



FINANCIAL RESULTS 1Q22

May 04, 2022



Companhia Siderúrgica Nacional

São Paulo, May 4, 2022 - **Companhia Siderúrgica Nacional** ("CSN") (B3: CSNA3) (NYSE: SID) **discloses its first quarter of 2022 (1Q22)** financial results in Brazilian Reals, with all financial statements consolidated in accordance with accounting practices adopted in Brazil issued by the Accounting Pronouncements Committee ("CPC"), approved by the Brazilian Securities and Exchange Commission ("CVM") and the Federal Accounting Council ("CFC") and in accordance with international financial reporting standards ("IFRS"), issued by the International Accounting Standards Board ("IASB").

The comments address the Company's consolidated results in the **first quarter of 2022 (1Q22)** and the commendations are for the fourth quarter of 2021 (4Q22) and the first quarter of 2021 (1Q21). The price of the dollar was R\$ 5.70 at 03/31/2021; R\$ 5.58 on 12/31/2021 and R\$ 4.74 on 03/31/2022.

Operational and financial highlights of 1Q22

SOLID AND RESILIENT RESULT EVEN WITH OPERATIONAL AND COST PRESSURES

The beginning of 2022 was marked by a challenging scenario, due to heavy rainfall in the Southeast region and pressures on coal and coke costs.

Even so, CSN was able to deliver an excellent result, with EBITDA of R\$ 4.7 billion and EBITDA margin of 39.1%, representing a growth of 4.2 p.p. compared to the previous quarter.

STRONG RECOVERY OF PRICES AND MARGINS IN MINING ON 1Q22

The strong realization of prices observed in this quarter more than offset the decrease in produced volume, due to the heavy rains recorded in the period.

Even with a lower dilution of fixed costs, adjusted EBITDA in the mining segment was R\$ 2.4 billion in 1Q22 with an EBITDA margin of 63%.

INCREASE IN MARKET SHARE OF STEEL AND SOLID PERFORMANCE IN THE INTERNATIONAL MARKET

Continuous recuperation in volume offset the small price reduction observed in the period, resulting in a quarterly growth of 3.1% in steel revenue.

Total sales reached 1,157kton in 1Q22, a growth of 13% against 4Q21, with strong foreign market performance.

LEVERAGE LEVEL UNDER CONTROL

Leverage level remained Below 1x, ending the quarter at 0.89x versus 0.76x in 4Q21, maintaining the leverage level within the company's targets.

Free cash flow was negative at R\$2,542 million, mainly influenced by specific variations in working capital and the strong payment of taxes resulting from the record performance recorded in 2021.

MAINTENANCE OF CEMENT PRICE EVEN IN A QUARTER IMPACTED BY SEASONALITY

The cement segment was impacted in this quarter by the higher rainfall volume and temporary pressures on production costs.

As a consequence, there was an 11% decline in sales volume when compared to 4Q21. In the annual comparison, total sales were 17.5% higher as a result of the incorporation of Elizabeth Cements.

Consolidated Table – Highlights

	1Q22	4Q21	1Q22 x 4Q21	1Q21	1Q22 x 1Q21
Steel Sales (Thousand Tones)	1,157	1,023	13%	1,317	-12%
- Domestic Market	754	690	9%	911	-17%
- External Market	402	333	21%	406	-1%
Iron Ore Sales (Thousand Tones)	6,932	7,719	-10%	8,225	-16%
- Domestic Market	1,111	1,190	-7%	1,286	-14%
- External Market	5,821	6,529	-11%	6,939	-16%
Consolidated Results (R\$ million)					
Net Revenue	11,770	10,361	14%	11,913	-1%
Gross Profit	4,483	3,755	19%	5,735	-22%
Adjusted EBITDA ⁽¹⁾	4,718	3,727	27%	5,806	-19%
EBITDA margin %	39.1%	34.9%	<i>4.2 p.p.</i>	48.7%	<i>-9.6 p.p.</i>
Adjusted Net Debt ⁽²⁾	18,635	16,772	11%	20,542	-9%
Adjusted Cash/Disponibilities ⁽²⁾	14,033	17,593	-20%	14,727	-5%
Net Debt / Adjusted EBITDA	0.89x	0.76x	17%	1.29x	-31%

¹ Adjusted EBITDA is calculated from net income (loss), plus depreciation and amortization, taxes on income, net financial result, income from investment participation, income from other operating income/expenses and includes a proportional participation of 37.27% of the EBITDA of the joint subsidiary MRS Logística.

² Adjusted Ebitda Margin is calculated from Adjusted Ebitda divided by Management Net Revenue.

³ Adjusted Net Debt and Adjusted Cash/Availability consider 37.27% of MRS, in addition to not considering *Forfeiting and Cashed Risk* transactions.

Consolidated Results

- **Net revenue in 1Q22** totaled R\$ 11,770 million, representing an increase of 13.6% when compared to 4Q21 and a slight decline of 1.2% when compared to 1Q21. This result is a consequence of the improvement of the mining segment that showed a strong price recovery in the period, in addition to higher volumes sold in the steel market.
- The **cost of goods sold (COGS)** totaled R\$ 7,287 million in the 1Q22, representing an increase of 10.3% compared to 4Q21 and 18% compared to 1Q21. This increase in costs was a consequence of higher prices for some raw materials such as coal and coke, in addition to the lower dilution of fixed costs in mining with the drop in volume produced.
- Despite the increase in costs, **gross margin** reached 38% in 1Q22 and was 1.8 p.p. higher than in 4Q21, as a result of the strong price recovery observed in the mining segment. On the other hand, when compared to the same period of 2021, there was a 22% decline in gross profit, which reflects not only the operational difficulties observed in the quarter with an above-normal rainfall volume, but also higher costs in the annual comparison.
- In 1Q22, **sales, general and administrative expenses** totaled R\$ 587 million, 28% lower than in 4Q21, as a consequence of the lower volume sold in mining that generated a lower freight expense, in addition to the greater budgetary control performed by the company.
- The group of **other operating income and expenses** was negative in R\$ 359 million in 1Q22, mainly from cash flow hedge accounting operations that totaled R\$ 79 million in the period.
- The **financial result** was negative at R\$ 1,125 million in 1Q22, representing an increase of 145% compared to the previous quarter, as a consequence of higher debt costs and the devaluation of Usiminas shares at the end of the quarter.

	1Q22	4Q21	1Q22 x 4Q21	1Q21	1Q22 x 1Q21
Financial Result - IFRS	(1,125)	(460)	145%	(201)	460%
Financial Revenue	186	88	111%	586	-68%
Financial Expenses	(1,311)	(548)	139%	(787)	67%
Financial Expenses (ex-exchange rate variation)	(1,190)	(732)	63%	(731)	63%
Result with exchange rate variation	(121)	184	-166%	(56)	116%
Monetary and Exchange Rate Variation	(100)	202	-150%	(53)	89%
Derivatives Result	(21)	(18)	17%	(3)	600%

- The **equity result** was positive at R\$ 19 million in 1Q22, a performance identical to the previous quarter, even considering the recovery of MRS results.

	1Q22	4Q21	1Q22 x 4Q21	1Q21	1Q22 x 1Q21
MRS Logística	37	25	48%	28	32%
TLSA	(7)	(7)	0%	(5)	53%
Equimaq S.A	-	(1)	-100%	(0)	-100%
Eliminations	(11)	2	-650%	(9)	23%
Equity Result with Affiliated Companies	19	19	0%	14	32%

- In 1Q22, the **Company's net income** was R\$ 1,364 million, a result 29% higher than that recorded on last quarter, highlighting the Company's resilience and the improvement in operating results, that offset the greater financial expense observed in the period.

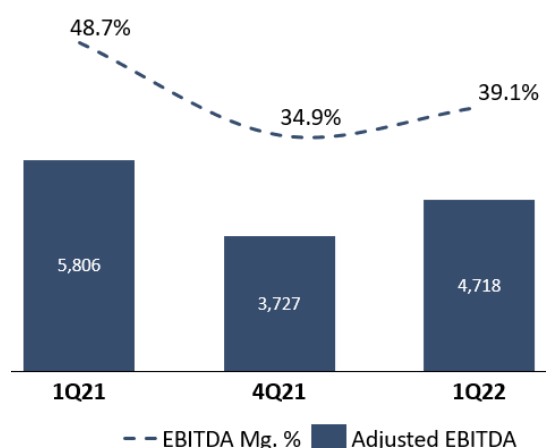
Adjusted EBITDA

	1Q22	4Q21	1Q22 x 4Q21	1Q21	1Q22 x 1Q21
Profit (Loss) for the Period	1,364	1,061	29%	5,697	-76%
Depreciation	635	623	2%	456	39%
Income Tax and Social Contribution	1,066	1,054	1%	1,278	-17%
Finance Income	1,125	460	145%	202	458%
EBITDA (ICVM 527)	4,190	3,198	31%	7,633	-45%
Other Operating Income (expenses)	359	385	-7%	(1,986)	-118%
Free Cash Flow Hedge Accounting - Exchange rate	79	208	-62%	252	-69%
Free Cash Flow Hedge Accounting - Platts Index	-	-	0%	59	-100%
Net gain sales of CSN Mineração Shares	-	-	0%	(2,472)	-100%
Other	280	177	58%	175	60%
Equity Results of Affiliated Companies	(19)	(19)	0%	(13)	41%
Proportional EBITDA of Jointly Owned Subsidiaries	188	163	15%	173	9%
Adjusted EBITDA	4,718	3,727	27%	5,806	-19%

*The Company discloses its adjusted EBITDA excluding participation in investments and other operating income (expenses) because it understands that it should not be considered in the calculation of recurring operating cash generation.

