

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 September 30, 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

(State or other jurisdiction of
incorporation or organization)

13-3951308

(I.R.S. Employer
Identification No.)

1441 Gardiner Lane, Louisville, Kentucky
(Address of principal executive offices)

40213
(Zip Code)

Registrant's telephone number, including area code: (502) 874-8300

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

| <u>Title of Each Class</u> | <u>Trading Symbol(s)</u> | <u>Name of Each Exchange on Which Registered</u> |
|----------------------------|--------------------------|--|
| 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 | <input checked="" type="checkbox"/> | Accelerated Filer | <input type="checkbox"/> |
| Non-accelerated Filer | <input type="checkbox"/> | Smaller Reporting Company | <input type="checkbox"/> |
| Emerging Growth Company | <input type="checkbox"/> | | |

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 October 31, 2025, was 277,652,829 shares.

YUM! BRANDS, INC.

INDEX

| | <u>Page No.</u> |
|---|---------------------|
| Part I. Financial Information | |
| Item 1 - Financial Statements | |
| Condensed Consolidated Statements of Income | 4 |
| Condensed Consolidated Statements of Comprehensive Income | 5 |
| Condensed Consolidated Statements of Cash Flows | 6 |
| Condensed Consolidated Balance Sheets | 7 |
| Condensed Consolidated Statements of Shareholders' Deficit | 8 |
| Notes to Condensed Consolidated Financial Statements | 9 |
| Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations | 28 |
| Item 3 - Quantitative and Qualitative Disclosures About Market Risk | 44 |
| Item 4 - Controls and Procedures | 44 |
| Report of Independent Registered Public Accounting Firm | 46 |
| Part II. Other Information and Signatures | |
| Item 1 - Legal Proceedings | 47 |
| Item 1A - Risk Factors | 47 |
| Item 2 - Unregistered Sales of Equity Securities and Use of Proceeds | 47 |
| Item 5 - Other Information | 47 |
| Item 6 - Exhibits | 48 |
| Signatures | 49 |

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 | | Year to date | |
|--|----------------|----------------|-----------------|-----------------|
| | 9/30/2025 | 9/30/2024 | 9/30/2025 | 9/30/2024 |
| Revenues | | | | |
| Company sales | \$ 697 | \$ 621 | \$ 1,974 | \$ 1,667 |
| Franchise and property revenues | 857 | 804 | 2,476 | 2,350 |
| Franchise contributions for advertising and other services | 426 | 401 | 1,249 | 1,170 |
| Total revenues | <u>1,979</u> | <u>1,826</u> | <u>5,699</u> | <u>5,187</u> |
| Costs and Expenses, Net | | | | |
| Company restaurant expenses | 587 | 523 | 1,668 | 1,393 |
| General and administrative expenses | 282 | 263 | 885 | 830 |
| Franchise and property expenses | 35 | 36 | 107 | 90 |
| Franchise advertising and other services expense | 427 | 401 | 1,251 | 1,169 |
| Refranchising (gain) loss | (17) | (12) | (33) | (31) |
| Other (income) expense | (1) | (4) | (15) | (10) |
| Total costs and expenses, net | <u>1,313</u> | <u>1,207</u> | <u>3,863</u> | <u>3,441</u> |
| Operating Profit | <u>666</u> | <u>619</u> | <u>1,836</u> | <u>1,746</u> |
| Investment (income) expense, net | — | (1) | (1) | 21 |
| Other pension (income) expense | 1 | (2) | — | (5) |
| Interest expense, net | <u>124</u> | <u>120</u> | <u>368</u> | <u>358</u> |
| Income Before Income Taxes | <u>541</u> | <u>502</u> | <u>1,470</u> | <u>1,372</u> |
| Income tax provision | <u>144</u> | <u>120</u> | <u>446</u> | <u>309</u> |
| Net Income | <u>\$ 397</u> | <u>\$ 382</u> | <u>\$ 1,024</u> | <u>\$ 1,063</u> |
| Basic Earnings Per Common Share | <u>\$ 1.42</u> | <u>\$ 1.36</u> | <u>\$ 3.67</u> | <u>\$ 3.77</u> |
| Diluted Earnings Per Common Share | <u>\$ 1.41</u> | <u>\$ 1.35</u> | <u>\$ 3.64</u> | <u>\$ 3.73</u> |
| Dividends Declared Per Common Share | <u>\$ 0.71</u> | <u>\$ 0.67</u> | <u>\$ 2.13</u> | <u>\$ 2.01</u> |

See accompanying Notes to Condensed Consolidated Financial Statements.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

YUM! BRANDS, INC. AND SUBSIDIARIES

(in millions)

| | Quarter ended | | Year to date | |
|--|---------------|---------------|-----------------|-----------------|
| | 9/30/2025 | 9/30/2024 | 9/30/2025 | 9/30/2024 |
| Net Income | \$ 397 | \$ 382 | \$ 1,024 | \$ 1,063 |
| Other comprehensive income (loss), 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 | (6) | 34 | 71 | 26 |
| Reclassification of adjustments and (gains) losses into Net Income | — | — | — | — |
| | (6) | 34 | 71 | 26 |
| Tax (expense) benefit | — | — | — | — |
| | (6) | 34 | 71 | 26 |
| Changes in pension and post-retirement benefits | | | | |
| Unrealized gains (losses) arising during the period | — | — | — | — |
| Reclassification of (gains) losses into Net Income | 3 | — | 5 | 1 |
| | 3 | — | 5 | 1 |
| Tax (expense) benefit | (1) | — | (1) | — |
| | 3 | — | 4 | 1 |
| Changes in derivative instruments | | | | |
| Unrealized gains (losses) arising during the period | 5 | (4) | 8 | 12 |
| Reclassification of (gains) losses into Net Income | (4) | (9) | (15) | (25) |
| | 1 | (13) | (6) | (13) |
| Tax (expense) benefit | — | 3 | 2 | 3 |
| | 1 | (10) | (5) | (10) |
| Other comprehensive income (loss), net of tax | (2) | 24 | 71 | 17 |
| Comprehensive Income | \$ 394 | \$ 406 | \$ 1,095 | \$ 1,080 |

See accompanying Notes to Condensed Consolidated Financial Statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

YUM! BRANDS, INC. AND SUBSIDIARIES

(in millions)

| | Year to date | |
|---|-----------------|---------------|
| | 9/30/2025 | 9/30/2024 |
| Cash Flows – Operating Activities | | |
| Net Income | \$ 1,024 | \$ 1,063 |
| Depreciation and amortization | 139 | 120 |
| Refranchising (gain) loss | (33) | (31) |
| Investment (income) expense, net | (1) | 21 |
| Deferred income taxes | 175 | 5 |
| Share-based compensation expense | 54 | 52 |
| Changes in accounts and notes receivable | 51 | 28 |
| Changes in prepaid expenses and other current assets | (8) | (21) |
| Changes in accounts payable and other current liabilities | (42) | (46) |
| Changes in income taxes payable | (31) | (67) |
| Other, net | 65 | 52 |
| Net Cash Provided by Operating Activities | 1,393 | 1,176 |
| Cash Flows – Investing Activities | | |
| Capital spending | (236) | (151) |
| Proceeds from sale of Devyani Investment | — | 104 |
| Acquisition of KFC U.K. and Ireland restaurants | — | (174) |
| Other restaurant acquisitions | (100) | (31) |
| Proceeds from refranchising of restaurants | 53 | 48 |
| Maturities (purchases) of Short term investments, net | 91 | (91) |
| Other, net | (16) | 3 |
| Net Cash Used in Investing Activities | (208) | (292) |
| Cash Flows – Financing Activities | | |
| Proceeds from long-term debt | 1,493 | 237 |
| Repayments of long-term debt | (957) | (472) |
| Revolving credit facility, three months or less, net | (350) | 205 |
| Short-term borrowings by original maturity | | |
| More than three months - proceeds | 58 | — |
| More than three months - payments | (43) | — |
| Three months or less, net | — | — |
| Repurchase shares of Common Stock | (374) | (327) |
| Dividends paid on Common Stock | (592) | (565) |
| Other, net | (57) | (69) |
| Net Cash Used in Financing Activities | (822) | (991) |
| Effect of Exchange Rates on Cash and Cash Equivalents | 29 | 10 |
| Net Increase (Decrease) in Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents | 393 | (97) |
| 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 | \$ 1,200 | \$ 627 |

See accompanying Notes to Condensed Consolidated Financial Statements.

CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

YUM! BRANDS, INC. AND SUBSIDIARIES

(in millions)

| | 9/30/2025 | 12/31/2024 |
|--|-----------------|-----------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 1,045 | \$ 616 |
| Accounts and notes receivable, net | 744 | 775 |
| Prepaid expenses and other current assets | 415 | 480 |
| Total Current Assets | 2,204 | 1,871 |
| Property, plant and equipment, net | 1,422 | 1,304 |
| Goodwill | 779 | 736 |
| Intangible assets, net | 462 | 416 |
| Other assets | 1,428 | 1,329 |
| Deferred income taxes | 898 | 1,071 |
| Total Assets | \$ 7,193 | \$ 6,727 |
| LIABILITIES AND SHAREHOLDERS' DEFICIT | | |
| Current Liabilities | | |
| Accounts payable and other current liabilities | \$ 1,217 | \$ 1,211 |
| Income taxes payable | 36 | 31 |
| Short-term borrowings | 48 | 27 |
| Total Current Liabilities | 1,301 | 1,269 |
| Long-term debt | 11,506 | 11,306 |
| Other liabilities and deferred credits | 1,890 | 1,800 |
| Total Liabilities | 14,698 | 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 | (7,183) | (7,256) |
| Accumulated other comprehensive loss | (322) | (392) |
| Total Shareholders' Deficit | (7,505) | (7,648) |
| Total Liabilities and Shareholders' Deficit | \$ 7,193 | \$ 6,727 |

See accompanying Notes to Condensed Consolidated Financial Statements.

CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' DEFICIT (Unaudited)

YUM! BRANDS, INC. AND SUBSIDIARIES

Quarters and years to date ended September 30, 2025 and 2024

(in millions)

| | Yum! Brands, Inc. | | | | |
|--|---------------------|--------|---------------------|--------------------------------------|-----------------------------|
| | Issued Common Stock | | Accumulated Deficit | Accumulated Other Comprehensive Loss | Total Shareholders' Deficit |
| | Shares | Amount | | | |
| Balance at June 30, 2025 | 278 | \$ — | \$ (7,361) | \$ (319) | \$ (7,680) |
| Net Income | | | 397 | | 397 |
| Translation adjustments and gains (losses) from intra-entity transactions of a long-term investment nature | | | | (6) | (6) |
| Pension and post-retirement benefit plans (net of tax impact of \$1 million) | | | | 3 | 3 |
| Derivative instruments | | | | 1 | 1 |
| Comprehensive Income | | | | | 394 |
| Dividends declared | | | (197) | | (197) |
| Repurchase of shares of Common Stock ⁽¹⁾ | — | (16) | (20) | | (36) |
| Employee share-based award exercises | — | (2) | — | | (2) |
| Share-based compensation events | | 19 | | | 19 |
| Balance at September 30, 2025 | 278 | \$ — | \$ (7,183) | \$ (322) | \$ (7,505) |
| Balance at December 31, 2024 | 279 | \$ — | \$ (7,256) | \$ (392) | \$ (7,648) |
| Net Income | | | 1,024 | | 1,024 |
| Translation adjustments and gains (losses) from intra-entity transactions of a long-term investment nature | | | | 71 | 71 |
| Pension and post-retirement benefit plans (net of tax impact of \$1 million) | | | | 4 | 4 |
| Derivative instruments (net of tax impact of \$2 million) | | | | (5) | (5) |
| Comprehensive Income | | | | | 1,095 |
| Dividends declared | | | (594) | | (594) |
| Repurchase of shares of Common Stock ⁽¹⁾ | (3) | (20) | (354) | | (374) |
| Employee share-based award exercises | 1 | (41) | (3) | | (44) |
| Share-based compensation events | | 62 | | | 62 |
| Balance at September 30, 2025 | 278 | \$ — | \$ (7,183) | \$ (322) | \$ (7,505) |
| Balance at June 30, 2024 | 281 | \$ — | \$ (7,321) | \$ (309) | \$ (7,630) |
| Net Income | | | 382 | | 382 |
| Translation adjustments and gains (losses) from intra-entity transactions of a long-term investment nature | | | | 34 | 34 |
| Pension and post-retirement benefit plans | | | | — | — |
| Derivative instruments (net of tax impact of \$3 million) | | | | (10) | (10) |
| Comprehensive Income | | | | | 406 |
| Dividends declared | | | (188) | | (188) |
| Repurchase of shares of Common Stock | (2) | (15) | (262) | | (277) |
| Employee share-based award exercises | 1 | — | — | | — |
| Share-based compensation events | | 15 | | | 15 |
| Balance at September 30, 2024 | 280 | \$ — | \$ (7,389) | \$ (285) | \$ (7,674) |
| Balance at December 31, 2023 | 281 | \$ 60 | \$ (7,616) | \$ (302) | \$ (7,858) |
| Net Income | | | 1,063 | | 1,063 |
| Translation adjustments and gains (losses) from intra-entity transactions of a long-term investment nature | | | | 26 | 26 |
| Pension and post-retirement benefit plans | | | | 1 | 1 |
| Derivative instruments (net of tax impact of \$3 million) | | | | (10) | (10) |
| Comprehensive Income | | | | | 1,080 |
| Dividends declared | | | (568) | | (568) |
| Repurchase of shares of Common Stock | (2) | (59) | (268) | | (327) |
| Employee share-based award exercises | 1 | (66) | — | | (66) |
| Share-based compensation events | | 65 | | | 65 |
| Balance at September 30, 2024 | 280 | \$ — | \$ (7,389) | \$ (285) | \$ (7,674) |

⁽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 62,000 restaurants in more than 155 countries and territories. As of September 30, 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 September 30, 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 and year to date ended September 30, 2025. These reclassifications had no effect on previously reported Net Income.

