore FWD US\$ 75.98	Ore_Fu_Q20_SGX	R\$ 49,504	R\$ 49,504	-	-	-	-	(31,818)
Banco ABC Brasil	Sep/20	Ore FWD US\$ 93.25	Ore_Fu_Q20_SGX	R\$ 142,787	R\$ 142,787	-	-	-	-	(48,033)
Banco ABC Brasil	Sep/20	Ore FWD US\$ 97.57	Ore_Fu_Q20_SGX	R\$ 81,100	R\$ 81,100	-	-	-	-	(23,204)
Banco ABC Brasil	Oct/20	Ore FWD US\$ 95.35	Ore_Fu_U20_SGX	R\$ 75,925	R\$ 75,925	-	-	(24,169)	-	(24,169)
Banco ABC Brasil	Oct/20	Ore FWD US\$ 104.16	Ore_Fu_U20_SGX	R\$ 12,949	R\$ 12,949	-	-	(2,566)	-	(2,566)
Banco ABC Brasil	Oct/20	Ore FWD US\$ 104.89	Ore_Fu_U20_SGX	R\$ 1,097	R\$ 1,097	-	-	(215)	-	(215)

Revenue from exports in the period (182,841)

Book balance (asset position net of the liability position) (26,950) 7,712 (181,309)

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

	Parent company		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Current assets	1,396	762	1,396	762
Non-current assets	7,069	6,950	7,069	6,950
Current liabilities	-	-	(26,950)	-
	<u>8,465</u>	<u>7,712</u>	<u>(18,485)</u>	<u>7,712</u>

	Parent company		Consolidated	
	9/30/2020	9/30/2019	9/30/2020	9/30/2019
In finance result	<u>1,532</u>	<u>3,672</u>	<u>1,532</u>	<u>2,191</u>

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

The subsidiary Mineração Usiminas entered into some hedging transactions to protect the prices of iron ore against the fluctuation in the prices of this commodity on its sales to foreign customers.

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 hedge instrument and the item being hedged at the same time.

In the nine-month period ended September 30, 2020, hedge accounting transactions carried out by the subsidiary Mineração Usiminas were settled. Therefore, the effect of these transactions was fully transferred from equity to profit or loss.

6 Cash and cash equivalents

	Parent company		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Bank accounts	19,829	29,455	35,544	40,490
Bank accounts abroad	109,835	38,879	330,968	209,017
Bank Deposit Certificates (CDB) and repurchase transactions	2,006,175	833,530	2,057,562	1,003,459
	<u>2,135,839</u>	<u>901,864</u>	<u>2,424,074</u>	<u>1,252,966</u>

Financial investments in Bank Deposit Certificates (CDB) and repurchase transactions have immediate liquidity, and earn on average 103.66% (December 31, 2019 - 92.96%) of the CDI rate in the Parent company and 103.76% (December 31, 2019 – 97.67%) of the CDI rate in Consolidated.

At September 30, 2020, Usiminas does not use overdraft accounts.

7 Marketable securities

	Consolidated	
	<u>9/30/2020</u>	<u>12/31/2019</u>
Bank Deposit Certificates (CDB)	1,282,373	651,823
Financial investments abroad	<u>27,855</u>	<u>16,352</u>
	<u>1,310,228</u>	<u>668,175</u>

Financial investments in Bank Deposit Certificates (CDB) earn on average 103.76% (December 31, 2019 - 97.67%) of the CDI rate in Consolidated.

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

In the nine-month period ended September 30, 2020, the Company does not have balances related to financial investments classified as marketable securities.

8 Trade receivables

	Parent company		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Trade receivables:				
In Brazil	1,225,057	1,181,268	2,058,790	2,074,709
Abroad	90,215	83,644	570,717	79,161
Provision for impairment of trade receivables (i)	<u>(137,626)</u>	<u>(118,569)</u>	<u>(195,168)</u>	<u>(168,058)</u>
Trade receivables, net	<u>1,177,646</u>	<u>1,146,343</u>	<u>2,434,339</u>	<u>1,985,812</u>
Receivables from related parties				
In Brazil	213,772	267,922	19,930	17,015
Abroad	<u>41,619</u>	<u>67,065</u>	<u>41,619</u>	<u>67,065</u>
Receivables from related parties	<u>255,391</u>	<u>334,987</u>	<u>61,549</u>	<u>84,080</u>
	<u>1,433,037</u>	<u>1,481,330</u>	<u>2,495,888</u>	<u>2,069,892</u>
Current assets	1,357,546	1,396,884	2,420,397	1,938,440
Non-current assets	<u>75,491</u>	<u>84,446</u>	<u>75,491</u>	<u>131,452</u>

(i) Of the total provision for impairment of trade receivables in Parent company and Consolidated accounts, the balance of R\$4,552 (December 31, 2019 - R\$3,252) refers to trade receivables denominated in foreign currency.

The ageing analysis of trade receivables was as follows:

	Parent company		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Amounts not yet due	1,425,953	1,329,630	2,306,264	1,840,150
Amounts past due:				
Up to 30 days	10,738	138,042	171,297	201,927
From 31 to 60 days	3,141	11,448	5,748	14,985
From 61 to 90 days	147	2,222	1,019	3,248
From 91 to 180 days	951	7,008	17,279	12,328
Over 181 days	129,733	111,549	189,449	165,312
(-) Provision for impairment of trade receivables	<u>(137,626)</u>	<u>(118,569)</u>	<u>(195,168)</u>	<u>(168,058)</u>
	<u>1,433,037</u>	<u>1,481,330</u>	<u>2,495,888</u>	<u>2,069,892</u>

At September 30, 2020, trade receivables amounting to R\$7,084 in the Parent company and R\$189,624 in Consolidated were past due but not impaired (December 31, 2019 – R\$151,700 and R\$229,742, respectively). These accounts relate to customers for which there is no recent history of default, or the outstanding balances of which are supported by guarantees.

Trade receivables, net of the provision for impairment of trade receivables, are denominated in the following currencies:

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>9/30/2020</u>	<u>12/31/2019</u>	<u>9/30/2020</u>	<u>12/31/2019</u>
Brazilian Real	1,305,755	1,333,873	1,888,104	1,926,918
U.S. Dollar	125,296	145,337	605,798	140,854
Euro	<u>1,986</u>	<u>2,120</u>	<u>1,986</u>	<u>2,120</u>
	<u>1,433,037</u>	<u>1,481,330</u>	<u>2,495,888</u>	<u>2,069,892</u>

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

	<u>Parent company</u>	<u>Consolidated</u>
At December 31, 2019	<u>(118,569)</u>	<u>(168,058)</u>
Additions to profit or loss	(17,758)	(27,944)
Write-off against trade receivables	-	2,133
Foreign exchange gains/losses	<u>(1,299)</u>	<u>(1,299)</u>
At September 30, 2020	<u>(137,626)</u>	<u>(195,168)</u>

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

9 Inventories

	Parent company		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Current assets				
Finished products	576,353	690,399	752,609	896,320
Work in progress	1,088,779	954,477	1,108,785	974,228
Raw materials	689,083	807,542	957,673	1,165,404
Supplies and spare parts	538,771	521,390	607,054	585,850
Imports in transit	94,786	62,377	95,521	63,086
Provision for losses (i)	(105,199)	(94,092)	(115,441)	(106,900)
Other	178,471	223,910	174,293	217,844
	<u>3,061,044</u>	<u>3,166,003</u>	<u>3,580,494</u>	<u>3,795,832</u>
Non-current assets				
Work in progress (ii)	-	-	1,674	1,642
	<u>3,061,044</u>	<u>3,166,003</u>	<u>3,582,168</u>	<u>3,797,474</u>

(i) Refers to fair value adjustments and obsolescence of certain inventory items.

