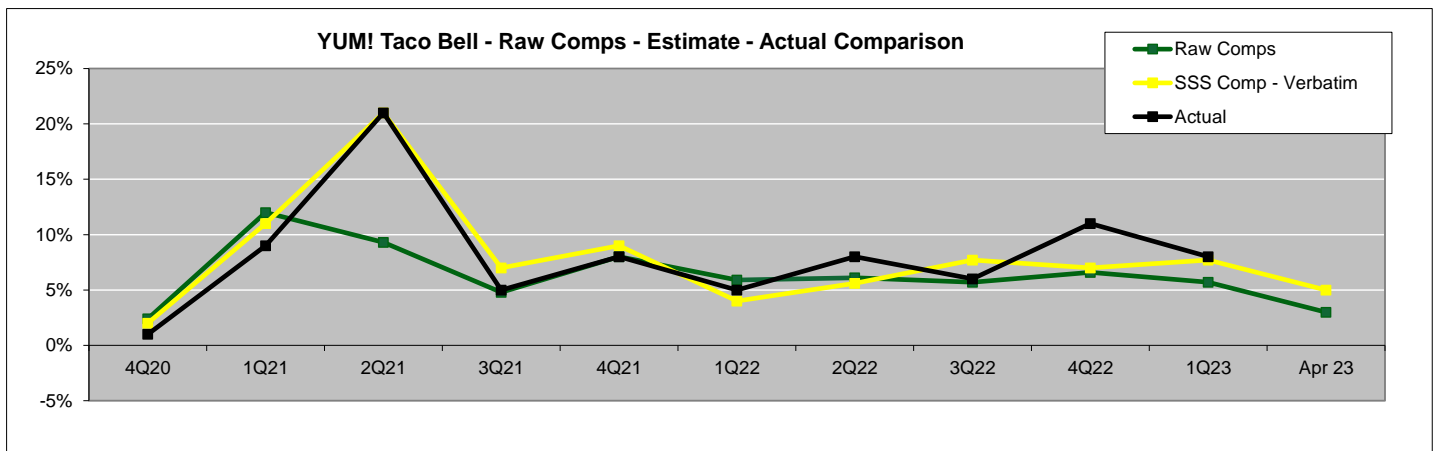


Synopsis: A tougher YoY comparison weakens April trends despite promotional menu options**YUM-Taco Bell SSS: Apr Comp Estimate is +5% vs. 1Q23 Actual Comp of +8%**

April trends are weaker than our March and overall 1Q23 trends. Popular menu options across our sample include the Grilled Cheese Burrito, Nacho Fries, and Bacon Club Chalupa. We hear that the Deluxe Box is a top seller across our sample. Market share is mostly growing across our sample as our respondents' local economies are unchanged. Inventory levels across our sample are just right. Popular promotional deals center around the Nacho Fries Deluxe Box for \$8.99 and additional coupons. Prices across our sample are mostly rising by \$0.50 on average. Prices are primarily rising on the Soft Taco Supreme and Burrito Supreme. We hear that beef based menu options are rising higher than other items. Hiring new staff is significantly easier across our sample due to more applicants. Labor hours are higher YoY according to our sample. Online ordering is more popular YoY as one respondent mentions that they fulfill 40 mobile orders per day. The current YoY comparison is harder than the previous quarter on a YoY basis and on a multiyear basis. In Q1, we applied a bias factor of positive 200 bps. Due to the tougher multiyear comparison and weaker trends, we are applying a bias of positive 200 bps in April. With an April Raw Comp of +3.0%, our April Comp Estimate is +5%.

YoY Trends vs. Prev. Month	Weaker	Seq. Raw Comp Change (bps)	-200	1-Year YoY Comparison	Hard	300
Qtd/Qtr YoY Trends Change	Weaker	Qtd/Qtr Raw Comp Change (bps)	-270	Previous required bias / Current QTD bias	+230	+200



	3 months ending			9-29-22	3 months ending			12-31-22	3 months ending			3-31-23	3 months ending			7-1-23
YoY Net Trends	Jul 22	Aug 22	Sep 22	3Q22	Oct 22	Nov 22	Dec 22	4Q22	Jan 23	Feb 23	Mar 23	1Q23	Apr 23	May 23	Jun 23	2Q23
Sales	71%	71%	100%	81%	100%	69%	87%	85%	86%	57%	81%	75%	57%			
Perf. vs. Plan	29%	14%	43%	29%	50%	33%	47%	43%	43%	14%	24%	27%	7%			
Traffic	29%	36%	64%	43%	100%	77%	73%	83%	71%	64%	67%	67%	50%			
Ticket	86%	100%	100%	95%	100%	69%	100%	90%	100%	86%	81%	89%	86%			
High Growth	21%	33%	38%	31%	33%	42%	60%	45%	36%	36%	19%	30%	0%			