- In 1Q22, **adjusted EBITDA** was R\$ 4,718 million, with an adjusted EBITDA margin of 39% or 5.2 p.p. above last quarter. This increase in profitability is a direct consequence of the strong performance achieved in the mining segment with the price appreciation of iron ore during the period, which ended up offsetting the higher volume of rainfall and the high costs of some raw materials, such as coal and coke.

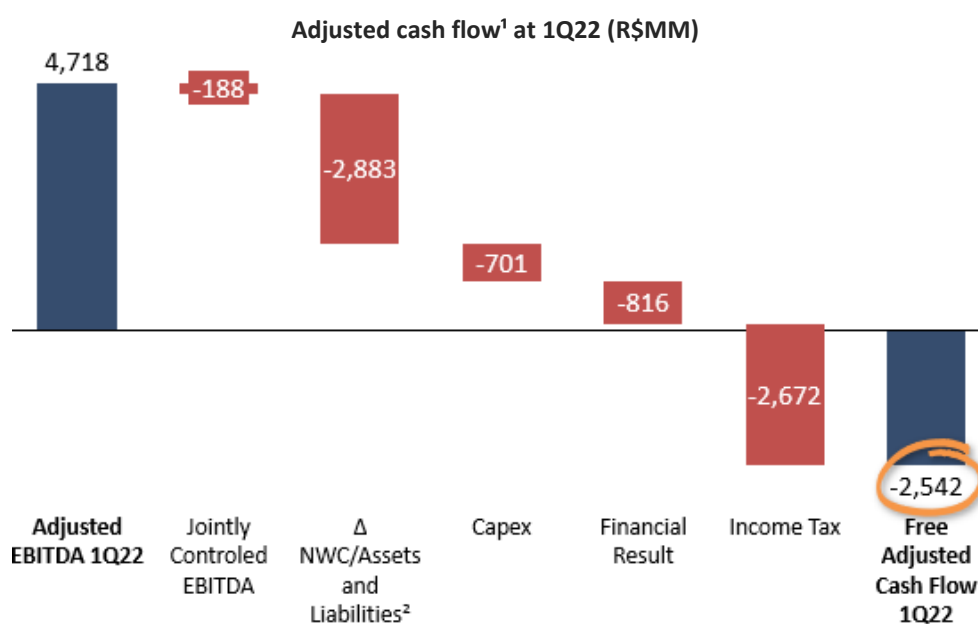
Adjusted EBITDA (R\$ MM) and Adjusted Margin¹ (%)



¹ Adjusted EBITDA Margin is calculated from the division between Adjusted EBITDA and Adjusted Net Revenue, which considers the 100% stakes in csn mineração's consolidation and 37.27% in MRS.

Adjusted Cash Flow¹

Adjusted Cash Flow in the 1Q22 was negative at R\$ 2,542 million, mainly impacted by one-off variations in working capital and higher disbursements with Income Tax and Social Contribution expenses, due to the annual adjustment in the mining and steel segments, as a reflection of the strong result obtained in 2021.



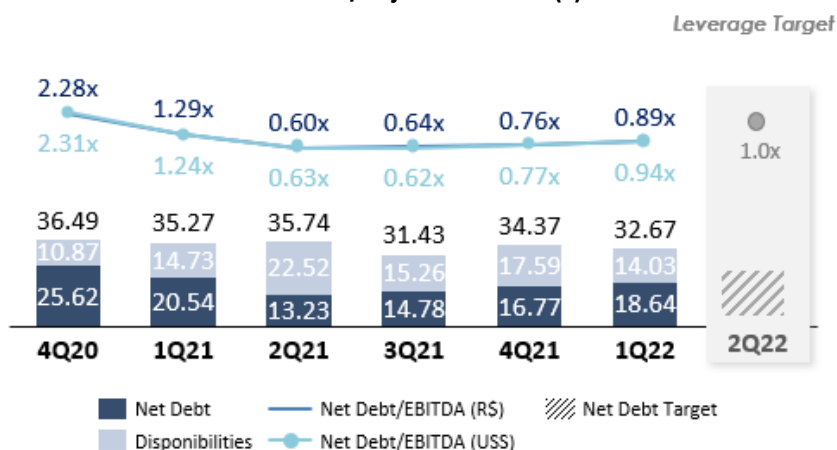
¹ The concept of adjusted cash flow is calculated from adjusted Ebitda, subtracting Ebitda from Jointly Controlled Companies, CAPEX, IR, Financial Results and Changes in Assets and Liabilities², excluding the effect of the Glencore advance.

² Adjusted Working Capital is composed of the change in Net Working Capital, plus the change in accounts of long-term assets and liabilities and disregarding the net change in IR and CS.

Indebtedness

As of 03/31/2022, consolidated net debt reached R\$ 18,635 million, with the maintenance of a high cash and cash equivalents of the Company, keeping the leverage indicator measured by the Net Debt/EBITDA ratio at 0.89x, i.e., below the 1x target established by CSN.

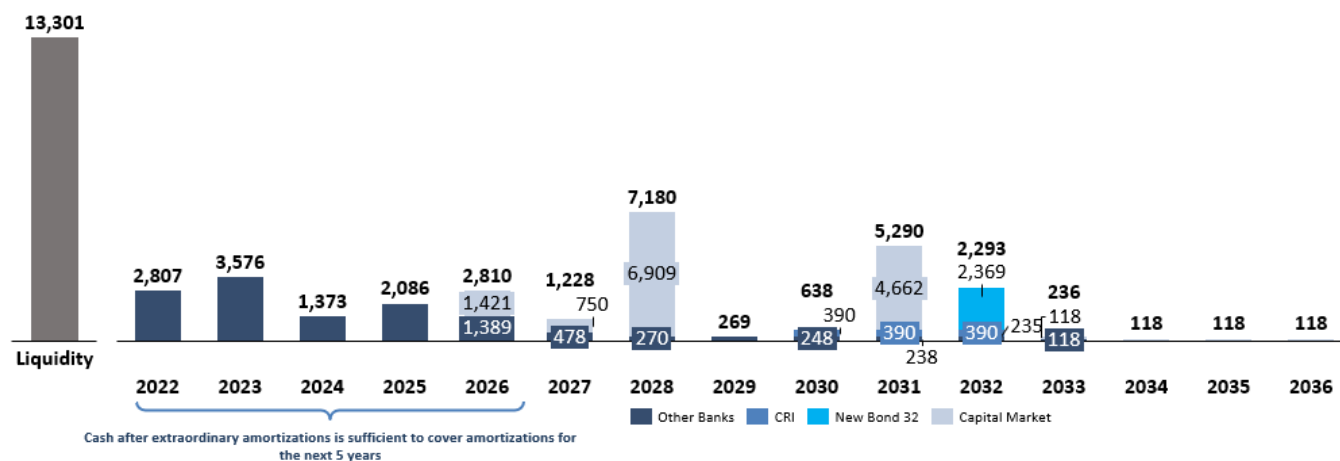
Indebtedness (R\$ Billion) and Net Debt /Adjusted EBITDA (x)



¹ Net Debt / EBITDA: To calculate the debt considers the final dollar of each period and for net debt and EBITDA the average dollar of the period.

In the first quarter of 2022, the Company issued foreign market debt representative securities ("Notes") in the amount of US\$500 million, equivalent to R\$ 2.6 billion, through its subsidiary CSN Resources S.A., due in 2032. As part of the liability management exercise, it used part of the funds in the amount of US\$ 300 million, equivalent to R\$ 1.5 billion, in the repurchase offer ("Tender Offer") of the Notes issued by CSN Resources S.A. due in 2026. Additionally, in February 2022, the Company contracted a loan in the amount of US\$ 115 million, equivalent to R\$ 605 million, through its subsidiary CSN Cimentos, with maturities between 2025 and 2027. The subsidiary CSN Cimentos was also the vehicle for issuing debentures in the total amount of R\$ 1.2 billion and maturities between 2030 and 2032, in addition to contracting a loan of R\$ 600 million from Banco do Brasil.