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

10 Taxes recoverable

	<u>9/30/2020</u>		<u>Parent company</u> <u>12/31/2019</u>	
	<u>Current</u>	<u>Non-current</u>	<u>Current</u>	<u>Non-current</u>
	Social Integration Program (PIS) (i)	32,106	13,746	26,274
Social Contribution on Revenues (COFINS) (i)	153,190	103,637	423,022	102,363
Value-Added Tax on Sales and Services (ICMS)	106,120	31,099	76,983	30,256
Excise Tax (IPI)	36,667	-	13,783	-
Special System for Refund of Tax Amounts to Exporting Companies (Reintegra) - credit	789	18,875	1,760	-
Other	29	1,865	9	1,865
	<u>328,901</u>	<u>169,222</u>	<u>541,831</u>	<u>148,020</u>
			<u>Consolidated</u>	
	<u>9/30/2020</u>		<u>12/31/2019</u>	
	<u>Current</u>	<u>Non-current</u>	<u>Current</u>	<u>Non-current</u>
PIS (i)	48,793	14,302	46,025	14,060
COFINS (i)	227,607	106,337	513,022	104,793
ICMS	156,730	32,254	135,320	31,463
IPI	49,928	-	30,774	-
Reintegra - credit (ii)	789	18,875	1,760	-
National Institute of Social Security (INSS)	2,003	-	3,405	-
Other	5,851	2,020	743	2,020
	<u>491,701</u>	<u>173,788</u>	<u>731,049</u>	<u>152,336</u>

(i) Mainly credits related to the final and unappealable decision issued on ICMS in the calculation bases of PIS/COFINS (Note 21 (b) (iii)).

(ii) Credit arising from the favorable outcome in the proceeding that assured the right to offset the amount determined under the REINTEGRA program on revenue from sales to the Manaus Free Trade Zone, for the period from December 2011 to August 2020.

In the nine-month period ended September 30, 2020, the following PIS/COFINS amounts were offset: R\$296,972 in the Parent company and R\$346,622 in Consolidated.

11 Income tax and social contribution

(a) Taxes on profit

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

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2020</u>	<u>9/30/2019</u>
Profit (loss) before income tax and social contribution	(1,166,430)	(180,117)	(486,922)	97,083
Nominal rates	34%	34%	34%	34%
Income taxes at nominal rates	<u>396,587</u>	<u>61,240</u>	<u>165,553</u>	<u>(33,008)</u>
Adjustments to determine taxable profit:				
Equity in the results of investees (i)	203,914	118,581	34,295	45,095
Interest on capital	-	576	-	576
Permanent additions	(961)	(6,081)	(3,442)	(9,404)
Unrecognized tax credits	(319,441)	-	(358,386)	-
Tax incentives	-	-	2,623	2,136
Non-taxable income and rate differences of foreign subsidiaries	-	-	25,320	6,066
Income taxes determined	<u>280,099</u>	<u>174,316</u>	<u>(134,037)</u>	<u>11,461</u>
Current	-	-	(413,653)	(134,708)
Deferred	<u>280,099</u>	<u>174,316</u>	<u>279,616</u>	<u>146,169</u>
Tax (expense) credit in the statement of income	<u>280,099</u>	<u>174,316</u>	<u>(134,037)</u>	<u>11,461</u>
Income tax	206,211	128,174	(97,480)	9,014
Social contribution	<u>73,888</u>	<u>46,142</u>	<u>(36,557)</u>	<u>2,447</u>

(i) Net of unrealized inventory profit.

(b) Deferred income tax and social contribution

Changes in deferred income tax and social contribution, net, for the nine-month period ended September 30, 2020, were as follows:

	Assets	
	Parent company	Consolidated
At December 31, 2019	2,117,027	3,037,626
Deferred taxes in the statement of income, net	280,099	279,616
Reversal of deferred taxes in comprehensive income (actuarial liabilities)	(113,889)	(127,048)
Use of tax losses in comprehensive income (actuarial liabilities)	(125,585)	(125,585)
At September 30, 2020	<u>2,157,652</u>	<u>3,064,609</u>

The composition of deferred income tax and social contribution assets and liabilities is as follows:

	Parent company		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Deferred assets arising from income tax and social contribution losses	2,908,630	2,494,171	3,069,578	2,656,845
Deferred assets arising from temporary differences	875,736	963,294	1,859,825	1,924,810
Deferred liabilities arising from temporary differences	(410,198)	(443,363)	(447,300)	(484,921)
Unrecognized deferred income tax and social contribution	<u>(1,216,516)</u>	<u>(897,075)</u>	<u>(1,417,494)</u>	<u>(1,059,108)</u>
	<u>2,157,652</u>	<u>2,117,027</u>	<u>3,064,609</u>	<u>3,037,626</u>

In the nine-month period ended September 30, 2020, the Company's management recorded a provision for tax credit losses amounting to R\$319,441 in the Parent company and R\$358,386 in Consolidated (December 31, 2019 – reversal of R\$132,116 and R\$39,022, respectively). Deferred tax credits not recognized in the financial statements totaled R\$1,216,516 in the Parent company and R\$1,417,494 in Consolidated (December 31, 2019 – R\$897,075 and R\$1,059,108, respectively). The Company's management will continue monitoring this unrecognized amount, which may be accounted for as soon as its use becomes probable.

According to the projections approved by the Company's management and the balance of deferred income tax assets (tax losses and temporary differences) at September 30, 2020, the expected realization of the taxes was as follows:

	<u>Parent company</u>	<u>Consolidated</u>
2020	43,787	78,387
2021	221,392	276,149
2022	191,671	213,796
2023	251,909	275,557
2024	272,676	296,793
2025 to 2027	849,145	937,896
2028 to 2030	859,004	964,857
2031 to 2033	817,551	907,436
After 2034 (i)	<u>277,231</u>	<u>978,532</u>
Total	3,784,366	4,929,403
Unrecognized tax credits	<u>(1,216,516)</u>	<u>(1,417,494)</u>
Assets	<u>2,567,850</u>	<u>3,511,909</u>
Liabilities	<u>(410,198)</u>	<u>(447,300)</u>
Net position	<u>2,157,652</u>	<u>3,064,609</u>

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

The recognition of tax assets is based on a study of the expected future taxable income, reviewed by the Statutory Audit Board and approved by the Board of Directors of the Company. The study to determine the expected future taxable income adopts the same data and assumptions as those adopted in the impairment test of assets (Note 17 to the financial statements at December 31, 2019).

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

12 Judicial deposits

At September 30, 2020, changes in judicial deposits were as follows:

	<u>Parent company</u>	<u>Consolidated</u>
At December 31, 2019 (i)	<u>576,584</u>	<u>740,550</u>
Additions	15,693	49,250
Interest/inflation indexation	4,706	7,493
Reversals	<u>(35,203)</u>	<u>(52,103)</u>
Subtotal	<u>561,780</u>	<u>745,190</u>
(-) Offset against taxes payable in installments	<u>(196,892)</u>	<u>(196,892)</u>
At September 30, 2020	<u><u>364,888</u></u>	<u><u>548,298</u></u>

(i) To the total amount of judicial deposits presented in the balance sheet as of December 31, 2019, the amount of R\$196,892 must be added, related to the offset of taxes payable in installments.

At September 30, 2020, additions in the Parent company refer to labor claims (R\$8,883), tax proceedings (R\$1,413) and civil proceedings (R\$5,397). In Consolidated, in addition to the events considered in the Parent company, additions refer mainly to the Financial Compensation for Mineral Resources Exploration (CFEM) in the subsidiary Mineração Usiminas (R\$19,646) and labor claims (R\$13,911) in the other subsidiaries.

At September 30, 2020, reversals in the Parent company refer mainly to labor claims (R\$29,222); tax proceedings (R\$5,718) and civil proceedings (R\$263). In Consolidated, in addition to the events mentioned in the Parent company, reversals substantially refer to labor claims.