Note 2 - Restaurant Acquisitions

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 June 30, 2025, we finalized our preliminary estimate of the fair value of net assets acquired. The components of the final purchase price allocation, subsequent to the adjustments to the allocation in the quarter ended June 30, 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 | | (41) |
| Total Liabilities Assumed | | (186) |
| Total identifiable net assets | | 87 |
| Goodwill | | 90 |
| 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 \$14 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 | 10 |
| Increase in consideration | 6 |
| Total increase in Goodwill | \$ 14 |

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.

Other Restaurant Acquisitions

In addition to the acquisition discussed above, we acquired 8 and 71 restaurants from franchisees in the quarter and year to date ended September 30, 2025, respectively, including 19 KFC, 16 Taco Bell and 36 Pizza Hut restaurants (the "Other restaurant acquisitions"). Total cash consideration paid in connection with these acquisitions was \$100 million, net of cash acquired.

These restaurant acquisitions were accounted for as business combinations using the acquisition method of accounting. The primary assets recorded as a result of the preliminary purchase price allocations were operating lease right-of-use assets (and corresponding lease liabilities) of \$52 million, reacquired franchise rights of \$55 million and goodwill of \$31 million. Reacquired franchise rights, which were valued similarly to those in the KFC U.K. and Ireland restaurant acquisition, have estimated weighted average useful lives of 5 years for the KFCs, 17 years for the Taco Bells and 6 years for the Pizza Huts.

For both the KFC U.K. and Ireland restaurant acquisition and the Other restaurant acquisitions, the excess of the purchase price over the estimated fair value of the net, identifiable assets acquired was recorded as goodwill. The goodwill recognized represents expected benefits of the acquisitions 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 the respective reporting units.

The financial results of all acquired restaurants have been included in our Condensed Consolidated Financial Statements since the respective dates of acquisition, which individually and in the aggregate, did not significantly impact our results for the quarter and year to date ended September 30, 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 restaurant acquisitions on our Condensed Consolidated Financial Statements. The direct transaction costs associated with the restaurant acquisitions were also not material and were expensed as incurred.

During the quarter ended September 30, 2025, we executed purchase agreements with a franchisee to acquire 128 Taco Bell restaurants across the Southeast U.S. for approximately \$670 million in cash. These acquisitions are expected to close in the quarter ended December 31, 2025.

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

| | Quarter ended | | Year to date | |
|--|---------------|---------|--------------|----------|
| | 2025 | 2024 | 2025 | 2024 |
| Net Income | \$ 397 | \$ 382 | \$ 1,024 | \$ 1,063 |
| Weighted-average common shares outstanding (for basic calculation) | 278 | 282 | 279 | 282 |
| Effect of dilutive share-based employee compensation | 3 | 3 | 2 | 3 |
| Weighted-average common and dilutive potential common shares outstanding (for diluted calculation) | 281 | 285 | 281 | 285 |
| Basic EPS | \$ 1.42 | \$ 1.36 | \$ 3.67 | \$ 3.77 |
| Diluted EPS | \$ 1.41 | \$ 1.35 | \$ 3.64 | \$ 3.73 |
| Unexercised employee SARs, RSUs, PSUs and stock options (in millions) excluded from the diluted EPS computation ^(a) | 1.2 | 1.7 | 1.4 | 1.8 |

- (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 years to date ended September 30, 2025 and 2024 as indicated below. All amounts exclude applicable transaction fees and excise taxes on share repurchases.

| Authorization Date | Shares Repurchased (thousands) | | Dollar Value of Shares Repurchased | | Remaining Dollar Value of Shares that may be Repurchased |
|--------------------|-----------------------------------|-------|---------------------------------------|--------|--|
| | 2025 | 2024 | 2025 | 2024 | 2025 |
| May 2024 | 2,540 | 2,068 | \$ 372 | \$ 277 | \$ 1,238 |
| September 2022 | — | 366 | — | 50 | — |
| Total | 2,540 | 2,434 | \$ 372 | \$ 327 | \$ 1,238 |

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 September 30, 2025 we have remaining capacity to repurchase up to \$1.2 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 June 30, 2025, net of tax | \$ (162) | \$ (141) | \$ (16) | \$ (319) |
| OCI, net of tax | | | | |
| Gains (losses) arising during the period classified into AOCI, net of tax | (6) | — | 4 | (2) |
| (Gains) losses reclassified from AOCI, net of tax | — | 3 | (3) | — |
| | (6) | 3 | 1 | (2) |
| Balance at September 30, 2025, net of tax | \$ (167) | \$ (139) | \$ (15) | \$ (322) |
| 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 | 71 | — | 7 | 78 |
| (Gains) losses reclassified from AOCI, net of tax | — | 4 | (11) | (7) |
| | 71 | 4 | (5) | 71 |
| Balance at September 30, 2025, net of tax | \$ (167) | \$ (139) | \$ (15) | \$ (322) |

Note 5 - Other (Income) Expense

| | Quarter ended | | Year to date | |
|----------------------------------|---------------|---------------|----------------|----------------|
| | 9/30/2025 | 9/30/2024 | 9/30/2025 | 9/30/2024 |
| Foreign exchange net (gain) loss | \$ 2 | \$ (3) | \$ (5) | \$ 2 |
| Impairment and closure expense | — | — | 2 | 1 |
| Other | (3) | (1) | (11) | (11) |
| Other (income) expense | <u>\$ (1)</u> | <u>\$ (4)</u> | <u>\$ (15)</u> | <u>\$ (10)</u> |

Note 6 - Supplemental Balance Sheet InformationAccounts 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.

| | 9/30/2025 | 12/31/2024 |
|--------------------------------------|---------------|---------------|
| Accounts and notes receivable, gross | \$ 818 | \$ 849 |
| Allowance for doubtful accounts | (74) | (74) |
| Accounts and notes receivable, net | <u>\$ 744</u> | <u>\$ 775</u> |

Prepaid Expenses and Other Current Assets

| | 9/30/2025 | 12/31/2024 |
|---|---------------|---------------|
| Income tax receivable | \$ 108 | \$ 55 |
| Restricted cash | 132 | 155 |
| Short term investments | — | 91 |
| Assets held for sale | 8 | 21 |
| Prepaid expenses | 105 | 100 |
| Other current assets | 62 | 58 |
| Prepaid expenses and other current assets | <u>\$ 415</u> | <u>\$ 480</u> |

Property, Plant and Equipment, net

| | 9/30/2025 | 12/31/2024 |
|---|-----------------|-----------------|
| Property, plant and equipment, gross | \$ 2,909 | \$ 2,688 |
| Accumulated depreciation and amortization | (1,487) | (1,384) |
| Property, plant and equipment, net | <u>\$ 1,422</u> | <u>\$ 1,304</u> |

Other Assets

| | 9/30/2025 | 12/31/2024 |
|--|-----------------|-----------------|
| Operating lease right-of-use assets ^(a) | \$ 955 | \$ 881 |
| Franchise incentives | 169 | 144 |
| Other | 304 | 304 |
| Other assets | <u>\$ 1,428</u> | <u>\$ 1,329</u> |

- (a) Non-current operating lease liabilities of \$926 million and \$862 million as of September 30, 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

| | 9/30/2025 | 12/31/2024 |
|---|-----------------|---------------|
| Cash and cash equivalents as presented in Condensed Consolidated Balance Sheets | \$ 1,045 | \$ 616 |
| Restricted cash included in Prepaid expenses and other current assets ^(a) | 132 | 155 |
| Restricted cash and restricted cash equivalents included in Other assets ^(b) | 22 | 36 |
| Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents as presented in Condensed Consolidated Statements of Cash Flows | <u>\$ 1,200</u> | <u>\$ 807</u> |

(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 | | Year to date | |
|----------------------|---------------|--------|--------------|--------|
| | 2025 | 2024 | 2025 | 2024 |
| Income tax provision | \$ 144 | \$ 120 | \$ 446 | \$ 309 |
| Effective tax rate | 26.7 % | 23.8 % | 30.3 % | 22.5 % |

Our estimated effective tax rate for the full fiscal year is expected to be higher than the U.S. federal statutory rate of 21%, primarily 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, our third quarter and year to date effective tax rates are higher than the prior year primarily due to the following unfavorable factors:

- The impact of recording \$3 million and \$105 million in the quarter and year to date ended September 30, 2025, respectively, related to a reserve associated with 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. As such, the Company recorded the reserve and continues to record the ongoing foreign exchange and inflationary adjustments associated with the reserve. The Company is appealing the decision and does not expect resolution of this matter within twelve months.
- On July 4, 2025, H.R.1, commonly known as the One Big Beautiful Bill Act ("OBBBA") was enacted into law in the U.S. As a result of the enactment, during the quarter ended September 30, 2025 we recorded \$90 million of tax expense primarily associated with a change in management's judgment regarding our ability to utilize U.S. foreign tax credit related deferred tax assets prior to their expiration. Of this amount, \$76 million related to taxable events and related positions prior to enactment with the remaining \$14 million attributable to the post-enactment period.

The above unfavorable factors were partially offset by the following favorable factors:

- The impact of recognizing \$63 million in tax benefit in the quarter ended September 30, 2025, associated with releasing reserves due to the favorable resolution of an audit.
- The impact of recognizing \$6 million in tax benefit in the quarter ended September 30, 2025, as compared to \$3 million of tax expense recognized in the quarter ended September 30, 2024, associated with adjustments related to prior year taxes.

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 9/30/2025 | | | | |
|--|-------------------------|--------------------|--------------------|-------------------------------|--------------------------------|
| | KFC Division | Taco Bell Division | Pizza Hut Division | Habit Burger & Grill Division | Total |
| U.S. | | | | | |
| Company sales | \$ 26 | \$ 296 | \$ 9 | \$ 130 | \$ 461 |
| Franchise revenues | 46 | 229 | 59 | 2 | 335 |
| Property revenues | 3 | 8 | 1 | 1 | 13 |
| Franchise contributions for advertising and other services | 11 | 174 | 67 | 1 | 254 |
| China | | | | | |
| Franchise revenues | 74 | — | 19 | — | 93 |
| Other | | | | | |
| Company sales | 234 | 2 | — | — | 235 |
| Franchise revenues | 325 | 17 | 67 | — | 408 |
| Property revenues | 11 | — | — | — | 11 |
| Franchise contributions for advertising and other services | 150 | 4 | 18 | — | 172 |
| | <u>\$ 879</u> | <u>\$ 730</u> | <u>\$ 240</u> | <u>\$ 134</u> | <u>\$ 1,983</u> ^(a) |

(a) Does not include a charge of \$4 million to Unallocated Franchise revenues during the quarter ended September 30, 2025.

| | Quarter ended 9/30/2024 | | | | |
|--|-------------------------|--------------------|--------------------|-------------------------------|-----------------|
| | KFC Division | Taco Bell Division | Pizza Hut Division | Habit Burger & Grill Division | Total |
| U.S. | | | | | |
| Company sales | \$ 17 | \$ 267 | \$ 1 | \$ 133 | \$ 418 |
| Franchise revenues | 44 | 211 | 66 | 2 | 323 |
| Property revenues | 4 | 8 | 1 | 1 | 14 |
| Franchise contributions for advertising and other services | 10 | 161 | 71 | 1 | 243 |
| China | | | | | |
| Franchise revenues | 70 | — | 17 | — | 87 |
| Other | | | | | |
| Company sales | 203 | — | — | — | 203 |
| Franchise revenues | 288 | 15 | 66 | — | 369 |
| Property revenues | 11 | — | — | — | 11 |
| Franchise contributions for advertising and other services | 138 | 4 | 16 | — | 158 |
| | <u>\$ 785</u> | <u>\$ 666</u> | <u>\$ 238</u> | <u>\$ 137</u> | <u>\$ 1,826</u> |

| | Year to date 9/30/2025 | | | | |
|--|------------------------|--------------------|--------------------|-------------------------------|--------------------------------|
| | KFC Division | Taco Bell Division | Pizza Hut Division | Habit Burger & Grill Division | Total |
| U.S. | | | | | |
| Company sales | \$ 72 | \$ 843 | \$ 20 | \$ 385 | \$ 1,320 |
| Franchise revenues | 130 | 664 | 185 | 5 | 985 |
| Property revenues | 9 | 25 | 3 | 2 | 40 |
| Franchise contributions for advertising and other services | 31 | 504 | 203 | 2 | 741 |
| China | | | | | |
| Franchise revenues | 209 | — | 52 | — | 261 |
| Other | | | | | |
| Company sales | 648 | 6 | — | — | 654 |
| Franchise revenues | 923 | 45 | 195 | — | 1,163 |
| Property revenues | 32 | — | 1 | — | 33 |
| Franchise contributions for advertising and other services | 447 | 10 | 51 | — | 508 |
| | <u>\$ 2,501</u> | <u>\$ 2,098</u> | <u>\$ 710</u> | <u>\$ 395</u> | <u>\$ 5,704</u> ^(a) |

