**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 25, 2022

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: 001-35625

# BLOOMIN' BRANDS, INC.

(Exact name of registrant as specified in its charter)

| | |
|---|---|
| **Delaware** | **20-8023465** |
| (State or other jurisdiction of incorporation or organization) | (IRS Employer Identification No.) |

**2202 North West Shore Boulevard, Suite 500, Tampa, FL 33607**
(Address of principal executive offices) (Zip Code)

**(813) 282-1225**
(Registrant's telephone number, including area code)

**N/A**
(Former name, former address and former fiscal year, if changed since last report)

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

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| **Common Stock $0.01 par value** | **BLMN** | **The Nasdaq Stock Market LLC (Nasdaq Global Select Market)** |

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

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

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

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐
Smaller reporting company ☐ Emerging growth company ☐

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of October 27, 2022, 87,793,644 shares of common stock of the registrant were outstanding.

**BLOOMIN' BRANDS, INC.**

INDEX TO QUARTERLY REPORT ON FORM 10-Q
For the Quarterly Period Ended September 25, 2022
(Unaudited)

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**BLOOMIN' BRANDS, INC.**

## PART I: FINANCIAL INFORMATION

### Item 1. Financial Statements

## CONSOLIDATED BALANCE SHEETS
**(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA, UNAUDITED)**

| | SEPTEMBER 25, 2022 | DECEMBER 26, 2021 |
|---|---|---|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | $ 90,678 | $ 87,585 |
| Restricted cash and cash equivalents | 143 | 1,472 |
| Inventories | 83,250 | 79,112 |
| Other current assets, net | 101,639 | 184,623 |
| Total current assets | 275,710 | 352,792 |
| Property, fixtures and equipment, net | 875,567 | 842,012 |
| Operating lease right-of-use assets | 1,115,004 | 1,130,873 |
| Goodwill | 273,100 | 268,444 |
| Intangible assets, net | 449,975 | 453,412 |
| Deferred income tax assets, net | 158,883 | 168,068 |
| Other assets, net | 70,962 | 78,670 |
| Total assets | $ 3,219,201 | $ 3,294,271 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities | | |
| Accounts payable | $ 187,825 | $ 167,978 |
| Accrued and other current liabilities | 430,185 | 406,894 |
| Unearned revenue | 291,831 | 398,795 |
| Current portion of long-term debt | 1,481 | 10,958 |
| Total current liabilities | 911,322 | 984,625 |
| Non-current operating lease liabilities | 1,160,657 | 1,179,447 |
| Long-term debt, net | 820,225 | 782,107 |
| Other long-term liabilities, net | 86,852 | 125,242 |
| Total liabilities | 2,979,056 | 3,071,421 |
| Commitments and contingencies (Note 15) | | |
| Stockholders' equity | | |
| Bloomin' Brands stockholders' equity | | |
| Preferred stock, $0.01 par value, 25,000,000 shares authorized; no shares issued and outstanding as of September 25, 2022 and December 26, 2021 | — | — |
| Common stock, $0.01 par value, 475,000,000 shares authorized; 88,449,929 and 89,252,823 shares issued and outstanding as of September 25, 2022 and December 26, 2021, respectively | 884 | 893 |
| Additional paid-in capital | 1,159,722 | 1,119,728 |
| Accumulated deficit | (735,268) | (698,171) |
| Accumulated other comprehensive loss | (186,840) | (205,989) |
| Total Bloomin' Brands stockholders' equity | 238,498 | 216,461 |
| Noncontrolling interests | 1,647 | 6,389 |
| Total stockholders' equity | 240,145 | 222,850 |
| Total liabilities and stockholders' equity | $ 3,219,201 | $ 3,294,271 |

The accompanying notes are an integral part of these consolidated financial statements.

# BLOOMIN' BRANDS, INC.

## CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
### (IN THOUSANDS, EXCEPT PER SHARE DATA, UNAUDITED)

| | THIRTEEN WEEKS ENDED | | THIRTY-NINE WEEKS ENDED | |
|---|---|---|---|---|
| | SEPTEMBER 25, 2022 | SEPTEMBER 26, 2021 | SEPTEMBER 25, 2022 | SEPTEMBER 26, 2021 |
| Revenues | | | | |
| Restaurant sales | $ 1,040,375 | $ 996,718 | $ 3,272,868 | $ 3,031,396 |
| Franchise and other revenues | 15,388 | 13,745 | 48,592 | 43,906 |
| Total revenues | 1,055,763 | 1,010,463 | 3,321,460 | 3,075,302 |
| Costs and expenses | | | | |
| Food and beverage costs | 332,939 | 304,300 | 1,056,768 | 908,272 |
| Labor and other related | 303,244 | 290,246 | 924,514 | 859,883 |
| Other restaurant operating | 267,944 | 299,788 | 790,583 | 762,531 |
| Depreciation and amortization | 42,171 | 40,827 | 125,203 | 122,592 |
| General and administrative | 56,089 | 58,880 | 174,009 | 182,590 |
| Provision for impaired assets and restaurant closings | 2,067 | 1,585 | 4,099 | 8,962 |
| Total costs and expenses | 1,004,454 | 995,626 | 3,075,176 | 2,844,830 |
| Income from operations | 51,309 | 14,837 | 246,284 | 230,472 |
| Loss on extinguishment and modification of debt | — | — | (107,630) | (2,073) |
| Loss on fair value adjustment of derivatives, net | — | — | (17,685) | — |
| Other income, net | — | 5 | — | 26 |
| Interest expense, net | (12,696) | (14,245) | (38,877) | (43,863) |
| Income before provision (benefit) for income taxes | 38,613 | 597 | 82,092 | 184,562 |
| Provision (benefit) for income taxes | 5,563 | (4,454) | 33,028 | 24,827 |
| Net income | 33,050 | 5,051 | 49,064 | 159,735 |
| Less: net income attributable to noncontrolling interests | 1,064 | 1,602 | 5,202 | 4,879 |
| Net income attributable to Bloomin' Brands | $ 31,986 | $ 3,449 | $ 43,862 | $ 154,856 |
| | | | | |
| Net income | $ 33,050 | $ 5,051 | $ 49,064 | $ 159,735 |
| Other comprehensive income: | | | | |
| Foreign currency translation adjustment | (13,041) | 1,673 | 10,182 | 5,113 |
| Unrealized (loss) gain on derivatives, net of tax | — | (153) | 573 | (323) |
| Reclassification of adjustments for loss on derivatives included in Net income, net of tax | — | 1,519 | 954 | 6,036 |
| Impact of terminated interest rate swaps included in Net income, net of tax | 2,255 | 1,479 | 7,440 | 2,950 |
| Comprehensive income | 22,264 | 9,569 | 68,213 | 173,511 |
| Less: comprehensive income attributable to noncontrolling interests | 1,064 | 1,602 | 5,202 | 4,879 |
| Comprehensive income attributable to Bloomin' Brands | $ 21,200 | $ 7,967 | $ 63,011 | $ 168,632 |
| | | | | |
| Earnings per share: | | | | |
| Basic | $ 0.36 | $ 0.04 | $ 0.49 | $ 1.74 |
| Diluted | $ 0.34 | $ 0.03 | $ 0.44 | $ 1.42 |
| Weighted average common shares outstanding: | | | | |
| Basic | 89,192 | 89,229 | 89,149 | 88,890 |
| Diluted | 94,736 | 107,783 | 99,609 | 109,410 |

The accompanying notes are an integral part of these consolidated financial statements.

# BLOOMIN' BRANDS, INC.

## CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
**(IN THOUSANDS, EXCEPT PER SHARE DATA, UNAUDITED)**

| | BLOOMIN' BRANDS, INC. | | | | | | |
|---|---|---|---|---|---|---|---|
| | COMMON STOCK | | | | | | |
| | SHARES | AMOUNT | ADDITIONAL PAID-IN CAPITAL | ACCUM-ULATED DEFICIT | ACCUMULATED OTHER COMPREHENSIVE LOSS | NON-CONTROLLING INTERESTS | TOTAL |
| Balance, June 26, 2022 | 90,151 | $ 902 | $ 1,169,697 | $ (733,723) | $ (176,054) | $ 1,919 | $ 262,741 |
| Net income | — | — | — | 31,986 | — | 1,064 | 33,050 |
| Other comprehensive loss, net of tax | — | — | — | — | (10,786) | — | (10,786) |
| Cash dividends declared, $0.14 per common share | — | — | (12,475) | — | — | — | (12,475) |
| Repurchase and retirement of common stock | (1,746) | (18) | — | (33,531) | — | — | (33,549) |
| Stock-based compensation | — | — | 2,013 | — | — | — | 2,013 |
| Common stock issued under stock plans (1) | 45 | — | 487 | — | — | — | 487 |
| Distributions to noncontrolling interests | — | — | — | — | — | (1,477) | (1,477) |
| Contributions from noncontrolling interests | — | — | — | — | — | 141 | 141 |
| Balance, September 25, 2022 | 88,450 | $ 884 | $ 1,159,722 | $ (735,268) | $ (186,840) | $ 1,647 | $ 240,145 |
| | | | | | | | |
| Balance, December 26, 2021 | 89,253 | $ 893 | $ 1,119,728 | $ (698,171) | $ (205,989) | $ 6,389 | $ 222,850 |
| Net income | — | — | — | 43,862 | — | 5,202 | 49,064 |
| Other comprehensive income, net of tax | — | — | — | — | 19,149 | — | 19,149 |
| Cash dividends declared, $0.42 per common share | — | — | (37,452) | — | — | — | (37,452) |
| Repurchase and retirement of common stock | (4,058) | (41) | — | (80,959) | — | — | (81,000) |
| Stock-based compensation | — | — | 11,815 | — | — | — | 11,815 |
| Common stock issued under stock plans (1) | 942 | 9 | 2,485 | — | — | — | 2,494 |
| Purchase of noncontrolling interests, net of tax of $254 | — | — | (735) | — | — | (3,915) | (4,650) |
| Distributions to noncontrolling interests | — | — | — | — | — | (6,631) | (6,631) |
| Contributions from noncontrolling interests | — | — | — | — | — | 602 | 602 |
| Retirement of convertible senior note hedges | — | — | 112,956 | — | — | — | 112,956 |
| Retirement of warrants | — | — | (97,617) | — | — | — | (97,617) |
| Issuance of common stock from repurchase of convertible senior notes | 2,313 | 23 | 48,542 | — | — | — | 48,565 |
| Balance, September 25, 2022 | 88,450 | $ 884 | $ 1,159,722 | $ (735,268) | $ (186,840) | $ 1,647 | $ 240,145 |

# BLOOMIN' BRANDS, INC.

## CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
**(IN THOUSANDS, EXCEPT PER SHARE DATA, UNAUDITED)**

| | BLOOMIN' BRANDS, INC. | | | | | | |
|---|---|---|---|---|---|---|---|
| | COMMON STOCK | | ADDITIONAL PAID-IN CAPITAL | ACCUM-ULATED DEFICIT | ACCUMULATED OTHER COMPREHENSIVE LOSS | NON-CONTROLLING INTERESTS | TOTAL |
| | SHARES | AMOUNT | | | | | |
| Balance, June 27, 2021 | 89,211 | $ 892 | $ 1,109,904 | $ (762,319) | $ (202,188) | $ 6,618 | $ 152,907 |
| Net income | — | — | — | 3,449 | — | 1,602 | 5,051 |
| Other comprehensive income, net of tax | — | — | — | — | 4,518 | — | 4,518 |
| Stock-based compensation | — | — | 5,593 | — | — | — | 5,593 |
| Common stock issued under stock plans (1) | 37 | — | (42) | — | — | — | (42) |
| Purchase of noncontrolling interests | — | — | 9 | — | — | (12) | (3) |
| Distributions to noncontrolling interests | — | — | — | — | — | (2,062) | (2,062) |
| Contributions from noncontrolling interests | — | — | — | — | — | 374 | 374 |
| Balance, September 26, 2021 | 89,248 | $ 892 | $ 1,115,464 | $ (758,870) | $ (197,670) | $ 6,520 | $ 166,336 |
| | | | | | | | |
| Balance, December 27, 2020 | 87,856 | $ 879 | $ 1,132,808 | $ (918,096) | $ (211,446) | $ 6,812 | $ 10,957 |
| Cumulative-effect from a change in accounting principle, net of tax | — | — | (47,323) | 4,370 | — | — | (42,953) |
| Net income | — | — | — | 154,856 | — | 4,879 | 159,735 |
| Other comprehensive income, net of tax | — | — | — | — | 13,776 | — | 13,776 |
| Stock-based compensation | — | | 20,100 | — | — | — | 20,100 |
| Common stock issued under stock plans (1) | 1,392 | 13 | 9,870 | — | — | — | 9,883 |
| Purchase of noncontrolling interests | — | — | 9 | — | — | (12) | (3) |
| Distributions to noncontrolling interests | — | — | — | — | — | (6,203) | (6,203) |
| Contributions from noncontrolling interests | — | — | — | — | — | 1,044 | 1,044 |
| Balance, September 26, 2021 | 89,248 | $ 892 | $ 1,115,464 | $ (758,870) | $ (197,670) | $ 6,520 | $ 166,336 |

(1) Net of forfeitures and shares withheld for employee taxes.

The accompanying notes are an integral part of these consolidated financial statements.

# BLOOMIN' BRANDS, INC.

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
### (DOLLARS IN THOUSANDS, UNAUDITED)

`

| | THIRTY-NINE WEEKS ENDED | |
|---|---|---|
| | SEPTEMBER 25, 2022 | SEPTEMBER 26, 2021 |
| Cash flows provided by operating activities: | | |
| Net income | $ 49,064 | $ 159,735 |
| Adjustments to reconcile Net income to cash provided by operating activities: | | |
| Depreciation and amortization | 125,203 | 122,592 |
| Amortization of debt discounts and issuance costs | 2,779 | 3,441 |
| Amortization of deferred gift card sales commissions | 18,213 | 19,277 |
| Provision for impaired assets and restaurant closings | 4,099 | 8,962 |
| Non-cash interest expense from terminated interest rate swaps | 10,014 | 3,973 |
| Non-cash operating lease costs | 62,539 | 57,791 |
| Stock-based and other non-cash compensation expense | 11,815 | 20,100 |
| Deferred income tax expense | 6,604 | 3,842 |
| Loss on extinguishment and modification of debt | 107,630 | 2,073 |
| Loss on fair value adjustment of derivatives, net | 17,685 | — |
| Other, net | 5,381 | (946) |
| Change in assets and liabilities | (128,447) | (96,594) |
| Net cash provided by operating activities | 292,579 | 304,246 |
| Cash flows used in investing activities: | | |
| Proceeds from disposal of property, fixtures and equipment | 207 | 7,052 |
| Proceeds received on life insurance policies | 14,598 | 9,270 |
| Capital expenditures | (137,260) | (85,339) |
| Other investments, net | 1,000 | (68) |
| Net cash used in investing activities | $ (121,455) | $ (69,085) |

(CONTINUED...)

## BLOOMIN' BRANDS, INC.

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

### (DOLLARS IN THOUSANDS, UNAUDITED)

| | THIRTY-NINE WEEKS ENDED | |
|---|---|---|
| | SEPTEMBER 25, 2022 | SEPTEMBER 26, 2021 |
| Cash flows used in financing activities: | | |
| Proceeds from issuance of long-term debt | $ — | $ 200,000 |
| Repayments of long-term debt and finance lease obligations | (196,076) | (428,364) |
| Proceeds from borrowings on revolving credit facilities | 929,500 | 378,000 |
| Repayments of borrowings on revolving credit facilities | (589,500) | (701,000) |
| Financing fees | (1,205) | (5,868) |
| Proceeds from issuance of senior notes | — | 300,000 |
| Issuance costs related to senior notes | — | (5,546) |
| Repurchase of convertible senior notes | (196,919) | — |
| Proceeds from retirement of convertible senior note hedges | 131,869 | — |
| Payments for retirement of warrants | (114,825) | — |
| Proceeds from share-based compensation, net | 2,494 | 9,883 |
| Distributions to noncontrolling interests | (6,631) | (6,203) |
| Contributions from noncontrolling interests | 602 | 1,044 |
| Purchase of noncontrolling interests | (4,904) | (3) |
| Payments for partner equity plan | (7,813) | (7,135) |
| Repurchase of common stock | (79,900) | — |
| Cash dividends paid on common stock | (37,452) | — |
| Net cash used in financing activities | (170,760) | (265,192) |
| Effect of exchange rate changes on cash and cash equivalents | 1,400 | 207 |
| Net increase (decrease) in cash, cash equivalents and restricted cash | 1,764 | (29,824) |
| Cash, cash equivalents and restricted cash as of the beginning of the period | 89,057 | 110,408 |
| Cash, cash equivalents and restricted cash as of the end of the period | $ 90,821 | $ 80,584 |
| Supplemental disclosures of cash flow information: | | |
| Cash paid for interest | $ 23,050 | $ 28,787 |
| Cash paid for income taxes, net of refunds | $ 25,354 | $ 23,449 |
| Supplemental disclosures of non-cash investing and financing activities: | | |
| Leased assets obtained in exchange for new operating lease liabilities | $ 44,556 | $ 38,154 |
| Leased assets obtained in exchange for new finance lease liabilities | $ 2,417 | $ 1,229 |
| Increase in liabilities from the acquisition of property, fixtures and equipment | $ 14,961 | $ 3,006 |

The accompanying notes are an integral part of these consolidated financial statements.

BLOOMIN' BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. Description of the Business and Basis of Presentation

*Description of the Business* - Bloomin' Brands ("Bloomin' Brands" or the "Company") owns and operates casual, upscale casual and fine dining restaurants. The Company's restaurant portfolio has four concepts: Outback Steakhouse, Carrabba's Italian Grill, Bonefish Grill and Fleming's Prime Steakhouse & Wine Bar. Additional Outback Steakhouse, Carrabba's Italian Grill and Bonefish Grill restaurants in which the Company has no direct investment are operated under franchise agreements.

