MAGAZINE LUIZA S.A.
Publicly Held Company with Authorized Capital
CNPJ/ME No. 47.960.950/0001-21
NIRE 35.3.0010481.1

MATERIAL FACT
Merger of Shares of Kabum

MAGAZINE LUIZA S.A. ("Magalu" or the "Company"), hereby informs its shareholders and the market in general, in compliance with the provisions of article 157, paragraph 4, of Law No. 6,404, of December 15, 1976 (the "Brazilian Corporations Law"), in article 3 of CVM Instruction No. 565, of June 15, 2015 ("ICVM 565") and in article 2, sole paragraph, subsection VII, of CVM Instruction No. 358, of January 3, 2002 ("ICVM 358"), in continuity with the Material Fact disclosed on July 15, 2021 (the "Material Fact - Execution"), regarding the approval, by the Board of Directors, in a meeting held on July 26, 2021, of the proposals of: (i) acquisition, by the Company, of five hundred and sixty-four thousand, seven hundred and ninety-two (564,792) shares issued by Kabum Comércio Eletrônico S.A., a privately-held corporation, headquartered in the City of Limeira, State of São Paulo, at Rua Carlos Gomes, 1321, 9th and 10th floors, Pátio Shopping Limeira, Centro, CEP 13480-013, registered with the CNPJ/ME under No. 05.570.714/0001-59, with its acts of incorporation recorded under NIRE No. 35300391411 with JUCESP ("Kabum"), representing approximately twenty-nine percent (29%) of its capital stock (the "Purchase and Sale"), with such shares being held by Kabum's shareholders (the "Sellers"), pursuant to the Agreement for the Purchase and Sale of Shares and Other Covenants entered into between the Company and the Sellers and, also, as intervening and assenting parties, Kabum Comércio Eletrônico S.A., Kabum E-Sports Marketing Ltda., and Kabum E-commerce North America LLC, on July 14, 2021 (the "Purchase and Sale Agreement"); (ii) merger, by Magalu, of one million, four hundred and eleven thousand, nine hundred and eighty-two (1,411,982) shares issued by Kabum, representing approximately seventy-one percent (71%) of its capital stock, owned by the Sellers (the "Merger of Shares"), as a result of which Kabum shall become a wholly-owned subsidiary of the Company and shall be issued in favor of the shareholders of Kabum (i) seventy-five million (75,000,000) registered, book-entry, common shares with no par value issued by the Company (MGLU3); and (ii) warrants whose exercise on January 31, 2024, is conditioned on the fulfillment of a performance target, which shall grant Kabum's shareholders the right to subscribe up to fifty million (50,000,000) common shares, registered, book-entry, with no par value issued by the Company (MGLU3), and such proposals shall be submitted to Magalu's shareholders, in an extraordinary general meeting convened on the date hereof (the "EGM"); and

1 IDENTIFICATION AND ACTIVITIES CARRIED OUT BY THE COMPANIES INVOLVED IN THE MERGER

1.1 **Magalu** - Magalu's purpose is: a) general retail and wholesale trade, trade of manufactured products, semi-manufactured products, food and non-food, beverages, sanitation and household cleaning products, raw materials and secondary materials; b) the provision of technical, marketing, and administrative assistance and other services related directly or indirectly to the Company's core activities; c) import and export of manufactured products, semi-manufactured products, food, raw materials, secondary materials and other products or goods whether or not related to its economic activity; d) time rental services of database access, telesales services; e) communication through computer terminals, transmission of messages and images received by computer; f) conditioning, storage, and packaging of its own products and those of third parties; g) advertising of one's own or third-party products and sales of promotional and advertising materials; h) direct or indirect operation of bars, restaurants, snack bars, and similar establishments; i) rendering of photographic, cinematographic, and similar studio services; j) operation of one's own or third-party franchise systems; k) holding interest in other companies, domestic or foreign, whether or not engaged in activities similar to those of the Company; l) brokerage of business in general, in Brazil and abroad, including brokerage of: (i) granting of financing to consumers; (ii) taking out of personal loans; (iii) purchasing of insurance and extended warranty products; (iv) purchasing of travel packages and/or tourism packages and organizer of events; and (v) consortium quotas; m) provision of banking correspondent services for receiving clearance bonds; n) provision of mobile phone qualification services; o) travel agency and event organizer; and p) trade and distribution of own or third party products, in wholesale or retail

Kabum - Kabum's purpose is specialized retail trade of computer equipment and supplies, musical instruments and accessories, automotive parts and accessories, telephone and communication equipment, home appliances, audio and video equipment, toys and recreational items, sports goods, parts and accessories for home electronics, maintenance and repair of computer and peripheral equipment, optical electronic equipment, electrical machinery and equipment, production equipment, advertising material, publicity, broadcasting of ads for third parties, film production activities, television programs, insurance sales commission services, administration services for loyalty programs, relationship, sales brokerage, production of films for publicity and rental of professional sound and video equipment.

