UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934** for the quarterly period ended March 31, 2025

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ____________ to _________________

Commission file number 1-13163

YUM! BRANDS, INC.

(Exact name of registrant as specified in its charter)

North Carolina	13-3951308
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1441 Gardiner Lane, Louisville, Kentucky	40213
(Address of principal executive offices)	(Zip Code)
Registrant's telephone number, including area code:	(502) 874-8300

Securities registered pursuant to Section 12(b) of the Act

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, no par value	YUM	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	☒	Accelerated Filer	☐
Non-accelerated Filer	☐	Smaller Reporting Company	☐
Emerging Growth Company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒
The number of shares outstanding of the registrant's Common Stock as of May 1, 2025, was 277,964,501 shares.

YUM! BRANDS, INC.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (Unaudited)
YUM! BRANDS, INC. AND SUBSIDIARIES
(in millions, except per share data)

	Quarter ended	
Revenues	3/31/2025	3/31/2024
Company sales	$ 607	$ 474
Franchise and property revenues	785	757
Franchise contributions for advertising and other services	395	367
Total revenues	1,787	1,598
Costs and Expenses, Net		
Company restaurant expenses	520	400
General and administrative expenses	302	286
Franchise and property expenses	34	31
Franchise advertising and other services expense	396	367
Refranchising (gain) loss	(5)	(5)
Other (income) expense	(8)	(1)
Total costs and expenses, net	1,239	1,078
Operating Profit	548	520
Investment (income) expense, net	(1)	22
Other pension (income) expense	—	(2)
Interest expense, net	120	117
Income Before Income Taxes	429	383
Income tax provision	176	69
Net Income	$ 253	$ 314
Basic Earnings Per Common Share	$ 0.91	$ 1.11
Diluted Earnings Per Common Share	$ 0.90	$ 1.10
Dividends Declared Per Common Share	$ 0.71	$ 0.67

See accompanying Notes to Condensed Consolidated Financial Statements.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)
YUM! BRANDS, INC. AND SUBSIDIARIES
(in millions)

	Quarter ended	
	3/31/2025	3/31/2024
Net Income	$ 253	$ 314
Other comprehensive income, net of tax		
Translation adjustments and gains (losses) from intra-entity transactions of a long-term investment nature		
Adjustments and gains (losses) arising during the period	25	(10)
Reclassification of adjustments and (gains) losses into Net Income	—	—
	25	(10)
Tax (expense) benefit	—	—
	25	(10)
Changes in pension and post-retirement benefits		
Unrealized gains (losses) arising during the period	—	—
Reclassification of (gains) losses into Net Income	2	—
	2	—
Tax (expense) benefit	—	—
	2	—
Changes in derivative instruments		
Unrealized gains (losses) arising during the period	1	12
Reclassification of (gains) losses into Net Income	(8)	(8)
	(7)	4
Tax (expense) benefit	2	(1)
	(5)	3
Other comprehensive income (loss), net of tax	22	(7)
Comprehensive Income	$ 275	$ 307

See accompanying Notes to Condensed Consolidated Financial Statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
YUM! BRANDS, INC. AND SUBSIDIARIES
(in millions)

	Quarter ended	
	3/31/2025	3/31/2024
Cash Flows – Operating Activities		
Net Income	$ 253	$ 314
Depreciation and amortization	45	35
Refranchising (gain) loss	(5)	(5)
Investment (income) expense, net	(1)	22
Deferred income taxes	8	21
Share-based compensation expense	21	23
Changes in accounts and notes receivable	71	44
Changes in prepaid expenses and other current assets	(57)	(32)
Changes in accounts payable and other current liabilities	(32)	(66)
Changes in income taxes payable	3	(26)
Other, net	98	33
Net Cash Provided by Operating Activities	404	363
Cash Flows – Investing Activities		
Capital spending	(71)	(49)
Proceeds from sale of Devyani Investment	—	104
Proceeds from refranchising of restaurants	15	11
Maturities (purchases) of Short term investments, net	90	—
Other, net	(32)	(21)
Net Cash Provided By Investing Activities	2	45
Cash Flows – Financing Activities		
Repayments of long-term debt	(5)	(10)
Revolving credit facility, three months or less, net	24	—
Repurchase shares of Common Stock	(229)	—
Dividends paid on Common Stock	(198)	(189)
Other, net	(35)	(48)
Net Cash Used in Financing Activities	(443)	(247)
Effect of Exchange Rates on Cash and Cash Equivalents	10	(7)
Net Increase (Decrease) in Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents	(25)	154
Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents - Beginning of Period	807	724
Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents - End of Period	$ 782	$ 878

See accompanying Notes to Condensed Consolidated Financial Statements.

CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)
YUM! BRANDS, INC. AND SUBSIDIARIES
(in millions)

	3/31/2025	12/31/2024
ASSETS		
Current Assets		
Cash and cash equivalents	$ 607	$ 616
Accounts and notes receivable, net	712	775
Prepaid expenses and other current assets	408	480
Total Current Assets	1,727	1,871
Property, plant and equipment, net	1,338	1,304
Goodwill	746	736
Intangible assets, net	418	416
Other assets	1,366	1,329
Deferred income taxes	1,065	1,071
Total Assets	$ 6,659	$ 6,727
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current Liabilities		
Accounts payable and other current liabilities	$ 1,179	$ 1,211
Income taxes payable	21	31
Short-term borrowings	30	27
Total Current Liabilities	1,231	1,269
Long-term debt	11,327	11,306
Other liabilities and deferred credits	1,906	1,800
Total Liabilities	14,463	14,375
Shareholders' Deficit		
Common Stock, no par value, 750 shares authorized; 278 shares issued in 2025 and 279 shares issued in 2024	—	—
Accumulated deficit	(7,434)	(7,256)
Accumulated other comprehensive loss	(371)	(392)
Total Shareholders' Deficit	(7,804)	(7,648)
Total Liabilities and Shareholders' Deficit	$ 6,659	$ 6,727

See accompanying Notes to Condensed Consolidated Financial Statements.

CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' DEFICIT (Unaudited)

YUM! BRANDS, INC. AND SUBSIDIARIES

Quarters ended March 31, 2025 and 2024

(in millions)

	Yum! Brands, Inc.					
	Issued Common Stock					
	Shares	Amount	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Shareholders' Deficit
Balance at December 31, 2024	279	$ —	$ (7,256)	$ (392)	$ (7,648)
Net Income			253		253
Translation adjustments and gains (losses) from intra-entity transactions of a long-term investment nature				25	25
Pension and post-retirement benefit plans (net of tax impact of less than $1 million)				2	2
Derivative instruments (net of tax impact of $2 million)				(5)	(5)
Comprehensive Income					275
Dividends declared			(199)		(199)
Repurchase of shares of Common Stock[1]	(2)	—	(229)		(229)
Employee share-based award exercises	1	(26)	(3)		(29)
Share-based compensation events		26			26
Balance at March 31, 2025	278	$ —	$ (7,434)	$ (371)	$ (7,804)
Balance at December 31, 2023	281	$ 60	$ (7,616)	$ (302)	$ (7,858)
Net Income			314		314
Translation adjustments and gains (losses) from intra-entity transactions of a long-term investment nature				(10)	(10)
Pension and post-retirement benefit plans				—	—
Derivative instruments (net of tax impact of $1 million)				3	3
Comprehensive Income					307
Dividends declared			(190)		(190)
Repurchase of shares of Common Stock	—	—	—		—
Employee share-based award exercises	—	(47)			(47)
Share-based compensation events		32			32
Balance at March 31, 2024	281	$ 45	$ (7,492)	$ (309)	$ (7,756)

[1]Includes excise tax on share repurchases

See accompanying Notes to Condensed Consolidated Financial Statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(Tabular amounts in millions, except per share data)

Note 1 - Financial Statement Presentation

We have prepared our accompanying unaudited Condensed Consolidated Financial Statements (“Financial Statements”) in accordance with the rules and regulations of the Securities and Exchange Commission (“SEC”) for interim financial information. Accordingly, they do not include all of the information and footnotes required by Generally Accepted Accounting Principles in the United States (“GAAP”) for complete financial statements. Therefore, we suggest that the accompanying Financial Statements be read in conjunction with the Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2024 (“2024 Form 10-K”).

Yum! Brands, Inc. and its Subsidiaries (collectively referred to herein as the “Company,” “YUM,” “we,” “us” or “our”) franchise or operate a system of over 60,000 restaurants in more than 155 countries and territories. As of March 31, 2025, 98% of these restaurants were owned and operated by franchisees. The Company’s KFC, Taco Bell and Pizza Hut brands are global leaders of the chicken, Mexican-inspired and pizza categories, respectively. The Habit Burger & Grill is a fast-casual restaurant concept specializing in made-to-order chargrilled burgers, sandwiches and more.

As of March 31, 2025, YUM consisted of four operating segments:

- The KFC Division which includes our worldwide operations of the KFC concept
- The Taco Bell Division which includes our worldwide operations of the Taco Bell concept
- The Pizza Hut Division which includes our worldwide operations of the Pizza Hut concept
- The Habit Burger & Grill Division which includes our worldwide operations of the Habit Burger & Grill concept

YUM's fiscal year begins on January 1 and ends December 31 of each year, with each quarter comprised of three months. The majority of our U.S. subsidiaries and certain international subsidiaries operate on a weekly periodic calendar where the first three quarters of each fiscal year consist of 12 weeks and the fourth quarter consists of 16 weeks in fiscal years with 52 weeks and 17 weeks in fiscal years with 53 weeks. For subsidiaries that operate on this periodic weekly calendar, 2024 included a 53rd week. Our remaining international subsidiaries operate on a monthly calendar similar to that on which YUM operates.

Our preparation of the accompanying Financial Statements in conformity with GAAP requires us to make estimates and assumptions that affect reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

The accompanying Financial Statements include all normal and recurring adjustments considered necessary to present fairly, when read in conjunction with our 2024 Form 10-K, the results of the interim periods presented. Our results of operations, comprehensive income, cash flows and changes in shareholders' deficit for these interim periods are not necessarily indicative of the results to be expected for the full year.

In the first quarter of 2025, the Company prospectively changed its basis of presentation to round financial figures in the Financial Statements and as presented in the tabular presentations in these Notes to the nearest whole number in millions in all instances. As a result, some totals and percentages may not recompute based on rounded figures as presented within the Financial Statements and these Notes. Previously, amounts were presented to ensure that all numbers herein recomputed, resulting in the presentation of certain figures inconsistent with their underlying rounding.

Our significant interim accounting policies include the recognition of advertising and marketing costs, generally in proportion to revenue, and the recognition of income taxes using an estimated annual effective tax rate.

We have reclassified certain items in the Financial Statements for the prior periods to be comparable with the classification for the quarter ended March 31, 2025. These reclassifications had no effect on previously reported Net Income.

Note 2 - KFC United Kingdom ("U.K.") and Ireland Restaurant Acquisition

On April 29, 2024, we completed the acquisition of all of the issued shares of two franchisee entities that owned 216 KFC restaurants in the U.K. and Ireland. The acquisition created a significant opportunity to accelerate KFC's growth strategy in the large and growing U.K. and Ireland chicken market. The purchase price to be allocated for accounting purposes of $177 million consisted of cash, net of cash acquired, in the amount of $180 million, which included $174 million paid in 2024 and $6 million paid in 2025, offset by the settlement of a liability of $3 million related to our preexisting contractual relationship with the franchisee.

The acquisition was accounted for as a business combination using the acquisition method of accounting. The preliminary allocation of the purchase price is based on management's analysis, including preliminary work performed by third party valuation specialists, as of April 29, 2024.

During the quarter ended March 31, 2025, we adjusted our preliminary estimate of the fair value of net assets acquired. The components of the preliminary purchase price allocation, subsequent to the adjustments to the allocation in the quarter ended March 31, 2025 and prior quarters were as follows:

Total Current Assets	$	2
Property, plant and equipment, net		99
Reacquired franchise rights (included in Intangible assets, net)		48
Operating lease right-of-use assets (included in Other assets)		124
Total Identifiable Assets		273
Total Current Liabilities		(30)
Operating lease liabilities (included in Other liabilities and deferred credits)		(115)
Other liabilities		(39)
Total Liabilities Assumed		(184)
Total identifiable net assets		89
Goodwill		88
Purchase price to be allocated	$	177

The cumulative adjustments to the preliminary estimate of identifiable net assets acquired (as recorded in the June 30, 2024 quarter of acquisition) resulted in a corresponding $12 million increase in estimated goodwill due to the following changes to the preliminary purchase price allocation.

	Increase (Decrease) in Goodwill	
Increase in Property, plant and equipment, net	$	(11)
Increase in Required franchise rights		(1)
Increase in Operating lease right-of-use assets		(15)
Increase in Total Current Liabilities		12
Increase in Operating lease liabilities		13
Increase in Other liabilities		8
Increase in consideration		6
Total increase in Goodwill	$	12

We will continue to obtain information to assist in determining the fair value of net assets acquired during the remaining measurement period.

