

LEADERSHIP AGENDA

NOVEMBER 2023





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Dear Leaders,

Welcome to the final Leadership Agenda 2023, which aims to provide you with the tools and messages so that you can share and reflect with your team on the key topics we are experiencing in the Company:

1. Group Falabella's Q3 Results.
2. Culture Survey Results and action plans.
3. Leadership Style, narrative, and execution cadence.
4. Performance Evaluation Process.
5. Reinforcement of the new Recognition Program.

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**Thank you very much
for your ongoing commitment!**



1. GRUPO FALABELLA Q3 RESULTS AND GENERAL MANAGER'S COMMENTS

- We continue to advance in our strategy to increase profitability and enhance the customer experience, strengthening the value propositions.
- We have reduced our losses by 73% compared to the previous year (YoY), achieving a result of -\$5 million, even in the midst of a challenging consumption environment (revenues -10% YoY).
- These results are explained by the proper implementation of efficiencies that the Company has been executing, allowing us to increase the consolidated gross margin by 130 basis points (bps), reach an EBITDA margin of 6.7% (5.2% in 2Q23 and 6.0% in 3Q22), and reduce net financial debt (excluding banks) by 5% YoY. This is thanks to a stringent cost containment policy, a significant reduction in inventory levels improving cash generation, and a focus on our investments.
- In **Banco Falabella**, we have made strides in digitization, strengthening our value proposition, making us the leading bank in Chile in both the number of current accounts and active credit cards. In Chile, risk levels have stabilized, achieving better financial performance (+90% in profit YoY), while in other countries, we have implemented various measures to recover appropriate risk levels.
- In **Mallplaza**, we achieved historically high occupancy levels (95.3% in 3Q23), notably improving the customer experience, with over 70 million visits to our shopping centers.
- In Retail businesses, we continue to strengthen the physical-digital customer experience. During the quarter, we opened a total of 6 stores in the region (Falabella Retail, Tottus, Sodimac, and Ikea), highlighting the opening of the first IKEA store in Colombia. Additionally, we deepened the omnichannel experience for customers and sellers, reaching over 19 thousand sellers with sales in the region in the last 12 months, with 38% of online sales delivered through Click & Collect. Finally, we focused on our e-commerce proposal, highlighting the competitive advantages of each of our businesses, and providing strong support to our sellers.



• Following the strategy aimed at increasing profitability and strengthening our financial position, we have consolidated our efforts into a plan that includes:

– Efficiencies: In the last year, we reduced our inventories by \$570 million (-23% YoY). On the other hand, the cost reduction plan has allowed us to achieve efficiencies of \$60 million in 3Q23. For the next year, the plan aims to maintain and increase the savings achieved to date.

• As part of an additional effort, we have added a third component with which we expect to raise between \$800 - 1,000 million within 12 to 15 months through the monetization of non-essential assets, primarily real estate.

• The structural efficiencies achieved and the improvements we envision in our businesses allow us to look optimistically at strengthening our profitability in the coming quarters, which would be accentuated with a normalization of consumption.

1 Key Indicators 3Q23 US\$

35 MM Customers ecosystem	\$3.001 MM Income (-10% a/a)	\$202 MM EBITDA (6,7% margen)	-\$5 MM Net loss
18,7 MM Loyalty Program Participants	531 / 46 Stores / Malls	\$7,0 BN Loan portfolio (-9% a/a)	\$598 MM GMV Online (-14% a/a)

YOUR ROLE!

We invite you to share this information and guidelines with your team. This way, we can all have a clear understanding of how our businesses are performing and the strategy we want to pursue to regain profitable leadership in the region.