Amortization Schedule (R\$ Bi)



¹ IFRS: does not consider participation in MRS (37.27%) .

² Gross Debt/Management Net considers participation in MRS (37.27%) and gross interest.

³ Medium term after completion of the Liability Management Plan.

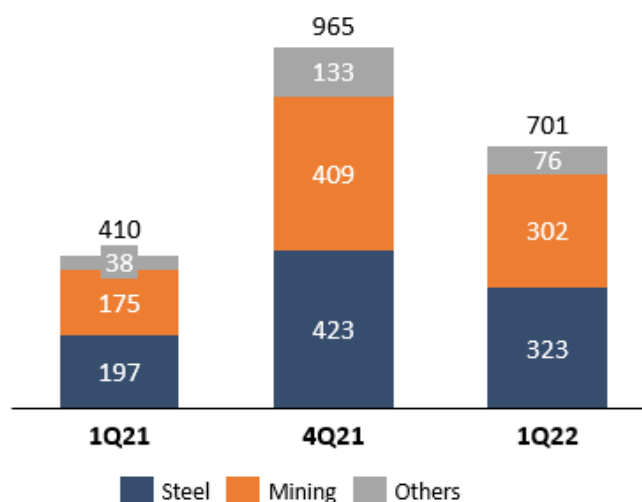
Foreign Exchange Exposure

The accumulated net foreign exchange exposure in the consolidated balance sheet in 1Q22 was US\$ 151 million, as shown in the table below, in line with the company's policy of minimizing the impacts of exchange rate volatility on the result. The Hedge Accounting adopted by CSN correlates the projected flow of dollar exports with future debt maturities in the same currency. Thus, the exchange variation of the dollar debt is temporarily recorded in the equity, being brought to the result when the dollar revenues from said exports occur.

	1Q22	4Q21	1Q22 x 4Q21	1Q21	1Q22 x 1Q21
Cash	1,598	1,656	-4%	1,047	53%
Accounts Receivables	514	15	3303%	415	24%
Short Term investments	26	24	10%	23	13%
Loans and Financing	(4,118)	(3,866)	7%	(4,408)	-7%
Suppliers	(543)	(614)	-12%	(282)	93%
Iron Ore Derivatives	1	-	-	2	-63%
Other	48	48	0%	2	2288%
Natural Foreign Exch. Exposure (Assets - Liabilities)	(2,475)	(2,737)	-10%	(3,201)	-23%
Cash Flow Hedge Accounting	2,523	2,655	-5%	3,762	-33%
NDF Real vs Dollar	-	-	-	(100)	-100%
Swap US\$ x SOFR	(115)	-	-	-	-
Swap CDI vs Dollar	(84)	(67)	25%	(67)	25%
Net Foreign Exchange Exposure	(151)	(149)	1%	394	-138%

Investments

A total of R\$ 701 million was invested in 1Q22, a level 27.3% lower than the R\$ 965 million invested last quarter, as a reflection of the seasonality of the period. Among the main investments made, we highlight the advance in mining expansion projects, with tailings filtration and port expansion projects, as well as repairs in UPV's steelworks and coke batteries.



Net Working Capital

The Net Working Capital applied to the business totaled **R\$ 4,388 million in 1Q22**, an increase of R\$ 2,802 million due to the rise in the Company's accounts receivable from better prices in the mining segment and exacerbated by the normalization in the advances from clients' line.

The calculation of the Net Working Capital applied to the business does not take glencore's advance, as shown in the following table:

	1Q22	4Q21	1Q22 x 4Q21	1Q21	1Q22 x 1Q21
Assets	15,921	15,472	3%	11,586	37%
Accounts Receivable	4,091	2,597	58%	4,219	-3%
Inventory ³	10,235	11,076	-8%	5,736	78%
Taxes to Recover	1,172	1,408	-17%	1,199	-2%
Anticipated Expenses	277	225	23%	267	4%
Other Assets NWC ¹	146	166	-12%	165	-12%
Liabilities	11,533	13,886	-17%	10,012	15%
Suppliers	9,693	10,784	-10%	7,626	27%
Payroll and Related taxes	634	553	15%	498	27%
Taxes Payable	430	657	-35%	140	207%
Advances from Clients	311	1,269	-75%	291	7%
Other Liabilities ²	465	623	-25%	1,457	-68%
Net Working Capital	4,388	1,586	177%	1,574	179%

Operational Indicators	1Q22	4Q21	1Q22 x 4Q21	1Q21	1Q22 x 1Q21
Turnover ratio (days) Receivable	27	20	7	28	-1
Turnover ratio (days) Inventory	116	140	-24	70	46
Turnover ratio (days) Suppliers	141	134	7	109	32
Financial Cycle	2	26	-24	-11	13

¹ Other CCL Assets: Considers advance employees and other accounts receivable.

² Other CCL Liabilities: Considers other accounts payable, dividends payable, installment taxes and other provisions.

³ Inventories: Does not consider the effect of the provision for inventory losses. For the calculation of the SME are not considered the balances of warehouse stocks.

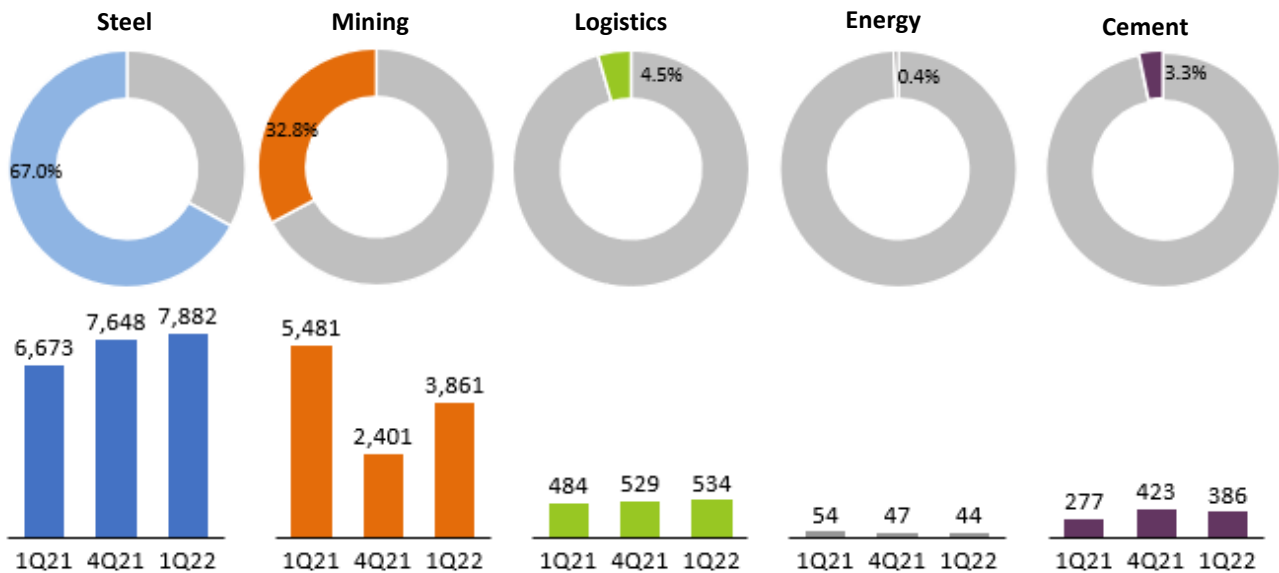
Remuneration of Shareholders

In the Ordinary and Extraordinary General Shareholders Meeting (OEGM) held on April 29, 2022, the distribution of dividends in the amount of R\$ 904.5 million was approved, which were imputed to the mandatory minimum dividend of 2021, equivalent to R\$ 0.67/common share. These amounts are added to the payment of the interest on equity, declared in December in the amount of R\$ 257.0 million, completing the distribution of 25% on the profit for the period. With the approval of dividends, the shares were traded ex-dividend from May 2nd and their payment will take place until December 31, 2022.

