Mineração Usiminas S.A.

(A free translation of the original in Portuguese)

Financial Statements as of December 31, 2022 and independent auditor's report

KPDS 1165353

Contents

MANAGEMENT REPORT 2022

Dear Stockholders,

The Management of Mineração Usiminas S.A. (“Mineração Usiminas” or the “Company”) hereby submits to your appreciation the Company’s Management Report and the Financial Statements, accompanied by the independent auditor's report, for the year ended December 31, 2022.

2022: Solid results in a year of adversity on the global outlook

With challenges overcome and consistent financial and operational results, the year 2022 represented for Mineração Usiminas an important step in its long-term consolidation plan. In a year impacted by global adversities, such as the war in Ukraine and restrictive policies in China against Covid-19, which affected the price level of iron ore and raised inflation rates, Mineração Usiminas managed to achieve its objectives set for the year.

One of these objectives was the decommissioning of the Central Dam. The FEAM (Fundação Estadual do Meio Ambiente) made official the decommissioning of the last tailings disposal structure built by the upstream method in May. The structure had already been declared by the National Mining Agency (ANM), a federal supervisory body, in March, and the certificate was issued by the environmental agency.

From a financial perspective, the company achieved consistent results. Even with the significant fluctuations in the price of iron ore that were presented throughout the year and the extraordinary rains in its operating region, which affected the activity at the beginning of the period, the financial indicators showed satisfactory results, generating value for its shareholders. Production and sales volumes totalized 8.9 and 8.6 million tons, respectively, achieving an adjusted EBITDA of R$ 1.1 billion (margin of 29.2%).

The company maintains its strategy of generating value, making investments in projects that have allowed it to maintain its operations with profitability and safety. The sludge centrifugation project and the investment in the tailings stacking system are examples of this objective.

A year with goals achieved.

1) People Management

- ### Company employees

In 2022, Mineração Usiminas ended the year with more than 1,500 employees and more than 2,700 professionals in service companies, similar values to those registered in the previous year.

In the year, the company invested an average of 119 hours of training per person. Courses and events were held in all areas and careers in the company to increase productivity and develop employees, some of them undergraduate and graduate grants, technical courses for operation, maintenance, and geology.

Another highlight in 2022 was investments in adaptations and construction of support facilities for employees, such as offices, penthouses, and bus terminals.

In relation to the work environment, in another year, the perception of employees showed a high level of engagement with more than 75% satisfaction in all dimensions evaluated through Pulse Research.

The Profit Sharing and Results Program (PLR) exceeded the goals set for the year, recognizing the effort and dedication of all employees in the good results of Mineração Usiminas.

- ### Health and safety

Regarding occupational health, the company continues not to register occupational diseases and reduced absenteeism for health reasons by 28%. Actions such as vaccination against influenza and intensification of the reinforcement of vaccination against Covid stand out, as well as specific actions on women's Health and Mental Health.

The company continued with investments and intensive actions to eliminate and control risks mainly in the operation of mining equipment. With emphasis on the creation of the Training Center for mobile equipment operators for training on test tracks of own employees and service companies.

As a result, incidents considered to be of high severity potential and high severity accidents decreased compared to the previous year.

2) Environmental, Social and governance

Environmental

- **Water**

As for water issues, Mineração Usiminas maintains the recirculation rate close to 93% for all the water consumed in the ore beneficiation process and monitors 60 water quality monitoring points throughout the mining complex, analyzing the most varied physicochemical parameters.

- **Management of Geological Structures**

With the extinction of the Central Dam made official by FEAM in the first half of 2022, the Company concludes its upstream dam decommissioning plan, fulfilling one of its objectives in the ESG agenda (environmental, Social and governance).

Figure 1: aerial image of the area where the Central Dam stood.

- **Fauna - “Pegadas da Serra Azul”**

The company continues with its fauna monitoring program, initiated in 2012, which made it possible to establish a robust database that indicates a balanced coexistence of mining activities with the maintenance of local fauna. In 2020, the program gained greater robustness with the inclusion of fauna groups and increased sampling effort.

The Pegadas da Serra project are unprecedented, since it inaugurates systematic studies on predatory mammals in environments occupied by mining activities. In addition to these measures, other usual actions carried out by the company such as the Environmental Education Program, program for the recovery of degraded areas, which represent indirect measures, but with positive impacts for local and regional fauna.

- **Mina D’água Project**

Mineração Usiminas through the Mina D’água Project performs actions aimed at recovering and protecting Springs and riparian forests in the permanent preservation areas (APPs) of the company and the region.

The project was expanded in 2022, through partnerships signed with the municipalities (Itatiaiuçu and Igarapé) that allowed the start of the execution of the " Mina D’água" in the community of Ponta da Serra, in the Serra Azul region, and in the Barroca Ecological Park, in Igarapé. During the year 2022, 9,600 native seedlings were planted, all of which were self-produced, from our nursery. The recovered area is equivalent to approximately 18 hectares.

- **Forest Recovery Project**

The company has adopted a several of measures to protect the remnants of native vegetation in the areas surrounding the mining.

In 2022, Mineração Usiminas planted 79,916 native seedlings distributed over approximately 120 hectares in areas destined for Forest compensation.

Figure 2: forest clearing area.

Social

- **Community**

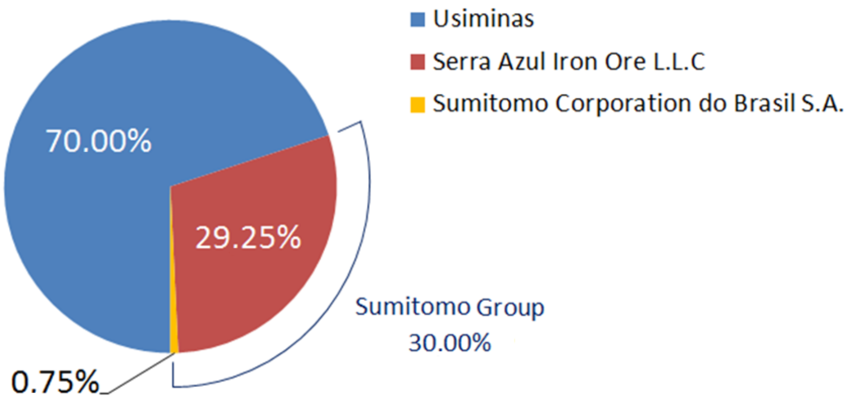
Through the Instituto Usiminas, Mineração Usiminas invested in 2022 more than R$ 14 million in cultural and sports projects and in municipal funds for children and adolescents, as well as the elderly, in the municipalities of Itatiaiuçu, Itaúna, Mateus Leme and Igarapé.

Additionally, due to the heavy rains recorded at the beginning of 2022, the Company has established partnerships with municipalities in Serra Azul to improve the mobility of communities in rural areas. Through these partners, the Company passed on R$ 700 thousand for the city halls to make improvements in public access, considered important by the communities. The government, on the other hand, invested about R$ 1 million.

Governance

- ### Shareholding structure

The Company's share capital is represented by 2,811,607,351 common shares. Mineração Usiminas is a subsidiary of Usinas Siderúrgicas de Minas Gerais S.A. - Usiminas ("Usiminas"), which holds 70% of its share capital. The remaining 30% is held by the Sumitomo Group, through Serra Azul and Sumitomo Corporation.



- ### Management

The management of the company is formed by the Board of Directors and the Statutory Board of Directors.
The Statutory Board consists of a chief executive officer and two directors from the finance and development areas.
The Board of Directors has six effective members and their respective alternates and meets, ordinarily, four times a year, according to a previously established calendar, or extraordinarily, whenever necessary to the interests of the company.

- ### Compensation of statutory management

The compensation paid and payable to key management personnel, including the Statutory Executive Board and the Board of Directors, is shown below:

	2022 R$ thousand	2021 R$ thousand
Management fees	7,362	6,632
Social charges	1,297	987
Total	**8,659**	**7,619**

- ### Independent Auditors

The company's internal standard, regarding the contracting of services not related to the external audit of its independent auditors, ensures that there is no conflict of interest, loss of independence or objectivity in the audit work. This standard is based on the internationally accepted principles that: (a) the auditor should not audit his or her own work; (b) the auditor should not perform management functions on his or her client; and (c) the auditor should not promote the interests of his or her clients. The company's bylaws also provide that the Board of Directors is responsible for authorizing the hiring of any other services not related to the external audit of independent auditors, considering the recommendation of the Audit Committee.
KPMG independent auditors was responsible for the external audit of the company's financial statements of 12/31/2022.

3) Integrity

Mineração Usiminas participates in the actions of the Integrity Program of the Usiminas group.

In 2022, training was conducted on the policies of (I) conflict of interest and transactions with related parties and (ii) Gifts and hospitality policy, policies that make up the group's Integrity Program. In addition, it was maintained the obligation of periodic training conclusions on the Code of ethics and conduct and the Anti-Corruption Policy for new admitted.

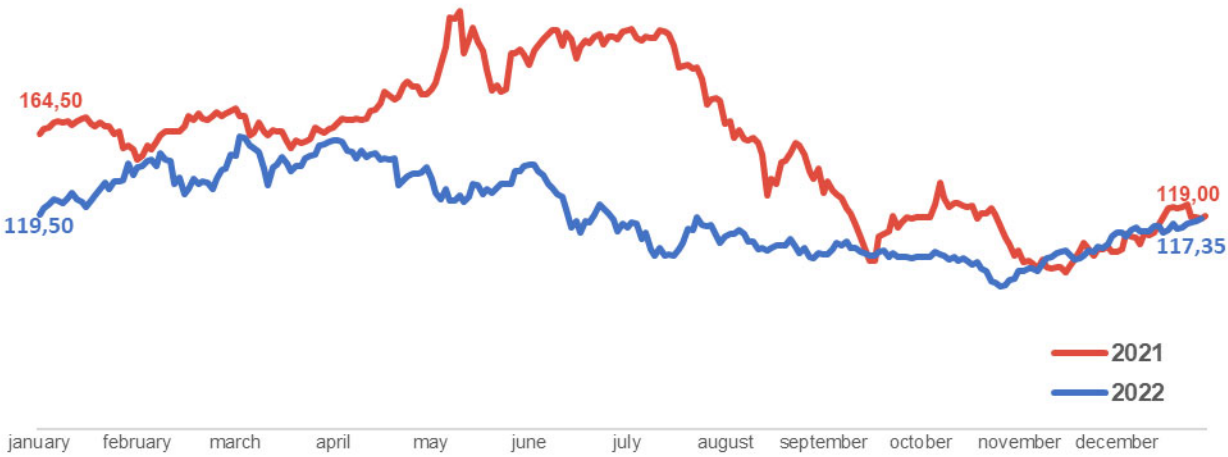
Actions were also implemented aimed at the Company's leadership and strengthening the integrity Ambassador Program to collaborate in the acculturation of integrity inside and outside the company.

4) Operational and economic-financial performance

- ### Economic Scenario

In 2022, the Brazilian Gross Domestic Product (GDP) advanced by 2.9%, according to data released by IBGE in March 2023, showing a slowdown compared to the previous year, when the country's GDP advanced by 5%. The Brazilian economy had growth in the year 2022 just below that of China, of 3%. The GDP of the Asian country had one of the worst performances in 46 years.
In the iron ore market, the year 2022 was marked by uncertainties in prices, due to a more restrictive policy against Covid-19 determined by the Chinese government. The price (Platts IODEX reference 62%) presented an average value registered in 2022 of US$ 120.2/t, 25% lower than the US$ 159.3/t of 2021, reaching a minimum value of US$ 79.5/t in October/22.

Price of Iron Ore (Platts) evolution - US$/t



Additionally, in 2022 there was an appreciation of The Real against the US Dollar. Comparing the Ptax of the last working day of the years 2022 (R$ 5,22/US$) and 2021 (R$ 5,58/US$), the real appreciated 7% against the dollar, year against year.

- ## Main indicators

In millions of R$	2022	2021	Variation 2022/2021
Sales volume (in thousands of metric tons)	8,641	9,023	-4,2%
Net revenue	3,618	5,855	-38,2%
Cost of sales	2,265	2,072	9,3%
Gross profit (loss)	1,352	3,783	-64,2%
Net profit (loss)	1,144	2,486	-54%
EBITDA	1,055	3,507	-69,9%
EBITDA margin	29%	60%	-31 p.p.
Net Profit	1,144	2,486	-54,0%
Investments	364	305	19,3%
Net cash	2,723	4,259	-36,1%

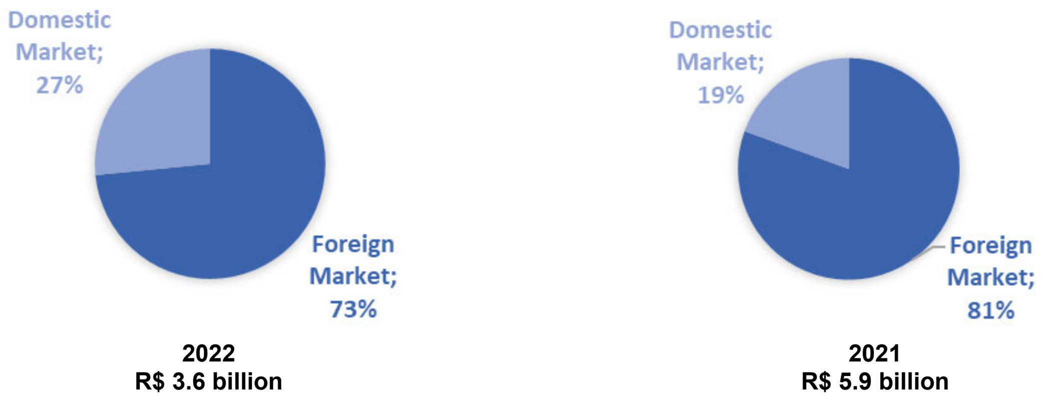
EBITDA reached R$ 1.1 billion, significantly lower than the previous year (R$ 3.5 billion) that had been the company's record, mainly due to lower sales prices. The slightly lower sales volume and the increase in operating costs due to the new production configuration as well as inflationary pressure complete the explanation.