*Basis of Presentation* - The accompanying interim unaudited condensed consolidated financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all the information and footnotes required by generally accepted accounting principles in the United States ("U.S. GAAP") for complete financial statements. In the opinion of the Company, all adjustments necessary for fair financial statement presentation for the periods presented have been included and are of a normal, recurring nature. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. These financial statements should be read in conjunction with the audited financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 26, 2021.

*Recently Issued Financial Accounting Standards Not Yet Adopted* - In November 2021, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") No. 2021-10, "Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance" ("ASU No. 2021-10"), which requires financial statement footnote disclosure regarding government assistance accounted for by applying a grant or contribution accounting model by analogy. ASU No. 2021-10 is effective for the Company for the fiscal year ending December 25, 2022. Upon adoption of ASU No. 2021-10 during the fourth quarter of 2022, the Company anticipates government assistance financial statement footnote disclosures within the 2022 Form 10-K, primarily in connection with employee retention credits provided under the Coronavirus, Aid, Relief and Economic Security ("CARES") Act.

Recent accounting guidance not discussed herein is not applicable, did not have, or is not expected to have a material impact to the Company.

*Reclassifications* - The Company reclassified certain items in the accompanying consolidated financial statements for prior periods to be comparable with the classification for the current period, including, but not limited to, presentation of certain items within the condensed consolidated statements of cash flows and certain notes to the consolidated financial statements. These reclassifications had no effect on previously reported net income.

## 2. Revenue Recognition

The following table includes the categories of revenue included in the Company’s Consolidated Statements of Operations and Comprehensive Income for the periods indicated:

| | THIRTEEN WEEKS ENDED | | THIRTY-NINE WEEKS ENDED | |
|---|---|---|---|---|
| **(dollars in thousands)** | **SEPTEMBER 25, 2022** | **SEPTEMBER 26, 2021** | **SEPTEMBER 25, 2022** | **SEPTEMBER 26, 2021** |
| Revenues | | | | |
| Restaurant sales | $ 1,040,375 | $ 996,718 | $ 3,272,868 | $ 3,031,396 |
| Franchise and other revenues | | | | |
| Franchise revenues | 11,826 | 12,908 | 37,828 | 31,918 |
| Other revenues (1) | 3,562 | 837 | 10,764 | 11,988 |
| Total Franchise and other revenues | 15,388 | 13,745 | 48,592 | 43,906 |
| Total revenues | $ 1,055,763 | $ 1,010,463 | $ 3,321,460 | $ 3,075,302 |

(1) The thirteen and thirty-nine weeks ended September 26, 2021 include an adjustment of $(3.2) million to reduce the Company’s initial recorded estimate and net $3.1 million benefit, respectively, within other revenues in connection with favorable court rulings in Brazil regarding the calculation methodology and taxable base of Program of Social Integration (“PIS”) and Contribution for the Financing of Social Security (“COFINS”) taxes. The net amount recognized as a result of the favorable court rulings primarily represents refundable PIS and COFINS taxes for prior years, including accrued interest.

The following tables include the disaggregation of Restaurant sales and franchise revenues, by restaurant concept and major international market for the periods indicated:

| | THIRTEEN WEEKS ENDED | | | |
|---|---|---|---|---|
| | SEPTEMBER 25, 2022 | | SEPTEMBER 26, 2021 | |
| **(dollars in thousands)** | **RESTAURANT SALES** | **FRANCHISE REVENUES** | **RESTAURANT SALES** | **FRANCHISE REVENUES** |
| U.S. | | | | |
| Outback Steakhouse | $ 536,793 | $ 7,447 | $ 523,142 | $ 9,335 |
| Carrabba’s Italian Grill | 159,728 | 738 | 159,147 | 482 |
| Bonefish Grill | 130,669 | 163 | 134,603 | 169 |
| Fleming’s Prime Steakhouse & Wine Bar | 80,748 | — | 79,687 | — |
| Other | 2,741 | 17 | 2,211 | 3 |
| U.S. total | 910,679 | 8,365 | 898,790 | 9,989 |
| International | | | | |
| Outback Steakhouse Brazil | 105,932 | — | 74,020 | — |
| Other (1) | 23,764 | 3,461 | 23,908 | 2,919 |
| International total | 129,696 | 3,461 | 97,928 | 2,919 |
| Total | $ 1,040,375 | $ 11,826 | $ 996,718 | $ 12,908 |

(1) Includes Restaurant sales for Company-owned Outback Steakhouse restaurants outside of Brazil and Abbraccio restaurants in Brazil. Franchise revenues primarily includes revenues from franchised Outback Steakhouse restaurants.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
## (UNAUDITED) - Continued

| | THIRTY-NINE WEEKS ENDED | | | |
|---|---|---|---|---|
| | SEPTEMBER 25, 2022 | | SEPTEMBER 26, 2021 | |
| **(dollars in thousands)** | RESTAURANT SALES | FRANCHISE REVENUES | RESTAURANT SALES | FRANCHISE REVENUES |
| U.S. | | | | |
| Outback Steakhouse | $ 1,705,749 | $ 24,062 | $ 1,649,433 | $ 20,709 |
| Carrabba's Italian Grill | 505,546 | 2,196 | 488,241 | 1,764 |
| Bonefish Grill | 427,557 | 513 | 410,613 | 473 |
| Fleming's Prime Steakhouse & Wine Bar | 272,343 | — | 234,099 | — |
| Other | 9,046 | 30 | 6,756 | 3 |
| U.S. total | 2,920,241 | 26,801 | 2,789,142 | 22,949 |
| International | | | | |
| Outback Steakhouse Brazil | 291,880 | — | 178,178 | — |
| Other (1) | 60,747 | 11,027 | 64,076 | 8,969 |
| International total | 352,627 | 11,027 | 242,254 | 8,969 |
| Total | $ 3,272,868 | $ 37,828 | $ 3,031,396 | $ 31,918 |

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(1) Includes Restaurant sales for Company-owned Outback Steakhouse restaurants outside of Brazil and Abbraccio restaurants in Brazil. Franchise revenues primarily includes revenues from franchised Outback Steakhouse restaurants.

The following table includes a detail of assets and liabilities from contracts with customers included on the Company's Consolidated Balance Sheets as of the periods indicated:

| **(dollars in thousands)** | SEPTEMBER 25, 2022 | DECEMBER 26, 2021 |
|---|---|---|
| Other current assets, net | | |
| Deferred gift card sales commissions | $ 10,798 | $ 17,793 |
| | | |
| Unearned revenue | | |
| Deferred gift card revenue | $ 283,559 | $ 387,945 |
| Deferred loyalty revenue | 5,226 | 9,386 |
| Deferred franchise fees - current | 457 | 443 |
| Other | 2,589 | 1,021 |
| Total unearned revenue | $ 291,831 | $ 398,795 |
| | | |
| Other long-term liabilities, net | | |
| Deferred franchise fees - non-current | $ 4,244 | $ 4,280 |

The following table is a rollforward of deferred gift card sales commissions for the periods indicated:

| | THIRTEEN WEEKS ENDED | | THIRTY-NINE WEEKS ENDED | |
|---|---|---|---|---|
| **(dollars in thousands)** | SEPTEMBER 25, 2022 | SEPTEMBER 26, 2021 | SEPTEMBER 25, 2022 | SEPTEMBER 26, 2021 |
| Balance, beginning of the period | $ 12,338 | $ 12,548 | $ 17,793 | $ 19,300 |
| Deferred gift card sales commissions amortization | (4,755) | (4,841) | (18,213) | (19,277) |
| Deferred gift card sales commissions capitalization | 3,836 | 3,698 | 13,441 | 12,494 |
| Other | (621) | (573) | (2,223) | (1,685) |
| Balance, end of the period | $ 10,798 | $ 10,832 | $ 10,798 | $ 10,832 |

The following table is a rollforward of unearned gift card revenue for the periods indicated:

| | THIRTEEN WEEKS ENDED | | THIRTY-NINE WEEKS ENDED | |
|---|---|---|---|---|
| **(dollars in thousands)** | **SEPTEMBER 25, 2022** | **SEPTEMBER 26, 2021** | **SEPTEMBER 25, 2022** | **SEPTEMBER 26, 2021** |
| Balance, beginning of the period | $ 303,544 | $ 293,955 | $ 387,945 | $ 373,048 |
| Gift card sales | 46,692 | 45,036 | 162,146 | 153,126 |
| Gift card redemptions | (63,041) | (61,189) | (252,091) | (237,988) |
| Gift card breakage | (3,636) | (3,598) | (14,441) | (13,982) |
| Balance, end of the period | $ 283,559 | $ 274,204 | $ 283,559 | $ 274,204 |

## 3. Impairments and Exit Costs

The components of Provision for impaired assets and restaurant closings are as follows for the period indicated:

| **(dollars in thousands)** | **THIRTY-NINE WEEKS ENDED SEPTEMBER 26, 2021** |
|---|---|
| Impairment losses | |
| U.S. | $ 8,289 |
| International | 180 |
| Corporate | 257 |
| Total impairment losses | 8,726 |
| Restaurant closure charges (benefits) | |
| U.S. | 389 |
| International | (153) |
| Total restaurant closure charges | 236 |
| Provision for impaired assets and restaurant closings | $ 8,962 |

Impairment and closure charges during the period presented resulted primarily from locations identified for closure.

*Annual Goodwill and Intangible Asset Impairment Assessment* - The Company performs its annual assessment for impairment of goodwill and other indefinite-lived intangible assets during its second fiscal quarter. The Company's 2022 and 2021 assessments were qualitative. In connection with these assessments, the Company did not record any impairment charges.

*Accrued Facility Closure and Other Costs Rollforward* - The following table is a rollforward of the Company's closed facility lease liabilities and other accrued costs associated with the closure and restructuring initiatives for the period indicated:

| **(dollars in thousands)** | **THIRTY-NINE WEEKS ENDED SEPTEMBER 25, 2022** |
|---|---|
| Balance, beginning of the period | $ 8,485 |
| Cash payments | (2,813) |
| Accretion | 434 |
| Adjustments | (272) |
| Balance, end of the period (1) | $ 5,834 |

(1) As of September 25, 2022, the Company had exit-related accruals related to certain closure and restructuring initiatives of $1.5 million recorded in Accrued and other current liabilities and $4.3 million recorded in Non-current operating lease liabilities on its Consolidated Balance Sheet.

## 4. Earnings Per Share

In February 2021, the Company provided the trustee of its convertible senior notes due in 2025 (the "2025 Notes") notice of the Company's irrevocable election to settle the principal portion of the 2025 Notes in cash and any excess in shares. As a result, subsequent to the election, only the amounts in excess of the principal amount are considered in diluted earnings per share. The amount of the 2025 Notes settled in shares of common stock will have a dilutive impact on diluted earnings per share when the average market price of the Company's common stock for a given period exceeds the conversion price, which was initially $11.89 per share of common stock.

In connection with the offering of the 2025 Notes, the Company entered into warrant transactions (the "Warrant Transactions"), which have a dilutive effect on the Company's common stock to the extent the price of its common stock exceeds the strike price of the Warrant Transactions, which was initially $16.64.

The following table presents the computation of basic and diluted earnings per share for the periods indicated:

| | THIRTEEN WEEKS ENDED | | THIRTY-NINE WEEKS ENDED | |
|---|---|---|---|---|
| **(in thousands, except per share data)** | **SEPTEMBER 25, 2022** | **SEPTEMBER 26, 2021** | **SEPTEMBER 25, 2022** | **SEPTEMBER 26, 2021** |
| Net income attributable to Bloomin' Brands | $ 31,986 | $ 3,449 | $ 43,862 | $ 154,856 |
| Convertible senior notes if-converted method interest adjustment, net of tax (1) | — | — | — | 460 |
| Diluted net income attributable to Bloomin' Brands | $ 31,986 | $ 3,449 | $ 43,862 | $ 155,316 |
| Basic weighted average common shares outstanding | 89,192 | 89,229 | 89,149 | 88,890 |
| Effect of dilutive securities: | | | | |
| Stock options | 173 | 864 | 261 | 913 |
| Nonvested restricted stock units | 117 | 286 | 167 | 380 |
| Nonvested performance-based share units | — | — | 96 | 31 |
| Convertible senior notes (1)(2) | 3,690 | 10,476 | 6,732 | 12,300 |
| Warrants (2) | 1,564 | 6,928 | 3,204 | 6,896 |
| Diluted weighted average common shares outstanding | 94,736 | 107,783 | 99,609 | 109,410 |
| Basic earnings per share | $ 0.36 | $ 0.04 | $ 0.49 | $ 1.74 |
| Diluted earnings per share | $ 0.34 | $ 0.03 | $ 0.44 | $ 1.42 |

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(1) Adjustment for interest related to the 2025 Notes weighted for the portion of the period prior to the Company's election under the 2025 Notes indenture to settle the principal portion of the 2025 Notes in cash. Effective with the Company's election, there will be no further numerator adjustments for interest or denominator adjustments for shares required to settle the principal portion.

(2) During the thirty-nine weeks ended September 25, 2022, the Company repurchased $125.0 million of the 2025 Notes and retired the corresponding portion of the related warrants. See Note 8 - *Convertible Senior Notes* for additional details.

Share-based compensation-related weighted average securities outstanding not included in the computation of earnings per share because their effect was antidilutive were as follows for the periods indicated:

| | THIRTEEN WEEKS ENDED | | THIRTY-NINE WEEKS ENDED | |
|---|---|---|---|---|
| **(shares in thousands)** | **SEPTEMBER 25, 2022** | **SEPTEMBER 26, 2021** | **SEPTEMBER 25, 2022** | **SEPTEMBER 26, 2021** |
| Stock options | 2,297 | — | 2,012 | 455 |
| Nonvested restricted stock units | 150 | 77 | 249 | 53 |
| Nonvested performance-based share units | 771 | 376 | 574 | 424 |

## 5. Stock-based Compensation Plans

The Company recognized stock-based compensation expense as follows for the periods indicated:

| | THIRTEEN WEEKS ENDED | | THIRTY-NINE WEEKS ENDED | |
|---|---|---|---|---|
| **(dollars in thousands)** | **SEPTEMBER 25, 2022** | **SEPTEMBER 26, 2021** | **SEPTEMBER 25, 2022** | **SEPTEMBER 26, 2021** |
| Performance-based share units (1) | $ 67 | $ 3,026 | $ 5,526 | $ 11,813 |
| Restricted stock units | 1,872 | 2,043 | 5,709 | 6,373 |
| Stock options | 38 | 495 | 470 | 1,829 |
| | $ 1,977 | $ 5,564 | $ 11,705 | $ 20,015 |

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(1) The thirteen and thirty-nine weeks ended September 25, 2022 include a cumulative life-to-date adjustment to decrease expense for PSUs granted in fiscal year 2020 based on revised Company projections of performance criteria set forth in the award agreements. The thirty-nine weeks ended September 26, 2021 includes a cumulative life-to-date adjustment to increase expense for PSUs granted in fiscal years 2019, 2020 and 2021 based on revised Company projections of performance criteria set forth in the award agreements.

In February 2022, the Company granted 0.5 million performance-based share units ("PSUs") subject to final payout modification by a Relative Total Shareholder Return ("Relative TSR") modifier. This Relative TSR modifier can adjust the final payout outcome by 75%, 100% or 125% of the achieved performance metric, with the overall payout capped at 200% of the annual target grant. These PSUs have a three-year cliff vesting period and their fair value was estimated using the Monte Carlo simulation model.

Assumptions used in the Monte Carlo simulation model and the grant date fair value of PSUs granted were as follows for the periods indicated:

| | THIRTY-NINE WEEKS ENDED | |
|---|---|---|
| | **SEPTEMBER 25, 2022** | **SEPTEMBER 26, 2021** |
| Assumptions: | | |
| Risk-free interest rate (1) | 1.64 % | 0.20 % |
| Dividend yield (2) | 2.31 % | — % |
| Volatility (3) | 49.11 % | 48.45 % |
| | | |
| Grant date fair value per unit (4) | $ 26.10 | $ 29.73 |

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(1) Risk-free interest rate is the U.S. Treasury yield curve in effect as of the grant date for the performance period of the unit.
(2) Dividend yield is the level of dividends expected to be paid on the Company's common stock over the expected term.
(3) Based on the historical volatility of the Company's stock over the last seven years.
(4) Represents a premium above the per share value of the Company's common stock for the Relative TSR modifier as of the grant date of 7.9% and 14.3% for grants during the thirty-nine weeks ended September 25, 2022 and September 26, 2021, respectively.

The following represents unrecognized stock-based compensation expense and the remaining weighted average vesting period as of September 25, 2022:

| | UNRECOGNIZED COMPENSATION EXPENSE (dollars in thousands) | REMAINING WEIGHTED AVERAGE VESTING PERIOD (in years) |
|---|---|---|
| Performance-based share units | $ 14,620 | 1.4 |
| Restricted stock units | $ 9,673 | 1.8 |

## 6. Other Current Assets, Net

Other current assets, net, consisted of the following as of the periods indicated:

| (dollars in thousands) | SEPTEMBER 25, 2022 | DECEMBER 26, 2021 |
|---|---|---|
| Prepaid expenses | $ 31,468 | $ 21,194 |
| Accounts receivable - gift cards, net | 8,584 | 91,248 |
| Accounts receivable - vendors, net | 18,348 | 11,793 |
| Accounts receivable - franchisees, net | 2,124 | 1,701 |
| Accounts receivable - other, net | 17,322 | 18,353 |
| Deferred gift card sales commissions | 10,798 | 17,793 |
| Company-owned life insurance policies | 7,420 | 17,244 |
| Other current assets, net | 5,575 | 5,297 |
| | $ 101,639 | $ 184,623 |

## 7. Long-term Debt, Net

Following is a summary of outstanding Long-term debt, net as of the periods indicated:

| | SEPTEMBER 25, 2022 | | DECEMBER 26, 2021 | |
|---|---|---|---|---|
| (dollars in thousands) | OUTSTANDING BALANCE | INTEREST RATE | OUTSTANDING BALANCE | INTEREST RATE |
| Senior Secured Credit Facility: | | | | |
| Term loan A (1) | $ — | | $ 195,000 | 1.60 % |
| Revolving credit facility (2) | 420,000 | 4.26 % | 80,000 | 3.75 % |
| Total Senior Secured Credit Facility | 420,000 | | 275,000 | |
| 2025 Notes (3) | 105,000 | 5.00 % | 230,000 | 5.00 % |
| 2029 Notes | 300,000 | 5.13 % | 300,000 | 5.13 % |
| Finance lease liabilities | 3,816 | | 2,376 | |
| Less: unamortized debt discount and issuance costs (4) | (6,836) | | (14,157) | |
| Less: finance lease interest | (274) | | (154) | |
| Total debt, net | 821,706 | | 793,065 | |
| Less: current portion of long-term debt | (1,481) | | (10,958) | |
| Long-term debt, net | $ 820,225 | | $ 782,107 | |

(1) Interest rate represents the weighted average interest rate as of December 26, 2021.
(2) Interest rate represents the weighted average interest rate as of September 25, 2022 and the base rate option elected in anticipation of impending repayment as of December 26, 2021.
(3) During the thirty-nine weeks ended September 25, 2022, the Company repurchased $125.0 million of the 2025 Notes. See Note 8 - *Convertible Senior Notes* for additional details.
(4) In connection with the Amended Credit Agreement and the partial repurchase of the 2025 Notes, $5.7 million of debt issuance costs were written off during the thirty-nine weeks ended September 25, 2022. See Note 8 - *Convertible Senior Notes* for additional details.