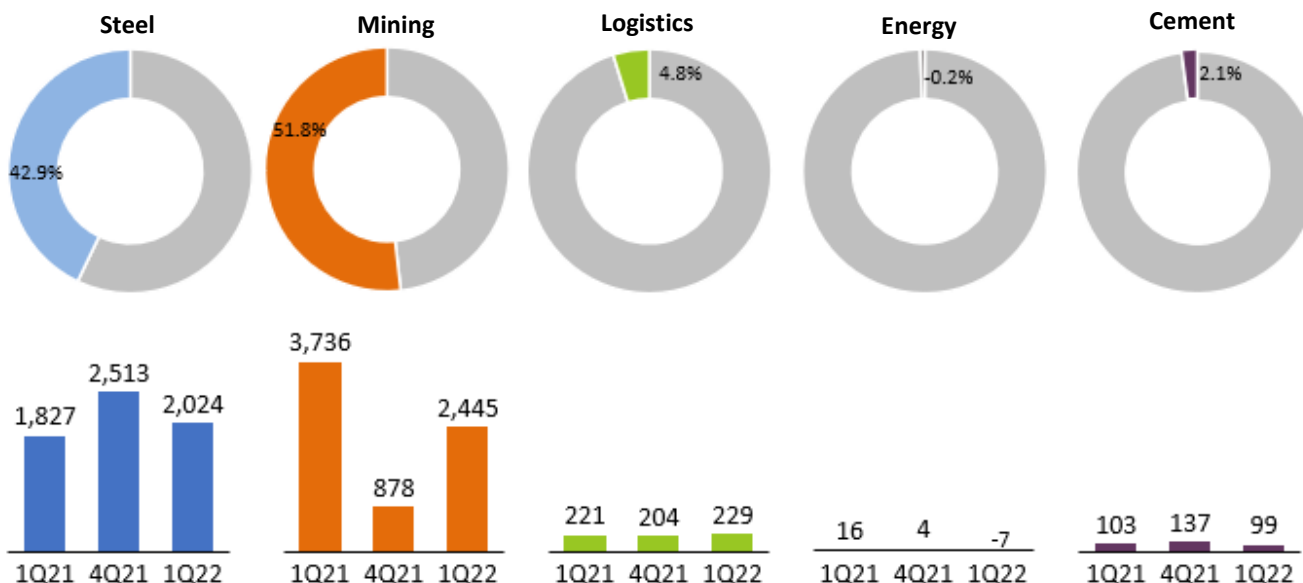
Results by Business Segments

STEEL	MINING	LOGISTICS	ENERGY	CEMENT
				
Usina Presidente Vargas Porto Real Paraná Lusosider Prada (Distribution and Steel Packing) Long Steel (UPV) SWT LLC	Casa de Pedra Tecar Engenho Pires Fernandinho ERSA	Railway: MRS e FTL Port: Sepetiba Tecon	CSN Energia Itasa	Volta Redonda Arcos Alhandra

Net Revenue by Segment - 1Q22 (R\$ million-before eliminations)



Adjusted EBITDA by Segment - 1Q22 (R\$ million-before eliminations)



Result 1Q22 (R\$ million)	Steel	Mining	Logistics (Port)	Logistics (Railway)	Energy	Cement	Corporate Expenses/Elimination	Consolidated
Net Revenue	7,882	3,861	76	458	44	386	(938)	11,770
Internal Market	5,185	515,38	76	458	44	386	(991)	5,673
Foreign Market	2,697	3,346	-	-	-	-	53	6,097
CPV	(5,827)	(1,595)	(55)	(342)	(47)	(272)	850	(7,287)
Gross profit	2,055	2,266	21	117	(3)	114	(88)	4,483
DGA/DVE	(327)	(62,42)	(10)	(31)	(9)	(69)	(80)	(587)
Depreciation	295	242	9	123	4	54	(92)	635
Contr Proportional EBITDA in Conj	-	-	-	-	-	-	187	187
Adjusted EBITDA	2,024	2,445	20	209	(7)	99	(72)	4,718

Result 4Q21 (R\$ million)	Steel	Mining	Logistics (Port)	Logistics (Railway)	Energy	Cement	Corporate Expenses/Elimination	Consolidated
Net Revenue	7,648	2,401	86	444	47	423	(687)	10,361
Internal Market	4,966	447,97	86	444	47	423	(957)	5,456
Foreign Market	2,682	1,953	-	-	-	-	270	4,905
CPV	(5,096)	(1,669)	(60)	(342)	(39)	(269)	869	(6,606)
Gross profit	2,552	733	26	101	8	154	182	3,755
DGA/DVE	(324)	(86,25)	(8)	(42)	(8)	(72)	(273)	(814)
Depreciation	285	232	8	119	4	56	(81)	623
Contr Proportional EBITDA in Conj	-	-	-	-	-	-	163	163
Adjusted EBITDA	2,513	878	26	178	4	137	(10)	3,727

Result 1Q21 (R\$ million)	Steel	Mining	Logistics (Port)	Logistics (Railway)	Energy	Cement	Corporate Expenses/Elimination	Consolidated
Net Revenue	6,673	5,481	84	401	54	277	(1,056)	11,913
Internal Market	4,876	791,75	84	401	54	277	(1,221)	5,262
Foreign Market	1,797	4,689	-	-	-	-	165	6,651
CPV	(4,798)	(1,841)	(56)	(287)	(35)	(191)	1,029	(6,179)
Gross profit	1,875	3,640	28	114	19	86	(27)	5,735
DGVA	(283)	(54,09)	(8)	(29)	(8)	(25)	(151)	(557)
Depreciation	235	150	8	108	4	42	(92)	456
Contr Proportional EBITDA in Conj	-	-	-	-	-	-	173	173
Adjusted EBITDA	1,827	3,736	28	193	16	103	(98)	5,806

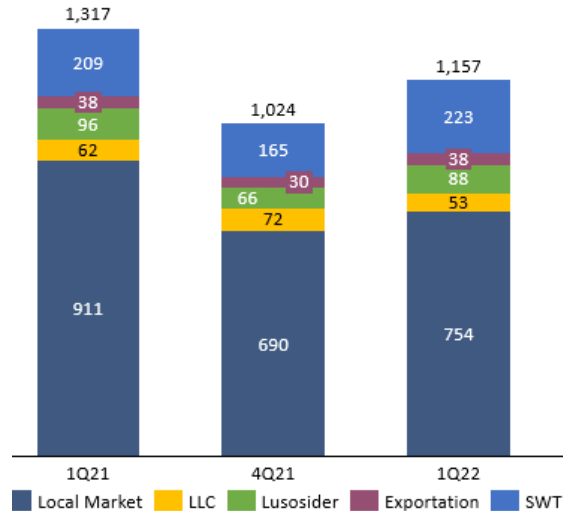
Steel Result

According to the World Steel Association (WSA), global crude steel production totaled 456.6 million tons (Mt) in the first quarter of the year, down 6.8% from the same period in 2021. China alone produced 53.3% of global production (243.4 Mt), but there was a 10.5% reduction in Chinese production compared to the same period last year, due to increased purchases of third-party steel, mainly from Russia. However, China's demand for steel in 2022 is expected to remain stable as the government seeks to increase investment in infrastructure and stabilize the housing market. Brazil produced 8.5 Mt, which corresponds to an annual decline of 2.2%, due to uncertainties regarding demand at the beginning of the year and greater operational difficulties due to the conflict between Russia and Ukraine. For 2022, the global market is expected to have a slight increase in demand of 0.4%, with global production stabilizing around 1,840 Mton.

Steel Production (thousand tons)

In the case of CSN, **slab production in 1Q22** totaled 895,000 tons, 9.4% lower than in the previous quarter, due to some specific problems, such as power outages and scheduled maintenance. The production of tin plates, our main market, reached 827 kton, which represents a contraction of 3.7% compared to 4Q21.

Sales Volume (Kton) - Steel



On the other hand, **total sales reached 1,157 ktons in the first quarter of 2022**, a volume 13% higher compared to that recorded in the fourth quarter of 2021. **Domestic sales totaled 754,000 tons** of steel products, 21% higher than 4Q21, which reinforces the successful strategy to capture market share initiated in the previous quarter, in addition to signaling a sustainable recovery after a more measured start to the year. Of this total, 691,000 tons refer to flat steel and 63,000 tons to long steel. In the **foreign market, 1Q22 sales totaled 402,000 tons**, a volume 20.8% higher than those in 4Q21, as a consequence of a very strong result observed in the operation of SWT, in addition to a greater dynamism in the zinc-plated and cold rolled segments. During the quarter, 38,000 tons were exported directly, and 364,000 tons were sold by subsidiaries abroad, 53,000 tons by LLC, 223,000 tons by SWT and 88,000 tons by Lusosider.

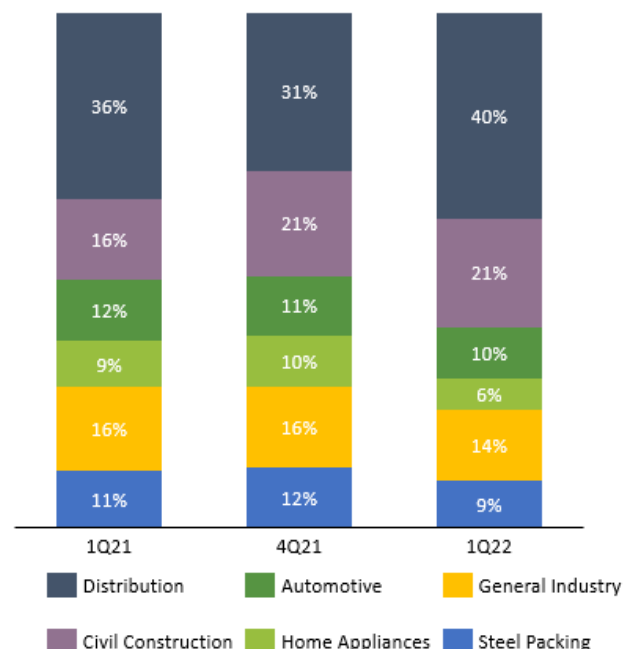
In relation to **total sales volume** in 1Q22, the distribution (+43%) and civil construction segments (+14%) were the main positive highlights of the period, offsetting the weaker start to the year observed in the home-appliances and metal packaging sectors.