Net profit for the period totalized R$ 1.1 billion in 2022, a negative variation of R$ 1.3 billion compared to 2021 (R$ 2.5 billion) due to lower EBITDA and higher depreciation, partially offset by higher financial results.
Net cash ended the period at R$ 2.7 billion, 36.1% lower than in 2021, which was R$ 4.3 billion. This reduction is primarily due to lower operating cash generation, payment of taxes due from the prior year, additional dividends paid (payout 51%) and investments in operations (CAPEX).

- ## Net Revenue

In 2022, net revenue was R$ 3.6 billion against R$ 5.9 billion in 2021, a reduction of 38.2%, mainly due to lower iron ore prices, lower sales volume, and appreciation of the Real against the Dollar.

Distribution of net revenue (%)



- ## Costs of products sold

The cost of products sold was R$ 2.3 billion, an increase of 9.3% compared to 2021 (R$ 2.1 billion). In unit terms, cost of product sold per ton was R$ 262.2/t, 14.2% higher than in 2021, (R$ 229.7/t), the increase, in both cases, is due to higher fuel costs, inflationary pressure on operating contracts and the new operational configuration with the entry of the tailings filtration plant, which throughout the year was in the ramp-up phase, in addition to a greater share of export sales with sea freight.

- ## Selling, general and administrative expenses

Sales, general and administrative expenses totaled R$ 396 million in 2022, an increase of R$ 44 million compared to 2021, mainly due to the increase in export volume with payment of port fees by the company.

- ## Other operating expenses and income

The other operating concepts recorded revenue of R$ 184 million in 2022, against an expense of R$ 96 million in 2021, due to the partial reversal of the provision for the recoverable amount of non-financial assets (impairment). Excluding this concept, expenses were higher by R$ 14 million, mainly due to the higher provision for loss on ICMS credit recoverability.

- ## Financial result

The net financial result for 2022 was a positive R$ 308 million, compared to a positive R$ 144 million in 2021, an increase of R$ 164 million, mainly due to the higher interest rate (Selic end of the period: 13.75% YoY, 2021: 9.25% YoY), which increased income on financial investments.

- ## Equity in earnings

The company owns 83.3% of UPL (Usiminas Participações e Logística), a company that owns 11.13% of the capital of MRS Logística, which showed higher results compared to the previous year. As a result, the result of equity in related and controlled companies was R$ 97 million against R$ 80 million in 2021.

- ## Adjusted EBITDA

R$ Mil	2022	2021
Profit (loss) for the year	1,160,672	2,499,315
Income tax / social contribution	401,574	1,073,487
Finance result	(308,947)	(144,121)
Depreciation and amortization	210,796	174,053
EBITDA - CVM Instruction 156/2022	1,464,095	3.602.734
Share of profit or loss of jointly controlled subsidiaries	(113,243)	(93,888)
Impairment of mineral rights	(296,624)	(3,030)
Proportionate EBITDA of jointly controlled subsidiaries	4,373	4,124
Adjusted EBITDA	1,058,601	3,509,940

Adjusted EBITDA considers Modal's proportional 50% stake, a company dedicated to road and rail cargo terminal operations, ore storage and handling, steel products and road freight transport. Adjusted EBITDA was R$1.1 billion in 2022, 69.8% lower than in 2021.

- **Net Profit**

Net Profit was R$ 1.1 billion in 2022, a reduction of R$ 1,3 billion when compared to 2021 (R$ 2.5 billion).

- **Investments (CAPEX)**

In 2022, the company invested significantly in safety, operational improvement, and innovation projects. In the year, R$ 364 million were invested, an amount 19% higher than in 2021.

The implementation of the sludge centrifugation project and the works for the stacking of tailings stand out in the year.

Several projects were implemented throughout the year with a focus on safety, efficiency, and maintenance of operations.

Figure 3: Overview of the sludge centrifuge project

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Independent auditors' report on the financial statements

To the Shareholders and Board of Directors of

Mineração Usiminas S.A.

Belo Horizonte – Minas Gerais

Opinion

We have audited financial statements of Mineração Usiminas S.A. ("the Company"), which comprise the balance sheet as of December 31, 2022, the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, as well as the corresponding notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Mineração Usiminas S.A. as of December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with accounting practices adopted in Brazil and with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the financial statements section" of our report. We are independent of the Company in accordance with the relevant ethical requirements included in the Accountant's Code of Ethics ("Código de Ética Profissional do Contador") and the professional standards issued by the Federal Accounting Council ("Conselho Federal de Contabilidade") and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

Audit of the financial statements of the previous year

The balance sheet as of December 31, 2021 and the statements of income, comprehensive income, changes in equity and cash flows and respective explanatory notes for the year then ended, presented as corresponding amounts in the financial statements for the current year, were previously audited by other independent auditors, who issued a report dated March 31, 2022, without modification.

Other information accompanying the financial statements and the auditor's report

Management is responsible for the other information comprising the management report.

Our opinion on the financial statements does not cover the management report and we do not express any form of assurance conclusion thereon.

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

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

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

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

Those charged with governance are responsible for overseeing the Company financial statements reporting process.

Auditors' responsibilities for the audit of the financial statements

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

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Belo Horizonte, March 23, 2023

KPMG Auditores Independentes Ltda.
CRC SP-014428/O-6 F-MG

(Free translation of an original version issued in Portuguese by)
Poliana Silveira Rodrigues
Accountant CRC MG-089473/O-0

Mineração Usiminas S.A.

Balance sheet
All amounts in thousands of reais (A free translation of the original in Portuguese)

	Note	12/31/2022	12/31/2021
Assets			
Current assets			
Cash and cash equivalents	8	868,610	3,708,617
Marketable securities	9	1,854,428	550,667
Trade receivables	10	649,195	565,158
Inventories	11	202,744	159,192
Taxes recoverable	12	16,938	7,488
Dividends receivable		19,237	15,359
Current accounts		-	147
Other receivables		33,462	8,119
Total current assets		3,644,614	5,014,747
Non-current assets			
Long-term receivables			
Deferred income tax and social contribution	14	557,020	647,250
Judicial deposits	15	156,546	105,054
Income tax and social contribution recoverable	24	8,763	7,854
Contractual advances	13	255,205	185,677
Other receivables		132	123
		977,666	945,958
Investments	16	541,333	478,578
Investment properties		69,590	66,430
Property, plant and equipment	17	1,395,839	1,177,733
Intangible assets	18	1,718,891	1,444,172
Total non-current assets		4,703,319	4,112,871
Total assets		8,347,933	9,127,618
Liabilities and equity			
Liabilities			
Current liabilities			
Trade payables, contractors and freight charges	20	323,834	301,653
Salaries and social charges		58,106	58,049
Taxes recoverable	21	23,018	28,916
Lease liabilities	22	18,420	18,931
Income tax and social contribution payable	14	46,171	830,706
Derivative financial instruments	6	100,678	68,772
Dividends and interest on capital payable	31	58,600	387,509
Environmental restoration liability	23	39,030	-
Other payables		52,144	41,744
Total current liabilities		720,001	1,736,280
Non-current liabilities			
Lease liabilities	22	46,605	20,757
Environmental restoration liability	23	283,060	233,178
Provision for lawsuits	24	10,011	8,811
Payables to related companies	31	72,933	91,448
Other payables		12,185	10,815
Total non-current liabilities		424,794	365,009
Total liabilities		1,144,795	2,101,289
Equity	25		
Share capital		3,194,541	3,194,541
Revenue reserves		4,029,549	3,844,239
Carrying value adjustments		(20,952)	(12,451)
Total equity		7,203,138	7,026,329
Total liabilities and equity		8,347,933	9,127,618

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

Mineração Usiminas S.A.

Statement of profit or loss
All amounts in thousands of reais unless otherwise stated (A free translation of the original in Portuguese)

	Note	Years ended 12/31/2022	12/31/2021
Revenue	26	3,617,708	5,855,046
Cost of sales	27	(2,265,310)	(2,072,141)
Gross profit		1,352,398	3,782,905
Operating income (expenses)			
Selling expenses	29	(353,687)	(313,690)
General and administrative expenses	29	(41,984)	(38,088)
Other operating income (expenses), net	29	184,397	(95,525)
Share of profit or loss of jointly-controlled subsidiaries and associates	16	96,865	80,330
		(114,409)	(366,973)
Operating profit		1,237,989	3,415,932
Finance result	30	307,626	143,859
Profit before income tax and social contribution social contribution		1,545,615	3,559,791
Income tax and social contribution	14		
Current		(306,594)	(1,095,819)
Deferred		(94,588)	22,378
		(401,182)	(1,073,441)
Profit for the year		1,144,433	2,486,350
Diluted earnings per share (in reais)		R$ 0.407039	R$ 0.884316

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

Mineração Usiminas S.A.

Statement of comprehensive income
All amounts in thousands of reais (A free translation of the original in Portuguese)

	Years ended	
	12/31/2022	**12/31/2021**
Profit for the year	1,144,433	2,486,350
Other components of comprehensive income		
Actuarial gain (loss) on retirement benefits	(432)	(1,342)
Hedge accounting (constitution) reversal	(8,069)	(8,030)
Total other comprehensive income (loss)	(8,501)	(9,372)
Total comprehensive income for the year	1,135,932	2,476,978

Amounts presented net of taxes. Tax effects relating to each component of other comprehensive income are disclosed in Note 14.

Mineração Usiminas S.A.

Statement of changes in equity

All amounts in thousands of reais (A free translation of the original in Portuguese)

		Capital reserves	Revenue reserves				
	Share capital	Premium on share subscription	Legal reserve	Reserve for investments and working capital	Carrying value adjustments	Retained earnings (accumulated deficit)	Total equity
At December 31, 2020	1,984,219	1,210,322	-	2,133,132	(3,079)	-	5,324,594
Comprehensive income for the year							
Profit for the year	-	-	-	-	-	2,486,350	2,486,350
Hedge accounting	-	-	-	-	(8,030)	-	(8,030)
Actuarial gains (losses)	-	-	-	-	(1,342)	-	(1,342)
Total comprehensive income (loss) for the year	-	-	-	-	(9,372)	2,486,350	2,476,978
Capital increase	1,210,322	(1,210,322)	-	-	-		-
Transfer to reserves			124,319	1,735,700	-	(1,860,019)	
Dividends and interest on capital	-	-	-	(148,912)	-	(626,331)	(775,243)
At December 31, 2021	3,194,541	-	124,319	3,719,920	(12,451)	-	7,026,329
Comprehensive income (loss) for the year							
Profit for the year	-	-	-	-	-	1,144,433	1,144,433
Hedge accounting	-	-	-	-	(8,069)	-	(8,069)
Actuarial gains (losses)	-	-	-	-	(432)	-	(432)
Total comprehensive income (loss) for the year	-	-	-	-	(8,501)	1,144,433	1,135,932
Transfer to reserves	-	-	57,221	777,785	-	(835,006)	-
Dividends and interest on capital	-	-	-	(649,696)	-	(309,427)	(959,123)
At December 31, 2022	3,194,541	-	181,540	3,848,009	(20,952)	-	7,203,138

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

Mineração Usiminas S.A.