Reacquired franchise rights, which were valued based on after-royalty cash flows expected to be earned by the acquired restaurants over the remaining term of their then-existing franchise agreements, have an estimated weighted average useful life of 5 years. The excess of the purchase price over the preliminary estimated fair value of the net, identifiable assets acquired was recorded as goodwill. The goodwill recognized represents expected benefits of the acquisition that do not qualify for recognition as intangible assets. This includes value arising from cash flows expected to be earned in years subsequent to the expiration of the terms of franchise agreements existing upon acquisition. The goodwill is expected to be partially deductible for income tax purposes and has been allocated to our KFC U.K. reporting unit.

The financial results of the acquired restaurants have been included in our Condensed Consolidated Financial Statements since the date of the acquisition but did not significantly impact our results for the quarter ended March 31, 2025. Pro forma financial information of the combined entities for the periods prior to acquisition is not presented due to the immaterial impact of the acquisition on our Condensed Consolidated Financial Statements. The direct transaction costs associated with the acquisition were also not material and were expensed as incurred.

Note 3 - Earnings Per Common Share ("EPS")

	Quarter ended	
	2025	2024
Net Income	$ 253	$ 314
Weighted-average common shares outstanding (for basic calculation)	280	282
Effect of dilutive share-based employee compensation	2	4
Weighted-average common and dilutive potential common shares outstanding (for diluted calculation)	282	286
Basic EPS	$ 0.91	$ 1.11
Diluted EPS	$ 0.90	$ 1.10
Unexercised employee SARs, RSUs, PSUs and stock options (in millions) excluded from the diluted EPS computation[a]	1.5	1.7

(a) These unexercised employee stock appreciation rights ("SARs"), restricted stock units ("RSUs"), performance share units ("PSUs") and stock options were not included in the computation of diluted EPS because to do so would have been antidilutive for the periods presented.

Note 4 - Shareholders' Deficit

Under the authority of our Board of Directors, we repurchased shares of our Common Stock during the quarters ended March 31, 2025 and 2024 as indicated below. All amounts exclude applicable transaction fees and excise taxes on share repurchases.

	Shares Repurchased (thousands)		Dollar Value of Shares Repurchased		Remaining Dollar Value of Shares that may be Repurchased
Authorization Date	2025	2024	2025	2024	2025
May 2024	1,556	—	$ 228	$ —	$ 1,382
Total	1,556	—	$ 228	$ —	$ 1,382

In May 2024, our Board of Directors authorized share repurchases of up to $2 billion (excluding applicable transaction fees and excise taxes) of our outstanding Common Stock through December 31, 2026. As of March 31, 2025, we have remaining capacity to repurchase up to $1.4 billion of Common Stock under the May 2024 authorization.

Changes in Accumulated other comprehensive loss ("AOCI") are presented below.

	Translation Adjustments and Gains (Losses) From Intra-Entity Transactions of a Long-Term Nature	Pension and Post-Retirement Benefits	Derivative Instruments	Total
Balance at December 31, 2024, net of tax	$ (238)	$ (143)	$ (11)	$ (392)
OCI, net of tax				
Gains (losses) arising during the period classified into AOCI, net of tax	25	—	1	26
(Gains) losses reclassified from AOCI, net of tax	—	2	(6)	(4)
	25	2	(5)	22
Balance at March 31, 2025, net of tax	$ (213)	$ (141)	$ (16)	$ (371)

Note 5 - Other (Income) Expense

	Quarter ended	
	3/31/2025	3/31/2024
Foreign exchange net (gain) loss	$ (3)	$ 5
Impairment and closure expense	1	—
Other	(5)	(6)
Other (income) expense	$ (8)	$ (1)

Note 6 - Supplemental Balance Sheet Information

Accounts and Notes Receivable, net

The Company's receivables are primarily generated from ongoing business relationships with our franchisees as a result of franchise and lease agreements. Trade receivables consisting of royalties from franchisees are generally due within 30 days of the period in which the corresponding sales occur and are classified as Accounts and notes receivable, net in our Condensed Consolidated Balance Sheets. Accounts and notes receivable, net also includes receivables generated from advertising cooperatives that we consolidate.

	3/31/2025	12/31/2024
Accounts and notes receivable, gross	$ 786	$ 849
Allowance for doubtful accounts	(74)	(74)
Accounts and notes receivable, net	$ 712	$ 775

Prepaid Expenses and Other Current Assets

	3/31/2025	12/31/2024
Income tax receivable	$ 49	$ 55
Restricted cash	141	155
Short term investments	—	91
Assets held for sale	8	21
Prepaid expenses	155	100
Other current assets	55	58
Prepaid expenses and other current assets	$ 408	$ 480

Property, Plant and Equipment, net

	3/31/2025	12/31/2024
Property, plant and equipment, gross	$ 2,757	$ 2,688
Accumulated depreciation and amortization	(1,419)	(1,384)
Property, plant and equipment, net	$ 1,338	$ 1,304

Other Assets	3/31/2025	12/31/2024
Operating lease right-of-use assets[(a)]	$ 889	$ 881
Franchise incentives	161	144
Other	316	304
Other assets	$ 1,366	$ 1,329

(a) Non-current operating lease liabilities of $869 million and $862 million as of March 31, 2025 and December 31, 2024, respectively, are included in Other liabilities and deferred credits in our Condensed Consolidated Balance Sheets.

Reconciliation of Cash and Cash Equivalents for Condensed Consolidated Statements of Cash Flows

	3/31/2025	12/31/2024
Cash and cash equivalents as presented in Condensed Consolidated Balance Sheets	$ 607	$ 616
Restricted cash included in Prepaid expenses and other current assets[(a)]	141	155
Restricted cash and restricted cash equivalents included in Other assets[(b)]	34	36
Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents as presented in Condensed Consolidated Statements of Cash Flows	$ 782	$ 807

(a) Restricted cash within Prepaid expenses and other current assets reflects the cash related to advertising cooperatives which we consolidate that can only be used to settle obligations of the respective cooperatives and cash held in reserve for Taco Bell Securitization interest payments.

(b) Primarily trust accounts related to our self-insurance program.

Note 7 - Income Taxes

	Quarter ended	
	2025	2024
Income tax provision	$ 176	$ 69
Effective tax rate	41.0 %	18.0 %

Our estimated effective tax rate for the full fiscal year is expected to be higher than the U.S. federal statutory rate of 21%, due to state income taxes and U.S. taxes on foreign earnings partially offset by taxes on income earned in foreign jurisdictions with statutory tax rates below 21%. Additionally, in the quarter ended March 31, 2025, we have recorded the reserve as discussed below.

Our first quarter effective tax rate was higher than the prior year primarily due to the unfavorable impact of recording a $92 million reserve. The reserve was the result of a change in management's judgment around a Mexican subsidiary's ability to utilize certain losses to offset recapture gains triggered by a tax deconsolidation in Mexico in 2009. During the quarter ended March 31, 2025, a Mexican court ruled that such losses could not be utilized to offset the recapture gain. The Company is appealing the decision and does not expect resolution of this matter within twelve months.

Note 8 - Revenue Recognition

Disaggregation of Total Revenues

The following tables disaggregate revenue by Concept, for our two most significant markets based on Operating Profit and for all other markets. We believe this disaggregation best reflects the extent to which the nature, amount, timing and uncertainty of our revenues and cash flows are impacted by economic factors.

	Quarter ended 3/31/2025				
	KFC Division	Taco Bell Division	Pizza Hut Division	Habit Burger & Grill Division	Total
U.S.					
Company sales	$ 23	$ 261	$ 3	$ 125	$ 412
Franchise revenues	42	211	63	2	318
Property revenues	3	9	1	1	14
Franchise contributions for advertising and other services	9	157	69	1	236
China					
Franchise revenues	69	—	17	—	86
Other					
Company sales	193	2	—	—	195
Franchise revenues	283	14	61	—	358
Property revenues	10	—	—	—	10
Franchise contributions for advertising and other services	140	3	16	—	159
	$ 773	$ 657	$ 231	$ 128	$ 1,788 (a)

(a) Does not include a charge of $1 million to Unallocated Franchise revenues during the quarter ended March 31, 2025.

	Quarter ended 3/31/2024				
	KFC Division	Taco Bell Division	Pizza Hut Division	Habit Burger & Grill Division	Total
U.S.					
Company sales	$ 14	$ 240	$ 2	$ 127	$ 383
Franchise revenues	43	188	68	1	300
Property revenues	3	9	1	1	14
Franchise contributions for advertising and other services	10	146	73	1	230
China					
Franchise revenues	68	—	17	—	85
Other					
Company sales	91	—	—	—	91
Franchise revenues	272	13	62	—	347
Property revenues	11	—	—	—	11
Franchise contributions for advertising and other services	120	2	15	—	137
	$ 632	$ 598	$ 238	$ 130	$ 1,598

Contract Liabilities

Our contract liabilities are comprised of unamortized upfront fees received from franchisees and are presented within Accounts payable and other current liabilities and Other liabilities and deferred credits in our Condensed Consolidated Balance Sheets. A summary of significant changes to the contract liability balance during 2025 is presented below.

	Deferred Franchise Fees
Balance at December 31, 2024	$ 438
Revenue recognized that was included in unamortized upfront fees received from franchisees at the beginning of the period	(20)
Increase for upfront fees associated with contracts that became effective during the period, net of amounts recognized as revenue during the period	22
Other[(a)]	2
Balance at March 31, 2025	$ 442

(a) Primarily includes the impact of foreign currency translation.

We expect to recognize contract liabilities as revenue over the remaining term of the associated franchise agreement as follows:

Less than 1 year	$ 70
1 - 2 years	66
2 - 3 years	59
3 - 4 years	51
4 - 5 years	44
Thereafter	151
Total	$ 442

Note 9 - Reportable Operating Segments

The Company's operating segments maintain separate financial information, and our Chief Operating Decision Maker ("CODM"), the Company's Chief Executive Officer, evaluates the operating segments' operating results on a regular basis in deciding how to allocate resources among the segments and in assessing segment performance. The CODM evaluates the performance of the Company's segments based on Divisional Operating Profit and is involved in determining and reviewing forecasted Divisional Operating Profit as part of the annual plan process. Throughout the year, the CODM considers forecast to actual results and variances on a monthly and quarterly basis to allocate resources for the segments' operations. The CODM also considers this information in determining how to prioritize capital allocation, including investments in restaurant development, technology and human capital, maintaining a strong and flexible balance sheet, offering a competitive dividend and returning excess cash to shareholders. Our CODM manages assets on a consolidated basis. Accordingly, segment assets are not reported to our CODM or used in his decisions to allocate resources or assess performance of the segments. Therefore, total segment assets and long-lived assets have not been disclosed. The significant expense categories and amounts presented in the tables below align with the segment-level information that is regularly provided to the CODM.

	Quarter ended 3/31/2025				
	KFC Division	Taco Bell Division	Pizza Hut Division	Habit Burger & Grill Division	Total
Company Sales[(a)]	$ 216	$ 263	$ 3	$ 125	$ 607
Franchise and property revenues[(a)]	407	234	143	2	786
Franchise contributions for advertising and other services[(a)]	149	160	85	1	395
	773	657	231	128	1,788
Less:					
Company restaurant expenses	196	204	4	114	518
General and administrative expenses	80	49	55	13	197
Franchise and property expenses	16	6	11	1	34
Franchise advertising and other services expense	149	157	89	1	396
Other (income) expense	—	—	(2)	—	(2)
Division Operating Profit	$ 331	$ 241	$ 74	$ (1)	$ 646
Unallocated amounts:[(b)]					
Corporate and unallocated G&A expenses[(c)]					$ (105)
Unallocated Company restaurant expenses[(d)]					(3)
Unallocated Franchise and property revenues					(1)
Unallocated Refranchising gain (loss)					5
Unallocated Other income (expense)					6
Consolidated Operating Profit					548
Investment income (expense), net					1
Other pension income (expense)					—
Interest expense, net					(120)
Income before income taxes					$ 429

Other Segment Disclosures

	KFC Division	Taco Bell Division	Pizza Hut Division	Habit Burger & Grill Division	Corporate and Unallocated	Total
Depreciation and Amortization[e]	$ 11	$ 16	$ 4	$ 7	$ 7	$ 45
Capital Spending	18	31	5	6	11	71

	Quarter ended 3/31/2024				
	KFC Division	Taco Bell Division	Pizza Hut Division	Habit Burger & Grill Division	Total
Company Sales[a]	$ 105	$ 240	$ 2	$ 127	$ 474
Franchise and property revenues[a]	397	210	148	2	757
Franchise contributions for advertising and other services[a]	130	148	88	1	367
	632	598	238	130	1,598
Less:					
Company restaurant expenses	92	186	2	120	400
General and administrative expenses	83	49	52	13	197
Franchise and property expenses	17	8	5	1	31
Franchise advertising and other services expense	129	147	90	1	367
Other (income) expense	(2)	—	(4)	—	(6)
Division Operating Profit	$ 313	$ 208	$ 93	$ (5)	$ 609
Unallocated amounts:[b]					
Corporate and unallocated G&A expenses[c]					$ (89)
Unallocated Refranchising gain (loss)					5
Unallocated Other income (expense)					(5)
Consolidated Operating Profit					520
Investment income (expense), net[f]					(22)
Other pension income (expense)					2
Interest expense, net					(117)
Income before income taxes					$ 383

Other Segment Disclosures

	KFC Division	Taco Bell Division	Pizza Hut Division	Habit Burger & Grill Division	Corporate and Unallocated	Total
Depreciation and Amortization[e]	$ 2	$ 15	$ 3	$ 7	$ 8	$ 35
Capital Spending	8	21	3	9	8	49

(a) U.S. revenues included in the combined KFC, Taco Bell, Pizza Hut and Habit Burger & Grill Divisions totaled $1.0 billion and $0.9 billion in the quarters ended March 31, 2025 and 2024, respectively.