13 Investments

(a) Changes in investments

(i) Parent company

	<u>12/31/2019</u>	<u>Equity in the results of investees (i)</u>	<u>Interest on capital and dividends</u>	<u>Unrealized inventory profit</u>	<u>Actuarial liability</u>	<u>Other</u>	<u>9/30/2020</u>
Subsidiaries							
Mineração Usiminas (ii)	2,657,671	568,670	(557)	-	15	-	3,225,799
Soluções Usiminas	692,226	22,344	-	17,174	-	-	731,744
Usiminas Europa	129,785	49,985	-	-	-	-	179,770
Usiminas International	49,268	24,482	-	-	-	-	73,750
Usiminas Mecânica	153,059	(140,592)	-	274	25,582	-	38,323
Usiminas Participações e Logística S.A. (UPL)	80,849	3,828	(2,258)	-	5	-	82,424
Goodwill on subsidiaries	24,721	-	-	-	-	(1,051)	23,670
	<u>3,787,579</u>	<u>528,717</u>	<u>(2,815)</u>	<u>17,448</u>	<u>25,602</u>	<u>(1,051)</u>	<u>4,355,480</u>
Jointly-controlled subsidiaries							
Unigal	519,958	58,539	-	-	-	-	578,497
Usiroll	10,692	1,081	-	-	301	-	12,074
	<u>530,650</u>	<u>59,620</u>	<u>-</u>	<u>-</u>	<u>301</u>	<u>-</u>	<u>590,571</u>
Associates							
Codeme	20,615	10,108	-	-	-	-	30,723
Other	11,797	582	(335)	-	1	-	12,045
	<u>32,412</u>	<u>10,690</u>	<u>(335)</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>42,768</u>
	<u>4,350,641</u>	<u>599,027</u>	<u>(3,150)</u>	<u>17,448</u>	<u>25,904</u>	<u>(1,051)</u>	<u>4,988,819</u>

- (i) In the equity in the results of investees presented in the statement of income and the statement of cash flows of the Parent company, which totals R\$617,196 when compared with the income of R\$599,027 in changes in investments, the results related to net capital deficiency of the subsidiary Rios Unidos totaling R\$721 and unrealized inventory profit of R\$17,448 determined in the subsidiaries Soluções Usiminas and Usiminas Mecânica must be considered.

(ii) Consolidated

	<u>12/31/2019</u>	<u>Equity in the results of investees</u>	<u>Interest on capital and dividends</u>	<u>Actuarial liability</u>	<u>9/30/2020</u>
Jointly-controlled subsidiaries					
Investments in jointly-controlled subsidiaries	533,199	61,545	(2,176)	301	592,869
Goodwill on jointly-controlled subsidiaries	<u>4,668</u>	-	-	-	<u>4,668</u>
	537,867	61,545	(2,716)	301	597,537
Associates					
Investments in associates	508,071	39,327	(18,288)	29	529,139
Goodwill on associates	<u>7,200</u>	-	-	-	<u>7,200</u>
	<u>515,271</u>	<u>39,327</u>	<u>(18,288)</u>	<u>29</u>	<u>536,339</u>
Total	<u><u>1,053,138</u></u>	<u><u>100,872</u></u>	<u><u>(20,464)</u></u>	<u><u>330</u></u>	<u><u>1,133,876</u></u>

14 Property, plant and equipment

Changes in property, plant and equipment were as follows:

	<u>Parent company</u>	<u>Consolidated</u>
At December 31, 2019	9,892,313	11,424,691
Additions	395,549	537,363
Disposals	(13,357)	(14,728)
Depreciation (i)	(602,434)	(723,256)
Interest and indexation charges/foreign exchange gains or losses capitalized (ii)	16,617	16,617
Transfers	(6,674)	(7,113)
Impairment (iii)	-	(6,395)
Other	(2,403)	(2,405)
At September 30, 2020	<u>9,679,611</u>	<u>11,224,774</u>

(i) Includes right-of-use depreciation in the amount of R\$8,876 in the Parent company and R\$26,021 in Consolidated (IFRS16 adoption).

(ii) These charges were capitalized at the contracted rates, which are described in Note 20 to the financial statements for the year ended December 31, 2019.

(iii) Refers to impairment of assets of Usiminas Mecânica (Note 15).

In the nine-month period ended September 30, 2020, additions to property, plant and equipment refer to expenses incurred to keep the Company's production capacity.

At September 30, 2020, interest and foreign exchange gains/losses on borrowings were capitalized in property, plant and equipment, in the amount of R\$16,617 in the Parent company and in Consolidated.

At September 30, 2020, depreciation in the Parent company was recognized in "Cost of sales", "Other operating income (expenses)", "Selling expenses" and "General and administrative expenses", in the amounts of R\$411,012, R\$181,267, R\$2,241 and R\$7,914 (September 30, 2019 - R\$543,363, R\$53,254, R\$2,247 and R\$4,819), respectively. In Consolidated, depreciation was recognized in "Cost of sales", "Other operating income (expenses)", "Selling expenses" and "General and administrative expenses" in the amounts of R\$520,185, R\$189,635, R\$3,039 and R\$10,397 (September 30, 2019 - R\$627,147, R\$76,920, R\$3,051 and R\$7,593), respectively.

Certain property, plant and equipment items are pledged as collateral of borrowings and judicial proceedings (Note 31).

15 Impairment of non-financial assets

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

During the nine-month period ended September 30, 2020, management monitored the behavior of the main assumptions used in the impairment tests carried out at December 31, 2019 (as described in Note 17 to the financial statements at December 31, 2019), and also monitored the update of the main assumptions used in the impairment tests of the Steelworks segment carried out at June 30, 2020 (as described in Note 15 to the quarterly information of June 30, 2020), as well as the macroeconomic context of each business segment.

The assumptions and scenarios used are based on the expected improvement of the macroeconomic environment. However, such projections are dependent on factors and market conditions, and may therefore differ from actual figures and results. Therefore, the Company will continue to monitor future developments, continuously assessing the impacts of the spread of the new coronavirus disease (COVID-19) on its operations and, consequently, on its financial statements.

In the third quarter of 2020, the economic environment presented indicators of a gradual growth. For the Steel segment, this growth was reflected in the future results projections of the period, when compared to the results projections of the previous quarter. Therefore, there was no need to carry out a new impairment test for the period ended September 30, 2020.

As for the Mining and Steel Transformation segments and other long-term assets, there was no need for change in the assumptions used in the preparation of the impairment tests carried out at December 31, 2019.

In the nine-month period ended September 30, 2020, the subsidiary Usiminas Mecânica S.A., of the capital assets segment, recorded an additional amount of impairment loss on property, plant and equipment and intangible in the amount of R\$6,395 and R\$356, respectively, totaling R\$6,751. This reflects the downturn in the segment, which has not returned to the level of generation of sustainable results projected by the Company's management.

Management will continue to monitor the key assumptions of each business segment, as well as profit or loss in 2020, which will indicate the reasonableness of the future projections used.

16 Intangible assets

Changes in intangible assets in the nine-month period ended September 30, 2020, can be summarized as follows:

	<u>Parent company</u>	<u>Consolidated</u>
At December 31, 2019	90,355	726,922
Additions	15,587	16,822
Amortization	(15,780)	(24,158)
Transfers	6,674	7,113
Impairment (i)	-	(356)
Other	(15)	(15)
At September 30, 2020	<u>96,821</u>	<u>726,328</u>

(i) Refers to impairment of assets of Usiminas Mecânica (Note 15).

17 Borrowings and debentures

(a) Borrowings

Changes in borrowings were as follows:

	<u>Parent company</u>	<u>Consolidated</u>
At December 31, 2019	<u>3,089,589</u>	<u>3,099,971</u>
Accrued charges	200,585	200,933
Indexation accruals	423	441
Foreign exchange gains/losses	1,207,500	1,207,500
Payment of interest	(229,393)	(229,547)
Repayment of principal	(8,723)	(11,116)
Deferral of commissions	<u>8,864</u>	<u>6,849</u>
At September 30, 2020	<u><u>4,268,845</u></u>	<u><u>4,275,031</u></u>
Current liabilities	64,408	67,420
Non-current liabilities	<u>4,204,437</u>	<u>4,207,611</u>

Long-term amounts fall due as follows:

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>9/30/2020</u>	<u>12/31/2019</u>	<u>9/30/2020</u>	<u>12/31/2019</u>
2021	770	9,865	2,773	13,013
2022	10,045	10,002	12,704	12,732
2023	10,347	10,304	10,363	10,329
2024	9,841	9,799	9,845	9,803
2025	8,997	8,955	8,997	8,955
2026	<u>4,164,437</u>	<u>2,948,316</u>	<u>4,162,929</u>	<u>2,948,823</u>
	<u><u>4,204,437</u></u>	<u><u>2,997,241</u></u>	<u><u>4,207,611</u></u>	<u><u>3,003,655</u></u>

(b) Debentures

At September 30, 2020, changes in debentures were as follows:

	<u>Parent company and consolidated</u>
At December 31, 2019	<u>2,006,267</u>
Accrued charges	59,087
Indexation accruals	19,644
Payment of interest	<u>(100,599)</u>
At September 30, 2020 (i)	<u><u>1,984,399</u></u>
Current liabilities	7
Non-current liabilities	<u>1,984,392</u>

(i) Balance presented net, after deducting the amount of R\$15,608 related to the deferral of transaction costs, in accordance with Technical Pronouncement CPC 08 - Transaction Costs and Premiums on Issue of Securities.