Statement of cash flows

All amounts in thousands of reais (A free translation of the original in Portuguese)

	Note	Years ended 12/31/2022	12/31/2021
Cash flows from operating activities			
Profit for the year		1,144,433	2,486,350
Adjustments to reconcile profit or loss			
Charges and indexation accruals// foreign exchange variations, net		29,610	(6,376)
Interest expenses		-	(5,147)
Depreciation, amortization and depletion	27	210,796	174,053
Gain (loss) on the sale/write-off of PP&E/Investment		(1,038)	(1,069)
Share of profit or loss of jointly-controlled subsidiaries and associates	16	(96,865)	(80,330)
Changes in Impairment of assets		(296,624)	(3,030)
Current income tax and social contribution		306,594	1,103,292
Deferred income tax and social contribution	14	94,588	(22,378)
Derivative financial instruments		(15,263)	-
Increase (decrease) in provisions		19,610	(8,188)
(Increase) decrease in assets			
Trade receivables		(57,576)	396,303
Inventories		(52,628)	(58,412)
Taxes recoverable		(71,446)	22,297
Judicial deposits		(38,559)	(32,010)
Contractual advances		(69,528)	(88,410)
Others		(25,201)	(71,402)
Increase (decrease) in liabilities			
Trade payables		22,181	91,493
Taxes recoverable		(5,898)	7,346
Others		(53,824)	18,756
Income tax and social contribution paid		(1,030,043)	(646,551)
Net cash provided by operating activities		13,319	3,276,587
Cash flows from investing activities			
Marketable securities		(1,303,761)	303,606
Purchases of property, plant and equipment	17	(269,568)	(253,829)
Proceeds from sale of property, plant and equipment		1,993	4,384
Additions to intangible assets	18	(2,221)	(51,967)
Capital decrease in subsidiaries		(67)	-
Dividends received		30,261	36,067
Net cash provided by (used in) investing activities		(1,543,363)	38,261
Cash flows from financing activities			
Settlement of hedge transactions		8,482	(23,089)
Payment of lease liabilities		(27,515)	(24,565)
Dividends and interest on capital paid		(1,288,032)	(874,011)
Net cash used in financing activities		(1,307,065)	(921,665)
Exchange variation gains (losses), net, on cash and cash equivalents		(2,898)	34,882
Net increase (decrease) in cash and cash equivalents		(2,840,007)	2,428,065
Cash and cash equivalents at the beginning of the year		3,708,617	1,280,552
Cash and cash equivalents at the end of the year		868,610	3,708,617
Net increase (decrease) in cash and cash equivalents		(2,840,007)	2,428,065

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

1 Operations

Mineração Usiminas S.A. (“Mineração Usiminas” or the “Company”) is a privately-held corporation based in the city of Belo Horizonte, State of Minas Gerais. Its shareholders are Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS (“Usiminas”), which holds a 70% interest of its capital and the Sumitomo Group, which holds a 30% interest, through its subsidiaries Serra Azul Iron Ore L.L.C. (“Serra Azul”) and Sumitomo Corporation do Brasil S.A. (“Sumitomo”).

The Company and its jointly-controlled subsidiary and associates are mainly engaged in the exploitation of mineral reserves, trading of iron ore, and operations related to railroad transport, logistics and cargo terminals. Currently, it has iron ore treatment facilities in the municipalities of Itatiaiuçu and Mateus Leme, State of Minas Gerais, with an annual production capacity of 12 million metric tons (unaudited).

Most of its production is sold in markets abroad and to steel plants owned by its parent company, Usiminas.

The Company holds the following direct or indirect investments in a jointly-controlled subsidiary and associates:

(a) Jointly-controlled subsidiary

Company	Ownership interest (%)	Voting capital (%)	Location	Core business
Modal Terminal de Granéis Ltda.	50	50	Itaúna/MG	Operates highway and railway cargo terminals, storage and handling of ore and steel products, and highway cargo transport.

(b) Associates

Company	Ownership interest (%)	Voting capital (%)	Location	Core business
Terminal de Cargas Sarzedo Ltda.	22.22	22.22	Sarzedo/MG	Storage, handling and transportation of cargo and terminal operation.
Usiminas Participações e Logística S.A.	83.30	49.90	Belo Horizonte/MG	Investment in MRS Logística S.A, holding a 11.13% interest in the company’s share capital and participating in its control group (i).
Terminal de Cargas de Paraopeba Ltda.	22.22	22.22	Sarzedo/MG	Storage, handling and transportation of cargo and terminal operation.

(i) MRS is a logistics company that manages a 1,600km long railway network in the States of Minas Gerais, Rio de Janeiro and São Paulo, a region that concentrates nearly half of the Brazilian GDP. It is among the longest cargo railways in the world. Approximately one third of all cargo that is carried by trains in Brazil uses MRS services.

2 Approval of the financial statements

The issue of these financial statements was authorized by the Company's Board of Directors on March 21, 2023.

3 Significant accounting policies

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

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

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

3.1 Basis of preparation and statement of compliance

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

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

The financial statements have been prepared and are presented in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (IASB), and the accounting practices adopted in Brazil, issued by the Brazilian Accounting Pronouncements Committee (CPC), and disclose all information of significance to the financial statements, which is consistent with the information utilized by Management in the performance of its duties.

3.2 Jointly-controlled subsidiaries and associates

The Company classifies its investments as follows:

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

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

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

The reporting periods of the jointly-controlled subsidiary and associates are consistent with those of the Company. However, for equity accounting purposes, the Company used the accounting information as at November 30, 2022, pursuant to CPC18 (R2) and IAS 28, except for the associates Terminal de Cargas Sarzedo Ltda. and Terminal de Cargas de Paraopeba Ltda., and the jointly-controlled entity Modal Terminal de Granéis Ltda. The adoption of this practice for transactions and significant events did not result in any adjustments in the respective financial statements.

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

The accounting policies of the jointly-controlled subsidiary and associates have been changed where necessary to ensure consistency with the policies adopted by the Company.

3.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The financial statements are presented in Brazilian Real/Reais (R$), which is the Company’s functional currency.

(b) Transactions and balances

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

Foreign exchange gains and losses relating to assets and liabilities are presented in the statement of profit or loss under Finance result

3.4 Cash and cash equivalents and marketable securities

(a) Cash and cash equivalents

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

(b) **Marketable securities**

Highly liquid investments, which management intends to maintain for more than 180 days and whose objective is not to meet short-term commitments, are classified as marketable securities. The Company classifies as marketable securities those investments that management intends to hold for more than 180 days.

3.5 Financial assets

(a) **Classification**

Upon initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (“FVOCI”) or fair value through profit or loss (“FVTPL”).

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

- the asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only if both of the following conditions are met:

- the asset is held within a business model whose objective is achieved through both the collection of contractual cash flows and the sale of financial assets; and

- the contractual terms of the financial asset give rise, on specified dates, to cash flows that represent payments of principal and interest on the principal amount outstanding.

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

In addition, upon initial recognition, the Company may irrevocably designate a financial asset that meets the requirements to be measured at amortized cost, as FVOCI or even as FVTPL. This designation has the purpose of eliminating or significantly reducing a possible accounting mismatch arising from the gains or losses produced by the respective asset measured on different bases.

(b) Recognition and measurement

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

(c) Impairment of assets carried at amortized cost

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

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

(d) Derecognition of financial assets

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

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

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

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

(e) Offsetting of financial assets

Financial assets are offset and the net amount presented in the balance sheet when the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

3.6 Financial liabilities

(a) Recognition and measurement

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

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

(b) Subsequent measurement

After the initial recognition, borrowings, debentures, and trade and other payables are subsequently measured at amortized cost, using the effective interest rate method. The discount rates for lease liabilities were estimated by management based on risk-free interest rates observable in the Brazilian market plus a spread, and adjusted for the term of the lease agreements.

(c) Borrowing costs

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

(d) Derecognition of financial liabilities

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

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such a replacement or modification is treated as a settlement of the original liability and recognition of a new liability, with the difference in the corresponding carrying amounts recognized in the statement of profit or loss for the year.

(e) Offsetting of financial liabilities

Financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

3.7 Derivative financial instruments and hedging activities

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

3.8 Inventories

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

The storeroom has maintenance and replacement materials that are available for immediate consumption regardless of the turnover, which can exceed 12 months in certain strategic situations.

The acquisition and production cost is increased by expenses related to transportation, storage and non-recoverable taxes. Net realizable value is the estimated selling price in the ordinary course of business, less estimated completion costs and directly related selling expenses. The net realizable value of certain inventories held in the storeroom was based on the estimated selling price in the normal course of business.

3.9 Judicial deposits

Judicial escrow deposits are those made in a bank account linked to legal proceedings, in Brazilian reais, and accrue interest/indexation for the purpose of ensuring the settlement of potential future liabilities.

3.10 Property, plant and equipment

Property, plant and equipment are recorded at cost of acquisition, formation or construction, less depreciation and, where applicable, impairment losses. Upon replacement, the key components of certain property, plant and equipment items are recorded as individual and separate assets and depreciated considering the specific economic useful lives of these components. The carrying amount of the replaced component is derecognized. Maintenance costs incurred to keep the original performance pattern are expensed in the statement of profit or loss as incurred. Engineering, research, studies and development expenses are accounted for as operating expenses until the economic feasibility of a specific project is confirmed; from then on, the expenses incurred will be accounted for as property, plant and equipment.

Depreciation of property, plant and equipment items is calculated using the straight-line method to allocate their cost to the residual values over their estimated useful lives, whose criteria are described in Notes 3.15 and has the change in the balance presented in Note 17.

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, during the year.

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

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

3.11 Investment properties

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

3.12 Intangible assets

(a) Goodwill

Goodwill represents the positive difference between the amount paid and/or payable for the acquisition and the net fair value of the acquired entity's assets and liabilities. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing. The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose, duly segregated by operating segment.

(b) Mineral rights

Mineral rights are recorded at acquisition cost and reduced based on the depletion of the mineral reserves.

Mineral rights arising from acquisitions of companies are recognized at their fair values, considering the allocation of assets and liabilities acquired.

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

(c) Software

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

3.13 Impairment of non-financial assets

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

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

3.14 Provision for litigation

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

3.15 Environmental restoration obligation

The provision for environmental restoration, when related to an asset construction or acquisition, is recorded as part of the cost of that asset and takes into consideration management's estimates.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation, which reflects current market assessments and the risks specific to the obligation. The increase in the provision due to the time elapsed is recognized as interest expense.

The Company recognizes a liability for the expected costs of mine closure and decommissioning of the related mining assets in the period in which they occur, discounted to present value. The Company considers the accounting estimates related to the reclamation of degraded areas and mine decommissioning costs as a critical accounting practice, since it involves significant provision values and is based on a number of assumptions, such as interest and inflation rates, the useful life of the asset considering the current depletion level, and the projected depletion dates of each mine. These estimates are reviewed annually.

3.16 Current and deferred income tax and social contribution

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

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

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

3.17 Employee benefits

(a) Supplementary retirement plan

The Company offers its employees supplementary pension plans, which are managed by Previdência Usiminas, a closed non-profit supplementary pension entity with administrative and financial autonomy.

Currently, the only pension plan offered to the Company's employees accepting new enrollments is USIPREV, a Variable Contribution plan. However, a participant who enrolled in the plan before April 13, 2011, a Founder Member, may also opt for converting its account balance into a monthly life annuity. In this case, during the payout phase, USIPREV will be similar to a Defined Benefit plan.

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

Actuarial gains and losses are charged or credited directly in other comprehensive income in the period in which they occurred. The contributions are recognized as finance costs in the period in which they are due.

(b) Post-retirement healthcare benefit plan

The Company records the obligations in accordance with the legislation in force, which ensures to employees who contributed to the retirement plan the right to remain as beneficiaries after retirement, provided that they continue to pay the full amount of the contributions to the plan. The maintenance term after retirement is one year for each contribution year, and if the contributions have been made for at least 10 years, this term is indefinite.

These obligations are valued annually by independent actuaries.

(c) Employee profit sharing

The Company provides for employee profit sharing based on the fulfillment of operating and financial targets set for its employees. These amounts are recorded under "Cost of sales", "Selling expenses" and "General and administrative expenses", in accordance with the position of each employee.

(d) Share-based payments

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

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

3.18 Revenue recognition

Revenue is shown net of taxes, returns, rebates and discounts. Revenue is measured at the fair value of the consideration received or receivable, to the extent it is probable that future economic benefits will flow to the entity, and the amounts of revenue and costs can be reliably measured.

Sales of the Company's products refer basically to sales of iron ore as sinter feed, pellet feed, and granulated. The Company recognizes revenue on the date the product is delivered to the purchaser in accordance with the contractual condition. In certain cases, the selling price is determined provisionally on the date of the sale and subsequently adjusted according to the changes in quoted market prices up to the date on which the final price is fixed.

3.19 Finance income (costs)

Finance income arises primarily from financial assets, such as trade receivables and financial investments, of which interest and earnings are recognized on a *pro rata temporis* basis, using the effective interest rate method.

Finance costs arise primarily from financial liabilities, such as borrowings and provisions for litigations; related interest and inflation adjustments are recognized on a *pro rata temporis* basis, using the effective interest rate method.

3.20 Distribution of dividends and interest on capital

The distribution of dividends and interest on capital to the Company's shareholders is recognized as a liability in the financial statements at year-end based on the Company's bylaws. Amounts above the minimum mandatory limit established by law are only provided for when approved at a General Shareholders' Meeting.

The tax benefit of interest on capital, where applicable, is recognized at the computation of income tax and social contribution. In the Company's financial statements, the same accounting treatment is adopted for interest on capital and dividends.

3.21 Leases

The Company, as a lessee, recognizes a right-of-use asset representing its right to use the leased asset, and a lease liability representing its obligation to make future lease payments. Exemptions are allowed for short-term leases and leases of low-value assets. The Company recognizes new assets and liabilities for its leases, and the depreciation of right-of-use assets and interest expense on lease liabilities. The discount rates for lease liabilities were estimated by management based on risk-free interest rates observable in the Brazilian market plus a spread, and adjusted for the term of the lease agreements.