*Credit Agreement Amendment* - On April 16, 2021, the Company and its wholly-owned subsidiary, OSI Restaurant Partners, LLC ("OSI"), as co-borrowers, entered into the Second Amended and Restated Credit Agreement (the "Credit Agreement"), which provides for senior secured financing of up to $1.0 billion consisting of a $200.0 million Term loan A and an $800.0 million revolving credit facility (the "Senior Secured Credit Facility"), maturing on April 16, 2026.

On April 26, 2022, the Company and OSI entered into the First Amendment to the Second Amended and Restated Credit Agreement and Incremental Amendment (the "Amended Credit Agreement"), which included an increase of the Company's existing revolving credit facility from $800.0 million to $1.0 billion and a transition from London Inter-Bank Offered Rate ("LIBOR") to Secured Overnight Financing Rate ("SOFR") as the benchmark rate for purposes of calculating interest under the Senior Secured Credit Facility. At closing, an incremental $192.5 million was drawn on the revolving credit facility to fully repay the outstanding balance of Term loan A. The total indebtedness of the Company remained unchanged as a result of the Amended Credit Agreement.

Under the Amended Credit Agreement, the Company may elect an interest rate at each reset period based on the Base Rate or Adjusted Term SOFR, plus an applicable spread. The Base Rate option is the highest of: (i) the prime rate of Wells Fargo Bank, National Association, (ii) the federal funds effective rate plus 0.5 of 1.0% or (iii) the Adjusted Term SOFR with a one-month interest period plus 1.0% (the "Base Rate"). The Adjusted Term SOFR option is the 30, 90 or 180-day SOFR, plus a term SOFR adjustment of 0.10%, subject to a 0% floor (the "Adjusted Term SOFR"). The interest rate spreads are as follows:

| | BASE RATE ELECTION | ADJUSTED TERM SOFR ELECTION |
|---|---|---|
| Revolving credit facility | 50 to 150 basis points over the Base Rate | 150 to 250 basis points over the Adjusted Term SOFR |

The transition to SOFR did not materially impact the interest rate applied to the Company's borrowings. No other material changes were made to the terms of the Company's Credit Agreement as a result of the Amended Credit Agreement.

As of September 25, 2022 and December 26, 2021, the Company was in compliance with its debt covenants.

Following is a summary of principal payments of the Company's total consolidated debt outstanding as of the period indicated:

| (dollars in thousands) | SEPTEMBER 25, 2022 |
|---|---|
| Year 1 | $ 1,250 |
| Year 2 | 1,202 |
| Year 3 | 105,662 |
| Year 4 | 420,350 |
| Year 5 | 220 |
| Thereafter | 300,132 |
| Total payments | 828,816 |
| Less: unamortized debt discount and issuance costs | (6,836) |
| Less: finance lease interest | (274) |
| Total principal payments | $ 821,706 |

8. Convertible Senior Notes

*2025 Notes* - On May 25, 2022, the Company entered into exchange agreements (the "Exchange Agreements") with certain holders (the "Noteholders") of the 2025 Notes. The Noteholders agreed to exchange $125.0 million in aggregate principal amount of the Company's outstanding 2025 Notes for $196.9 million in cash, plus accrued interest, and approximately 2.3 million shares of the Company's common stock (the "2025 Notes Partial Repurchase"). Under the Exchange Agreements, the total amount of cash paid and number of shares of common stock issued by the Company were based upon the volume-weighted average price per share of the Company's common stock during a ten-trading day averaging period ending on June 14, 2022. Upon entering into the Exchange Agreements, the conversion feature related to the 2025 Notes repurchased, as well as the settlements of the related convertible senior note hedges and warrants, were subject to derivative accounting. In connection with the 2025 Notes Partial Repurchase, the Company recognized a loss on extinguishment of debt of $104.7 million and a loss on fair value adjustment of derivatives, net of $17.7 million, and recorded a $48.5 million increase to Additional paid-in capital during the thirty-nine weeks ended September 25, 2022.

The initial conversion rate applicable to the 2025 Notes was 84.122 shares of common stock per $1,000 principal amount of 2025 Notes, or a total of approximately 19.348 million shares for the total $230.0 million principal amount. This initial conversion rate was equivalent to an initial conversion price of approximately $11.89 per share. In connection with dividends paid during the thirty-nine weeks ended September 25, 2022, the conversion rate for the remaining 2025 Notes decreased to approximately $11.66 per share, which represents 85.743 shares of common stock per $1,000 principal amount of the 2025 Notes, or a total of approximately 9.003 million shares.

The following table includes the outstanding principal amount and carrying value of the 2025 Notes as of the periods indicated:

| (dollars in thousands) | SEPTEMBER 25, 2022 | DECEMBER 26, 2021 |
|---|---|---|
| Long-term debt, net | | |
| Principal | $ 105,000 | $ 230,000 |
| Less: debt issuance costs (1) | (2,132) | (5,898) |
| Net carrying amount | $ 102,868 | $ 224,102 |

(1) Debt issuance costs are amortized to Interest expense, net using the effective interest method over the 2025 Notes' expected life. During the thirty-nine weeks ended September 25, 2022, the Company wrote off $2.8 million of debt issuance costs as a result of the 2025 Notes Partial Repurchase.

Following is a summary of interest expense for the 2025 Notes, by component for the periods indicated:

| | THIRTEEN WEEKS ENDED | | THIRTY-NINE WEEKS ENDED | |
|---|---|---|---|---|
| (dollars in thousands) | SEPTEMBER 25, 2022 | SEPTEMBER 26, 2021 | SEPTEMBER 25, 2022 | SEPTEMBER 26, 2021 |
| Coupon interest | $ 1,313 | $ 2,875 | $ 6,785 | $ 8,625 |
| Debt issuance cost amortization | 190 | 392 | 963 | 1,159 |
| Total interest expense (1) | $ 1,503 | $ 3,267 | $ 7,748 | $ 9,784 |

(1) The effective rate of the 2025 Notes over their expected life is 5.85%.

Based on the daily closing prices of the Company's stock during the quarter ended September 25, 2022, the remaining holders of the 2025 Notes are eligible to convert their 2025 Notes during the fourth quarter of 2022.

*Convertible Note Hedge and Warrant Transactions* - In connection with the 2025 Notes Partial Repurchase, the Company entered into partial unwind agreements with certain financial institutions relating to a portion of the convertible note hedge transactions (the "Note Hedge Early Termination Agreements") and a portion of the Warrant Transactions (the "Warrant Early Termination Agreements") that were previously entered into by the Company in connection with the issuance of the 2025 Notes. Upon settlement, the Company received $131.9 million for the Note Hedge Early Termination Agreements and paid $114.8 million for the Warrant Early Termination Agreements during the thirty-nine weeks ended September 25, 2022. In connection with the Note Hedge Early Termination Agreements and the Warrant Early Termination Agreements the Company recorded a $113.0 million increase and a $97.6 million decrease, respectively, to Additional paid-in capital during the thirty-nine weeks ended September 25, 2022.

The remaining Warrant Transactions have a dilutive effect on the Company's common stock to the extent that the price of its common stock exceeds the strike price of the Warrant Transactions. The strike price was initially $16.64 per share and is subject to certain adjustments under the terms of the Warrant Transactions. In connection with dividends paid during the thirty-nine weeks ended September 25, 2022, the strike price for the remaining Warrant Transactions decreased to $16.33.

## 9. Other Long-term Liabilities, Net

Other long-term liabilities, net, consisted of the following as of the periods indicated:

| (dollars in thousands) | SEPTEMBER 25, 2022 | DECEMBER 26, 2021 |
|---|---|---|
| Accrued insurance liability | $ 30,419 | $ 31,517 |
| Deferred payroll tax liabilities (1) | — | 27,302 |
| Deferred compensation obligations | 28,351 | 37,514 |
| Other long-term liabilities | 28,082 | 28,909 |
| | $ 86,852 | $ 125,242 |

(1) During the thirty-nine weeks ended September 25, 2022, the Company reclassified $27.3 million of payroll taxes deferred under the CARES Act to current.

## 10. Stockholders' Equity

*Share Repurchases* - On February 8, 2022, the Company's Board of Directors (the "Board") approved a share repurchase program (the "2022 Share Repurchase Program") under which the Company was authorized to repurchase up to $125.0 million of its outstanding common stock. The 2022 Share Repurchase Program will expire on August 9, 2023. As of September 25, 2022, $44.0 million remained available for repurchase under the 2022 Share Repurchase Program. Following is a summary of the shares repurchased under the 2022 Share Repurchase Program during fiscal year 2022:

| (in thousands, except per share data) | NUMBER OF SHARES | AVERAGE REPURCHASE PRICE PER SHARE | AMOUNT |
|---|---|---|---|
| First fiscal quarter | 551 | $ 21.26 | $ 11,702 |
| Second fiscal quarter | 1,761 | $ 20.30 | 35,749 |
| Third fiscal quarter | 1,746 | $ 19.21 | 33,549 |
| Total common stock repurchases (1) | 4,058 | $ 19.96 | $ 81,000 |

(1) Subsequent to September 25, 2022, the Company repurchased 682 thousand shares of its common stock for $13.8 million under a Rule 10b5-1 plan through October 28, 2022.

*Dividends* - The Company declared and paid dividends per share during fiscal year 2022 as follows:

| (dollars in thousands, except per share data) | DIVIDENDS PER SHARE | AMOUNT |
|---|---|---|
| First fiscal quarter | $ 0.14 | $ 12,559 |
| Second fiscal quarter | 0.14 | 12,418 |
| Third fiscal quarter | 0.14 | 12,475 |
| Total cash dividends declared and paid | $ 0.42 | $ 37,452 |

In October 2022, the Board declared a quarterly cash dividend of $0.14 per share, payable on November 23, 2022 to shareholders of record at the close of business on November 9, 2022.

*Accumulated Other Comprehensive Loss ("AOCL")* - Following are the components of AOCL as of the periods indicated:

| (dollars in thousands) | SEPTEMBER 25, 2022 | DECEMBER 26, 2021 |
|---|---|---|
| Foreign currency translation adjustment | $ (185,298) | $ (195,480) |
| Unrealized loss on derivatives, net of tax | (1,542) | (10,509) |
| Accumulated other comprehensive loss | $ (186,840) | $ (205,989) |

Following are the components of Other comprehensive (loss) income attributable to Bloomin' Brands for the periods indicated:

| | THIRTEEN WEEKS ENDED | | THIRTY-NINE WEEKS ENDED | |
|---|---|---|---|---|
| (dollars in thousands) | SEPTEMBER 25, 2022 | SEPTEMBER 26, 2021 | SEPTEMBER 25, 2022 | SEPTEMBER 26, 2021 |
| Foreign currency translation adjustment | $ (13,041) | $ 1,673 | $ 10,182 | $ 5,113 |
| | | | | |
| Unrealized (loss) gain on derivatives, net of tax | — | (153) | 573 | (323) |
| Reclassification of adjustments for loss on derivatives included in Net income, net of tax (1) | — | 1,519 | 954 | 6,036 |
| Impact of terminated interest rate swaps included in Net income, net of tax (1) | 2,255 | 1,479 | 7,440 | 2,950 |
| Total gain on derivatives, net of tax | 2,255 | 2,845 | 8,967 | 8,663 |
| Other comprehensive (loss) income attributable to Bloomin' Brands | $ (10,786) | $ 4,518 | $ 19,149 | $ 13,776 |

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(1) See Note 11 - *Derivative Instruments and Hedging Activities* for the tax impact of reclassifications and the terminated swaps.

## 11. Derivative Instruments and Hedging Activities

*Cash Flow Hedges of Interest Rate Risk* - In October 2018, the Company entered into variable-to-fixed interest rate swap agreements with 12 counterparties to hedge a portion of the cash flows of the Company's variable rate debt. The swap agreements had an aggregate notional amount of $550.0 million and mature on November 30, 2022. Under the terms of the swap agreements, the Company paid a weighted average fixed rate of 3.04% on the notional amount and received payments from the counterparty based on one-month LIBOR. During 2021, the Company terminated its variable-to-fixed interest rate swap agreements with certain counterparties and as a result, as of December 26, 2021 had interest rate swap agreements remaining with two counterparties for an aggregate notional amount of $125.0 million.

In connection with the Amended Credit Agreement, on April 26, 2022 the Company terminated its remaining variable-to-fixed interest rate swap agreements. Following these terminations, the unrealized loss related to the terminated swap agreements included in Accumulated other comprehensive loss is amortized to Interest expense, net during 2022.

The Company's swap agreements were designated and qualified as cash flow hedges, recognized on its Consolidated Balance Sheet at fair value as of December 26, 2021 and classified based on the instruments' maturity dates. As of September 25, 2022, the Company estimated $2.2 million of interest expense from the terminated swap agreements will be reclassified to Interest expense, net through the November 2022 maturity date of the swaps.

The following table presents the fair value and classification of the Company's swap agreements as of the period indicated:

| (dollars in thousands) | DECEMBER 26, 2021 | CONSOLIDATED BALANCE SHEET CLASSIFICATION |
|---|---|---|
| Interest rate swaps - liability (1) | $ 3,056 | Accrued and other current liabilities |
| Accrued interest | $ 276 | Accrued and other current liabilities |

(1) See Note 13 - *Fair Value Measurements* for fair value discussion of the interest rate swaps.

The following table summarizes the effects of the swap agreements on Net income for the periods indicated:

| | THIRTEEN WEEKS ENDED | | THIRTY-NINE WEEKS ENDED | |
|---|---|---|---|---|
| (dollars in thousands) | SEPTEMBER 25, 2022 | SEPTEMBER 26, 2021 | SEPTEMBER 25, 2022 | SEPTEMBER 26, 2021 |
| Interest rate swap agreements: | | | | |
| Interest rate swap expense recognized in Interest expense, net | $ — | $ (2,045) | $ (1,284) | $ (8,127) |
| Income tax benefit recognized in Provision (benefit) for income taxes | — | 526 | 330 | 2,091 |
| Net effects of interest rate swap agreements | $ — | $ (1,519) | $ (954) | $ (6,036) |
| Terminated interest rate swap agreements: | | | | |
| Terminated interest rate swap expense recognized in Interest expense, net | $ (3,034) | $ (1,992) | $ (10,014) | $ (3,973) |
| Income tax benefit recognized in Provision (benefit) for income taxes | 779 | 513 | 2,574 | 1,023 |
| Net effects of terminated interest rate swap agreements | $ (2,255) | $ (1,479) | $ (7,440) | $ (2,950) |
| Total net effects on Net income | $ (2,255) | $ (2,998) | $ (8,394) | $ (8,986) |

## 12. Leases

The following table includes a detail of lease assets and liabilities included on the Company's Consolidated Balance Sheets as of the periods indicated:

| (dollars in thousands) | CONSOLIDATED BALANCE SHEET CLASSIFICATION | SEPTEMBER 25, 2022 | DECEMBER 26, 2021 |
|---|---|---|---|
| Operating lease right-of-use assets | Operating lease right-of-use assets | $ 1,115,004 | $ 1,130,873 |
| Finance lease right-of-use assets (1) | Property, fixtures and equipment, net | 3,404 | 2,074 |
| Total lease assets, net | | $ 1,118,408 | $ 1,132,947 |
| | | | |
| Current operating lease liabilities (2) | Accrued and other current liabilities | $ 181,427 | $ 177,028 |
| Current finance lease liabilities | Current portion of long-term debt | 1,481 | 958 |
| Non-current operating lease liabilities (2) | Non-current operating lease liabilities | 1,160,392 | 1,178,998 |
| Non-current finance lease liabilities | Long-term debt, net | 2,061 | 1,264 |
| Total lease liabilities | | $ 1,345,361 | $ 1,358,248 |

(1) Net of accumulated amortization of $3.4 million and $3.3 million as of September 25, 2022 and December 26, 2021, respectively.

(2) Excludes current accrued contingent percentage rent of $3.3 million and $3.5 million, as of September 25, 2022 and December 26, 2021, respectively, and immaterial current and non-current COVID-19-related deferred rent accruals.