According to **ANFAVEA** (National Association of Motor Vehicle Manufacturers), production in the first quarter recorded 496,000 units, a decrease of 17% over the same period a year earlier. The impact of the decrease in supply of semiconductors, the high contagion of the omicron at the beginning of the year, and the rains were the main reasons for the decrease in production at the beginning of the year.

According to data from the **Brazil Steel Institute (IABr)**, crude steel production in the first quarter was 8.5Mt, a performance 2.4% lower than in the same period last year. Apparent Consumption was 5.6 Mton, a drop of 17.7% compared to 1Q21. In turn, the Steel Industry Confidence Indicator (ICIA) for the month of March was 51.1 points, a growth of 6.2 p.p. since December 2021 and above the 50-point dividing line, indicating greater confidence for the next six months in the local market.

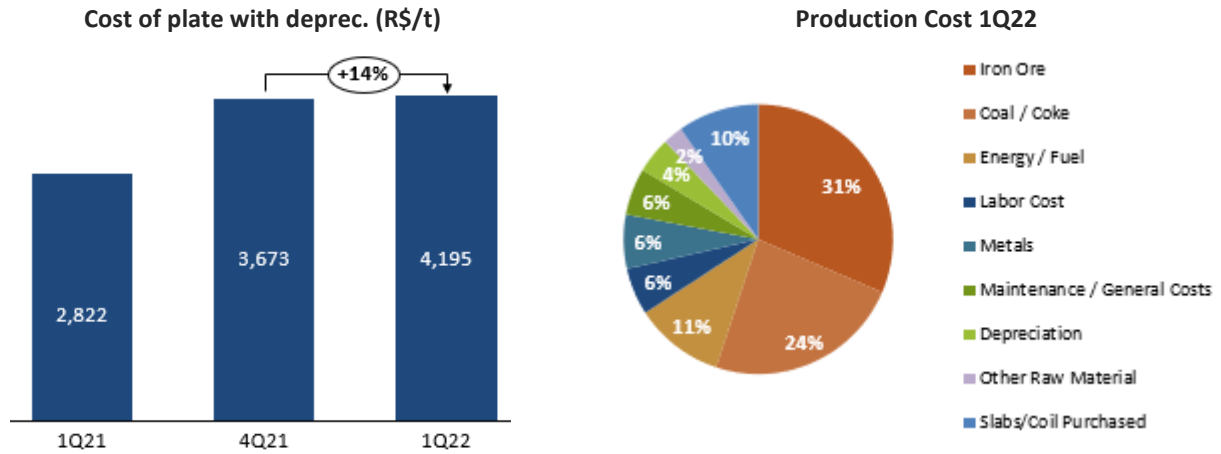
According to **IBGE data**, the cumulative variation of the last year in the **production of household appliances** recorded a reduction of 8.1% compared to February. For this year, the white line market is expected to grow by 5%, marking a milder growth rate, after the strong sales volume of the sector in 2020 and 2021.

Sale by Market Segment

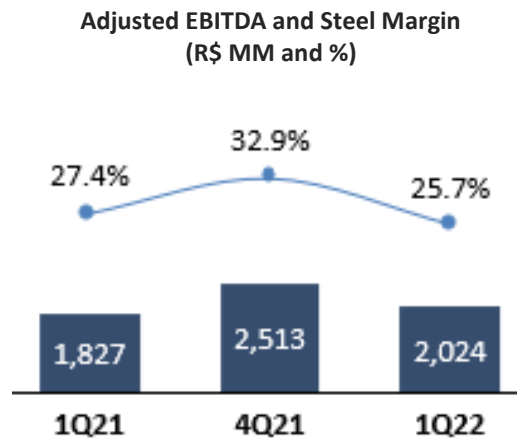


- **Net revenue** in Steel reached **R\$ 7,882 million in 1Q22**, 3% higher than in 4Q21. As previously commented, the increase in sales volume ended up offsetting the small reduction in domestic market prices. In this sense, the **average price of 1Q22** in the domestic market was 3.7% lower than in 4Q21, a performance that follows the decrease of international prices and the lower economic dynamism observed at the beginning of the year. Foreign market prices declined 17% compared to last quarter, a performance pulled by U.S. domestic prices that declined 13.6%.

- The **cost of plate consumed** in **1Q22** reached R\$ 4,195/t, up 14.2% over the previous quarter as a result of (i) the increase in the prices of the market reducers, (ii) the increase in coal prices, and (iii) the lower dilution of fixed costs due to the lower volume of production.



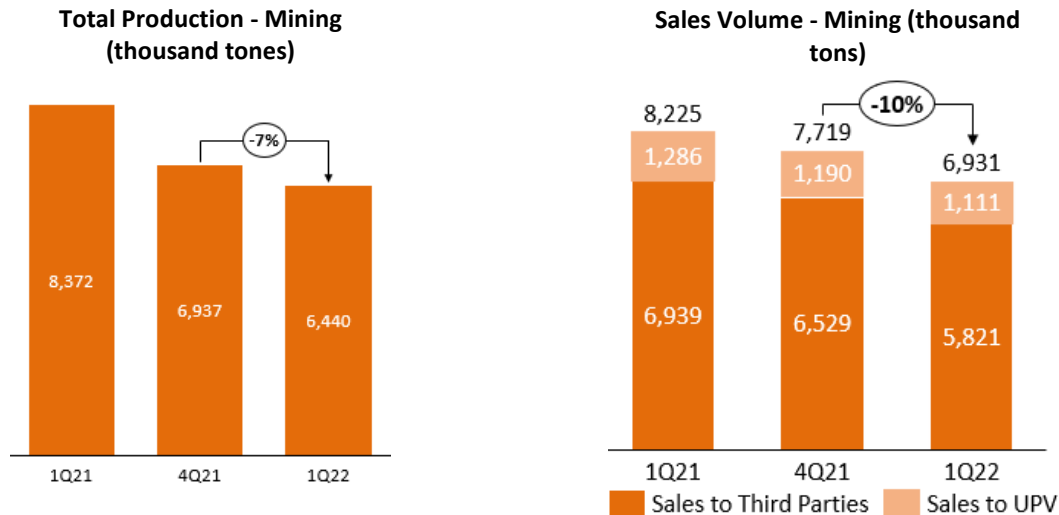
- The company's **steel adjusted EBITDA** reached **R\$ 2,024 million** in **1Q22** and was 19.5% lower than in 4Q21, with an EBITDA margin of 25.7% (-7.2 p.p.). Despite the lower profitability and increased cost pressure of some raw materials at the beginning of the year, CSN was able to present a satisfactory margin level, which reinforces the resilience and efficiency of the operation.



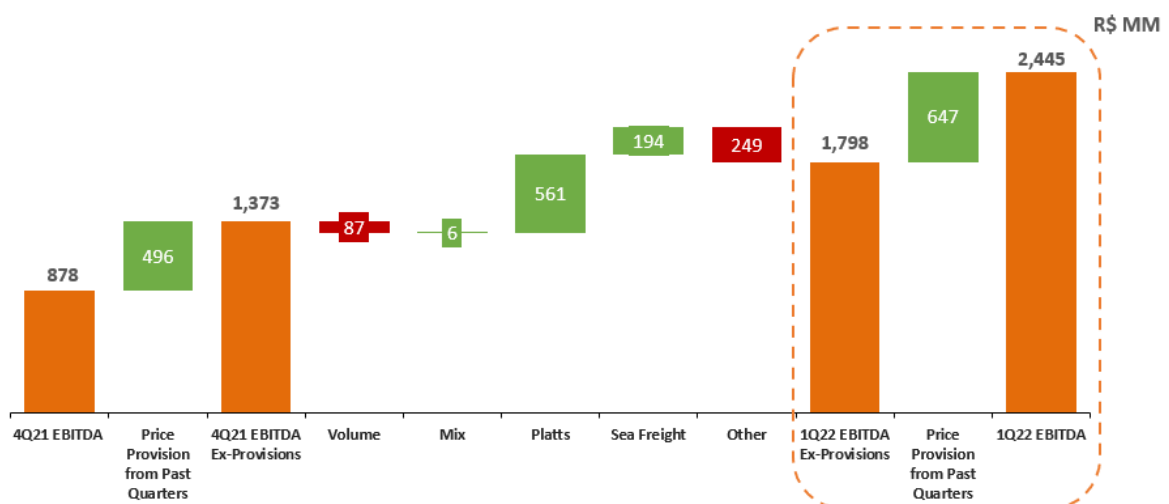
Mining Result

Despite concerns at the beginning of the year about Chinese demand for ore, mainly due to the weaker real estate sector, the first quarter was marked by a strong recovery in prices in response to economic growth stimulus by Chinese authorities that have resulted in steel production above the levels seen in 2019 and 2020. Additionally, supply disruptions due to heavy rains in Brazil and COVID-related restrictions in Australia also contributed to sustaining higher iron ore prices in the period. In this context, **iron ore price averaged US\$ 141.6/dmt (Platts, Fe62%, N. China) over 1Q22, 29% higher than 4Q21 (US\$ 109.61/dmt) and 15% lower than in 1Q21 (US\$ 166.9/dmt).**

In relation to **sea freight** the Route BCI-C3 (Tubarão-Qingdao) reached an average of **US\$ 22.9/wmt** in 1Q22, which represents a decrease of 26% compared to the previous quarter.