3.22 Pronouncements issued but not yet effective at December 31, 2022

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

IFRS 17	Insurance Contracts
Amendment to CPC 32/IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendment to CPC 26/IAS 1	Classification of Liabilities as Current or Non-current
Amendments to CPC 26/ IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendment to CPC 23/IAS 8	Definition of Accounting Estimates

4 Significant accounting judgments, estimates and assumptions

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

4.1 Judgments

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

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

The Company segregates the effects of inflation based on the Extended Consumer Price Index (IPCA) from borrowings, debentures and financial investments that are linked to the Interbank Deposit Certificate (CDI) rate. Therefore, the IPCA portion is segregated from interest on borrowings, debentures and income from financial investments, and included in "Inflation adjustments", in Finance income (costs) (Note 30).

(b) Classification of investment control

The Company classifies its investments in accordance with CPC 18 (R2) - Investment in Associates and Joint Ventures and with CPC 19 (R2) - Joint Ventures, the adoption of which is subject to the use of judgment to determine the extent of control and significant influence over investees. The Company has an investment classified as a Joint Venture, in which control is shared regardless of the percentage of ownership interest in the investee's capital.

4.2 Estimates and assumptions

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

(a) Impairment of non-financial assets

Annually, the Company tests goodwill and other long-term assets for impairment. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash-generating units (CGUs)). The recoverable amounts of CGUs have been determined based on value-in-use calculations. These calculations were based on estimates (Note 19).

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

Management reviews, on a regular basis, the recoverability of deferred tax assets considering the historical profit generated and the estimated future taxable income, based on technical feasibility studies (Note 14 (b)).

(c) Fair value of derivatives and other financial instruments

The fair value of derivatives and other financial instruments that are not traded in an active market is determined through the use of valuation techniques. Management uses its judgment to select among a variety of methods and assumptions that are mainly based on market conditions existing at each reporting date.

(d) Retirement plan benefits

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

The Company determines the appropriate discount rate at the end of each year to determine the present value of the estimated future cash outflows.

Other assumptions for retirement plan obligations are based on current market conditions.

(e) Provisions for litigation

The Company is a party to several judicial and administrative proceedings (Note 24). Provisions are recorded for all proceedings that represent probable losses. The probability of loss is assessed based on available evidence, under the advice of internal and external legal counsel.

(e) Environmental restoration obligation

Based on specialized technical surveys, the Company records provisions for the expected costs of future decommissioning of its operations and reclamation of the areas impacted by its activities. At the recognition of the provision, the estimated costs are capitalized in property, plant and equipment and depreciated over the useful life of the corresponding mining assets, generating an expense that is recognized in the statement of profit or loss for the year. In 2022, the rate of 9.60% p.a. was used to update the balance of the provision for environmental restoration (6.92% in 2021).

(f) Useful lives of property, plant and equipment

The depreciation of property, plant and equipment is calculated using the straight-line method over the useful lives of the assets. The useful lives of assets are based on reports issued by the Company's engineers or external consultants, which are reviewed annually.

5 Financial risk management objectives and policy

The Company has a financial risk management program in place that seeks to reduce the impacts of such risks on its financial assets, financial liabilities and cash flows. This program was prepared in accordance with the financial policy of its parent company Usiminas. The Company's management evaluates and monitors these risks, and where necessary, adopts measures to mitigate their effects, including by contracting derivative financial instruments.

5.1 Financial risk factors

Mineração Usiminas is exposed to a number of financial risks, such as market risk, foreign exchange risk, interest rate risk, fair value risk, credit risk and liquidity risk. These risks are managed through rules and policies established by the Board of Directors, which include the use of financial instruments and investment of excess liquidity.

5.2 Policy for the use of financial instruments

The policy for managing financial assets and liabilities has the purpose of: (i) maintaining the intended liquidity; (ii) defining the concentration level of operations; (iii) controlling the level of exposure to financial market risks.

Management monitors the risks to which the Company is exposed and evaluates the need to contract derivative transactions in order to minimize the impacts on its financial assets and liabilities, and reduce the volatility in its cash flows caused mainly by foreign exchange exposure, and the effects of the price of iron ore.

5.3 Financial risk management policy

(a) Credit risk

Credit risk arises mainly from exposure to the Company's financial resources held by financial institutions, securities and notes acquired from publicly traded companies, and credit to customers.

As a means to mitigate credit risk, with respect to cash and cash equivalents, Mineração Usiminas carries out transactions exclusively with prime financial institutions.

With respect to financial investments, only securities and notes of entities rated by the international rating agencies as "A-" or higher are traded. In addition, other criteria must be complied with, such as equity and cash concentration by institution.

The Company’s sales policy seeks to minimize any risks arising from customer defaults. The finance and sales areas evaluate and monitor customer performance. Customers are selected based on their ability to pay, debt ratio and other items in the balance sheet.

(b) Liquidity risk

The policy for managing financial assets and liabilities involves an analysis of the counterparties based on their financial statements, equity and credit rating. This policy aims to ensure the Company’s intended level of liquidity, to define the concentration level of its operations, as well as to control the level of exposure to financial market risks, thus diluting the liquidity risk.

Cash flow forecast is based on the budget approved by the Board of Directors; when necessary, cash flow forecasting is reviewed and updated.

At December 31, 2022, the cash maintained by Mineração Usiminas was invested in Bank Deposit Certificates (CDBs), repurchase agreements and investment funds.

The table below analyzes the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

The undiscounted cash flows contracted are shown below.

	Less than 1 year	**From 1 to 2 years**	**From 2 to 5 years**	**Over 5 years**
At December 31, 2022				
Trade payables	234,990	-	-	-
Payables to related parties	88,844	31,546	41,387	-
Lease liabilities	18,420	16,625	28,664	1,316
At December 31, 2021				
Trade payables	288,401	-	-	-
Payables to related parties	13,252	-	91,448	-
Lease liabilities	18,931	10,563	10,194	-

(c) Foreign exchange risk

(i) Foreign exchange exposure

Mineração Usiminas carries out transactions with counterparties abroad and, therefore, is exposed to foreign exchange risk, mainly related to the U.S. dollar. The Company's net exposure value in foreign currency at December 31, 2022 and 2021 is presented below:

	12/31/2022	12/31/2021
Assets in foreign currency		
Cash and cash equivalents	343,454	479,012
Trade receivables	354,603	306,724
	698,057	785,736
Liabilities in foreign currency		
Trade payables	(1,136)	(31,311)
Net exposure	696,921	754,425

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

The analysis below estimates the negative impact on the Company's future finance result of any unfavorable variation in the foreign exchange rate against the U.S. Dollar (R$/US$). Three scenarios were defined, considering the net exposure to assets denominated in foreign currency at December 31, 2022. Scenario I considers a 5% decrease in the foreign exchange rate (R$/US$) effective at December 31, 2022. Scenarios II and III consider a decrease of 25% and 50%, respectively, in the same variable.

				12/31/2022
Currency	Foreign exchange rate at the end of the year	Scenario I	Scenario II	Scenario III
US$	5.2177	4.9568	3.9133	2.6089

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

			12/31/2022
Currency	Scenario I	Scenario II	Scenario III
US$	(34,846)	(174,230)	(348,461)

(d) Interest rate risk

The Company has financial investments in Reais (R$) that are linked to the Interbank Deposit Certificate (CDI) rate, and fixed-rate investments in U.S. dollars abroad. The net exposure to interest rates is as follows:

	12/31/2022	12/31/2021
Assets in CDI		
Cash and cash equivalents	511,676	3,218,563
Marketable securities	1,854,428	550,667
Net exposure	2,366,104	3,769,230

(i) Sensitivity analysis of changes in interest rates

The analysis below estimates the negative impact on the Company's future finance result of any unfavorable variation of the interest rate indexed to the CDI rate. Three scenarios of analysis were defined considering the net exposure of assets linked to the CDI rate, at December 31, 2022. Scenario I considers a 5% decrease in the interest rate as of December 31, 2022. Scenarios II and III consider a decrease of 25% and 50%, respectively, in the same variable.

The sensitivity analysis of the interest rate variation based on the related scenarios is presented below:

				12/31/2022
Index	Interest rate at the end of the year	Scenario I	Scenario II	Scenario III
CDI	13.7%	13.0%	10.2%	6.8%

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

			12/31/2022
Index	Scenario I	Scenario II	Scenario III
CDI	(16,149)	(80,743)	(161,487)

5.4 Capital management

The Company's capital management aims to establish a capital structure that ensures business continuity in the long term, while providing the expected return to shareholders. At December 31, 2022, in addition to not having any material financial liabilities, the Company retained a significant level of cash, to be used in future projects.

6 Derivative financial instruments

The Company enters into hedging transactions related to iron ore prices and foreign exchange rates for the purpose of hedging its financial position and cash flows. Management's decision about the contracting of financial hedges is based on an analysis of future prices of ore and projected foreign exchange rates (R$/US$).

The Company does not carry out derivative transactions for speculative purposes, nor does it settle or pay its operations before their original maturities.

In 2022, the iron ore price hedging transactions carried out resulted in a gain of R$44,598.