Following is a summary of expenses and income related to leases recognized in the Company's Consolidated Statements of Operations and Comprehensive Income for the periods indicated:

| (dollars in thousands) | CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME CLASSIFICATION | THIRTEEN WEEKS ENDED | | THIRTY-NINE WEEKS ENDED | |
|---|---|---|---|---|---|
| | | SEPTEMBER 25, 2022 | SEPTEMBER 26, 2021 | SEPTEMBER 25, 2022 | SEPTEMBER 26, 2021 |
| Operating leases (1) | Other restaurant operating | $ 45,817 | $ 44,807 | $ 136,757 | $ 133,362 |
| Variable lease cost (2) | Other restaurant operating | 1,519 | 1,574 | 5,021 | 3,082 |
| Finance leases: | | | | | |
| Amortization of leased assets | Depreciation and amortization | 355 | 280 | 1,048 | 800 |
| Interest on lease liabilities | Interest expense, net | 44 | 34 | 120 | 101 |
| Sublease revenue | Franchise and other revenues | (2,455) | (3,276) | (7,449) | (6,936) |
| Lease costs, net | | $ 45,280 | $ 43,419 | $ 135,497 | $ 130,409 |

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(1) Excludes rent expense for office facilities and Company-owned closed or subleased properties of $3.1 million and $3.2 million for the thirteen weeks ended September 25, 2022 and September 26, 2021, respectively, and $9.1 million and $9.9 million for the thirty-nine weeks ended September 25, 2022 and September 26, 2021, respectively, which is included in General and administrative expense.

(2) Includes COVID-19-related rent abatements for the thirteen and thirty-nine weeks ended September 26, 2021.

The following table is a summary of cash flow impacts to the Company's Consolidated Financial Statements related to its leases for the periods indicated:

| (dollars in thousands) | THIRTY-NINE WEEKS ENDED | |
|---|---|---|
| | SEPTEMBER 25, 2022 | SEPTEMBER 26, 2021 |
| Cash flows from operating activities: | | |
| Cash paid for amounts included in the measurement of operating lease liabilities | $ 145,797 | $ 155,661 |

## 13. Fair Value Measurements

Fair value is the price that would be received for an asset or paid to transfer a liability, or the exit price, in an orderly transaction between market participants on the measurement date. Fair value is categorized into one of the following three levels based on the lowest level of significant input:

| | |
|---|---|
| Level 1 | Unadjusted quoted market prices in active markets for identical assets or liabilities |
| Level 2 | Observable inputs available at measurement date other than quoted prices included in Level 1 |
| Level 3 | Unobservable inputs that cannot be corroborated by observable market data |

*Fair Value Measurements on a Recurring Basis* - The following table summarizes the Company's financial assets and liabilities measured at fair value by hierarchy level on a recurring basis as of the periods indicated:

| | SEPTEMBER 25, 2022 | | DECEMBER 26, 2021 | | |
|---|---|---|---|---|---|
| **(dollars in thousands)** | **TOTAL** | **LEVEL 1** | **TOTAL** | **LEVEL 1** | **LEVEL 2** |
| Assets: | | | | | |
| Cash equivalents: | | | | | |
| Fixed income funds | $ 6,277 | $ 6,277 | $ 6,714 | $ 6,714 | $ — |
| Money market funds | 10,254 | 10,254 | 9,039 | 9,039 | — |
| Restricted cash equivalents: | | | | | |
| Money market funds | 143 | 143 | 1,472 | 1,472 | — |
| Total asset recurring fair value measurements | $ 16,674 | $ 16,674 | $ 17,225 | $ 17,225 | $ — |
| Liabilities: | | | | | |
| Accrued and other current liabilities: | | | | | |
| Derivative instruments - interest rate swaps | $ — | $ — | $ 3,056 | $ — | $ 3,056 |

Fair value of each class of financial instrument is determined based on the following:

| FINANCIAL INSTRUMENT | METHODS AND ASSUMPTIONS |
|---|---|
| Fixed income funds and Money market funds | Carrying value approximates fair value because maturities are less than three months. |
| Derivative instruments | The Company's derivative instruments include interest rate swaps. Fair value measurements are based on the contractual terms of the derivatives and use observable market-based inputs. The interest rate swaps are valued using a discounted cash flow analysis on the expected cash flows of each derivative using observable inputs including interest rate curves and credit spreads. The Company also considers its own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. As of December 26, 2021, the Company has determined that the credit valuation adjustments are not significant to the overall valuation of its derivatives. |

*Fair Value Measurements on a Nonrecurring Basis* - Assets and liabilities that are measured at fair value on a nonrecurring basis relate primarily to property, fixtures and equipment, operating lease right-of-use assets, goodwill and other intangible assets, which are remeasured when carrying value exceeds fair value. Carrying value after impairment approximates fair value. The following table summarizes the Company's assets measured at fair value by hierarchy level on a nonrecurring basis for the period indicated:

| | THIRTY-NINE WEEKS ENDED SEPTEMBER 26, 2021 | |
|---|---|---|
| **(dollars in thousands)** | **REMAINING CARRYING VALUE (1)** | **TOTAL IMPAIRMENT** |
| Operating lease right-of-use assets | $ 7,651 | $ 1,466 |
| Property, fixtures and equipment | 8,928 | 7,260 |
| | $ 16,579 | $ 8,726 |

(1) All asset carrying values measured using discounted cash flow models (Level 3).

*Interim Disclosures about Fair Value of Financial Instruments* - The Company's non-derivative financial instruments consist of cash equivalents, accounts receivable, accounts payable and current and long-term debt. The fair values of cash equivalents, accounts receivable and accounts payable approximate their carrying amounts reported on its Consolidated Balance Sheets due to their short duration.

Debt is carried at amortized cost; however, the Company estimates the fair value of debt for disclosure purposes. The following table includes the carrying value and fair value of the Company's debt by hierarchy level as of the periods indicated:

| | SEPTEMBER 25, 2022 | | DECEMBER 26, 2021 | |
|---|---|---|---|---|
| **(dollars in thousands)** | **CARRYING VALUE** | **FAIR VALUE LEVEL 2** | **CARRYING VALUE** | **FAIR VALUE LEVEL 2** |
| Senior Secured Credit Facility: | | | | |
| Term loan A | $ — | $ — | $ 195,000 | $ 190,125 |
| Revolving credit facility | $ 420,000 | $ 409,500 | $ 80,000 | $ 76,926 |
| 2025 Notes | $ 105,000 | $ 178,869 | $ 230,000 | $ 447,615 |
| 2029 Notes | $ 300,000 | $ 252,471 | $ 300,000 | $ 304,395 |

## 14. Income Taxes

| | THIRTEEN WEEKS ENDED | | THIRTY-NINE WEEKS ENDED | |
|---|---|---|---|---|
| **(dollars in thousands)** | **SEPTEMBER 25, 2022** | **SEPTEMBER 26, 2021** | **SEPTEMBER 25, 2022** | **SEPTEMBER 26, 2021** |
| Income before provision (benefit) for income taxes | $ 38,613 | $ 597 | $ 82,092 | $ 184,562 |
| Provision (benefit) for income taxes | $ 5,563 | $ (4,454) | $ 33,028 | $ 24,827 |
| Effective income tax rate | 14.4 % | (NM) | 40.2 % | 13.5 % |

_________________

NM Not meaningful.

The provision for income taxes for the thirteen weeks ended September 25, 2022 increased primarily due to higher pre-tax book income across the Company's U.S. and international subsidiaries. The benefit for income taxes for the thirteen weeks ended September 26, 2021 includes the impact of changes to the estimate of the forecasted full-year effective tax rate relative to prior quarters in 2021.

The effective income tax rate for the thirty-nine weeks ended September 25, 2022 increased by 26.7 percentage points as compared to the thirty-nine weeks ended September 26, 2021. The increase was primarily due to the non-deductible losses associated with the 2025 Notes Partial Repurchase recorded during the thirty-nine weeks ended September 25, 2022.

On September 16, 2022, the Company's Brazilian subsidiary was granted a preliminary injunction granting it eligibility to benefit from a recent law in Brazil that established several emergency actions by the government to offset the economic effects of the COVID-19 pandemic for the tourism and events sector. The new law introduced a 100% exemption from Brazilian corporate income tax (IRPJ and CSLL) and federal value-added taxes (PIS and COFINS) for a period of 5 years. The injunction was issued as part of an ongoing lawsuit initiated by the Company's Brazilian subsidiary due to the uncertainty regarding the restaurant industry's eligibility for this exemption. The Company has not recognized a financial impact for the thirteen-week period ended September 25, 2022 as the Company continues to evaluate the exemption, the uncertainty and impacts of the injunction, and the best courses of action moving forward.

A restaurant company employer may claim a credit against its federal income taxes for FICA taxes paid on certain tipped wages (the "FICA tax credit"). The level of FICA tax credits is primarily driven by U.S. Restaurant sales and is not impacted by costs incurred that may reduce pre-tax income.

The effective income tax rate for the thirteen weeks ended September 25, 2022 was lower than the Company's blended federal and state statutory rate of approximately 26% primarily due to the benefit of FICA tax credits on certain tipped wages.

The effective income tax rate for the thirty-nine weeks ended September 25, 2022 was higher than the statutory rate primarily due to the non-deductible losses associated with the 2025 Notes Partial Repurchase recorded during the thirty-nine weeks ended September 25, 2022.

The effective income tax rates for the thirteen and thirty-nine weeks ended September 26, 2021 were lower than the statutory rate primarily due to the benefit of FICA tax credits on certain tipped wages.

On December 28, 2021, the U.S. Treasury and the Internal Revenue Service released final regulations that, among other things, provide guidance on several aspects of the foreign tax credit rules. As part of the guidance issued, these regulations change longstanding foreign tax credit regulations that now make foreign taxes paid to certain countries no longer creditable in the United States. The Company expects that a portion of post-2022 foreign taxes paid will not be creditable in the United States. Furthermore, the impact of these regulations will result in the utilization of existing prior year foreign tax credit carryforwards for which the Company had previously recorded a valuation allowance. The valuation allowance related to the credits expected to be utilized has been released during the thirty-nine weeks ended September 25, 2022.

## 15. Commitments and Contingencies

*Litigation and Other Matters* - The Company is subject to legal proceedings, claims and liabilities, such as liquor liability, slip and fall cases, wage-and-hour and other employment-related litigation, which arise in the ordinary course of business. A reserve is recorded when it is both: (i) probable that a loss has occurred and (ii) the amount of loss can be reasonably estimated. There may be instances in which an exposure to loss exceeds the recorded reserve. The Company evaluates, on a quarterly basis, developments in legal proceedings that could cause an increase or decrease in the amount of the reserve that has been previously recorded, or a revision to the disclosed estimated range of possible losses, as applicable.

The Company's legal proceedings range from cases brought by a single plaintiff to threatened class actions with many putative class members. While some matters pending against the Company specify the damages claimed by the plaintiff or class, many seek unspecified amounts or are at very early stages of the legal process. Even when the amount of damages claimed against the Company are stated, the claimed amount may be exaggerated, unsupported or unrelated to possible outcomes, and as such, are not meaningful indicators of the Company's potential liability or financial exposure. As a result, some matters have not yet progressed sufficiently through discovery or development of important factual information and legal issues to enable the Company to estimate an amount of loss or a range of possible loss.

The Company recorded reserves of $8.6 million and $7.1 million for certain of its outstanding legal proceedings as of September 25, 2022 and December 26, 2021, respectively, within Accrued and other current liabilities and Other long-term liabilities on its Consolidated Balance Sheets. While the Company believes that additional losses beyond these accruals are reasonably possible, it cannot estimate a possible loss contingency or range of reasonably possible loss contingencies beyond these accruals.

The Company intends to defend itself in legal matters. Some of these matters may be covered, at least in part, by insurance if they exceed specified retention or deductible amounts. However, it is possible that claims may be denied by the Company's insurance carriers, the Company may be required by its insurance carriers to contribute to the payment of claims, or the Company's insurance coverage may not continue to be available on acceptable terms or in sufficient amounts. The Company records receivables from third party insurers when recovery has been determined to be probable. The Company believes that the ultimate determination of liability in connection with legal claims pending against the Company, if any, in excess of amounts already provided for such matters in the consolidated financial statements, will not have a material adverse effect on its business, annual results of operations, liquidity or financial position. However, it is possible that the Company's business, results of operations, liquidity, or financial condition could be materially affected in a particular future reporting period by the unfavorable resolution of one or more matters or contingencies during such period.

*Lease Guarantees* - The Company assigned its interest, and is contingently liable, under certain real estate leases. These leases have varying terms, the latest of which expires in 2032. As of September 25, 2022, the undiscounted payments that the Company could be required to make in the event of non-payment by the primary lessees was approximately $22.4 million. The present value of these potential payments discounted at the Company's incremental borrowing rate as of September 25, 2022 was approximately $15.7 million. In the event of default, the indemnity clauses in the Company's purchase and sale agreements generally govern its ability to pursue and recover damages incurred. As of September 25, 2022 and December 26, 2021, the Company's recorded contingent lease liability was $7.5 million and $8.7 million, respectively.

*Royalty Termination* - In August 2021, wholly-owned subsidiaries of the Company entered into the Purchase and Sale of Royalty Payment Stream and Termination of Royalty Agreement (the "Royalty Termination Agreement") with the Carrabba's Italian Grill founders (the "Carrabba's Founders"), pursuant to which the Company's obligation to pay future royalties on U.S. Carrabba's Italian Grill restaurant sales and lump sum royalty fees on Carrabba's Italian Grill (and Abbraccio) restaurants opened outside the U.S. was terminated. Upon execution of the Royalty Termination Agreement, the Company made a cash payment of $61.9 million to the Carrabba's Founders, which was recorded in Other restaurant operating expense in its Consolidated Statements of Operations and Comprehensive Income during the thirteen weeks ended September 26, 2021.

## 16. Segment Reporting

The following is a summary of reporting segments:

| REPORTABLE SEGMENT (1) | CONCEPT | GEOGRAPHIC LOCATION |
|---|---|---|
| U.S. | Outback Steakhouse<br>Carrabba's Italian Grill<br>Bonefish Grill<br>Fleming's Prime Steakhouse & Wine Bar | United States of America |
| International | Outback Steakhouse | Brazil, Hong Kong/China |
| | Carrabba's Italian Grill (Abbraccio) | Brazil |

(1) Includes franchise locations.

Segment accounting policies are the same as those described in Note 2 - *Summary of Significant Accounting Policies* in the Company's Annual Report on Form 10-K for the year ended December 26, 2021. Revenues for all segments include only transactions with customers and exclude intersegment revenues. Excluded from Income from operations for U.S. and international are certain legal and corporate costs not directly related to the performance of the segments, most stock-based compensation expenses, certain insurance expenses and certain bonus expenses.

The following table is a summary of Total revenues by segment for the periods indicated:

| | THIRTEEN WEEKS ENDED | | THIRTY-NINE WEEKS ENDED | |
|---|---|---|---|---|
| (dollars in thousands) | SEPTEMBER 25, 2022 | SEPTEMBER 26, 2021 | SEPTEMBER 25, 2022 | SEPTEMBER 26, 2021 |
| Total revenues | | | | |
| U.S. | $ 922,521 | $ 912,733 | $ 2,957,555 | $ 2,820,709 |
| International | 133,242 | 97,730 | 363,905 | 254,593 |
| Total revenues | $ 1,055,763 | $ 1,010,463 | $ 3,321,460 | $ 3,075,302 |

The following table is a reconciliation of segment income from operations to Income before provision (benefit) for income taxes for the periods indicated:

| | THIRTEEN WEEKS ENDED | | THIRTY-NINE WEEKS ENDED | |
|---|---|---|---|---|
| **(dollars in thousands)** | **SEPTEMBER 25, 2022** | **SEPTEMBER 26, 2021** | **SEPTEMBER 25, 2022** | **SEPTEMBER 26, 2021** |
| Segment income from operations | | | | |
| U.S. | $ 68,501 | $ 47,294 | $ 305,347 | $ 334,326 |
| International | 15,849 | 1,412 | 38,859 | 7,419 |
| Total segment income from operations | 84,350 | 48,706 | 344,206 | 341,745 |
| Unallocated corporate operating expense | (33,041) | (33,869) | (97,922) | (111,273) |
| Total income from operations | 51,309 | 14,837 | 246,284 | 230,472 |
| Loss on extinguishment and modification of debt | — | — | (107,630) | (2,073) |
| Loss on fair value adjustment of derivatives, net | — | — | (17,685) | — |
| Other income, net | — | 5 | — | 26 |
| Interest expense, net | (12,696) | (14,245) | (38,877) | (43,863) |
| Income before provision (benefit) for income taxes | $ 38,613 | $ 597 | $ 82,092 | $ 184,562 |

The following table is a summary of Depreciation and amortization expense by segment for the periods indicated:

| | THIRTEEN WEEKS ENDED | | THIRTY-NINE WEEKS ENDED | |
|---|---|---|---|---|
| **(dollars in thousands)** | **SEPTEMBER 25, 2022** | **SEPTEMBER 26, 2021** | **SEPTEMBER 25, 2022** | **SEPTEMBER 26, 2021** |
| Depreciation and amortization | | | | |
| U.S. | $ 34,432 | $ 33,422 | $ 102,735 | $ 100,645 |
| International | 5,882 | 5,842 | 17,438 | 17,128 |
| Corporate | 1,857 | 1,563 | 5,030 | 4,819 |
| Total depreciation and amortization | $ 42,171 | $ 40,827 | $ 125,203 | $ 122,592 |

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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

Management's discussion and analysis of financial condition and results of operations should be read in conjunction with our unaudited consolidated financial statements and the related notes. Unless the context otherwise indicates, as used in this report, the term the "Company," "we," "us," "our" and other similar terms mean Bloomin' Brands, Inc. and its subsidiaries.