2 DESCRIPTION AND PURPOSE OF THE TRANSACTION

2.1 Description of the Transaction. On July 14, 2021, the Purchase and Sale Agreement was entered into, the purpose of which is the acquisition by Magalu of all the shares issued by Kabum (the "Acquisition").

2.1.1 Under the terms agreed between the parties in the Purchase and Sale Agreement, the structure of the Acquisition consists in the acquisition of all shares of Kabum, and shall be made up of the following steps, all interdependent and linked to each other, to occur on the closing date of the Acquisition: (a) payment in financial resources in the amount of one billion Brazilian Reais (R$1,000,000,000.00) (the

"Cash Portion"); (b) Merger of Shares, as a result of which Kabum shall become a wholly-owned subsidiary of the Company and the following shall be issued in favor of the shareholders of Kabum: (i) seventy-five million (75,000,000) registered book-entry common shares with no par value issued by the Company (MGLU3); and (ii) 2 (two) warrants whose exercise on January 31, 2024, is conditioned on the fulfillment of a performance target, which shall grant Kabum's shareholders the right to subscribe, jointly, up to fifty million (50,000,000) common shares, registered, book-entry, with no par value issued by the Company (MGLU3) (the "Contingent Portion"). The steps described in items (a) and (b) shall be coordinated so as to occur on the same date.

2.1.2 As a result of the payment of the Cash Portion, Magalu shall hold, on the date scheduled for the completion of the Merger of Shares, five hundred and sixty-four thousand, seven hundred and ninety-two (564,792) common shares, registered and without par value issued by Kabum, representing approximately twenty-nine percent (29%) of Kabum's capital stock, corresponding to the portion of shares held by the Sellers in Kabum.

2.1.3 Magalu shall take over one million, four hundred and eleven thousand, nine hundred and eighty-two (1,411,982) shares issued by Kabum, representing approximately seventy-one percent (71%) of its capital stock, owned by the Sellers, at fair market value, and Kabum shall become a wholly-owned subsidiary of the Company, effective as of the satisfaction (or waiver, as the case may be) of the conditions precedent set forth in the Purchase and Sale Agreement, among them approval of the Transaction by the Administrative Council for Economic Defense ("CADE").

2.1.4 For purposes of accounting records of the transaction, and in accordance with Law 11,638/07 and the provisions of Technical Pronouncement CPC No. 15 (R1), issued by the Accounting Pronouncements Committee, applicable to the Transaction, the value of the consideration transferred by Magalu in consideration for the shares of Kabum, consisting of its own shares and the warrants, shall be equivalent to the fair value of the shares issued and the Warrants. Any positive or negative difference between the fair value of the shares issued and the amount of the capital increase, as indicated in item 2.2, shall be recorded in the shareholders' equity of Magalu.

2.2 Effects on the Capital Stock. For the purposes of determining the amount to be merged into Magalu's equity and, consequently, Magalu's capital increase as a result of the Merger of Shares, the interest that shall be held by Magalu in Kabum's capital stock after the payment of the Cash Portion, immediately prior to the Merger of Shares, shall be disregarded. Thus, if the Merger of Shares is approved by the Companies' shareholders, the Company's capital stock shall be increased from ten billion, fifty-two million, one hundred and sixty-one thousand, four hundred and seventy-two Brazilian Reais (R$10,052,161,472.00) to twelve billion, five hundred and fifty-two million, one hundred and sixty-two thousand, four hundred and eighty-three Reais and seventy-five cents (R$12,552,162,483.75), an increase, therefore, in the amount of two billion, five hundred million, one thousand and eleven reais and seventy-five cents (R$2,500,01,011.75), exclusively in relation to the Merger of Shares, pursuant to article 252 of the Brazilian Corporations Law.