(a) Does not include a charge of \$5 million to Unallocated Franchise revenues during the year to date ended September 30, 2025.

| | Year to date 9/30/2024 | | | | |
|--|------------------------|--------------------|--------------------|-------------------------------|-----------------|
| | KFC Division | Taco Bell Division | Pizza Hut Division | Habit Burger & Grill Division | Total |
| U.S. | | | | | |
| Company sales | \$ 45 | \$ 775 | \$ 5 | \$ 399 | \$ 1,224 |
| Franchise revenues | 134 | 608 | 200 | 5 | 947 |
| Property revenues | 10 | 27 | 3 | 2 | 42 |
| Franchise contributions for advertising and other services | 30 | 468 | 217 | 2 | 717 |
| China | | | | | |
| Franchise revenues | 200 | — | 51 | — | 251 |
| Other | | | | | |
| Company sales | 443 | — | — | — | 443 |
| Franchise revenues | 842 | 43 | 191 | — | 1,076 |
| Property revenues | 33 | — | 1 | — | 34 |
| Franchise contributions for advertising and other services | 397 | 9 | 47 | — | 453 |
| | <u>\$ 2,134</u> | <u>\$ 1,930</u> | <u>\$ 715</u> | <u>\$ 408</u> | <u>\$ 5,187</u> |

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 | (62) |
| Increase for upfront fees associated with contracts that became effective during the period, net of amounts recognized as revenue during the period | 49 |
| Other ^(a) | 6 |
| Balance at September 30, 2025 | \$ 431 |

(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 | \$ 75 |
| 1 - 2 years | 67 |
| 2 - 3 years | 58 |
| 3 - 4 years | 50 |
| 4 - 5 years | 43 |
| Thereafter | 138 |
| Total | \$ 431 |

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, while 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 9/30/2025

| | KFC Division | Taco Bell Division | Pizza Hut Division | Habit Burger & Grill Division | Total |
|--|--------------|--------------------|--------------------|-------------------------------|---------|
| Company Sales | \$ 259 | \$ 298 | \$ 9 | \$ 130 | \$ 697 |
| Franchise and property revenues | 459 | 254 | 146 | 3 | 861 |
| Franchise contributions for advertising and other services | 161 | 178 | 85 | 1 | 426 |
| | 879 | 730 | 240 | 134 | 1,983 |
| Less: | | | | | |
| Company restaurant expenses | 224 | 227 | 10 | 121 | 583 |
| General and administrative expenses | 88 | 50 | 50 | 13 | 201 |
| Franchise and property expenses | 15 | 8 | 11 | 1 | 35 |
| Franchise advertising and other services expense | 160 | 177 | 89 | 1 | 427 |
| Other (income) expense | — | — | (4) | — | (3) |
| Division Operating Profit (Loss) | \$ 392 | \$ 267 | \$ 84 | \$ (2) | \$ 741 |
| Unallocated amounts: ^(a) | | | | | |
| Corporate and unallocated G&A expenses ^(b) | | | | | \$ (80) |
| Unallocated Company restaurant expenses ^(c) | | | | | (4) |
| Unallocated Franchise and property revenues | | | | | (4) |
| Unallocated Refranchising gain (loss) | | | | | 17 |
| Unallocated Other income (expense) | | | | | (3) |
| Consolidated Operating Profit | | | | | 666 |
| Investment income (expense), net | | | | | — |
| Other pension income (expense) | | | | | (1) |
| Interest expense, net | | | | | (124) |
| Income before income taxes | | | | | \$ 541 |

Other Segment Disclosures

| | KFC Division | Taco Bell Division | Pizza Hut Division | Habit Burger & Grill Division | Corporate and Unallocated | Total |
|--|--------------|--------------------|--------------------|-------------------------------|---------------------------|-------|
| Depreciation and Amortization ^(d) | \$ 14 | \$ 17 | \$ 6 | \$ 7 | \$ 8 | \$ 50 |
| Capital Spending | 34 | 26 | 8 | 14 | 12 | 94 |

Quarter ended 9/30/2024

| | KFC Division | Taco Bell Division | Pizza Hut Division | Habit Burger & Grill Division | Total |
|--|---------------|--------------------|--------------------|-------------------------------|---------------|
| Company Sales | \$ 220 | \$ 267 | \$ 1 | \$ 133 | \$ 621 |
| Franchise and property revenues | 417 | 234 | 150 | 3 | 804 |
| Franchise contributions for advertising and other services | 148 | 165 | 87 | 1 | 401 |
| | <u>785</u> | <u>666</u> | <u>238</u> | <u>137</u> | <u>1,826</u> |
| Less: | | | | | |
| Company restaurant expenses | 192 | 205 | 1 | 122 | 520 |
| General and administrative expenses | 86 | 41 | 51 | 11 | 189 |
| Franchise and property expenses | 20 | 6 | 9 | 1 | 36 |
| Franchise advertising and other services expense | 148 | 163 | 89 | 1 | 401 |
| Other (income) expense | — | — | (3) | 1 | (2) |
| Division Operating Profit | <u>\$ 339</u> | <u>\$ 251</u> | <u>\$ 91</u> | <u>\$ 1</u> | <u>\$ 682</u> |
| Unallocated amounts: ^(a) | | | | | |
| Corporate and unallocated G&A expenses ^(b) | | | | | \$ (74) |
| Unallocated Company restaurant expenses ^(c) | | | | | (3) |
| Unallocated Refranchising gain (loss) | | | | | 12 |
| Unallocated Other income (expense) | | | | | <u>2</u> |
| Consolidated Operating Profit | | | | | 619 |
| Investment income (expense), net | | | | | 1 |
| Other pension income (expense) | | | | | 2 |
| Interest expense, net | | | | | <u>(120)</u> |
| Income before income taxes | | | | | <u>\$ 502</u> |

Other Segment Disclosures

| | KFC Division | Taco Bell Division | Pizza Hut Division | Habit Burger & Grill Division | Corporate and Unallocated | Total |
|--|--------------|--------------------|--------------------|-------------------------------|---------------------------|-------|
| Depreciation and Amortization ^(d) | \$ 9 | \$ 15 | \$ 4 | \$ 7 | \$ 9 | \$ 44 |
| Capital Spending | 13 | 16 | 4 | 11 | 8 | 52 |

Year to Date 9/30/2025

| | KFC Division | Taco Bell Division | Pizza Hut Division | Habit Burger & Grill Division | Total |
|--|--------------|--------------------|--------------------|-------------------------------|--------------|
| Company Sales | \$ 721 | \$ 848 | \$ 20 | \$ 385 | \$ 1,974 |
| Franchise and property revenues | 1,303 | 735 | 436 | 8 | 2,482 |
| Franchise contributions for advertising and other services | 478 | 514 | 255 | 2 | 1,249 |
| | <u>2,501</u> | <u>2,098</u> | <u>710</u> | <u>395</u> | <u>5,704</u> |

Less:

| | | | | | |
|--|-----------------|---------------|---------------|-------------|-----------------|
| Company restaurant expenses | 635 | 649 | 21 | 352 | 1,657 |
| General and administrative expenses | 255 | 148 | 159 | 39 | 600 |
| Franchise and property expenses | 51 | 22 | 32 | 3 | 107 |
| Franchise advertising and other services expense | 472 | 510 | 268 | 2 | 1,251 |
| Other (income) expense | 1 | — | (9) | 1 | (8) |
| Division Operating Profit | <u>\$ 1,088</u> | <u>\$ 770</u> | <u>\$ 239</u> | <u>\$ —</u> | <u>\$ 2,096</u> |

Unallocated amounts:^(a)

| | |
|--|-----------------|
| Corporate and unallocated G&A expenses ^(b) | \$ (285) |
| Unallocated Company restaurant expenses ^(c) | (11) |
| Unallocated Franchise and property revenues | (5) |
| Unallocated Refranchising gain (loss) | 33 |
| Unallocated Other income (expense) | 8 |
| Consolidated Operating Profit | <u>1,836</u> |
| Investment income (expense), net | 1 |
| Other pension income (expense) | — |
| Interest expense, net | (368) |
| Income before income taxes | <u>\$ 1,470</u> |

Other Segment Disclosures

| | KFC Division | Taco Bell Division | Pizza Hut Division | Habit Burger & Grill Division | Corporate and Unallocated | Total |
|--|--------------|--------------------|--------------------|-------------------------------|---------------------------|--------|
| Depreciation and Amortization ^(d) | \$ 35 | \$ 49 | \$ 15 | \$ 20 | \$ 22 | \$ 139 |
| Capital Spending | 71 | 75 | 23 | 32 | 35 | 236 |

Year to Date 9/30/2024

| | KFC Division | Taco Bell Division | Pizza Hut Division | Habit Burger & Grill Division | Total |
|--|---------------|--------------------|--------------------|-------------------------------|-----------------|
| Company Sales | \$ 488 | \$ 775 | \$ 5 | \$ 399 | \$ 1,667 |
| Franchise and property revenues | 1,219 | 678 | 446 | 7 | 2,350 |
| Franchise contributions for advertising and other services | 427 | 477 | 264 | 2 | 1,170 |
| | <u>2,134</u> | <u>1,930</u> | <u>715</u> | <u>408</u> | <u>5,187</u> |
| Less: | | | | | |
| Company restaurant expenses | 428 | 590 | 5 | 366 | 1,389 |
| General and administrative expenses | 253 | 137 | 153 | 38 | 581 |
| Franchise and property expenses | 46 | 22 | 19 | 3 | 90 |
| Franchise advertising and other services expense | 424 | 473 | 270 | 2 | 1,169 |
| Other (income) expense | (3) | (1) | (10) | 1 | (13) |
| Division Operating Profit (Loss) | <u>\$ 986</u> | <u>\$ 709</u> | <u>\$ 278</u> | <u>\$ (2)</u> | <u>\$ 1,971</u> |

Unallocated amounts:^(a)

| | |
|--|-----------------|
| Corporate and unallocated G&A expenses ^(b) | \$ (249) |
| Unallocated Company restaurant expenses ^(c) | (4) |
| Unallocated Refranchising gain (loss) | 31 |
| Unallocated Other income (expense) | (3) |
| Consolidated Operating Profit | <u>1,746</u> |
| Investment income (expense), net ^(c) | (21) |
| Other pension income (expense) | 5 |
| Interest expense, net | (358) |
| Income before income taxes | <u>\$ 1,372</u> |

Other Segment Disclosures

| | KFC Division | Taco Bell Division | Pizza Hut Division | Habit Burger & Grill Division | Corporate and Unallocated | Total |
|--|--------------|--------------------|--------------------|-------------------------------|---------------------------|--------|
| Depreciation and Amortization ^(d) | \$ 19 | \$ 44 | \$ 11 | \$ 22 | \$ 24 | \$ 120 |
| Capital Spending | 32 | 57 | 9 | 28 | 25 | 151 |

Revenues by Country:^(f)

| | Quarter ended | | Year to date | |
|----------------|-----------------|-----------------|-----------------|-----------------|
| | 2025 | 2024 | 2025 | 2024 |
| United States | \$ 1,063 | \$ 995 | \$ 3,085 | \$ 2,928 |
| United Kingdom | 245 | 216 | 683 | 492 |
| Other | 672 | 615 | 1,931 | 1,766 |
| | <u>\$ 1,979</u> | <u>\$ 1,826</u> | <u>\$ 5,699</u> | <u>\$ 5,187</u> |

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

(b) Corporate and unallocated G&A expenses include charges of \$5 million and \$11 million in the quarters ended September 30, 2025 and 2024, respectively, related to our resource optimization program and \$3 million in the quarter

ended September 30, 2025 related to our brand headquarters consolidation. Corporate and unallocated G&A expenses include charges of \$37 million and \$57 million in the years to date ended September 30, 2025 and 2024, respectively, related to our resource optimization program and \$20 million in the year to date ended September 30, 2025, related to our brand headquarters consolidation.

- (c) Unallocated Company restaurant expenses include amortization of reacquired franchise rights.
- (d) 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.
- (e) Investment income (expense), net includes \$20 million of pre-tax investment losses related changes in fair value of our approximate 5% minority interest in Devyani International Limited prior to the date of sale during the year to date ended September 30, 2024.
- (f) The United States and United Kingdom represented 10% or more of our total revenues for certain periods presented.