### Cautionary Statement

This Quarterly Report on Form 10-Q (the "Report") includes statements that express our opinions, expectations, beliefs, plans, objectives, assumptions or projections regarding future events or future results and therefore are, or may be deemed to be, "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements can generally be identified by the use of forward-looking terminology, including the terms "believes," "estimates," "anticipates," "expects," "feels," "seeks," "forecasts," "projects," "intends," "plans," "may," "will," "should," "could" or "would" or, in each case, their negative or other variations or comparable terminology, although not all forward-looking statements are accompanied by such terms. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Report and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which we operate.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Although we base these forward-looking statements on assumptions that we believe are reasonable when made, we caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and industry developments may differ materially from statements made in or suggested by the forward-looking statements contained in this Report. In addition, even if our results of operations, financial condition and liquidity, and industry developments are consistent with the forward-looking statements contained in this Report, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that could cause actual results to differ materially from statements made or suggested by forward-looking statements include, but are not limited to, the following:

(i) Consumer reactions to public health and food safety issues;

(ii) The severity, extent and duration of the COVID-19 pandemic, its impacts on our business and results of operations, financial condition and liquidity, including any adverse impact on our stock price and on the other factors listed below, and the responses of domestic and foreign federal, state and local governments to the pandemic;

(iii) Minimum wage increases, additional mandated employee benefits and fluctuations in the cost and availability of employees;

(iv) Fluctuations in the price and availability of commodities, including supplier freight charges and restaurant distribution expenses, and other impacts of inflation;

(v) Our ability to compete in the highly competitive restaurant industry with many well-established competitors and new market entrants;

(vi) Economic conditions and their effects on consumer confidence and discretionary spending, consumer traffic, the cost and availability of credit and interest rates;

(vii) Our ability to recruit and retain high-quality leadership, restaurant-level management and team members;

(viii) Our ability to preserve and grow the reputation and value of our brands, particularly in light of changes in consumer engagement with social media platforms and limited control with respect to the operations of our franchisees;

(ix) Our ability to protect our information technology systems from interruption or security breach, including cyber security threats, and to protect consumer data and personal employee information;

(x) Dependence on a limited number of suppliers and distributors to meet our beef, chicken and other major product supply needs;

(xi) The effects of international economic, political and social conditions and legal systems on our foreign operations and on foreign currency exchange rates;

(xii) Our ability to comply with governmental laws and regulations, the costs of compliance with such laws and regulations and the effects of changes to applicable laws and regulations, including tax laws and unanticipated liabilities, and the impact of any litigation;

(xiii) Our ability to effectively respond to changes in patterns of consumer traffic, consumer tastes and dietary habits, including by maintaining relationships with third party delivery apps and services;

(xiv) Our ability to implement our remodeling, relocation and expansion plans due to uncertainty in locating and acquiring attractive sites on acceptable terms, obtaining required permits and approvals, recruiting and training necessary personnel, obtaining adequate financing and estimating the performance of newly opened, remodeled or relocated restaurants;

(xv) Seasonal and periodic fluctuations in our results and the effects of significant adverse weather conditions and other disasters or unforeseen events;

(xvi) The effects of our leverage and restrictive covenants in our various credit facilities on our ability to raise additional capital to fund our operations, to make capital expenditures to invest in new or renovate restaurants and to react to changes in the economy or our industry;

(xvii) Any impairment in the carrying value of our goodwill or other intangible or long-lived assets and its effect on our financial condition and results of operations; and

(xviii) Such other factors as discussed in Part I, Item IA. Risk Factors of our Annual Report on Form 10-K for the year ended December 26, 2021.

Given these risks and uncertainties, we caution you not to place undue reliance on these forward-looking statements. Any forward-looking statement that we make in this Report speaks only as of the date of such statement, and we undertake no obligation to update any forward-looking statement or to publicly announce the results of any revision to any of those statements to reflect future events or developments. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless specifically expressed as such, and should only be viewed as historical data.

## Overview

We are one of the largest casual dining restaurant companies in the world with a portfolio of leading, differentiated restaurant concepts. As of September 25, 2022, we owned and operated 1,176 full-service restaurants and off-premises only kitchens and franchised 332 full-service restaurants and off-premises only kitchens across 47 states, Guam and 15 countries. We have four founder-inspired concepts: Outback Steakhouse, Carrabba’s Italian Grill, Bonefish Grill and Fleming’s Prime Steakhouse & Wine Bar.

*Financial Highlights* - Our financial highlights for the thirteen weeks ended September 25, 2022 include the following:

- U.S. combined and Outback Steakhouse comparable restaurant sales of 1.4% and 2.3%, respectively;
- Increase in Total revenues of 4.5%, as compared to the third quarter of 2021;
- Operating income and restaurant-level operating margins of 4.9% and 13.1%, respectively, as compared to 1.5% and 10.3%, respectively, for the third quarter of 2021;
- Operating income of $51.3 million, as compared to $14.8 million in the third quarter of 2021; and
- Diluted earnings per share of $0.34 as compared to $0.03 for the third quarter of 2021.

*Key Financial Performance Indicators* - Key measures that we use in evaluating our restaurants and assessing our business include the following:

- *Average restaurant unit volumes* — average sales (excluding gift card breakage) per restaurant to measure changes in customer traffic, pricing and development of the brand;

- *Comparable restaurant sales* — year-over-year comparison of the change in sales volumes (excluding gift card breakage) for Company-owned restaurants that are open 18 months or more in order to remove the impact of new restaurant openings in comparing the operations of existing restaurants;

- *System-wide sales* — total restaurant sales volume for all Company-owned and franchise restaurants, regardless of ownership, to interpret the overall health of our brands;

- *Restaurant-level operating margin, Income from operations, Net income and Diluted earnings per share* — financial measures utilized to evaluate our operating performance.

  Restaurant-level operating margin is a non-GAAP financial measure widely regarded in the industry as a useful metric to evaluate restaurant-level operating efficiency and performance of ongoing restaurant-level operations, and we use it for these purposes, overall and particularly within our two segments. Our restaurant-level operating margin is expressed as the percentage of our Restaurant sales that Food and beverage costs, Labor and other related expenses and Other restaurant operating expenses (including advertising expenses) represent, in each case as such items are reflected in our Consolidated Statements of Operations and Comprehensive Income. The following categories of our revenue and operating expenses are not included in restaurant-level operating margin because we do not consider them reflective of operating performance at the restaurant-level within a period:

  (i) Franchise and other revenues which are earned primarily from franchise royalties and other non-food and beverage revenue streams, such as rental and sublease income;
  (ii) Depreciation and amortization which, although substantially all of which is related to restaurant-level assets, represent historical sunk costs rather than cash outlays for the restaurants;
  (iii) General and administrative expense which includes primarily non-restaurant-level costs associated with support of the restaurants and other activities at our corporate offices; and

(iv) Asset impairment charges and restaurant closing costs which are not reflective of ongoing restaurant performance in a period.

Restaurant-level operating margin excludes various expenses, as discussed above, that are essential to support the operations of our restaurants and may materially impact our Consolidated Statements of Operations and Comprehensive Income. As a result, restaurant-level operating margin is not indicative of our consolidated results of operations and is presented exclusively as a supplement to, and not a substitute for, Net income or Income from operations. In addition, our presentation of restaurant-level operating margin may not be comparable to similarly titled measures used by other companies in our industry;

- *Adjusted restaurant-level operating margin, Adjusted income from operations, Adjusted net income and Adjusted diluted earnings per share* **—** non-GAAP financial measures utilized to evaluate our operating performance.

We believe that our use of these non-GAAP financial measures permits investors to assess the operating performance of our business relative to our performance based on U.S. GAAP results and relative to other companies within the restaurant industry by isolating the effects of certain items that may vary from period to period without correlation to core operating performance or that vary widely among similar companies. However, our inclusion of these adjusted measures should not be construed as an indication that our future results will be unaffected by unusual or infrequent items or that the items for which we have made adjustments are unusual or infrequent or will not recur. We believe that the disclosure of these non-GAAP measures is useful to investors as they form part of the basis for how our management team and Board evaluate our operating performance, allocate resources and administer employee incentive plans.

*Selected Operating Data* - The table below presents the number of our full-service restaurants in operation as of the periods indicated:

| **Number of restaurants (at end of the period):** | **SEPTEMBER 25, 2022** | **SEPTEMBER 26, 2021** |
|---|---|---|
| U.S. | | |
| Outback Steakhouse | | |
| Company-owned | 564 | 564 |
| Franchised | 128 | 130 |
| Total | 692 | 694 |
| Carrabba's Italian Grill | | |
| Company-owned | 199 | 199 |
| Franchised | 19 | 20 |
| Total | 218 | 219 |
| Bonefish Grill | | |
| Company-owned | 173 | 178 |
| Franchised | 7 | 7 |
| Total | 180 | 185 |
| Fleming's Prime Steakhouse & Wine Bar | | |
| Company-owned | 64 | 64 |
| Aussie Grill | | |
| Company-owned (1) | 5 | 4 |
| U.S. total | 1,159 | 1,166 |
| International | | |
| Company-owned | | |
| Outback Steakhouse - Brazil (2) | 137 | 113 |
| Other (1)(2)(3) | 33 | 33 |
| Franchised | | |
| Outback Steakhouse - South Korea (1) | 83 | 77 |
| Other (3) | 50 | 54 |
| International total | 303 | 277 |
| System-wide total | 1,462 | 1,443 |
| System-wide total - Company-owned | 1,175 | 1,155 |
| System-wide total - Franchised | 287 | 288 |

(1) Previously presented restaurant counts as of September 26, 2021 have been adjusted to exclude off-premises only locations included in the table below.
(2) The restaurant counts for Brazil, including Abbraccio restaurants within International Company-owned Other, are reported as of August 31, 2022 and 2021, respectively, to correspond with the balance sheet dates of this subsidiary.
(3) International Company-owned Other included two Aussie Grill locations as of September 25, 2022 and September 26, 2021. International Franchised Other included three Aussie Grill locations as of September 25, 2022 and September 26, 2021.

The table below presents the number of our off-premises only kitchens in operation as of the periods indicated:

| **Number of kitchens (at end of the period) (1):** | **SEPTEMBER 25, 2022** | **SEPTEMBER 26, 2021** |
|---|---|---|
| U.S. | | |
| Company-owned | 1 | 3 |
| International | | |
| Company-owned | — | 1 |
| Franchised - South Korea | 45 | 37 |
| System-wide total | 46 | 41 |

(1) Excludes virtual concepts that operate out of existing restaurants and sports venue locations.

## Results of Operations

The following table sets forth the percentages of certain items in our Consolidated Statements of Operations in relation to Total revenues or Restaurant sales for the periods indicated:

| | THIRTEEN WEEKS ENDED | | THIRTY-NINE WEEKS ENDED | |
|---|---|---|---|---|
| | SEPTEMBER 25, 2022 | SEPTEMBER 26, 2021 | SEPTEMBER 25, 2022 | SEPTEMBER 26, 2021 |
| Revenues | | | | |
| Restaurant sales | 98.5 % | 98.6 % | 98.5 % | 98.6 % |
| Franchise and other revenues | 1.5 | 1.4 | 1.5 | 1.4 |
| Total revenues | 100.0 | 100.0 | 100.0 | 100.0 |
| Costs and expenses | | | | |
| Food and beverage costs (1) | 32.0 | 30.5 | 32.3 | 30.0 |
| Labor and other related (1) | 29.1 | 29.1 | 28.2 | 28.4 |
| Other restaurant operating (1) | 25.8 | 30.1 | 24.2 | 25.2 |
| Depreciation and amortization | 4.0 | 4.0 | 3.8 | 4.0 |
| General and administrative | 5.3 | 5.8 | 5.2 | 5.9 |
| Provision for impaired assets and restaurant closings | 0.2 | 0.2 | 0.1 | 0.3 |
| Total costs and expenses | 95.1 | 98.5 | 92.6 | 92.5 |
| Income from operations | 4.9 | 1.5 | 7.4 | 7.5 |
| Loss on extinguishment and modification of debt | — | — | (3.1) | (0.1) |
| Loss on fair value adjustment of derivatives, net | — | — | (0.5) | — |
| Other income, net | — | * | — | * |
| Interest expense, net | (1.2) | (1.4) | (1.3) | (1.4) |
| Income before provision (benefit) for income taxes | 3.7 | 0.1 | 2.5 | 6.0 |
| Provision (benefit) for income taxes | 0.6 | (0.4) | 1.0 | 0.8 |
| Net income | 3.1 | 0.5 | 1.5 | 5.2 |
| Less: net income attributable to noncontrolling interests | 0.1 | 0.2 | 0.2 | 0.2 |
| Net income attributable to Bloomin' Brands | 3.0 % | 0.3 % | 1.3 % | 5.0 % |

(1) As a percentage of Restaurant sales.
* Less than 1/10th of one percent of Total revenues.

REVENUES

*Restaurant sales*

Following is a summary of the change in Restaurant sales for the periods indicated:

| (dollars in millions) | THIRTEEN WEEKS ENDED | THIRTY-NINE WEEKS ENDED |
|---|---|---|
| For the periods ended September 26, 2021 | $ 996.7 | $ 3,031.4 |
| Change from: | | |
| Comparable restaurant sales (1) | 34.9 | 212.6 |
| Restaurant openings (1) | 18.0 | 46.0 |
| Restaurant closures (1) | (8.2) | (24.7) |
| Effect of foreign currency translation | (1.0) | 7.6 |
| For the periods ended September 25, 2022 | $ 1,040.4 | $ 3,272.9 |

(1) Summation of quarterly changes for restaurant openings, closures and comparable restaurant sales will not total to annual amounts as the restaurants that meet the definition of each will differ each period based on when the restaurant opened or closed.

The increase in Restaurant sales during the thirteen weeks ended September 25, 2022 was primarily due to higher comparable restaurant sales and the opening of 42 new restaurants not included in our comparable restaurant sales base. The increase in Restaurant sales was partially offset by the closure of 22 restaurants since June 27, 2021.

The increase in Restaurant sales during the thirty-nine weeks ended September 25, 2022 was primarily due to: (i) higher comparable restaurant sales, (ii) the opening of 54 new restaurants not included in our comparable restaurant sales base and (iii) the effect of foreign currency translation of the Brazilian Real relative to the U.S. dollar. The increase in Restaurant sales was partially offset by the closure of 25 restaurants since December 27, 2020.

*Average Restaurant Unit Volumes and Operating Weeks*

Following is a summary of the average restaurant unit volumes and operating weeks for the periods indicated:

| | THIRTEEN WEEKS ENDED | | THIRTY-NINE WEEKS ENDED | |
|---|---|---|---|---|
| | SEPTEMBER 25, 2022 | SEPTEMBER 26, 2021 | SEPTEMBER 25, 2022 | SEPTEMBER 26, 2021 |
| Average restaurant unit volumes (weekly): | | | | |
| U.S. | | | | |
| Outback Steakhouse | $ 72,834 | $ 70,849 | $ 77,106 | $ 74,163 |
| Carrabba's Italian Grill | $ 62,010 | $ 61,518 | $ 65,309 | $ 62,910 |
| Bonefish Grill | $ 57,998 | $ 57,844 | $ 62,811 | $ 58,626 |
| Fleming's Prime Steakhouse & Wine Bar | $ 97,053 | $ 95,777 | $ 109,112 | $ 94,064 |
| International | | | | |
| Outback Steakhouse - Brazil (1) | $ 60,711 | $ 49,841 | $ 58,722 | $ 40,848 |
| Operating weeks: | | | | |
| U.S. | | | | |
| Outback Steakhouse | 7,331 | 7,344 | 21,968 | 22,089 |
| Carrabba's Italian Grill | 2,576 | 2,587 | 7,741 | 7,761 |
| Bonefish Grill | 2,253 | 2,327 | 6,807 | 7,004 |
| Fleming's Prime Steakhouse & Wine Bar | 832 | 832 | 2,496 | 2,489 |
| International | | | | |
| Outback Steakhouse - Brazil | 1,745 | 1,485 | 4,971 | 4,362 |

(1) Translated at average exchange rates of 5.18 and 5.15 for the thirteen weeks ended September 25, 2022 and September 26, 2021, respectively, and 5.16 and 5.27 for the thirty-nine weeks ended September 25, 2022 and September 26, 2021, respectively.

*Comparable Restaurant Sales, Traffic and Average Check Per Person Increases (Decreases)*

Following is a summary of comparable restaurant sales, traffic and average check per person increases (decreases) for the periods indicated:

| | THIRTEEN WEEKS ENDED | | THIRTY-NINE WEEKS ENDED | |
|---|---|---|---|---|
| | SEPTEMBER 25, 2022 | SEPTEMBER 26, 2021 | SEPTEMBER 25, 2022 | SEPTEMBER 26, 2021 |
| Year over year percentage change: | | | | |
| Comparable restaurant sales (stores open 18 months or more): | | | | |
| U.S. (1) | | | | |
| Outback Steakhouse | 2.3 % | 18.3 % | 3.4 % | 25.3 % |
| Carrabba's Italian Grill | 0.7 % | 28.8 % | 3.6 % | 35.1 % |
| Bonefish Grill | (0.9)% | 36.6 % | 5.9 % | 41.2 % |
| Fleming's Prime Steakhouse & Wine Bar | 1.3 % | 59.6 % | 15.7 % | 56.9 % |
| Combined U.S. | 1.4 % | 25.5 % | 4.8 % | 31.4 % |
| International | | | | |
| Outback Steakhouse - Brazil (2) | 30.1 % | 109.8 % | 48.7 % | 29.4 % |
| | | | | |
| Traffic: | | | | |
| U.S. | | | | |
| Outback Steakhouse | (6.8)% | 14.8 % | (5.5)% | 19.6 % |
| Carrabba's Italian Grill | (8.4)% | 27.1 % | (4.4)% | 27.0 % |
| Bonefish Grill | (8.3)% | 25.6 % | (3.3)% | 23.4 % |
| Fleming's Prime Steakhouse & Wine Bar | (4.8)% | 48.4 % | 5.8 % | 38.1 % |
| Combined U.S. | (7.2)% | 19.3 % | (4.7)% | 21.9 % |
| International | | | | |
| Outback Steakhouse - Brazil | 16.7 % | 62.5 % | 32.1 % | 25.2 % |
| | | | | |
| Average check per person (3): | | | | |
| U.S. | | | | |
| Outback Steakhouse | 9.1 % | 3.5 % | 8.9 % | 5.7 % |
| Carrabba's Italian Grill | 9.1 % | 1.7 % | 8.0 % | 8.1 % |
| Bonefish Grill | 7.4 % | 11.0 % | 9.2 % | 17.8 % |
| Fleming's Prime Steakhouse & Wine Bar | 6.1 % | 11.2 % | 9.9 % | 18.8 % |
| Combined U.S. | 8.6 % | 6.2 % | 9.5 % | 9.5 % |
| International | | | | |
| Outback Steakhouse - Brazil | 13.1 % | 45.5 % | 16.5 % | 5.5 % |

(1) Relocated restaurants closed more than 60 days are excluded from comparable restaurant sales until at least 18 months after reopening.
(2) Excludes the effect of fluctuations in foreign currency rates. Includes trading day impact from calendar period reporting.
(3) Includes the impact of menu pricing changes, product mix and discounts.