2. CULTURE SURVEY RESULTS AND ACTION PLANS

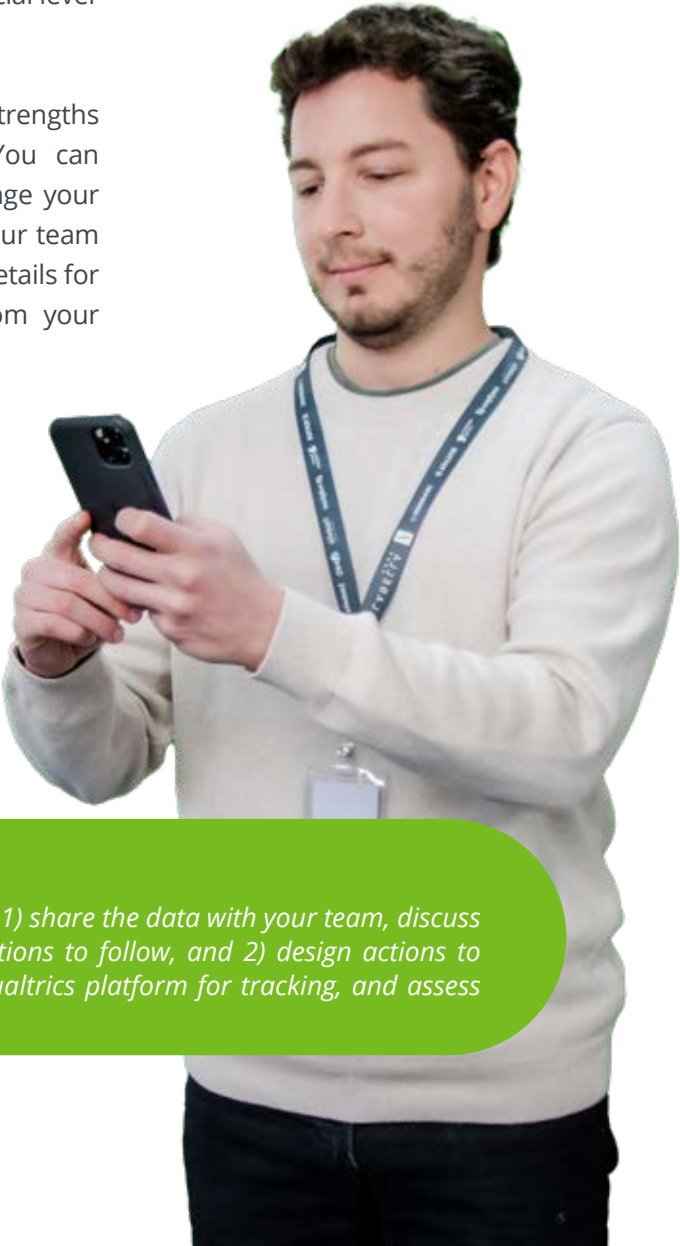
The results of the 2023 Culture Survey are now available. At the group level, the survey was completed by 73 thousand people (85% response rate), and the global Engagement rate was **74%**, which is 2 points lower than in 2022.

The key focus areas that emerged as cross-cutting dimensions to be addressed across all businesses include: development opportunities, recognition, a healthy work environment, providing strategic vision to teams, and collaboration between Business Units (BUs). In this context, our leadership emerges as a crucial lever to support, focus, and motivate our teams.

As a leader, this tool allows you to diagnose the main strengths and areas for improvement within your team. You can collaboratively design actions based on data to engage your employees and enhance collective performance. If your team had at least 4 responses, you can review the specific details for your area; otherwise, work based on the data from your higher-level unit.

[DOWNLOAD HERE](#) ↓

the following presentation here, which can assist you in communicating the results and defining action plans with your team.



YOUR ROLE AS A LEADER!
In this management phase, it is crucial that you: 1) share the data with your team, discuss the main findings, and collectively prioritize actions to follow, and 2) design actions to strengthen engagement, record them on the Qualtrics platform for tracking, and assess their impact.



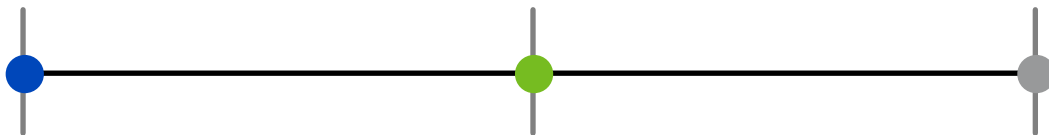
3. LEADERSHIP STYLE, NARRATIVE, AND EXECUTION CADENCE

Based on internal data from Falabella and in collaboration with all Business Units, the Falabella Leadership Style was redefined this year. With this, we expect leaders to model the desired culture, living and making decisions in alignment with our shared values. These values are operationalized in the competencies that will be measured in the Performance Evaluation and are put into action through specific leadership practices that we will promote with a certain cadence or consistency. These practices evolve into habits, habits shape the culture, and the culture supports results and customer satisfaction.