(a) Breakdown of derivative financial instruments

Hedged item	Maturity groups month/year	INDEX		NOTIONAL AMOUNT (contracted amount)				FAIR (MARKET)VALUE - BOOK VALUE		Gain/loss for the period
				12/31/2022		12/31/2021		12/31/2022	12/31/2021	12/31/2022
		Asset position	Liability position	Asset position	Liability position	Asset position	Liability position	Asset(liability)position	Asset(liability)position	Gain(loss)
HEDGE OF COMMODITIES' PRICE										
Iron ore (CFR China 62% Fe)	01/22	Ore FWD USD 106.95	Ore_Fut_SCOZ1	-	-	R$ 27.097	R$ 27,097	-	(1.486)	-
Iron ore (CFR China 62% Fe)	01/22	Ore FWD USD 91.50	Ore_Fut_SCOZ1	-	-	R$ 56.338	R$ 56.338	-	(13.001)	-
Iron ore (CFR China 62% Fe)	01/22	Ore FWD USD 91.50	Ore_Fut_SCOZ1	-	-	R$ 10.172	R$ 10.172	-	(2.342)	-
Iron ore (CFR China 62% Fe)	01/22	Ore FWD USD 102.00	Ore_Fut_SCOZ1	-	-	R$ 48.414	R$ 48.414	-	(4.978)	-
Iron ore (CFR China 62% Fe)	02/22	Ore FWD USD 90.00	Ore_Fut_SCOF2	-	-	R$ 25.174	R$ 25.174	-	(8.659)	(10.917)
Iron ore (CFR China 62% Fe)	02/22	Ore FWD USD 116.00	Ore_Fut_SCOF2	-	-	R$ 33.134	R$ 33.134	-	(1.413)	(4.020)
Iron ore (CFR China 62% Fe)	02/22	Ore FWD USD 120.00	Ore_Fut_SCOF2	-	-	R$ 33.494	R$ 33.494	-	(292)	(2.899)
Iron ore (CFR China 62% Fe)	03/22	Ore FWD USD 102.00	Ore_Fut_SCOG2	-	-	R$ 84.334	R$ 84.334	-	(15.453)	(30.226)
Iron ore (CFR China 62% Fe)	03/22	Ore FWD USD 105.00	Ore_Fut_SCOG2	-	-	R$ 87.695	R$ 87.695	-	(12.979)	(27.934)
Iron ore (CFR China 62% Fe)	04/22	Ore FWD USD 109.00	Ore_Fut_SCOH2	-	-	R$ 29.677	R$ 29.677	-	(3.070)	(9.744)
Iron ore (CFR China 62% Fe)	04/22	Ore FWD USD 111.00	Ore_Fut_SCOH2	-	-	R$ 61.463	R$ 61.463	-	(5.099)	(18.746)
Iron ore (CFR China 62% Fe)	05/22	Ore FWD USD 142.00	Ore_Fut_SCOJ2	-	-	-	-	-	-	(3.248)
Iron ore (CFR China 62% Fe)	05/22	Ore FWD USD 147.00	Ore_Fut_SCOJ2	-	-	-	-	-	-	(1.303)
Iron ore (CFR China 62% Fe)	06/22	Ore FWD USD 150.10	Ore_Fut_SCOK2	-	-	-	-	-	-	11.431
Iron ore (CFR China 62% Fe)	07/22	Ore FWD USD 150.02	Ore_Fut_SCOM2	-	-	-	-	-	-	7.842
Iron ore (CFR China 62% Fe)	07/22	Ore FWD USD 150.00	Ore_Fut_SCOM2	-	-	-	-	-	-	6.790
Iron ore (CFR China 62% Fe)	08/22	Ore FWD USD 129.18	Ore_Fut_SCON2	-	-	-	-	-	-	16.473
Iron ore (CFR China 62% Fe)	08/22	Ore FWD USD 143.70	Ore_Fut_SCON2	-	-	-	-	-	-	15.855
Iron ore (CFR China 62% Fe)	08/22	Ore FWD USD 143.70	Ore_Fut_SCON2	-	-	-	-	-	-	7.550
Iron ore (CFR China 62% Fe)	08/22	Ore FWD USD 143.80	Ore_Fut_SCON2	-	-	-	-	-	-	3.975
Iron ore (CFR China 62% Fe)	09/22	Ore FWD USD 116.05	Ore_Fut_SCON2	-	-	-	-	-	-	4.262
Iron ore (CFR China 62% Fe)	09/22	Ore FWD USD 118.00	Ore_Fut_SCOQ2			-	-	-	-	4.995
Iron ore (CFR China 62% Fe)	10/22	Ore FWD USD 116.19	Ore_Fut_SCOU2			-	-		-	13.999
Iron ore (CFR China 62% Fe)	11/22	Ore FWD USD 115.81	Ore_Fut_SCOV2			-	-		-	8.745
Iron ore (CFR China 62% Fe)	11/22	Ore FWD USD 107.95	Ore_Fut_SCOV2			-	-		-	5.909
Iron ore (CFR China 62% Fe)	11/22	Ore FWD USD 115.05	Ore_Fut_SCOV2			-	-		-	1.426
Iron ore (CFR China 62% Fe)	11/22	Ore FWD USD 113.39	Ore_Fut_SCOV2			-	-		-	15.959
Iron ore (CFR China 62% Fe)	12/22	Ore FWD USD 112.37	Ore_Fut_SCOX2			-	-		-	9.710
Iron ore (CFR China 62% Fe)	12/22	Ore FWD USD 115.25	Ore_Fut_SCOX2			-	-		-	5.701
Iron ore (CFR China 62% Fe)	01/23	Ore FWD USD 111.85	Ore_Fut_SCOZ2	R$ 56.987	R$ 56.987	-	-	284	-	284
Iron ore (CFR China 62% Fe)	01/23	Ore FWD USD 114.54	Ore_Fut_SCOZ2	R$ 29.119	R$ 29.119	-	-	832	-	832
Iron ore (CFR China 62% Fe)	01/23	Ore FWD USD 90,23	Ore_Fut_SCOZ2	R$ 69.424	R$ 69.424	-	-	(16.142)	-	(16.142)
Iron ore (CFR China 62% Fe)	02/23	Ore FWD USD 86,30	Ore_Fut_SCOF3	R$ 48.306	R$ 48.306	-	-	(17.853)	-	
Iron ore (CFR China 62% Fe)	02/23	Ore FWD USD 86,30	Ore_Fut_SCOF3	R$ 15.629	R$ 15.629	-	-	(5.680)	-	
Iron ore (CFR China 62% Fe)	02/23	Ore FWD USD 90,47	Ore_Fut_SCOF3	R$ 69.613	R$ 69.613	-	-	(20.350)	-	
Iron ore (CFR China 62% Fe)	02/23	Ore FWD USD 97,30	Ore_Fut_SCOF3	R$ 77.110	R$ 77.110	-	-	(15.142)	-	
Iron ore (CFR China 62% Fe)	02/23	Ore FWD USD 106,33	Ore_Fut_SCOF3	R$ 80.135	R$ 80.135	-	-	(8.251)	-	
Iron ore (CFR China 62% Fe)	04/23	Ore FWD USD 107,04	Ore_Fut_SCOH3	R$ 82.892	R$ 82.892	-	-	(6.224)	-	
Iron ore (CFR China 62% Fe)	05/23	Ore FWD USD 106,45	Ore_Fut_SCOJ3	R$ 82.432	R$ 82.432	-	-	(6.129)	-	
Iron ore (CFR China 62% Fe)	06/23	Ore FWD USD 105,82	Ore_Fut_SCOK3	R$ 81.946	R$ 81.946	-	-	(6.023)	-	
Gain(loss) on export revenue for the year										**16.559**
Book balance (asset position net of the liability position)								**(100.678)**	**(68.772)**	

The carrying amounts of the derivative financial instruments are as follows:

	12/31/2022
Current liabilities	100,678

	12/31/2022	12/31/2021
In gross revenue - foreign market	16,559	(44,598)
	16,559	(44,598)

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

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

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

The commodity price hedge transactions designated as hedging instruments at December 31, 2022 are presented below:

					Consolidated
		Index		Notional amount (amount contracted)	
Hedged item	Maturity (year/month)	Asset position	Liability position		Gain (loss)
Iron ore (CFR China 62% Fe)	01/23	Ore FWD USD 111.85	Ore_Fut_SCOZ2	R$ 56,987	284
Iron ore (CFR China 62% Fe)	01/23	Ore FWD USD 114.54	Ore_Fut_SCOZ2	R$ 29,119	832
Iron ore (CFR China 62% Fe)	01/23	Ore FWD USD 90.23	Ore_Fut_SCOZ2	R$ 69,424	(16,142)
Iron ore (CFR China 62% Fe)	02/23	Ore FWD USD 86.30	Ore_Fut_SCOF3	R$ 48,306	(17,853)
Iron ore (CFR China 62% Fe)	02/23	Ore FWD USD 86.30	Ore_Fut_SCOF3	R$ 15,629	(5,680)
Iron ore (CFR China 62% Fe)	02/23	Ore FWD USD 90.47	Ore_Fut_SCOF3	R$ 69,613	(20,350)
Iron ore (CFR China 62% Fe)	02/23	Ore FWD USD 97.30	Ore_Fut_SCOF3	R$ 77,110	(15,142)
Iron ore (CFR China 62% Fe)	02/23	Ore FWD USD 106.33	Ore_Fut_SCOF3	R$ 80,135	(8,251)
Iron ore (CFR China 62% Fe)	04/23	Ore FWD USD 107.04	Ore_Fut_SCOH3	R$ 82,892	(6,224)
Iron ore (CFR China 62% Fe)	05/23	Ore FWD USD 106.45	Ore_Fut_SCOJ3	R$ 82,432	(6,129)
Iron ore (CFR China 62% Fe)	06/23	Ore FWD USD 105.82	Ore_Fut_SCOK3	R$ 81,946	(6,023)
				-	(100,678)

Hedge accounting recognized in equity is shown below:

	12/31/2022	12/31/2021
Opening balance recognized in equity	(8,030)	-
Gain (loss) recognized as hedging instrument in the period	(38,687)	(46,965)
Gain (loss) recognized as hedged item in the period	26,461	34,798
	(20,256)	(12,167)
Deferred taxes on profit (34%)	4,157	4,137
Closing balance recognized in equity	(16,099)	(8,030)
Gain (loss) recycled from equity to export revenue (redemptions)	16,559	(44,598)

7 Financial instruments by category

	12/31/2022			12/31/2021		
	Assets at amortized cost	Assets at fair value through profit or loss	Total	Assets at amortized cost	Assets at fair value through profit or loss	Total
Assets						
Cash and cash equivalents	868,610	-	868,610	3,708,617	-	3,708,617
Marketable securities	-	1,854,428	1,854,428	-	550,667	550,667
Trade receivables	649,195	-	649,195	558,127	-	558,127
Other financial instruments	49,904	-	49,904	21,788	-	21,788
	1,567,709	1,854,428	3,422,137	4,288,532	550,667	4,839,199

	12/31/2022			12/31/2021		
	Liabilities at amortized cost	Liabilities at fair value through profit or loss	Total	Liabilities at amortized cost	Liabilities at fair value through profit or loss	Total
Liabilities						
Trade payables	323,834	-	323,834	301,653	-	301,653
Lease liabilities	65,025	-	65,025	39,688	-	39,688
Derivative financial instruments	-	100,678	100,678	-	68,772	68,772
Payables to related companies	72,933	-	72,933	91,448	-	91,448
	461,792	100,678	562,470	432,789	68,772	501,561

The fair values of financial instruments are categorized into different levels of the following hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities (unobservable inputs).

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices).

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At December 31, 2022, financial instruments measured at fair value include financial investments that are fully classified at Level 2.

The amounts of the financial instruments measured at fair value do not significantly differ from their carrying amounts, since they have been contracted and recorded considering rates and conditions adopted in the market for transactions of similar nature, risk and terms.

8 Cash and cash equivalents

Cash and cash equivalents include financial assets, as follows:

	12/31/2022	12/31/2021
Banks - current accounts	13,480	11,042
Banks- current accounts abroad	343,454	479,012
Bank Deposit Certificates (CDB) and repurchase commitments	511,676	3,218,563
	868,610	3,708,617

At December 31, 2022, financial investments in Bank Deposit Certificates (CDBs) and repurchase commitments had immediate liquidity and earned on average 104.58% (106.08% at December 31, 2021) of the CDI rate.

At December 31, 2022, the decrease in the balance of CDBs and investments in repurchase commitments was due to the reclassification of part of these investments to marketable securities, in addition to other changes shown in the statement of cash flows.

9 Marketable securities

	12/31/2022	12/31/2021
Bank Deposit Certificates (CDB)	1,341,912	286,487
Investment funds	512,516	264,180
	1,854,428	550,667

At December 31, 2022, financial investments in CDBs earned on average 104.58% (106.08% at December 31, 2021) of the CDI rate. Investment Funds earned on average 102.76% (101.26% at December 31, 2021) of the CDI rate. As these investment funds are exclusive to Usiminas, there are no obligations to third parties to be disclosed.

Financial investments mainly comprise CDBs, which are held at prime financial institutions, and are redeemable in one year or less.

At December 31, 2022, the increase in the balance of marketable securities was due to the reclassification of part of cash and cash equivalents invested in CDB to marketable securities, according to management's intention to extend the investments' maturity to more than 180 days, while maintaining highly liquid investments.

10 Trade receivables

	12/31/2022	12/31/2021
Trade receivables - local currency	7,844	4,722
Trade receivables - foreign currency	354,603	306,724
Trade receivables	362,447	311,446
Receivables from related parties (Note 31)	286,748	253,712
	649,195	565,158

At December 31, 2022 and 2021, the Company did not have overdue trade receivables.

11 Inventories

	12/31/2022	12/31/2021
Current assets:		
Finished products	101,471	67,884
Work in progress	27,646	19,958
Raw materials	2,661	2,945
Supplies and spare parts	75,387	65,229
Imports in transit	474	4,787
Provision for losses	(4,895)	(1,611)
	202,744	159,192
Non-current assets (i):		
Finished products	-	1,865
Raw materials	22,265	51,163
Provision for losses	-	(1,865)
Impairment of assets (ii)	(22,265)	(51,163)
	-	-
Total inventories	202,744	159,192

(i) Based on its production plan, Mineração Usiminas classifies inventories that are expected to be realized in more than 12 months as non-current.
(ii) At December 31, 2022, a reversal of impairment loss was determined in the inventories of iron ore, in the amount of R$ 28,898. This reversal was due to the consumption of iron ore inventory and the write-off of inventories impaired by the impossibility of future use, according to a technical report. For the same reason, the inventory of finished products and the related provision in the amount of R$ 1,865 were written off. At December 31, 2021, a reversal of impairment loss was determined in iron ore inventories, in the amount of R$ 2,097,

Changes in the provision for inventory losses were as follows:

	12/31/2022	12/31/2021
Opening balance	(1,611)	(2,366)
Provision for adjustment of inventories to realizable value	(3,284)	-
Reversal of adjustment of inventories to realizable value	-	755
Closing balance	(4,895)	(1,611)

At December 31, 2022, a provision for loss on these inventories was set up in the amount of R$3,284, referring to the loss from the iron ore storage and handling process, with a corresponding entry to profit or loss under "Cost of sales".

12 Taxes recoverable

Taxes recoverable recorded in current assets are presented below:

	12/31/2022	12/31/2021
Social Integration Program (PIS) and Social Contribution on Revenues (COFINS)	16,557	7,488
Value-added Tax on Sales and Services (ICMS) (i)	213,039	155,585
Provision for impairment of ICMS credits	(213,039)	(155,585)
Others	381	-
	16,938	7,488

(i) Mineração Usiminas has an accumulated ICMS credit balance, for which a provision was set up, since there is no expectation of recovery.

13 Contractual advances

The Company has a lease agreement in force, signed in July 2011, related to the mining rights adjacent to its mining reserves. Starting October 15, 2012, the date on which the lease agreement was authorized by the National Mining Agency (ANM), the agreement has a duration of 30 years, or until the depletion of these mineral reserves.

The monthly lease payments are linked to the volume of ore extracted from the areas covered by the lease agreement. As from 2015, a minimum annual volume of 3.6 million metric tons was established. In the event the annual volume of ore extracted is below the minimum volume set, a payment under a take-or-pay arrangement will be due, corresponding to the difference between the minimum volume set and the volume effectively extracted.

The agreement was amended on December 19, 2019, to include an offset mechanism for unmined ore. Exclusively for the period from January 1, 2019 to December 31, 2024, take-or-pay amounts will be treated as a credit to be offset against surplus amounts mined between 2025 and 2033.