Estimates	Jul 22	Aug 22	Sep 22	3Q22	Oct 22	Nov 22	Dec 22	4Q22	Jan 23	Feb 23	Mar 23	1Q23	Apr 23	May 23	Jun 23	2Q23
Verbatim Raw Comps	5.0%	5.0%	7.0%	5.7%	6.0%	5.7%	8.0%	6.6%	7.1%	5.0%	5.0%	5.7%	3.0%			
Bias Factor	2.0%	2.0%	2.0%	2.0%	0.0%	0.0%	0.0%	0.0%	1.0%	3.0%	2.0%	2.0%	2.0%			
SSS Comp - Verbatim	7%	7%	9%	8%	6%	6%	8%	7%	8%	8%	7%	8%	5%			
Actual				6%				11%				8%				

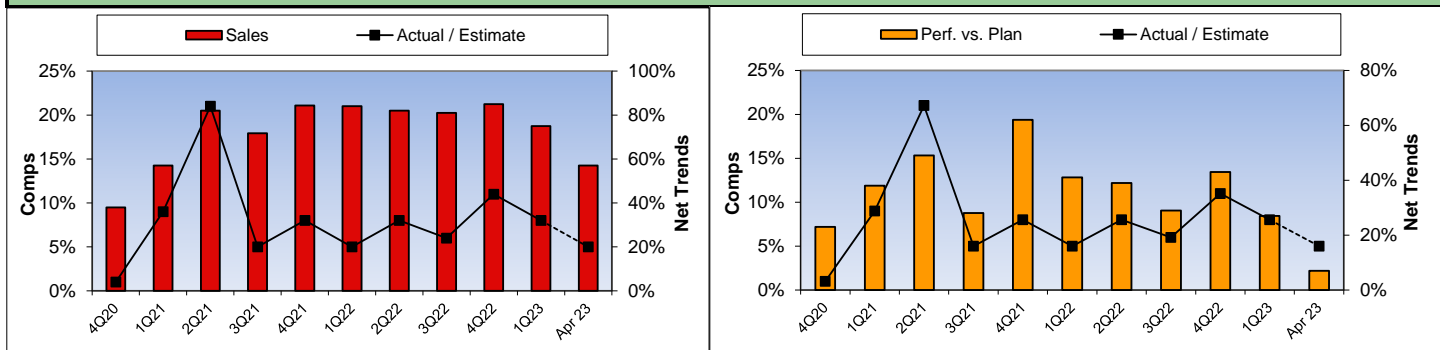
	3 months ending			9-30-21	3 months ending			12-31-21	3 months ending			3-31-22	3 months ending			6-30-22
YoY Net Trends	Jul 21	Aug 21	Sep 21	3Q21	Oct 21	Nov 21	Dec 21	4Q21	Jan 22	Feb 22	Mar 22	1Q22	Apr 22	May 22	Jun 22	2Q22
Sales	37%	78%	100%	72%	88%	65%	100%	84%	73%	80%	100%	84%	87%	86%	73%	82%
Perf. vs. Plan	22%	6%	56%	28%	63%	31%	92%	62%	7%	38%	77%	41%	27%	50%	40%	39%
Traffic	37%	78%	94%	70%	88%	53%	86%	76%	47%	73%	87%	69%	73%	86%	60%	73%
Ticket	47%	78%	75%	67%	88%	65%	100%	84%	67%	80%	80%	76%	80%	79%	67%	75%
High Growth	6%	25%	20%	17%	50%	25%	55%	43%	31%	36%	14%	27%	21%	29%	38%	29%

Estimates	Jul 21	Aug 21	Sep 21	3Q21	Oct 21	Nov 21	Dec 21	4Q21	Jan 22	Feb 22	Mar 22	1Q22	Apr 22	May 22	Jun 22	2Q22
Verbatim Raw Comps	2.5%	5.0%	7.0%	4.8%	7.0%	7.0%	10.0%	8.0%	6.0%	6.0%	5.7%	5.9%	6.0%	6.4%	6.0%	6.1%
Bias Factor	1.5%	2.5%	2.0%	2.0%	1.0%	1.0%	1.0%	1.0%	-1.0%	-1.0%	-4.0%	-2.0%	-1.0%	0.0%	-0.5%	-0.5%
SSS Comp - Verbatim	4%	8%	9%	7%	8%	8%	11%	9%	5%	5%	2%	4%	5%	6%	6%	6%
Actual				5%				8%				5%				8%
2-Year Stacked Comp	Actual			8%	Actual			18%	Actual			N/A	Actual			N/A