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 | | Year to date | |
|--|---------------|---------------|---------------|---------------|
| | 2025 | 2024 | 2025 | 2024 |
| Service cost | \$ 1 | \$ 1 | \$ 3 | \$ 3 |
| Interest cost | 11 | 10 | 33 | 31 |
| Expected return on plan assets | (13) | (12) | (40) | (38) |
| Amortization of net (gain) / loss | — | — | 1 | 1 |
| Amortization of prior service cost | — | — | 1 | 1 |
| Net periodic benefit cost (income) | <u>\$ (1)</u> | <u>\$ (1)</u> | <u>\$ (2)</u> | <u>\$ (2)</u> |
| Additional loss recognized due to settlements ^(a) | \$ 2 | \$ — | \$ 3 | \$ — |

- (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

| | 9/30/2025 | 12/31/2024 |
|---|--------------|--------------|
| Current maturities of long-term debt | \$ 36 | \$ 29 |
| Other | 15 | — |
| | <u>51</u> | <u>29</u> |
| Less current portion of debt issuance costs and discounts | (3) | (2) |
| Short-term borrowings | <u>\$ 48</u> | <u>\$ 27</u> |

Long-term Debt

| | | |
|---|------------------|------------------|
| Securitization Notes | \$ 4,306 | \$ 3,743 |
| Subsidiary Senior Unsecured Notes | 750 | 750 |
| Revolving Facility | — | 350 |
| Term Loan A Facility | 497 | 500 |
| Term Loan B Facility | 1,433 | 1,444 |
| YUM Senior Unsecured Notes | 4,550 | 4,550 |
| Finance lease obligations | 71 | 67 |
| | <u>\$ 11,607</u> | <u>\$ 11,404</u> |
| Less long-term portion of debt issuance costs and discounts | (67) | (69) |
| Less current maturities of long-term debt | (36) | (29) |
| Long-term debt | <u>\$ 11,506</u> | <u>\$ 11,306</u> |

Taco Bell Funding, LLC (the “Issuer”), a special purpose limited liability company and a direct, wholly-owned subsidiary of Taco Bell Corp. (“TBC”), through a series of securitization transactions, has previously issued fixed rate senior secured notes collectively referred to as the “Securitization Notes” (details can be found within our 2024 Form 10-K). On September 24, 2025, the Issuer completed refinancing certain of such notes through the issuance of additional Securitization Notes totaling \$1.5 billion (the “2025-1 Notes”). The net proceeds from the issuance of the 2025-1 Notes were used to repay in full an existing series of Securitization Notes totaling \$938 million with an Anticipated Repayment Date (as defined in the Base Indenture) of May 2026. The remaining net proceeds were used to pay certain transaction-related expenses and for general corporate purposes (including, without limitation, purchases of franchised restaurants in the quarter ended December 31, 2025). The following table summarizes the series of Securitization Notes issued in the quarter ended September 30, 2025:

| Issuance Date | Anticipated Repayment Date ^(a) | Outstanding Principal (in millions) | Interest Rate | |
|----------------|---|-------------------------------------|---------------|--------------------------|
| | | | Stated | Effective ^(b) |
| September 2025 | August 2030 | \$ 1,000 | 4.821 % | 5.039 % |
| September 2025 | August 2032 | \$ 500 | 5.049 % | 5.213 % |

(a) The legal final maturity date of the 2025-1 Notes is in August 2055. However, if the Issuer has not repaid or refinanced any series of these or previously existing Securitization Notes, prior to their respective Anticipated Repayment Dates, the rapid amortization of principal of all Securitization Notes may occur, in which event additional interest will accrue on all Securitization Notes, as provided in the Base Indenture for the Securitization Notes.

(b) Includes the effects of the amortization of any debt issuance costs.

Payments of interest and principal on the 2025-1 Notes are made from the continuing fees paid pursuant to the franchise and license agreements with all U.S. Taco Bell restaurants, including both company and franchise operated restaurants. Interest on and principal payments of the 2025-1 Notes are due on a quarterly basis. In general, no amortization of principal of the 2025-1 Notes is required prior to their Anticipated Repayment Dates unless as of any quarterly measurement date the consolidated leverage ratio (the ratio of total debt to Net Cash Flow (as defined in the Base Indenture)) for the preceding four fiscal quarters of either the Company and its subsidiaries or the Issuer and its subsidiaries exceeds 5.5:1, in which case amortization payments of 1% per year of the outstanding principal as of the closing of the related 2025-1 Notes are required.

As a result of the issuance of the 2025 Notes, \$14 million of fees were capitalized as debt issuance costs. The debt issuance costs are being amortized to Interest expense, net through the Anticipated Repayment Dates of the Securitization Notes utilizing the effective interest rate method.

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 years to date ended September 30, 2025 and 2024, was \$364 million and \$356 million, respectively.

Note 12 - Derivative Instruments

We use derivative instruments to manage certain of our market risks related to fluctuations in foreign currency exchange rates, interest rates and equity prices.

Foreign Currency Contracts

During the quarter ended September 30, 2025, we entered into a foreign currency forward contract with a U.S. dollar notional amount of approximately \$80 million to reduce the foreign currency exposure relating to our net investment in certain Indian rupee functional currency operations. This forward contract is designated as a net investment hedge and the related mark-to-market adjustments are being recorded as a cumulative translation adjustment within AOCI. This foreign currency forward contract did not have a material impact on our Condensed Consolidated Financial Statements for the quarter and year to date ended September 30, 2025, and will mature in March 2026.

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.

On April 4, 2025, we entered into a new interest rate swap ("2025 interest rate swap") 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 swap was designated as a cash flow hedge as the changes in the future cash flows of the swap are expected to offset changes in expected future interest payments on the related variable-rate debt. The 2025 interest rate swap results in a fixed rate of 5.09% on the swapped portion of the Term Loan B Facility (excluding debt issuance costs). Through September 30, 2025, the swap was a highly effective cash flow hedge.

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 | | | | Year to date | | | |
|------------------------------|-------------------------------------|--------|---|--------|-------------------------------------|------|---|---------|
| | Gains/(Losses) Recognized in OCI | | (Gains)/Losses Reclassified from AOCI into Net Income | | Gains/(Losses) Recognized in OCI | | (Gains)/Losses Reclassified from AOCI into Net Income | |
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| Interest rate swaps | \$ 1 | \$ (5) | \$ (4) | \$ (9) | \$ 7 | \$ 9 | \$ (12) | \$ (26) |
| Income tax benefit/(expense) | — | 1 | 1 | 2 | (2) | (3) | 3 | 6 |

As of September 30, 2025, the estimated net gain included in AOCI related to our cash flow hedges that will be reclassified into earnings in the next 12 months is \$4 million, based on current Secured Overnight Financing ("SOFR") interest rates.

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 September 30, 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 September 30, 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 September 30, 2025, the carrying values of cash and cash equivalents, restricted cash, accounts receivable, short-term borrowings and accounts payable 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:

| | 9/30/2025 | | 12/31/2024 | |
|--|----------------|-------------------------|----------------|-------------------------|
| | Carrying Value | Fair Value (Level 2) | Carrying Value | Fair Value (Level 2) |
| Securitization Notes ^(a) | \$ 4,306 | \$ 4,143 | \$ 3,743 | \$ 3,561 |
| Subsidiary Senior Unsecured Notes ^(b) | 750 | 759 | 750 | 739 |
| Term Loan A Facility ^(b) | 497 | 494 | 500 | 496 |
| Term Loan B Facility ^(b) | 1,433 | 1,433 | 1,444 | 1,451 |
| YUM Senior Unsecured Notes ^(b) | 4,550 | 4,534 | 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.

| | Condensed Consolidated Balance Sheet | Level | Fair Value | |
|---------------------|---|-------|------------|------------|
| | | | 9/30/2025 | 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 | 4 | 5 |
| Interest Rate Swaps | Other liabilities and deferred credits | 2 | (4) | — |

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 \$1.7 billion through the third 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. On June 4, 2025, we filed a petition in the United States Tax Court disputing the IRS Notice of Deficiency and the IRS filed its Answer on September 12, 2025. The litigation is ongoing.

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 September 30, 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 \$325 million. The present value of these potential payments discounted at our pre-tax cost of debt at September 30, 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 September 30, 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 \$125 million. Of this amount, \$120 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 July 9, 2025 has been rescheduled to January 6, 2026. A hearing scheduled for August 19, 2025, before the Delhi High Court has been continued to December 10, 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 62,000 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 62,000 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 for which reacquired franchise rights are not applicable. 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 | +6 | +3 | +6 | +16 | +14 |
| Taco Bell Division | +9 | +7 | +3 | +7 | +7 |
| Pizza Hut Division | (1) | (1) | Even | (8) | (8) |
| YUM | +5 | +3 | +3 | +8 | +7 |

Year to date Financial Highlights:

| | % Change | | | | |
|--------------------|---------------------|------------------|-------|-----------------------|-----------------------|
| | System Sales, ex FX | Same-Store Sales | Units | GAAP Operating Profit | Core Operating Profit |
| KFC Division | +5 | +2 | +6 | +10 | +10 |
| Taco Bell Division | +9 | +7 | +3 | +9 | +9 |
| Pizza Hut Division | (2) | (1) | Even | (14) | (14) |
| YUM | +5 | +3 | +3 | +5 | +6 |

Additionally:

- Foreign currency translation favorably impacted Divisional Operating Profit by \$7 million and \$1 million for the quarter and year to date ended September 30, 2025, respectively.

| | Third Quarter | | | Year to date | | |
|-----------------------------|---------------|----------|----------|--------------|----------|----------|
| | 2025 | 2024 | % Change | 2025 | 2024 | % Change |
| GAAP EPS | \$1.41 | \$1.35 | +5 | \$3.64 | \$3.73 | (2) |
| Less Special Items EPS | \$(0.16) | \$(0.02) | NM | \$(0.67) | \$(0.14) | NM |
| EPS Excluding Special Items | \$1.58 | \$1.37 | +15 | \$4.32 | \$3.87 | +11 |

- Our diluted EPS, excluding Special Items, for the year to date ended September 30, 2024, was unfavorably impacted by \$0.08 from after-tax investment losses.

- Gross unit openings for the quarter were 1,131 units resulting in 744 net new units. Gross unit openings for the year to date were 2,753 units resulting in 670 net new units.
 - Net new unit growth for the year to date was impacted 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 and 254 Pizza Hut restaurants in Turkey were closed in January.

Worldwide

GAAP Results

| | Quarter ended | | | Year to date | | |
|--|---------------|---------|-------------|--------------|----------|-------------|
| | 2025 | 2024 | % B/(W) | 2025 | 2024 | % B/(W) |
| Company sales | \$ 697 | \$ 621 | 12 | \$ 1,974 | \$ 1,667 | 18 |
| Franchise and property revenues | 857 | 804 | 7 | 2,476 | 2,350 | 5 |
| Franchise contributions for advertising and other services | 426 | 401 | 6 | 1,249 | 1,170 | 7 |
| Total revenues | 1,979 | 1,826 | 8 | 5,699 | 5,187 | 10 |
| Company restaurant expenses | 587 | 523 | (12) | 1,668 | 1,393 | (20) |
| G&A expenses | 282 | 263 | (7) | 885 | 830 | (7) |
| Franchise and property expenses | 35 | 36 | 6 | 107 | 90 | (19) |
| Franchise advertising and other services expense | 427 | 401 | (7) | 1,251 | 1,169 | (7) |
| Refranchising (gain) loss | (17) | (12) | 37 | (33) | (31) | 6 |
| Other (income) expense | (1) | (4) | NM | (15) | (10) | NM |
| Total costs and expenses, net | 1,313 | 1,207 | (9) | 3,863 | 3,441 | (12) |
| Operating Profit | 666 | 619 | 8 | 1,836 | 1,746 | 5 |
| Investment (income) expense, net | — | (1) | NM | (1) | 21 | NM |
| Other pension (income) expense | 1 | (2) | (154) | — | (5) | (93) |
| Interest expense, net | 124 | 120 | (4) | 368 | 358 | (3) |
| Income before income taxes | 541 | 502 | 8 | 1,470 | 1,372 | 7 |
| Income tax provision (benefit) | 144 | 120 | (21) | 446 | 309 | (44) |
| Net Income | \$ 397 | \$ 382 | 4 | \$ 1,024 | \$ 1,063 | (4) |
| Diluted EPS ^(a) | \$ 1.41 | \$ 1.35 | 5 | \$ 3.64 | \$ 3.73 | (2) |
| Effective tax rate | 26.7 % | 23.8 % | (2.9) ppts. | 30.3 % | 22.5 % | (7.8) ppts. |

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

Performance Metrics

| Unit Count | 9/30/2025 | 9/30/2024 | % Increase (Decrease) |
|---------------|-----------|-----------|-----------------------|
| Franchise | 60,640 | 58,775 | 3 |
| Company-owned | 1,376 | 1,270 | 8 |
| Total | 62,016 | 60,045 | 3 |

| | Quarter ended | | Year to date | |
|-------------------------------------|---------------|------|--------------|------|
| | 2025 | 2024 | 2025 | 2024 |
| Same-store Sales Growth (Decline) % | 3 | (2) | 3 | (2) |
| System Sales Growth %, reported | 6 | 1 | 5 | 1 |
| System Sales Growth %, excluding FX | 5 | 1 | 5 | 2 |