At September 30, 2020, debenture charges of R\$7 are recorded in current liabilities (December 31, 2019 - R\$25,017).

Long-term amounts fall due as follows:

	<u>Parent company and consolidated</u>	
	<u>9/30/2020</u>	<u>12/31/2019</u>
2023	694,538	693,438
2024	644,927	643,906
2025	<u>644,927</u>	<u>643,906</u>
	<u><u>1,984,392</u></u>	<u><u>1,981,250</u></u>

(c) Covenants

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

(i) Net debt / Adjusted EBITDA:

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

At September 30, 2020, the Company determined the following ratio:

Indicator	Contracted ratio	Determined ratio
Net debt / Adjusted EBITDA	< 3.5	1.2

With respect to non-financial covenants, the Company has monitoring controls and, for the nine-month period ended September 30, 2020, no breaches of these covenants were found.

18 Taxes payable

	Parent company		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
ICMS	18,935	27,693	41,210	32,769
IPI	32,647	27,403	37,008	29,424
Withholding Income Tax (IRRF)	4,205	9,144	7,075	11,315
Services Tax (ISS)	1,038	1,876	4,398	5,905
PIS and COFINS	2,110	2,726	3,195	5,192
CFEM	-	-	33,320	11,119
Other	915	1,169	3,046	3,873
	<u>59,850</u>	<u>70,011</u>	<u>129,252</u>	<u>99,597</u>

19 Taxes payable in installments

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

	Parent company	Consolidated
At December 31, 2019 (i)	<u>201,204</u>	<u>201,206</u>
Provision for interest	<u>56</u>	<u>56</u>
Subtotal	<u>201,260</u>	<u>201,262</u>
Balance of judicial deposit offset	<u>(196,892)</u>	<u>(196,892)</u>
At September 30, 2020 (ii)	<u>4,368</u>	<u>4,370</u>

(i) To the total amount of taxes payable in installments presented in the balance sheet, the amount of R\$196,892, which refers to offset against judicial deposits, must be added in Parent company and Consolidated accounts.

(ii) The balances in the Parent company and Consolidated refer mainly to the Excise Tax (IPI).

20 Lease liabilities

At September 30, 2020, the Company estimated 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% per annum.

At September 30, 2020, changes in lease liabilities are shown below:

	Parent company	Consolidated
	9/30/2020	9/30/2020
Opening balance	31,807	109,270
Remeasurements	-	146
Payments	(10,184)	(30,432)
Reductions	(13,329)	(13,329)
Interest	1,490	6,352
	<u>9,784</u>	<u>72,007</u>
Closing balance		
Current	8,383	30,416
Non-current	1,401	41,591

At September 30, 2020, the estimated future minimum payments related to lease agreements were as follows:

	Parent company		
	Less than one year	From one to two years	Total
Lease agreements	8,886	1,444	10,330
Present value adjustment	(503)	(43)	(546)
	<u>8,383</u>	<u>1,401</u>	<u>9,784</u>

For the nine-month period ended September 30, 2020, the Parent company does not have payables from two to five years.

	Consolidated			
	Less than one year	From one to two years	From two to five years	Total
Lease agreements	36,202	25,446	22,575	84,223
Present value adjustment	(5,786)	(3,587)	(2,843)	(12,216)
	<u>30,416</u>	<u>21,859</u>	<u>19,732</u>	<u>72,007</u>

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

Cash flow	Parent company		Consolidated	
	Nominal	Adjusted to present value	Nominal	Adjusted to present value
Lease consideration	9,375	8,879	76,432	65,346
Potential PIS/COFINS (9.25%)	955	905	7,791	6,661
	<u>10,330</u>	<u>9,784</u>	<u>84,223</u>	<u>72,007</u>

21 Provision for litigation

	Parent company					
	9/30/2020			12/31/2019		
	Provisions	Judicial deposits	Net balance	Provisions	Judicial deposits	Net balance
INSS	1,179	-	1,179	-	-	-
ICMS	53,582	-	53,582	52,385	-	52,385
Labor	392,561	(135,233)	257,328	460,002	(145,080)	314,922
Civil	<u>150,730</u>	<u>(25,222)</u>	<u>125,508</u>	<u>146,931</u>	<u>(19,432)</u>	<u>127,499</u>
	<u>598,052</u>	<u>(160,455)</u>	<u>437,597</u>	<u>659,318</u>	<u>(164,512)</u>	<u>494,806</u>

	Consolidated					
	9/30/2020			12/31/2019		
	Provisions	Judicial deposits	Net balance	Provisions	Judicial deposits	Net balance
INSS	1,237	(58)	1,179	57	(57)	-
ICMS	54,657	(1,250)	53,407	53,444	(1,234)	52,210
PIS/COFINS	2,043	-	2,043	2,009	-	2,009
Labor	484,077	(189,266)	294,811	556,585	(200,861)	355,724
Civil	179,683	(41,766)	137,917	157,620	(35,584)	122,036
Other	<u>8,116</u>	<u>(2,740)</u>	<u>5,376</u>	<u>7,671</u>	<u>(2,699)</u>	<u>4,972</u>
	<u>729,813</u>	<u>(235,080)</u>	<u>494,733</u>	<u>777,386</u>	<u>(240,435)</u>	<u>536,951</u>

The judicial deposits related to provisions for contingencies in the Parent Company and Consolidated accounts, comprise the total balance of judicial deposits presented in Note 12.

At September 30, 2020, changes in the provision for litigation were as follows:

	<u>Parent company</u>	<u>Consolidated</u>
At December 31, 2019	659,318	777,386
Additions	55,723	83,297
Interest/inflation indexation	43,155	62,068
Payments/reductions	(55,566)	(58,027)
Reversal of principal	(84,058)	(108,515)
Reversal of interest	(20,520)	(22,559)
Transfers between current and non-current	-	(3,837)
At September 30, 2020	<u>598,052</u>	<u>729,813</u>

The provisions for litigation were recorded to cover probable losses arising from administrative proceedings and litigation relating to tax, labor, civil and environmental matters, in amounts considered sufficient by management, based on the advice and assessment of internal and external legal counsel.

In the nine-month period ended September 30, 2020, new labor claims totaling R\$53,470, civil proceedings amounting to R\$1,253 and tax proceedings totaling R\$1,000 were added to the Parent company's accounts. In the same period, reversals of principal relate mainly to agreements reached in labor claims amounting to R\$85,689 in the Parent company.

(a) Possible loss contingencies

In the nine-month period ended September 30, 2020, Usiminas was the defendant in proceedings involving risks of losses classified as possible by management, based on the advice of its legal counsel, amounting to R\$8,815,233 (December 31, 2019 – R\$8,167,875) At September 30, 2020, these proceedings, for which no provision was recorded, related to civil matters - R\$2,193,586; environmental matters - R\$26,326; labor matters - R\$1,240,734; and tax matters - R\$5,354,587 (December 31, 2019 – civil matters - R\$1,721,961; environmental matters - R\$15,863; labor matters - R\$1,211,945 and tax matters - R\$5,218,106).

(b) Contingent assets

At September 30, 2020, the main proceedings in which the Company is the plaintiff are presented below:

(i) Compulsory loan - Eletrobras

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

A final and unappealable decision was rendered with respect to the declaratory action relating to the Cubatão branch, whereby the Company is claiming the amount of R\$876,798. On September 1, 2020, the Company received from Eletrobras the undisputed amount, supplemented by indexation accruals, totaling R\$311,534. The Company continues to claim in court the unrecognized amount of R\$ 574,100, which it believes is owed by Eletrobras.