At December 31, 2022, in accordance with the provisions of the lease agreement and amendments, a credit of R$255,205 to be offset was recognized as a contractual advance in non-current assets.

14 Income tax and social contribution

(a) Taxes on profit

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

	12/31/2022	12/31/2021
Profit before income tax and social contribution	1,545,615	3,559,791
Nominal rates	34%	34%
Income tax at nominal rates	(525,509)	(1,210,329)
Adjustments to determine effective taxes on profit:		
Equity in the results of investees	32,934	27,313
Permanent exclusions (additions)	(4,638)	(3,003)
Tax incentives	10,750	31,378
Interest on capital	85,281	81,200
Income tax computed	(401,182)	(1,073,441)
Current	(306,594)	(1,095,819)
Deferred	(94,588)	22,378
Total income tax	(401,182)	(1,073,441)
Effective rates	26%	30%

(b) Deferred income tax and social contribution

The balances and changes in deferred income tax and social contribution assets and liabilities at nominal rates are shown below:

	12/31/2021	Equity/ Comprehensive income	Recognized in profit or loss	12/31/2022
Assets				
Income tax and social contribution				
Temporary provisions				
Provision for litigation	2,996	-	408	3,404
Environmental restoration liability	35,499	-	(1,250)	34,249
Provision for inventory adjustments	18,578	-	(9,344)	9,234
Goodwill on merger of companies	280,662	-	(4,544)	276,118
Provision for profit sharing	12,760	-	(1,556)	11,204
Impairment of assets	181,289	-	(102,407)	78,882
Provision for actuarial liability	3,068	202	366	3,636
Hedge accounting	4,137	4,156	-	8,293
Others	123,276	-	23,682	146,958
Total assets	662,265	4,358	(94,645)	571,978
Liabilities				
Income tax and social contribution				
Indexation of judicial deposits	(3,167)	-	(4,400)	(7,567)
Leasing – as per Law 11,638	(37)	-	26	(11)
Adjustment to present value	(11,811)	-	4,431	(7,380)
Total liabilities	(15,015)	-	57	(14,958)
Total, net	647,250	4,358	(94,588)	557,020

The long-term deferred income tax and social contribution were tested for impairment and justified based on future taxable profit projected by management, based on reports from renowned entities operating in the mining industry, and macroeconomic projections provided by public agencies, among others.

(c) Income tax and social contribution in current liabilities

	12/31/2022	12/31/2021
Income tax		
Current income (expense)	(222,585)	(797,437)
Prepayments and offsets in the year	180,490	176,871
	(42,095)	(620,566)
Social contribution		
Current income (expense)	(84,009)	(298,382)
Prepayments and offsets in the year	79,933	88,242
	(4,076)	(210,140)
Total income tax and social contribution payable	(46,171)	(830,706)

15 Judicial deposits

	12/31/2021	Additions	Write-offs	Indexation accruals	12/31/2022
Civil (i)	1,279	461	-	99	1,839
Labor (ii)	4,495	-	(223)	236	4,508
Tax (iii)	99,280	38,242	-	12,677	150,199
	105,054	38,703	(223)	13,013	156,546

	12/31/2020	Additions	Write-offs	Indexation accruals	12/31/2021
Civil (i)	-	1,268	-	11	1,279
Labor (ii)	5,914	-	(1,615)	196	4,495
Tax (iii)	65,141	31,174	-	2,965	99,280
	71,055	32,442	(1,615)	3,172	105,054

(i) Relates to an Action to Constitute Mining Easement filed by Mineração Usiminas against Isaltino Crispim Rosa to enable iron ore extraction linked to the Dry Stacking operation. The deposit refers to the market value of the properties, based on two independent and specialized technical appraisals, ensuring the defendant maximum compensation.

(ii) Relate to labor claims from employees, former in-house employees and outsourced personnel of Mineração Usiminas; various termination amounts are claimed, in addition to administrative proceedings related to notices served by labor inspectors.

(iii) The balance at December 31, 2022 and December 31, 2021 relates to a Writ of Mandamus filed against the required payment of the Financial Compensation for Mineral Resources Exploration (CFEM). Based on a legal interpretation prepared by an outside law firm, with extensive support provided by Law 13,540/2017, the Company considers that this contingency involves possible risk of loss, and therefore, no provision was recorded.

16 Investments

(a) Changes in investments

	12/31/2021	Equity in the results of investees	Additions	Dividends	Actuarial liability	12/31/2022
Jointly-controlled subsidiary						
Modal	2,440	3,607	-	(3,591)	-	2,456
Associates						
Sarzedo Terminal (i)	4,775	12,281	-	(11,311)	-	5,745
Paraopeba Terminal	900	(21)	67		-	946
UPL	458,595	80,998	-	(19,237)	(38)	520,318
	466,710	96,865	67	(34,139)	(38)	529,465
Goodwill						
Modal	4,668	-	-	-	-	4,668
Sarzedo Terminal	7,200	-	-	-	-	7,200
	11,868	-	-	-	-	11,868
	478,578	96,865	67	(34,139)	(38)	541,333

(i) In order to calculate the investment in the associate Sarzedo Terminal, the prepaid dividends received in December, of R$1,022, were deducted from equity (as presented below), with the addition of R$838, related to the carrying value adjustment in 2021.

(b) Financial information on associated companies

The Company's equity in the results of its associates at December 31, 2022 is as follows:

	Country of incorporation	Ownership interest (%)	Assets	Liabilities	Equity	Net revenue	Results
Sarzedo Terminal	Brazil	22.22	66,660	24,279	42,381	113,146	55,267
Paraopeba Terminal	Brazil	22.22	4,307	115	4,192	-	(93)
UPL	Brazil	83.30	647,731	23,100	624,631	-	97,237

The Company used the balance sheet at November 30, 2022 to calculate the effects of equity in the results of the associates Sarzedo Terminal and Paraopeba Terminal.

The capital of the associate UPL is comprised of 33.3% of voting shares and 66.7% of non-voting shares. The Company owns 100% of non-voting capital and 49.9% of the voting capital, and is not the controlling stockholder of UPL.

There were no changes in ownership interests in the last years presented. current year..

(c) Jointly-controlled subsidiary

Financial information on the jointly-controlled subsidiary Modal is presented below:

(i) Summarized balance sheet

	12/31/2022	12/31/2021
Assets		
Current	4,043	4,256
Property, plant and equipment	1,795	2,001
Total assets	5,838	6,257
Liabilities and equity		
Current	929	1,378
Equity	4,909	4,879
Total liabilities and equity	5,838	6,257

(ii) Summarized statement of profit or loss

	12/31/2022	12/31/2021
Net sales and services	13,370	12,033
Cost of sales	(4,793)	(3,971)
Operating income (expenses)	(37)	(19)
Finance income (costs)	293	77
Provision for IRPJ and CSLL	(1,619)	(1,391)
Profit for the year	7,214	6,729

17 Property, plant and equipment

		12/31/2022			12/31/2021		
	Weighted average rate of annual depreciation (%)	Cost	Accumulated depreciation	PP&E, net	Cost	Accumulated depreciation	PP&E, net
In operation							
Buildings	14	182,236	(109,269)	72,967	152,048	(93,976)	58,072
Machinery and equipment	28	736,969	(540,162)	196,807	650,535	(515,308)	135,227
Facilities	18	926,837	(537,730)	389,107	687,730	(458,409)	229,321
Furniture and fittings	28	4,880	(3,787)	1,093	4,276	(3,342)	934
IT equipment	28	27,137	(16,265)	10,872	24,284	(12,708)	11,576
Vehicles	32	14,862	(12,120)	2,742	13,699	(12,331)	1,368
Tools and instruments	27	7,280	(4,756)	2,524	5,333	(4,063)	1,270
Right of use	26	132,444	(70,947)	61,497	84,529	(48,382)	36,147
Environmental restoration obligation	-	208,081	(20,913)	187,168	115,496	(16,807)	98,689
		2,240,726	(1,315,949)	924,777	1,737,930	(1,165,326)	572,604
Land		136,939	-	136,939	130,814	-	130,814
Total in operation		2,377,665	(1,315,949)	1,061,716	1,868,744	(1,165,326)	703,418
Under construction							
Construction in progress		333,308	-	333,308	465,889	-	465,889
Imports in transit		266	-	266	266	-	266
Advances to suppliers		549	-	549	1,287	-	1,287
Others		-	-	-	6,873	-	6,873
Total under construction		334,123	-	334,123	474,315	-	474,315
		2,711,788	(1,315,949)	1,395,839	2,343,059	(1,165,326)	1,177,733

Changes in property, plant and equipment were as follows:

	12/31/2021	Additions (i)	Measurement - IFRS 16 (ii)	Write-offs	Depreciation	Transfers	12/31/2022
In operation							
Buildings	58,072	559	-	-	(15,293)	29,629	72,967
Machinery and equipment	135,227	946	-	(332)	(54,689)	115,655	196,807
Facilities	229,321	4,034	-	(625)	(87,150)	243,527	389,107
Land	130,814	-	-	(1,178)	-	7,303	136,939
Tools and instruments	1,270	-	-	-	(871)	2,125	2,524
Environmental restoration liability	98,689	92,585	-	-	(4,106)	-	187,168
Right-of-use assets	36,147	-	47,915	-	(22,565)	-	61,497
Others	13,878	2	-	-	(4,476)	5,303	14,707
	703,418	98,126	47,915	(2,135)	(189,150)	403,542	1,061,716
Under construction							
Construction in progress	474,315	264,030	-	-	-	(404,222)	334,123
	1,177,733	362,156	47,915	(2,135)	(189,150)	(680)	1,395,839

(i) Additions to property, plant and equipment comprise cash purchases of R$269,568.
(ii) The measurement of right-of-use assets comprises equipment lease agreements in the amount of R$47,915.

	12/31/2020	Additions (i)	Measurement - IFRS 16	Write-offs	Depreciation	Transfers	12/31/2021
In operation							
Buildings	66,093	-	-	-	(26,699)	18,678	58,072
Machinery and equipment	157,887	-	-	(119)	(41,413)	18,872	135,227
Facilities	269,995	-	-	-	(61,025)	20,351	229,321
Land	131,796	-	-	(53)	-	(929)	130,814
Tools and instruments	1,182	-	-	(1)	(485)	574	1,270
Environmental restoration liability	102,131	-	-	-	(3,442)	-	98,689
Right-of-use assets	47,835	-	9,015	-	(20,703)	-	36,147
Others	4,934	-	-	(1)	(2,256)	11,201	13,878
	781,853	-	9,015	(174)	(156,023)	68,747	703,418
Under construction							
Construction in progress	293,088	253,829	-	(2,014)	-	(70,588)	474,315
	1,074,941	253,829	9,015	(2,188)	(156,023)	(1,841)	1,177,733

(i) Additions to property, plant and equipment comprise cash purchases totaling R$253,829.

At December 31, 2022, depreciation was recognized in "Cost of Sales", "Selling expenses", "General and administrative expenses" and "Other operating expenses" in the amounts of R$162,597, R$1,432, R$2,433 and R$22,688 (R$142,904, R$1,168, R$1,320 and R$10,631 at December 31, 2021), respectively.

18 Intangible assets

Changes in intangible assets are as follows:

	Mineral rights (i)	Mining easements	Other (ii)	Total
Net book value at December 31, 2021	1,437,124	858	6,190	1,444,172
Additions	-	-	2,221	2,221
Write-offs	-	-	(53)	(53)
Amortization	(20,116)	(143)	(1,334)	(21,593)
Transfers	-	-	680	680
Impairment	293,464	-	-	293,464
At December 31, 2022	1,710,472	715	7,704	1,718,891
Total cost	1,850,796	4,478	19,056	1,874,330
Accumulated amortization	(140,324)	(3,763)	(11,352)	(155,439)
Net book value at December 31, 2022	1,710,472	715	7,704	1,718,891

(i) Mineral rights are amortized in accordance with mine depletion.
(ii) Refers basically to software with an average amortization rate of 40% p.a.

	Mineral rights (i)	Mining easements	Other (ii)	Total
Net book value at December 31, 2020	1,404,005	1,000	3,389	1,408,394
Additions	50,001	-	1,966	51,967
Amortization	(16,882)	(142)	(1,006)	(18,030)
Transfers	-	-	1,841	1,841
At December 31, 2021	1,437,124	858	6,190	1,444,172
Total cost	1,557,332	4,478	16,208	1,578,018
Accumulated amortization	(120,208)	(3,620)	(10,018)	(133,846)
Net book value at December 31, 2021	1,437,124	858	6,190	1,444,172

(i) Mineral rights are amortized according to the depletion of mines.
(ii) Refers basically to software with an average amortization rate of 31% p.a.

At December 31, 2022, amortization of intangible assets was recognized in "Cost of sales" and "General and administrative expenses" in the amounts of R$20,946 and R$700 (R$17,498 and R$532 at December 31, 2021), respectively.

19 Impairment of non-financial assets

The recoverable amount of non-financial assets is calculated using the discounted cash flow method based on the economic and financial projections of each Cash Generating Unit (CGU). The projections take into consideration the changes observed in the economic scenario, as well as assumptions of expected results and the history of profitability of each CGU.