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

| | Quarter ended | | Year to date | |
|--|---------------|-----------|--------------|-----------|
| | 2025 | 2024 | 2025 | 2024 |
| <u>Consolidated</u> | | | | |
| Company sales ^(a) | \$ 697 | \$ 621 | \$ 1,974 | \$ 1,667 |
| Franchise sales | 16,354 | 15,401 | 46,858 | 44,952 |
| System sales | 17,051 | 16,022 | 48,832 | 46,619 |
| Negative (Positive) Foreign Currency Impact ^(b) | (167) | N/A | (26) | N/A |
| System sales, excluding FX | \$ 16,884 | \$ 16,022 | \$ 48,806 | \$ 46,619 |
| <u>KFC Division</u> | | | | |
| Company sales ^(a) | \$ 259 | \$ 220 | \$ 721 | \$ 488 |
| Franchise sales | 9,081 | 8,449 | 25,681 | 24,535 |
| System sales | 9,340 | 8,669 | 26,401 | 25,023 |
| Negative (Positive) Foreign Currency Impact ^(b) | (134) | N/A | (31) | N/A |
| System sales, excluding FX | \$ 9,206 | \$ 8,669 | \$ 26,370 | \$ 25,023 |
| <u>Taco Bell Division</u> | | | | |
| Company sales ^(a) | \$ 298 | \$ 267 | \$ 848 | \$ 775 |
| Franchise sales | 4,070 | 3,741 | 11,775 | 10,847 |
| System sales | 4,368 | 4,008 | 12,623 | 11,622 |
| Negative (Positive) Foreign Currency Impact ^(b) | (7) | N/A | (5) | N/A |
| System sales, excluding FX | \$ 4,362 | \$ 4,008 | \$ 12,618 | \$ 11,622 |
| <u>Pizza Hut Division</u> | | | | |
| Company sales ^(a) | \$ 9 | \$ 1 | \$ 20 | \$ 5 |
| Franchise sales | 3,167 | 3,183 | 9,301 | 9,486 |
| System sales | 3,177 | 3,184 | 9,321 | 9,491 |
| Negative (Positive) Foreign Currency Impact ^(b) | (26) | N/A | 10 | N/A |
| System sales, excluding FX | \$ 3,151 | \$ 3,184 | \$ 9,331 | \$ 9,491 |
| <u>Habit Burger & Grill Division</u> | | | | |
| Company sales ^(a) | \$ 130 | \$ 133 | \$ 385 | \$ 399 |
| Franchise sales | 36 | 28 | 101 | 84 |
| System sales | 166 | 161 | 486 | 483 |
| Negative (Positive) Foreign Currency Impact ^(b) | — | N/A | — | N/A |
| System sales, excluding FX | \$ 166 | \$ 161 | \$ 486 | \$ 483 |

(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 | | Year to date | |
|---|---------------|--------|--------------|--------|
| | 2025 | 2024 | 2025 | 2024 |
| Core Operating Profit Growth % | 7 | 3 | 6 | 6 |
| Diluted EPS Growth %, excluding Special Items | 15 | (5) | 11 | (1) |
| Effective Tax Rate excluding Special Items | 20.8 % | 23.9 % | 21.4 % | 22.9 % |
| | | | | |
| Company restaurant profit | \$ 110 | \$ 98 | \$ 306 | \$ 274 |
| Company restaurant margin % | 15.8 % | 15.8 % | 15.5 % | 16.4 % |

| Reconciliation of GAAP Operating Profit to Core Operating Profit | Quarter ended | | Year to date | |
|--|---------------|---------------|-----------------|-----------------|
| | 2025 | 2024 | 2025 | 2024 |
| <u>Consolidated</u> | | | | |
| GAAP Operating Profit | \$ 666 | \$ 619 | \$ 1,836 | \$ 1,746 |
| <i>Detail of Special Items:</i> | | | | |
| (Gain) Loss associated with market-wide refranchisings ^(a) | — | (1) | — | 3 |
| Charges associated with Resource Optimization ^(b) | 5 | 12 | 37 | 58 |
| Charges associated with Brand HQ Consolidation ^(c) | 3 | — | 20 | — |
| German acquisition and Turkey termination-related costs ^(d) | 1 | — | 8 | — |
| Pizza Hut Strategic Options Review ^(e) | 8 | — | 8 | — |
| Special Items Expense - Operating Profit | 18 | 11 | 73 | 61 |
| (Positive) Foreign Currency Impact on Division Operating Profit | (7) | N/A | (1) | N/A |
| Core Operating Profit | <u>\$ 677</u> | <u>\$ 630</u> | <u>\$ 1,909</u> | <u>\$ 1,807</u> |

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

Condensed Consolidated Statements of Income Line Item

| | | | | |
|---|--------------|--------------|--------------|--------------|
| Decrease in Franchise and property revenues | \$ 4 | \$ — | \$ 5 | \$ — |
| Increase in General and administrative expenses | 14 | 11 | 71 | 57 |
| Increase in Refranchising (gain) loss | — | (1) | — | 3 |
| Increase in Other (income) expense | — | 1 | (3) | 1 |
| Special Items Expense - Operating Profit | <u>\$ 18</u> | <u>\$ 11</u> | <u>\$ 73</u> | <u>\$ 61</u> |

KFC Division

| | | | | |
|---|---------------|---------------|-----------------|---------------|
| GAAP Operating Profit | \$ 392 | \$ 339 | \$ 1,088 | \$ 986 |
| Negative (Positive) Foreign Currency Impact | (7) | N/A | (2) | N/A |
| Core Operating Profit | <u>\$ 385</u> | <u>\$ 339</u> | <u>\$ 1,086</u> | <u>\$ 986</u> |

Taco Bell Division

| | | | | |
|---|---------------|---------------|---------------|---------------|
| GAAP Operating Profit | \$ 267 | \$ 251 | \$ 770 | \$ 709 |
| Negative (Positive) Foreign Currency Impact | — | N/A | — | N/A |
| Core Operating Profit | <u>\$ 267</u> | <u>\$ 251</u> | <u>\$ 770</u> | <u>\$ 709</u> |

Pizza Hut Division

| | | | | |
|---|--------------|--------------|---------------|---------------|
| GAAP Operating Profit | \$ 84 | \$ 91 | \$ 239 | \$ 278 |
| Negative (Positive) Foreign Currency Impact | — | N/A | 1 | N/A |
| Core Operating Profit | <u>\$ 84</u> | <u>\$ 91</u> | <u>\$ 240</u> | <u>\$ 278</u> |

Habit Burger & Grill Division

| | | | | |
|---|---------------|-------------|-------------|---------------|
| GAAP Operating Profit (Loss) | \$ (2) | \$ 1 | \$ — | \$ (2) |
| Negative (Positive) Foreign Currency Impact | — | N/A | — | N/A |
| Core Operating Profit (Loss) | <u>\$ (2)</u> | <u>\$ 1</u> | <u>\$ —</u> | <u>\$ (2)</u> |

Reconciliation of GAAP Net Income to Net Income excluding Special Items

| | | | | |
|--|---------------|---------------|-----------------|-----------------|
| GAAP Net Income | \$ 397 | \$ 382 | \$ 1,024 | \$ 1,063 |
| Special Items Expense - Operating Profit | 18 | 11 | 73 | 61 |
| Special Items Tax Expense (Benefit) ^(f) | 28 | (2) | 116 | (19) |
| Net Income excluding Special Items | <u>\$ 442</u> | <u>\$ 391</u> | <u>\$ 1,214</u> | <u>\$ 1,105</u> |

| | Quarter ended | | Year to date | |
|--|----------------|----------------|----------------|----------------|
| | 2025 | 2024 | 2025 | 2024 |
| Reconciliation of Diluted EPS to Diluted EPS excluding Special Items | | | | |
| Diluted EPS | \$ 1.41 | \$ 1.35 | \$ 3.64 | \$ 3.73 |
| Less Special Items Diluted EPS | (0.16) | (0.02) | (0.67) | (0.14) |
| Diluted EPS excluding Special Items | <u>\$ 1.58</u> | <u>\$ 1.37</u> | <u>\$ 4.32</u> | <u>\$ 3.87</u> |
| Reconciliation of GAAP Effective Tax Rate to Effective Tax Rate excluding Special Items | | | | |
| GAAP Effective Tax Rate | 26.7 % | 23.8 % | 30.3 % | 22.5 % |
| Impact on Tax Rate as a result of Special Items | 5.9 % | (0.1)% | 8.9 % | (0.4)% |
| Effective Tax Rate excluding Special Items | <u>20.8 %</u> | <u>23.9 %</u> | <u>21.4 %</u> | <u>22.9 %</u> |

- (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 and year to date ended September 30, 2024, we recorded net refranchising gains of \$1 million and net refranchising losses of \$3 million, respectively, that have been reflected as Special Items.

Additionally, we recorded net refranchising gains of \$17 million and \$11 million during the quarters ended September 30, 2025 and 2024, respectively, that have not been reflected as Special Items. During the years to date ended September 30, 2025 and 2024, we recorded net refranchising gains of \$33 million and \$34 million, 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 \$5 million and \$37 million during the quarter and year to date ended September 30, 2025, respectively, and \$12 million and \$58 million during the quarter and year to date ended September 30, 2024, respectively, primarily to Corporate and unallocated 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 and year to date ended September 30, 2025, we recorded charges of approximately \$3 million and \$20 million, respectively, to Corporate and unallocated 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) 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. (IS Holding), 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 first quarter of 2025. We also re-acquired the master franchise rights in Germany for KFC and Pizza Hut from the owner of IS Holding in December 2024. We recorded charges of \$1 million and \$8 million during the quarter and year to date ended September 30, 2025, respectively, to Corporate and unallocated General and administrative expenses consisting primarily of severance costs associated with re-acquiring the master franchise rights in Germany. Consistent with prior charges related to the matter, these charges have been reflected as Special Items.
- (e) We have begun a review of strategic options for the Pizza Hut brand. During the quarter ended September 30, 2025, we incurred approximately \$4 million in third-party advising costs associated with this strategic options review and wrote-off approximately \$4 million of franchise incentive assets associated with rationalizing the Pizza Hut estate in preparation for a potential transaction. These charges were recorded to Corporate and unallocated General and administrative expenses and Corporate and unallocated franchise and property revenues, respectively. Given the

significance of the costs expected to be incurred through the course of this strategic options review, we have reflected such amounts as Special Items.

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

| | Quarter ended | | Year to date | |
|--|---------------|---------------|---------------|----------------|
| | 9/30/2025 | 9/30/2024 | 9/30/2025 | 9/30/2024 |
| Tax (Benefit) on Special Items Expense | \$ (4) | \$ (2) | \$ (18) | \$ (15) |
| Tax Expense - Foreign tax reserve | 3 | — | 105 | — |
| Tax Expense - U.S. OBBBA | 76 | — | 76 | — |
| Tax (Benefit) - Tax audit | (47) | — | (47) | — |
| Tax (Benefit) - Other Income tax impacts recorded as Special | — | — | — | (4) |
| Special Items Tax Expense (Benefit) | <u>\$ 28</u> | <u>\$ (2)</u> | <u>\$ 116</u> | <u>\$ (19)</u> |

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 reserve in the year to date ended September 30, 2025, is associated with a reserve, and the ongoing foreign exchange and inflationary adjustments, associated with a change in management's judgment 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 time elapsed since the years to which the reserve relates.

Tax Expense - U.S. OBBBA in the quarter and year to date ended September 30, 2025, reflects the tax expense recorded upon the July 4, 2025, enactment of H.R.1, commonly known as the One Big Beautiful Bill Act ("OBBBA") in the United States. The tax expense was primarily associated with a change in management's judgment regarding our ability to utilize U.S. foreign tax credit related deferred tax assets that existed at the date of enactment and has been reflected as a Special Item due to the size of the non-recurring adjustment necessary upon enactment of the legislation.

Tax (Benefit) - Tax audit in the quarter and year to date ended September 30, 2025, reflects the benefit associated with the reversal of a reserve due to a favorable audit resolution. Such reserve was established in prior years and was originally recorded as a Special Item.