A final and unappealable decision was rendered with respect to the declaratory action relating to the Ipatinga branch, whereby the Company was claiming the amount of R\$1,387,296. On October 16, 2019, the Company received from Eletrobras the undisputed amount of R\$751,404, including indexation accruals. The Company continues to claim in court the unrecognized amount of R\$772,421 that it believes is owed by Eletrobras.

(ii) PIS and COFINS - Imports

The Company was also the plaintiff in an action related to the unconstitutionality of the inclusion of ICMS and the contributions themselves in the calculation basis of PIS and COFINS on Imports. A final and unappealable decision issued in August 2015 recognized the right to offset the amounts overpaid. The Company had the credits approved by the Federal Revenue Office. Of the total amount, R\$794,104 was offset up to December 31, 2018. In the year ended December 31, 2019 and in the nine-month period ended September 30, 2020, no amounts were offset.

(iii) Inclusion of ICMS in PIS and COFINS calculation bases

In May 2018, a final and unappealable decision was issued on the petition for writ of mandamus filed in 2010 by the Company, its subsidiary Usiminas Mecânica S.A. and its jointly-controlled subsidiary Unigal Ltda., which challenged the inclusion of the Value-Added Tax on Sales and Services (ICMS) in PIS and COFINS calculation bases. After this favorable decision, for the period from June 2005 to December 2014, the Company determined, together with its external consultants, that the amounts of taxes overpaid be supplemented by interest/indexation accruals as per the quantification of credits guidelines, especially Private Letter Ruling No. 13 - COSIT of the Brazilian Federal Revenue Secretariat. Accordingly, the Company recorded R\$789,160 in the year ended December 31, 2018, under "Taxes recoverable", of which R\$364,815 in current assets and R\$424,345 in non-current assets, with a corresponding entry to "Other operating income" and "Finance income (costs)" in the amounts of R\$410,932 and R\$378,228, respectively. In the same period, the amount of R\$803,249 was recorded in Consolidated under "Taxes recoverable", of which R\$378,904 in current assets and R\$424,345 in non-current assets, with a corresponding entry to "Other operating income" and "Finance result" in the amounts of R\$418,744 and R\$384,505, respectively.

In 2019, a final and unappealable decision was issued relating to other legal claims filed by the Company, its subsidiaries Usiminas Mecânica S.A. and Mineração Usiminas S.A. and its jointly-controlled subsidiary Unigal Ltda., which also challenged the inclusion of the ICMS in PIS and COFINS calculation bases. After this favorable decision, for several periods from November 2001, the Company determined, together with its external consultants, that the amounts of taxes overpaid be supplemented by interest/indexation accruals as per the quantification of credits guidelines, especially Private Letter Ruling No. 13 - COSIT of the Brazilian Federal Revenue Secretariat. Accordingly, the Company recorded R\$115,899 in the year ended December 31, 2019, under "Taxes recoverable" in non-current assets, with a corresponding entry to "Other operating income" and "Finance income (costs)" in the amounts of R\$63,266 and R\$52,633, respectively. In the same period, the amount of R\$156,561 was recorded in Consolidated under "Taxes recoverable", of which R\$37,782 in current assets and R\$118,779 in non-current assets, with a corresponding entry to "Other operating income" and "Finance income (costs)" in the amounts of R\$86,860 and R\$69,702, respectively.

In the year ended December 31, 2019, the following amounts were offset: R\$425,255 in the Parent company and R\$445,533 in Consolidated.

In the nine-month period ended September 30, 2020, the following amounts were offset: R\$296,972 in the Parent company and R\$346,622 in Consolidated.

22 Retirement benefit obligations

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

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>9/30/2020</u>	<u>12/31/2019</u>	<u>9/30/2020</u>	<u>12/31/2019</u>
Balance sheet obligations for:				
Pension benefits	494,571	815,365	507,801	828,332
Post-employment medical benefits	<u>733,657</u>	<u>702,997</u>	<u>779,841</u>	<u>746,464</u>
	<u>1,228,228</u>	<u>1,518,362</u>	<u>1,287,642</u>	<u>1,574,796</u>
	<u>Parent company</u>		<u>Consolidated</u>	
	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2020</u>	<u>9/30/2019</u>
Income (expenses) recognized in the statement of income				
Pension benefits	(25,003)	(31,303)	(27,018)	(31,229)
Post-employment medical benefits	<u>(36,599)</u>	<u>(33,127)</u>	<u>(37,564)</u>	<u>(33,127)</u>
	<u>(61,602)</u>	<u>(64,430)</u>	<u>(64,582)</u>	<u>(64,356)</u>

At September 30, 2020, changes in actuarial gains and losses recognized in other comprehensive income were as follows:

	<u>Parent company</u>	<u>Consolidated</u>
Actuarial gains (losses) recognized directly in other comprehensive income	1,848	1,840
Actuarial gains (losses) on loans recognized directly in other comprehensive income - CPC 33 and IFRIC 14	(37,660)	(37,660)
Decrease (increase) in assets (asset ceiling) in other comprehensive income - paragraph 58, CPC 33 and IAS 19	11,070	11,070
Gains (losses) on PB1 Plan debt renegotiation recognized directly in other comprehensive income	(446,508)	(446,508)
	<u> </u>	<u> </u>
Accumulated actuarial gains (losses) recognized in other comprehensive income (i)	<u>(471,250)</u>	<u>(471,258)</u>

(i) At September 30, 2020, total balance in the Parent company includes the amount of R\$8 related to actuarial gains (losses) of subsidiaries and jointly-controlled subsidiaries, recorded by the equity method of accounting.

(a) Changes in retirement benefit obligations

Pursuant to CPC 33 (R1) and IAS 19, the actuarial study carried out by an independent actuary as at December 31, 2019 presented liabilities of R\$1,518,362 in the Parent company and R\$1,574,796 in Consolidated. Changes in retirement benefit obligations are presented below:

	<u>Parent company</u>	<u>Consolidated</u>
At December 31, 2019	<u>1,518,362</u>	<u>1,574,796</u>
Amortization	(16,772)	(16,771)
Amounts recognized in the statement of income	61,602	64,582
Actuarial losses recognized directly in other comprehensive income	1,757	1,756
PB1 Plan - debt renegotiation recognized directly in other comprehensive income	<u>(336,721)</u>	<u>(336,721)</u>
At September 30, 2020	<u>1,228,228</u>	<u>1,287,642</u>

(b) PB1 Pension Plan debt renegotiation

On June 27, 2019, the Company sought a provisional remedy claiming the suspension of the requirement to pay to Previdência Usiminas the monthly amounts provided for in the Private Instrument of Acknowledgment of Debt, which established a plan for amortization of funds related to insufficient reserves of the PB1 Benefit Plan.

On March 24, 2020, the Company ratified an agreement (“Agreement”), entered into to allow the dismissal of a proceeding filed by the Company against Previdência Usiminas, in order to obtain: (i) a provisional remedy exempting Usiminas from continuing to effect the payment of the monthly amounts related to the amortization of the shortfall of the PB1 Supplementary Pension Plan (“PB 1 Plan”), under the terms of a Private Instrument entered into on June 12, 2001, between the Company and Previdência Usiminas (“2001 Contract”); and (ii) that the appeal claiming that the amount overpaid by Usiminas within the scope of said Instrument be refunded by Previdência Usiminas be upheld.

The Agreement establishes, among other obligations, that the PB1 Plan actuarial gains determined in 2016, 2017 and 2018, in the amount of R\$716,506, be used: (i) to settle the remaining balance of the 2001 Contract, in the amount of R\$322,574, according to the position at September 30, 2019; and (ii) to refund to Usiminas the remaining amount of R\$393,932, in a single installment, to be paid within 30 days from the date of ratification of the Agreement, considering that amounts related to the 2001 Contract were overpaid by Usiminas due to the delay in the renegotiation. The refund by Previdência Usiminas was made on March 26, 2020. The gains resulting from the Agreement were recognized in other comprehensive income.

In addition, the Agreement provides that the 2001 Contract be replaced with an Instrument of Commitment, in which Usiminas agrees to make special contributions for the settlement of shortfalls that may be determined in the PB1 Plan, as long as benefit payments are due to its participants and support is provided until full compliance with PB1 Plan’s obligations.