The thirteen weeks ended December 25, 2022 will include the impact of Hurricane Ian which is estimated to be 0.3% to U.S. comparable sales and approximately $0.03 to diluted earnings per share, inclusive of storm-related costs.

*Franchise and other revenues*

| | THIRTEEN WEEKS ENDED | | THIRTY-NINE WEEKS ENDED | |
|---|---|---|---|---|
| (dollars in millions) | SEPTEMBER 25, 2022 | SEPTEMBER 26, 2021 | SEPTEMBER 25, 2022 | SEPTEMBER 26, 2021 |
| Franchise revenues | $ 11.8 | $ 12.9 | $ 37.8 | $ 31.9 |
| Other revenues (1) | 3.6 | 0.8 | 10.8 | 12.0 |
| Franchise and other revenues | $ 15.4 | $ 13.7 | $ 48.6 | $ 43.9 |

(1) The thirteen and thirty-nine weeks ended September 26, 2021 include an adjustment of $(3.2) million to reduce our initial recorded estimate and net $3.1 million benefit, respectively, from the recognition of recoverable PIS and COFINS taxes within other revenues recognized in connection with favorable court rulings in Brazil regarding the calculation methodology and taxable base for prior years.

## COSTS AND EXPENSES

*Food and beverage costs*

| | THIRTEEN WEEKS ENDED | | | THIRTY-NINE WEEKS ENDED | | |
|---|---|---|---|---|---|---|
| (dollars in millions) | SEPTEMBER 25, 2022 | SEPTEMBER 26, 2021 | CHANGE | SEPTEMBER 25, 2022 | SEPTEMBER 26, 2021 | CHANGE |
| Food and beverage costs | $ 332.9 | $ 304.3 | | $ 1,056.8 | $ 908.3 | |
| % of Restaurant sales | 32.0 % | 30.5 % | 1.5 % | 32.3 % | 30.0 % | 2.3 % |

Food and beverage costs increased as a percentage of Restaurant sales during the thirteen weeks ended September 25, 2022 as compared to the thirteen weeks ended September 26, 2021 primarily due to 3.5% from commodity inflation and 0.5% from product mix. These increases were partially offset by decreases as a percentage of Restaurant sales of 2.2% from increases in average check per person, primarily driven by an increase in menu pricing, and 0.3% from the impact of certain cost saving initiatives.

Food and beverage costs increased as a percentage of Restaurant sales during the thirty-nine weeks ended September 25, 2022 as compared to the thirty-nine weeks ended September 26, 2021 primarily due to 4.0% from commodity inflation, partially offset by a decrease as a percentage of Restaurant sales of 1.8% from increases in average check per person, primarily driven by an increase in menu pricing.

In aggregate, menu pricing increases during 2022 have trailed the current level of commodity inflation.

*Labor and other related expenses*

| | THIRTEEN WEEKS ENDED | | | THIRTY-NINE WEEKS ENDED | | |
|---|---|---|---|---|---|---|
| (dollars in millions) | SEPTEMBER 25, 2022 | SEPTEMBER 26, 2021 | CHANGE | SEPTEMBER 25, 2022 | SEPTEMBER 26, 2021 | CHANGE |
| Labor and other related | $ 303.2 | $ 290.2 | | $ 924.5 | $ 859.9 | |
| % of Restaurant sales | 29.1 % | 29.1 % | — % | 28.2 % | 28.4 % | (0.2)% |

Labor and other related expenses were flat as a percentage of Restaurant sales during the thirteen weeks ended September 25, 2022 as compared to the thirteen weeks ended September 26, 2021 primarily due to decreases of 1.7% from leveraging increased restaurant sales due to increases in average check per person and lapping the impact of COVID-19, primarily in Brazil. These decreases were partially offset by an increase as a percentage of Restaurant sales of 1.8% from higher labor costs primarily due to wage rate inflation.

Labor and other related expenses decreased as a percentage of Restaurant sales during the thirty-nine weeks ended September 25, 2022 as compared to the thirty-nine weeks ended September 26, 2021 primarily due to 2.0% from leveraging increased restaurant sales due to increases in average check per person and lapping the impact of COVID-19, primarily in Brazil. These decreases were offset by an increase as a percentage of Restaurant sales of 2.0% from higher labor cost primarily due to wage rate inflation.

*Other restaurant operating expenses*

| | THIRTEEN WEEKS ENDED | | | THIRTY-NINE WEEKS ENDED | | |
|---|---|---|---|---|---|---|
| (dollars in millions) | SEPTEMBER 25, 2022 | SEPTEMBER 26, 2021 | CHANGE | SEPTEMBER 25, 2022 | SEPTEMBER 26, 2021 | CHANGE |
| Other restaurant operating | $ 267.9 | $ 299.8 | | $ 790.6 | $ 762.5 | |
| % of Restaurant sales | 25.8 % | 30.1 % | (4.3)% | 24.2 % | 25.2 % | (1.0)% |

During the thirteen weeks ended September 26, 2021, we entered into the Royalty Termination Agreement with the Carrabba's Founders for $61.9 million in cash. See Note 15 - *Commitments and Contingencies* of the Notes to Consolidated Financial Statements for additional details.

Other restaurant operating expenses decreased as a percentage of Restaurant sales during the thirteen weeks ended September 25, 2022 as compared to the thirteen weeks ended September 26, 2021 primarily due to 6.2% from lapping the Carrabba's Italian Grill royalty termination and 0.9% from leveraging increased restaurant sales due to lapping the impact of COVID-19, primarily in Brazil, and increases in average check per person. These decreases were partially offset by increases as a percentage of Restaurant sales of 1.5% from higher operating expenses including utilities, primarily due to inflation, and 1.1% from higher advertising expense.

Other restaurant operating expenses decreased as a percentage of Restaurant sales during the thirty-nine weeks ended September 25, 2022 as compared to the thirty-nine weeks ended September 26, 2021 primarily due to 2.0% from lapping the Carrabba's Italian Grill royalty termination, and 1.5% from leveraging increased restaurant sales due to increases in average check per person and lapping the impact of COVID-19, primarily in Brazil. These decreases were partially offset by increases as a percentage of Restaurant sales of 1.5% from higher operating expenses including utilities, primarily due to inflation, and 0.8% from higher advertising expense.

*General and administrative*

General and administrative expense includes salaries and benefits, management incentive programs, related payroll tax and benefits, other employee-related costs and professional services. Following is a summary of the change in General and administrative expense for the periods indicated:

| (dollars in millions) | THIRTEEN WEEKS ENDED | THIRTY-NINE WEEKS ENDED |
|---|---|---|
| For the periods ended September 26, 2021 | $ 58.9 | $ 182.6 |
| Change from: | | |
| Employee stock-based compensation | (3.6) | (8.3) |
| Incentive compensation | (2.8) | (10.4) |
| Compensation, benefits and payroll tax | 2.3 | 6.0 |
| Travel and entertainment | 1.1 | 4.1 |
| Other | 0.2 | — |
| For the periods ended September 25, 2022 | $ 56.1 | $ 174.0 |

*Provision for impaired assets and restaurant closings*

| | THIRTEEN WEEKS ENDED | | | THIRTY-NINE WEEKS ENDED | | |
|---|---|---|---|---|---|---|
| **(dollars in millions)** | **SEPTEMBER 25, 2022** | **SEPTEMBER 26, 2021** | **CHANGE** | **SEPTEMBER 25, 2022** | **SEPTEMBER 26, 2021** | **CHANGE** |
| Provision for impaired assets and restaurant closings | $ 2.1 | $ 1.6 | $ 0.5 | $ 4.1 | $ 9.0 | $ (4.9) |

Impairment and closure charges during the periods presented resulted primarily from locations identified for closure.

*Income from operations*

| | THIRTEEN WEEKS ENDED | | | THIRTY-NINE WEEKS ENDED | | |
|---|---|---|---|---|---|---|
| **(dollars in millions)** | **SEPTEMBER 25, 2022** | **SEPTEMBER 26, 2021** | **CHANGE** | **SEPTEMBER 25, 2022** | **SEPTEMBER 26, 2021** | **CHANGE** |
| Income from operations | $ 51.3 | $ 14.8 | $ 36.5 | $ 246.3 | $ 230.5 | $ 15.8 |
| % of Total revenues | 4.9 % | 1.5 % | 3.4 % | 7.4 % | 7.5 % | (0.1)% |

The increase in Income from operations generated during the thirteen weeks ended September 25, 2022 as compared to the thirteen weeks ended September 26, 2021 was primarily due to: (i) lapping the Carrabba's Italian Grill royalty termination, (ii) increases in average check per person, (iii) lapping the impact of COVID-19, primarily in Brazil, and (iv) lower share-based and incentive compensation. These increases were partially offset by: (i) commodity inflation, (ii) higher labor cost primarily due to wage rate inflation, (iii) higher operating expenses including utilities, primarily due to inflation, and (iv) an increase in advertising costs.

The increase in Income from operations generated during the thirty-nine weeks ended September 25, 2022 as compared to the thirty-nine weeks ended September 26, 2021 was primarily due to: (i) increases in average check per person, (ii) lapping the Carrabba's Italian Grill royalty termination, (iii) lapping the impact of COVID-19, primarily in Brazil, and (iv) lower share-based and incentive compensation. These increases were partially offset by: (i) commodity inflation, (ii) higher labor cost primarily due to wage rate inflation, (iii) higher operating expenses including utilities, primarily due to inflation, and (iv) an increase in advertising costs.

*Loss on extinguishment and modification of debt and Loss on fair value adjustment of derivatives, net*

In connection with the 2025 Notes Partial Repurchase, we recognized a loss on extinguishment of debt of $104.7 million and a loss on fair value adjustment of derivatives, net, of $17.7 million during the thirty-nine weeks ended September 25, 2022.

See Note 8 - *Convertible Senior Notes* of the Notes to Consolidated Financial Statements for additional details.

*Interest expense, net*

| | THIRTEEN WEEKS ENDED | | | THIRTY-NINE WEEKS ENDED | | |
|---|---|---|---|---|---|---|
| **(dollars in millions)** | **SEPTEMBER 25, 2022** | **SEPTEMBER 26, 2021** | **CHANGE** | **SEPTEMBER 25, 2022** | **SEPTEMBER 26, 2021** | **CHANGE** |
| Interest expense, net | $ 12.7 | $ 14.2 | $ (1.5) | $ 38.9 | $ 43.9 | $ (5.0) |

The decrease in Interest expense, net for the thirteen weeks ended September 25, 2022 as compared to the thirteen weeks ended September 26, 2021 was primarily due to: (i) the 2025 Notes Partial Repurchase in May 2022, (ii) repayment of the Term loan A in April 2022 and (iii) the impact of our April 2021 interest rate swap terminations. These decreases were partially offset by increases in interest expense from higher balances and interest rates on revolver debt.

The decrease in Interest expense, net for the thirty-nine weeks ended September 25, 2022 as compared to the thirty-nine weeks ended September 26, 2021 was primarily due to the repayment of Term loan A in April 2022 and the 2025 Notes Partial Repurchase in May 2022. These decreases were partially offset by increases from the issuance of the 2029 Notes in April 2021.

*Provision (benefit) for income taxes*

| | THIRTEEN WEEKS ENDED | | | THIRTY-NINE WEEKS ENDED | | |
|---|---|---|---|---|---|---|
| **(dollars in millions)** | **SEPTEMBER 25, 2022** | **SEPTEMBER 26, 2021** | **CHANGE** | **SEPTEMBER 25, 2022** | **SEPTEMBER 26, 2021** | **CHANGE** |
| Income before provision (benefit) for income taxes | $ 38.6 | $ 0.6 | $ 38.0 | $ 82.1 | $ 184.6 | $ (102.5) |
| Provision (benefit) for income taxes | $ 5.6 | $ (4.5) | $ 10.1 | $ 33.0 | $ 24.8 | $ 8.2 |
| Effective income tax rate | 14.4 % | (NM) | NM | 40.2 % | 13.5 % | 26.7 % |

_________________
NM Not meaningful.

The provision for income taxes for the thirteen weeks ended September 25, 2022 increased primarily due to higher pre-tax book income across our U.S. and international subsidiaries. The benefit for income taxes for the thirteen weeks ended September 26, 2021 includes the impact of changes to the estimate of the forecasted full-year effective tax rate relative to prior quarters in 2021.

The effective income tax rate for the thirty-nine weeks ended September 25, 2022 increased by 26.7 percentage points as compared to the thirty-nine weeks ended September 26, 2021. The increase was primarily due to the non-deductible losses associated with the 2025 Notes Partial Repurchase recorded during the thirty-nine weeks ended September 25, 2022.

## SEGMENT PERFORMANCE

The following is a summary of reporting segments:

| **REPORTABLE SEGMENT (1)** | **CONCEPT** | **GEOGRAPHIC LOCATION** |
|---|---|---|
| U.S. | Outback Steakhouse<br>Carrabba's Italian Grill<br>Bonefish Grill<br>Fleming's Prime Steakhouse & Wine Bar | United States of America |
| International | Outback Steakhouse | Brazil, Hong Kong/China |
| | Carrabba's Italian Grill (Abbraccio) | Brazil |

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(1) Includes franchise locations.

Revenues for both segments include only transactions with customers and exclude intersegment revenues. Excluded from Income from operations for U.S. and international are certain legal and corporate costs not directly related to the performance of the segments, most stock-based compensation expenses, certain insurance expenses and certain bonus expenses.

Refer to Note 16 - *Segment Reporting* of the Notes to Consolidated Financial Statements for reconciliations of segment income from operations to the consolidated operating results.

Restaurant-level operating margin is widely regarded in the industry as a useful non-GAAP measure to evaluate restaurant-level operating efficiency and performance of ongoing restaurant-level operations, and we use it for these purposes, overall and particularly within our two segments. See the *Overview-Key Financial Performance Indicators* and *Non-GAAP Financial Measures* sections of Management's Discussion and Analysis of Financial Condition and Results of Operations for additional details regarding the calculation of restaurant-level operating margin.

## U.S. Segment

| | THIRTEEN WEEKS ENDED | | THIRTY-NINE WEEKS ENDED | |
|---|---|---|---|---|
| (dollars in thousands) | SEPTEMBER 25, 2022 | SEPTEMBER 26, 2021 | SEPTEMBER 25, 2022 | SEPTEMBER 26, 2021 |
| Revenues | | | | |
| Restaurant sales | $ 910,679 | $ 898,790 | $ 2,920,241 | $ 2,789,142 |
| Franchise and other revenues | 11,842 | 13,943 | 37,314 | 31,567 |
| Total revenues | $ 922,521 | $ 912,733 | $ 2,957,555 | $ 2,820,709 |
| Restaurant-level operating margin | 12.7 % | 10.0 % | 15.2 % | 17.1 % |
| Income from operations | $ 68,501 | $ 47,294 | $ 305,347 | $ 334,326 |
| Operating income margin | 7.4 % | 5.2 % | 10.3 % | 11.9 % |

*Restaurant sales*

Following is a summary of the change in U.S. segment Restaurant sales for the periods indicated:

| (dollars in millions) | THIRTEEN WEEKS ENDED (1) | THIRTY-NINE WEEKS ENDED (1) |
|---|---|---|
| For the periods ended September 26, 2021 | $ 898.8 | $ 2,789.1 |
| Change from: | | |
| Comparable restaurant sales | 12.8 | 135.1 |
| Restaurant openings | 7.3 | 20.7 |
| Restaurant closures | (8.2) | (24.7) |
| For the periods ended September 25, 2022 | $ 910.7 | $ 2,920.2 |

(1) Summation of quarterly changes will not total to annual amounts as the restaurants that meet the definition of each change category will differ each period based on when the restaurant opened or closed.

The increase in U.S. Restaurant sales during the thirteen weeks ended September 25, 2022 was primarily due to higher comparable restaurant sales and the opening of 13 new restaurants not included in our comparable restaurant sales base. The increase was partially offset by the closure of 21 restaurants since June 27, 2021.

The increase in U.S. Restaurant sales during the thirty-nine weeks ended September 25, 2022 was primarily due to higher comparable restaurant sales and the opening of 16 new restaurants not included in our comparable restaurant sales base. The increase in U.S. Restaurant sales was partially offset by the closure of 24 restaurants since December 27, 2020.

*Income from operations*

The increase in U.S. Income from operations generated during the thirteen weeks ended September 25, 2022 as compared to the thirteen weeks ended September 26, 2021 was primarily due to lapping the Carrabba's Italian Grill royalty termination and increases in average check per person. These increases were partially offset by: (i) commodity inflation, (ii) higher labor cost primarily due to wage rate inflation, (iii) higher operating expenses including utilities and (iv) higher advertising expense.

The decrease in U.S. Income from operations generated during the thirty-nine weeks ended September 25, 2022 as compared to the thirty-nine weeks ended September 26, 2021 was primarily due to: (i) commodity inflation, (ii) higher labor cost primarily due to wage rate inflation, (iii) higher operating expenses including utilities and (iv) higher advertising expense. These decreases were partially offset by increases in average check per person and lapping the Carrabba's Italian Grill royalty termination.