(b) Amounts have not been allocated to any segment for performance reporting purposes.

(c) Corporate and unallocated G&A expenses include charges of $17 million and $21 million in the quarters ended March 31, 2025 and 2024, respectively, related to our resource optimization program and $7 million in the quarter ended March 31, 2025 related to our brand headquarters consolidation.

(d) Unallocated Company restaurant expenses include amortization of reacquired franchise rights.

(e) The amounts of depreciation and amortization disclosed by reportable segment are primarily included within the segment expense captions of Company restaurant expenses and G&A expenses.

(f) Investment income (expense), net includes $20 million of pre-tax investment losses related to the sale of our approximate 5% minority interest in Devyani International Limited during the quarter ended March 31, 2024.

Note 10 - Pension Benefits

We sponsor qualified and supplemental (non-qualified) noncontributory defined benefit pension plans covering certain full-time salaried and hourly U.S. employees. The most significant of these plans, the YUM Retirement Plan (the "Plan"), is funded. We fund our other U.S. plans as benefits are paid. Our two significant U.S. plans, including the Plan and a supplemental plan, were previously amended such that any salaried employee hired or rehired by YUM after September 30, 2001, is not eligible to participate in those plans. Additionally, these two plans in the U.S. are currently closed to new hourly participants.

The components of net periodic benefit cost associated with our U.S. pension plans are as follows:

	Quarter ended	
	2025	2024
Service cost	$ 1	$ 1
Interest cost	11	11
Expected return on plan assets	(13)	(13)
Net periodic benefit cost (income)	$ (1)	$ (1)
Additional loss recognized due to settlements[a]	$ 1	$ —

(a) Loss is a result of settlement transactions which exceeded the sum of annual service and interest costs for the applicable plan. This loss was recorded in Other pension (income) expense.

Note 11 - Short-term Borrowings and Long-term Debt

Short-term Borrowings	3/31/2025	12/31/2024
Current maturities of long-term debt	$ 32	$ 29
Less current portion of debt issuance costs and discounts	(2)	(2)
Short-term borrowings	$ 30	$ 27
Long-term Debt		
Securitization Notes	$ 3,743	$ 3,743
Subsidiary Senior Unsecured Notes	750	750
Revolving Facility	374	350
Term Loan A Facility	500	500
Term Loan B Facility	1,440	1,444
YUM Senior Unsecured Notes	4,550	4,550
Finance lease obligations	67	67
	$ 11,424	$ 11,404
Less long-term portion of debt issuance costs and discounts	(66)	(69)
Less current maturities of long-term debt	(32)	(29)
Long-term debt	$ 11,327	$ 11,306

Details of our Short-term borrowings and Long-term debt as of December 31, 2024 can be found within our 2024 Form 10-K.

Cash paid for interest during the quarters ended March 31, 2025 and 2024, was $102 million and $101 million, respectively.

Note 12 - Derivative Instruments

We use derivative instruments to manage certain of our market risks related to fluctuations in interest rates, equity prices and foreign currency exchange rates. Our use of foreign currency contracts to manage foreign currency exchange rates associated with certain foreign currency denominated intercompany receivables and payables is currently not significant.

Interest Rate Swaps

In March 2025, interest rate swaps which reduced our historical exposure to interest rate risk for $1.5 billion of our variable-rate debt interest payments primarily under our Term Loan B Facility expired. Through their expiration in March 2025, these interest rate swaps were highly effective cash flow hedges.

Subsequent to the end of the first quarter, on April 4, 2025, we entered into new interest rate swaps ("2025 interest rate swaps") to fix the interest rate on $1.5 billion of borrowings, primarily under our Term Loan B Facility, from April 2025 to March 2028. Like the expired interest rate swaps, the 2025 interest rate swaps were designated cash flow hedges as the changes in the future cash flows of the swaps are expected to offset changes in expected future interest payments on the related variable-rate debt. The 2025 interest rate swaps will result in a fixed rate of 5.09% on the swapped portion of the Term Loan B Facility (excluding debt issuance costs).

Gains or losses on the interest rate swaps are reported as a component of AOCI and reclassified into Interest expense, net in our Condensed Consolidated Statements of Income in the same period or periods during which the related hedged interest payments affect earnings.

Gains and losses on these interest rate swaps recognized in OCI and reclassifications from AOCI into Net Income were as follows:

	Quarter ended			
	Gains/(Losses) Recognized in OCI		(Gains)/Losses Reclassified from AOCI into Net Income	
	2025	2024	2025	2024
Interest rate swaps	$ —	$ 11	$ (5)	$ (9)
Income tax benefit/(expense)	—	(3)	1	2

Total Return Swaps

We have entered into total return swap derivative contracts, with the objective of reducing our exposure to market-driven changes in certain of the liabilities associated with compensation deferrals into our Executive Income Deferral (“EID”) plan. While these total return swaps represent economic hedges, we have not designated them as hedges for accounting purposes. As a result, the changes in the fair value of these derivatives are recognized immediately in earnings within General and administrative expenses in our Condensed Consolidated Statements of Income largely offsetting the changes in the associated EID liabilities. The fair value associated with the total return swaps as of both March 31, 2025 and December 31, 2024, was not significant.

As a result of the use of derivative instruments, the Company is exposed to risk that the counterparties will fail to meet their contractual obligations. To mitigate the counterparty credit risk, we only enter into contracts with major financial institutions carefully selected based upon their credit ratings and other factors, and continually assess the creditworthiness of counterparties. At March 31, 2025, all of the counterparties to our derivative instruments had investment grade ratings according to the three major ratings agencies. To date, all counterparties have performed in accordance with their contractual obligations.

See Note 13 for the fair value of our derivative assets and liabilities.

Note 13 - Fair Value Disclosures

As of March 31, 2025, the carrying values of cash and cash equivalents, restricted cash, accounts receivable, short-term borrowings, accounts payable and borrowings under our Revolving Facility approximated their fair values because of the short-term nature of these instruments. The fair value of our notes receivable, net of allowances, and lease guarantees, less reserves for expected losses, approximates their carrying value. The following table presents the carrying value and estimated fair value of the Company's debt obligations:

	3/31/2025		12/31/2024	
	Carrying Value	Fair Value (Level 2)	Carrying Value	Fair Value (Level 2)
Securitization Notes[a]	$ 3,743	$ 3,521	$ 3,743	$ 3,561
Subsidiary Senior Unsecured Notes[b]	750	752	750	739
Term Loan A Facility[b]	500	496	500	496
Term Loan B Facility[b]	1,440	1,450	1,444	1,451
YUM Senior Unsecured Notes[b]	4,550	4,395	4,550	4,368

(a) We estimated the fair value of the Securitization Notes using market quotes and calculations. The markets in which the Securitization Notes trade are not considered active markets.

(b) We estimated the fair value of the YUM and Subsidiary Senior Unsecured Notes, Term Loan A Facility and Term Loan B Facility using market quotes and calculations based on market rates.

Recurring Fair Value Measurements

The following table presents fair values for those assets and liabilities measured at fair value on a recurring basis and the level within the fair value hierarchy in which the measurements fall.

			Fair Value	
	Condensed Consolidated Balance Sheet	Level	3/31/2025	12/31/2024
Assets				
Investments	Other assets	1	$ 1	$ 1
Investments	Other assets	3	7	7
Interest Rate Swaps	Prepaid expenses and other current assets	2	$ —	5

The fair value of the Company's interest rate swaps were determined based on the present value of expected future cash flows considering the risks involved, including nonperformance risk, and using discount rates appropriate for the duration based on observable inputs.

Note 14 - Contingencies

Internal Revenue Service Proposed Adjustment

As a result of an audit by the Internal Revenue Service ("IRS") for fiscal years 2013 through 2015, in August 2022 we received a Revenue Agent's Report ("RAR") from the IRS asserting an underpayment of tax of $2.1 billion plus $418 million in penalties for the 2014 fiscal year. Additionally, interest on the underpayment is estimated to be approximately $1.5 billion through the first quarter of 2025. The proposed underpayment relates primarily to a series of reorganizations we undertook during that year in connection with the business realignment of our corporate and management reporting structure along brand lines. The IRS asserts that these transactions resulted in taxable distributions of approximately $6.0 billion.

We disagree with the IRS's position as asserted in the RAR and intend to contest that position vigorously. In September 2022, we filed a Protest with the IRS Examination Division disputing the proposed underpayment of tax and penalties, and our matter was referred to the IRS Office of Appeals. Upon conclusion of the proceedings with the IRS Office of Appeals without resolution, we received an IRS Notice of Deficiency in March 2025. We expect to file a petition in the United States Tax Court in the second quarter of 2025 disputing the IRS Notice of Deficiency.

The Company does not expect resolution of this matter within twelve months and cannot predict with certainty the timing of such resolution. The Company believes that it is more likely than not the Company's tax position will be sustained; therefore, no reserve is recorded with respect to this matter.

An unfavorable resolution of this matter could have a material, adverse impact on our Condensed Consolidated Financial Statements in future periods.

Lease Guarantees

As a result of having assigned our interest in obligations under real estate leases as a condition to the refranchising of certain Company-owned restaurants, and guaranteeing certain other leases, we are frequently secondarily liable on lease agreements. These leases have varying terms, the latest of which expires in 2065. As of March 31, 2025, the potential amount of undiscounted payments we could be required to make in the event of non-payment by the primary lessee was approximately $350 million. The present value of these potential payments discounted at our pre-tax cost of debt at March 31, 2025, was approximately $275 million. Our franchisees are the primary lessees under the vast majority of these leases. We generally have cross-default provisions with these franchisees that would put them in default of their franchise agreement in the event of non-payment under the lease. We believe these cross-default provisions significantly reduce the risk that we will be required to make payments under these leases, although such risk may not be reduced in the context of a bankruptcy or other similar restructuring of a large franchisee or group of franchisees. The liability recorded for our expected losses under such leases as of March 31, 2025, was not material.

Legal Proceedings

We are subject to various claims and contingencies related to lawsuits, real estate, environmental and other matters arising in the normal course of business. An accrual is recorded with respect to claims or contingencies for which a loss is determined to be probable and reasonably estimable.

India Regulatory Matter

Yum! Restaurants India Private Limited ("YRIPL"), a YUM subsidiary that operates KFC and Pizza Hut restaurants in India, is the subject of a regulatory enforcement action in India (the "Action"). The Action alleges, among other things, that KFC International Holdings, Inc. and Pizza Hut International failed to satisfy certain conditions imposed by the Secretariat for Industrial Approval in 1993 and 1994 when those companies were granted permission for foreign investment and operation in India. The conditions at issue include an alleged minimum investment commitment and store build requirements as well as limitations on the remittance of fees outside of India.

The Action originated with a complaint and show cause notice filed in 2009 against YRIPL by the Deputy Director of the Directorate of Enforcement ("DOE") of the Indian Ministry of Finance following an income tax audit for the years 2002 and 2003. The matter was argued at various hearings in 2015, but no order was issued. Following a change in the incumbent official holding the position of Special Director of DOE (the "Special Director"), the matter resumed in 2018 and several additional hearings were conducted.

On January 29, 2020, the Special Director issued an order imposing a penalty on YRIPL and certain former directors of approximately Indian Rupee 11 billion, or approximately $130 million. Of this amount, $125 million relates to the alleged failure to invest a total of $80 million in India within an initial seven-year period. We have been advised by external counsel that the order is flawed and have filed a writ petition with the Delhi High Court, which granted an interim stay of the penalty order on March 5, 2020. In November 2022, YRIPL was notified that an administrative tribunal bench had been constituted to hear an appeal by DOE of certain findings of the January 2020 order, including claims that certain charges had been wrongly dropped and that an insufficient amount of penalty had been imposed. A hearing with the administrative tribunal scheduled for March 18, 2025 has been rescheduled to July 9, 2025. A hearing scheduled for April 29, 2025, before the Delhi High Court has been continued to August 19, 2025, and the stay order remains in effect. We deny liability and intend to continue vigorously defending this matter. We do not consider the risk of any significant loss arising from this order to be probable.