23 Equity

(a) Share capital

At September 30, 2020, the Company's capital is R\$13,200,295, comprising 1,253,079,108 book entry shares with no par value, of which 705,260,684 common shares; 547,752,163 Class A preferred shares and 66,261 Class B preferred shares, as shown below:

	<u>Common shares</u>	<u>Class A Preferred shares</u>	<u>Class B Preferred shares</u>	<u>Total</u>
Total shares at September 30, 2020	705,260,684	547,752,163	66,261	1,253,079,108
Total treasury shares	(2,526,656)	(20,817,506)	-	(23,344,162)
Total shares except treasury shares	702,734,028	526,934,657	66,261	1,229,734,946

(b) Reserves

At September 30, 2020, there were no changes in the nature and conditions of reserves in relation to those described in Note 28 (b) to the Company's financial statements for the year ended December 31, 2019. Disclosures have not been repeated in this interim accounting information.

24 Segment reporting

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

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

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

Management reviews the internal managerial reports for each segment periodically.

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

	9/30/2020						
	Mining and logistics	Steel metallurgy	Steel transformation	Capital assets	Subtotal	Eliminations and adjustments	Total
Gross sales revenue from products and services	2,585,860	9,806,751	3,073,664	221,087	15,687,362	(3,147,846)	12,539,516
Sales of products	2,585,860	9,778,881	3,049,410	87,201	15,501,352	(3,053,827)	12,447,525
Sales of services	-	27,870	24,254	133,886	186,010	(94,019)	91,991
Deductions	(140,320)	(1,633,950)	(608,434)	(32,700)	(2,415,404)	489,670	(1,925,734)
Revenue	2,445,540	8,172,801	2,465,230	188,387	13,271,958	(2,658,176)	10,613,782
Cost of sales	(1,086,185)	(7,789,090)	(2,329,499)	(270,300)	(11,475,074)	2,545,017	(8,930,057)
Gross profit (loss)	1,359,355	383,711	135,731	(81,913)	1,796,884	(113,159)	1,683,725
Operating expenses	(198,419)	(137,838)	(82,769)	(54,228)	(473,254)	(390,489)	(863,743)
Selling expenses	(138,064)	(114,906)	(35,423)	(9,899)	(298,292)	(3,658)	(301,950)
General and administrative expenses	(19,255)	(241,269)	(37,594)	(17,809)	(315,927)	11,480	(304,447)
Other expenses	(69,791)	(246,601)	(9,752)	(26,468)	(352,612)	(5,606)	(358,218)
Share of results of subsidiaries, jointly-controlled subsidiaries and associates	28,691	464,938	-	(52)	493,577	(392,705)	100,872
Operating profit (loss)	<u>1,160,936</u>	<u>245,873</u>	<u>52,962</u>	<u>(136,141)</u>	<u>1,323,630</u>	<u>(503,648)</u>	<u>819,982</u>
Finance result	117,590	(1,400,141)	(2,887)	(17,489)	(1,302,927)	(3,977)	(1,306,904)
Profit (loss) before income tax and social contribution	<u>1,278,526</u>	<u>(1,154,268)</u>	<u>50,075</u>	<u>(153,630)</u>	<u>20,703</u>	<u>(507,625)</u>	<u>(486,922)</u>
Income tax and social contribution	(423,764)	256,421	(17,635)	13,034	(171,944)	37,907	(134,037)
Profit (loss) for the period	<u>854,762</u>	<u>(897,847)</u>	<u>32,440</u>	<u>(140,596)</u>	<u>(151,241)</u>	<u>(469,718)</u>	<u>(620,959)</u>
Attributable to							
Controlling interests	599,482	(897,847)	22,344	(140,592)	(416,613)	(469,718)	(886,331)
Non-controlling interests	<u>255,280</u>	<u>-</u>	<u>10,096</u>	<u>(4)</u>	<u>265,372</u>	<u>-</u>	<u>265,372</u>
Assets	5,825,531	25,125,311	1,653,967	261,423	32,866,232	(4,998,865)	27,867,367
Total assets include:							
Investments in associates (except goodwill and investment properties)	483,960	42,831	-	2,348	529,139	-	529,139
Additions to non-current assets (except financial instruments and deferred tax assets)	152,464	437,768	20,003	4,138	614,373	(10,939)	603,434
Current and non-current liabilities	<u>993,262</u>	<u>11,449,617</u>	<u>489,368</u>	<u>223,107</u>	<u>13,155,354</u>	<u>(704,621)</u>	<u>12,450,733</u>

	9/30/2019						
	Mining and logistics	Steel metallurgy	Steel transformation	Capital assets	Subtotal	Eliminations and adjustments	Total
Gross sales revenue from products and services	1,541,371	11,825,197	3,553,637	318,716	17,238,921	(3,736,467)	13,502,454
Sales of products	1,541,371	11,799,647	3,505,934	116,155	16,963,107	(3,666,268)	13,296,839
Sales of services	-	25,550	47,703	202,561	275,814	(70,199)	205,615
Deductions	(127,218)	(2,165,710)	(759,609)	(32,549)	(3,085,086)	658,460	(2,426,626)
Revenue	1,414,153	9,659,487	2,794,028	286,167	14,153,835	(3,078,007)	11,075,828
Cost of sales	(773,706)	(8,749,254)	(2,656,030)	(257,586)	(12,436,576)	2,939,042	(9,497,534)
Gross profit (loss)	640,447	910,233	137,998	28,581	1,717,259	(138,965)	1,578,294
Operating expenses	(149,435)	(386,088)	(73,623)	(34,962)	(644,108)	(172,831)	(816,939)
Selling expenses	(79,363)	(84,835)	(34,886)	(9,757)	(208,841)	(3,308)	(212,149)
General and administrative expenses	(18,761)	(237,840)	(43,435)	(19,393)	(319,429)	10,965	(308,464)
Other income (expenses)	(105,776)	(314,490)	4,698	(5,765)	(421,333)	(7,621)	(428,954)
Share of results of subsidiaries, jointly-controlled subsidiaries and associates	54,465	251,077	-	(47)	305,495	(172,867)	132,628
Operating profit (loss)	491,012	524,145	64,375	(6,381)	1,073,151	(311,796)	761,355
Finance result	8,769	(658,172)	(3,333)	(1,648)	(654,384)	(9,888)	(664,272)
Profit (loss) before income tax and social contribution	499,781	(134,027)	61,042	(8,029)	418,767	(321,684)	97,083
Income tax and social contribution	(151,202)	131,098	(21,356)	2,497	(38,963)	50,424	11,461
Profit (loss) for the period	348,579	(2,929)	39,686	(5,532)	379,804	(271,260)	108,544
Attributable to							
Controlling interests	246,585	(2,929)	27,335	(5,532)	265,459	(271,260)	(5,801)
Non-controlling interests	101,994	-	12,351	-	114,345	-	114,345
							12/31/2019
Assets	4,690,187	24,016,527	1,621,282	429,350	30,757,346	(4,420,314)	26,337,032
Total assets include:							
Investments in associates (except goodwill and investment properties)	473,194	32,475	-	2,403	508,072	-	508,072
Additions to non-current assets (except financial instruments and deferred tax assets)	166,644	686,406	14,329	8,803	876,182	(12,576)	863,606
Current and non-current liabilities	709,654	9,915,126	489,123	276,021	11,389,924	(618,576)	10,771,348

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

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

25 Revenue

Reconciliation of gross to net revenue was as follows:

	Parent company		Consolidated	
	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2020</u>	<u>9/30/2019</u>
Sales of products				
Domestic market	8,668,629	10,860,860	9,347,691	11,375,925
Foreign market	<u>1,110,252</u>	<u>938,787</u>	<u>3,099,834</u>	<u>1,920,914</u>
	<u>9,778,881</u>	<u>11,799,647</u>	<u>12,447,525</u>	<u>13,296,839</u>
Sales of services				
Domestic market	22,832	22,370	86,953	202,436
Foreign market	<u>5,038</u>	<u>3,179</u>	<u>5,038</u>	<u>3,179</u>
	<u>27,870</u>	<u>25,549</u>	<u>91,991</u>	<u>205,615</u>
Gross revenue	<u>9,806,751</u>	<u>11,825,196</u>	<u>12,539,516</u>	<u>13,502,454</u>
Deductions from revenue	<u>(1,633,930)</u>	<u>(2,165,702)</u>	<u>(1,925,734)</u>	<u>(2,426,626)</u>
Net revenue	<u><u>8,172,821</u></u>	<u><u>9,659,494</u></u>	<u><u>10,613,782</u></u>	<u><u>11,075,828</u></u>