2.3 Change in Ownership Interest. As a result of the Merger of Shares, (i) seventy-five million (75,000,000) new common shares issued by the Company shall be issued, all registered, book-entry, and without par value of the same class and with the same rights as the other existing common shares issued by Magalu, for allocation to the Sellers; and (ii) 2 (two) warrants whose exercise on January 31, 2024, as defined in the Purchase and Sale Agreement, is conditioned on the fulfillment of a performance target, which shall grant to the Sellers the right to jointly subscribe up to 50,000. 000 (fifty million) common shares, registered, book-entry, with no par value issued by the Company..

3 MAIN BENEFITS, COSTS, AND RISKS OF THE TRANSACTION

3.1 Benefits. With an assortment that is highly complementary to that of Magalu, the acquisition of KaBuM! represents a significant step towards Magalu's strategic objective of expanding into new categories, while simultaneously increasing the Company's customer base and purchase frequency. With over 20,000 different items in stock, KaBuM! has a complete assortment of computers, hardware (video cards, memory, processors, sound cards, monitors), peripherals (keyboards, mouses, cameras, cables, adapters), products for the gamer universe (video games, chairs, tables, consoles) and for the smart home (cameras, lamps, virtual assistants, automation tools, and other accessories). Additionally, KaBuM! is also one of the pioneers of electronic sports in Brazil, having founded one of the largest League of Legends teams in the country. KaBuM! Sports is a four-time national champion and was the first Brazilian team to participate in the world championship. together with the recent acquisitions of Jovem Nerd and CanalTech, KaBuM! and Magalu will be able to offer a complete shopping, content and entertainment experience for technology and gaming enthusiasts.

Upon the completion of the acquisition, Magalu and KaBuM! will be able to take advantage of a number of opportunities: (i) KaBuM!'s products will be made available for sale on Magalu's SuperApp; (ii) KaBuM! will be able to take advantage of all of the benefits of Magalu's multichannel model, such as in-store pick-up; (iii) several Magalu product lines, such as smartphones and TVs, will complement KaBuM!'s assortment; and (iv) Magalu's financial products, such as credit cards and insurance, will be offered to KaBuM!'s customers.

3.2 Risks. The Company's management does not foresee any material risks in the implementation of the Merger of Shares.

3.3 Costs. There are no material costs involved in the Merger of Shares. The Company estimates that total costs and expenses, including legal and financial advisors', appraisers', and auditors' fees, related to the Merger of Shares, to amount to approximately twenty-two million, six hundred and sixty thousand Brazilian Reais (R$22,660,000.00).

4 REPLACEMENT RATIO AND NUMBER OF SHARES ISSUED AND CRITERIA FOR SETTING THE REPLACEMENT RATIO

Each Seller shall receive, in lieu of the one million, four hundred and eleven thousand, nine hundred and eighty-two (1,411,982) Kabum shares to be merged by Magalu:

(i) fifty-three (53) new shares issued by Magalu for each Kabum share (it being certain that fractions of shares were disregarded from the total number of new Magalu shares issued in the context of the Merger of Shares);

(ii) two (2) warrants, to be issued to the Sellers, which shall entitle, each one, to subscribe up to twenty-five million (25,000,000) common, registered, book-entry shares with no par value issued by Magalu, if the following conditions are implemented by January 31, 2024 (the "Warrants"):

a) if the Target EBITDA (as defined in the Purchase and Sale Agreement) is reached or exceeded, the Contingent Portion to be paid by the Company to the Sellers, and shall be fully due to the Sellers, which may exercise in full their warrants to subscribe for fifty million (50,000,000) common, registered, book-entry shares issued by the Company, of which fifty percent (50%) shall be to each Seller;

b) if seventy percent (70%) to ninety-nine point ninety-nine percent (99.99%) of the Target EBITDA (as defined in the Purchase and Sale Agreement) is reached, the Contingent Portion shall be partially due to the Sellers, who may partially exercise their warrants, in order to subscribe for a number of common, registered, book-entry shares with no par value issued by the Company proportional to the Target EBITDA actually achieved, as calculated and in accordance with the proportions described in item 3 of **Exhibit Erro! Fonte de referência não encontrada.**of the Purchase and Sale Agreement, with fifty percent (50%) being for each Seller; and

c) if less than seventy percent (70%) of the Target EBITDA (as defined in the Purchase and Sale Agreement) is reached, no amount shall be due by the Company to the Sellers as a Contingent Portion.

