

(A free translation of the original in Portuguese)

Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS

**Quarterly Information (ITR) at
June 30, 2021**

**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 June 30, 2021, comprising the balance sheet at that date and the statements of operations and comprehensive income for the quarter and six-month period then ended, and the statements of changes in equity and cash flows for the six-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 six-month period ended June 30, 2021. 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, July 30, 2021

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

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

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Company Information / Capital

Number of shares (units)	as at 06/30/2021
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	19,933,468
Total Treasury Shares	22,460,124

Parent Company Financial Statements / Balance sheet - Assets

(In thousands of reais)

Account Code	Account description	Current quarter 06/30/2021	Prior year 12/31/2020
1	Total Assets	32,234,055	26,662,013
1.01	Current Assets	12,945,600	8,302,795
1.01.01	Cash and Cash Equivalents	2,176,603	1,848,310
1.01.02	Financial investments	429,990	716,308
1.01.03	Trade Receivables	3,352,330	1,561,483
1.01.04	Inventories	5,092,026	3,315,958
1.01.08	Other Current Assets	1,894,651	860,736
1.01.08.03	Other	1,894,651	860,736
1.01.08.03.01	Taxes Recoverable	1,711,654	251,782
1.01.08.03.02	Prepaid Income Tax and Social Contribution	-	30,883
1.01.08.03.03	Dividends Receivable	286	380,516
1.01.08.03.04	Advances to Suppliers	477	84,013
1.01.08.03.07	Other	182,234	113,542
1.02	Noncurrent Assets	19,288,455	18,359,218
1.02.01	Long-term Receivables	3,094,683	3,344,307
1.02.01.04	Accounts Receivable	244,112	277,731
1.02.01.04.01	Trade Accounts Receivable	37,661	37,321
1.02.01.04.02	Other Accounts Receivable	206,451	190,410
1.02.01.07	Deferred Taxes	2,084,802	2,220,876
1.02.01.09	Receivables from Related Parties	23,243	23,086
1.02.01.10	Other Noncurrent Assets	742,526	822,614
1.02.01.10.03	Judicial Deposits	313,561	352,615
1.02.01.10.04	Properties for Sale	27,341	27,353
1.02.01.10.06	Taxes Recoverable	58,327	169,463
1.02.01.10.08	Insurance Indemnity to Receive	332,191	262,077
1.02.01.10.09	Other	11,106	11,106
1.02.02	Investments	6,374,353	5,282,942
1.02.02.01	Ownership Interests	6,273,559	5,182,120
1.02.02.01.01	Interest Held in Associates	48,046	42,526
1.02.02.01.02	Interest Held in Subsidiaries	5,662,020	4,623,913
1.02.02.01.03	Interest Held in Jointly-Controlled Subsidiaries	563,493	515,681
1.02.02.02	Investment Property	100,794	100,822
1.02.03	Property, Plant and Equipment (PPE)	9,710,481	9,627,857
1.02.03.01	Property, Plant and Equipment in Use	8,634,490	8,645,358
1.02.03.03	Construction in Progress	1,075,991	982,499
1.02.04	Intangible Assets	108,938	104,112

Parent Company Financial Statements / Balance Sheet - Liabilities

(In thousands of reais)

Account code	Account description	Current quarter 06/30/2021	Prior year 12/31/2020
2	Total Liabilities and Equity	32,234,055	26,662,013
2.01	Current Liabilities	4,204,207	3,647,035
2.01.01	Social and Labor Liabilities	168,569	141,490
2.01.02	Trade Payables	2,216,089	1,966,924
2.01.03	Tax Liabilities	682,966	105,330
2.01.03.01	Federal Tax Liabilities	682,966	105,330
2.01.03.01.01	Income tax and social contribution payable	486,238	-
2.01.03.01.02	Taxes payable	196,728	105,330
2.01.04	Borrowings	134,834	132,824
2.01.04.01	Borrowings	109,170	113,610
2.01.04.02	Debentures	25,664	19,214
2.01.05	Other Liabilities	1,001,749	1,300,467
2.01.05.02	Other	1,001,749	1,300,467
2.01.05.02.01	Dividends and Interest on Capital Payable	678	160,315
2.01.05.02.04	Accounts Payable	121,153	184,043
2.01.05.02.05	Taxes Payable in Installments	4,404	4,378
2.01.05.02.07	Advances from Customers	107,698	64,305
2.01.05.02.08	Accounts Payable - Forfeiting	763,231	880,711
2.01.05.02.09	Lease Liabilities	4,585	6,715
2.02	Noncurrent Liabilities	8,123,441	8,147,512
2.02.01	Borrowings	5,687,930	5,827,754
2.02.01.01	Borrowings	3,700,530	3,842,360
2.02.01.02	Debentures	1,987,400	1,985,394
2.02.02	Other Liabilities	314,248	247,904
2.02.02.02	Other	314,248	247,904
2.02.02.02.05	Lease Liabilities	14,985	766
2.02.02.02.06	Other Accounts Payable	299,263	247,138
2.02.04	Provisions	2,121,263	2,071,854
2.02.04.01	Provisions for Tax, Social Security, Labor and Civil	2,121,263	2,071,854
2.02.04.01.02	Provisions for Employee Benefits	1,501,448	1,415,432
2.02.04.01.05	Contingent Liabilities	619,815	656,422
2.03	Equity	19,906,407	14,867,466
2.03.01	Share Capital	13,200,295	13,200,295
2.03.02	Capital Reserves	311,843	311,366
2.03.04	Profit Reserves	1,472,967	1,472,967
2.03.04.01	Legal reserve	92,286	92,286
2.03.04.10	Investments and working capital	1,380,681	1,380,681
2.03.05	Retained Earnings (Accumulated Losses)	5,106,239	-
2.03.06	Equity Adjustments	-184,937	-117,162

Parent Company Financial Statements / Statement of Operations

(In thousands of reais)

Account code	Account description	Current period 01/01/2021 to 06/30/2021	Prior period 01/01/2020 to 06/30/2020
3.01	Revenue	13,488,495	5,130,319
3.02	Cost of Sales and/or Services	-10,248,825	-4,984,519
3.03	Gross Profit	3,239,670	145,800
3.04	Operating Income (Expenses)	2,116,552	-62,945
3.04.01	Selling Expenses	- 63,908	-85,740
3.04.02	General and Administrative Expenses	-171,449	-157,773
3.04.04	Other Operating Income	1,536,055	99,264
3.04.05	Other Operating Expenses	-383,656	-216,395
3.04.06	Equity in Results of Investees	1,199,510	297,699
3.05	Income Before Financial Income (Expense) and Taxes	5,356,222	82,855
3.06	Finance result	881,087	-1,285,684
3.07	Income Before Income Taxes	6,237,309	-1,202,829
3.08	Income Tax and Social Contribution	-1,137,466	259,380
3.08.01	Current	-1,001,393	-
3.08.02	Deferred	-136,073	259,380
3.09	Net Income (loss) from Continuing Operations	5,099,843	-943,449
3.11	Net Income/Loss for the Period	5,099,843	-943,449
3.99	Earnings (Loss) per Share (Reais / Shares)		
3.99.01	Basic Earnings per Share		
3.99.01.01	Registered Common Shares (RCS)	3.97000	-0.77000
3.99.01.02	Registered Preferred Shares (RPS)	4.37000	-0.77000
3.99.02	Diluted Earnings per Share		
3.99.02.01	RCS	3.97000	-0.77000
3.99.02.02	RPS	4.37000	-0.77000

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

(In thousands of reais)

Account code	Account description	Current period 01/01/2021 to 06/30/2021	Prior period 01/01/2020 to 06/30/2020
4.01	Net Income (Loss) for the Period	5,099,843	-943,449
4.02	Other Comprehensive Income (Loss)	-61,873	472,275
4.02.01	Actuarial Gain (Loss) on Retirement Benefits	-61,873	471,244
4.02.03	Hedge Accounting	-	1,031
4.03	Comprehensive Income (Loss) for the Period	5,037,970	-471,174

Parent Company Financial Statements / Cash Flow Statement - Indirect Method

(In thousands of reais)

Account code	Account description	Current period 01/01/2021 to 06/30/2021	Prior period 01/01/2020 to 06/30/2020
6.01	Net Cash from Operating Activities	158,764	727,071
6.01.01	Cash From Operations	3,242,237	183,453
6.01.01.01	Net Income (Loss) for the Period	5,099,843	-943,449
6.01.01.02	Charges and Indexation/Exchange Gains (Losses), Net	-901,919	1,086,709
6.01.01.03	Interest Expenses	124,973	177,441
6.01.01.04	Depreciation and Amortization	407,104	412,484
6.01.01.05	Gain/Loss on Sale of Property, Plant and Equipment	-54,984	-6,729
6.01.01.07	Equity in Results of Investees	-1,199,510	-297,699
6.01.01.09	Deferred Income Tax and Social Contribution	136,073	-259,380
6.01.01.10	Set up (Reversal) of Provisions	-415,860	-26,991
6.01.01.11	Actuarial Gains (Losses)	46,517	41,067
6.01.02	Changes in Assets and Liabilities	-2,742,637	333,540
6.01.02.02	Trade Receivables	-1,739,732	54,539
6.01.02.03	Inventories	-1,696,991	15,959
6.01.02.04	Taxes Recoverable	191,715	-50,286
6.01.02.05	Receivables from Related Parties	5,731	42,862
6.01.02.06	Judicial Deposits	29,703	-3,521
6.01.02.08	Other Increase (Decrease) In Assets	-70,617	-118,984
6.01.02.09	Accounts Payable, Contractors and Freight	249,165	-237,642
6.01.02.10	Advances from Customers	43,393	2,340
6.01.02.11	Payables to Related Parties	1,750	-24,607
6.01.02.12	Taxes Payable	434,945	192,960
6.01.02.13	Accounts Payable – Forfeiting	-117,480	325,876
6.01.02.14	Other Increase (Decrease) in Liabilities	-74,219	134,044
6.01.03	Other	-340,836	210,078
6.01.03.01	Interest Paid	-166,890	-157,103
6.01.03.02	Income and Social Contribution Taxes Paid	-151,434	-9,980
6.01.03.03	Actuarial Liability Paid (Received)	-22,512	377,161
6.02	Net Cash from Investing Activities	369,975	-240,417
6.02.01	Proceeds from the Sale of Property, Plant and Equipment	55,711	19,376
6.02.02	Purchases of Property, Plant and Equipment	-447,312	-273,720
6.02.04	Dividends Received	487,926	25,115
6.02.06	Purchase of Software	-12,668	-11,188
6.02.07	Marketable securities	286,318	-
6.03	Net Cash from Financing Activities	-161,638	-57,589
6.03.02	Repayment of Borrowings	-2,001	-7,676
6.03.04	Swap Transaction Settlements	-	662
6.03.05	Dividends and Interest on Equity Paid	-159,637	-50,575
6.04	Exchange Gain (Loss) on Cash and Cash Equivalents	-38,808	19,850
6.05	Increase (Decrease) in Cash and Cash Equivalents	328,293	448,915
6.05.01	Cash and Cash Equivalents at the beginning of Period	1,848,310	901,864
6.05.02	Cash and cash Equivalents at end of Period	2,176,603	1,350,779