Other Matters

We are currently engaged in various other legal proceedings and have certain unresolved claims pending, the ultimate liability for which, if any, cannot be determined at this time. However, based upon consultation with legal counsel, we are of the opinion that such proceedings and claims are not expected to have a material adverse effect, individually or in the aggregate, on our Condensed Consolidated Financial Statements.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Introduction and Overview

The following Management's Discussion and Analysis ("MD&A"), should be read in conjunction with the unaudited Condensed Consolidated Financial Statements ("Financial Statements"), the Forward-Looking Statements and our Annual Report on Form 10-K for the fiscal year ended December 31, 2024, ("2024 Form 10-K"). All Note references herein refer to the Notes to the Financial Statements. Tabular amounts are displayed in millions of U.S. dollars except per share and unit count amounts, or as otherwise specifically identified.

In the first quarter of 2025, the Company prospectively changed its basis of presentation to round financial figures in the Financial Statements and as presented in the tabular presentations in this MD&A to the nearest whole number in millions in all instances. As a result, some totals and percentages may not recompute based on rounded figures as presented within this MD&A. Previously, amounts were presented to ensure that all numbers herein recomputed, resulting in the presentation of certain figures inconsistent with their underlying rounding.

Yum! Brands, Inc. and its Subsidiaries (collectively referred to herein as the "Company," "YUM," "we," "us" or "our") franchise or operate a system of over 60,000 restaurants in more than 155 countries and territories, primarily under the concepts of KFC, Taco Bell, Pizza Hut and The Habit Burger & Grill (collectively, the "Concepts"). The Company's KFC, Taco Bell and Pizza Hut brands are global leaders of the chicken, Mexican-inspired and pizza categories, respectively. The Habit Burger & Grill, is a fast-casual restaurant concept specializing in made-to-order chargrilled burgers, sandwiches and more. Of the over 60,000 restaurants, 98% are operated by franchisees.

YUM currently consists of four operating segments:

- The KFC Division which includes our worldwide operations of the KFC concept
- The Taco Bell Division which includes our worldwide operations of the Taco Bell concept
- The Pizza Hut Division which includes our worldwide operations of the Pizza Hut concept
- The Habit Burger & Grill Division which includes our worldwide operations of the Habit Burger & Grill concept

Through our Recipe for Good Growth we intend to deliver iconic restaurant brands and consistently drive better customer experiences, improved unit economics and higher rates of growth. Key enablers include accelerated use of digital and technology, increased collaboration and better leverage of our systemwide scale. This is done through a framework of three pillars: being Loved, Trusted and Connected.

Loved: We grow by delighting customers with craveable food and a distinctive experience. We innovate and elevate our iconic restaurant brands that people trust and champion, resulting in relevant, easy and distinctive brands.

Trusted: We operate responsibly with consistency and efficiency in our restaurants, across our system and in our communities. This includes a commitment to our priorities for social responsibility, risk management and sustainable stewardship of our people, food and planet.

Connected: We use our teamwork, technology and global scale to serve every customer, everywhere, anytime. Our unmatched operating capability allows us to recruit and equip the best restaurant operators in the world to deliver great customer experiences. And our commitment to bold restaurant development drives market and franchise unit expansion with strong economics.

Our unrivaled culture and talent and leading with smart, heart and courage are key to our success, fueling brand performance and franchise success.

We intend for this MD&A to provide the reader with information that will assist in understanding our results of operations, including performance metrics that management uses to assess the Company's performance. Throughout this MD&A, we commonly discuss the following performance metrics:

- Same-store sales growth is the estimated percentage change in system sales of all restaurants that have been open and in the YUM system for one year or more, including those temporarily closed. From time-to-time restaurants may be temporarily closed due to remodeling or image enhancement, rebuilding, natural disasters, health epidemic or pandemic, landlord disputes, boycotts, social or civil unrest or other issues. The system sales of restaurants we deem temporarily closed remain in our base for purposes of determining same-store sales growth and the restaurants remain in our unit count (see below).

Same-store sales growth excludes, for subsidiaries operating on a monthly calendar, the extra day resulting from a leap year and excludes, for subsidiaries operating on a weekly periodic calendar, the last week of the year in fiscal years with 53rd weeks. We believe same-store sales growth is useful to investors because our results are heavily dependent on the results of our Concepts' existing store base. Additionally, same-store sales growth is reflective of the strength of our Brands, the effectiveness of our operational and advertising initiatives and local economic and consumer trends.

- Gross unit openings reflects new openings by us and our franchisees. Net new unit growth reflects gross unit openings offset by permanent store closures, by us and our franchisees. To determine whether a restaurant meets the definition of a unit we consider whether the restaurant has operations that are ongoing and independent from another YUM unit, serves the primary product of one of our Concepts, operates under a separate franchise agreement (if operated by a franchisee) and has substantial and sustainable sales. We believe gross unit openings and net new unit growth are useful to investors because we depend on new units for a significant portion of our growth. Additionally, gross unit openings and net new unit growth are generally reflective of the economic returns to us and our franchisees from opening and operating our Concept restaurants.

- System sales and System sales excluding the impacts of foreign currency translation ("FX") reflect the results of all restaurants regardless of ownership, including Company-owned and franchise restaurants. Sales at franchise restaurants typically generate ongoing franchise and license fees for the Company at a rate of 3% to 6% of sales. Increasingly, customers are paying a fee to a third party to deliver or facilitate the ordering of our Concepts' products. We also include in System sales any portion of the amount customers pay these third parties for which the third party is obligated to pay us a license fee as a percentage of such amount. Franchise restaurant sales and fees paid by customers to third parties to deliver or facilitate the ordering of our Concepts' products are not included in Company sales on the Condensed Consolidated Statements of Income; however, any resulting franchise and license fees we receive are included in the Company's revenues. We believe System sales growth is useful to investors as a significant indicator of the overall strength of our business as it incorporates our primary revenue drivers, Company and franchise same-store sales as well as net new unit growth.

In addition to the results provided in accordance with Generally Accepted Accounting Principles in the United States of America (**"**GAAP**"**), the Company provides the following non-GAAP measurements:

- Diluted Earnings Per Share excluding Special Items (as defined below);

- Effective Tax Rate excluding Special Items;

- Core Operating Profit. Core Operating Profit excludes Special Items and FX and we use Core Operating Profit for the purposes of evaluating performance internally;

- Net Income excluding Special Items;

- Company restaurant profit and Company restaurant margin as a percentage of sales (as defined below).

These non-GAAP measurements are not intended to replace the presentation of our financial results in accordance with GAAP. Rather, the Company believes that the presentation of these non-GAAP measurements provide additional information to investors to facilitate the comparison of past and present operations.

Special Items are not included in any of our Division segment results as the Company does not believe they are indicative of our ongoing operations due to their size and/or nature. Our chief operating decision maker does not consider the impact of Special Items when assessing segment performance.

Company restaurant profit is defined as Company sales less Company restaurant expenses, both of which appear on the face of our Condensed Consolidated Statements of Income. Company restaurant expenses include those expenses incurred directly by our Company-owned restaurants in generating Company sales, including cost of food and paper, cost of restaurant-level labor, rent, depreciation and amortization of restaurant-level assets and advertising expenses incurred by and on behalf of that Company restaurant. Company restaurant margin as a percentage of sales ("Company restaurant margin %") is defined as Company restaurant profit divided by Company sales. We use Company restaurant profit for the purposes of internally evaluating the performance of our Company-owned restaurants and we believe Company restaurant profit provides useful information to investors as to the profitability of our Company-owned restaurants. In calculating Company restaurant profit, the Company excludes revenues and expenses directly associated with our franchise operations as well as non-restaurant-level costs included in General and administrative expenses, some of which may support Company-owned restaurant operations. The

Company also excludes restaurant-level asset impairment and closures expenses, which have historically not been significant, from the determination of Company restaurant profit as such expenses are not believed to be indicative of ongoing operations. Further, while we generally include depreciation and amortization of restaurant-level assets within Divisional Company restaurant expenses used to derive Divisional Company restaurant profit, we record amortization of reacquired franchise rights arising from acquisition accounting within Corporate and Unallocated Company restaurant expenses as such amortization is not believed to be indicative of ongoing Divisional results as well as to enhance comparability of acquired stores' margins with those of existing restaurants within Divisional results. Company restaurant profit and Company restaurant margin % as presented may not be comparable to other similarly titled measures of other companies in the industry.

Certain performance metrics and non-GAAP measurements are presented excluding the impact of FX. These amounts are derived by translating current year results at prior year average exchange rates. We believe the elimination of the FX impact provides better year-to-year comparability without the distortion of foreign currency fluctuations.

Results of Operations

Summary

All comparisons within this summary are versus the same period a year ago.

Quarterly Financial Highlights:

	% Change				
	System Sales, ex FX	Same-Store Sales	Units	GAAP Operating Profit	Core Operating Profit
KFC Division	+5	+2	+6	+6	+9
Taco Bell Division	+11	+9	+2	+16	+16
Pizza Hut Division	(3)	(2)	(1)	(20)	(18)
YUM	+5	+3	+3	+5	+8

Additionally:

- Foreign currency translation unfavorably impacted Divisional Operating Profit by $11 million for the quarter ended March 31, 2025.

	First Quarter		
	2025	**2024**	**% Change**
GAAP EPS	$0.90	$1.10	(18)
Less Special Items EPS	$(0.40)	$(0.05)	NM
EPS Excluding Special Items	$1.30	$1.15	+13

- Foreign currency translation negatively impacted our diluted EPS, excluding Special Items, by approximately $0.03 for the quarter ended March 31, 2025. Our diluted EPS, excluding Special Items, was unfavorably impacted by $0.08 for the quarter ended March 31, 2024 from after-tax investment losses.

- Gross unit openings for the quarter were 751 units.
    - Net units declined by 460 for the quarter, primarily driven by unit closures in Turkey. On January 8, 2025, we terminated our franchise agreements with franchisee IS Gida A.S. (IS Gida), the owner and operator of KFC and Pizza Hut restaurants in Turkey and a subsidiary of IS Holding A.S., after failure by IS Gida to meet our standards. As a result, 283 KFC restaurants and 254 Pizza Hut restaurants in Turkey were closed during the quarter.

Worldwide

GAAP Results

	Quarter ended		
	2025	2024	% B/(W)
Company sales	$ 607	$ 474	28
Franchise and property revenues	785	757	4
Franchise contributions for advertising and other services	395	367	8
Total revenues	1,787	1,598	12
Company restaurant expenses	520	400	(30)
G&A expenses	302	286	(5)
Franchise and property expenses	34	31	(9)
Franchise advertising and other services expense	396	367	(8)
Refranchising (gain) loss	(5)	(5)	2
Other (income) expense	(8)	(1)	NM
Total costs and expenses, net	1,239	1,078	(15)
Operating Profit	548	520	5
Investment (income) expense, net	(1)	22	NM
Other pension (income) expense	—	(2)	(83)
Interest expense, net	120	117	(2)
Income before income taxes	429	383	12
Income tax provision (benefit)	176	69	(155)
Net Income	$ 253	$ 314	(19)
Diluted EPS[(a)]	$ 0.90	$ 1.10	(18)
Effective tax rate	41.0 %	18.0 %	(23.0) ppts.

(a) See Note 3 for the number of shares used in this calculation.

Performance Metrics

Unit Count	3/31/2025	3/31/2024	% Increase (Decrease)
Franchise	59,581	58,106	3
Company-owned	1,305	1,023	28
Total	60,886	59,129	3

	Quarter ended	
	2025	2024
Same-store Sales Growth (Decline) %	3	(3)
System Sales Growth %, reported	3	—
System Sales Growth %, excluding FX	5	2

Our system sales breakdown by Company and franchise sales was as follows:

	Quarter ended	
	2025	2024
Consolidated		
Company sales[a]	$ 607	$ 474
Franchise sales	14,896	14,572
System sales	15,503	15,046
Negative (Positive) Foreign Currency Impact[b]	239	N/A
System sales, excluding FX	$ 15,743	$ 15,046
KFC Division		
Company sales[a]	$ 216	$ 105
Franchise sales	8,124	8,023
System sales	8,340	8,128
Negative (Positive) Foreign Currency Impact[b]	184	N/A
System sales, excluding FX	$ 8,524	$ 8,128
Taco Bell Division		
Company sales[a]	$ 263	$ 240
Franchise sales	3,717	3,357
System sales	3,980	3,597
Negative (Positive) Foreign Currency Impact[b]	6	N/A
System sales, excluding FX	$ 3,986	$ 3,597
Pizza Hut Division		
Company sales[a]	$ 3	$ 2
Franchise sales	3,025	3,165
System sales	3,028	3,167
Negative (Positive) Foreign Currency Impact[b]	50	N/A
System sales, excluding FX	$ 3,078	$ 3,167
Habit Burger & Grill Division		
Company sales[a]	$ 125	$ 127
Franchise sales	30	27
System sales	155	154
Negative (Positive) Foreign Currency Impact[b]	—	N/A
System sales, excluding FX	$ 155	$ 154

(a) Company sales represents sales from our Company-operated stores as presented on our Condensed Consolidated Statements of Income.