5 SUBMISSION OF THE TRANSACTION TO BRAZILIAN OR FOREIGN AUTHORITIES

The Transaction shall be reported to CADE and the effectiveness of the Merger of Shares, if approved by the EGM of the Company and by the EGM of Kabum, shall also require approval of the Transaction by CADE.

6 REPLACEMENT RATIO OF SHARES CALCULATED IN ACCORDANCE WITH ARTICLE 264 OF THE BRAZILIAN CORPORATIONS LAW.

Within the scope of the Merger of Shares, the provisions of article 264 of the Brazilian Corporations Law are not applicable, since the exchange ratio, contained in the Protocol and Justification, was negotiated between absolutely independent parties under the Purchase and Sale Agreement.

7 RIGHT TO WITHDRAW AND AMOUNT OF REIMBURSEMENT

The approval of the Merger of Shares ensures the shareholders of the Company that dissent from such resolution the right to withdraw, pursuant to article 137, IV of the Brazilian Corporations Law. Shareholders who do not agree with the Merger of Shares, therefore, have the right to withdraw from the Company, with reimbursement of the value of all of their shares, to be calculated based on the equity value per ordinary share issued by the Company, within thirty (30) days from the publication of the minutes of the EGM. For the purposes of clarification, the reimbursement right may be exercised by common shareholders who, in relation to the Merger of Shares to be resolved on at the EGM, (i) do not vote in favor of the matter; (ii) abstain from voting in relation to the matter, or (iii) do not attend the EGM.

The right to withdraw may be exercised the shareholders who are proven to hold, on an uninterrupted basis, shares issued by the Company since the date of disclosure of the Material Fact - Execution (inclusive) by the date of effective exercise of the right. Therefore, for clarification purposes only, shareholders who have acquired common shares issued by the Company as of July 16, 2021 (inclusive), are not entitled to withdraw from the Merger of Shares.

The Company reports that the refund amount per common share issued by it shall be one Brazilian Real and twelve cents (R$1.12), calculated based on (i) the Company's net equity contained in the financial statements related to the fiscal year ended December 31, 2020, duly approved by the Company's Annual General Meeting held on April 22, 2021; and (ii) the number of common shares, issued by the Company existing on the date hereof.

The Company shall publish a Notice to Shareholders containing the terms, conditions, and deadlines for the exercise of the withdrawal right by the holders of the Company's ordinary shares who do not agree with the Merger of Shares.

8 OTHER MATERIAL INFORMATION

8.1 Valuation Report. The valuation report at fair market value of the shares issued by Kabum, on the base date of April 30, 2021, to be merged by the Company (the "Valuation Report"), as provided for in article 252 of the Brazilian Corporations Law, was prepared by the following valuation firm hired by Magalu's management: ERNST & YOUNG AUDITORES INDEPENDENTES S/S (CNPJ/ME 61.366.936/0011-05) (the "Valuation Expert"). Under the terms of corporate law, the hiring of the Valuation Expert for the preparation of the Valuation Report shall be ratified by the Company's shareholders.

8.2 Financial Statements. The financial information that served as the basis for the Merger of Shares observed the exemption provided for in article 10 of CVM Instruction No. 565, of June 15, 2015.

8.3 Other Information. In compliance with the provisions of article 3 of ICVM 565 and the provisions of CVM Instruction 481, of December 17, 2009 ("ICVM 481"), the list of documents required for the exercise of voting rights at the EGM that shall resolve on the Merger of Shares is available to Magalu's shareholders as of the date hereof at Magalu's headquarters and on the Company's website (www.ri.magazineluiza.com.br), the CVM's website (www.cvm.gov.br), and the B3 website (www.b3.com.br), and may be consulted by Magalu's shareholders, pursuant to applicable regulations.

The Company's management shall keep its shareholders informed of the development of the Merger of Shares that is subject to this material fact, including as to the information required pursuant to ICVM 565, ICVM 481, and other applicable rules.

For additional clarifications, please contact Magalu's Investor Relations Office.

Franca, July 27, 2021.

Roberto Bellissimo Rodrigues
Chief Financial Officer and Investor Relations Officer