Parent Company Financial Statements / Statement of Changes in Equity - 01/01/2021 to 06/30/2021
(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	311,366	1,472,967	-	-117,162	14,867,466
5.03	Adjusted Opening Balances	13,200,295	311,366	1,472,967	-	-117,162	14,867,466
5.04	Capital Transactions with Shareholders	-	477	-	6,396	-5,902	971
5.04.03	Recognized Options Granted	-	-411	-	411	-	-
5.04.05	Treasury Stock Sold	-	888	-	-	-	888
5.04.08	Adjustment from IAS 29 on Property, Plant and Equipment	-	-	-	5,902	-5,902	-
5.04.09	Prescribed dividends	-	-	-	83	-	83
5.05	Total Comprehensive Income	-	-	-	5,099,843	-61,873	5,037,970
5.05.01	Net Income for the Period	-	-	-	5,099,843	-	5,099,843
5.05.02	Other Comprehensive Income	-	-	-	-	-61,873	-61,873
5.05.02.06	Actuarial Gain and Loss on Retirement Benefits	-	-	-	-	-61,873	-61,873
5.07	Closing Balances	13,200,295	311,843	1,472,967	5,106,239	-184,937	19,906,407

Parent Company Financial Statements / Statement of Changes in Equity - 01/01/2020 to 06/30/2020**(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	-	-	-	6,513	-6,513	-
5.04.08	Adjustment from IAS 29 on Property, Plant and Equipment	-	-	-	6,513	-6,513	-
5.05	Total Comprehensive Income (Loss)	-	-	-	-943,449	472,275	-471,174
5.05.01	Net Income for the Period	-	-	-	-943,449	-	-943,449
5.05.02	Other Comprehensive Income (Loss)	-	-	-	-	472,275	472,275
5.05.02.03	Equity in other Comprehensive Income of Associates	-	-	-	-	1,031	1,031
5.05.02.06	Actuarial gain and loss on retirement benefits	-	-	-	-	471,244	471,244
5.07	Closing Balances	13,200,295	307,033	943,132	-936,936	58,725	13,572,249

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

Account code	Account description	Current period 01/01/2021 to 06/30/2021	Prior period 01/01/2020 to 06/30/2020
7.01	Revenue	16,505,477	6,135,201
7.01.01	Sales of Goods, Products and Services	16,496,092	6,142,831
7.01.02	Other Revenues	8,086	10,182
7.01.04	Allowance (Reversal of) for Doubtful Accounts	1,299	-17,812
7.02	Inputs Acquired from Third Parties	-10,146,820	-5,014,636
7.02.01	Costs of Products Goods and Services Sold	-11,238,246	-4,829,742
7.02.02	Materials, Energy, Third-Party Services and Other Expenses	1,091,426	-184,894
7.03	Gross Value Added	6,358,657	1,120,565
7.04	Retentions	-407,104	-412,484
7.04.01	Depreciation, Amortization and Depletion	-407,104	-412,484
7.05	Net Value Added Produced	5,951,553	708,081
7.06	Value Added Received in Transfer	2,104,644	485,900
7.06.01	Equity in earnings	1,199,510	297,699
7.06.02	Financial Revenues	929,971	68,620
7.06.03	Other	-24,837	119,581
7.06.03.01	Actuarial Gains (Losses)	-46,517	-41,067
7.06.03.02	Exchange Variations	21,680	160,648
7.07	Total Value Added to be Distributed	8,056,197	1,193,981
7.08	Distribution of Value Added	8,056,197	1,193,981
7.08.01	Personnel	360,217	314,990
7.08.01.01	Direct Compensation	286,772	264,556
7.08.01.02	Benefits	48,133	21,527
7.08.01.03	Unemployment Compensation Fund (FGTS)	25,312	28,907
7.08.02	Taxes, Rates and Contributions	2,525,573	307,488
7.08.02.01	Federal	1,572,486	-161,268
7.08.02.02	State	916,671	433,974
7.08.02.03	Municipal	36,416	34,782
7.08.03	Remuneration of Third Parties	70,564	1,514,952
7.08.03.01	Interest	226,141	264,456
7.08.03.03	Other	-155,577	1,250,496
7.08.03.03.01	Hedge	-155,577	1,252,377
7.08.03.03.02	Foreign Exchange Variations	-	-1,881
7.08.04	Equity Remuneration	5,099,843	-943,449
7.08.04.03	Retained Earnings (Accumulated Losses)	5,099,843	-943,449

Consolidated Financial Statements - Balance Sheet - Assets**(In thousands of reais)**

Account code	Account description	Current quarter - 06/30/2021	Prior year 12/31/2020
1	Total Assets	36,457,494	29,952,137
1.01	Current Assets	18,234,043	11,829,602
1.01.01	Cash and Cash Equivalents	3,748,010	3,261,288
1.01.02	Financial investments	2,305,303	1,606,816
1.01.03	Trade Receivables	3,654,969	2,372,791
1.01.04	Inventories	6,029,160	3,889,695
1.01.08	Other Current Assets	2,496,601	699,012
1.01.08.03	Other	2,496,601	699,012
1.01.08.03.01	Taxes Recoverable	2,231,993	441,572
1.01.08.03.02	Prepaid Income Tax and Social Contribution	4,838	35,780
1.01.08.03.03	Dividends Receivable	11,189	11,686
1.01.08.03.04	Advances to Suppliers	2,445	86,177
1.01.08.03.07	Other Accounts Receivable	246,136	123,797
1.02	Noncurrent Assets	18,223,451	18,122,535
1.02.01	Long-term Receivables	4,218,293	4,295,372
1.02.01.04	Accounts Receivable	268,604	258,411
1.02.01.04.01	Trade Accounts Receivable	81,179	87,321
1.02.01.04.02	Other Accounts Receivable	187,425	171,090
1.02.01.07	Deferred Taxes	2,851,127	2,914,338
1.02.01.10	Other Noncurrent Assets	1,098,562	1,122,623
1.02.01.10.03	Judicial Deposits	512,848	543,408
1.02.01.10.05	Taxes Recoverable	62,909	174,004
1.02.01.10.08	Insurance Indemnity to Receive	332,191	262,077
1.02.01.10.09	Other	190,614	143,134
1.02.02	Investments	1,308,014	1,222,930
1.02.02.01	Ownership Interest	1,143,820	1,058,708
1.02.02.01.01	Interests Held in Associates	573,430	535,977
1.02.02.01.04	Other Ownership Interests	570,390	522,731
1.02.02.02	Investment Property	164,194	164,222
1.02.03	Property, Plant and Equipment (PP&E)	11,103,073	11,006,034
1.02.03.01	Property, Plant and Equipment in Use	9,673,043	9,697,130
1.02.03.03	Construction in Progress	1,430,030	1,308,904
1.02.04	Intangible Assets	1,594,071	1,598,199

Consolidated Financial Statements / Balance Sheet - Liabilities**(In thousands of reais)**

Account code	Account description	Current quarter - 06/30/2021	Prior year 12/31/2020
2	Total Liabilities and Equity	36,457,494	29,952,137
2.01	Current Liabilities	5,377,667	4,479,098
2.01.01	Social and Labor Liabilities	225,589	180,757
2.01.02	Trade Payables	2,177,726	1,917,690
2.01.03	Tax Liabilities	1,643,118	610,804
2.01.03.01	Federal Tax Liabilities	1,643,118	610,804
2.01.03.01.01	Income and Social Contribution Taxes Payable	1,362,663	445,842
2.01.03.01.02	Taxes Payable	280,455	164,962
2.01.04	Borrowings	138,865	135,952
2.01.04.01	Borrowings	113,201	116,738
2.01.04.02	Debentures	25,664	19,214
2.01.05	Other Liabilities	1,192,369	1,633,895
2.01.05.02	Other	1,192,369	1,633,895
2.01.05.02.01	Dividends and Interest on Capital Payable	678	324,728
2.01.05.02.04	Taxes Payable in Installments	4,406	4,380
2.01.05.02.06	Advances from Customers	176,235	139,678
2.01.05.02.08	Accounts Payable	220,225	257,611
2.01.05.02.09	Accounts Payable - Forfeiting	763,231	880,711
2.01.05.02.10	Lease Liabilities	27,594	26,787
2.02	Noncurrent Liabilities	8,599,084	8,634,869
2.02.01	Borrowings	5,689,770	5,832,410
2.02.01.01	Borrowings	3,702,370	3,847,016
2.02.01.02	Debentures	1,987,400	1,985,394
2.02.02	Other Liabilities	374,886	301,055
2.02.02.01	Payables to related companies	85,555	80,042
2.02.02.02	Other	289,331	221,013
2.02.02.02.06	Lease Liabilities	54,599	37,920
2.02.02.02.07	Other	234,732	183,093
2.02.04	Provisions	2,534,428	2,501,404
2.02.04.01	Provisions for Tax, Social Security, Labor and Civil		
	Contingencies	2,296,912	2,271,402
2.02.04.01.02	Post-employment benefits	1,560,006	1,471,801
2.02.04.01.05	Provision for litigation	736,906	799,601
2.02.04.02	Other Provisions	237,516	230,002
2.03	Equity	22,480,743	16,838,170
2.03.01	Share Capital	13,200,295	13,200,295
2.03.02	Capital Reserves	311,843	311,366
2.03.04	Revenue Reserves	1,472,967	1,472,967
2.03.04.01	Legal Reserve	92,286	92,286
2.03.04.10	Investments and working capital	1,380,681	1,380,681
2.03.05	Retained Earnings (Accumulated Losses)	5,106,239	-
2.03.06	Carrying value adjustments	-184,937	-117,162
2.03.09	Non-controlling interests	2,574,336	1,970,704

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

Account code	Account description	Current period 01/01/2021 to 06/30/2021	Prior period 01/01/2020 to 06/30/2020
3.01	Revenue	16,662,101	6,232,570
3.02	Cost of Sales and/or Services	-10,556,431	-5,440,736
3.03	Gross Profit	6,105,670	791,834
3.04	Operating Income (Expenses)	881,708	-543,348
3.04.01	Selling expenses	-218,466	-205,754
3.04.02	General and Administrative Expenses	-224,854	-206,214
3.04.04	Other Operating Income	1,857,183	108,539
3.04.05	Other Operating Expenses	-624,317	-300,760
3.04.06	Equity in Results of Investees	92,162	60,841
3.05	Income Before Financial Income (Expense) and Taxes	6,987,378	248,486
3.06	Finance result, Net	956,525	-1,139,087
3.07	Income Before Income Taxes	7,943,903	-890,601
3.08	Income Tax and Social Contribution	-2,195,797	71,560
3.08.01	Current	-2,132,588	-183,139
3.08.02	Deferred	-63,209	254,699
3.09	Net income (loss) from Continuing Operations	5,748,106	-819,041
3.11	Net Income/Loss for the Period	5,748,106	-819,041
3.11.01	Attributed to Shareholders of Parent Company	5,099,843	-943,449
3.11.02	Attributed to Noncontrolling Shareholders	648,263	124,408
3.99	Earnings (Loss) per Share (Reais / Shares)		
3.99.01	Basic Earnings per Share		
3.99.01.01	Registered Common Shares (RCS)	3.9700	-0.77000
3.99.01.02	Registered Preferred Shares (RPS)	4.3700	-0.77000
3.99.02	Diluted Earnings per Share		
3.99.02.01	RCS	3.9700	-0.77000
3.99.02.02	RPS	4.3700	-0.77000