(b) The foreign currency impact on System sales is presented in relation only to the immediately preceding year presented. When determining applicable System sales growth percentages, the System sales excluding FX for the current year should be compared to the prior year System sales.

Non-GAAP Items

Non-GAAP Items, along with the reconciliation to the most comparable GAAP financial measure, as presented below.

	Quarter ended	
	2025	2024
Core Operating Profit Growth %	8	6
Diluted EPS Growth %, excluding Special Items	13	9
Effective Tax Rate excluding Special Items	19.8 %	19.4 %
Company restaurant profit	$ 87	$ 74
Company restaurant margin %	14.3 %	15.6 %

Reconciliation of GAAP Operating Profit to Core Operating Profit	Quarter ended	
	2025	2024
Consolidated		
GAAP Operating Profit	$ 548	$ 520
Detail of Special Items:		
Loss associated with market-wide refranchisings[a]	—	3
Charges associated with Resource Optimization[b]	17	21
Charges associated with Brand HQ Consolidation[c]	7	—
Other Special Items Expense	2	—
Special Items Expense - Operating Profit	27	24
Negative Foreign Currency Impact on Division Operating Profit	11	N/A
Core Operating Profit	$ 586	$ 544

Special Items as shown above were recorded to the financial statement line items identified below.

Condensed Consolidated Statements of Income Line Item	2025	2024
Decrease in Franchise and property revenues	$ 1	$ —
Increase in General and administrative expenses	28	21
Increase in Refranchising loss	—	3
Increase in Other income	(2)	—
Special Items Expense - Operating Profit	$ 27	$ 24
KFC Division		
GAAP Operating Profit	$ 331	$ 313
Negative (Positive) Foreign Currency Impact	9	N/A
Core Operating Profit	$ 340	$ 313
Taco Bell Division		
GAAP Operating Profit	$ 241	$ 208
Negative (Positive) Foreign Currency Impact	—	N/A
Core Operating Profit	$ 241	$ 208
Pizza Hut Division		
GAAP Operating Profit	$ 74	$ 93
Negative (Positive) Foreign Currency Impact	1	N/A
Core Operating Profit	$ 76	$ 93
Habit Burger & Grill Division		
GAAP Operating Profit (Loss)	$ (1)	$ (5)
Negative (Positive) Foreign Currency Impact	—	N/A
Core Operating Profit (Loss)	$ (1)	$ (5)

Reconciliation of GAAP Net Income to Net Income excluding Special Items	2025	2024
GAAP Net Income	$ 253	$ 314
Special Items Expense - Operating Profit	27	24
Special Items Tax Expense (Benefit)[d]	86	(10)
Net Income excluding Special Items	$ 366	$ 328

	Quarter ended	
	2025	2024
Reconciliation of Diluted EPS to Diluted EPS excluding Special Items		
Diluted EPS	$ 0.90	$ 1.10
Less Special Items Diluted EPS	(0.40)	(0.05)
Diluted EPS excluding Special Items	$ 1.30	$ 1.15
Reconciliation of GAAP Effective Tax Rate to Effective Tax Rate excluding Special Items		
GAAP Effective Tax Rate	41.0 %	18.0 %
Impact on Tax Rate as a result of Special Items	21.2 %	(1.4)%
Effective Tax Rate excluding Special Items	19.8 %	19.4 %

(a) Due to their size and volatility, we have reflected as Special Items those refranchising gains and losses that were recorded in connection with market-wide refranchisings. During the quarter ended March 31, 2024, we recorded net refranchising losses of $3 million that have been reflected as Special Items.

Additionally, we recorded net refranchising gains of $5 million and $8 million during quarters ended March 31, 2025 and 2024, respectively, that have not been reflected as Special Items. These net refranchising gains relate to refranchising of restaurants unrelated to market-wide refranchisings that we believe are indicative of our expected ongoing refranchising activity.

(b) We recorded charges of $17 million and $21 million during the quarters ended March 31, 2025 and 2024, respectively, to General and administrative expenses related to a resource optimization program. Over the past several years, this program has allowed us to reallocate significant resources to accelerate our digital, technology and innovation capabilities to deliver a modern, world-class team member and customer experience and improve unit economics. We expanded the program in 2024 to identify further opportunities to optimize the Company's spending and identify additional, critical areas in which to potentially reallocate resources, both with a goal to enable the acceleration of the Company's growth rate. Costs incurred to date related to the program primarily include severance associated with positions that have been eliminated or relocated and consultant fees. Due to their scope and size, these charges have been reflected as Special Items.

(c) During the quarter ended March 31, 2025, we recorded charges of approximately $7 million to General and administrative expenses associated with our decision to designate two brand headquarters in the U.S., located in Plano, Texas and Irvine, California, to foster greater collaboration among brands and employees. This involved relocating the KFC U.S. corporate office to a KFC Global headquarters and requiring the majority of our U.S.-based remote employees to relocate to an appropriate headquarter office. Costs incurred to date primarily include severance for the employees who have chosen not to relocate and consultant fees. Due to their scope and size, these charges have been reflected as Special Items.

(d) The below table includes the detail of Special Items Tax Benefit:

	Quarter ended	
	3/31/2025	3/31/2024
Tax (Benefit) on Special Items Expense	$ (7)	$ (6)
Tax Expense - Foreign tax audit	92	—
Tax (Benefit) - Other Income tax impacts recorded as Special	—	(4)
Special Items Tax Expense (Benefit)	$ 86	$ (10)

Tax Benefit on Special Items Expense was determined by assessing the tax impact of each individual component within Special Items based upon the nature of the item and jurisdictional tax law.

Tax Expense - Foreign tax audit in the quarter ended March 31, 2025 reflects a reserve associated with a change in management's judgement around a Mexican subsidiary's ability to utilize losses to offset recapture gains triggered by a historical tax deconsolidation in Mexico (see Note 7). This tax expense was reflected as a Special Item due to its size and the years to which the reserve relates.

Other Income tax impacts recorded as Special in the quarter ended March 31, 2024 include benefits related to the reversal of a reserve due to the favorable resolution of a tax audit in a foreign jurisdiction. Such reserve was established in prior years related to income tax liabilities originally recorded as a Special Item as part of an intercompany restructuring of intellectual property.

Reconciliation of GAAP Operating Profit to Company Restaurant Profit

	Quarter ended 3/31/2025					
	KFC Division	Taco Bell Division	Pizza Hut Division	Habit Burger & Grill Division	Corporate and Unallocated	Consolidated
GAAP Operating Profit (Loss)	$ 331	$ 241	$ 74	$ (1)	$ (98)	$ 548
Less:						
Franchise and property revenues	407	234	143	2	(1)	785
Franchise contributions for advertising and other services	149	160	85	1	—	395
Add:						
General and administrative expenses	80	49	55	13	105	302
Franchise and property expenses	16	6	11	1	—	34
Franchise advertising and other services expense	149	157	89	1	—	396
Refranchising (gain) loss	—	—	—	—	(5)	(5)
Other (income) expense	—	—	(2)	—	(6)	(8)
Company restaurant profit (loss)	$ 20	$ 59	$ —	$ 11	$ (3)	$ 87
Company sales	$ 216	$ 263	$ 3	$ 125	$ —	$ 607
Company restaurant margin %	9.3 %	22.4 %	(6.1)%	8.6 %	N/A	14.3 %

	Quarter ended 3/31/2024					
	KFC Division	Taco Bell Division	Pizza Hut Division	Habit Burger & Grill Division	Corporate and Unallocated	Consolidated
GAAP Operating Profit (Loss)	$ 313	$ 208	$ 93	$ (5)	$ (89)	$ 520
Less:						
Franchise and property revenues	397	210	148	2	—	757
Franchise contributions for advertising and other services	130	148	88	1	—	367
Add:						
General and administrative expenses	83	49	52	13	89	286
Franchise and property expenses	17	8	5	1	—	31
Franchise advertising and other services expense	129	147	90	1	—	367
Refranchising (gain) loss	—	—	—	—	(5)	(5)
Other (income) expense	(2)	—	(4)	—	5	(1)
Company restaurant profit	$ 13	$ 54	$ —	$ 7	$ —	$ 74
Company sales	$ 105	$ 240	$ 2	$ 127	$ —	$ 474
Company restaurant margin %	12.2 %	22.5 %	1.9 %	5.5 %	N/A	15.6 %

Items Impacting Reported Results and Reasonably Likely to Impact Future Results

The following item impacted reported results in 2024. See also the Detail of Special Items in this MD&A for other items impacting results in 2025 or 2024.

Investment in Devyani

During the quarter ended March 31, 2024, we sold our approximate 5% minority investment in Devyani International Limited ("Devyani"), a franchise entity that operates KFC and Pizza Hut restaurants in India, for pre-tax proceeds of $104 million. Changes in the fair value of our ownership interest in Devyani prior to the date of sale resulted in pre-tax investment losses of $20 million in the quarter ended March 31, 2024.

KFC Division

The KFC Division has 31,998 units, 89% of which are located outside the U.S. Additionally, 99% of the KFC Division units were operated by franchisees as of March 31, 2025.

	Quarter ended			
			% B/(W)	
	2025	2024	Reported	Ex FX
System Sales	$ 8,340	$ 8,128	3	5
Same-Store Sales Growth (Decline) %	2	(2)	N/A	N/A
Company sales	$ 216	$ 105	106	109
Franchise and property revenues	407	397	2	5
Franchise contributions for advertising and other services	149	130	15	17
Total revenues	$ 773	$ 632	22	25
Company restaurant profit	$ 20	$ 13	58	61
Company restaurant margin %	9.3 %	12.2 %	(2.9) ppts.	(2.8) ppts.
G&A expenses	$ 80	$ 83	3	2
Franchise and property expenses	16	17	8	7
Franchise advertising and other services expense	149	129	(16)	(17)
Operating Profit	$ 331	$ 313	6	9

Unit Count	3/31/2025	3/31/2024	% Increase (Decrease)
Franchise	31,524	30,029	5
Company-owned	474	222	114
Total	31,998	30,251	6

Company sales and Company restaurant margin %

The quarterly increase in Company sales, excluding the impacts of foreign currency translation, was driven by the KFC U.K. and Ireland restaurant acquisition (see Note 2) in the second quarter of 2024 and Company same-store sales growth of 2%.

The quarterly decrease in Company restaurant margin percentage was driven by the margin percentages of the units included in the KFC U.K. and Ireland restaurant acquisition, partially offset by Company same-store sales growth.

Franchise and property revenues

The quarterly increase in Franchise and property revenues, excluding the impacts of foreign currency translation, was driven by unit growth and franchise same-store sales growth of 2%, partially offset by a 1% negative impact from the KFC U.K. and Ireland restaurant acquisition.

G&A

The quarterly decrease in G&A, excluding the impacts of foreign currency translation, was driven by lower headcount, partially offset by expenses related to the operation of acquired KFC U.K. and Ireland restaurants.

Operating Profit

The quarterly increase in Operating Profit, excluding the impacts of foreign currency translation, was driven by unit growth and same-store sales growth.

Taco Bell Division

The Taco Bell Division has 8,723 units, 87% of which are in the U.S. The Company owned 7% of the Taco Bell units in the U.S. as of March 31, 2025.

	Quarter ended			
			% B/(W)	
	2025	2024	Reported	Ex FX
System Sales	$ 3,980	$ 3,597	11	11
Same-Store Sales Growth %	9	1	N/A	N/A
Company sales	$ 263	$ 240	10	10
Franchise and property revenues	234	210	11	11
Franchise contributions for advertising and other services	160	148	8	8
Total revenues	$ 657	$ 598	10	10
Company restaurant profit	$ 59	$ 54	9	9
Company restaurant margin %	22.4 %	22.5 %	(0.1)	(0.1)
G&A expenses	$ 49	$ 49	1	1
Franchise and property expenses	6	8	22	22
Franchise advertising and other services expense	157	147	(7)	(7)
Operating Profit	$ 241	$ 208	16	16

Unit Count	3/31/2025	3/31/2024	% Increase (Decrease)
Franchise	8,218	8,071	2
Company-owned	505	484	4
Total	8,723	8,555	2

Company sales and Company restaurant margin %

The quarterly increase in Company sales was driven by Company same-store sales growth of 7% and unit growth.

The quarterly restaurant margin percentage decrease was driven by lower margins associated with new builds outside the U.S., commodity inflation and higher labor and other restaurant operating costs partially offset by same-store sales growth.

Franchise and property revenues

The quarterly increase in Franchise and property revenues was driven by franchise same-store sales growth of 9% and unit growth.

G&A

The quarterly decrease in G&A was driven by decreased legal costs and lower headcount and salaries partially offset by higher digital and technology expenses.

Operating Profit

The quarterly increase in Operating Profit was driven by same-store sales growth and unit growth partially offset by higher restaurant operating costs.

Pizza Hut Division

The Pizza Hut Division has 19,786 units, 67% of which are located outside the U.S. The Pizza Hut Division uses multiple distribution channels including delivery, dine-in and express (e.g. airports) and includes units operating under both the Pizza Hut and Telepizza brands. Additionally, over 99% of the Pizza Hut Division units were operated by franchisees as of March 31, 2025.