Other Income tax impacts recorded as Special in the year to date ended September 30, 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 9/30/2025 | | | | | | |
|--|--------------|--------------------|--------------------|-------------------------------|---------------------------|--------------|
| | KFC Division | Taco Bell Division | Pizza Hut Division | Habit Burger & Grill Division | Corporate and Unallocated | Consolidated |
| GAAP Operating Profit (Loss) | \$ 392 | \$ 267 | \$ 84 | \$ (2) | \$ (75) | \$ 666 |
| Less: | | | | | | |
| Franchise and property revenues | 459 | 254 | 146 | 3 | (4) | 857 |
| Franchise contributions for advertising and other services | 161 | 178 | 85 | 1 | — | 426 |
| Add: | | | | | | |
| General and administrative expenses | 88 | 50 | 50 | 13 | 80 | 282 |
| Franchise and property expenses | 15 | 8 | 11 | 1 | — | 35 |
| Franchise advertising and other services expense | 160 | 177 | 89 | 1 | — | 427 |
| Refranchising (gain) loss | — | — | — | — | (17) | (17) |
| Other (income) expense | — | — | (4) | — | 3 | (1) |
| Company restaurant profit (loss) | \$ 36 | \$ 71 | \$ (1) | \$ 9 | \$ (4) | \$ 110 |
| Company sales | \$ 259 | \$ 298 | \$ 9 | \$ 130 | \$ — | \$ 697 |
| Company restaurant margin % | 13.7 % | 23.7 % | (12.2)% | 7.0 % | N/A | 15.8 % |
| Quarter ended 9/30/2024 | | | | | | |
| | KFC Division | Taco Bell Division | Pizza Hut Division | Habit Burger & Grill Division | Corporate and Unallocated | Consolidated |
| GAAP Operating Profit (Loss) | \$ 339 | \$ 251 | \$ 91 | \$ 1 | \$ (63) | \$ 619 |
| Less: | | | | | | |
| Franchise and property revenues | 417 | 234 | 150 | 3 | — | 804 |
| Franchise contributions for advertising and other services | 148 | 165 | 87 | 1 | — | 401 |
| Add: | | | | | | |
| General and administrative expenses | 86 | 41 | 51 | 11 | 74 | 263 |
| Franchise and property expenses | 20 | 6 | 9 | 1 | — | 36 |
| Franchise advertising and other services expense | 148 | 163 | 89 | 1 | — | 401 |
| Refranchising (gain) loss | — | — | — | — | (12) | (12) |
| Other (income) expense | — | — | (3) | 1 | (2) | (4) |
| Company restaurant profit (loss) | \$ 28 | \$ 62 | \$ — | \$ 11 | \$ (3) | \$ 98 |
| Company sales | \$ 220 | \$ 267 | \$ 1 | \$ 133 | \$ — | \$ 621 |
| Company restaurant margin % | 12.5 % | 23.4 % | (6.1)% | 8.3 % | N/A | 15.8 % |

| | Year to date 9/30/2025 | | | | | |
|--|------------------------|--------------------|--------------------|-------------------------------|---------------------------|--------------|
| | KFC Division | Taco Bell Division | Pizza Hut Division | Habit Burger & Grill Division | Corporate and Unallocated | Consolidated |
| GAAP Operating Profit (Loss) | \$ 1,088 | \$ 770 | \$ 239 | \$ — | \$ (260) | \$ 1,836 |
| Less: | | | | | | |
| Franchise and property revenues | 1,303 | 735 | 436 | 8 | (5) | 2,476 |
| Franchise contributions for advertising and other services | 478 | 514 | 255 | 2 | — | 1,249 |
| Add: | | | | | | |
| General and administrative expenses | 255 | 148 | 159 | 39 | 285 | 885 |
| Franchise and property expenses | 51 | 22 | 32 | 3 | — | 107 |
| Franchise advertising and other services expense | 472 | 510 | 268 | 2 | — | 1,251 |
| Refranchising (gain) loss | — | — | — | — | (33) | (33) |
| Other (income) expense | 1 | — | (9) | 1 | (8) | (15) |
| Company restaurant profit (loss) | \$ 85 | \$ 199 | \$ (2) | \$ 34 | \$ (11) | \$ 306 |
| Company sales | \$ 721 | \$ 848 | \$ 20 | \$ 385 | \$ — | \$ 1,974 |
| Company restaurant margin % | 11.9 % | 23.5 % | (9.2)% | 8.7 % | N/A | 15.5 % |

| | Year to date 9/30/2024 | | | | | |
|--|------------------------|--------------------|--------------------|-------------------------------|---------------------------|--------------|
| | KFC Division | Taco Bell Division | Pizza Hut Division | Habit Burger & Grill Division | Corporate and Unallocated | Consolidated |
| GAAP Operating Profit (Loss) | \$ 986 | \$ 709 | \$ 278 | \$ (2) | \$ (225) | \$ 1,746 |
| Less: | | | | | | |
| Franchise and property revenues | 1,219 | 678 | 446 | 7 | — | 2,350 |
| Franchise contributions for advertising and other services | 427 | 477 | 264 | 2 | — | 1,170 |
| Add: | | | | | | |
| General and administrative expenses | 253 | 137 | 153 | 38 | 249 | 830 |
| Franchise and property expenses | 46 | 22 | 19 | 3 | — | 90 |
| Franchise advertising and other services expense | 424 | 473 | 270 | 2 | — | 1,169 |
| Refranchising (gain) loss | — | — | — | — | (31) | (31) |
| Other (income) expense | (3) | (1) | (10) | 1 | 3 | (10) |
| Company restaurant profit (loss) | \$ 60 | \$ 185 | \$ — | \$ 33 | \$ (4) | \$ 274 |
| Company sales | \$ 488 | \$ 775 | \$ 5 | \$ 399 | \$ — | \$ 1,667 |
| Company restaurant margin % | 12.2 % | 23.9 % | (1.9)% | 8.2 % | N/A | 16.4 % |

Items Impacting Reported Results and Reasonably Likely to Impact Future Results

The following items impacted reported results in 2025 and/or 2024 and/or are reasonably likely to impact future results. 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 year to date ended September 30, 2024.

Impact of Tax Law Changes

On July 4, 2025, H.R.1, commonly known as the One Big Beautiful Bill Act ("OBBBA") was enacted into law in the U.S. The OBBBA includes a broad range of domestic and international tax reform provisions, including extending and modifying certain key provisions from the Tax Cuts and Jobs Act, as well as provisions allowing accelerated tax deductions for qualified depreciable property and research expenditures. The OBBBA has multiple effective dates, with certain provisions becoming effective in 2025 and others effective through 2027. We currently anticipate the OBBBA will have a favorable impact on our ongoing effective tax rate beginning in 2026.

Pizza Hut Strategic Options Review

We have begun a review of strategic options for the Pizza Hut brand. We have not set a deadline or definitive timetable for the completion of the strategic options review, and there can be no assurance this review will result in any specific outcome or transaction. We incurred certain costs during the quarter ended September 30, 2025 associated with this strategic options review (see Detail of Special Items section of this MD&A) and expect to incur further costs of a currently indeterminate amount as this strategic options review progresses.

KFC Division

The KFC Division has 32,951 units, 89% of which are located outside the U.S. Additionally, 99% of the KFC Division units were operated by franchisees as of September 30, 2025.

| | Quarter ended | | | | Year to date | | | |
|--|---------------|---------------|-----------|-----------|-----------------|-----------------|-------------|-------------|
| | | | % B/(W) | | | | % B/(W) | |
| | 2025 | 2024 | Reported | Ex FX | 2025 | 2024 | Reported | Ex FX |
| System Sales | \$ 9,340 | \$ 8,669 | 8 | 6 | \$ 26,401 | \$ 25,023 | 6 | 5 |
| Same-Store Sales Growth (Decline) % | 3 | (4) | N/A | N/A | 2 | (3) | N/A | N/A |
| Company sales | \$ 259 | \$ 220 | 18 | 15 | \$ 721 | \$ 488 | 48 | 46 |
| Franchise and property revenues | 459 | 417 | 10 | 8 | 1,303 | 1,219 | 7 | 7 |
| Franchise contributions for advertising and other services | 161 | 148 | 9 | 7 | 478 | 427 | 12 | 11 |
| Total revenues | <u>\$ 879</u> | <u>\$ 785</u> | 12 | 10 | <u>\$ 2,501</u> | <u>\$ 2,134</u> | 17 | 16 |
| Company restaurant profit | \$ 36 | \$ 28 | 29 | 26 | \$ 85 | \$ 60 | 43 | 41 |
| Company restaurant margin % | 13.7 % | 12.5 % | 1.2 ppts. | 1.3 ppts. | 11.9 % | 12.2 % | (0.3) ppts. | (0.3) ppts. |
| G&A expenses | \$ 88 | \$ 86 | (2) | Even | \$ 255 | \$ 253 | (1) | Even |
| Franchise and property expenses | 15 | 20 | 26 | 29 | 51 | 46 | (10) | (9) |
| Franchise advertising and other services expense | 160 | 148 | (9) | (7) | 472 | 424 | (11) | (10) |
| Operating Profit | \$ 392 | \$ 339 | 16 | 14 | \$ 1,088 | \$ 986 | 10 | 10 |

| <u>Unit Count</u> | <u>9/30/2025</u> | <u>9/30/2024</u> | <u>% Increase (Decrease)</u> |
|-------------------|------------------|------------------|------------------------------|
| Franchise | 32,463 | 30,684 | 6 |
| Company-owned | 488 | 459 | 6 |
| Total | <u>32,951</u> | <u>31,143</u> | 6 |

Company sales and Company restaurant margin %

The quarterly increase in Company sales, excluding the impacts of foreign currency translation, was driven by restaurant acquisitions and Company same-store sales growth of 6%.

The year to date 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 4%.

The quarterly increase in Company restaurant margin percentage was driven by Company same-store sales growth.

The year to date 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 franchise same-store sales growth of 3% and unit growth.

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

G&A

G&A, excluding the impacts of foreign currency translation, was flat during the quarter as higher expenses related to our annual incentive compensation programs were offset by lower headcount and salaries.

G&A, excluding the impacts of foreign currency translation, was flat year to date as higher expenses related to our annual incentive compensation programs and the operation of acquired KFC U.K. and Ireland restaurants were offset by lower headcount and salaries.

Operating Profit

The quarterly and year to date increases in Operating Profit, excluding the impacts of foreign currency translation, were driven by same-store sales growth and unit growth.

Taco Bell Division

The Taco Bell Division has 8,816 units, 87% of which are in the U.S. The Company owned 7% of the Taco Bell Division units in the U.S. as of September 30, 2025.

| | Quarter ended | | | | Year to date | | | |
|--|---------------|---------------|-----------|-----------|-----------------|-----------------|-------------|-------------|
| | 2025 | 2024 | % B/(W) | | 2025 | 2024 | % B/(W) | |
| | | | Reported | Ex FX | | | Reported | Ex FX |
| System Sales | \$ 4,368 | \$ 4,008 | 9 | 9 | \$ 12,623 | \$ 11,622 | 9 | 9 |
| Same-Store Sales Growth % | 7 | 4 | N/A | N/A | 7 | 3 | N/A | N/A |
| Company sales | \$ 298 | \$ 267 | 12 | 12 | \$ 848 | \$ 775 | 9 | 9 |
| Franchise and property revenues | 254 | 234 | 8 | 8 | 735 | 678 | 8 | 8 |
| Franchise contributions for advertising and other services | 178 | 165 | 9 | 9 | 514 | 477 | 8 | 8 |
| Total revenues | <u>\$ 730</u> | <u>\$ 666</u> | 10 | 10 | <u>\$ 2,098</u> | <u>\$ 1,930</u> | 9 | 9 |
| Company restaurant profit | \$ 71 | \$ 62 | 13 | 13 | \$ 199 | \$ 185 | 8 | 8 |
| Company restaurant margin % | 23.7 % | 23.4 % | 0.3 ppts. | 0.3 ppts. | 23.5 % | 23.9 % | (0.4) ppts. | (0.4) ppts. |
| G&A expenses | \$ 50 | \$ 41 | (22) | (22) | \$ 148 | \$ 137 | (8) | (8) |
| Franchise and property expenses | 8 | 6 | (33) | (33) | 22 | 22 | 3 | 3 |
| Franchise advertising and other services expense | 177 | 163 | (9) | (9) | 510 | 473 | (8) | (8) |
| Operating Profit | \$ 267 | \$ 251 | 7 | 7 | \$ 770 | \$ 709 | 9 | 9 |

| <u>Unit Count</u> | <u>9/30/2025</u> | <u>9/30/2024</u> | <u>% Increase (Decrease)</u> |
|-------------------|------------------|------------------|------------------------------|
| Franchise | 8,288 | 8,103 | 2 |
| Company-owned | 528 | 491 | 8 |
| Total | <u>8,816</u> | <u>8,594</u> | 3 |

Company sales and Company restaurant margin %

The quarterly and year to date increases in Company sales were driven by company same-store sales growth of 6% and 5% for the quarter and year to date, respectively, and unit growth.

The quarterly restaurant margin percentage increase was driven by same store sales growth partially offset by commodity inflation (primarily beef), higher labor and other restaurant operating costs.

The year-to-date restaurant margin percentage decrease was driven by commodity inflation (primarily beef), higher labor and other restaurant operating costs partially offset by same store sales growth.

Franchise and property revenues

The quarterly and year to date increases in Franchise and property revenues were driven by franchise same-store sales growth of 7% for both the quarter and year to date and unit growth.

G&A

The quarterly increase in G&A was driven by higher expenses related to our annual incentive compensation programs, higher digital and technology expenses and increased professional and legal fees.

The year-to-date increase in G&A was driven by higher digital and technology expenses, higher expenses related to our annual incentive compensation programs and increased share-based compensation partially offset by lower professional and legal fees.