Consolidated Financial Statements / Statement of Comprehensive Income (loss)

(In thousands of reais)

Account code	Account description	Current period 01/01/2021 to 06/30/2021	Prior period 01/01/2020 to 06/30/2020
4.01	Consolidated Net Income (Loss) for the Period	5,748,106	-819,041
4.02	Other Comprehensive Income (Loss)	-61,830	472,720
4.02.01	Actuarial Gain (Loss) on Retirement Benefits	-61,830	471,247
4.02.03	Hedge Accounting	-	1,473
4.03	Consolidated Comprehensive Income (Loss) for the Period	5,686,276	-346,321
4.03.01	Attributed to Shareholders of Parent Company	5,037,970	-471,174
4.03.02	Attributed to Noncontrolling Shareholders	648,306	124,853

Consolidated Financial Statements / Cash Flow Statement - Indirect Method**(In thousands of reais)**

Account code	Account description	Current period 01/01/2021 to 06/30/2021	Prior period 01/01/2020 to 06/30/2020
6.01	Net Cash from Operating Activities	2,058,716	995,537
6.01.01	Cash From Operations	5,923,830	872,727
6.01.01.01	Net Income (Loss) for the Period	5,748,106	-819,041
6.01.01.02	Charges and Indexation/Exchange Gains (Losses), Net	-994,247	1,108,480
6.01.01.03	Interest Expenses	123,783	170,757
6.01.01.04	Depreciation and Amortization	499,296	498,948
6.01.01.05	Gain/Loss on sale of Property, Plant and Equipment	-69,783	-7,101
6.01.01.07	Equity in Results of Investees	-92,162	-60,841
6.01.01.09	Deferred Income Tax and Social Contribution	63,209	-254,699
6.01.01.10	Set up (Reversal) of Provisions	596,921	193,169
6.01.01.11	Actuarial Gains (Losses)	48,707	43,055
6.01.02	Changes in Assets and Liabilities	-2,876,106	-6,011
6.01.02.02	Trade Receivables	-1,279,819	187,148
6.01.02.03	Inventories	-2,058,196	-137,369
6.01.02.04	Taxes Recoverable	-20,476	-106,977
6.01.02.05	Judicial Deposits	23,049	1,651
6.01.02.07	Receivables from Related Parties	-	-19,711
6.01.02.08	Other (Increase) Decrease in Assets	-183,282	-116,712
6.01.02.09	Accounts Payable, Contractors and Freight	260,036	-440,011
6.01.02.10	Payables to Related Parties	5,513	-14,184
6.01.02.11	Advances from Customers	36,557	1,776
6.01.02.12	Taxes Payable	505,081	218,627
6.01.02.13	Accounts Payable – Forfeiting	-117,480	325,876
6.01.02.14	Other Increase (Decrease) in Liabilities	-47,089	93,875
6.01.03	Other	-989,008	128,821
6.01.03.01	Interest Paid	-162,775	-157,253
6.01.03.02	Income and Social Contribution Taxes Paid	-803,721	-91,087
6.01.03.03	Actuarial Liability Paid (Received)	-22,512	377,161
6.02	Net Cash from Investing Activities	-1,160,488	-510,826
6.02.01	Proceeds from the Sale of Property, Plant and Equipment	104,047	19,797
6.02.02	Purchases of Property, Plant and Equipment	-560,751	-363,956
6.02.05	Dividends Received	7,752	4,002
6.02.06	Purchase of Software	-13,049	-11,383
6.02.07	Marketable Securities	-698,487	-159,286
6.03	Net Cash from Financing Activities	-372,698	-78,774
6.03.02	Repayment of Borrowings	-3,866	-10,042
6.03.04	Swap Transaction Settlement	-	-9,309
6.03.05	Dividends and Interest on Equity Paid	-368,832	-59,423
6.04	Exchange Gain (Loss) on Cash and Cash Equivalents	-38,808	19,850
6.05	Increase (Decrease) in Cash and Cash Equivalents	486,722	425,787
6.05.01	Cash and Cash Equivalents at Beginning of Period	3,261,288	1,252,966
6.05.02	Cash and Cash Equivalents at End of Period	3,748,010	1,678,753

Consolidated Financial Statements / Statement of Changes in Equity - 01/01/2021 to 06/30/2021
(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	311,366	1,472,967	-	-117,162	14,867,466	1,970,704	16,838,170
5.03	Adjusted Opening Balances	13,200,295	311,366	1,472,967	-	-117,162	14,867,466	1,970,704	16,838,170
5.04	Capital Transactions with Shareholders	-	477	-	6,396	-5,902	971	-44,674	-43,703
5.04.03	Recognized Options Granted	-	-411	-	411	-	-	-	-
5.04.05	Treasury Stock Sold	-	888	-	-	-	888	-	888
5.04.06	Dividends	-	-	-	-	-	-	-44,674	-44,674
5.04.08	Adjustment from IAS 29 on Property, Plant and Equipment	-	-	-	5,902	-5,902	-	-	-
5.04.09	Prescribed dividends	-	-	-	83	-	83	-	83
5.05	Total Comprehensive Income (Loss)	-	-	-	5,099,843	-61,873	5,037,970	648,306	5,686,276
5.05.01	Net Income (Loss) for the Period	-	-	-	5,099,843	-	5,099,843	648,263	5,748,106
5.05.02	Other Comprehensive Income (Loss)	-	-	-	-	-61,873	-61,873	43	-61,830
5.05.02.06	Actuarial loss on retirement benefits	-	-	-	-	-61,873	-61,873	43	-61,830
5.07	Closing Balances	13,200,295	311,843	1,472,967	5,106,239	-184,937	19,906,407	2,574,336	22,480,743

Consolidated Financial Statements / Statement of Changes in Equity - 01/01/2020 to 06/30/2020
(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	Noncontrollin 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	-	-	-	6,513	-6,513	-	-239	-239
5.04.06	Dividends	-	-	-	-	-	-	-239	-239
5.04.08	Adjustment from IAS 29 on Property, Plant and Equipment	-	-	-	6,513	-6,513	-	-	-
5.05	Total Comprehensive Income (Loss)	-	-	-	-943,449	472,275	-471,174	124,853	-346,321
5.05.01	Net Income (Loss) for the Period	-	-	-	-943,449	-	-943,449	124,408	-819,041
5.05.02	Other Comprehensive Income (Loss)	-	-	-	-	472,275	472,275	445	472,720
5.05.02.03	Equity in other Comprehensive Income of Associates	-	-	-	-	1,031	1,031	442	1,473
5.05.02.06	Actuarial loss on retirement benefits	-	-	-	-	471,244	471,244	3	471,247
5.07	Closing Balances	13,200,295	307,033	943,132	-936,936	58,725	13,572,249	1,646,875	15,219,124

Consolidated Financial Statements / Statement of Value Added**(In thousands of reais)**

Account code	Account description	Current period 01/01/2021 to 06/30/2021	Prior period 01/01/2020 to 06/30/2020
7.01	Revenue	20,721,776	7,663,836
7.01.01	Sales of Goods, Products and Services	20,714,557	7,676,223
7.01.02	Other Revenues	11,159	10,900
7.01.04	Allowance (Reversal of) for Doubtful Accounts	-3,940	-23,287
7.02	Inputs Acquired from Third Parties	-11,445,748	-5,795,391
7.02.01	Costs of Products Goods and Services Sold	-12,473,157	-5,426,981
7.02.02	Materials, Energy, Third-Party Services and Other Expenses	1,027,409	-368,410
7.03	Gross Value Added	9,276,028	1,868,445
7.04	Retentions	-499,296	-498,948
7.04.01	Depreciation, Amortization and Depletion	-499,296	-498,948
7.05	Net Value Added Produced	8,776,732	1,369,497
7.06	Value Added Received in Transfer	770,121	427,953
7.06.01	Equity in Results of Investees	92,162	60,841
7.06.02	Financial Revenues	1,068,601	126,083
7.06.03	Other	-390,642	241,029
7.06.03.01	Actuarial Gains and Losses	-48,707	-43,055
7.06.03.02	Foreign Exchange Gains/losses	-341,935	284,084
7.07	Total Value Added to be Distributed	9,546,853	1,797,450
7.08	Distribution of Value Added	9,546,853	1,797,450
7.08.01	Personnel	538,541	524,091
7.08.01.01	Direct Compensation	438,498	455,536
7.08.01.02	Benefits	65,584	28,202
7.08.01.03	Unemployment Compensation Fund (FGTS)	34,459	40,353
7.08.02	Taxes, Rates and Contributions	3,490,065	543,146
7.08.02.01	Federal	2,203,997	-43,599
7.08.02.02	State	1,246,264	545,929
7.08.02.03	Municipal	39,804	40,816
7.08.03	Remuneration of Third Parties	-229,859	1,549,254
7.08.03.01	Interest	239,644	318,274
7.08.03.03	Other	-469,503	1,230,980
7.08.03.03.01	Hedge	-469,503	1,232,861
7.08.03.03.02	Exchange gains and losses, net	-	-1,881
7.08.04	Swap Transaction Settlements	5,748,106	-819,041
7.08.04.03	Retained Earnings (Accumulated Losses)	5,099,843	-943,449
7.08.04.04	Noncontrolling Interests in Retained Profits	648,263	124,408

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 (capacity 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, 2020.

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 July 29, 2021.

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, 2020.

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.

Basis of preparation and statement of compliance

This interim accounting information for the six-month period ended June 30, 2021, should be read together with the Company's financial statements for the year ended December 31, 2020.

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, 2020, the following Notes are presented in a condensed manner for the six-month period ended June 30, 2021.

- 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 six-month period ended June 30, 2021, no new standards, amendments to or interpretations of existing standards were issued.

4 Financial risk management objectives and policy

At June 30, 2021, 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, 2020.

4.1 Foreign exchange risk

(i) Foreign exchange exposure

Usiminas 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, the yen and the euro. Foreign exchange risk arises from recognized assets and liabilities and net investments in foreign operations, as described below.

	Parent company		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Assets in foreign currency				
Cash and cash equivalents	116,900	128,916	374,664	397,051
Marketable securities	-	-	32,652	32,120
Trade receivables	119,873	47,353	715,224	262,589
Advances to suppliers	10	-	14	1,364
	<u>236,783</u>	<u>176,269</u>	<u>1,122,554</u>	<u>693,124</u>
Liabilities in foreign currency				
Borrowings	(3,799,748)	(3,944,010)	(3,799,748)	(3,944,010)
Trade payables, contractors and freight charges	(667,047)	(607,429)	(691,064)	(618,415)
Advances from customers	(5,731)	(10,682)	(13,014)	(20,074)
Other payables	<u>(2,677)</u>	<u>(2,793)</u>	<u>(2,671)</u>	<u>(2,787)</u>
	<u>(4,475,203)</u>	<u>(4,564,914)</u>	<u>(4,506,497)</u>	<u>(4,585,286)</u>
Currency exposure	<u>(4,238,420)</u>	<u>(4,388,645)</u>	<u>(3,383,943)</u>	<u>(3,892,162)</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 June 30, 2021. Scenario I considered a depreciation of the Brazilian Real by 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 June 30, 2021.