26 Expenses by nature

	Parent company		Consolidated	
	9/30/2020	9/30/2019	9/30/2020	9/30/2019
Depreciation, amortization and depletion	(618,214)	(619,062)	(747,414)	(735,603)
Employee benefit expenses	(653,046)	(636,087)	(1,015,895)	(982,760)
Raw materials and consumables	(5,857,728)	(6,633,783)	(5,685,679)	(6,395,569)
Scheduled maintenance	(110,734)	(115,848)	(109,830)	(117,842)
Freight charges and insurance	(286,195)	(334,144)	(688,887)	(593,864)
Distribution costs	(57,405)	(55,446)	(200,997)	(139,082)
Third-party services	(592,550)	(601,520)	(835,823)	(778,543)
Judicial charges	(9,341)	(1,483)	(16,091)	(10,013)
Income (expenses) in litigation, net	28,335	(178,196)	25,237	(192,266)
Results on the sale of excess electricity (i)	(8,958)	30,935	(10,468)	31,651
Gain/loss on the sale/write-off of PP&E, intangible assets and investments	8,252	4,016	9,620	6,100
Changes in impairment of assets, net	-	-	(6,751)	-
Provision for impairment of trade receivables	(17,757)	11,333	(27,943)	6,521
Inclusion of ICMS in PIS and Cofins calculation bases	-	57,637	9,569	78,335
Other	(300,446)	(425,522)	(593,320)	(624,166)
	<u>(8,475,787)</u>	<u>(9,497,170)</u>	<u>(9,894,672)</u>	<u>(10,447,101)</u>
Cost of sales	(7,880,344)	(8,865,422)	(8,930,057)	(9,497,534)
Selling expenses	(114,906)	(84,835)	(301,950)	(212,149)
General and administrative expenses	(232,147)	(229,134)	(304,447)	(308,464)
Other operating income (expenses), net	(248,390)	(317,779)	(358,218)	(428,954)
	<u>(8,475,787)</u>	<u>(9,497,170)</u>	<u>(9,894,672)</u>	<u>(10,447,101)</u>

(i) At September 30, 2020, the Company had receivables from the sale of excess electricity amounting to R\$4,439 in the Parent Company and R\$5,131 in Consolidated (December 31, 2019 – R\$36,122 and R\$37,678, respectively), which are recorded in Other current assets.

27 Finance income (costs)

	Parent company		Consolidated	
	9/30/2020	9/30/2019	9/30/2020	9/30/2019
Finance income				
Interest from customers	8,781	10,639	35,243	17,829
Income from financial investments	17,368	20,790	34,371	54,459
Indexation accruals	10,456	6,418	19,307	16,212
Indexation of PIS/COFINS credits	-	-	9,111	-
Indexation of judicial deposits	4,706	3,346	7,493	5,889
Accretion of present value adjustment of trade receivables	27,326	64,984	27,326	64,984
Reversal of the provision for interest on litigation related payments	20,520	50,241	22,559	54,007
Indexation of Eletrobras credits	5,686	75,380	5,686	75,380
Indexation of ICMS in PIS/COFINS calculation bases	-	50,830	-	64,374
Other finance income	20,021	11,898	22,001	8,437
	<u>114,864</u>	<u>294,526</u>	<u>183,097</u>	<u>361,571</u>
Finance costs				
Interest on borrowings and taxes payable in installments	(220,382)	(290,462)	(218,592)	(290,426)
Result of swap and hedge transactions	1,532	3,672	1,532	(2,191)
Indexation accruals	(23,820)	(63,491)	(36,319)	(78,405)
Indexation of provisions for litigation related payments	(43,155)	(138,934)	(62,068)	(160,859)
Accretion of present value adjustment of trade payables	(36,666)	(59,316)	(53,832)	(73,982)
Commissions and other costs on borrowings	(28,421)	(28,782)	(21,831)	(28,782)
Charges on actuarial liability	-	(83,955)	-	(84,093)
Interest, commissions and default penalty	(157)	(59)	(32,588)	(8,261)
Other finance costs	(22,595)	(18,533)	(15,427)	(18,256)
	<u>(373,664)</u>	<u>(679,860)</u>	<u>(439,125)</u>	<u>(745,255)</u>
Foreign exchange gains/losses, net	<u>(1,221,860)</u>	<u>(301,525)</u>	<u>(1,050,876)</u>	<u>(280,588)</u>
	<u>(1,480,660)</u>	<u>(686,859)</u>	<u>(1,306,904)</u>	<u>(664,272)</u>

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

28 Earnings (loss) per share

Basic and diluted

Basic and diluted earnings (loss) per share are calculated by dividing the profit (loss) attributable to the Company's stockholders by the weighted average number of common and preferred shares issued during the period excluding common shares acquired by the Company and held in treasury (Note 23).

	9/30/2020			Parent company 9/30/2019		
	Common shares	Preferred shares	Total	Common shares	Preferred shares	Total
Basic and diluted numerator						
Profit (loss) available to owners of the parent company	(506,495)	(379,836)	(886,331)	(3,316)	(2,485)	(5,801)
Basic and diluted denominator						
Weighted average number of shares, excluding treasury shares	702,734,028	526,928,487	1,229,662,515	702,734,028	526,667,316	1,229,401,344
Basic and diluted earnings (loss) per share - R\$	(0.72)	(0.72)		-	-	

29 Transactions with related parties

The main balances and transactions with related parties are as follows:

(a) Assets

	9/30/2020			Parent company 12/31/2019		
	Trade receivables	Dividends receivable	Other receivables	Trade receivables	Dividends receivable	Other receivables
Controlling interests	13,849	-	29	10,220	-	1,651
Non-controlling interests	-	-	-	2,369	-	-
Subsidiaries	194,670	17,921	95,717	251,727	40,220	100,223
Jointly-controlled subsidiaries	92	-	-	90	-	-
Associates	6,334	334	-	4,047	-	-
Other related parties (i)	40,446	-	5,176	66,534	-	-
Total	255,391	18,255	100,922	334,987	40,220	101,874
Current	255,391	18,255	68,925	334,987	40,220	46,384
Non-current (ii)	-	-	31,997	-	-	55,490
Total	255,391	18,255	100,922	334,987	40,220	101,874

(i) At September 30, 2020, the balance of trade receivables mainly refers to the sale of flat-rolled products to the Ternium Group in the amount of R\$39,233 (December 31, 2019 – R\$66,187).

(ii) At September 30, 2020, total non-current includes advances on property, plant and equipment in the amount of R\$8,955 (December 31, 2019 – R\$13,259).

	9/30/2020			Consolidated 12/31/2019	
	Trade receivables	Dividends receivable	Other receivables	Trade receivables	Other receivables
Controlling interests	13,849	-	29	10,220	1,651
Non-controlling interests	-	-	-	2,369	-
Jointly-controlled subsidiaries	384	-	-	90	-
Associates	6,334	13,088	-	4,054	-
Other related parties (i)	40,982	-	5,176	67,347	-
Total	61,549	13,088	5,205	84,080	1,651
Current	61,549	13,088	20	84,080	-
Non-current (ii)	-	-	5,185	-	1,651
Total	61,549	13,088	5,205	84,080	1,651

(i) At September 30, 2020, the balance of trade receivables mainly refers to the sale of flat-rolled products to the Ternium Group in the amount of R\$39,769 (December 31, 2019 – R\$66,999).

(ii) At September 30, 2020, total non-current refers to advances on property, plant and equipment in the amount of R\$5,185).

Trade receivables classified as related parties are unsecured by nature and bear interest. At September 30, 2020 and December 31, 2019, no provisions were recorded for receivables from related parties.