	Quarter ended		% B/(W)	
	2025	2024	Reported	Ex FX
System Sales	$ 3,028	$ 3,167	(4)	(3)
Same-Store Sales Growth (Decline) %	(2)	(7)	N/A	N/A
Company sales	$ 3	$ 2	94	94
Franchise and property revenues	143	148	(4)	(2)
Franchise contributions for advertising and other services	85	88	(4)	(4)
Total revenues	$ 231	$ 238	(3)	(2)
Company restaurant profit	$ —	$ —	NM	NM
Company restaurant margin %	(6.1)%	1.9 %	(8.0) ppts.	(8.0) ppts.
G&A expenses	$ 55	$ 52	(5)	(5)
Franchise and property expenses	11	5	(119)	(129)
Franchise advertising and other services expense	89	90	1	1
Operating Profit	$ 74	$ 93	(20)	(18)

Unit Count	3/31/2025	3/31/2024	% Increase (Decrease)
Franchise	19,763	19,935	(1)
Company-owned	23	7	229
Total	19,786	19,942	(1)

Franchise and property revenues

The quarterly decrease in Franchise and property revenues, excluding the impacts of foreign currency translation, was driven by a franchise same-store sales decline of (2%).

G&A

The quarterly increase in G&A, excluding the impacts of foreign currency translation, was driven by professional and legal expenses associated with four franchise entities that are transitioning to new ownership.

Operating Profit

The quarterly decrease in Operating Profit, excluding the impacts of foreign currency translation, was driven by higher current year bad debt expense (including bad debt expense associated with four franchise entities that are transitioning to new ownership), timing of digital and technology related spending within Franchise advertising and other services expense, a same-store sales decline and higher G&A.

Habit Burger & Grill Division

The Habit Burger & Grill Division has 379 units, the vast majority of which are in the U.S. The Company owned 80% of the Habit Burger & Grill units in the U.S. as of March 31, 2025.

	Quarter ended			
			% B/(W)	
	2025	2024	Reported	Ex FX
System Sales	$ 155	$ 154	Even	Even
Same-Store Sales Growth (Decline) %	(3)	(8)	N/A	N/A
Total revenues	$ 128	$ 130	(1)	(1)
Operating Profit (Loss)	$ (1)	$ (5)	86	$ 86

Unit Count	3/31/2025	3/31/2024	% Increase (Decrease)
Franchise	76	71	7
Company-owned	303	310	(2)
Total	379	381	(1)

Corporate & Unallocated

	Quarter ended		
(Expense) / Income	2025	2024	% B/(W)
Corporate and unallocated G&A	$ (105)	$ (89)	(17)
Unallocated Company restaurant expenses (See Note 9)	(3)	—	NM
Unallocated Refranchising gain (loss)	5	5	2
Unallocated Other income (expense)	6	(5)	NM
Investment income (expense), net (see Note 9)	1	(22)	NM
Other pension income (expense) (see Note 10)	—	2	(83)
Interest expense, net	(120)	(117)	(2)
Income tax benefit (provision) (See Note 7)	(176)	(69)	(155)
Effective tax rate (See Note 7)	41.0 %	18.0 %	(23.0) ppts.

Corporate and unallocated G&A

The quarterly increase in Corporate and Unallocated G&A expense was driven by higher costs associated with our resource optimization program, costs associated with our brand headquarters consolidation, higher professional fees and higher compensation.

Consolidated Cash Flows

Net cash provided by operating activities was $404 million in 2025 versus $363 million in 2024. The increase was primarily driven by a decrease in incentive compensation payments, an increase in Operating Profit before Special Items and timing of accounts receivable collections, partially offset by timing of spending on advertising and an increase in payments related to our resource optimization program.

Net cash provided by investing activities was $2 million in 2025 versus $45 million in 2024. The change was primarily driven by higher current year capital spending. The prior year proceeds arising from the sale of our approximate 5% minority investment in Devyani were largely offset by proceeds arising from the current year maturity of short-term investments.

Net cash used in financing activities was $443 million in 2025 versus $247 million in 2024. The change was primarily driven by higher current year share repurchases.

Liquidity and Capital Resources

We have historically generated substantial cash flows from our extensive franchise operations, which require a limited YUM investment, and from the operations of our Company-owned stores. Our annual operating cash flows have been in excess of $1.4 billion in each of the past four years and we expect that to continue to be the case in 2025. It is our intent to use these operating cash flows to continue to invest in growing our business and pay a competitive dividend, with any remaining excess then returned to shareholders through share repurchases. Subject to market conditions, we expect to maintain our consolidated net leverage ratio at its current level of approximately 4.0x Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") over the medium term by issuing incremental debt as our business grows. As a result, we plan to deliver materially higher capital returns going forward as compared to the past two years when we were using significant amounts of cash to reduce our debt outstanding.

To the extent operating cash flows plus other sources of cash do not cover our anticipated cash needs, we maintain a $1.5 billion Revolving Facility under our Credit Agreement which had $374 million outstanding as of March 31, 2025. We believe that our ongoing cash from operations, cash on hand, which was approximately $600 million at March 31, 2025, and availability under our Revolving Facility will be sufficient to fund our cash requirements over the next twelve months. Borrowings under our Revolving Facility had original maturities of three months or less.

There have been no material changes to the disclosures made in Item 7 of the Company's 2024 Form 10-K regarding our material cash requirements. Due to the ongoing significance of our debt obligations, we are providing the update below.

Debt Instruments

As of March 31, 2025, approximately 82% of our $11.0 billion of total debt outstanding, excluding the Revolving Facility balance, finance leases and debt issuance costs and discounts, is fixed with an effective overall interest rate of approximately 4.7%. Subsequent to the end of the first quarter, we entered into interest rate swaps (see Note 12) to fix the interest rate on $1.5 billion of borrowings, primarily under our Term Loan B Facility, from April 2025 to March 2028 which increased the fixed percentage of this total debt outstanding to 96%.

We ended the quarter with a consolidated net leverage ratio of 3.9x EBITDA. We continually reassess our optimal leverage ratio to maximize shareholder returns. We target a capital structure which we believe provides an attractive balance between optimized interest rates, duration and flexibility with diversified sources of liquidity and maturities spread over multiple years. We have credit ratings of BB+ (Standard & Poor's)/Ba2 (Moody's).

The following table summarizes the future maturities of our outstanding long-term debt, excluding finance leases and debt issuance costs and discounts, as of March 31, 2025.

	2025	2026	2027	2028	2029	2030	2031	2032	2037	2043	Total
Securitization Notes		$ 938	$ 884	$ 595	$ 590		$ 737				$ 3,743
Credit Agreement	$ 18	28	34	1,424	438						1,940
Revolving Facility					374						374
Subsidiary Senior Unsecured Notes			750								750
YUM Senior Unsecured Notes						$ 800	1,050	$ 2,100	$ 325	$ 275	4,550
Total	$ 18	$ 965	$ 1,668	$ 2,019	$ 1,401	$ 800	$ 1,787	$ 2,100	$ 325	$ 275	$ 11,357

See Note 11 for details on the Securitization Notes, the Credit Agreement, Revolving Facility, Subsidiary Senior Unsecured Notes and YUM Senior Unsecured Notes.

New Accounting Pronouncements Not Yet Adopted

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which updates income tax disclosure requirements related to the income tax rate reconciliation and requires disclosure of income taxes paid by jurisdiction. The standard is effective for the Company's Annual Report on Form 10-K for fiscal 2025 with early adoption permitted. The amendments should be applied prospectively; however, retrospective application is permitted. We are currently evaluating the impact of the standard on our disclosures.

In March 2024, the SEC issued a final rule under SEC Release Nos. 33-11275 and 34-99678, The Enhancement and Standardization of Climate-Related Disclosures for Investors. The rule requires disclosure of material climate-related information outside of the audited financial statements and disclosure in the footnotes addressing specified financial statement effects of severe weather events and other natural conditions above certain financial thresholds, certain carbon offsets and renewable energy credits or certificates. The standard is effective for the Company's Annual Report on Form 10-K for fiscal 2025. In April 2024, the SEC released an order staying this final rule pending judicial review of all the petitions challenging the rule. We are in the process of analyzing the impact of the rule on our disclosures should the stay be lifted.

In November 2024, the FASB issued ASU 2024-03, Disaggregation of Income Statement Expenses (Subtopic 220-40), which requires new financial statement disclosures disaggregating prescribed expense categories within relevant income statement expense captions. The standard is effective for the Company's Annual Report on Form 10-K for fiscal 2027, and subsequent interim periods, with early adoption permitted. The amendments should be applied prospectively; however, retrospective application is permitted. We are currently evaluating the impact of the standard on our disclosures.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There were no material changes during the quarter ended March 31, 2025, to the disclosures made in Item 7A of the Company’s 2024 Form 10-K.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company has evaluated the effectiveness of the design and operation of its disclosure controls and procedures pursuant to Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 as of the end of the period covered by this report. Based on the evaluation, performed under the supervision and with the participation of the Company’s management, including the Chief Executive Officer (the “CEO”) and the Chief Financial Officer (the “CFO”), the Company’s management, including the CEO and CFO, concluded that the Company’s disclosure controls and procedures were effective as of the end of the period covered by the report.

Changes in Internal Control

There were no changes with respect to the Company’s internal control over financial reporting or in other factors that materially affected, or are reasonably likely to materially affect, internal control over financial reporting during the quarter ended March 31, 2025.

Forward-Looking Statements

Forward-looking statements can generally be identified by the fact that they do not relate strictly to historical or current facts and by the use of forward-looking words such as “expect,” “expectation,” “believe,” “anticipate,” “may,” “could,” “intend,” “belief,” “plan,” “estimate,” “target,” “predict,” “likely,” “seek,” “project,” “model,” “ongoing,” “will,” “should,” “forecast,” “outlook” or similar terminology. Forward-looking statements are based on and reflect our current expectations, estimates, assumptions and/or projections, our perception of historical trends and current conditions, as well as other factors that we believe are appropriate and reasonable under the circumstances. Forward-looking statements are neither predictions nor guarantees of future events, circumstances or performance and are inherently subject to known and unknown risks, uncertainties and assumptions that could cause our actual results to differ materially from those indicated by those statements. There can be no assurance that our expectations, estimates, assumptions and/or projections will be achieved. Factors that could cause actual results and events to differ materially from our expectations and forward-looking statements include (i) the factors described in Management’s Discussion and Analysis of Financial Condition and Results of Operations included in Part I, Item 2 of this report, (ii) any risks and uncertainties described in the Risk Factors included in Part II, Item 1A of this report, (iii) the factors described in the Management’s Discussion and Analysis of Financial Condition and Results of Operations included in Part II, Item 7 of our Form 10-K for the year ended December 31, 2024, and (iv) the risks and uncertainties described in the Risk Factors included in Part I, Item 1A of our Form 10-K for the year ended December 31, 2024. You should not place undue reliance on forward-looking statements, which speak only as of the date hereof. We are not undertaking to update any of these statements.

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Yum! Brands, Inc.:

Results of Review of Interim Financial Information

We have reviewed the condensed consolidated balance sheet of Yum! Brands, Inc. and subsidiaries (YUM) as of March 31, 2025, the related condensed consolidated statements of income, comprehensive income, cash flows, and shareholders' deficit for the three-month periods ended March 31, 2025 and 2024, and the related notes (collectively, the consolidated interim financial information). Based on our reviews, we are not aware of any material modifications that should be made to the consolidated interim financial information for it to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of YUM as of December 31, 2024, and the related consolidated statements of income, comprehensive income, cash flows, and shareholders' deficit for the year then ended (not presented herein); and in our report dated February 19, 2025, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2024 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Basis for Review Results

This consolidated interim financial information is the responsibility of YUM's management. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to YUM in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our reviews in accordance with the standards of the PCAOB. A review of consolidated interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

/s/ KPMG LLP

Louisville, Kentucky
May 6, 2025

PART II – OTHER INFORMATION AND SIGNATURES

Item 1. Legal Proceedings

Information regarding legal proceedings is incorporated by reference from Note 14 to the Company's Condensed Consolidated Financial Statements set forth in Part I of this report.

Item 1A. Risk Factors

We face a variety of risks that are inherent in our business and our industry, including operational, legal, regulatory and product risks. Such risks could cause our actual results to differ materially from our forward-looking statements, expectations and historical trends. There have been no material changes from the risk factors disclosed in Part I, Item 1A "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2024.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following tables provides information as of March 31, 2025, with respect to shares of Common Stock repurchased by the Company during the quarter then ended:

Fiscal Periods	Total number of shares purchased (thousands)	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs (thousands)	Approximate dollar value of shares that may yet be purchased under the plans or programs (millions)
1/1/25-1/31/25	382	$127.42	382	$1,561
2/1/25-2/28/25	632	$148.64	632	$1,467
3/1/25-3/31/25	541	$157.04	541	$1,382
Total	1,556	$146.34	1,556	$1,382

In May 2024, our Board of Directors authorized share repurchases of up to $2 billion (excluding applicable transaction fees and excise taxes) of our outstanding Common Stock through December 31, 2026. As of March 31, 2025, we have remaining capacity to repurchase up to $1.4 billion of Common Stock under the May 2024 authorization.