The exchange rates used in the sensitivity analysis are shown below:

Currency	6/30/2021			
	At 06/30/2021	Scenario I	Scenario II	Scenario III
US\$	5.0022	5.2523	6.2528	7.5033
Euro	5.9276	6.2240	7.4095	8.8914
Yen	0.0451	0.0473	0.0563	0.0676

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

Currency	Consolidated		
	6/30/2021		
	Scenario I	Scenario II	Scenario III
US\$	(168,627)	(843,136)	(1,686,272)
Euro	(324)	(1,618)	(3,235)
Yen	(247)	(1,233)	(2,465)

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:

	Parent company				Consolidated			
	6/30/2021	%	12/31/2020	%	6/30/2021	%	12/31/2020	%
Borrowings								
Fixed	3,809,700	65	3,955,970	66	3,815,571	65	3,963,754	66
Debentures								
CDI	2,013,064	35	2,004,608	34	2,013,064	35	2,004,608	34
	5,822,764	100	5,960,578	100	5,828,635	100	5,968,362	100

(ii) Sensitivity analysis of changes in interest rates

The Company prepares a sensitivity analysis of outstanding assets and liabilities indexed to interest rates at the end of the period, considering the rate prevailing at June 30, 2021 for the probable scenario. Scenario I considers a 5% increase in the average interest rate applied to the floating portion of its debt. Scenarios II and III were stressed based on factors of 25% and 50%, respectively, on the amounts of that rate at June 30, 2021.

The rate used and its related scenarios are shown below:

Index	6/30/2021			
	At 06/30/2021	Scenario I	Scenario II	Scenario III
CDI (i)	4.2%	4.4%	5.2%	6.2%

(i) Annual rate.

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

Index	Consolidated		
	6/30/2021		
	Scenario I	Scenario II	Scenario III
CDI	7,307	36,533	73,066

The Company is exposed to the Interbank Deposit Certificate (CDI) rate, related to debentures, as presented in Note 21 to the financial statements for the year ended December 31, 2020 and Note 17 of these interim financial statements.

4.3 Capital management

The objectives for managing capital are to ensure the going concern of operations, honor their commitments and increase their earnings, thus offering returns to stockholders and benefits to other stockholders.

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

	Parent company		Consolidated	
	<u>6/30/2021</u>	<u>12/31/2020</u>	<u>6/30/2021</u>	<u>12/31/2020</u>
Total borrowings, debentures and taxes payable in installments	(5,827,168)	(5,964,956)	(5,833,041)	(5,972,742)
Less: cash and cash equivalents and marketable securities	<u>2,606,593</u>	<u>2,564,618</u>	<u>6,053,313</u>	<u>4,868,104</u>
Net debt	<u>(3,220,575)</u>	<u>(3,400,338)</u>	<u>220,272</u>	<u>(1,104,638)</u>
Total equity	19,906,407	14,867,466	22,480,743	16,838,170
Total capitalization	<u>23,126,982</u>	<u>18,267,804</u>	<u>22,260,471</u>	<u>17,942,808</u>
Gearing ratio	<u>14%</u>	<u>19%</u>	<u>(1%)</u>	<u>6%</u>

5 Derivative financial instruments

At June 30, 2021 and December 31, 2020, the Company and its subsidiaries did not have any outstanding derivative financial instruments.

At June 30, 2020, transactions with derivative financial instruments entered into by the Company totaled R\$1,881.

6 Cash and cash equivalents

	Parent company		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Bank accounts	89,874	27,391	111,677	43,264
Bank accounts abroad	116,900	128,916	374,664	397,051
Bank Deposit Certificates (CDB) and repurchase transactions	1,969,829	1,692,003	3,261,669	2,820,973
	2,176,603	1,848,310	3,748,010	3,261,288

Financial investments in Bank Deposit Certificates (CDB) and repurchase transactions have immediate liquidity, and earn on average 106.39% (December 31, 2020 - 104.24%) of the CDI rate in the Parent company and 106.29% (December 31, 2020 – 103.98%) of the CDI rate in Consolidated.

At June 30, 2021, Usiminas had no overdraft accounts.

7 Marketable securities

	Parent company		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Bank Deposit Certificates (CDB)	429,990	716,308	2,272,651	1,574,696
Financial investments abroad	-	-	32,652	32,120
	<u>429,990</u>	<u>716,308</u>	<u>2,305,303</u>	<u>1,606,816</u>

Financial investments in Bank Deposit Certificates (CDB) earn on average 106.39% (December 31, 2020 – 104.24%) of the CDI rate in the Parent company and 106.29% (December 31, 2020 – 103.98%) of the CDI rate in Consolidated.

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

Financial investments mainly comprise Bank Deposit Certificates (CDB) with prime financial institutions.

8 Trade receivables

	Parent company		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Trade receivables:				
In Brazil	2,144,016	1,354,497	3,193,819	2,381,091
Abroad	64,319	34,191	659,670	249,427
Provision for impairment of trade receivables (i)	(135,753)	(137,208)	(201,512)	(197,946)
Trade receivables, net	2,072,582	1,251,480	3,651,977	2,432,572
Receivables from related parties				
In Brazil	1,257,819	379,969	24,581	10,185
Abroad	59,590	17,355	59,590	17,355
Receivables from related parties	1,317,409	397,324	84,171	27,540
	<u>3,389,991</u>	<u>1,648,804</u>	<u>3,736,148</u>	<u>2,460,112</u>
Current assets	3,352,330	1,561,483	3,654,969	2,372,791
Non-current assets	37,661	87,321	81,179	87,321

(i) Of the total provision for impairment of trade receivables in Parent company and Consolidated accounts, the balance of R\$4,036 (December 31, 2020 - R\$4,193) refers to trade receivables denominated in foreign currency.

The ageing analysis of trade receivables was as follows:

	Parent company		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Amounts not yet due	3,235,923	1,641,529	3,706,066	2,270,168
Amounts past due:				
Up to 30 days	169,691	38,153	40,616	211,221
From 31 to 60 days	3,844	4,124	6,390	5,557
From 61 to 90 days	4,713	1,925	5,784	7,717
From 91 to 180 days	6,051	2,486	11,513	5,073
Over 181 days	105,522	97,795	167,291	158,322
(-) Provision for impairment of trade receivables	(135,753)	(137,208)	(201,512)	(197,946)
	<u>3,389,991</u>	<u>1,648,804</u>	<u>3,736,148</u>	<u>2,460,112</u>

At June 30, 2021, trade receivables amounting to R\$154,068 in the Parent company and R\$30,082 in Consolidated were past due but not impaired (December 31, 2020 – R\$7,275 and R\$189,944, respectively). These receivables 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:

	Parent company		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Brazilian Real	3,270,118	1,601,451	3,020,924	2,197,523
U.S. Dollar	112,251	46,048	707,602	261,284
Euro	<u>7,622</u>	<u>1,305</u>	<u>7,622</u>	<u>1,305</u>
	<u>3,389,991</u>	<u>1,648,804</u>	<u>3,736,148</u>	<u>2,460,112</u>

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

	Parent company	Consolidated
At December 31, 2020	<u>(137,208)</u>	<u>(197,946)</u>
(Additions to) Reversals from profit or loss	1,299	(3,940)
Write-off against trade receivables	-	217
Foreign exchange gains/losses	<u>156</u>	<u>157</u>
At June 30, 2021	<u>(135,753)</u>	<u>(201,512)</u>

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

9 Inventories

	Parent company		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Current assets				
Finished products	1,075,298	669,208	1,090,844	786,763
Work in progress	1,801,594	1,257,692	1,823,714	1,274,666
Raw materials	1,305,793	685,879	2,142,935	1,072,102
Supplies and spare parts	542,538	484,788	611,799	546,827
Imports in transit	308,325	160,446	308,338	160,520
Provision for losses (i)	(169,015)	(120,836)	(175,963)	(129,964)
Other	227,493	178,781	227,493	178,781
	<u>5,092,026</u>	<u>3,315,958</u>	<u>6,029,160</u>	<u>3,889,695</u>

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

10 Taxes recoverable

	Parent company			
	6/30/2021		12/31/2020	
	Current	Non-current	Current	Non-current
PIS (i)	271,935	-	20,809	13,798
COFINS (i)	1,263,411	-	80,986	103,940
ICMS	151,492	37,371	114,000	30,926
IPI	22,921	-	34,923	-
Special System for Refund of Tax Amounts to Exporting Companies (Reintegra) - credit	1,854	19,097	1,040	18,934
Other	41	1,859	24	1,865
	<u>1,711,654</u>	<u>58,327</u>	<u>251,782</u>	<u>169,463</u>
	Consolidated			
	6/30/2021		12/31/2020	
	Current	Non-current	Current	Non-current
PIS (i)	343,411	563	36,283	14,353
COFINS (i)	1,559,417	2,736	159,117	106,633
ICMS	227,299	38,493	176,309	32,064
IPI	92,628	-	64,694	-
Reintegra - credit	1,854	19,097	1,040	18,934
National Institute of Social Security (INSS)	2,137	-	2,809	-
Other	5,247	2,020	1,320	2,020
	<u>2,231,993</u>	<u>62,909</u>	<u>441,572</u>	<u>174,004</u>

(i) At June 30, 2021, current asset balances refer mainly tax credits PIS and COFINS, as described in Note 21 (b) of these interim financial statements and in Note 25 (c) of the financial statements at December 31, 2020. These balances were classified in current assets in accordance with the expected offset of these credits against taxes payable, which is based on the Company's projected results for the next 12 months.

11 Income tax and social contribution**(a) Taxes on profit**

The calculation of income tax and social contribution are shown below:

	Parent company		Consolidated	
	6/30/2021	6/30/2020	6/30/2021	6/30/2020
Profit (loss) before income tax and social contribution	6,237,309	(1,202,829)	7,943,903	(890,601)
Nominal statutory rates	34%	34%	34%	34%
Income taxes at nominal rates	<u>(2,120,685)</u>	<u>408,962</u>	<u>(2,700,927)</u>	<u>302,804</u>
Adjustments to reconcile to effective expense/benefit:				
Equity in the results of investees (i)	531,998	106,687	31,336	20,686
Permanent differences - Prior	(5,938)	(3,101)	737	(5,380)
Deferred tax losses recognized (unrecognized)	439,494	(253,168)	456,409	(272,094)
Tax incentives	17,665	-	18,849	2,095
Non-taxable income and rate differences of subsidiaries in foreign tax jurisdictions	<u>-</u>	<u>-</u>	<u>(2,201)</u>	<u>23,449</u>
Taxes on income	<u>(1,137,466)</u>	<u>259,380</u>	<u>(2,195,797)</u>	<u>71,560</u>
Current	(1,001,393)	-	(2,132,588)	(183,139)
Deferred	<u>(136,073)</u>	<u>259,380</u>	<u>(63,209)</u>	<u>254,699</u>
Tax benefit (expense) in the statement of income	<u>(1,137,466)</u>	<u>259,380</u>	<u>(2,195,797)</u>	<u>71,560</u>
Income tax	(831,693)	190,851	(1,609,152)	53,319
Social contribution	<u>(305,773)</u>	<u>68,529</u>	<u>(586,645)</u>	<u>18,241</u>

(i) Net of unrealized inventory profit.

