

UNLOCKING OPPORTUNITY FOR GROWTH & GOOD

Dear Fellow Stakeholders:

At Yum!, we have a clear vision for building the world's most loved, trusted and fastest growing restaurant brands. It begins with our franchisees and restaurant team members who bring our vision to life, one meal at a time. As the world's largest restaurant company, our unified global system of more than 53,000 restaurants in over 155 countries serves millions of customers each day, provides opportunities for our team members and supports the communities in which we operate.

Before looking back at last year's accomplishments, I want to acknowledge that while we see a bright future ahead for our global business in 2022 and beyond, our hearts are with the people impacted by the crisis currently playing out in Ukraine. We hope for peace to be restored in the region, and we are taking action to help ensure the safety of our people, support humanitarian causes in the region and suspend key components of our operations in Russia.

Reflecting on 2021, I am incredibly proud of the collective accomplishments of our Yum! teams, franchise partners and restaurant team members around the world. We maximized the structural advantages of our diversified global portfolio by leveraging our unmatched global scale, sophisticated supply chains, marketing and consumer insights expertise, and our growing Digital & Technology capabilities to fuel growth and deliver strong results. Our 2021 results show that our portfolio of iconic brands, run by the very best in the business and guided by our **Recipe for Growth & Good**, can thrive and win in any environment. We're entering 2022 in an enviable position that's underpinned by the resiliency of our highly-franchised business model and our relevant, easy and distinctive brands.

2021 Highlights: We remain committed to advancing our **Recipe for Growth**. During 2021, we opened nearly 4,200 restaurants in over 110 countries, resulting in 3,057 net-new units and signaling that our development engine is diversified and stronger than ever. This accelerated restaurant development is a testament to the health of our business. Our digital sales reached new heights hitting \$22 billion in 2021, an increase of approximately 25% year over year and demonstrating a more permanent shift to these channels. We galvanized our digital and technology strategy and advanced the development of our ecosystem with both internal investments and the closing of the Kvantum, TicTuk and Dragontail acquisitions. Our investments in digital and technology that enable **Easy Experiences**, **Easy Operations** and **Easy Insights** are proving to both support and accelerate our growth.

We also continued to make progress on our **Recipe for Good** in 2021, focused on our three priority pillars: People, Food and Planet. During the year, we invested in Yum!'s social purpose, unlocking opportunities for our people and communities through initiatives like the launch of the Yum! Center for Global Franchise Excellence at the University of Louisville, a first-of-its-kind business program offering multiple levels of online education that emphasize the possibilities of franchising as a pathway to entrepreneurship for underrepresented people of color and women. We continue to introduce relevant and distinctive plant-based offerings through our partnership with Beyond Meat. In addition, we announced science-based targets to reduce greenhouse gas emissions nearly 50% by 2030 and pledged to achieve net-zero emissions by 2050.



David Gibbs,
Chief Executive Officer
Yum! Brands, Inc.

To bring these accomplishments to life, let me share specific highlights from each of our brands:

KFC is “**Always Original.**” KFC expanded its presence across the globe with unprecedented new restaurant openings, coupled with accelerated digital capabilities including increasing the number of restaurants offering delivery by more than 20% since 2020. KFC successfully launched its chicken sandwich platform in the U.S. to match its globally successful sandwich offerings in multiple international markets.

Taco Bell is truly a **Category of One for Everyone**, believing everyone deserves the right to Live Más. The brand spent 2021 advancing its digital capabilities and growing the Taco Bell Rewards loyalty program while also welcoming its morning customers back with the national relaunch of the breakfast daypart. Additionally, Taco Bell reached a significant development milestone in its international business as Spain became its first international market to surpass 100 units.

Pizza Hut is committed to ensuring every customer has a **Hot, Fast and Reliable** experience, as it continues to shift to digital ordering and off-premises channels. The brand remains focused on providing customers with easy experiences and convenient offerings. Pizza Hut’s intelligent coaching app, HutBot, is deployed in over 6,000 stores worldwide, enabling easy operations for team members, while Dragontail allows the brand to streamline food preparation and optimize its delivery routes, ensuring the customer receives the freshest product with each order.

The Habit Burger Grill is the **spirit of Santa Barbara, California**, and its commitment to quality is at the heart of everything it does. In 2021, the Habit prioritized its restaurant team member experience, simplifying its operations, revitalizing its core menu items and driving customer awareness through new access options and digital engagements.

Our **Recipe for Growth’s** four growth drivers are our foundation to build sustainable, long-term results. Outlined below, they drive higher same-store sales and net-new unit growth and serve as our guiding principles across all business decisions.

Unrivaled Culture & Talent

Leveraging our people-first culture to fuel brand performance and franchisee success

Bold Restaurant Development

Driving market and franchise unit expansion with strong economics

Unmatched Operating Capability

Recruiting and equipping the best restaurant operators in the world to deliver great customer experiences

Relevant, Easy & Distinctive Brands

Innovating and elevating iconic restaurant brands that people trust and champion

Our **Recipe for Good** continues to reflect our priorities for social responsibility, risk management and sustainable stewardship of our People, Food and Planet.

People: We Unlock Opportunity

We’re investing in Yum!’s social purpose to unlock opportunities for our people and communities with a special focus on championing equity, inclusion and belonging, education and skills, and entrepreneurship across all aspects of our brands and franchise business.

Food: We Serve Food People Trust

We have an unwavering commitment to serve food that people trust. That means going above and beyond when it comes to food safety, listening and responding to customers’ evolving preferences, and improving the nutritional value of our menu items.

Planet: We Grow Sustainably

We remain committed to growing sustainably and using our scale to minimize our environmental impact with a focus on reducing carbon emissions, plastic waste and land use across our restaurants and supply chain.

In closing, our record unit development during 2021 marked the strongest growth year in Yum!’s history. We’re entering 2022, which marks Yum!’s 25th anniversary, stronger than ever, guided by our **Recipe for Growth & Good** strategies. I’m excited for the year ahead as we continue our efforts to remain among the world’s most loved, trusted and fastest growing restaurant brands while delivering lasting value for our stakeholders. Thank you to our shareholders, customers and Yum! family for your continued support.



David Gibbs, CEO