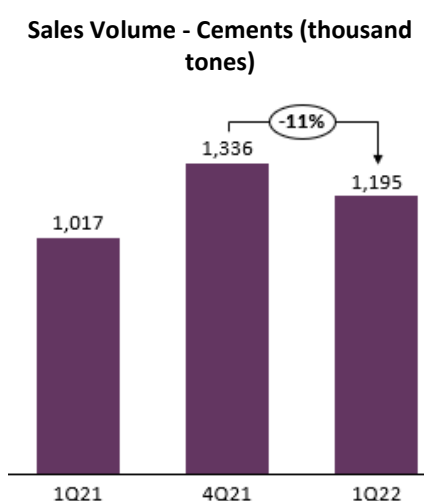
- **Iron ore production totaled 6.4 million tons** in 1Q22, which represents a 7.2% reduction compared to 4Q21, as a result of heavy rains that occurred specially in the states of Minas Gerais and Rio de Janeiro at the beginning of the year and generated an interruption of approximately one week in the movement of the mine. This situation eventually compensated the small increase in the volume of third-party purchases made in the period.
- The **sales volume** reached **6,931 thousand tons** in 1Q22, a performance 10% lower than the previous quarter as a result of the lower volume of shipments due to heavy rains in the period and a scheduled halt at the port terminal.
- In 1Q22, **net mining revenue** totaled R\$ 3,861 million, 61% higher than in the previous quarter, as a result of strong price realization that ended up offsetting the lower sales volume. **Unit net revenue was \$ 107.61** per wet ton, up 93% from the previous quarter. In this quarter, in addition to the 29% increase in the benchmark price index, the price provision of previous quarters ended up favorably impacting unit net revenue in a situation opposite to what was observed in the last 2 results. The result was also benefited by lower freight rates in 1Q22.
- In turn, the **cost of goods sold** from mining totaled **R\$ 1,595 million** in **1Q22**, which represents a 4.4% decrease compared to the previous quarter, as a consequence of the lower volume recorded in the period which ended up offsetting the higher unit production cost. **C1 cost** was USD 23.4/t in 1Q22, 8.4% higher when compared to 4Q21, mainly as a result of a lower dilution of fixed cost due to the lessened produced volume, in addition to the exchange variation and the increase in the cost of raw materials, including diesel that impacted the railway tariff, mitigated partially by the reduction of the cost in TECAR and demurrage.
- **Adjusted EBITDA reached R\$ 2,445 million in 1Q22**, with quarterly EBITDA margin of 63.3% or 26.8 p.p. higher than that recorded in 4Q21. The increase in prices realized was the main driver of the result in the period, helping to offset the operational challenges faced due to the heavy rains of the beginning of the year and pressure with increased inputs.



Cement Result

The first quarter of 2022 was marked by increasing variation in cement raw material prices and lower sales performance in the sector due to heavy rains in the Southeast region. According to the National Cement Industry Union (SNIC), cement sales reached 14.9 Mton in 1Q22 and were 2.2% lower compared to the same period last year. Additionally, the combination of rising interest rates with rising unemployment has negatively impacted the self-construction market and contributed to this weaker start to the year. On the other hand, the real estate market has been resilient and there is an expectation of increased government spending on infrastructure, and the construction of new housing units for the Casa Verde and Amarela program that should bring a better perspective to the cement market throughout 2022.

In the case of CSN Cimentos, sales in 1Q22 totaled 1,195kton and were 10.5% lower than in the previous quarter, as a result of a more accentuated seasonality observed in the period due to the high rainfall and the increase in interest rates. Since September 2021, the volumes already consider the incorporation of Elizabeth Cimentos (Alhandra).



* Alhandra's operations were integrated in September 2021.

- As a result, **the segment's net revenue** reached R\$ 386 million in 1Q22, a performance 8.7% lower compared to the last quarter.
- Unit **costs also** rose as a result of the increase in the price of imported coke, electricity charges and distribution freight.
- Thus, adjusted **EBITDA** in the segment decreased 27.8% compared to the previous quarter, reaching R\$ 99 million in 1Q22 and with an adjusted EBITDA margin of 25.6%. This reduction reflects the combination of one-off effects such as the lowest sales volume in the period with cost pressure from production inputs. For the second quarter, with the return of the dry season, it is expected a recovery in the pace of sales and an update of prices based on the new cost base.

Logistics Result

Rail Logistics: In 1Q22, net revenue reached R\$ 458 million, with adjusted EBITDA of R\$ 209 million and adjusted EBITDA margin of 45.7%. Compared to 4Q21, net revenue increased 3% due to improved prices of goods transported. In the same comparison line, adjusted EBITDA was 18% higher.

Port Logistics: In 1Q22, 248,000 tons of steel products were shipped by Sepetiba Tecon, in addition to 20,000 containers, 3,000 tons of general cargo and 366,000 tons of bulk. Compared to the previous quarter, the two most significant variations were in bulk volume, with an increase of 17%, and general cargo sales, which presented a 74% decline. As a result, **the net revenue** of the port segment was 11.5% lower than in the last quarter, reaching R\$ 76 million in 1Q22. Additionally, there was an increase in sales and administrative expenses that led **adjusted EBITDA** to fall 30% in the quarter, reaching R\$ 20 million in the period, with adjusted **EBITDA margin** of 26.3%, or 3.8 p.p. lower.

Energy Result

In 1Q22, the volume of energy traded generated **net revenue of R\$ 44 million**, with **negative adjusted EBITDA of R\$ 7.5 million**. Compared to the fourth quarter of 2021, net revenue fell 5.8% due to a lower sales price to third parties. Adjusted EBITDA fell mainly as a result of lower energy prices in the spot market.

ESG - Environmental, Social & Governance

ENVIRONMENTAL DIMENSION

Environmental Management

CSN maintains several instruments of Socio-environmental Management and Sustainability in order to act in a propositional way and serve the various stakeholders involved in the communities and businesses in which it operates. We constantly work to transform natural resources into prosperity and sustainable development. To this end, the Company monitors and guarantees the proper functioning of its Environmental Management System (EMS), implemented according to the requirements of the international standard ISO 14001: 2015, certified by an independent international body in all its main units. Below are some of the highlights of 1Q22:

ACHIEVEMENT OF NEW CERTIFICATION AT ISO 14,001

Certification at ISO 14.001:2015 from CSN Cimentos Volta Redonda. We've reached more than 90% of our certified operating units.

NEW ENVIRONMENTAL EDUCATION PROGRAM IN VOLTA REDONDA

The Environmental Education Program began in the municipality of Volta Redonda. CSN's initiative, conducted by the CSN Foundation, began with the signing of a cooperation agreement with the City of Volta Redonda and the commemoration of the World Water Day, when the ninth edition of the water forum was held, and the event brought a series of lectures and workshops on the theme of water resources and was attended by hundreds of CSN employees. Additionally, together with students from municipal schools, more than 10,000 fingerlings of threatened species were released in the Paraíba do Sul River.

WASTE MANAGEMENT

Regarding the search for reduction of waste disposal of the Presidente Vargas Plant, there was the 11kt less mudding disposal for class II landfill disposal, which corresponds to a reduction of 37.7% in 1Q22 when compared to the same period of 2021.

Additionally, we also highlight the reuse of FEA Powder residue - generated by the Steel Works Industry - in Aciaria LD, through the internal production of metal briquets. In the first quarter of 2022, we keep the average reuse above 80%, especially for the month of March, when 100% of the volume generated was reused internally.