The statutory nominal rates obtained in the calculation of these taxes differ from the theoretical rates, as shown in the table above.

(b) Deferred income tax and social contribution

Changes in deferred income tax and social contribution, net, for the six-month period ended June 30, 2021, were as follows:

	Assets	
	Parent company	Consolidated
At December 31, 2020	2,220,876	2,914,338
Deferred taxes in the statement of income, net	(575,567)	(519,618)
Deferred tax losses recognized (unrecognized)	439,494	456,409
Other	(1)	(2)
At June 30, 2021	2,084,802	2,851,127

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

	Parent company		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Deferred assets arising from income tax and social contribution losses	2,101,229	2,537,974	2,235,190	2,691,854
Deferred assets arising from temporary differences	1,084,521	931,319	1,938,673	1,711,646
Deferred liabilities arising from temporary differences	(682,445)	(390,420)	(714,549)	(424,566)
Unrecognized deferred income tax and social contribution	(418,503)	(857,997)	(608,187)	(1,064,596)
	<u>2,084,802</u>	<u>2,220,876</u>	<u>2,851,127</u>	<u>2,914,338</u>

In the six-month period ended June 30, 2021, the Company's management, based on indicators and results, reversed an allowance for prior period tax credit losses of R\$439,494 in the Parent company and R\$456,409 in Consolidated (December 31, 2020 – reversal of R\$39,078 in the Parent company and recorded a provision of R\$5,488 in Consolidated). Deferred tax assets from losses not recognized in the financial statements totaled R\$418,503 in the Parent company and R\$608,187 in Consolidated (December 31, 2020 – R\$857,997 and R\$1,064,596, respectively). The Company's management will continue monitoring this unrecognized amount, which may be recognized when recovery is deemed to be 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 June 30, 2021, the expected realization of the taxes was as follows:

	<u>Parent company</u>	<u>Consolidated</u>
2021	127,366	224,488
2022	235,877	270,494
2023	245,569	280,164
2024	246,353	280,961
2025	278,480	313,072
2026 to 2028	883,628	998,131
2029 to 2031	876,221	975,432
2032 to 2034	292,256	357,378
After 2035 (i)	-	473,743
Total	<u>3,185,750</u>	<u>4,173,863</u>
Deferred tax losses recognized (unrecognized)	<u>(418,503)</u>	<u>(608,187)</u>
Assets	<u>2,767,247</u>	<u>3,565,676</u>
Liabilities	<u>(682,445)</u>	<u>(714,549)</u>
Net position	<u>2,084,802</u>	<u>2,851,127</u>

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

The recognition of tax losses is based on a study of the future taxable income projections, 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 for the asset impairment test of assets (Note 17 to the financial statements at December 31, 2020). In the six-month period ended June 30, 2021, management monitored the main assumptions used in the impairment tests, to assess whether to recognize or reverse deferred tax assets.

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 losses offsets should not be considered as the only indication of the future profitability of Usiminas.

12 Judicial deposits

Changes to judicial deposits balances were as follows:

	<u>Parent company</u>	<u>Consolidated</u>
At December 31, 2020 (i)	<u>549,507</u>	<u>740,300</u>
Additions	2,625	16,074
Interest/inflation indexation	2,468	4,591
Reversals	<u>(44,147)</u>	<u>(51,225)</u>
Subtotal	<u>510,453</u>	<u>709,740</u>
(-) Offset against taxes payable in installments	<u>(196,892)</u>	<u>(196,892)</u>
At June 30, 2021	<u><u>313,561</u></u>	<u><u>512,848</u></u>

(i) The judicial deposits at December 31, 2020, exclude R\$196,892 offset against taxes payable in installments.

At June 30, 2021, additions in the Parent company refer to tax proceedings (R\$2,553). In Consolidated, additions also include the Financial Compensation for Mineral Resources Exploration (CFEM) in the subsidiary Mineração Usiminas (R\$13,147).

At June 30, 2021, reversals in the Parent company refer to tax proceedings (R\$26,787) and labor claims (R\$14,743). In Consolidated, , reversals also include labor claims (R\$5,661).

13 Investments**(a) Changes in investments****(i) Parent company**

	<u>12/31/2020</u>	<u>Equity in the results of investees</u>	<u>Interest on capital and dividends</u>	<u>Unrealized inventory profit</u>	<u>Actuarial liability</u>	<u>Other</u>	<u>6/30/2021</u>
Subsidiaries							
Mineração Usiminas	3,666,557	1,101,645	(104,239)	-	103	-	4,664,066
Soluções Usiminas	701,100	331,949	-	(365,191)	-	-	667,858
Usiminas International	73,163	(6,473)	-	-	-	-	66,690
Usiminas Mecânica	21,702	78,226	-	-	-	-	99,928
Usiminas Participações e Logística S.A. (UPL)	84,474	5,185	(2,470)	-	30	-	87,219
Goodwill on subsidiaries	76,917	-	-	-	-	(658)	76,259
	<u>4,623,913</u>	<u>1,510,532</u>	<u>(106,709)</u>	<u>(365,191)</u>	<u>133</u>	<u>(658)</u>	<u>5,662,020</u>
Jointly-controlled subsidiaries							
Unigal	503,078	47,539	-	-	-	-	550,617
Usiroll	12,603	1,273	(1,000)	-	-	-	12,876
	<u>515,681</u>	<u>48,812</u>	<u>(1,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>563,493</u>
Associates							
Codeme	30,504	4,727	-	-	-	-	35,231
MRS	12,022	775	13	-	5	-	12,815
	<u>42,526</u>	<u>5,502</u>	<u>13</u>	<u>-</u>	<u>5</u>	<u>-</u>	<u>48,046</u>
	<u>5,182,120</u>	<u>1,564,846</u>	<u>(107,696)</u>	<u>(365,191)</u>	<u>138</u>	<u>(658)</u>	<u>6,273,559</u>

At June 30, 2021, the equity of the Parent Company, presented in the changes of investments, as follows:

	<u>Parent company</u>
Equity in the result of investees presented in the statement of income and the statement of cash flows of the Parent company	<u>1,199,510</u>
Capital deficiency of the subsidiary Rios Unidos	145
Unrealized inventory profit in the subsidiaries Soluções Usiminas and Usiminas Mecânica	<u>365,191</u>
Equity in the result of investees presented in the change of investments	<u>1,564,846</u>

(ii) Consolidated

	12/31/2020	Equity in the results of investees	Interest on capital and dividends	Actuarial liability	6/30/2021
Jointly-controlled subsidiaries					
Investments in jointly-controlled subsidiaries	518,063	50,079	(1,420)	-	566,722
Goodwill in jointly-controlled subsidiaries	<u>4,668</u>	<u>-</u>	<u>(1,000)</u>	<u>-</u>	<u>3,668</u>
	522,731	50,079	(2,420)	-	570,390
Associates					
Investments in associates	528,777	42,083	(4,813)	183	566,230
Goodwill on associates	<u>7,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,200</u>
	<u>535,977</u>	<u>42,083</u>	<u>(4,813)</u>	<u>183</u>	<u>573,430</u>
Total	<u>1,058,708</u>	<u>92,162</u>	<u>(7,233)</u>	<u>183</u>	<u>1,143,820</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, 2020	9,627,857	11,006,034
Additions	447,312	560,751
Disposals	(727)	(34,264)
Depreciation (i)	(397,604)	(480,461)
Interest and indexation charges/foreign exchange gains or losses capitalized (ii)	18,772	18,772
Transfers	(1,658)	(1,658)
Addition/Remeasurement - Right of use (IFRS 16)	17,161	34,532
Other	(632)	(633)
At June 30, 2021	9,710,481	11,103,073

(i) Includes right-of-use (IFRS 16) depreciation of R\$4,972 in the Parent company and R\$21,457 in Consolidated.

(ii) Charges capitalized at the contracted rates, as per Note 20 to the financial statements for the year ended December 31, 2020.

In the six-month period ended June 30, 2021, additions to property, plant and equipment refer to expenses incurred to maintain production capacity.

At June 30, 2021, interest and foreign exchange gains/losses on borrowings of R\$18,772 were capitalized in property, plant and equipment in the Parent company and in Consolidated.

At June 30, 2021, depreciation in the Parent company was recognized in "Cost of sales", "Other operating income (expenses)", "Selling expenses" and "General and administrative expenses", in the amounts of R\$293,498, R\$96,555, R\$1,501 and R\$6,050 (June 30, 2020 - R\$281,382, R\$113,549, R\$1,494 and R\$5,174), 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\$368,019, R\$103,633, R\$2,138 and R\$6,671 (June 30, 2020 - R\$353,737, R\$119,942, R\$2,026 and R\$6,844), respectively.

Certain property, plant and equipment items are pledged as collateral of borrowings and judicial proceedings (Note 32).

15 Impairment of non-financial assets

For the 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 markets in which the companies operate, as well as assumptions of expected results and the history of profitability of each segment.

During the six-month period ended June 30, 2021, management monitored the behavior of the main assumptions used in the impairment tests carried out at December 31, 2020 (as described in Note 17 to the financial statements at December 31, 2020), as well as the macroeconomic context of each business segment.

The assumptions and scenarios used are based on the expected improvement in the macroeconomic environment. However, such projections are dependent on factors and market conditions, and may therefore differ from actual figures and results. The Company continues to monitor expected future developments, including assessing the impacts of COVID-19 on its operations and, consequently, on its financial statements.

In the six-month period ended June 30, 2021, the economic scenario indicated signs of gradual improvement.

For all the Company's segments, this growth was reflected in projected results for the period, when compared with the projections of the previous quarter. Hence, there was no need to perform an impairment test for the period.

Management will continue to monitor the key assumptions of each business segment, as well as profit or loss in 2021, which will indicate the reasonableness of the future projections used.

In the period ended June 30, 2021, the remaining impairment loss in the Mining segment of R\$558,941 (R\$52,209 in inventories and R\$536,732 in mineral rights), continues to be monitored by the Company and will be reversed if future projections permit.

The remaining impairment loss in the capital assets segment of R\$112,196 (R\$2,766 in intangible assets and R\$109,430 in Property, plant and equipment), continues to be monitored by the Company and will be reversed in future projections permit.