Item 5. Other Information

Securities Trading Plans

During the three months ended March 31, 2025, none of the Company's directors or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement" as defined in Item 408 (c) of Regulation S-K except as follows:

Name/Title	Type of Plan	Adoption Date	End Date	Aggregate Number of Securities to be Sold	Plan Description
Scott Mezvinsky / Chief Executive Officer, KFC Global	Rule 10b5-1 trading plan	March 5, 2025	December 31, 2025	2,865[(1)]	Exercise of Stock Appreciation Rights and Sale of Resulting Shares

[(1)] Represents the number of shares of common stock underlying the stock appreciation rights awards specified in the plan. The actual number of shares of common stock to be received and sold following the exercise of the awards will depend upon the appreciation in the value of the awards and the number of shares withheld for any taxes.

Item 6. Exhibits

(a) Exhibit Index

Exhibit No.	Exhibit Description
10.1†	Separation Agreement, General Release and Covenant Not to Sue, dated as of August 13, 2024, and revised as of August 16, 2024, by and between Yum Restaurant Services Group, LLC and Scott Catlett, as attached herein.
10.2†	Resignation and Transition Services Agreement, dated as of January 10, 2025, by and between Kentucky Fried Chicken Canada Company, YUM! Brands, Inc. and Sabir Sami, which is incorporated herein by reference from Exhibit 10.24† to YUM's Report on Form 10-K filed on February 19, 2025.
15	Letter from KPMG LLP regarding Unaudited Interim Financial Information (Acknowledgement of Independent Registered Public Accounting Firm).
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) of Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) of Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
†	Indicates a management contract or compensatory plan.

SIGNATURES

Pursuant to the requirement of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, duly authorized officer of the registrant.

YUM! BRANDS, INC.

(Registrant)

Date: May 6, 2025

/s/ David Russell

Senior Vice President, Finance and Corporate Controller

(Principal Accounting Officer)

To: Scott Catlett
From: Tracy Skeans
Date: August 13, 2024, *revised August 16, 2024*
Re: Separation Agreement, General Release and Covenant Not to Sue

1. **<u>Parties</u>.** The parties to this Separation Agreement, General Release and Covenant Not to Sue ("Agreement") are Scott Catlett (for yourself, your family, beneficiaries and anyone acting for you) ("you"), and Yum Restaurant Services Group, LLC ("Yum") and its parent and affiliates (collectively, the "Company").

2. **<u>End of Employment</u>.** You will continue to serve as Chief Legal & Franchise Officer & Corporate Secretary through October 31, 2024. From November 1, 2024 to March 31, 2025, you will be employed as a special advisor on a part-time schedule of at least 10 hours a week (your "Transition Period"). Your active employment with the Company will end on March 31, 2025 (your "Last Active Date"). If you sign and reaffirm this Agreement, do not revoke your signature, and comply with the terms of this Agreement, you will be placed on a paid leave of absence (your "Paid Leave of Absence Period") and will become eligible to receive an extension of your employment-related pay and certain benefits until March 31, 2026 (your "Termination Date").

If you do not sign this Agreement, do not reaffirm or later revoke it, or fail to comply with the terms of this Agreement, your Termination Date will be accelerated, and you will not receive any of the benefits described in Section 3.

Note that during your Paid Leave of Absence Period, you will not accrue vacation, receive contributions to your 401(k) or Leadership Retirement Plan, or receive health or welfare benefits.

During your Paid Leave of Absence Period, you agree to be available upon reasonable notice to respond to inquiries or reasonable requests for assistance from the Company related to matters arising during your employment. The Company agrees to pay all reasonable expenses incurred by you while responding to all such inquiries or requests.

3. **<u>Separation Pay and Benefits</u>.** As consideration for your promises in this Agreement, if you sign, do not revoke your signature, and cooperate with the transition of your responsibilities, then you will receive the Separation Pay and Benefits as set forth below:

> **Transition Pay:** During your Transition Period, you will continue to be paid your full-time salary at the current rate of $29,807.69 bi-weekly, minus applicable deductions and withholdings. For the avoidance of doubt, you will not receive a merit increase in 2025.
>
> **Separation Pay:** Twelve (12) months of salary continuation (your "Paid Leave of Absence Period"), paid in installments to coincide with the Company's regular payroll schedule at your current rate of $29,807.69 bi-weekly, minus applicable deductions and withholdings, via direct deposit or by check made payable to you.
>
> **Lump Sum Payment**: A lump sum payment of $300,000, minus applicable deductions and withholdings, paid within thirty (30) days of your Termination Date.
>
> **Additional Lump Sum Payment**: An additional lump sum payment of $50,000, minus applicable deductions and withholdings, paid within thirty (30) days of your Termination Date. This amount is inclusive of the value of the Company's portion of premium costs for medical insurance coverage if that coverage were continued via payroll deduction during your Paid Leave of Absence Period. You may use this to purchase medical insurance coverage through COBRA, but you are responsible for making any COBRA elections or payments directly to the COBRA administrator and pursuant to the rules for COBRA coverage. This amount is also inclusive of any costs for outplacement and/or financial planning services and attorney's fees. If you choose not to use this Additional Lump Sum Payment for those items, the payment is still yours to keep.

Executive Physical: The Company will reimburse the cost of an Executive Physical in Q1 2025, pursuant to the 2025 guidelines communicated by Executive Compensation.

Bonus Eligibility: You will receive a full-year 2024 bonus and full-year 2025 bonus based upon 110% individual factor and actual Yum team factor. These bonuses will be paid to you in the course of the normal bonus cycle, but in any event no later than April 15, 2025 and April 15, 2026, respectively. You will not be entitled to receive a bonus for 2026 or any other bonus.

The Company will issue an IRS Form(s) W-2 to you reflecting the above payments.

Equity Awards: You will be eligible for pro-rated vesting through your Last Active Date of your unvested Yum! Options, SARs or Restricted Stock Units, subject to the terms of your grant agreements and plan documents. You will not be eligible for pro-rated vesting of any PSP Grants which have not vested as of your Last Active Date. You will not be eligible for new grants in 2025 or 2026.

Leadership Retirement Plan: With respect to the Yum! Brands Leadership Retirement Plan, you will receive a full Employer Credit for the year ended December 31, 2024 and a pro-rated Employer Credit for the period January 1, 2025 through March 31, 2025, in each case calculated in accordance with the ordinary terms of the plan document. Such amount shall be paid to you no later than the end of the first month of the calendar quarter following your 55^{th} birthday.

Restricted Trading List: You will remain on the Restricted Trading List through at least December 5, 2024. If the Company confirms, as expected, that you do not have access to potentially material non-public information during the remainder of your Transition Period, you may be removed from the Restricted Trading List prior to your Last Active Date.

4. **Equity Awards, Benefit and Retirement Plans.** All Equity Awards, Benefit and Retirement Plans ("Plans") will be administered in accordance with the terms and conditions of their respective Plans. Information related to the Plans can be found in the Frequently Asked Questions accompanying this Agreement.

5. **Resignation as Officer/Director.** Effective October 31, 2024, or as earlier directed by the Company in its sole discretion, you shall resign and be deemed to have resigned without the requirement of any further action from all positions and offices that you hold with the Company, including but not limited to the position of Chief Legal Officer & Corporate Secretary. If requested to do so, you shall submit a letter of resignation from any such positions in the form requested by Company.

6. **Expectations During Transition Period.** You will perform duties as assigned by Tracy Skeans during your Transition Period. You agree that during the Transition Period the Company may, in its reasonable discretion, terminate your employment and/or terminate your access to any of the Company's systems in the event of gross misconduct or a material breach of applicable laws, the Company's policies, and/or the terms of this Agreement.

7. **Time to Consider.** You have been given twenty-one (21) days to consider this Agreement (until September 3, 2024). You must sign and return this Agreement to the Company by September 3, 2024 and later sign the Reaffirmation on or about your Last Active Date to be eligible to receive the Separation Pay and Benefits described in Section 3 of this Agreement. You and the Company agree that any changes to the terms of the Agreement, whether material or not, do not restart the twenty-one (21) day consideration period.

8. **Time to Revoke.** After you sign this Agreement, you have seven (7) days to revoke the Agreement by providing written notice to the Company representative signing below. This Agreement is not effective or enforceable until the revocation period expires. If you revoke this Agreement, you will not receive the Separation Pay and Benefits described in Section 3 of this Agreement.

9. **Expenses and Credit Card.** All expense reports must be submitted on or prior to your Last Active Date. The Company will not be required to reimburse you for any expenses submitted after your Last Active Date. If you dispute any items with the credit card issuer, you must notify the Company of the basis and status of the dispute immediately. In the event you fail or have failed to timely pay any outstanding balances due to the credit card issuer or other creditor, you consent to a reduction in any Separation Pay and Benefits necessary to satisfy any outstanding balance owed on the respective account.

10. **General Release.** You release the Company (and its parent, subsidiaries, affiliates, predecessors, successors and any other entity related to it and all of its and their past and present directors, officers, employees and anyone else acting for any of them – all together "Releasees") from all claims of any type to date, known or unknown, suspected or unsuspected, arising out of anything to do with your employment, the end of your employment, or any other matter. This means you give up all claims for:

- any pay/compensation/benefits including bonuses, commissions, equity, expenses, incentives, insurance, paid/unpaid leave, profit sharing, or Separation Pay and Benefits other than those expressly set forth in this Agreement;

- compensatory/emotional/distress damages, punitive or liquidated damages, attorney fees, costs, interest or penalties;

- any violation of express or implied employment contracts, covenants, promises or duties, intellectual property or other proprietary rights;

- unlawful or tortious conduct such as assault or battery, background check violations, defamation, detrimental reliance, fiduciary breach, fraud, indemnification, intentional or negligent infliction of emotional distress, interference with contractual or other legal rights, invasion of privacy, loss of consortium, misrepresentation, negligence (including negligent hiring, retention, or supervision), personal injury, promissory estoppel, violation of public policy, retaliatory discharge, safety violations, posting or records-related violations, wrongful discharge, or other federal, state or local statutory or common law claims;

- discrimination based on age (including Age Discrimination in Employment Act ("ADEA") claims), ancestry, benefit entitlement, citizenship, color, concerted activity, disability, ethnicity, gender, genetic information, harassment, immigration status, income source, jury duty, leave rights, marital status, military status, national origin, parental status, political affiliation, protected off-duty conduct, race, religion, retaliation, sexual orientation, union activity, veteran status, whistleblower activity, any other legally protected status or activity; or any allegation that payment under this Agreement was affected by any such discrimination; and

- participation in any class or collective action against the Company.

11. **Release Exclusions/Employee Protections.** The release provisions of this Agreement exclude: claims arising after you sign this Agreement or Reaffirmation; claims for breach of this Agreement; and claims that cannot be waived, such as for unemployment or worker's compensation. Neither the release section(s) above nor anything else in this Agreement limit your rights to file a charge with any administrative agency (such as the U.S. Equal Employment Opportunity Commission or a state fair employment practices agency), provide information to an agency, or otherwise participate in an agency investigation or other administrative proceeding. However, you give up all rights to any money or other individual relief based on any agency or judicial decision, including class or collective action rulings, except that you may receive money properly awarded by the U.S. Securities and Exchange Commission as a securities whistleblower incentive.

Moreover, the release provisions of this Agreement do not modify the terms of any Company compensation or benefit plan documents, including applicable Long-Term Incentive, Executive Income Deferral, and applicable Retirement plans, which shall continue to operate under their terms as set forth in the relevant plan documents.

12. **Promise Not To Sue.** A “promise not to sue” means you promise not to sue any Releasee in court. This is different from the General Release above. Besides releasing claims covered by that General Release, you agree never to sue any Releasee for any reason covered by that General Release. Despite this Promise Not To Sue, however, you may file suit to enforce this Agreement or to challenge its validity under the ADEA. If you sue a Releasee in violation of this Agreement: (i) you shall be required to pay that Releasee’s reasonable attorney fees and other litigation costs incurred in defending against your suit; or alternatively (ii) the Company can require you to return all but $100.00 of the money and benefits provided to you under this Agreement. In that event, the Company shall be excused from any remaining obligations that exist solely because of this Agreement.

13. **IRC 409A.** The Separation Pay and medical benefit (if any) are designated as separate payments for purposes of IRC §409A. It is intended that the payments and benefits set forth in Section 3 are, to the greatest extent possible, exempt from the application of IRC §409A and the Agreement shall be construed and interpreted accordingly. However, if the Company determines that all or a portion of the payments and benefits provided under the Agreement constitute "deferred compensation" under IRC §409A and that you are a "specified employee" of the Company or any successor entity thereto, as such term is defined in IRC §409A(a)(2)(B)(i), then, solely to the extent necessary to avoid the incurrence of the adverse personal tax consequences under IRC §409A, the timing of the applicable payments shall be delayed until the first payroll date following the six-month anniversary of your Termination Date and the Company (or the successor entity thereto, as applicable) shall pay you a lump sum amount equal to the sum of the payments that you would otherwise have received during such six-month period had no such delay been imposed. To the extent required by IRC §409A, any payments to be made to you upon your termination of employment shall only be made upon your separation from service. The Company makes no representations that the payments and benefits provided under the Agreement comply with Section 409A and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by you on account of noncompliance with IRC §409A.