Climate Change

1Q22 marked the Company's accession as a key member of the Net-Zero Steel Initiative (NZSI), a zero-emission platform that was launched in 2019 at UNSG's Climate Action Summit in New York. NZSI is part of the Mission Possible Partnership (MPP), a coalition of climate leaders focused on expanding the decarbonization efforts of the world's heavy industries over the next 10 years – coordinated by the Energy Transitions Commission, RMI, We Mean Business Coalition, and the World Economic Forum. The goal is to support the global steel sector to achieve zero emissions by 2050.

Over the next 12 months, CSN Group and CSN Inova will work closely with the NZSI platform, collaborating with energy and equipment suppliers, customers, financial institutions, and regulators to create together the momentum for progress towards a low-carbon future. NZSI is aligned with CSN steel decarbonization efforts, which has taken on bold targets such as reducing the emission intensity per ton of steel produced by 2035 by 2035, according to the World Steel Association's methodology.

Also, in 1Q22, CSN Mineração signed an important agreement with SANY to become the first mining company in Brazil to use 100% electric trucks in its fleet. Already in the second quarter of 2022 two trucks that will make up the fleet to transport mining tailings come into operation.

CSN invests in efforts and resources to reduce greenhouse gas emissions and mitigate impacts related to climate change. In 1Q22, we concluded the quantitative/accounting assessment of risks and opportunities related to climate change for all

segments of CSN, carried out based on the TCFD (Task Force for Climate Related Financial Disclosures) guidelines that will be published in CSN's next Integrated Report with publication scheduled for June 2022.

In addition, we have requested the authorization to start the waste burning test (co-processing) at the CSN Cimentos in Arcos plant, an initiative that will positively impact our GHG emissions. Greenhouse gas – GHG inventories for the entire CSN group were also completed. For the first year, the Lusosider (Portugal) and SWT (Germany) units had their emissions computed and reported. The inventory is currently in the process of external auditing.

Dam Management

The first quarter of the year was marked by heavy rains in the southeast region, especially in the state of Minas Gerais. As a consequence of the intense rains, it was necessary to temporarily paralyzing our mining operations, as well as the preventive activation of the emergency protocol at level 2 of the Mining Dam Emergency Action Plan (PAEBM) for the B2 dam located in Rio Acima, in the Fernandinho Mine, held by Minério Nacional S.A, controlled by CSN. A few days after the event and after the completion of containment repairs and to implement significant improvements in the structure, the dam returned to zero emergency level.

Also noteworthy is the conclusion, on March 31, 2022, of the audit process by an external company independent of all the Company's structures, as recommended by the legislation, and all had their Stability Statement renewed, remaining at zero emergency level, with the exception of the B2A Dam that continues in stabilization works, with completion scheduled for June/2023.

Also, in 1Q22, an agreement was signed with the State Prosecutor's Office and the National Mining Agency – ANM regarding the schedule for the decharacterization of all dams upstream of the Company, being the B4 dam of CSN Mineração, which has already begun the works for excavation of the belt channel, the last to be completed. In parallel, the decharacterization of the Vigia Dam continues, with completion expected in 2023.

SOCIAL DIMENSION

Safety of Work

Safety is our top priority throughout the Group, and we end 1Q22 with a frequency rate (CAF + SAF + FT) that ratifies the evolution process of recent years, with a reduction of 2.6% (2.34) compared to the consolidated of 2021 (2.40).

The severity rate for the first quarter of 2022 stood at 128, considered the lowest rate compared to the consolidated of the last three years.

We also highlight that we started the cross-audit cycle between the units, with the objective of identifying good SSO practices, opportunities for improvement in meeting legal requirements, as well as evaluating adherence to corporate SSO standards. In the period, the first audit was also performed in the ISO 45001:18 standard in the Cements unit (Arcos).

In order to reinforce the idea, "**Your SAFETY is a consequence of your ATTITUDE**," CSN launched in March/22 the campaign focused on "always doing the right thing" (**#FaçaSempreOCerto**), because it understands that Security is the ally that should be present in the day-to-day of the company's workers, in any environment: home, route or work.

DIVERSITY AND INCLUSION

The Diversity and Inclusion agenda is a pillar connected to the Company's central strategy, which reinforces the importance of respecting everyone in a unique way and invests in enhancing different ways of thinking. We believe that this inclusive journey is fundamental to the development of our society and to the acceleration of our business and results.

Gender Representativeness in the CSN Group in the first quarter of 2022 was 18.76%, an increase of 9.3% compared to the performance of the last quarter of 2021. In relation to the absolute number, we grew from 4,444 women at the end of 2021 to 4,858 in March 2022.

In relation to the result of Representativeness of persons with disabilities, we achieved a growth of 3.4% compared to the last quarter of 2021.

SOCIAL RESPONSIBILITY

In 2021, the CSN Foundation completed 60 years of operation with the development of actions aligned with the SDGs targets established by the United Nations (UN). It materializes in its projects and programs, including the SDDs of 1. Poverty Eradication; 4. Quality Education; 5. Gender Equality; 8. Decent Work and Economic Growth; 10. Reduction of Inequalities and 17. Partnerships and Means of Implementation.

The CSN Foundation believes in the transformation of society through education and cultural expression. Among its actions, it carries out the Citizen Boy, a sociocultural project that serves 2,550 children and adolescents in the main cities where CSN is inserted.

In addition to maintaining the Foundation's social projects in 26 cities with more than 4,700 young people served, we have the following highlights in the period:

- Graduation of young participants in the project "Citizen Mentoring" with the use and hiring of 67% of the apprentices.
- Presentation of the CSN Foundation orchestra "Drums of Steel" at Expo Rio Turismo.
- Realization of the Collective Culture Fair "Minas Black", an event promoted within the CSN Foundation Cultural Center and organized by black women that featured shows, fashion shows, sale of products and crafts, in line with the determination to insert the center as an open and democratic place in support of identity struggles and in line to support female entrepreneurship and gender and race empowerment.

GOVERNANCE

The CSN Group has been working on the formalization of its main ESG commitments. In the first quarter of 2022, the ESG Committee's Integrated Management Committee began the process of diagnosing several initiatives of the 8 action groups. Together with its ambassadors, action plans are being defined seeking to evolve in the main points of the ESG agenda through the best practices of the market and other opportunities for improvement of performance.

Capital Markets

In the first quarter of 2022, CSN shares recorded an increase of 4.2%, while the Ibovespa rose 14.5%. The average daily value (CSNA3) traded at B3, in turn, was R\$ 309.6 million. On the New York Stock Exchange (NYSE), the Company's American Depositary Receipts (ADRs) rose 22.1 percent, while the Dow Jones fell 2.9 percent. The average daily trading with ADRs (SID) on the NYSE was \$25.8 million.

	1Q22
Number of shares in thousands	1,387,524.0
Market Value	
Closing Quote (R\$/share)	26.03
Closing Quote (US\$/ADR)	5.42
Market Value (R\$ million)	36,117
Market Value (US\$ million)	7,520
Change in period	
CSNA3 (BRL)	4.2%
SID (USD)	22.1%
Ibovespa (BRL)	14.5%
Dow Jones (USD)	-2.9%
Volume	
Daily average (thousand shares)	11,899
Daily average (R\$ thousand)	309,605
Daily average (thousand ADRs)	5,101
Daily average (US\$ thousand)	25,767

Source: Bloomberg

1Q22 Conference Call:

Webcast of the 1Q22 Results

Conference call in Portuguese with Simultaneous Translation into English

May 5th, 2022

11:30 am (Brasilia time)

10:30 am (New York Time)

+55 11 4210-1803 / +55 11 4090-1621

Code: CSN

Tel. Replay: +55 11 3193-1012

Replay code: 8816464#

Webcast: [click here](#)

Investor Relations Team

Marcelo Cunha Ribeiro - CFO and EXECUTIVE DIRECTOR OF RI

Pedro Gomes de Souza (pedro.gs@csn.com.br)

Danilo Dias (danilo.dias.dd1@csn.com.br)

Some of the statements contained herein are future perspectives that express or imply expected results, performance or events. These perspectives include future results that may be influenced by historical results and statements made in 'Perspectives'. Current results, performance and events may differ significantly from hypotheses and perspectives and involve risks such as: general and economic conditions in Brazil and other countries; interest rate and exchange rate levels, protectionist measures in the U.S., Brazil and other countries, changes in laws and regulations, and general competitive factors (globally, regionally or nationally).