16 Intangible assets

Changes in intangible assets in the six-month period ended June 30, 2021 are as follows:

	<u>Parent company</u>	<u>Consolidated</u>
At December 31, 2020	<u>104,112</u>	<u>1,598,199</u>
Additions	12,668	13,049
Amortization	(9,500)	(18,835)
Transfers	<u>1,658</u>	<u>1,658</u>
At June 30, 2021	<u>108,938</u>	<u>1,594,071</u>

17 Borrowings and debentures**(a) Borrowings**

Changes in borrowings were as follows:

	<u>Parent company</u>	<u>Consolidated</u>
At December 31, 2020	<u>3,955,970</u>	<u>3,963,754</u>
Accrued charges	124,146	119,932
Indexation accruals	234	285
Foreign exchange gains/losses	(145,875)	(145,875)
Payment of interest	(128,520)	(124,405)
Repayment of principal	(2,001)	(3,866)
Deferral of commissions	<u>5,746</u>	<u>5,746</u>
At June 30, 2021	<u><u>3,809,700</u></u>	<u><u>3,815,571</u></u>
Current liabilities	109,170	113,201
Non-current liabilities	<u>3,700,530</u>	<u>3,702,370</u>

Long-term amounts fall due as follows:

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>6/30/2021</u>	<u>12/31/2020</u>	<u>6/30/2021</u>	<u>12/31/2020</u>
2022	1,677	3,378	3,497	6,038
2023	2,976	2,976	2,992	4,968
2024	1,696	1,696	1,700	1,700
2026	<u>3,694,181</u>	<u>3,834,310</u>	<u>3,694,181</u>	<u>3,834,310</u>
	<u><u>3,700,530</u></u>	<u><u>3,842,360</u></u>	<u><u>3,702,370</u></u>	<u><u>3,847,016</u></u>

(b) Debentures

At June 30, 2021, changes in debentures were as follows:

	<u>Parent company and consolidated</u>
At December 31, 2020	<u>2,004,608</u>
Accrued charges	22,568
Indexation accruals	24,258
Payment of interest	<u>(38,370)</u>
At June 30, 2021 (i)	<u><u>2,013,064</u></u>
Current liabilities	25,664
Non-current liabilities	<u>1,987,400</u>

(i) Balance presented net, after deducting f R\$12,600 related to the deferral of transaction costs, in accordance with Technical Pronouncement CPC 08 - Transaction Costs and Premiums on Issue of Securities.

At June 30, 2021, debenture charges of R\$25,664 are recorded in current liabilities (December 31, 2020 - R\$19,214).

Long-term amounts fall due as follows:

	<u>Parent company and consolidated</u>	
	<u>6/30/2021</u>	<u>12/31/2020</u>
2023	695,590	694,888
2024	645,905	645,253
2025	<u>645,905</u>	<u>645,253</u>
	<u><u>1,987,400</u></u>	<u><u>1,985,394</u></u>

(c) Covenants

The financial covenants, the Company is required to comply with the following financial covenants, 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 June 30, 2021, the Company determined the following ratio:

Indicator	Contracted ratio	Determined ratio
Net debt / Adjusted EBITDA	< 3.5	(0.02)

The Company has monitoring controls over non- financial covenants and, for the six-month period ended June 30, 2021, no breaches of these covenants were found.

18 Taxes payable

	Parent company		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
ICMS	113,083	48,378	130,957	57,415
IPI	73,674	37,866	80,332	41,127
Withholding Income Tax (IRRF)	4,717	9,954	5,830	11,977
Services Tax (ISS)	1,560	1,353	4,625	4,554
PIS and COFINS	2,615	1,897	4,557	3,485
CFEM	-	-	51,340	37,927
Other	1,079	5,882	2,814	8,477
	<u>196,728</u>	<u>105,330</u>	<u>280,455</u>	<u>164,962</u>

19 Taxes payable in installments

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

	Parent company	Consolidated
At December 31, 2020 (i)	<u>201,270</u>	<u>201,272</u>
Provision for interest	<u>26</u>	<u>26</u>
Subtotal	<u>201,296</u>	<u>201,298</u>
Balance of judicial deposit offset	<u>(196,892)</u>	<u>(196,892)</u>
At June 30, 2021 (ii)	<u>4,404</u>	<u>4,406</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 June 30, 2021, 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 June 30, 2021, changes in lease liabilities are shown below:

	Parent company	Consolidated
	6/30/2021	6/30/2021
Opening balance	7,481	64,707
Additions/Remeasurements of contracts	17,162	34,537
Reductions	(5,716)	(20,718)
Interest	643	3,667
Closing balance	19,570	82,193
Current	4,585	27,594
Non-current	14,985	54,599

At June 30, 2021, the estimated minimum payments related to lease agreements were as follows:

	Parent company		
	Less than one year	From one to two years	From two to five years
Lease agreements	6,138	3,176	18,076
Present value adjustment	(1,553)	(1,294)	(4,973)
	4,585	1,882	13,103
	Total		
	27,594	21,487	33,112
	Consolidated		
	Less than one year	From one to two years	From two to five years
Lease agreements	34,230	26,082	41,321
Present value adjustment	(6,636)	(4,595)	(8,209)
	27,594	21,487	33,112
	Total		
	82,193		

The table below shows the estimated potential PIS/COFINS recoverable at June 30, 2021, included in the lease consideration, according to the lease terms:

Cash flow	Nominal	Parent company Adjusted to present value	Nominal	Consolidated Adjusted to present value
Lease consideration	24,856	17,760	92,232	74,590
Potential PIS/COFINS (9.25%)	2,534	1,810	9,401	7,603
	27,390	19,570	101,633	82,193

21 Provision for litigation

	Parent company					
	6/30/2021			12/31/2020		
	Provisions	Judicial deposits	Net balance	Provisions	Judicial deposits	Net balance
INSS	53,394	-	53,394	51,692	-	51,692
ICMS	51,731	-	51,731	52,564	-	52,564
Labor	391,662	(113,387)	278,275	399,329	(126,811)	272,518
Civil	123,028	(22,826)	100,202	152,837	(24,064)	128,773
	<u>619,815</u>	<u>(136,213)</u>	<u>483,602</u>	<u>656,422</u>	<u>(150,875)</u>	<u>505,547</u>

	Consolidated					
	6/30/2021			12/31/2020		
	Provisions	Judicial deposits	Net balance	Provisions	Judicial deposits	Net balance
INSS	63,224	(58)	63,166	52,364	(58)	52,306
ICMS	52,900	(1,261)	51,639	53,640	(1,254)	52,386
PIS and COFINS	2,065	-	2,065	2,049	-	2,049
Labor	472,270	(158,243)	314,027	491,105	(177,526)	313,579
Civil	134,584	(39,624)	94,960	189,510	(40,695)	148,815
Other	11,863	(2,765)	9,098	10,933	(2,747)	8,186
	<u>736,906</u>	<u>(201,951)</u>	<u>534,955</u>	<u>799,601</u>	<u>(222,280)</u>	<u>577,321</u>

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

At June 30, 2021, changes in the provision for litigation were as follows:

	<u>Parent company</u>	<u>Consolidated</u>
At December 31, 2020	<u>656,422</u>	<u>799,601</u>
Additions	62,042	66,854
Interest/inflation indexation	31,641	22,696
Payments/reductions	(97,384)	(98,249)
Reversal of principal	(12,335)	(32,889)
Reversal of interest	<u>(20,571)</u>	<u>(21,107)</u>
At June 30, 2021	<u>619,815</u>	<u>736,906</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 six-month period ended June 30, 2021, in the Parent company, additions refer to labor claims (R\$37,684) and civil proceedings (R\$24,327). Payments/reductions refer to payments made in connection with civil proceedings (R\$55,497) and labor claims (R\$41,887).

In the six-month period ended June 30, 2021, in Consolidated, additions refer to labor claims (R\$41,600) and civil proceedings (R\$24,359). Payments/reductions refer to payments made in connection with civil proceedings (R\$55,836) and labor claims (R\$42,413).

(a) Possible loss contingencies

In the six-month period ended June 30, 2021, Usiminas was the defendant in proceedings involving risks of losses classified as possible by management, based on the advice of its legal counsel, totaling R\$6,006,733 (December 31, 2020 – R\$6,546,379). At June 30, 2021, these proceedings, for which no provision was recorded, related to civil matters - R\$587,379; environmental matters - R\$19,075; labor matters - R\$924,826; and tax matters - R\$4,475,453 (December 31, 2020 – civil matters - R\$568,630; environmental matters - R\$17,673; labor matters - R\$929,854 and tax matters - R\$5,030,221).

(b) Contingent assets

At June 30, 2021, the main proceeding in which the Company is the plaintiff is presented below:

(i) Inclusion of ICMS in PIS and COFINS calculation bases - amounts displayed on invoice

In March 2017, the Federal Supreme Court (STF) ruled that the inclusion of ICMS in PIS and COFINS calculation bases was unconstitutional. In October 2018, the Ruling No. 13 - COSIT of the Brazilian Federal Revenue Secretariat (RFB) determining that the ICMS paid should be excluded from PIS and COFINS calculation bases was published. Since December 2018, the Company and its subsidiaries have recorded PIS and COFINS credits based on the understanding of the RFB which was equivalent to the ICMS amount paid, since this was the undisputed part of the credits to which the Company was entitled.

In May 2021, the STF confirmed that the ICMS as displayed on the invoice should be the amount to be excluded from the PIS and COFINS tax calculation bases, and not the ICMS paid. Following this favorable decision, covering periods from November 2001, the Company recalculated, together with its external consultants, that the amounts of taxes overpaid adjusted for interest/indexation accruals as per these guidelines.

Accordingly the amount of R\$2,215,352 was recorded in the Parent Company (R\$2,530,514 in Consolidated) for the six-month period ended June 30, 2021, under "Recoverable taxes" (Note 10), as a corresponding entry to "Other operating income" (Note 26) and "Finance income (costs)" (Note 27), as follows:

Inclusion of ICMS in PIS and COFINS calculation bases	Parent company	Consolidated
	6/30/2021	6/30/2021
PIS/COFINS credits - Other operating income	1,387,299	1,620,272
Indexation of PIS/COFINS credits - Finance result	828,053	910,242
Total PIS/COFINS credits recognized	2,215,352	2,530,514
Provision for losses on expected realization	-	(76,558)
Total PIS/COFINS credits recognized - net	2,215,352	2,453,956
PIS/COFINS credits - Other operating income (item ii)	-	31,530
Indexation of PIS/COFINS credits - Finance result (item ii)	-	13,950
Total PIS/COFINS credits recognized - net	2,215,352	2,499,436
Total PIS/COFINS credits - Other operating income	1,387,299	1,651,802
Total provision for losses on expected realization	-	(76,558)
Total indexation of PIS/COFINS credits - Finance result	828,053	924,192

(ii) Inclusion of ICMS in PIS and COFINS calculation bases - tax amount paid

In addition to the matter in item (i) above, at the end of 2020, a final and unappealable decision favorable for the subsidiary Soluções em Aço Usiminas S.A. was issued with respect (ICMS) from the PIS and COFINS tax calculation bases.

The subsidiary determined, together with its external consultants, that the amounts of taxes overpaid, adjusted for interest/indexation accruals under the quantification of credits guidelines, especially Private Letter Ruling No. 13 - COSIT of the RFB. Accordingly, in March 2021, R\$45,480 was recorded in Consolidated, as a corresponding entry to "Other operating income" and "Finance result", in the amounts of R\$31,530 and R\$13,950, respectively. These credits were determined in the first quarter considering the exclusion of the ICMS paid from PIS and COFINS calculation bases, which, in that period, was the undisputed amount, since the Federal Supreme Court's decision on the Motion for Clarification was only issued in May 2021. The additional amounts referring to the exclusion of the ICMS separately as displayed on the invoice were recognized in the second quarter, as shown in the table in item (i).