(b) Liabilities

	Parent company					
	9/30/2020			12/31/2019		
	Trade payables	Other payables	Borrowings	Trade payables	Other payables	Borrowings
Controlling interests	599	2,386	-	291	2,300	-
Subsidiaries	271,397	170,677	4,269,570	168,297	104,335	3,087,316
Jointly-controlled subsidiaries	55,497	-	-	69,332	-	-
Associates	2,080	-	-	698	-	-
Other related parties (i)	<u>311,722</u>	<u>-</u>	<u>-</u>	<u>142,543</u>	<u>70</u>	<u>-</u>
Total	641,295	173,063	4,269,570	381,161	106,705	3,087,316
Current	641,295	23,221	52,871	381,161	2,370	79,921
Non-current	<u>-</u>	<u>149,842</u>	<u>4,216,699</u>	<u>-</u>	<u>104,335</u>	<u>3,007,395</u>
Total	641,295	173,063	4,269,570	381,161	106,705	3,087,316

	Consolidated			
	9/30/2020		12/31/2019	
	Trade payables	Other payables	Trade payables	Other payables
Controlling interests	398	2,386	341	2,300
Non-controlling interests	-	3,350	-	8,394
Jointly-controlled subsidiaries	56,600	118	70,135	-
Associates	7,971	136,494	37,707	123,254
Other related parties (i)	<u>311,722</u>	<u>5,204</u>	<u>142,543</u>	<u>5,489</u>
Total	376,691	147,552	250,726	139,437
Current	376,691	39,898	250,726	17,599
Non-current	<u>-</u>	<u>107,654</u>	<u>-</u>	<u>121,838</u>
Total	376,691	147,552	250,726	139,437

(i) At September 30, 2020, the balance of trade payables refers mainly to the purchase of plates from Ternium Brasil in the amount of R\$311,718 (December 31, 2019 – R\$142,540) in the Parent company and in Consolidated.

(c) Results

	<u>9/30/2020</u>			<u>9/30/2019</u>		
	<u>Sales</u>	<u>Purchases</u>	<u>Finance and operating result</u>	<u>Parent company</u>		
				<u>Sales</u>	<u>Purchases</u>	<u>Finance and operating result</u>
Controlling interests	164,080	3,871	(920)	272,533	5,560	(10,390)
Non-controlling interests	-	-	-	413,734	-	-
Subsidiaries	2,445,762	682,512	(1,435,200)	3,215,591	498,068	(295,783)
Jointly-controlled subsidiaries	-	246,784	(2,235)	-	276,405	2
Associates	18,331	69,862	189	24,257	91,219	169
Other related parties (i) (ii)	<u>152,056</u>	<u>1,414,937</u>	<u>8,205</u>	<u>161,408</u>	<u>1,634,141</u>	<u>1,739</u>
Total	2,780,229	2,417,966	(1,429,961)	4,087,523	2,505,393	(304,263)

	<u>9/30/2020</u>			<u>9/30/2019</u>		
	<u>Sales</u>	<u>Purchases</u>	<u>Finance and operating result</u>	<u>Consolidated</u>		
				<u>Sales</u>	<u>Purchases</u>	<u>Finance and operating result</u>
Controlling interests	164,080	3,871	(947)	272,533	5,772	(10,390)
Non-controlling interests	-	-	-	413,743	39,913	-
Jointly-controlled subsidiaries	5,955	250,811	(2,486)	1,475	280,264	2
Associates	18,331	223,855	189	24,642	198,957	169
Other related parties (i) (ii)	<u>153,929</u>	<u>1,414,937</u>	<u>8,201</u>	<u>163,578</u>	<u>1,634,141</u>	<u>1,732</u>
Total	342,295	1,893,474	4,957	875,971	2,159,047	(8,487)

(i) At September 30, 2020, total sales to other related parties refer mainly to sales by Usiminas to the Ternium Group, amounting to R\$R\$135,516 in the Parent company and R\$137,389 in Consolidated (September 30, 2019 – R\$130,628 in the Parent company and R\$132,593 in Consolidated).

(ii) At September 30, 2020, total purchases from other related parties refer mainly to the purchase of steel plates from Ternium Brasil Ltda. in the amount of R\$1,408,401 (September 30, 2019 – R\$1,633,254) in the Parent company and in Consolidated.

The nature of the more significant related-party transactions is described in Note 37(e) to the financial statements for the year ended December 31, 2019.

The finance result with related parties refers mainly to charges on borrowings, as disclosed in item (b) above.

(d) Remuneration of the key management personnel

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

	Parent company and consolidated	
	<u>9/30/2020</u>	<u>9/30/2019</u>
Fees	9,826	10,772
Social charges	2,054	3,081
Retirement plans	244	257
Provision for variable compensation	<u>4,374</u>	<u>2,117</u>
	<u>16,498</u>	<u>16,227</u>

The Company has a stock option plan in place, as described in Note 30.

30 Stock option plan

The Company has a stock option plan. Oversight of the plan is provided by the Company's Board of Directors and managed with the support of the Human Resources Committee, under the parameters of the plan.

No changes have been identified in the Plan's characteristics and guidelines in relation to those described in Note 39 to the financial statements at December 31, 2019.

At September 30, 2020, the Plan included two programs:

- Program 2013, launched on November 28, 2013; and
- Program 2014, launched on November 27, 2014.

The fair value of the options granted is determined based on the Black-Scholes methodology and recorded as an expense over the vesting period.

In the nine-month period ended September 30, 2020, there was no impact from the Stock Option Plan on the statement of income of the Parent company and Consolidated, considering that the allocation of expenses was fully completed on October 31, 2017. In the same period, there was an impact of R\$417 from the Stock Option Plan on the capital reserves set up by the Company (September 30, 2019 - R\$567).

In the nine-month period ended September 30, 2020, 144,861 options were exercised, resulting in a decrease by the same number in preferred shares in treasury within equity.

31 Guarantees

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

Assets pledged as collateral	Liabilities secured	Parent company		Consolidated	
		9/30/2020	12/31/2019	9/30/2020	12/31/2019
Cash and cash equivalents	Litigation	40,642	40,547	40,642	40,547
Inventories	Litigation	611	669	611	669
Property, plant and equipment	Litigation	380,665	450,433	420,780	494,346
Property, plant and equipment	Borrowings	3,390	3,571	25,452	25,632
Property, plant and equipment	Actuarial liability	50,868	54,020	50,868	54,020
		<u>476,176</u>	<u>549,240</u>	<u>538,353</u>	<u>615,214</u>

32 Explanatory notes presented in the annual financial statements that are not presented in this interim accounting information

Pursuant to CVM/SNC/SEP Circular Letter No. 003/2011, the Company discloses Notes it considers material under CPC 00 - "Conceptual Framework for Financial Reporting". All information the omission or misstatement of which could affect the economic decisions of users was properly disclosed in this interim accounting information, which should be read together with the financial statements for the year ended December 31, 2019.

The Notes for which information has not been repeated in this interim accounting information, considering that no significant changes were made to the nature and conditions of these Notes in relation to those disclosed in the Company's financial statements for the year ended December 31, 2019 are listed below:

Note 04 - Significant accounting judgments, estimates and assumptions;
Note 07 - Financial instruments by category;
Note 19 - Trade payables, contractors and freight charges;
Note 26 - Provision for environmental recovery;
Note 32 - Employee benefits and expenses;
Note 33 - Operating income (expenses);
Note 36 - Commitments;
Note 38 - Insurance; and
Note 41 - Non-cash transactions.

Board of Directors

Ruy Roberto Hirschheimer
Chairman

Elias de Matos Brito
Board Member

Hiroshi Ono
Board Member

Luiz Carlos de Miranda Faria
Board Member

Oscar Montero Martinez
Board Member

Rita Rebelo Horta de Assis Fonseca
Board Member

Ronald Seckelmann
Board Member

Yuichi Akiyama
Board Member

Statutory Audit Board

Wanderley Rezende de Souza
Chairman

Fabricio Santos Debortoli
Board Member

Paulo Frank Coelho da Rocha
Board Member

Sérgio Carvalho Campos
Board Member

Executive Board

Sergio Leite de Andrade
CEO

Alberto Akikazu Ono
Vice-President - Finance and Investor Relations

Américo Ferreira Neto
Vice-President - Industrial Area

Kohei Kimura
Vice-President - Technology and Quality

Miguel Angel Homes Camejo
Vice-President - Commercial Area

Yoshiaki Shimada
Vice-President - Corporate Planning

Lucas Marinho Sizenando Silva
Accountant CRC-MG 080.788/O