At December 31, 2022, Mineração Usiminas evaluated its cash generating units as described below:

(a) Impairment testing of goodwill

The Company tested for impairment the cash generating units that include intangible assets with indefinite useful lives (goodwill) and no impairment losses on goodwill were identified at December 31, 2022 and 2021.

The recoverable value was calculated based on 8-year projections of sales volumes, average prices and operating costs prepared by the commercial and planning areas, considering the inflation forecast from market reports, as well as the need for working capital and investments to maintain the assets tested.

The discount rates used were based on market information available on the testing date. In 2022, the effective rate used to discount the cash flow of each cash generating unit was 9.19%, and the nominal rate, 13.06%.

(b) Impairment testing of mineral rights

The recoverable amount of the mining CGU assets was updated to reflect management's best estimates of future results from the processing and sale of iron ore, based on projections of sales price, expenses and investments. This evaluation may change depending on fluctuations in commodity prices, and any changes in long-term expectations may lead to future adjustments in the recognized amount.

The discount rate applied to the projections of future cash flows was an estimate of the rate that the market would use to address the risks of the asset being evaluated. In 2022, the effective rate used was 9.19% and the nominal rate, 13.06%. The Company considered market sources to define the inflation and foreign exchange rates used in projections of future cash flows. For the projection of annual exchange rates (R$/US$), the long-term inflation rates in the United States and Brazil were considered. Projection prices for iron ore (CFR China, 62% Fe) ranged between US$85.00/t and US$103.80/t for the short-term, and US$77.00/t for the long-term. The prices used in the calculation of future cash flows are in line with the estimates published by market analysts.

At December 31, 2022, the impairment of mining rights in the amount of R$293,464, allocated to intangible assets, was reversed. A reversal of impairment in the amount of R$3,160 was recorded in Investment properties, related to a plot of land in Itaguaí. The reversal resulted from the appreciation of the fair value of the property in relation to its cost, which reflects the market conditions on the balance sheet date. The remaining impairment loss of R$232,006 continues to be monitored by the Company and may be reversed considering future projections.

(c) Impairment testing of other long-term assets

The assumptions used in the impairment testing of long-term assets are the same as those used in the impairment testing of mineral rights, as described in item (b).

A reversal of the provision for impairment losses in the amount of R$28,898 was recognized for the other long-term assets. This reversal was due to the consumption of iron ore inventory and the write-off of inventories impaired by the impossibility of future use, according to a technical report. The remaining impairment loss of R$22,265 continues to be monitored by the Company and may be adjusted considering future projections.

20 Trade payables, contractors and freight charges

	12/31/2022	12/31/2021
In Brazil	265,400	257,090
Abroad	1,136	31,311
Payables to related companies (Note 31)	57,298	13,252
	323,834	301,653

The Company did not contract forfaiting operations in 2022 and 2021. Some of its suppliers contracted, on their own initiative, forfaiting operations with banks, in the amount of R$81,455 (December 31, 2021 - R$54,864). Therefore, these operations did not change the equity balances, since there were no financial charges imputed to the Company.
There are no changes to the financial liability and there is no burden for the Company on forfaiting operations or credit assignment carried out with suppliers.

21 Taxes payable

	12/31/2022	12/31/2021
Value-added Tax on Sales and Services (ICMS)	639	541
Withholding Income Tax (IRRF)	1,604	1,317
Services Tax (ISS)	1,641	1,452
Financial Compensation for Mineral Resources Exploration (CFEM)	17,143	23,212
Others	1,991	2,394
	23,018	28,916

22 Lease liabilities

At the end of 2022, the Company's lease agreements related mainly to vehicles used for internal transportation in mines (off road vehicles).

Lease liabilities are initially measured by discounting the remaining minimum contractual payments to present value. The Company estimated the discount rates based on risk-free interest rates observable in the Brazilian market, for the term of the agreements. The rates used in the calculation ranged between 9.55% and 16.74% per year (7.34% to 10.53% per year at December 31, 2021).

Changes in lease liabilities are shown below:

	12/31/2022	12/31/2021
Opening balance	39,688	50,835
Addition	47,915	9,015
Payments	(27,515)	(24,565)
Interest accrued	4,937	4,403
Closing balance	65,025	39,688
Current liabilities	18,420	18,931
Non-current liabilities	46,605	20,757

The estimated future minimum payments related to lease agreements are as follows:

					12/31/2022
	Less than 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total
Lease agreements	24,695	21,113	33,991	1,520	81,319
Adjustment to present value	(6,275)	(4,488)	(5,327)	(204)	(16,294)
	18,420	16,625	28,664	1,316	65,025

					12/31/2021
	Less than 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total
Lease agreements	21,712	11,954	9,459	2,000	45,125
Adjustment to present value	(2,781)	(1,391)	(923)	(342)	(5,437)
	18,931	10,563	8,536	1,658	39,688

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

		12/31/2022
Cash flow	**Nominal**	**Adjusted to present value**
Lease consideration	73,797	59,010
Potential PIS/COFINS (9.25%)	7,522	6,015
	81,319	65,025

		12/31/2021
Cash flow	**Nominal**	**Adjusted to present value**
Lease consideration	40,950	36,017
Potential PIS/COFINS (9.25%)	4,175	3,671
	45,125	39,688

23 Environmental restoration obligation

At December 31, 2022, the provision for environmental restoration of the explored areas and asset retirement obligation amounted to R$322,090. Of this amount, R$39,030 was recorded in current liabilities, under Other payables, and R$283,060 in non-current liabilities (R$233,178 recorded in non-current liabilities at December 31, 2021).

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

In 2022, as required by the legislation in force, the Company hired a specialized consulting firm to review these estimates. In addition to the existing reclamation plans, the review considered also the Samambaia Dam Decommissioning Plan. This new Plan was approved by management to start in 2023, with expected completion by the end of 2025. At December 31, 2022, the provision for the Samambaia Dam Decommissioning Plan was increased by R$77,713, totaling R$155,694.

In view of the revised estimates, the Company proceeded with the temporary adjustment of the fair value presented, in accordance with the procedure adopted, which considers the disbursement flow, immediately after the base date of the publication of its Financial Statements. On the fair value of this flow, the average inflation rate of 3.53% p.a. was considered, for the calculation of the future value and later, the calculation of the present value was carried out, which in addition to the inflation rate, also considered a risk-free rate (NTN-B), making an average rate of 10.06% p.a..

Changes in the provision for environmental restoration were as follows:

	12/31/2022	12/31/2021
Opening balance	233,178	230,002
Indexation accruals	20,908	15,885
Addition	92,585	-
Amortization	(24,582)	(12,709)
	322,090	233,178

24 Provision for litigation

Changes in the provision for litigation were as follows:

	12/31/2022	12/31/2021
Opening balance	8,811	10,073
Additions	841	589
Interest/charges	884	911
Repayments/reductions	(182)	(1,736)
Reversals	(343)	(1,026)
	10,011	8,811

(a) Litigation - probable losses

The provision for litigation was recorded to cover probable losses arising from administrative and judicial proceedings in amounts considered sufficient by management, based on the advice and evaluation of its internal and external legal counsel. The most significant claims at December 31, 2022 and 2021 are described below:

Description	Status	12/31/2022 Balance	12/31/2021 Balance
Labor and administrative proceedings involving employees, former in-house employees and outsourced personnel of Mineração Usiminas, claiming termination amounts.	Pending judgment by the applicable agencies at various court levels.	4,305	3,655
Filing for mining easement with a request for early relief authorizing the Company to carry out the necessary activities for the licensing and mineral development of the area.	Sentence handed down (upheld). Pending enforcement of the sentence and payment of the indemnity related to the easement obtained.	835	735
Assessment for alleged environmental degradation, for silting up the downstream basin.	The proceeding was changed as an appeal was filed.	1,523	1,360
Lawsuit claiming that the social security contribution (INSS) should be not levied on the 1/3 vacation bonus.	Pending judgment by the appellate court.	3,113	2,871
Others	-	235	190
Total		10,011	8,811

(b) Litigation - possible losses

Mineração Usiminas is a party to other proceedings involving risk of loss classified as possible by management, based on advice of its internal and external legal counsel, for which no provisions have been recorded.

Description	Status	12/31/2022 Balance	12/31/2021 Balance
Tax assessment aiming for the collection of PIS and COFINS on the use of credits on services related to a legal entity's activity.	Pending judgment at the administrative level.	42,493	39,448
Lawsuit challenging the exclusion of freight and insurance expenses incurred in the selling phase of the mineral product from the calculation and payment of the CFEM.	Pending judgment by the appellate court.	142,448	91,834
Lawsuit for collection of CFEM debts related to the Mining Process.	Pending judgment at the administrative level.	54,082	-
Other civil proceedings.	-	24,830	15,269
Other labor claims.	-	17,325	5,730
Other tax proceedings.	-	11,044	5,972
Total		292,222	158,253

(c) Contingent assets

(i) Exclusion of the Selic interest rate on overpaid tax

In a final decision rendered on September 24, 2021, the STF ruled as unconstitutional the levy of income taxes on interest accruals (SELIC) received by taxpayers as a refund for tax overpayments. Accordingly, the Company reviewed the judgment on this lawsuit, as required by ICPC 22/IFRIC 23, and concluded that the facts and circumstances on which this decision is based have changed. In December 2021, the Company recorded, in non-current assets, tax credits of R$7,854, with a corresponding entry to "Income tax and social contribution recoverable" in the statement of profit or loss.

Once a final decision is issued on the Company's lawsuits, the corresponding amounts will be considered in the tax calculations, pursuant to the rules of the Brazilian Federal Revenue Service.

In the year ended December 31, 2022, the amount of R$909 relating to monetary restatement was recorded under "Finance income (costs)" (Note 30).

These tax credits, recorded in non-current assets, totaled R$8,763 at December 31, 2022.

25 Equity

(a) Share capital

At December 31, 2022, the Company's share capital totaled R$3,194,541 (R$3,194,541 at December 31, 2021).

At December 31, 2022 and 2021, the Company's shareholding composition was as follows:

	12/31/22 and 12/31/21	
	Common shares	
Shareholder	**Number of shares**	**%**
Usinas Siderúrgicas de Minas Gerais S.A. - Usiminas	1,968,125,146	70.00
Serra Azul Iron Ore L.L.C.	822,395,150	29.25
Sumitomo Corporation do Brasil S.A.	21,087,055	0.75
Total	2,811,607,351	100.00

Each common share gives its holder the right to one vote at General Meetings.

All shareholders are entitled to a minimum dividend of 25% of the profit for the year, calculated in accordance with the Brazilian corporate legislation.

(b) Reserves

Capital reserve

Share premium reserve- established in accordance with Article 14, sole paragraph, of Law 6,404/1976. At December 31, 2020, this reserve balance of R$1,210,322 was fully used for a capital increase, as approved by the Company's Board of Directors on December 28, 2021.

Profit reserves

- Legal reserve - which amounted to R$181,539 at December 31, 2022, is credited annually with 5% of profit for the year up to a maximum of 30% of the capital, provided that it includes the capital reserve amount (according to Law 6,404/1976, paragraph 1 of Article 193).

- The reserve for investments and working capital totaled R$3,848,009 at December 31, 2022 (R$3,719,920 at December 31, 2021). In accordance with the Company's bylaws, this reserve is intended for the development of its activities, based on capital budget needs. The allocation of the amount exceeding the share capital will be decided at the General Shareholders' Meeting (as provided for in Article 199 of Law 6,404/1976).

(c) Carrying value adjustments

Carrying value adjustments related substantially to:

• Actuarial gains and losses calculated in accordance with CPC 33 and IAS 19. At December 31, 2022, the debit balance of this account totaled R$4,853 (R$4,421 at December 31, 2021).

• Hedge Accounting: net effect of hedge accounting, after deduction of taxes (Note 6). At December 31, 2022, the credit balance of this account totaled R$16,099 (R$8,030 at December 31, 2021).

(d) Dividends and interest on capital

Proposed dividends and interest on capital related to the profit for 2022 and 2021 are as follows:

	12/31/2022	12/31/2021
Profit for the year	1,144,433	2,486,350
Transfer to Legal reserve (5%)	(57,221)	(124,319)
Calculation basis of dividends and interest on capital	1,087,212	2,362,031
Proposed minimum dividends and interest on capital (25%), net of Withholding income tax (IRRF)	271,803	590,508
Proposed dividends to be considered as minimum mandatory dividend	56,766	387,509
Interest on capital paid, considered as minimum mandatory dividend	215,037	202,999
Interest on capital paid - supplementary payment (i)	1,834	1,746
IRRF on interest on capital (i)	35,790	34,077
Total dividends and interest on capital, gross	309,427	626,331
Amount per share (ii)	R$0.096672	R$0.210025

(i) Arising from the tax benefit (Brazil-Japan agreement) of one of the shareholders. At December 31, 2022, the effective IRRF rate levied on the payment of interest on capital was 14.2% (14.3% at December 31, 2021).
(ii) Calculated based on IRRF net amount.