22 Retirement benefit obligations

Retirement benefit obligations were as follows:

	Parent company		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Balance sheet obligations for:				
Pension benefits	742,137	676,280	743,464	691,024
Post-employment medical benefits	<u>759,311</u>	<u>739,152</u>	<u>816,542</u>	<u>780,777</u>
	<u>1,501,448</u>	<u>1,415,432</u>	<u>1,560,006</u>	<u>1,471,801</u>

	Parent company		Consolidated	
	6/30/2021	6/30/2020	6/30/2021	6/30/2020
Income (expenses) recognized in the statement of income				
Pension benefits	(21,561)	(16,669)	(22,053)	(17,814)
Post-employment medical benefits	<u>(24,956)</u>	<u>(24,398)</u>	<u>(26,654)</u>	<u>(25,241)</u>
	<u>(46,517)</u>	<u>(41,067)</u>	<u>(48,707)</u>	<u>(43,055)</u>

At June 30, 2021, changes in actuarial gains and losses recognized in other comprehensive income were as follows:

	Parent company	Consolidated
Actuarial gains (losses) recognized directly in other comprehensive income	(17,257)	(17,300)
Actuarial gains (losses) on loans recognized directly in other comprehensive income - CPC 33 and IFRIC 14	<u>79,130</u>	<u>79,130</u>
Accumulated actuarial gains (losses) recognized in other comprehensive income (i)	<u>61,873</u>	<u>61,830</u>

(i) At June 30, 2021, total balance in the Parent company includes the amount of R\$138 (total balance in Consolidated includes the amount of R\$45) related to actuarial gains (losses) of subsidiaries and jointly-controlled subsidiaries, recorded by the equity method of accounting.

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, 2020 presented liabilities of R\$1,415,432 in the Parent company and R\$1,471,801 in Consolidated. Changes in retirement benefit obligations are presented below:

	<u>Parent company</u>	<u>Consolidated</u>
At December 31, 2020	<u>1,415,432</u>	<u>1,471,801</u>
Amortization	(22,512)	(22,512)
Amounts recognized in the statement of income	46,517	48,707
Actuarial losses recognized directly in other comprehensive income	<u>62,011</u>	<u>62,010</u>
At June 30, 2021	<u><u>1,501,448</u></u>	<u><u>1,560,006</u></u>

23 Equity**(a) Share capital**

At June 30, 2021, capital was comprised as follows:

	<u>Common shares</u>	<u>Class A Preferred shares</u>	<u>Class B Preferred shares</u>	<u>Total</u>
Total shares at June 30, 2021	<u>705,260,684</u>	<u>547,752,163</u>	<u>66,261</u>	<u>1,253,079,108</u>
Total treasury shares	<u>(2,526,656)</u>	<u>(19,933,468)</u>	<u>-</u>	<u>(22,460,124)</u>
Total shares except treasury shares	<u>702,734,028</u>	<u>527,818,695</u>	<u>66,261</u>	<u>1,230,618,984</u>

(b) Reserves

At June 30, 2021, 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, 2020. Disclosures have not been repeated in this interim accounting information.

24 Segment reporting

As disclosed in Note 1 (e) to the financial statements for the year ended December 31, 2020, the Company's management has restructured the activities carried out by its subsidiary Usiminas Mecânica S.A., which now renders services exclusively to Usiminas, in particular to the Parent company.

At June 30, 2021, as a result of the restructuring, the presentation by business segment now include Usiminas Mecânica S.A. in the Steel metallurgy segment, and no longer in the Capital assets segment, which will no longer be presented.

As established in CPC 22 - Segment Reporting, information for prior periods were restated based on the Company's new business structure.

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

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

Management reviews the internal managerial reports for each segment periodically.

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

	6/30/2021					
	Mining and logistics	Steel metallurgy	Steel transformation	Subtotal	Eliminations and adjustments	Total
Gross sales revenue from products and services	3,623,409	16,567,909	5,161,271	25,352,589	(5,564,455)	19,788,134
Sales of products	3,623,409	16,549,088	5,133,501	25,305,998	(5,563,475)	19,742,523
Sales of services	-	18,821	27,770	46,591	(980)	45,611
Deductions	(60,543)	(3,058,030)	(1,000,949)	(4,119,522)	993,489	(3,126,033)
Net revenue	3,562,866	13,509,879	4,160,322	21,233,067	(4,570,966)	16,662,101
Cost of sales	(909,502)	(10,160,607)	(3,523,846)	(14,593,955)	4,037,524	(10,556,431)
Gross profit (loss)	2,653,364	3,349,272	636,476	6,639,112	(533,442)	6,105,670
Operating income (expenses)	(126,787)	2,001,575	27,224	1,902,012	(1,020,304)	881,708
Selling expenses	(116,715)	(64,537)	(37,214)	(218,466)	-	(218,466)
General and administrative expenses	(15,627)	(188,686)	(28,428)	(232,741)	7,887	(224,854)
Other income (expenses)	(32,330)	1,174,473	92,866	1,235,009	(2,143)	1,232,866
Share of results of subsidiaries, jointly-controlled subsidiaries and associates	37,885	1,080,325	-	1,118,210	(1,026,048)	92,162
Operating profit (loss)	2,526,577	5,350,847	663,700	8,541,124	(1,553,746)	6,987,378
Finance result	(22,119)	916,048	65,380	959,309	(2,784)	956,525
Profit (loss) before income tax and social contribution	2,504,458	6,266,895	729,080	9,500,433	(1,556,530)	7,943,903
Income tax and social contribution	(838,370)	(1,290,403)	(247,141)	(2,375,914)	180,117	(2,195,797)
Profit (loss) for the period	1,666,088	4,976,492	481,939	7,124,519	(1,376,413)	5,748,106
Attributable to						
Controlling interests	1,167,817	4,976,490	331,949	6,476,256	(1,376,413)	5,099,843
Non-controlling interests	498,271	2	149,990	648,263	-	648,263
Assets	8,344,856	32,507,929	3,384,890	44,237,675	(7,780,181)	36,457,494
Total assets include:						
Investments in associates (except goodwill and investment properties)	515,831	50,399	-	566,230	-	566,230
Additions to non-current assets (except financial instruments and deferred tax assets)	118,698	466,152	8,586	593,436	(3,562)	589,874
Current and non-current liabilities	1,420,907	12,567,177	1,703,401	15,691,485	(1,714,734)	13,976,751

	6/30/2020					
	Mining and logistics	Steel metallurgy	Steel transformation	Subtotal	Eliminations and adjustments	Total
Gross sales revenue from products and services	1,407,718	6,222,450	1,753,263	9,383,431	(1,977,439)	7,405,992
Sales of products	1,407,718	6,162,337	1,740,260	9,310,315	(1,979,756)	7,330,559
Sales of services	-	60,113	13,003	73,116	2,317	75,433
Deductions	(80,308)	(1,059,325)	(353,732)	(1,493,365)	319,943	(1,173,422)
Net revenue	1,327,410	5,163,125	1,399,531	7,890,066	(1,657,496)	6,232,570
Cost of sales	(660,742)	(5,001,537)	(1,340,482)	(7,002,761)	1,562,025	(5,440,736)
Gross profit (loss)	666,668	161,588	59,049	887,305	(95,471)	791,834
Operating income (expenses)	(134,758)	(130,109)	(59,619)	(324,486)	(218,862)	(543,348)
Selling expenses	(89,117)	(92,017)	(24,620)	(205,754)	-	(205,754)
General and administrative Expenses	(12,498)	(175,069)	(25,386)	(212,953)	6,739	(206,214)
Other income (expenses)	(43,602)	(135,121)	(9,613)	(188,336)	(3,885)	(192,221)
Share of results of subsidiaries, jointly-controlled subsidiaries and associates	10,459	272,098	-	282,557	(221,716)	60,841
Operating profit (loss)	531,910	31,479	(570)	562,819	(314,333)	248,486
Finance result	95,784	(1,228,751)	(2,608)	(1,135,575)	(3,512)	(1,139,087)
Profit (loss) before income tax and social contribution	627,694	(1,197,272)	(3,178)	(572,756)	(317,845)	(890,601)
Income tax and social contribution	(209,283)	247,741	520	38,978	32,582	71,560
Profit (loss) for the period	418,411	(949,531)	(2,658)	(533,778)	(285,263)	(819,041)
Attributable to Controlling interests	293,176	(949,531)	(1,831)	(658,186)	(285,263)	(943,449)
Non-controlling interests	125,235	-	(827)	124,408	-	124,408
						12/31/2020
Assets	7,032,637	26,930,196	1,874,809	35,837,642	(5,885,505)	29,952,137
Total assets include:						
Investments in associates (except goodwill and investment properties)	483,861	44,916	-	528,777	-	528,777
Additions to non-current assets (except financial instruments and deferred tax assets)	237,814	612,145	21,986	871,945	(15,226)	856,719
Current and non-current liabilities	1,623,569	12,015,617	675,259	14,314,445	(1,200,478)	13,113,967

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

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

25 Revenue

Reconciliation of gross to net revenue was as follows:

	Parent company		Consolidated	
	6/30/2021	6/30/2020	6/30/2021	6/30/2020
Sales of products				
Domestic market	15,887,654	5,458,616	16,019,510	5,561,956
Foreign market	637,393	698,472	3,723,013	1,768,603
	<u>16,525,047</u>	<u>6,157,088</u>	<u>19,742,523</u>	<u>7,330,559</u>
Sales of services				
Domestic market	11,915	14,263	42,278	71,778
Foreign market	3,333	3,655	3,333	3,655
	<u>15,248</u>	<u>17,918</u>	<u>45,611</u>	<u>75,433</u>
Gross revenue	<u>16,540,295</u>	<u>6,175,006</u>	<u>19,788,134</u>	<u>7,405,992</u>
Deductions from revenue	<u>(3,051,800)</u>	<u>(1,044,687)</u>	<u>(3,126,033)</u>	<u>(1,173,422)</u>
Net revenue	<u>13,488,495</u>	<u>5,130,319</u>	<u>16,662,101</u>	<u>6,232,570</u>

26 Expenses by nature

	Parent company		Consolidated	
	6/30/2021	6/30/2020	6/30/2021	6/30/2020
Depreciation, amortization and depletion	(407,104)	(412,484)	(499,296)	(498,948)
Employee benefit expenses	(472,903)	(420,734)	(681,808)	(663,994)
Raw materials and consumables	(8,644,520)	(3,666,158)	(8,034,293)	(3,421,679)
Scheduled maintenance	(136,940)	(65,897)	(132,952)	(63,659)
Freight charges and insurance	(336,713)	(176,668)	(639,491)	(390,496)
Distribution costs	(36,143)	(40,762)	(162,863)	(130,543)
Third-party services	(428,252)	(391,088)	(610,078)	(528,393)
Judicial charges	(5,544)	(5,631)	(16,416)	(9,535)
Income (expenses) in litigation, net	(49,707)	36,855	(34,465)	28,013
Gain/loss on the sale/write-off of PP&E, intangible assets and investments	54,984	6,729	69,783	7,101
Tax credits on PIS and COFINS	1,387,299	-	1,651,802	7,177
Provision for tax loss	-	-	(158,254)	(44,978)
Other	(256,240)	(209,325)	(518,554)	(334,991)
	(9,331,783)	(5,345,163)	(9,766,885)	(6,044,925)
Cost of sales	(10,248,825)	(4,984,519)	(10,556,431)	(5,440,736)
Selling expenses	(63,908)	(85,740)	(218,466)	(205,754)
General and administrative expenses	(171,449)	(157,773)	(224,854)	(206,214)
Other operating expenses, net	1,152,399	(117,131)	1,232,866	(192,221)
	(9,331,783)	(5,345,163)	(9,766,885)	(6,044,925)