**INCOME STATEMENT
CONSOLIDATED - Corporate Law - In Thousands of Reais**

	1Q22	4Q21	#	1Q21
Net Sales Revenue	11,769,866	10,360,965		11,913,328
Domestic Market	5,673,271	5,456,361		5,262,403
External Market	6,096,595	4,904,604		6,650,925
Cost of Goods Sold (COGS)	(7,287,285)	(6,606,077)		(6,178,784)
COGS, no Depreciation and Exhaustion	(6,662,431)	(5,994,124)		(5,733,126)
Depreciation/Exhaustion answered at cost	(624,854)	(611,953)		(445,658)
Gross Profit	4,482,581	3,754,888		5,734,544
↳ Gross Margin (%)	38%	36%		48%
Sales Expenses	(440,786)	(662,739)		(419,277)
General and Administrative Expenses	(135,924)	(140,335)		(127,757)
Depreciation and Amortization in Expenses	(10,616)	(11,221)		(10,015)
Other Net Income (Expenses)	(359,180)	(384,585)		1,986,120
E Equity Income	19,259	18,949		13,445
Operating Income Before Financial Results	3,555,334	2,574,957		7,177,060
↳ Net Financial Results	(1,125,237)	(460,200)		(201,507)
Result Before Tax and Social Contribution	2,430,097	2,114,757		6,975,553
↳ Income Tax and Social Contribution	(1,066,154)	(1,053,761)		(1,278,240)
Net Income (Loss) for the Period	1,363,943	1,060,996		5,697,313

**BALANCE SHEET
CONSOLIDATED - Corporate Law - In Thousands of Reais**

	1Q22	4Q21	1Q21
Current Assets	31,829,453	34,972,354	29,770,912
Cash and Cash Equivalents	13,300,704	16,646,480	13,908,238
Financial Investments	2,429,163	2,644,732	4,282,151
Accounts Receivable	4,091,114	2,597,838	4,219,052
Inventory	10,235,276	10,943,835	5,673,189
Taxes to be recovered	1,255,634	1,655,349	1,199,100
Other Current Assets	517,562	484,120	489,182
Other Current Assets	277,089	225,036	266,824
Dividends to be received	76,904	76,878	38,086
Derivative financial instruments	3,537		39,236
Other	160,032	182,206	145,036
Non-Current Assets	43,318,495	44,406,749	39,908,020
Long-Term achievable	10,192,025	11,206,737	9,080,505
Financial Investments Valued at Amortized Cost	130,039	147,671	132,635
Inventory	703,008	656,193	381,175
Deferred Taxes	3,809,566	5,072,092	3,929,974
Other Non-Current Assets	5,549,412	5,330,781	4,636,721
Taxes to be recovered	947,678	965,026	946,792
Judicial Dépositos	346,854	339,805	338,890
Prepaid expenses	124,975	133,614	121,513
Related Parties Credit	2,329,516	2,070,305	1,707,780
Other	1,800,389	1,822,031	1,521,746
Investments	4,051,900	4,011,828	3,746,507
Equity Interests	3,890,482	3,849,647	3,587,397
Investment Properties	161,418	162,181	159,110
Immobilized	21,513,796	21,531,134	19,759,932
Fixed assets in operation	20,934,507	20,949,310	19,236,496
Right of Use in Lease	579,289	581,824	523,436
Intangible	7,560,774	7,657,050	7,321,076
TOTAL ASSET	75,147,948	79,379,103	69,678,932
Current Liabilities	19,261,034	24,541,616	16,545,529
Social and Labor Obligations	346,426	328,443	301,555
Suppliers	5,925,260	6,446,999	6,156,294
Tax Obligations	1,062,349	3,308,614	2,022,024
Loans and Financing	4,488,689	5,486,859	3,617,910
Other Obligations	7,376,262	8,904,654	4,360,314
Dividends and Interest on Equity payable	1,124,427	1,206,870	901,982
Customer Advances	1,202,836	2,140,783	1,145,238
Suppliers - Withdrawn Risk	4,006,322	4,439,967	1,469,209
Rental Liabilities	120,952	119,047	95,287
Other obligations	921,725	997,987	748,598
Tax, Social Security, Labor and Civil Provisions	62,048	66,047	87,432
Non-Current Liabilities	30,786,050	31,463,098	35,858,067
Loans, Financing and Debentures	26,395,377	27,020,663	30,521,280
Other obligations	1,903,302	1,948,164	2,621,344
Advance of customers	783,706	947,896	1,514,256
Rental Liabilities	491,713	492,504	445,209
Derivative financial instruments	117,174	101,822	119,306
Other Obligations	510,709	405,942	542,573
Deferred Taxes	467,673	503,081	602,209
Tax, Social Security, Labor and Civil Provisions	509,841	508,305	526,991
Other Provisions	1,509,857	1,482,885	1,586,243
Provisions for Environmental Liabilities and Deactivation	925,569	898,597	827,817
Pension and Health Plan	584,288	584,288	758,426
Equity	25,100,864	23,374,389	17,275,336
Realized Share Capital	10,240,000	10,240,000	6,040,000
Capital Reserve	32,720	32,720	32,720
Profit Reserves	9,714,663	10,092,888	5,824,350
Accumulated Profit	1,206,402		5,240,015
Other Comprehensive Results	689,544	(50,610)	(2,749,597)
Participation Non-Controlling Shareholders	3,217,535	3,059,391	2,887,848
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	75,147,948	79,379,103	69,678,932

**CASH FLOW
CONSOLIDATED - Corporate Law - In Thousands of Reals**

	1Q22	4Q21	1Q21
Net Cash Flow from Operating Activities	(3,859,665)	1,337,724	3,455,474
Net income / (Loss) for the year attributable to controlling shareholders	1,206,402	903,305	5,240,015
Net income / (Loss) for the year attributable to non-controlling shareholders	157,541	157,691	457,298
Charges on loans and financing raised	458,222	473,485	471,147
Charges on loans and financing granted	(32,028)	(24,763)	(6,541)
Charges on rental liabilities	16,150	17,298	14,827
Depreciation, exhaustion and amortization	657,803	648,299	484,065
Equity income	(19,259)	(18,949)	(13,445)
Deferred taxes	487,280	472,440	(80,858)
Tax, social security, labor, civil and environmental provisions	2,155	(13,925)	(22,203)
Net monetary and exchange variations	(1,150,473)	355,154	716,123
Asset and intangible losses	7,963	69,714	1,838
Update actions - VJR	209,747	197,237	(543,498)
Receivables for indemnification	(7,381)	(4,428)	(4,428)
Passive environmental provisions and deactivation	26,972	16,095	23,982
Net gain in the Sale of CSN Mineração Shares	-	-	(2,472,497)
Usiminas Dividends	-	(17,623)	-
Provision (Reversal) for consumption and services	(2,777)	39,642	17,039
Other provisions	(20,554)	16,283	(20,825)
Change in assets and liabilities	(5,341,206)	(1,584,834)	(91,370)
Accounts receivable - third parties	(2,599,802)	(88,707)	(1,190,789)
Accounts receivable - related parties	37,822	45,142	(165,806)
Inventory	234,052	(1,617,774)	(813,705)
Dividends and related share credits	-	206,475	-
Taxes to Compensate	417,063	(594,656)	398,054
Judicial Deposits	(7,049)	18,843	(13,773)
Suppliers	(488,796)	(119,693)	996,084
Suppliers –Risk Cashed and Forfaiting	(433,645)	980,573	845,348
Salaries and social charges	23,976	(67,758)	17,498
Tributes / Refis	(2,391,121)	(221,495)	(46,349)
Accounts payable - related parties	(2,871)	15,916	(10,141)
Advance of customers - Glencore	(144,851)	(215,706)	(149,884)
Other	14,016	74,006	42,093
Other payments and receipts	(516,222)	(364,397)	(715,195)
Interest Paid	(516,222)	(434,811)	(639,045)
Payment of cash flow hedge operations	-	70,414	(76,150)
Cash Flow from Investment Activities	(928,345)	(770,761)	2,737,117
Investments/AFAC	(129,499)	(145,363)	-
Fixed Asset Acquisition, investment property and intangible assets	(700,988)	(964,875)	(373,094)
Loans granted - related parties	(108,705)	(7,656)	(70,394)
Financial application, net redemption	10,847	347,133	15,993
Cash received by the sale of CSN Mining Shares	-	-	3,164,612
Cash Flow from Financing Activities	1,397,090	826,281	(2,212,281)
Borrowings loans and financing	5,647,241	4,538,021	310,141
Amortization loans - main	(3,685,038)	(2,304,770)	(3,653,158)
Borrowing Cost	(58,421)	(3,057)	(11,423)
Lease amortization	(32,729)	(32,607)	(29,486)
Dividends and interest on equity paid	(82,443)	(57)	(176,217)
Cash received by the issuance of new shares CSN Mineração	-	-	1,347,862
Repurchase of treasury shares	(391,520)	(1,371,249)	-
Exchange Variation on cash and cash equivalents	45,143	(1,869)	(16,658)
Increase (Decrease) in Cash and Cash Equivalents	(3,345,777)	1,391,375	3,963,652
Cash and cash equivalents at the beginning of the period	16,646,480	15,255,105	9,944,586
Cash and cash equivalents at the end of the period	13,300,704	16,646,480	13,908,238