## International Segment

| | THIRTEEN WEEKS ENDED | | THIRTY-NINE WEEKS ENDED | |
|---|---|---|---|---|
| **(dollars in thousands)** | **SEPTEMBER 25, 2022** | **SEPTEMBER 26, 2021** | **SEPTEMBER 25, 2022** | **SEPTEMBER 26, 2021** |
| Revenues | | | | |
| Restaurant sales | $ 129,696 | $ 97,928 | $ 352,627 | $ 242,254 |
| Franchise and other revenues | 3,546 | (198) | 11,278 | 12,339 |
| Total revenues | $ 133,242 | $ 97,730 | $ 363,905 | $ 254,593 |
| Restaurant-level operating margin | 18.5 % | 12.8 % | 17.8 % | 10.7 % |
| Income from operations | $ 15,849 | $ 1,412 | $ 38,859 | $ 7,419 |
| Operating income margin | 11.9 % | 1.4 % | 10.7 % | 2.9 % |

*Restaurant sales*

Following is a summary of the change in international segment Restaurant sales for the periods indicated:

| **(dollars in millions)** | **THIRTEEN WEEKS ENDED** | **THIRTY-NINE WEEKS ENDED** |
|---|---|---|
| For the periods ended September 26, 2021 | $ 97.9 | $ 242.3 |
| Change from: | | |
| Comparable restaurant sales (1) | 22.1 | 77.5 |
| Restaurant openings (1) | 10.7 | 25.3 |
| Effect of foreign currency translation | (1.0) | 7.6 |
| For the periods ended September 25, 2022 | $ 129.7 | $ 352.7 |

(1) Summation of quarterly changes for restaurant openings and comparable restaurant sales will not total to annual amounts as the restaurants that meet the definition of each will differ each period based on when the restaurant opened.

The increase in international Restaurant sales during the thirteen weeks ended September 25, 2022 was primarily due to higher comparable restaurant sales in Brazil and the opening of 29 new restaurants not included in our comparable restaurant sales base.

The increase in international Restaurant sales during the thirty-nine weeks ended September 25, 2022 was primarily due to: (i) higher comparable restaurant sales in Brazil, (ii) the opening of 38 new restaurants not included in our comparable restaurant sales base and (iii) the effect of foreign currency translation of the Brazilian Real relative to the U.S. dollar.

*Income from operations*

The increase in international Income from operations generated during the thirteen weeks ended September 25, 2022 as compared to the thirteen weeks ended September 26, 2021 was primarily due to: (i) the recovery of in-restaurant dining in Brazil and (ii) increases in average check per person. These increases were partially offset by decreases primarily due to: (i) product mix, (ii) labor inflation and (iii) commodity inflation.

The increase in international Income from operations generated during the thirty-nine weeks ended September 25, 2022 as compared to the thirty-nine weeks ended September 26, 2021 was primarily due to: (i) the recovery of in-restaurant dining in Brazil and (ii) increases in average check per person. These increases were partially offset by decreases primarily due to commodity and labor inflation.

## Non-GAAP Financial Measures

*Consolidated restaurant-level operating income and adjusted restaurant-level operating income and corresponding margins non-GAAP reconciliations* - The following table reconciles consolidated Income from operations and the corresponding margins to restaurant-level operating income and adjusted restaurant-level operating income and the corresponding margins for the periods indicated:

| ***Consolidated*** | THIRTEEN WEEKS ENDED | | THIRTY-NINE WEEKS ENDED | |
|---|---|---|---|---|
| **(dollars in thousands)** | **SEPTEMBER 25, 2022** | **SEPTEMBER 26, 2021** | **SEPTEMBER 25, 2022** | **SEPTEMBER 26, 2021** |
| Income from operations | $ 51,309 | $ 14,837 | $ 246,284 | $ 230,472 |
| *Operating income margin* | 4.9 % | 1.5 % | 7.4 % | 7.5 % |
| Less: | | | | |
| Franchise and other revenues | 15,388 | 13,745 | 48,592 | 43,906 |
| Plus: | | | | |
| Depreciation and amortization | 42,171 | 40,827 | 125,203 | 122,592 |
| General and administrative | 56,089 | 58,880 | 174,009 | 182,590 |
| Provision for impaired assets and restaurant closings | 2,067 | 1,585 | 4,099 | 8,962 |
| Restaurant-level operating income | $ 136,248 | $ 102,384 | $ 501,003 | $ 500,710 |
| *Restaurant-level operating margin* | 13.1 % | 10.3 % | 15.3 % | 16.5 % |
| Adjustments: | | | | |
| Royalty termination expense (1) | — | 61,880 | — | 61,880 |
| Legal and other matters (2) | — | 2,761 | — | 2,761 |
| Total restaurant-level operating income adjustments | — | 64,641 | — | 64,641 |
| Adjusted restaurant-level operating income | $ 136,248 | $ 167,025 | $ 501,003 | $ 565,351 |
| *Adjusted restaurant-level operating margin* | 13.1 % | 16.8 % | 15.3 % | 18.6 % |

(1) Payment to the Carrabba's Founders in connection with the Royalty Termination Agreement. See Note 15 - *Commitments and Contingencies* of the Notes to Consolidated Financial Statements for additional details regarding the Royalty Termination Agreement.

(2) The thirteen and thirty-nine weeks ended September 26, 2021 include an accrual for Imposto sobre Serviços ("ISS"), a Brazilian municipal service tax, in connection with royalties from our Brazilian subsidiary over the past five years, including related penalties and interest, recorded within Other restaurant operating expense as a result of an unfavorable Brazilian Supreme Court ruling.

*Segment adjusted restaurant-level operating margin non-GAAP reconciliations* - The following tables reconcile segment Income from operations and the corresponding margins to segment restaurant-level operating income and adjusted restaurant-level operating income and the corresponding margins for the periods indicated:

| ***U.S.*** | THIRTEEN WEEKS ENDED | | THIRTY-NINE WEEKS ENDED | |
|---|---|---|---|---|
| **(dollars in thousands)** | **SEPTEMBER 25, 2022** | **SEPTEMBER 26, 2021** | **SEPTEMBER 25, 2022** | **SEPTEMBER 26, 2021** |
| Income from operations | $ 68,501 | $ 47,294 | $ 305,347 | $ 334,326 |
| *Operating income margin* | 7.4 % | 5.2 % | 10.3 % | 11.9 % |
| Less: | | | | |
| Franchise and other revenues | 11,842 | 13,943 | 37,314 | 31,567 |
| Plus: | | | | |
| Depreciation and amortization | 34,432 | 33,421 | 102,735 | 100,645 |
| General and administrative | 22,339 | 21,998 | 69,432 | 66,043 |
| Provision for impaired assets and restaurant closings | 2,068 | 1,539 | 2,317 | 8,678 |
| Restaurant-level operating income | $ 115,498 | $ 90,309 | $ 442,517 | $ 478,125 |
| *Restaurant-level operating margin* | 12.7 % | 10.0 % | 15.2 % | 17.1 % |
| Adjustments: | | | | |
| Royalty termination expense (1) | — | 61,880 | — | 61,880 |
| Total restaurant-level operating income adjustments | — | 61,880 | — | 61,880 |
| Adjusted restaurant-level operating income | $ 115,498 | $ 152,189 | $ 442,517 | $ 540,005 |
| *Adjusted restaurant-level operating margin* | 12.7 % | 16.9 % | 15.2 % | 19.4 % |

(1) Payment to the Carrabba's Founders in connection with the Royalty Termination Agreement.

| ***International*** | THIRTEEN WEEKS ENDED | | THIRTY-NINE WEEKS ENDED | |
|---|---|---|---|---|
| **(dollars in thousands)** | **SEPTEMBER 25, 2022** | **SEPTEMBER 26, 2021** | **SEPTEMBER 25, 2022** | **SEPTEMBER 26, 2021** |
| Income from operations | $ 15,849 | $ 1,412 | $ 38,859 | $ 7,419 |
| *Operating income margin* | 11.9 % | 1.4 % | 10.7 % | 2.9 % |
| Less: | | | | |
| Franchise and other revenues | 3,546 | (198) | 11,278 | 12,339 |
| Plus: | | | | |
| Depreciation and amortization | 5,882 | 5,843 | 17,438 | 17,128 |
| General and administrative | 5,828 | 5,060 | 16,087 | 13,781 |
| Provision for impaired assets and restaurant closings | — | 28 | 1,775 | 27 |
| Restaurant-level operating income | $ 24,013 | $ 12,541 | $ 62,881 | $ 26,016 |
| *Restaurant-level operating margin* | 18.5 % | 12.8 % | 17.8 % | 10.7 % |
| Adjustments: | | | | |
| Legal and other matters (1) | — | 2,761 | — | 2,761 |
| Total restaurant-level operating income adjustments | — | 2,761 | — | 2,761 |
| Adjusted restaurant-level operating income | $ 24,013 | $ 15,302 | $ 62,881 | $ 28,777 |
| *Adjusted restaurant-level operating margin* | 18.5 % | 15.6 % | 17.8 % | 11.9 % |

(1) The thirteen and thirty-nine weeks ended September 26, 2021 include an accrual for ISS, a Brazilian municipal service tax, in connection with royalties from our Brazilian subsidiary over the past five years, including related penalties and interest, recorded within Other restaurant operating expense as a result of an unfavorable Brazilian Supreme Court ruling.

*Adjusted restaurant-level operating margin non-GAAP reconciliations (continued)* - The following tables present the percentages of certain operating cost financial statement line items in relation to Restaurant sales for the periods indicated:

| | THIRTEEN WEEKS ENDED | | | |
|---|---|---|---|---|
| | SEPTEMBER 25, 2022 | | SEPTEMBER 26, 2021 | |
| | REPORTED | ADJUSTED | REPORTED | ADJUSTED (1) |
| Restaurant sales | 100.0 % | 100.0 % | 100.0 % | 100.0 % |
| | | | | |
| Food and beverage costs | 32.0 % | 32.0 % | 30.5 % | 30.5 % |
| Labor and other related | 29.1 % | 29.1 % | 29.1 % | 29.1 % |
| Other restaurant operating | 25.8 % | 25.8 % | 30.1 % | 23.6 % |
| | | | | |
| Restaurant-level operating margin | 13.1 % | 13.1 % | 10.3 % | 16.8 % |

| | THIRTY-NINE WEEKS ENDED | | | |
|---|---|---|---|---|
| | SEPTEMBER 25, 2022 | | SEPTEMBER 26, 2021 | |
| | REPORTED | ADJUSTED | REPORTED | ADJUSTED (1) |
| Restaurant sales | 100.0 % | 100.0 % | 100.0 % | 100.0 % |
| | | | | |
| Food and beverage costs | 32.3 % | 32.3 % | 30.0 % | 30.0 % |
| Labor and other related | 28.2 % | 28.2 % | 28.4 % | 28.4 % |
| Other restaurant operating | 24.2 % | 24.2 % | 25.2 % | 23.0 % |
| | | | | |
| Restaurant-level operating margin | 15.3 % | 15.3 % | 16.5 % | 18.6 % |

(1) See the *Consolidated restaurant-level operating income and adjusted restaurant-level operating income and corresponding margins non-GAAP reconciliations* table above for details regarding the restaurant-level operating margin adjustments. All restaurant-level operating margin adjustments for the periods presented were recorded within Other restaurant operating expense.

*Adjusted income from operations non-GAAP reconciliations* - The following table reconciles Income from operations and the corresponding margins to adjusted income from operations and the corresponding margins for the periods indicated:

| | THIRTEEN WEEKS ENDED | | THIRTY-NINE WEEKS ENDED | |
|---|---|---|---|---|
| **(dollars in thousands)** | SEPTEMBER 25, 2022 | SEPTEMBER 26, 2021 | SEPTEMBER 25, 2022 | SEPTEMBER 26, 2021 |
| Income from operations | $ 51,309 | $ 14,837 | $ 246,284 | $ 230,472 |
| *Operating income margin* | 4.9 % | 1.5 % | 7.4 % | 7.5 % |
| Adjustments: | | | | |
| Total restaurant-level operating margin adjustments (1) | — | 64,641 | — | 64,641 |
| Legal and other matters (2) | — | 3,204 | — | (3,133) |
| Total income from operations adjustments | — | 67,845 | — | 61,508 |
| Adjusted income from operations | $ 51,309 | $ 82,682 | $ 246,284 | $ 291,980 |
| *Adjusted operating income margin* | 4.9 % | 8.2 % | 7.4 % | 9.5 % |

(1) See the *Consolidated restaurant-level operating income and adjusted restaurant-level operating income and corresponding margins non-GAAP reconciliations* table above for details regarding the restaurant-level operating income adjustments.

(2) The thirteen and thirty-nine weeks ended September 26, 2021 include an adjustment to reduce our initial recorded estimate and net benefit, respectively, from the recognition of recoverable PIS and COFINS taxes, including accrued interest within other revenues as a result of favorable court rulings in Brazil.

*Adjusted net income and Adjusted diluted earnings per share non-GAAP reconciliations* - The following table reconciles Diluted net income attributable to Bloomin' Brands to adjusted net income and adjusted diluted earnings per share for the periods indicated:

| | THIRTEEN WEEKS ENDED | | THIRTY-NINE WEEKS ENDED | |
|---|---|---|---|---|
| **(in thousands, except per share data)** | **SEPTEMBER 25, 2022** | **SEPTEMBER 26, 2021** | **SEPTEMBER 25, 2022** | **SEPTEMBER 26, 2021** |
| Diluted net income attributable to Bloomin' Brands | $ 31,986 | $ 3,449 | $ 43,862 | $ 155,316 |
| Convertible senior notes if-converted method interest adjustment, net of tax (1) | — | — | — | 460 |
| Net income attributable to Bloomin' Brands | 31,986 | 3,449 | 43,862 | 154,856 |
| Adjustments: | | | | |
| Income from operations adjustments (2) | — | 67,845 | — | 61,508 |
| Loss on extinguishment and modification of debt (3) | — | — | 107,630 | 2,073 |
| Loss on fair value adjustment of derivatives, net (3) | — | — | 17,685 | — |
| Total adjustments, before income taxes | — | 67,845 | 125,315 | 63,581 |
| Adjustment to provision for income taxes (4) | — | (15,878) | 1,322 | (14,635) |
| Net adjustments | — | 51,967 | 126,637 | 48,946 |
| Adjusted net income | $ 31,986 | $ 55,416 | $ 170,499 | $ 203,802 |
| | | | | |
| Diluted earnings per share | $ 0.34 | $ 0.03 | $ 0.44 | $ 1.42 |
| Adjusted diluted earnings per share (5) | $ 0.35 | $ 0.57 | $ 1.84 | $ 2.10 |
| | | | | |
| Diluted weighted average common shares outstanding | 94,736 | 107,783 | 99,609 | 109,410 |
| Adjusted diluted weighted average common shares outstanding (5) | 91,046 | 97,307 | 92,877 | 97,110 |

(1) Adjustment for interest expense related to the 2025 Notes weighted for the portion of the period prior to our election under the 2025 Notes indenture to settle the principal portion of the 2025 Notes in cash.

(2) See the *Adjusted income from operations non-GAAP reconciliations* table above for details regarding Income from operations adjustments.

(3) The thirty-nine weeks ended September 25, 2022 include losses in connection with the 2025 Notes Partial Repurchase and Amended Credit Agreement. See Note 8 - *Convertible Senior Notes* and Note 7 - *Long-term Debt, Net*, respectively, of the Notes to Consolidated Financial Statements for additional details.

(4) The tax effect of non-GAAP adjustments were determined based on the nature of the underlying non-GAAP adjustments and their relevant jurisdictional tax rates. For the thirty-nine weeks ended September 25, 2022, the primary difference between the GAAP and adjusted effective income tax rates relate to certain non-deductible losses and other tax costs associated with the 2025 Notes Partial Repurchase.

(5) Adjusted diluted weighted average common shares outstanding was calculated excluding the dilutive effect of 3,690 and 10,476 shares for the thirteen weeks ended September 25, 2022 and September 26, 2021, respectively, and 6,732 and 10,453 shares for the thirty-nine weeks ended September 25, 2022 and September 26, 2021, respectively, to be issued upon conversion of the 2025 Notes to satisfy the amount in excess of the principal since our convertible note hedge offsets the dilutive impact of the shares underlying the 2025 Notes. For the thirty-nine weeks ended September 26, 2021, adjusted diluted weighted average common shares outstanding was also calculated assuming our February 2021 election to settle the principal portion of the 2025 Notes in cash was in effect for the entire period.

*System-Wide Sales* - System-wide sales is a non-GAAP financial measure that includes sales of all restaurants operating under our brand names, whether we own them or not. Management uses this information to make decisions about future plans for the development of additional restaurants and new concepts, as well as evaluation of current operations. System-wide sales comprise sales of Company-owned and franchised restaurants. For a summary of sales of Company-owned restaurants, refer to Note 2 - *Revenue Recognition* of the Notes to Consolidated Financial Statements.

The following table provides a summary of sales of franchised restaurants for the periods indicated, which are not included in our consolidated financial results. Franchise sales within this table do not represent our sales and are presented only as an indicator of changes in the restaurant system, which management believes is important information regarding the health of our restaurant concepts and in determining our royalties and/or service fees.

| | THIRTEEN WEEKS ENDED | | THIRTY-NINE WEEKS ENDED | |
|---|---|---|---|---|
| **(dollars in millions)** | **SEPTEMBER 25, 2022** | **SEPTEMBER 26, 2021** | **SEPTEMBER 25, 2022** | **SEPTEMBER 26, 2021** |
| U.S. | | | | |
| Outback Steakhouse | $ 119 | $ 118 | $ 377 | $ 329 |
| Carrabba's Italian Grill | 12 | 10 | 37 | 32 |
| Bonefish Grill | 3 | 3 | 9 | 8 |
| U.S. total | 134 | 131 | 423 | 369 |
| International | | | | |
| Outback Steakhouse - South Korea | 77 | 73 | 220 | 219 |
| Other (1) | 24 | 26 | 86 | 77 |
| International total | 101 | 99 | 306 | 296 |
| Total franchise sales (2) | $ 235 | $ 230 | $ 729 | $ 665 |

(1) Includes franchise sales for off-premises only kitchens in South Korea.
(2) Franchise sales are not included in Total revenues in the Consolidated Statements of Operations and Comprehensive Income.

## Liquidity and Capital Resources

Cash and Cash Equivalents

As of September 25, 2022, we had $90.7 million in cash and cash equivalents, of which $34.5 million was held by foreign affiliates. The international jurisdictions in which we have significant cash do not have any known restrictions that would prohibit repatriation.

As of September 25, 2022, we had aggregate accumulated foreign earnings of approximately $28.6 million. This amount consisted primarily of historical earnings from 2017 and prior that were previously taxed in the U.S. under the 2017 Tax Cuts and Jobs Act and post-2017 foreign earnings, which we may repatriate to the U.S. without additional material U.S. federal income tax. These amounts are not considered indefinitely reinvested in our foreign subsidiaries.

