

Dear Shareholders, the Global McFamily and our Customers,



I opened last year's letter by stating that there was never a better time to be part of Brand McDonald's. Thanks to the System's hard work, that remains true today.

Despite facing external pressures in markets around the globe in 2022, we continue to build strong momentum in the business – a true testament to the ingenuity of our people, the resilience of our supply chain and the dedication of local franchisees and restaurant teams serving our customers.

It was incredibly energizing to bring our System together last April for our first Worldwide Convention since the start of the pandemic. On full display was what I love most about McDonald's – our restless energy and ambition. We're never satisfied, which is why McDonald's continues to be one of the world's leading corporations after almost 70 years. As Ray Kroc used to say, "you're either green and growing or you're ripe and rotting." In other words, we're only going to stay relevant to customers if we're consistently raising the bar.

Our Brand is more relevant than ever before, but we still have so much more we can do. I'm proud that as we operate from a position of strength, we are all pushing ourselves

Accelerating the Arches has put us in an advantageous position



to make the right moves to meet the needs of our communities and ensure enduring, profitable growth for all stakeholders.

Growing market share through customer centricity

The System's alignment around our *Accelerating the Arches* growth strategy, which we put in place at the start of the pandemic, has put us in an advantageous position. We are growing market share in most of our markets; the Brand is more relevant to customers and stakeholders than it has been in years; and, since 2020, we've achieved an increase in Systemwide sales¹ of nearly \$20 billion.

That momentum continued through 2022, as global comparable sales grew by almost 11% – and global guest counts grew by 5%. Our success is a direct result of our continued focus on our M, C, D growth pillars:

We continue to elevate our **Marketing** (“M”) through creative excellence and by driving programs with cultural relevance that can be scaled across markets. Not only do our Famous Orders remain hugely

popular, we also launched our largest global campaign ever for the FIFA World Cup, “Wanna go to McDonald’s?”

We are also capitalizing on the strength of the ‘billion-dollar brand equities’ in our **Core** (“C”) menu – 10 in total – and growing market share in chicken and beef.

Moreover, **Digital, Delivery and Drive Thru** (3-“Ds”) continue to demonstrate huge growth potential. We remain focused on meeting customers where they are and providing more personalized experiences. We now have almost 50 million active loyalty users in our top six markets.

Earning the right to meet customer needs in new ways

It's clear that our business plan is working. However, as we have throughout our history, we continue to push ourselves to keep our Brand relevant for future generations.

We asked ourselves two questions: Is there anything we should add to *Accelerating the Arches*? And is there anything that could get in the way of its continued success?

¹ Consists of both Company and franchised sales



The answer to these two questions led us to evolve our *Accelerating the Arches* strategy to set up a strong foundation for future growth. We'll continue to double down on our M, C, D growth pillars, while accelerating the pace of new restaurant openings where there is increased customer demand, alongside a diverse base of franchisees to run them. Additionally, we're implementing *Accelerating the Organization* to modernize the way we work as a company so that we're faster, more innovative and more efficient.

To drive these critical elements of our evolved strategy, we have created new leadership roles on our global Senior Leadership Team and appointed values-based leaders into new roles.

Morgan Flatley has been promoted to Executive Vice President, Global Chief Marketing Officer and New Business Ventures, where she will continue to oversee our award-winning marketing efforts and expand her scope to lead new business ventures with opportunities that extend the reach of the Brand in new ways.

Skye Anderson has been elevated to President, Global Business Services (GBS). Skye will oversee GBS, a new business unit of McDonald's that will make the organization more efficient, make it easier for teams to collaborate and free up time for our markets to focus on driving growth in the business.

These appointments were complemented by additional leadership moves: Kevin Ozan to Senior Executive Vice President, Strategic Initiatives;

Ian Borden to Executive Vice President, Chief Financial Officer; Marion Gross to Executive Vice President, Global Chief Supply Chain Officer; and Jo Sempels to President, International Developmental Licensed Markets.

In addition to these moves, we were delighted for Jill McDonald to rejoin McDonald's last year as President, International Operated Markets. And we also welcomed Brian Rice as our new Executive Vice President, Global Chief Information Officer, and Jon Banner as our new Executive Vice President, Global Chief Impact Officer.

I am proud to work closely with such a dynamic team that collectively acts as a phenomenal steward of the Brand. Every single leader embodies our values and plays a crucial role in driving efforts that propel our growth.

Taking meaningful action to advance equity of opportunity

Beyond meeting the changing needs of our customers, *Accelerating the Arches* is guiding our efforts to feed and foster communities and make the Golden Arches shine for more people.

As a first job for thousands and a first opportunity for many entrepreneurs to run their own businesses, we feel a special responsibility to offer even more meaningful opportunities.

Meeting customers where they are



In the last year, this included advancing education and skill development opportunities. We awarded more than \$20 million in tuition assistance, and access to education for more than 10,000 employees through our *Archways to Opportunity* program. Additionally, we launched support for 40 non-profits that provide pre-employment support and skills development primarily to Black and Latinx communities through the new *Chicago Community Impact Grants* program.

Key to building a talent pipeline of future leaders and expanding opportunity is fostering a culture of inclusivity. In 2022, as part of our *Allyship through Accountability* program, we introduced expectations that hold all Vice Presidents, Senior Vice Presidents and Managing Directors accountable for engaging in inclusive behaviors that support talent development and build a strong, diverse succession pipeline – with their performance against these expectations directly contributing to their compensation.

Moreover, we've taken additional steps to champion entrepreneurship and generational wealth across our System. This is of particular importance as we seek to increase our recruitment of first-time owners from underrepresented groups. Building on our 2021 commitment of \$250 million to further diversify our franchisee base, we announced additional steps to bring clarity, transparency and consistency to our franchising processes.

These actions advance our efforts to keep equity of opportunity central to our business, while ensuring that our franchisee base better reflects the communities we serve.

Raising the bar for the future

During one of McDonald's first Worldwide Conventions, Ray Kroc said: "We are living in a rapidly changing world, so McDonald's will change with it." McDonald's has a deep legacy of holding ourselves to the highest standards as the world around us



Fostering a culture of care and opportunity

changes. And it's more important than ever that we raise our ambition to meet tomorrow's challenges and make the important decisions that go with them.

As we closed out 2022 and hit the ground running in 2023, we have a lot to be proud of and a lot to look forward to – not just in the year ahead, but in this next great chapter at McDonald's. Throughout this chapter and beyond, I am confident that we will continue to deliver sustained, long-term, profitable growth for our System and shareholders.

Thank you to our shareholders and valued customers for your continued support; thank you to our Board of Directors for their ongoing guidance and support; and thank you to the McDonald's System for making this another year of which I am immensely proud.

Chris Kempczinski
President and CEO
McDonald's Corporation