Here, we present a narrative of Falabella's Leadership Style. Make it your own and use it to inspire your team in various instances.

DOWNLOADABLE STORY DOCUMENT ↓

If you work in Support Offices or the Central Office, these are the initial practices that leaders should undertake in the coming months. These practices focus on planning for 2024 and lay the groundwork for establishing an execution cadence in teams. You can seek support from your Business Partner and/or the HR specialists in your business to implement these Leadership Practices.



Strategic Townhall: (dic/ene)
General Manager Presents the Business Strategy for 2024 and a Summary of the Last Quarter

Off Site: (ene/febr/mar) Each team gathers to carry out their 2024 planning.

Feedback: (mar/abri)
1.- Provide feedback on 2023 regarding competencies and initiative achievements.
2.- Define and enter prioritized individual initiatives.

YOUR ROLE!
It is crucial that you make this narrative your own and share it in all your meetings or events. Start planning the Leadership Practices that will take place in the coming months right away.



4. PERFORMANCE EVALUATION PROCESS

This process is a key part of the Talent Management within the Falabella Group. It is a process that involves all individuals in the various countries and businesses. In line with our purpose of Simplifying and Enjoying Life More, we have made adjustments to enable a simpler evaluation process aligned with the reality of each person.

This year, there are 8 competencies to assess, which are behaviors associated with our values that will help strengthen our culture and create value for our customers. Additionally, to further streamline the process, we will have different forms based on the type of role: for leaders with a team, for individuals working in support offices, and for those working in operations. This allows us to be evaluated based on the nature of our work.

The Performance Evaluation process will commence on January 2nd and conclude on February 29th. Therefore, it is crucial for you to organize with your teams to ensure the success of this process.

We will soon schedule a session to provide you with more information about the process in advance.



YOUR ROLE AS A LEADER!

You are tasked with evaluating the performance of 2023, but more importantly, conducting conversations to review strengths and areas for improvement for each individual. The goal is to provide performance feedback and develop a plan for each person in preparation for 2024.

NEW: You will also need to input prioritized initiatives for 2024 from each person on your team. To facilitate this, it is crucial to have previously conducted an offsite planning session for the area, aligned with the business unit's focus communicated in the Townhall.



5. REINFORCEMENT OF THE NEW RECOGNITION PROGRAM

We understand that effective leadership is not just about directing but also about inspiring and recognizing the talent of those around you. As a leader, you have the ability to positively influence the motivation and performance of your team by setting an example.

The new Recognition Program, launched for the entire group a few weeks ago, precisely allows us to acknowledge individuals and teams from any business or country who embody our values.

If you have any doubts about how to do it, [download the step-by-step guide](#) ↓

Encourage your team to celebrate and recognize successes and processes. Foster a culture that values and acknowledges the work, creativity, and dedication of each team member. Remember that recognition can take many forms: a sincere compliment, highlighting strengths in feedback, sharing a colleague's achievements in a team meeting, or during a celebration.

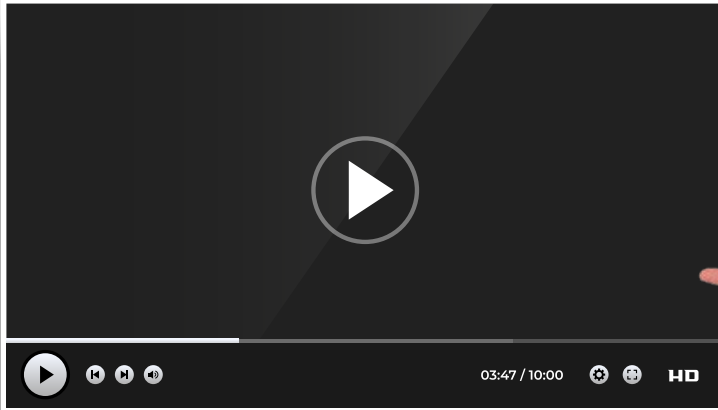
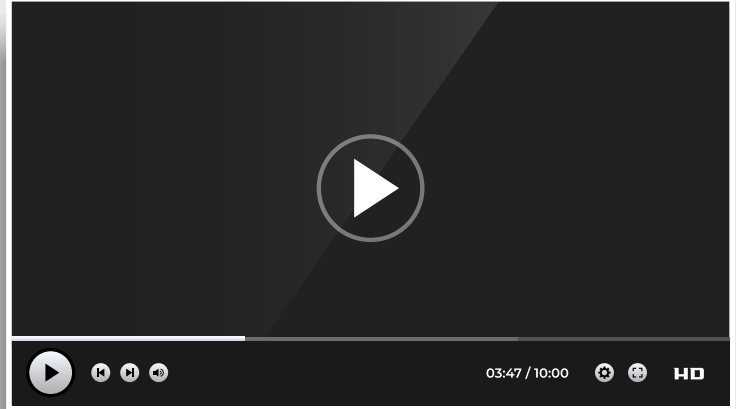
Together, we can build a team where recognition is a daily practice, and everyone feels valued and motivated to tackle new challenges!