Operating Profit

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

The year to date 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 19,872 units, 68% 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 September 30, 2025.

| | Quarter ended | | | | Year to date | | | |
|--|---------------|---------------|-------------|-------------|---------------|---------------|-------------|-------------|
| | 2025 | 2024 | % B/(W) | | 2025 | 2024 | % B/(W) | |
| | | | Reported | Ex FX | | | Reported | Ex FX |
| System Sales | \$ 3,177 | \$ 3,184 | Even | (1) | \$ 9,321 | \$ 9,491 | (2) | (2) |
| Same-Store Sales Growth (Decline) % | (1) | (4) | N/A | N/A | (1) | (5) | N/A | N/A |
| Company sales | \$ 9 | \$ 1 | 520 | 520 | \$ 20 | \$ 5 | 301 | 301 |
| Franchise and property revenues | 146 | 150 | (3) | (3) | 436 | 446 | (2) | (2) |
| Franchise contributions for advertising and other services | 85 | 87 | (2) | (2) | 255 | 264 | (4) | (4) |
| Total revenues | <u>\$ 240</u> | <u>\$ 238</u> | 1 | Even | <u>\$ 710</u> | <u>\$ 715</u> | (1) | (1) |
| Company restaurant profit (loss) | \$ (1) | \$ — | NM | NM | \$ (2) | \$ — | NM | NM |
| Company restaurant margin % | (12.2)% | (6.1)% | (6.1) ppts. | (6.1) ppts. | (9.2)% | (1.9)% | (7.3) ppts. | (7.3) ppts. |
| G&A expenses | \$ 50 | \$ 51 | Even | Even | \$ 159 | \$ 153 | (4) | (4) |
| Franchise and property expenses | 11 | 9 | (12) | (9) | 32 | 19 | (67) | (67) |
| Franchise advertising and other services expense | 89 | 89 | Even | Even | 268 | 270 | 1 | 1 |
| Operating Profit | \$ 84 | \$ 91 | (8) | (8) | \$ 239 | \$ 278 | (14) | (14) |

| <u>Unit Count</u> | <u>9/30/2025</u> | <u>9/30/2024</u> | <u>% Increase (Decrease)</u> |
|-------------------|------------------|------------------|------------------------------|
| Franchise | 19,814 | 19,920 | (1) |
| Company-owned | 58 | 7 | 729 |
| Total | <u>19,872</u> | <u>19,927</u> | Even |

Franchise and property revenues

The quarterly and year to date decreases in Franchise and property revenues, excluding the impact of foreign currency translation, were driven by franchise same-store sales declines of (1%).

G&A

G&A, excluding the impact of foreign currency translation, was flat during the quarter.

The year to date increase in G&A, excluding the impact of foreign currency translation, was driven by higher professional and legal fees, including expenses associated with franchise entities that have or are transitioning to new ownership.

Operating Profit

The quarterly decrease in Operating Profit, excluding the impact of foreign currency translation, was driven by a same store sales decline and higher current year bad debt expense (including bad debt expense associated with franchise entities that have or are transitioning to new ownership).

The year to date 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 franchise entities that have or are transitioning to new ownership), higher G&A, a same store sales decline and timing of digital and technology related spending within Franchise advertising and other services expense.

Habit Burger & Grill Division

The Habit Burger & Grill Division has 377 units, the vast majority of which are in the U.S. The Company owned 80% of the Habit Burger & Grill Division units in the U.S. as of September 30, 2025.

| | Quarter ended | | | | Year to date | | | |
|-------------------------------------|---------------|--------|----------|-------|--------------|--------|----------|-------|
| | | | % B/(W) | | | | % B/(W) | |
| | 2025 | 2024 | Reported | Ex FX | 2025 | 2024 | Reported | Ex FX |
| System Sales | \$ 166 | \$ 161 | 3 | 3 | \$ 486 | \$ 483 | 1 | 1 |
| Same-Store Sales Growth (Decline) % | 1 | (5) | N/A | N/A | (2) | (6) | N/A | N/A |
| Total revenues | \$ 134 | \$ 137 | (1) | (1) | \$ 395 | \$ 408 | (3) | (3) |
| Operating Profit (Loss) | \$ (2) | \$ 1 | (572) | (572) | \$ — | \$ (2) | 82 | 82 |

| <u>Unit Count</u> | <u>9/30/2025</u> | <u>9/30/2024</u> | <u>% Increase (Decrease)</u> |
|-------------------|------------------|------------------|----------------------------------|
| Franchise | 75 | 68 | 10 |
| Company-owned | 302 | 313 | (4) |
| Total | 377 | 381 | (1) |

Corporate & Unallocated

| (Expense) / Income | Quarter ended | | | Year to date | | |
|--|---------------|---------|-------------|--------------|----------|-------------|
| | 2025 | 2024 | % B/(W) | 2025 | 2024 | % B/(W) |
| Corporate and unallocated G&A | \$ (80) | \$ (74) | (10) | \$ (285) | \$ (249) | (15) |
| Unallocated Company restaurant expenses (See Note 9) | (4) | (3) | (56) | (11) | (4) | (171) |
| Unallocated Franchise and property revenues | (4) | — | NM | (5) | — | NM |
| Unallocated Refranchising gain (loss) | 17 | 12 | 37 | 33 | 31 | 6 |
| Unallocated Other income (expense) | (3) | 2 | NM | 8 | (3) | NM |
| Investment income (expense), net (see Note 9) | — | 1 | NM | 1 | (21) | NM |
| Other pension income (expense) (see Note 10) | (1) | 2 | (154) | — | 5 | (93) |
| Interest expense, net | (124) | (120) | (4) | (368) | (358) | (3) |
| Income tax provision (See Note 7) | (144) | (120) | (21) | (446) | (309) | (44) |
| Effective tax rate (See Note 7) | 26.7 % | 23.8 % | (2.9) ppts. | 30.3 % | 22.5 % | (7.8) ppts. |

Corporate and unallocated G&A

The quarterly increase in Corporate and Unallocated G&A expense was driven by higher professional and legal fees and higher current year expenses related to our annual incentive compensation programs, partially offset by lower costs associated with our resource optimization program.

The year to date increase in Corporate and Unallocated G&A expense was driven by higher professional and legal fees, costs associated with our current year brand headquarters consolidation and higher current year expenses related to our annual incentive compensation programs, partially offset by lower costs associated with our resource optimization program.

Consolidated Cash Flows

Net cash provided by operating activities was \$1,393 million in 2025 versus \$1,176 million in 2024. The increase was primarily driven by lower income tax payments in the current year, an increase in Operating Profit before Special Items and lower incentive compensation payments.

Net cash used in investing activities was \$208 million in 2025 versus \$292 million in 2024. The change was primarily driven by maturities of short-term investments in the current year compared to net purchases of short-term investments in the prior year and lower current year spending on restaurant acquisitions, partially offset by lapping prior year proceeds arising from the sale of our approximate 5% minority investment in Devyani and higher current year capital spending.

Net cash used in financing activities was \$822 million in 2025 versus \$991 million in 2024. The change was primarily driven by net borrowings in the current year compared to net repayments in the prior year.

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 approximately 4.0x Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") over the medium term by issuing incremental debt as our business grows.

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 that was undrawn as of September 30, 2025. Borrowings under our Revolving Facility have original maturities of three months or less. We believe that our ongoing cash from operations, cash on hand, which was approximately \$1,050 million at September 30, 2025, and availability under our Revolving Facility will be sufficient to fund our cash requirements over the next twelve months.

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, except that we executed purchase agreements with a franchisee to acquire 128 Taco Bell restaurants across the Southeast U.S. during the quarter ended September 30, 2025. These acquisitions are expected to close in the quarter ended December 31, 2025, with a total cash outlay of approximately \$670 million, largely financed with cash on hand.

Due to the ongoing significance of our debt obligations, we are providing the update below.

Debt Instruments

As of September 30, 2025, approximately 96%, including the impact of interest rate swaps, of our \$11.5 billion of total debt outstanding, excluding finance leases and debt issuance costs and discounts, is fixed with an effective overall interest rate of approximately 4.5%.

We ended the quarter with a consolidated net leverage ratio of 3.7x 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 September 30, 2025.

| | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2037 | 2043 | Total |
|-----------------------------------|-------------|--------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------|---------------|------------------|
| Securitization Notes | | | \$ 884 | \$ 595 | \$ 590 | \$ 1,000 | \$ 737 | \$ 500 | | | \$ 4,306 |
| Credit Agreement | \$ 7 | \$ 28 | 34 | 1,424 | 438 | | | | | | 1,930 |
| Subsidiary Senior Unsecured Notes | | | 750 | | | | | | | | 750 |
| YUM Senior Unsecured Notes | | | | | | 800 | 1,050 | 2,100 | \$ 325 | \$ 275 | 4,550 |
| Total | <u>\$ 7</u> | <u>\$ 28</u> | <u>\$ 1,668</u> | <u>\$ 2,019</u> | <u>\$ 1,028</u> | <u>\$ 1,800</u> | <u>\$ 1,787</u> | <u>\$ 2,600</u> | <u>\$ 325</u> | <u>\$ 275</u> | <u>\$ 11,536</u> |

See Note 11 for details on the Securitization Notes, the Credit Agreement, Subsidiary Senior Unsecured Notes and YUM Senior Unsecured Notes, including a refinancing of certain Securitization Notes that took place in September 2025.

New Accounting Pronouncements Not Yet Adopted

In December 2023, the Financial Accounting Standards Board ("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 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.

In September 2025, the FASB issued ASU 2025-06, Intangibles — Goodwill and Other — Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software, which amends certain aspects of the accounting for software costs, including removing software development project stages and requiring companies to capitalize costs when both 1) management authorizes or commits to funding a software project and 2) it is probable that the project will be completed and the software will be used to perform the function intended. The standard is effective for the Company in our first quarter of fiscal 2028, with early adoption permitted and can be applied on a prospective, retrospective or modified prospective basis. We are currently evaluating the impact of the standard on our condensed consolidated financial statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There were no material changes during the quarter ended September 30, 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 September 30, 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 September 30, 2025, the related condensed consolidated statements of income, comprehensive income and shareholders' deficit for the three-month and nine-month periods ended September 30, 2025 and 2024, the related condensed consolidated statements of cash flows for the nine-month periods ended September 30, 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
November 7, 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 September 30, 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) |
|----------------|--|------------------------------|--|---|
| 7/1/25-7/31/25 | 214 | \$147.43 | 214 | \$1,242 |
| 8/1/25-8/31/25 | 30 | \$143.89 | 30 | \$1,238 |
| 9/1/25-9/30/25 | — | \$— | — | \$1,238 |
| Total | 244 | \$147.25 | 244 | \$1,238 |

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 September 30, 2025, we have remaining capacity to repurchase up to \$1.2 billion of Common Stock under the May 2024 authorization.

Item 5. Other Information

Securities Trading Plans

During the three months ended September 30, 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 |
|---|--------------------------|-----------------|------------------|---|--|
| Tracy Skeans / Chief Operating Officer & Chief People Officer | Rule 10b5-1 trading plan | August 18, 2025 | January 30, 2026 | 51,106 ⁽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 |
|-------------|---|
| 3.1 | <u>Amended and Restated Bylaws of Yum! Brands, Inc., as amended, effective August 22, 2025, which is incorporated herein by reference from Exhibit 3.2 to YUM's Report on Form 8-K filed on August 28, 2025.</u> |
| 10.1 | <u>Second Amended and Restated Base Indenture, dated as of September 24, 2025, by and between Taco Bell Funding, LLC, as issuer, and Citibank, N.A., as trustee and the Series 2025-1 securities intermediary, which is incorporated herein by reference from Exhibit 10.1 to YUM's Report on Form 8-K filed on September 30, 2025.</u> |
| 10.2 | <u>Series 2025-1 Supplement to Second Amended and Restated Base Indenture, dated as of September 24, 2025, by and between Taco Bell Funding, LLC, as issuer, and Citibank, N.A., as trustee and Series 2025-1 securities intermediary, which is incorporated herein by reference from Exhibit 10.2 to YUM's Report on Form 8-K filed on September 30, 2025.</u> |
| 10.3 | <u>Second Amended and Restated Management Agreement, dated as of September 24, 2025, by and among Taco Bell Funding, LLC, as issuer, Taco Bell Franchise Holder 1, LLC, Taco Bell Franchisor, LLC, Taco Bell IP Holder, LLC, Taco Bell Franchisor Holdings, LLC and Taco Bell Corp., as manager, and Citibank, N.A., as trustee, which is incorporated herein by reference from Exhibit 10.3 to YUM's Report on Form 8-K filed on September 30, 2025.</u> |
| 10.4† | <u>Amendment to Separation Agreement, General Release and Covenant Not to Sue, executed July 5, 2025, by and between Yum Restaurant Services Group, LLC and Scott Catlett, as attached herein.</u> |
| 10.5† | <u>Special Advisor Offer Letter to David Gibbs, dated September 23, 2025, between the Company and David Gibbs, as attached herein.</u> |
| 10.6† | <u>Chief Consumer Officer Offer Letter to Sean Tresvant, dated August 28, 2025, between Yum Restaurant Services Group, LLC and Sean Tresvant, as attached herein.</u> |
| 15 | <u>Letter from KPMG LLP regarding Unaudited Interim Financial Information (Acknowledgement of Independent Registered Public Accounting Firm).</u> |
| 31.1 | <u>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.</u> |
| 31.2 | <u>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.</u> |
| 32.1 | <u>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.</u> |
| 32.2 | <u>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.</u> |
| 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: November 7, 2025

/s/ David Russell

Senior Vice President, Finance and Corporate Controller
(Principal Accounting Officer)

To: Scott Catlett
From: Erika Burkhardt
Date: June 23, 2025
Re: Amendment to Separation Agreement; General Release and Covenant Not to Sue

1. **Parties.** 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. **Amendment of Prior Agreement.** As of August 13, 2024 and revised as of August 16, 2024, you, Yum and the Company entered into a Separation Agreement, General Release and Covenant Not to Sue (the “Separation Agreement”). It is now desirable to amend the Separation Agreement as set forth herein (the “Amendment”) to reflect further agreements of the Parties. It is the intent of the parties that no further amendments will be made.
3. **Terms of Amendment.** The Separation Agreement is hereby amended as follows, all effective as of June 21, 2025:

- Section 2 of the Separation Agreement is hereby amended to provide that your “Termination Date” shall be June 21, 2025.
- Section 3 of the Separation Agreement is hereby amended as follows:

Separation Pay: Your “Paid Leave of Absence Period” will end on June 21, 2025 and you will not be entitled to any salary continuation payments for periods thereafter.