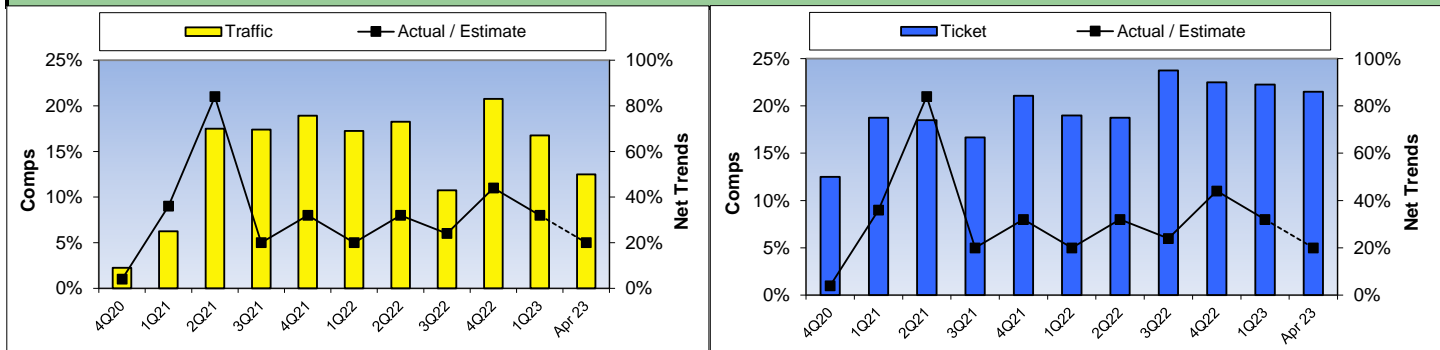
Impact on Comps									
Market Share	▲	Economy	=	Delivery / Mobile	▲	Promotions	▲	Prices	▲

Popular Products	<p>The most popular menu options across our sample include the Grilled Cheese Burrito, Nacho Fries, and Bacon Club Chalupa. We hear that the Deluxe Box is a top seller across our sample. Market share is mostly growing across our sample as our respondents' local economies are unchanged. A TN respondent said, "The most popular menu items [in April were] probably the quesadillas. It's always the most popular. [Traffic in April YoY increased because] we had a change in management. So, our lobby was shut down most of last year. We've had it open this year. For [popular promotions in] April we did the Bacon Club Chalupa, and the Grilled Cheese Burritos." An IL respondent said, "The Bacon Club Chalupa was [the bestseller in April]. I'd say [there were] more [customers in April YoY] because of the promotions. I think in general we are just up 15%. There were definitely more customers because of the weather and COVID relaxing. Everyone is getting out. I'd say we are gaining [market share]. We are still really popular. I'd say in general, every competitor in the town is doing well. [Inventory levels are] actually right on target for food costs. I'd say, on average, the biggest [shortage] would be lettuce just because it gets wasted."</p>
Prices	<p>Prices across our sample are mostly rising by \$0.50 on average. Prices are primarily rising on the Soft Taco Supreme and Burrito Supreme. We hear that beef based menu options are rising higher than other items. A PA respondent said, "Prices went up. The Soft Taco Supreme and Burrito Supreme [increased] by about 10 cents. [Traffic YoY is up because] last year they did not have enough staff so the dine in was closed a lot. [Sales YoY is up as] the service is better." A TX respondent said, "The fries doubled in price and the boxes doubled in price. Our most popular menu item is going to be our Deluxe Box. [Traffic YoY is up as] last year we just got out of COVID."</p>
Operations	<p>Popular promotional deals center around the Nacho Fries Deluxe Box for \$8.99 and additional coupons. Inventory levels across our sample are just right, but we hear of some difficulty keeping orange juice and lettuce in stock. Hiring new staff is significantly easier across our sample due to more applicants. A MO respondent said, "The Nacho Fries, we also have them in like a Deluxe Box. They went to a production sale for our business model instead of a labor business model, and it just focuses differently, and then we have a remodel coming around in July, and they're trying to [budget cut] to kind of pay for that too. It's still pretty [easy] to hire, just because of my location. [Prices] have been up for meat items like beef by around 40%." A UT respondent said, "They all went up by about 10 cents. KFC is doing poorly. Burger King is doing poorly. Chick-fil-A is doing good. Chipotle just opened a couple of months ago. We have coupons right now."</p>

Store Trends	Performance vs. Plan Trends
--------------	-----------------------------



Traffic Trends	Ticket Trends
----------------	---------------



Definitions

Net Trends	The difference between the percentage of positive and negative responses to the underlying trends questions. For instance, out of 20 responses, 8 have positive Comps, 7 have flat Comps, and the remaining 5 have negative Comps. The net Sales trend is (8-5)/20 = 15%.
Raw Comp	The standardized average Comps of our respondents, without the use of any bias factor. Sometimes the extremely high and low values are capped. For instance, a respondent is growing at 40% and overall Comps are in single digits, then we cap that respondent's growth at between 10-15%.
Bias Factor	The difference between the Raw Comp and our Comp Estimate. The bias factor is not static and based on our experience estimating Comps since 2005. Factors may include: acceleration / deceleration of trends, easy / difficult YoY comparison, calendar shift of promotions, timing of holidays, and respondent commentary. Verbatim does not use sell-side reports / consensus when making a final estimate.
Interview Mix	Verbatim's monthly interview mix is mapped to each specific company's profile with respect to the geographic distribution of stores, by the split of store formats, and where appropriate store age and the mix of franchise and company-owned locations.

This report was prepared by Verbatim Advisory Group, LLC, and the recipient understands and agrees that this report and all materials prepared by Verbatim in connection with this report contain information that is confidential and proprietary to both Verbatim and the recipient. The recipient agrees to maintain the report and supporting materials in confidence and agrees not to share this report's information with third parties, unless such third parties agree to maintain such information in confidence, and certify such agreement in writing with Verbatim.