We invite you to watch these two videos where Paul Fry, Manager of Culture and Diversity, illustrates the importance of recognition.



Recognize in reconocer.falabella.tech or scan the QR code





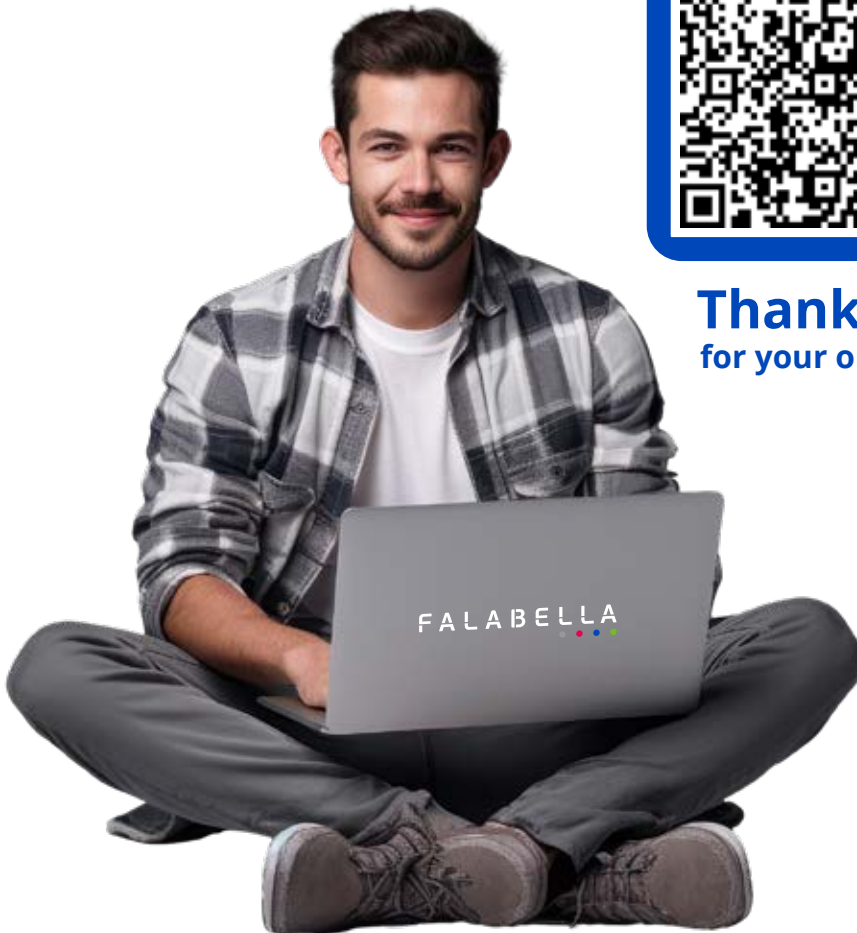
YOUR ROLE AS A LEADER!

In addition to recognizing in the system, encourage your teams to do the same. It is essential to make the recognition you give and the achievements of your team members visible. Share this visibility in every meeting you have with them, in every extended session, or whenever possible.



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Thank you very much
for your ongoing commitment!

FALABELLA



Thank you
for your leadership and dedication.



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