Lump Sum Payment: You will not be entitled to a lump sum payment in the amount of \$300,000 within thirty (30) days of your Termination Date or otherwise and you hereby waive any right you may otherwise have to (or to retain) any such payment.

Additional Lump Sum Payment: You will not be entitled to an Additional Lump Sum Payment in the amount of \$50,000 within thirty (30) days of your Termination Date or otherwise and you hereby waive any right you may otherwise have to (or to retain) any such payment.

Bonus Eligibility: You will not be entitled any bonus for calendar year 2025.

The payments described under the “Lump Sum Payment” and “Additional Lump Sum Payment” are collectively referred to for purposes of this Amendment as “Lump Sum Payments”.

4. **Repayment Obligation:** You acknowledge that the Company previously paid to you a lump sum in the amount of \$190,575 (representing the aggregate full amount of the Lump Sum Payments, net of taxes). Because you have no right to, or to retain, the Lump Sum Payments, you hereby agree that, within ten (10) business days of the date of this Amendment, you will repay Yum the sum of \$190,575. Such repayment will be made by wire transfer in accordance with instructions provided by Yum.
5. **Limited Waiver of Restrictive Covenants.** In consideration of your agreement with the terms of this Amendment and your compliance with the repayment obligations in Section 4 hereof, the Company agrees that the Separation Agreement is hereby amended by adding the following paragraph as the last paragraph of Section 16 of the Separation Agreement:

“Notwithstanding the foregoing, solely for purposes of the competitive activity provisions of the Restricted Covenants contained in your SAR Agreements, RSU Agreements, and PSU Agreements (collectively, the ‘Award Agreements’), and the enforcement of such competitive activity provisions by the Company, the term ‘Competitor Company’ shall not include Inspire Brands and its respective organizations, partnerships, ventures, sister companies, franchises, affiliates, franchise organizations, or an organization in which any of such entities have an interest (‘Inspire Brands’), commencing September 1, 2025. The Company agrees that it will not consider your performance of services, work, or consulting services for Inspire Brands from

September 1, 2025 to be a violation of the competitive activity prohibitions of the Restricted Covenants contained in the Award Agreements.”

Further, you hereby agree to the amendment of Section 16 of the Separation Agreement (and Sections 13 or 14 of the Award Agreements, as applicable) to provide that your non-solicitation obligations owed to Yum and Company will run through December 31, 2026; provided, however, that Section 13(c)(iv) and Section 14(c)(iv) of the Award Agreements, as applicable, are deleted in their entirety, and Section 16(i) of the Separation Agreement and Sections 13(c)(v) and 14(c)(v) of the Award Agreements, as applicable, are hereby amended to read:

“induce or attempt to induce any franchisee, supplier, licensee, licensor or other business relation of Company to cease doing business with Company, or in any way interfere with the then existing business relationship between any such franchisee, supplier, licensee, licensor or other business relation and Company; or”

6. **No Known Claims.** In consideration of your agreement with the terms of this Amendment and your compliance with the repayment obligations in Section 4 hereof, the Company represents and warrants that, after reasonable inquiry, it is not aware of any breach of the Separation Agreement or the Award Agreements or any claims or causes of action in law or in equity, which the Company may have against you.
7. **No Other Changes:** Except as otherwise specifically provided in this Amendment, the terms and conditions of the Separation Agreement shall continue in full force and effect with its terms. In addition and for the avoidance of doubt, all restrictive covenants provisions of the Award Agreements, including the confidentiality provisions, the non-solicitation provisions and the competitive activity (as amended) provisions, will remain in full force and effect in accordance with their terms except as specifically provided in Section 5 of this Amendment.

AGREED:

/s/ Scott Catlett

Scott Catlett

YUM! Brands, Inc.

By: /s/ Erika Burkhardt

Erika Burkhardt
Chief Legal Officer & Corporate Secretary

Date: 7/5/2025

8.

Date: 7/5/2025

September 23, 2025

David Gibbs
1918 Olive Street
Dallas, TX 75201
David,

I want to thank you for your many years of outstanding leadership at Yum! and our iconic Brands. During your time as CEO, you led the company through a global pandemic and navigated unprecedented global events, which was no small task. While the journey was not without challenges, your dedication, resilience and steady leadership helped us maintain focus and continuity during uncertain times.

As we position Yum! Brands for the future, we believe it would be beneficial for the company to retain your services on a limited basis through the end of 2026.

Accordingly, this letter describes our mutual understanding regarding the assistance you will provide to help ensure transition of Chris Turner, CEO designate, for the period October 1, 2025 through January 3, 2027. This letter also sets forth the compensation you will receive in exchange for these services, as approved by the Management Planning and Development Committee on August 21, 2025, as well as the ordinary course benefits Yum is providing in connection with your retirement from Yum! Brands (the “Company” or “Yum”). Except as otherwise provided for under the terms of this letter, this letter is not intended to change or in any way alter any payments, benefits or rights you are already entitled to by virtue of your employment with and retirement from Yum, including your rights and benefits under the Company’s retiree medical, pension, equity award and executive income deferral programs.

Special Advisor Period

- As previously announced, your position on the Board and as an officer of the Company and its subsidiaries will end September 30, 2025. You are continuing after September 30, 2025 as an employee through January 3, 2027. (The period of your employment from October 1, 2025 to January 3, 2027 will be referred to as your “Special Advisor Period.”)
 - During the Special Advisor Period, you will work on average at least 12 hours per week.
 - There will be no change to your current base pay compensation for the period of October 1 – December 31, 2025.
 - Beginning January 1, 2026 and continuing through the end of Special Advisor Period, you will be paid \$700,000 annually or \$26,923.07 bi-weekly for the services you perform. This amount will be subject to all applicable taxes and withholdings.
 - You will continue to participate as an employee in the Company’s benefit plans, in accordance with their terms, through your Retirement Date (or other termination of service, such as on account of death).
-

- You will be eligible to continue in the executive physical program through January 3, 2027.
- You will retire as an employee of the Company on January 4, 2027 (your “Retirement Date”).

Special Advisor Duties

- During the Special Advisor Period, your duties will include serving as an advisor to company leaders and the CEO designate. Specifically, you will counsel the CEO designate on matters including, but not limited to: (i) working with an independent chairman; (ii) enhancing Board interactions and chemistry; (iii) facilitating productive interactions between Board and management; (iv) developing Board agendas; (v) effectively communicating with shareholders, government authorities and other stakeholders, and managing public relations issues; (vi) creating, communicating and implementing the organization’s vision, mission, culture, and overall direction; and (vii) leading the development and implementation of the overall organizational strategy.

Incentive Compensation

- You will receive a 2025 Yum Leaders’ Bonus payout based on your employment from January 1, 2025 to December 31, 2025 (not prorated), based on the Company’s actual performance and your individual performance for 2025. Your 2025 bonus will be paid to you in February 2026 during the Company’s normal bonus payment cycle.
- You will not be eligible for the 2026 or 2027 Yum Leaders’ Bonus.

Equity Awards: SARs & RSUs

- Equity awards will continue to vest during the Special Advisor Period and after your Retirement Date, where applicable, in accordance with ordinary plan terms.
- You will not be eligible for new awards in 2026 or 2027.

Equity Awards: PSUs

- 2024 and 2025 awards will continue to vest through the Special Advisor period, but will not continue to vest after your Retirement Date, in accordance with ordinary plan terms
- You will not be eligible for new awards in 2026 or 2027.

Administrative Support

- Yum will provide you the services of an Executive Assistant through January 3, 2029. These services will be provided by a Company employee working at the Plano Restaurant Services Center.
-

- Joann Watkins will serve as a single point of contact to provide any assistance you or your advisors require with respect to your retiree medical, pension, Executive Income Deferral Program or other benefit-related matters.
- In addition, the Company will provide reasonable IT support through January 3, 2029. It is understood that you will be responsible for the cost of purchasing any IT or similar equipment and that you are responsible for its maintenance. Yum, in its sole discretion, may outsource this support to a third-party vendor that you and the Company mutually agree upon and Yum will pay for the annual cost.
- During the Special Advisor Period, the Company may provide you with use of corporate aircraft, but only for travel associated with your duties described above, or other Yum-designated business-related travel. All use must be pre-approved by me.

Change in Control Severance Agreement

You understand and agree that upon executing this letter, that as of October 1, 2025 -you will no longer be entitled to any payment on account of a “change in control” of the Company under the Change in Control Severance Agreement between you and the Company and approved by the Company’s Board of Directors.

Trading in Yum Stock

After your Retirement Date, you will no longer be subject to the Company’s Stock Trading Policy. Of course, you will be subject to federal securities laws and may not trade if you are in possession of material nonpublic information. If you have any questions regarding your trading in Yum stock after your Retirement Date, you should contact the Company’s Chief Legal Officer.

Executive Income Deferral Program

You understand that you will receive payments under Yum’s Executive Income Deferral Plan (“EID”) following your Retirement Date. Distributions will be made in accordance with the terms of the EID plan and your elections under the EID, as well as IRC Sec.162(m) regulations. These payments will be taxable income for federal and state income tax purposes.

Agreement

This letter is not a contract of employment, nor does it create an implied contract of continued employment. Either the Company or you can terminate your employment relationship at any time, with or without cause and with or without notice. To the extent applicable, however, the special benefits described herein apply only if your employment terminates on your Retirement Date as contemplated by this letter.

David, thank you again for your many years of service and contributions to Yum. We look forward to working with you, and to your continued contributions through your Retirement Date.

Best regards,

Chris Turner

I accept the agreement described above and accept the terms within.

Signature: /s/ David Gibbs
 David Gibbs

Date: October 9, 2025

cc: Chris Connor
 Erika Burkhardt
 Tracy Skeans

S

August 28, 2025

Sean Tresvant

Dear Sean,

I am pleased to confirm our offer of CEO, Taco Bell Global and Chief Consumer Officer, Yum Restaurant Services Group, LLC ("Yum!"), Level LT. In this role, you will be reporting to Chris Turner, current Chief Financial Officer and incoming Chief Executive Officer, Yum!.

Details of the offer are as follows:

- **Effective Date:** October 1, 2025
- **Salary:** Your annual salary will be \$1,000,000. You will be paid bi-weekly in the amount of \$38,461.54 per pay period, less applicable taxes and withholdings. This includes 2026 merit.
- **Bonus:** In addition to your annual salary, you are also eligible for our Yum! Leaders' Bonus. This annual bonus recognizes and rewards you for our overall performance as a company as well as your individual contributions to the business.

Your target bonus award is 150% of your annual salary, but this award can range from 0 up to 300% of the target award percentage based on the performance of both you and the company. Here's how it works:

- Your payout from the Team Performance Factor is based on 75% Taco Bell Global's annual performance and 25% Yum!'s annual performance, and can range from 0 to 200% of your target bonus.
 - For 2025, your target bonus will be prorated based on the number of days in your position:
 - Jan. 1 – Sept. 30 – 140%
 - Oct. 1 – Dec. 31 – 150%
 - Likewise, depending on how well you perform against the personal goals and objectives set by you and your coach, your Individual Performance Factor could range from 0 to 150% of your target bonus.
 - If we achieved the maximum 200% Team Factor multiplied by the maximum 150% Individual Factor this would result in a bonus award 3 times your target.
- **Annual Grant Award:** Our long-term incentive program allows you to have a stake in the long-term growth of the company. Awards are typically granted annually in February and are based on your level in the organization and management's assessment of your performance. The target award for your role is \$5,000,000 commencing in 2026. This award will be granted 25% in Stock Appreciation Rights (SARs), 25% in Restricted Stock Units (RSUs) and 50% Performance Share Units (PSUs). This mix of awards is reviewed annually and could change.
 - **There will be no other changes to your benefits.**
-

We thank you for your contributions to our iconic brands and look forward to continuing your growth with us!

Sincerely,

Chris Turner
Chief Financial Officer
Yum Restaurant Services Group, LLC

Agreed and accepted:

/s/ Sean Tresvant

Signature - Sean Tresvant

September 1, 2025

Date

This letter provides a summary of our rewards programs as of January 1, 2025. The company reserves the right to change or terminate the programs or plans at any time. No rights shall accrue by reason of, or arising out of, any statement made in, or omitted from, this document.

November 7, 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, 333-223152, and 333-287320) on Form S-8.

With respect to the subject registration statements, we acknowledge our awareness of the use therein of our report dated November 7, 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

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: November 7, 2025

/s/ Chris Turner

Chief Executive Officer

CERTIFICATION

I, Ranjith Roy, 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: November 7, 2025

/s/ Ranjith Roy

Chief Financial Officer and Treasurer

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 September 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Periodic Report”), I, Chris Turner, 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: November 7, 2025

/s/ Chris Turner

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.

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 September 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Periodic Report”), I, Ranjith Roy, 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: November 7, 2025

/s/ Ranjith Roy

Chief Financial Officer and Treasurer

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.