Changes in dividends and interest on capital payable are shown below:

Nature	12/31/2022	12/31/2021
Dividends payable at the beginning of the year	387,509	486,277
Dividends and interest on capital related to the prior year	649,696	148,912
Payment of dividends and interest on capital	(1,288,032)	(874,011)
Proposed dividends and interest on capital	309,427	626,331
Total net dividends payable at the end of the year	58,600	387,509

The Company's bylaws provide for the distribution of minimum mandatory dividend corresponding to 25% of adjusted profit for the year, as established in law. Dividends payable were deducted from equity at the end of the reporting period and recorded in liabilities.

The Board of Directors' meeting held on April 29, 2022, approved the additional distribution of dividends to the shareholders, referring to the results for 2021, in the gross amount of R$649,696, in compliance with Article 199 of law 6.404/76.

The Board of Directors ‘meeting held on December 15, 2022, approved the distribution of interest on capital to the shareholders, in the gross amount of R$250,827, calculated based on the Long-term Interest Rate (TJLP), of which the net amount of R$215,037 was considered as the mandatory minimum dividend for 2022.

26 Revenue

The reconciliation of gross to net revenue was as follows:

	12/31/2022	12/31/2021
Sales of products		
Domestic market	1,083,559	1,273,613
Deemed as exports	301,873	1,370,104
Foreign market	2,495,524	3,585,426
Gross revenue	3,880,956	6,229,143
Deductions from revenue	(263,248)	(374,097)
Net revenue	3,617,708	5,855,046

27 Expenses by nature

	12/31/2022	12/31/2021
Depreciation and amortization	(210,796)	(174,053)
Employee benefit expense	(219,651)	(187,818)
Freight on sales	(1,060,245)	(903,178)
Raw materials and consumables	(423,745)	(426,388)
Costs of distribution and commissions	(333,874)	(298,193)
Third-party services	(361,638)	(291,329)
Gain (loss) on the sale/write-off of PP&E, investments and intangible assets	1,038	1,069
Gain on sale of electricity, surplus to own needs	(5,159)	2,073
Changes in the provision for impairment of assets (i)	296,624	3,030
Lease - mineral rights	6,841	(77,025)
Provision for impairment of ICMS recoverable	(58,631)	(44,765)
Provision for inventory losses	(9,076)	(7,833)
ICMS in the calculation basis of PIS and COFINS	-	9,564
Financial Compensation for Mineral Resources Exploration (CFEM)	(95,017)	(178,578)
Other operating income (expenses)	(3,255)	53,980
	(2,476,584)	(2,519,444)
Cost of sales	(2,265,310)	(2,072,141)
Selling expenses	(353,687)	(313,690)
General and administrative expenses	(41,984)	(38,088)
Other operating income (expenses), net	184,397	(95,525)
	(2,476,584)	(2,519,444)

(i) A reversal of impairment in the amount of R$3,160 was recorded in Investment properties, related to a plot of land in Itaguaí/ RJ. The reversal resulted from the appreciation of the fair value of the property in relation to its cost, which reflects the market conditions on the reporting date. Additionally, an impairment loss on mining rights, in the amount of R$293,464, was reversed and allocated to intangible assets. Also, the reversal of impairment losses on investment properties, of R$3,030, was recorded in connection with a plot of land in Itaguaí/ RJ.

28 Employee expenses and benefits

	12/31/2022	12/31/2021
Salaries and social charges	(162,391)	(140,152)
Social security charges	(22,181)	(19,101)
Employee profit sharing	(28,319)	(23,305)
Other	(6,760)	(5,260)
	(219,651)	(187,818)

Employee benefits and expenses are recorded under "Cost of sales", "Selling expenses", "General and administrative expenses" and "Other operating expenses", based on the position of each employee.

29 Operating income (expenses)

(a) Selling expenses

	12/31/2022	12/31/2021
Personnel expenses	(8,071)	(6,927)
Third-party services	(4,318)	(3,234)
Depreciation and amortization	(1,432)	(1,168)
Costs of distribution and commissions	(333,874)	(298,193)
General expenses	(5,992)	(4,168)
	(353,687)	(313,690)

(b) General and administrative expenses

	12/31/2022	12/31/2021
Personnel expenses	(10,394)	(9,472)
Third-party services	(15,283)	(14,102)
Depreciation and amortization	(3,133)	(1,852)
Management fees	(7,741)	(7,419)
General expenses	(5,433)	(5,243)
	(41,984)	(38,088)

(c) Other operating income (expenses)

	12/31/2022	12/31/2021
Other finance income		
Revenue from sale of electricity	2,845	4,644
Sales of investments, PP&E, and intangible assets	1,993	4,384
Recovery of expenses	4,383	3,105
Inclusion of ICMS in the calculation basis of PIS/COFINS	-	9,564
Royalties	5,716	6,273
Contractual fines	19,461	-
Other revenue	3,747	3,971
	38,145	31,941
Other operating expenses		
Impairment adjustment	296,624	3,030
Expenses from temporary shutdown of equipment	(30,020)	(20,812)
Provision for impairment of ICMS recoverable	(58,631)	(44,765)
Expenses with the sale of electricity	(7,741)	(2,142)
Cost of sale/disposal of PP&E, investments, and intangible assets	(955)	(3,315)
PIS and COFINS on sale of electricity	(263)	(429)
Expenses with engineering projects	(2,506)	(1,328)
Taxes (INSS, ICMS, Municipal real estate tax (IPTU), Income Tax, etc.)	(20,663)	(17,393)
Judicial charges	(142)	(193)
Income (expenses) in litigation, net	(534)	(469)
Donations, sponsorships and cultural incentive expenses	(8,000)	(28,773)
Other expenses	(20,917)	(10,877)
	146,252	(127,466)
	184,397	(95,525)

30 Finance income (costs)

Finance income (costs) are summarized below:

	12/31/2022	12/31/2021
Finance income		
Income from financial investments	185,135	2,411
Inflation adjustments	157,047	150,273
Realization of adjustment to present value	29,958	8,764
ICMS in the calculation basis of PIS and COFINS (update)	-	4,767
Other	1,000	1,251
	373,140	167,466
Finance costs		
Interest on contingent liabilities	(884)	(911)
Inflation adjustments	(21,739)	(18,848)
Realization of present value adjustment of trade payables	(17,968)	(15,680)
PIS and COFINS on finance income	(19,701)	(10,866)
Other finance costs	(4,564)	(2,669)
	(64,856)	(48,974)
Foreign exchange gains/losses, net	(658)	25,367
	307,626	143,859

Foreign exchange gains/losses in the statement of profit or loss arise from cash and cash equivalents, trade payables and receivables denominated in foreign currency.

31 Transactions with related parties

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

(a) Current assets

	12/31/2022		12/31/2021	
	Trade receivables	**Dividends receivable**	**Trade receivables**	**Dividends receivable**
Shareholders	286,748	-	253,712	-
Associates	-	19,237	-	15,359
Total	286,748	19,237	253,712	15,359

Trade receivables from related parties arise mainly from sales transactions based on terms agreed between the parties. These receivables are not secured.

(b) Liabilities

	12/31/2022			12/31/2021		
	Trade payables	Dividends	Amounts payable	Trade payables	Dividends	Amounts payable
Shareholders	7,488	58,600	-	842	387,509	-
Jointly-controlled subsidiaries	1,025	-	-	1,296	-	-
Associated companies (i)	5,995	-	72,933	4,254	-	91,448
Other related parties	42,790	-	-	6,860	-	-
Total	57,298	58,600	72,933	13,252	387,509	91,448
Current	57,298	58,600	-	13,252	387,509	-
Non-current	-	-	72,933	-	-	91,448
Total	57,298	58,600	72,933	13,252	387,509	91,448

(i) In December 2015, in order to restore the financial balance in services contracted for the transportation of iron ore between MRS and the Company, the Parties agreed, on an exceptional basis, to suspend the performance of the Contract against the payment of a compensation to MRS. At December 31, 2022, the amount agreed totaled R$72,933 (present value) (R$91,448 at December 31, 2021), which was recognized in non-current liabilities, due to prepayments made in 2022.

Payables to related parties classified as trade payables arise mainly from purchase transactions, as described in item (c), based on terms agreed between the parties. These payables are interest-free.

The other amounts payable to related parties refer mainly to reimbursements for shared services.

(c) Sales and purchases

	12/31/2022		12/31/2021	
	Sales (i)	Purchases	Sales (i)	Purchases
Shareholders	951,887	14,587	1,172,410	25,886
Jointly-controlled subsidiary	-	13,900	-	12,634
Associates	-	48,164	-	48,056
Other related parties	-	235,428	-	252,258
	951,887	312,079	1,172,410	338,834

(i) Gross sales

(d) Finance and operating result

	12/31/2022	12/31/2021
Shareholders	41,832	571
Associates	(13,031)	(11,406)
	28,801	(10,835)

The main transactions between the Company and related parties are summarized below:

- Purchase of railway transportation services from MRS for iron ore transportation;
- Sale of iron ore to Usiminas and purchase of shared services;
- Purchases from Modal and Sarzedo Terminal of services for storage and loading of iron ore;
- Purchases of services and materials from Usiminas Mecânica S.A. for construction of project metallic structures; and
- Purchase of equipment, materials and services from Takraf do Brasil, the current name of Tenova do Brasil's mining division.

Transactions with related parties are substantially contracted under market price and conditions.

(e) Compensation of the key management personnel

The compensation paid or payable to key management personnel, which includes the Company's Executive Board and Board of Directors, is shown below:

	12/31/2022	12/31/2021
Management fees	7,362	6,632
Social charges	1,297	987
	8,659	7,619

32 Commitments

(a) Contractual obligations - The table below sets forth the required annual minimum future payments related to contractual obligations assumed by the Company at December 31, 2022:

	12/31/2022	12/31/2021
Less than 1 year	255,695	177,847
From 1 to 3 years	298,130	353,487
From 4 to 5 years	260,000	295,000
Over 5 years	892,000	1,083,000
Total required minimum payments	**1,705,825**	**1,909,334**

Contractual obligations relate mainly to the lease agreement for mining rights, and acquisition of property, plant and equipment and electricity.

The Company signed a mining rights lease agreement with third parties for mining operations in areas adjacent to its own operations. The lease was established for a 30-year term, as from October 15, 2012, which is the date on which the lease agreement was authorized by the National Mining Agency (ANM), or until the depletion of the mineral reserves. Minimum future payments were calculated considering the residual lease term, ore price conditions and foreign exchange rates (R$/US$) at the end of each period.

The contractual obligations related to the acquisition of property, plant and equipment items include those in the agreement signed on December 29, 2022 for the performance of works in the electric system and facilities by the utility company, with the purpose of meeting the Company's demand, which will increase from 32,200 kW to 158,000 Kw, by mid 2027.

(b) Collateral granted

The Public Prosecution Office of Minas Gerais and the Municipality of Itatiaiuçu were the intervening parties to the Conduct Adjustment Agreement signed on April 26, 2019, for the purpose of authorizing the Company to continue operating the Samambaia Zero dam, until the effective replacement of the structure with the dry iron ore filtration system and approvals of the measures taken by the Public Prosecution Office of Minas Gerais. The Agreement established the maintenance of an environmental guarantee in the amount of R$49,000, up to the completion of the work, which was granted by a letter of guarantee. The commission expense agreed with the issuing bank was recognized as finance cost.

At December 31, 2022 and 2021, there are no financial guarantees granted by the Company.

33 Insurance coverage

The insurance policies taken out by the Company provide coverage deemed sufficient by Management. At December 31, 2022, these policies covered the Company's buildings, products, equipment, machinery, furniture, objects, fittings and installations at the insured establishments and respective facilities, with value at risk of R$2,249,181 (R$1,817,662 at December 31, 2021), in addition to an insurance policy for operating risks (material damages), with a maximum indemnity of US$250,000 per claim. At December 31, 2022, the amount deductible for material damages was R$1,500 and the coverage for loss of profits had a deductible term of 45 days (lead time). This insurance policy expires on March 31, 2023.

34 Non-cash transactions

At December 31, 2022, investment and funding transactions with no cash effect were carried out, as shown below:

	12/31/2022	12/31/2021
Addition to property, plant and equipment related to the provision for environmental restoration	92,586	-
Addition to property, plant and equipment related to right-of-use assets (IRFS16)	47,915	9,015
Addition of trade receivables related to the hedging instrument	26,461	34,798
Financial instrument recognized as hedged item	-38,687	-46,965
Deferred taxes recognized as hedged items	4,157	4,137
	132,432	985

Board of Directors

Alberto Akikazu Ono
Chairman

Americo Ferreira Neto
Board Member

Gino Eugenio Ritagliati
Board Member

Nobuhiro Yoshida
Board Member

Shimpei Nitta
Board Member

Toshihiro Miyakoshi
Board Member

Executive Board

Carlos Héctor Rezzonico
CEO

Marcelo Héctor Barreiro
CFO

Hiroyuki Matsumoto
CDO

Bruno Fonseca Campos
Accounting Manager
CRC-MG 086-514/O-0