14. **Confidentiality.** Subject to the exclusions in Section 11 above: In the course of your employment with the Company, you have received information which is proprietary and/or confidential (“Confidential Information”). For purposes of this Agreement, Confidential Information of the Company is (a) non-public information that is required to be kept confidential either by agreement, by law or by Company policy, and (b) information that, if disclosed, could (i) disrupt or impair its normal operations or harm the reputation of the Company, its employees, franchisees or agents, with its customers, suppliers or the public, (ii) interfere with existing contractual or other relationships with franchisees, customers, suppliers and/or Company employees, or (iii) affect the profitability or shareholder equity of the Company. Such Confidential Information includes, but is not limited to: a) Technology developed by the Company and any research data or other documentation related to the development of such technology; b) Information related to the Company’s products or product technology and consumer testing/research/information regarding the Company’s products; c) Information related to product research and development and consumer testing/research/information regarding products that the Company is developing or considering for development; d) Information related to product research and development and consumer testing/research/information regarding products that the Company is developing or considering for development; e) Information related to the Company’s business, including but not limited to marketing strategies and plans, sales procedures, operating policies and procedures, pricing and pricing strategies, business plans, sales, profits, personnel records, internal investigations and analyses of Company operations and processes, and other business, legal and financial information and/or data of the Company; f) Training materials developed by and utilized by the Company; and g) Any other information that you acquired as a result of your employment with the Company and that you have a reasonable basis to believe the Company would not want disclosed to a business competitor or to the general public.

While you may make use of general knowledge you have acquired in running a similar business, you must be careful not to use the Company’s Confidential Information. You agree that you will hold and maintain all such information in confidence, and you will not use in any manner whatsoever or disclose any of such information to any third party except (1) with the prior written consent of the Company, or (2) as legally required after notice by you to the Company of such legally required disclosure. You also agree that you will hold and maintain the terms of this Agreement in confidence, and you will not disclose the terms of this Agreement except to your legal counsel, financial advisors, or tax accountants, or immediate family members who must agree to keep the terms and existence of this Agreement confidential.

You understand that the Company has received, and in the future will receive, from third parties confidential or proprietary information ("Third Party Information") that the Company has a duty to keep confidential. During and after the term of your employment, you will hold Third Party Information in the strictest confidence and will not disclose (to anyone other than Company personnel who need to know such information in connection with their work for the Company) or use, except in the scope of your employment with the Company, Third Party Information, unless expressly authorized by an officer of the Company in writing.

Notwithstanding anything to the contrary herein, an individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that is made in confidence to a federal, state, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law; or is made in a complaint or other document filed in a lawsuit or other proceeding if such filing is made under seal. An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal, and does not disclose the trade secret, except pursuant to court order.

15. **Return of Company Property.** On or before your Last Active Date, you must deliver to the Company any and all Confidential Information in your possession, any other documents or information that you acquired as a result of your employment with the Company, and any copies of such documents/information. You must not retain any originals or copies of any documents or materials related to the Company's business that came into your possession or were created as a result of your employment at the Company. You acknowledge that such information, documents and materials are the exclusive property of the Company. In addition to returning the above-referenced property, you also agree to return all other Company property you possessed or controlled while at the Company to your supervisor on or before your Last Active Date, including but not limited to: computer equipment, office keys, I.D. cards, AMEX card, documents, reports, files (including all data stored in computer memory and/or other storage media) memoranda, records, computer access codes, software and all other physical property that you have received, prepared or helped prepare in the connection with your employment. By signing this Agreement, you represent that you have not downloaded or otherwise retained any information, whether in electronic or other form, belonging to the Company or derived from information belonging to the Company. To the extent you had/have Company information on any personal laptop or other electronic device, you will immediately notify the Company that such information is contained on such devices and will cooperate with the Company to retrieve/copy its information and then delete it from the applicable device. **If you have personal files stored on your Company computer that you would like to retain for your personal records, you must contact Erika Burkhardt, Associate General Counsel, for instructions prior to transfer. The Company actively monitors externally emailed, uploaded or downloaded company confidential information.**

16. Protection of Company Assets, Information, Relationships and Work Force. At all times prior to your Last Active Date, you will continue to devote all of your best efforts to and for the benefit of the Company. In order to protect the Company's assets, the secrecy of the Company's proprietary and confidential information, including trade secrets, from actual, threatened or inevitable disclosure and/or unauthorized use and in order to protect the stability of the Company's work force, you agree that you will not directly or indirectly for one year following your Last Active Date:

(i) commit any act which diverts customers, franchisees, or suppliers from any of the Company's businesses or which disrupts or impairs the Company's relations with customers, franchisees or suppliers; or

(ii) solicit any of the Company's employees to leave the Company's employ.

You agree that the restrictions contained herein are reasonable with respect to their duration and scope and necessary for the protection of the Company's assets, the Company's confidential information and trade secrets, the Company's relationships, and the stability of the Company's work force.

Moreover, nothing herein modifies the terms of the "Restrictive Covenants" in Section 13 of the Global YUM! Stock Appreciation Rights ("SARs") Agreement(s), Section 13 or Section 14, as applicable, of the Global Restricted Stock Unit ("RSU") Agreement(s), or Section 14 of the Global Performance Share Unit ("PSU") Agreement(s), which can be found in the Award Documents section of the Award Details for your grants on the Merrill Lynch website and which you expressly reaffirm. For the avoidance of doubt, the definition of "Competitor" for purposes of the Restrictive Covenants includes the franchisees of any Company brands.

17. Future Cooperation. You agree to make yourself available to assist the Company with transitioning your duties as well as with any investigations, legal claims, or other matters concerning anything related to your employment. You specifically agree to make yourself available to the Company upon reasonable notice for interviews and fact investigations, to testify without requiring service of a subpoena or other legal process, and to voluntarily provide the Company any employment-related documents you possess or control. "Cooperation" does not mean you must provide information favorable to the Company; it means only that you will upon the Company's request provide information you possess or control. If the Company requests your cooperation, it will reimburse you for reasonable time and expenses, provided you submit appropriate documentation.

18. Non-Disparagement. You agree that you will refrain from making or publishing any untrue or defamatory comments or statements about the Company to any person in any manner that could reasonably be anticipated to harm the Company's business or business reputation, including, but not limited to, on any form of social media, except as may be required by law, and subject to the Exclusions and Employee Protections set forth in Section 11 above. For the avoidance of doubt, the foregoing shall not be violated by statements you reasonably believe to be true in response to legal process, as required by governmental testimony or filings, or in administrative or arbitral proceedings (including, without limitation, depositions in connection with such proceedings). With respect to your separation from the Company, the parties agree that they will only make statements consistent with the notion that you have decided to move on in your career after 17 years at Yum! and 6 years in the Chief Legal Officer role. It is expressly agreed that you and the Yum! ET will not make any statements indicating that your departure is a result of any disagreement with the Company on any matter relating to the Company's operations, policies, or practices. The Company agrees to use commercially reasonable efforts to ensure that the Yum! ET will not communicate anything, directly or indirectly, (i) that is untrue or defamatory or (ii) to any person that disparages, reflects negatively or otherwise detrimentally affects you.

19. Non-Admission. Neither the Company's offer reflected in this Agreement nor any payment under this Agreement are an admission that you have a viable claim against the Company or any other Releasee. Each Releasee denies all liability.

20. **Applicable Law.** This Agreement shall be interpreted under federal law if that law governs, and otherwise under the laws of the Commonwealth of Kentucky without regard to its choice of law provisions.

21. **Dispute Resolution.** Any dispute regarding this Agreement will be decided through binding arbitration to take place: (i) in the state where you worked when you separated from employment and (ii) under the American Arbitration Association Employment Arbitration Rules and Mediation Procedures, as amended, but excluding application of the Supplementary Rules for Class Arbitrations effective as of October 10, 2003. Also excluded from this Dispute Resolution requirement are pre-judgment actions for injunctive relief to enforce the terms of this Agreement. Both parties waive their right to a jury trial. Each party shall be responsible for its own legal fees, costs and expenses.

22. **Enforceability.** If a court (or arbitrator) finds any part of this Agreement unenforceable, that part shall be modified and the rest enforced. If a court (or arbitrator) finds any such part incapable of being modified, it shall be severed and the rest enforced. A decision not to enforce this Agreement does not waive future enforcement.

23. **Enforcement.** Except as may be specifically provided elsewhere in this Agreement, the prevailing party in any dispute regarding this Agreement will receive its reasonable attorney fees, costs, other expenses, injunctive relief, and any other available relief.

24. **Entire Agreement.** This Agreement is the complete understanding between you and the Company.

25. **Other Representations.** As of the date you sign this Agreement or Reaffirmation, you make the following representations:

- You have received all compensation, salary, wages, bonuses, commissions, accrued vacation/paid time off, premiums, reimbursable expenses, incentive compensation, stock, stock options, housing allowances, relocation costs, incentive compensation, vesting and/or any and all other benefits and compensation to which you are entitled and which are currently due and payable. Amounts to which you are entitled pursuant to this Agreement which are not currently due and payable have not yet been received by you.

- You have no lawsuits, claims, charges, or actions pending in your name, or on behalf of any other person or entity, against the Company or any of the other Releasees in any local, state, or federal court, or with any local, state, or federal administrative agency or board, relating to any event that occurred prior to or on the date you sign this Agreement. In addition, you have not assigned or otherwise transferred, or purported to assign or transfer, any claim or other matter released by this Agreement to any other person.

- Your signature constitutes a representation and warranty that you have reported to the Company any on the job and/or occupational injury and that you have been granted any leave or accommodation to which you were entitled under the Family Medical Leave Act, the Americans with Disabilities Act, as well as any related or similar federal, state, or local leave or disability accommodation laws.

- No one has interfered with your ability to report within the Company possible violations of any law, the Company completely and satisfactorily responded to, investigated and concluded any internal complaints including, but not limited to, any breach of contract, diversion, antitrust or fraud, discrimination or retaliation matters, or claims, allegations, matters and issues, if any, you may have ever raised, and you have not been retaliated against for reporting any allegations of wrongdoing by the Company or its officers or for any other reason.

- Unless previously reported to the Company in writing, you are not aware of any wrongdoing, regulatory violations, or corporate fraud committed by the Company, its officers, or its employees.
- You were advised in writing, by receiving a copy of this Agreement, to consult with an attorney before signing below.
- You are signing this Agreement knowingly and voluntarily.

AGREED:	Yum! Brands, Inc.
/s/Scott Catlett	By: /s/Tracy Skeans
Scott Catlett	Tracy Skeans Chief Operating & Chief People Officer
Date: 8/19/2024	Date: 8/19/2024

REAFFIRMATION of
SEPARATION AGREEMENT, GENERAL RELEASE, AND COVENANT NOT TO SUE
(TO BE SIGNED AND RETURNED ON LAST ACTIVE DATE):

REAFFIRMED:

/s/Scott Catlett

Scott Catlett

Date: 3/31/2025

May 6, 2025

Yum! Brands, Inc.
Louisville, Kentucky

Re: Registration Statements (No. 333-36877, 333-32050, 333-36955, 333-36961, 333-36893, 333-32048, 333-109300, 333-64547, 333-32052, 333-109299, 333-170929, and 333-223152) on Form S-8.

With respect to the subject registration statements, we acknowledge our awareness of the use therein of our report dated May 6, 2025 related to our review of interim financial information.

Pursuant to Rule 436 under the Securities Act of 1933 (the Act), such report is not considered part of a registration statement prepared or certified by an independent registered public accounting firm, or a report prepared or certified by an independent registered public accounting firm within the meaning of Sections 7 and 11 of the Act.

/s/ KPMG LLP

Louisville, Kentucky

Exhibit 31.1

CERTIFICATION

I, David Gibbs, certify that:

1. I have reviewed this report on Form 10-Q of YUM! Brands, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant, as of, and for, the periods presented in this report.

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2025

/s/ David Gibbs
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Chris Turner, certify that:

1. I have reviewed this report on Form 10-Q of YUM! Brands, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant, as of, and for, the periods presented in this report.

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2025

/s/ Chris Turner

Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of YUM! Brands, Inc. (the “Company”) on Form 10-Q for the quarter ended March 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Periodic Report”), I, David Gibbs, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. the Periodic Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 6, 2025

/s/ David Gibbs
Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to YUM! Brands, Inc. and will be retained by YUM! Brands, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of YUM! Brands, Inc. (the “Company”) on Form 10-Q for the quarter ended March 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Periodic Report”), I, Chris Turner, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. the Periodic Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 6, 2025

/s/ Chris Turner
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to YUM! Brands, Inc. and will be retained by YUM! Brands, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.