27 Finance income (costs)

	Parent company		Consolidated	
	6/30/2021	6/30/2020	6/30/2021	6/30/2020
Finance income				
Interest from customers	6,410	7,081	10,797	32,496
Income from financial investments	203	14,126	3,407	31,510
Indexation accruals	33,557	4,708	64,371	10,072
Indexation of PIS/COFINS credits	828,053	-	924,192	7,618
Indexation of judicial deposits	2,468	3,362	4,591	5,342
Accretion of present value adjustment of trade receivables	36,867	20,917	36,867	20,917
Reversal of the provision/inflation indexation of judicial deposits and litigation related payments	20,571	14,032	21,085	14,247
Other finance income	1,842	4,394	3,291	3,881
	<u>929,971</u>	<u>68,620</u>	<u>1,068,601</u>	<u>126,083</u>
Finance costs				
Interest on borrowings and taxes payable in installments	(116,573)	(152,899)	(110,672)	(153,107)
Result of swap and hedge transactions	-	1,881	-	1,881
Indexation accruals	(22,710)	(15,223)	(31,489)	(23,453)
Indexation of provisions for litigation related payments	(31,641)	(30,601)	(22,696)	(48,856)
Accretion of present value adjustment of trade payables	5,214	(27,646)	(2,547)	(39,057)
Commissions and other costs on borrowings	(14,514)	(20,902)	(12,861)	(13,442)
PIS/COFINS on finance income	(40,650)	(2,175)	(43,141)	(4,146)
Interest, commissions and late payment expenses	(1,222)	(5)	(11,439)	(29,979)
Other finance costs	(4,045)	(15,005)	(4,799)	(6,234)
	<u>(226,141)</u>	<u>(262,575)</u>	<u>(239,644)</u>	<u>(316,393)</u>
Foreign exchange gains/losses, net	<u>177,257</u>	<u>(1,091,729)</u>	<u>127,568</u>	<u>(948,777)</u>
	<u>881,087</u>	<u>(1,285,684)</u>	<u>956,525</u>	<u>(1,139,087)</u>

The Company segregates the Extended Consumer Price Index (IPCA) in borrowings and financial investments which are indexed to the CDI rate and TR interest. From interest on borrowings and earnings on financial investments to report as 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).

	6/30/2021			Parent company 6/30/2020		
	Common shares	Preferred shares	Total	Common shares	Preferred shares	Total
Basic and diluted numerator						
Profit (loss) available to owners of the Parent company	2,792,436	2,307,407	5,099,843	(539,199)	(404,250)	(943,449)
Basic and diluted denominator						
Weighted average number of shares, excluding treasury shares	702,734,028	527,841,967	1,230,575,995	702,734,028	526,856,057	1,229,590,085
Basic and diluted earnings (loss) per share - R\$	3.97	4.37		(0.77)	(0.77)	

29 Transactions with related parties

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

(a) Assets

	Parent company			Parent company		
	6/30/2021			12/31/2020		
	Trade receivables	Dividends receivable	Other receivables	Trade receivables	Dividends receivable	Other receivables
Controlling interests	6,159	-	28	1,253	-	28
Subsidiaries (i)	1,234,311	-	25,453	370,331	380,218	27,396
Jointly-controlled subsidiaries	74	-	-	73	-	-
Associates	9,679	286	-	6,181	298	-
Other related parties (ii)	67,186	-	6,560	19,486	-	5,181
Total	1,317,409	286	32,041	397,324	380,516	32,605
Current	1,317,409	286	2,237	397,324	380,516	4,334
Non-current	-	-	29,804	-	-	28,271
Total	1,317,409	286	32,041	397,324	380,516	32,605

(i) At June 30, 2021, the balance of trade receivables mainly refers to the sale of flat-rolled products to the Soluções Usiminas S.A. of R\$1,233,800 (December 31, 2020 – R\$369,888).

(ii) At June 30, 2021, the balance of trade receivables mainly refers to the sale of flat-rolled products to the Ternium Group in of R\$56,717 (December 31, 2020 – R\$16,029).

	Consolidated			Consolidated		
	6/30/2021			12/31/2020		
	Trade receivables	Dividends receivable	Other receivables	Trade receivables	Dividends receivable	Other receivables
Controlling interests	6,159	-	28	1,253	-	28
Jointly-controlled subsidiaries	142	-	-	110	-	-
Associates	10,173	11,189	-	6,181	11,686	-
Other related parties (i)	67,697	-	6,560	19,997	-	5,181
Total	84,171	11,189	6,588	27,541	11,686	5,209
Current	84,171	11,189	27	27,541	11,686	24
Non-current (ii)	-	-	6,561	-	-	5,185
Total	84,171	11,189	6,588	27,541	11,686	5,209

(i) At June 30, 2021, the balance of trade receivables mainly refers to the sale of flat-rolled products to the Ternium Group in of R\$57,228 (December 31, 2020 – R\$16,540).

(ii) At June 30, 2021, total non-current refers to advances on property, plant and equipment in the amount of R\$6,561 (December 31, 2020 – R\$5,185).

Trade receivables classified as related parties are unsecured by nature and bear interest. At June 30, 2021 and at December 31, 2020, no provisions were recorded for receivables from related parties.

(b) Liabilities

	Parent company					
	6/30/2021			12/31/2020		
	Trade payables	Other payables	Borrowings	Trade payables	Other payables	Borrowings
Controlling interests	214	2,741	-	585	3,253	-
Subsidiaries	298,704	187	3,845,194	309,730	20,835	3,994,000
Jointly-controlled subsidiaries	51,499	-	-	66,212	-	-
Associates	2,123	-	-	2,706	-	-
Other related parties (i)	522,369	-	-	463,127	-	-
Total	874,909	2,928	3,845,194	842,360	24,088	3,994,000
Current	874,909	2,928	105,567	842,360	24,088	109,700
Non-current	-	-	3,739,627	-	-	3,884,300
Total	874,909	2,928	3,845,194	842,360	24,088	3,994,000

	Consolidated			
	6/30/2021		12/31/2020	
	Trade payables	Other payables	Trade payables	Other payables
Controlling interests	214	2,741	596	3,253
Non-controlling interests	2,039	2,529	-	151,096
Jointly-controlled subsidiaries	52,504	-	67,277	-
Associates	6,943	86,934	11,456	81,058
Other related parties (i)	522,369	-	463,127	11,305
Total	584,069	92,204	542,456	246,712
Current	584,069	6,649	542,456	166,670
Non-current	-	85,555	-	80,042
Total	584,069	92,204	542,456	246,712

(i) At June 30, 2021, the balance of trade payables refers mainly to the purchase of steel plates from Ternium Brasil in the amount of R\$522,365 (December 31, 2020 – R\$463,123) in the Parent company and in Consolidated.

(c) Results

	Parent company			Consolidated		
	6/30/2021			6/30/2020		
	Sales	Purchases	Finance and operating result	Sales	Purchases	Finance and operating result
Controlling interests	124,944	1,807	(1,455)	149,824	3,323	(697)
Subsidiaries	5,049,173	625,112	22,137	1,678,327	411,715	(1,243,591)
Jointly-controlled subsidiaries	-	205,245	(1,156)	-	169,679	19
Associates	25,808	80,948	-	8,948	48,390	129
Other related parties (i) (ii)	219,470	2,801,614	7,736	100,099	886,656	7,144
Total	5,419,395	3,714,726	27,262	1,937,198	1,519,763	(1,236,996)

	6/30/2021			6/30/2020		
	Sales	Purchases	Finance and operating result	Sales	Purchases	Finance and operating result
Controlling interests	124,944	1,807	(1,455)	149,824	3,323	(702)
Non-controlling interests	-	22,599	-	-	-	-
Jointly-controlled subsidiaries	1,816	207,740	(1,156)	4,102	172,251	(31)
Associates	26,477	200,888	-	8,948	148,813	129
Other related parties (i) (ii)	219,470	2,801,614	5,981	101,486	886,656	7,144
Total	372,707	3,234,648	3,370	264,360	1,211,043	6,540

(i) At June 30, 2021, total sales to other related parties refer mainly to sales by Usiminas to the Ternium Group, amounting to R\$168,501 in the Parent company and in Consolidated (June 30, 2020 – R\$86,729 in the Parent company and R\$88,116 in Consolidated).

(ii) At June 30, 2021, total purchases from other related parties refer mainly to the purchase of steel plates from Ternium Brasil Ltda. of R\$2,800,914 (June 30, 2020 – R\$881,404) 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, 2020.

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

(d) Remuneration of the key management

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	
	6/30/2021	6/30/2020
Fees	(7,425)	(6,619)
Social charges	(1,628)	(1,365)
Retirement plans	(296)	(166)
Changes in the provision for variable compensation	(5,227)	(1,665)
	<u>(14,576)</u>	<u>(9,815)</u>

The Company has a stock option plan in place, as described in Note 31.

30 Insurance

The insurance policies taken out by the Company and subsidiaries provide cover considered sufficient by management. At June 30, 2021 and December 31, 2020, these policies covered buildings, products and raw materials, equipment, machinery, furniture, objects, fittings and installations at the insured establishments and respective facilities of the Company and Unigal, with value at risk of US\$10,710,788 thousand, and an "All Risks" policy with a maximum indemnity of US\$600,000 thousand per claim. At June 30, 2021 and December 31, 2020, the deductible amount for material damages was US\$10,000 thousand and the cover for loss of profits (loss of revenues) has a deductible term of 45 days (waitperiod). This insurance policy will expire on January 30, 2022.

At June 30, 2021, the Company has an insurance premium receivable related to the claim that occurred on August 10, 2018, in one of the four gasometers of the Ipatinga plant. Such insurance premium, which corresponds to indemnity for material damages and additional operating expenses, is recorded in non-current assets and totals R\$332,191 (December 31, 2020 - R\$262,077). At June 30, 2021, the Parent Company received, as an advance on the insurance indemnity, the amount of R\$116,219 (December 31, 2020 - R\$62,245).

31 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, 2020.

At June 30, 2021, Program 2014 plan, which was launched on November 27, 2014, is in force.

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 six-month period ended June 30, 2021, R\$477 was recorded in the Stock Option Plan capital reserves (June 30, 2020 - no impact).

In the six-month period ended June 30, 2021, 144,583 options were exercised, resulting in a decrease by the same number in preferred shares in treasury within equity.

32 Guarantees

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

Assets pledged as collateral	Liabilities secured	Parent company		Consolidated	
		6/30/2021	12/31/2020	6/30/2021	12/31/2020
Cash and cash equivalents	Litigation	41,003	40,692	41,003	40,692
Inventories	Litigation	889	710	889	710
Property, plant and equipment	Litigation	317,167	359,846	345,187	390,027
Property, plant and equipment	Borrowings	-	-	22,062	724
Property, plant and equipment	Actuarial liability	367,598	383,222	367,598	383,222
		<u>726,657</u>	<u>784,470</u>	<u>776,739</u>	<u>815,375</u>

33 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, 2020.

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, 2020 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); and
Note 36 - Commitments.

Board of Directors

Ruy Roberto Hirschheimer
Chairman

Edílio Ramos Veloso
Board Member

Elias de Matos Brito
Board Member

Hiroshi Ono
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

Tácito Barbosa Coelho Monteiro Filho
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

Adriane Vieira Oliveira Albuquerque
CRC MG 070.852/0