Borrowing Capacity and Debt Service

*Credit Facilities* - Following is a summary of our outstanding credit facilities as of the dates indicated and principal payments and debt issuance during the period indicated:

| | SENIOR SECURED CREDIT FACILITY | | | | |
|---|---|---|---|---|---|
| **(dollars in thousands)** | **TERM LOAN A** | **REVOLVING FACILITY** | **2025 NOTES** | **2029 NOTES** | **TOTAL CREDIT FACILITIES** |
| Balance as of December 26, 2021 | $ 195,000 | $ 80,000 | $ 230,000 | $ 300,000 | $ 805,000 |
| 2022 new debt | — | 929,500 | — | — | 929,500 |
| 2022 payments | (195,000) | (589,500) | (125,000) | — | (909,500) |
| Balance as of September 25, 2022 | $ — | $ 420,000 | $ 105,000 | $ 300,000 | $ 825,000 |
| | | | | | |
| Interest rates, as of September 25, 2022 (1) | | 4.26 % | 5.00 % | 5.13 % | |
| Principal maturity date | | April 2026 | May 2025 | April 2029 | |

(1) Interest rate for revolving credit facility represents the weighted average interest rate as of September 25, 2022.

As of September 25, 2022, we had $560.0 million in available unused borrowing capacity under our revolving credit facility, net of letters of credit of $20.0 million.

*Credit Agreement Amendment* - On April 26, 2022, we and OSI entered into the Amended Credit Agreement, which included an increase of our existing revolving credit facility from $800.0 million to $1.0 billion and a transition from LIBOR to SOFR as the benchmark rate for purposes of calculating interest under the Senior Secured Credit Facility. At closing, an incremental $192.5 million was drawn on the revolving credit facility to fully repay the outstanding balance of Term loan A. Our total indebtedness remained unchanged as a result of the Amended Credit Agreement. The transition to SOFR did not materially impact the interest rate applied to our borrowings.

See Note 7 - *Long-term Debt, Net* of the Notes to Consolidated Financial Statements for additional details regarding the Amended Credit Agreement.

Our Amended Credit Agreement contains various financial and non-financial covenants. A violation of these covenants could negatively impact our liquidity by restricting our ability to borrow under the revolving credit facility and cause an acceleration of the amounts due under the credit facilities. See Note 13 - *Long-term Debt, Net* in our Annual Report on Form 10-K for the year ended December 26, 2021 for further information.

As of September 25, 2022 and December 26, 2021, we were in compliance with our debt covenants. We believe that we will remain in compliance with our debt covenants during the next 12 months.

*2025 Notes Partial Repurchase* - On May 25, 2022, we and the Noteholders entered into the Exchange Agreements in which the Noteholders agreed to exchange $125.0 million in aggregate principal amount of our outstanding 2025 Notes for $196.9 million in cash, plus accrued interest, and approximately 2.3 million shares of our common stock. In connection with the 2025 Notes Partial Repurchase, we entered into the Note Hedge Early Termination Agreements and the Warrant Early Termination Agreements. Upon settlement, we received $131.9 million for the Note Hedge Early Termination Agreements and paid $114.8 million for the Warrant Early Termination Agreements during the thirty-nine weeks ended September 25, 2022.

See Note 8 - *Convertible Senior Notes* of the Notes to Consolidated Financial Statements for additional details regarding the 2025 Notes Partial Repurchase and related Note Hedge Early Termination Agreements and Warrant Early Termination Agreements.

Use of Cash

Cash flows generated from operating activities and availability under our revolving credit facility are our principal sources of liquidity, which we use for operating expenses, debt payments, share repurchases and dividend payments, development of new restaurants, remodeling or relocating older restaurants and investment in technology.

We believe that our expected liquidity sources are adequate to fund debt service requirements, lease obligations, capital expenditures and working capital obligations during the 12 months following this filing. However, our ability to continue to meet these requirements and obligations will depend on, among other things, our ability to achieve anticipated levels of revenue and cash flow and our ability to manage costs and working capital successfully.

*Capital Expenditures* - We estimate that our capital expenditures will total approximately $200 million to $210 million in 2022. The amount of actual capital expenditures may be affected by general economic, financial, competitive, legislative and regulatory factors, among other things, including raw material constraints.

*Dividends and Share Repurchases* - In October 2022, our Board declared a quarterly cash dividend of $0.14 per share, payable on November 23, 2022. Future dividend payments are dependent on our earnings, financial condition, capital expenditure requirements, surplus and other factors that our Board considers relevant, as well as continued compliance with the financial covenants in our debt agreements.

On February 8, 2022, our Board approved the 2022 Share Repurchase Program under which we are authorized to repurchase up to $125.0 million of our outstanding common stock. The 2022 Share Repurchase Program will expire on August 9, 2023. As of September 25, 2022, we had $44.0 million remaining available for repurchase under the 2022 Share Repurchase Program.

Following is a summary of dividends and share repurchases from fiscal year 2015 through September 25, 2022:

| (dollars in thousands) | DIVIDENDS PAID | SHARE REPURCHASES | TOTAL |
|---|---|---|---|
| Fiscal year 2015 | $ 29,332 | $ 169,999 | $ 199,331 |
| Fiscal year 2016 | 31,379 | 309,887 | 341,266 |
| Fiscal year 2017 | 30,988 | 272,736 | 303,724 |
| Fiscal year 2018 | 33,312 | 113,967 | 147,279 |
| Fiscal year 2019 | 35,734 | 106,992 | 142,726 |
| Fiscal year 2020 | 17,480 | — | 17,480 |
| Fiscal year 2021 | — | — | — |
| First fiscal quarter 2022 | 12,559 | 11,702 | 24,261 |
| Second fiscal quarter 2022 | 12,418 | 35,749 | 48,167 |
| Third fiscal quarter 2022 | 12,475 | 33,549 | 46,024 |
| Total (1) | $ 215,677 | $ 1,054,581 | $ 1,270,258 |

(1) Subsequent to September 25, 2022, we repurchased $13.8 million of our common stock under a Rule 10b5-1 plan through October 28, 2022.

*Deferred Compensation Programs* - The deferred compensation obligation due to managing and chef partners was $5.2 million and $15.5 million as of September 25, 2022 and December 26, 2021, respectively. We invest in various corporate-owned life insurance policies, which are held within an irrevocable grantor or rabbi trust account for settlement of our obligations under the deferred compensation plans. The obligation for managing and chef partners' deferred compensation was fully funded as of September 25, 2022.

Summary of Cash Flows and Financial Condition

*Cash Flows* - The following table presents a summary of our cash flows provided by (used in) operating, investing and financing activities for the periods indicated:

| | THIRTY-NINE WEEKS ENDED | |
|---|---|---|
| **(dollars in thousands)** | **SEPTEMBER 25, 2022** | **SEPTEMBER 26, 2021** |
| Net cash provided by operating activities | $ 292,579 | $ 304,246 |
| Net cash used in investing activities | (121,455) | (69,085) |
| Net cash used in financing activities | (170,760) | (265,192) |
| Effect of exchange rate changes on cash and cash equivalents | 1,400 | 207 |
| Net increase (decrease) in cash, cash equivalents and restricted cash | $ 1,764 | $ (29,824) |

*Operating activities* - The decrease in net cash provided by operating activities during the thirty-nine weeks ended September 25, 2022 as compared to the thirty-nine weeks ended September 26, 2021 was primarily due to the timing of operational payments and receipts and increased employee compensation payments, partially offset by lapping cash paid in connection with the Carrabba’s Italian Grill royalty termination during 2021.

*Investing activities* - The increase in net cash used in investing activities during the thirty-nine weeks ended September 25, 2022 as compared to the thirty-nine weeks ended September 26, 2021 was primarily due to higher capital expenditures.

*Financing activities* - The decrease in net cash used in financing activities during the thirty-nine weeks ended September 25, 2022 as compared the thirty-nine weeks ended September 26, 2021 was primarily due to net draws on the revolving credit facility during 2022, generally used to settle debt obligations in excess of the principal balance due in connection with the 2025 Notes Partial Repurchase, partially offset by the repurchase of common stock and payment of cash dividends on our common stock.

*Financial Condition* - Following is a summary of our current assets, current liabilities and working capital (deficit) as of the periods indicated:

| **(dollars in thousands)** | **SEPTEMBER 25, 2022** | **DECEMBER 26, 2021** |
|---|---|---|
| Current assets | $ 275,710 | $ 352,792 |
| Current liabilities | 911,322 | 984,625 |
| Working capital (deficit) | $ (635,612) | $ (631,833) |

Working capital (deficit) includes: (i) Unearned revenue primarily from unredeemed gift cards of $291.8 million and $398.8 million as of September 25, 2022 and December 26, 2021, respectively, and (ii) current operating lease liabilities of $181.4 million and $177.0 million as of September 25, 2022 and December 26, 2021, respectively, with the corresponding operating right-of-use assets recorded as non-current on our Consolidated Balance Sheets. We have, and in the future may continue to have, negative working capital balances (as is common for many restaurant companies). We operate successfully with negative working capital because cash collected on restaurant sales is typically received before payment is due on our current liabilities, and our inventory turnover rates require relatively low investment in inventories. Additionally, ongoing cash flows from restaurant operations and gift card sales are typically used to service debt obligations and to make capital expenditures.

## Recently Issued Financial Accounting Standards

For a description of recently issued Financial Accounting Standards that we adopted during the thirty-nine weeks ended September 25, 2022 and, that are applicable to us and likely to have material effect on our consolidated financial statements, but have not yet been adopted, see Note 1 - *Description of the Business and Basis of Presentation* of the Notes to Consolidated Financial Statements of this Quarterly Report on Form 10-Q.

## Item 3. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risk from changes in interest rates, changes in foreign currency exchange rates and changes in commodity prices. We believe that there have been no material changes in our market risk since December 26, 2021. See Part II, Item 7A., “Quantitative and Qualitative Disclosures about Market Risk,” in our Annual Report on Form 10-K for the year ended December 26, 2021 for further information regarding market risk.

## Item 4. Controls and Procedures

### Evaluation of Disclosure Controls and Procedures

We have established and maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of September 25, 2022.

### Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) during the thirteen weeks ended September 25, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II: OTHER INFORMATION

### Item 1. Legal Proceedings

For a description of our legal proceedings, see Note 15 - *Commitments and Contingencies* of the Notes to Consolidated Financial Statements of this Quarterly Report on Form 10-Q.

### Item 1A. Risk Factors

In addition to the other information discussed in this report, please consider the factors described in Part I, Item 1A., "Risk Factors," in our 2021 Form 10-K which could materially affect our business, financial condition or future results. There have not been any material changes to the risk factors described in our 2021 Form 10-K, but these are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may adversely affect our business, financial condition or operating results.

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

There were no sales of equity securities during the thirteen weeks ended September 25, 2022 that were not registered under the Securities Act.

The following table provides information regarding our purchases of common stock during the thirteen weeks ended September 25, 2022:

| REPORTING PERIOD | TOTAL NUMBER OF SHARES PURCHASED | AVERAGE PRICE PAID PER SHARE | TOTAL NUMBER OF SHARES PURCHASED AS PART OF PUBLICLY ANNOUNCED PLANS OR PROGRAMS | APPROXIMATE DOLLAR VALUE OF SHARES THAT MAY YET BE PURCHASED UNDER THE PLANS OR PROGRAMS (1) |
|---|---|---|---|---|
| June 27, 2022 through July 24, 2022 | 712,969 | $ 17.32 | 712,969 | $ 65,201,059 |
| July 25, 2022 through August 21, 2022 | 493,395 | $ 20.68 | 493,395 | $ 55,000,002 |
| August 22, 2022 through September 25, 2022 | 540,337 | $ 20.36 | 540,337 | $ 44,000,185 |
| Total | 1,746,701 | | 1,746,701 | |

(1) On February 8, 2022, our Board of Directors authorized the repurchase of $125.0 million of our outstanding common stock as announced in our press release issued on February 18, 2022 (the "2022 Share Repurchase Program"). The 2022 Share Repurchase Program will expire on August 9, 2023.

## Item 6. Exhibits

| EXHIBIT NUMBER | DESCRIPTION OF EXHIBITS | FILINGS REFERENCED FOR INCORPORATION BY REFERENCE |
|---|---|---|
| 10.1* | Employment Offer Letter Agreement, dated as of August 4, 2022, between Suzann Trevisan and Bloomin' Brands, Inc. | Filed herewith |
| 31.1 | Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 | Filed herewith |
| 31.2 | Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 | Filed herewith |
| 32.1 | Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (1) | Furnished herewith |
| 32.2 | Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (1) | Furnished herewith |
| 101.INS | Inline XBRL Instance Document | Filed herewith |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document | Filed herewith |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document | Filed herewith |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase Document | Filed herewith |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document | Filed herewith |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document | Filed herewith |
| 104 | Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101) | Filed herewith |

* Management contract or compensatory plan or arrangement required to be filed as an exhibit.

(1) These certifications are not deemed to be "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section. These certifications will not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the registrant specifically incorporates them by reference.

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## SIGNATURE

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

| | |
|---|---|
| Date: November 1, 2022 | BLOOMIN' BRANDS, INC.<br>(Registrant) |
| | By: /s/ Philip Pace |
| | Philip Pace<br>Senior Vice President, Chief Accounting Officer<br>(Principal Accounting Officer) |

[Remainder of page intentionally left blank]

**Exhibit 10.1**

August 4, 2022

Suzann Trevisan
Via Electronic Mail

Dear Suzann,

This letter agreement confirms the verbal offer extended to you by Bloomin' Brands, Inc. (the "Company") to serve as Senior Vice President, Chief Human Resources Officer, reporting to David Deno, Chief Executive Officer. Your effective date of appointment will be mutually agreed upon. The terms of your employment as Senior Vice President, Chief Human Resources Officer will be:

You will be employed by a subsidiary of the Company (the "Employer") and your annual base salary will be $420,000 payable in equal bi-weekly installments.

Within 10 days of your effective start date, the Company will provide a one-time cash sign-on bonus payment of $320,000, subject to required tax withholding. You will be required to repay the Company in full (100%) for this payment in the event you voluntarily leave the Company or are terminated for Cause prior to the one-year annual anniversary of your payment date.

You will be eligible to participate in the Company's annual bonus program and your target bonus shall be 70% of your base salary based on both Company performance against objectives as set forth in the Company bonus program and individual performance. You must remain employed by the Employer through the payout date to receive the payout. For 2022 (paid in 2023), you will be paid a prorated target bonus from your effective start date during through the end of the 2022 Fiscal Year. The bonus payout will be calculated based upon the full-year 2022 Company performance objectives and individual performance. Your Fiscal Year 2022 bonus will be paid out at no less than the prorated target bonus amount for Fiscal Year 2022.

In addition to your annual bonus, you will be eligible for an annual long-term incentive grant. Per the current long-term incentive plan, you shall be eligible for a target up to 75% of your base salary, which will be subject to Company and individual performance. The annual long-term incentive award with a grant value of $315,000 in the form of performance restricted stock units and restricted stock units will be made during the Company's standard annual award cycle in March of 2023.

The Company will also issue you a one-time sign-on award with a grant date value of $550,000 in the form of restricted stock units on the first trading day of the month immediately following your effective start date. This grant will have standard vesting over three years, contingent on continued employment with the Company or the Employer. All grants are subject to the terms of our 2020 Omnibus Incentive Compensation Plan and Equity Award Policy (collectively, the "Plan") and our standard award agreement. Our standard equity agreement includes a "double trigger" provision to protect you in the event of a change-in-control. The details of the Plan and the form of grant agreement will be provided to you separately.

You will remain eligible to participate in the following benefits as applicable and in accordance with the terms of Company policy:

- Medical Benefits Plan
- Salaried Short-Term Disability Insurance
- Salaried Long-Term Disability Insurance

- Company Paid Group Term Life Insurance
- Company Paid Accidental Death and Dismemberment Insurance
- Dental Benefits Plan
- Vision Benefits Plan
- Non-Qualified Deferred Compensation Plan
- Restaurant Support Center (RSC) Paid Time Off (PTO)

In the ordinary course of business, pay and benefit plans continue to evolve as business needs and laws change. To the extent the Company or the Employer determines it to be necessary or desirable to change or eliminate any of the plans or programs in which you participate, such changes will apply to you as they do to other similarly situated employees.

As a condition of your employment, please note the following:

While it is our sincere hope and belief that our relationship will be mutually beneficial, the Company and the Employer do not offer employment for a specified term. Any statements made to you in this letter and in meetings should not be construed in any manner as a proposed contract for any such term. Both you and the Employer may terminate employment at any time, with or without prior notice, for any or no reason, and with or without Cause (as defined on Schedule 1).

As a further condition of your employment, you agree to the following:

1. Restrictive Covenant - Non-competition

A. During Employment. You will devote one hundred percent (100%) of your full business time, attention, energies, and effort to the business affairs of the Employer and the Company. Except with the prior written consent of the Employer, during your employment with the Company or the Employer, you shall not, individually or jointly with others, directly or indirectly, whether for your own account or for that of any other person or entity, engage in or own or hold any ownership interest in any person or entity engaged in a full service restaurant business, and you shall not act as an officer, director, employee, partner, independent contractor, consultant, principal, agent, proprietor or in any other capacity for, nor lend any assistance (financial or otherwise) or cooperation to, any such person or entity. You shall not serve on the board of directors or advisory committee of any other company without the prior consent of the Employer, which consent shall not be unreasonably withheld.

B. Post Term. Commencing on the termination of your employment with the Employer, you shall not, individually or jointly with others, directly or indirectly, whether for your own account or for that of any other person or entity, engage in or own or hold any ownership interest in any person or entity engaged in a full table service restaurant business and that is located or intended to be located anywhere within a radius of thirty (30) miles of any full table service restaurant owned or operated by the Company or the Employer, or any proposed full table service restaurant to be owned or operated by the Company or the Employer, and you shall not act as an officer, director, employee, partner, independent contractor, consultant, principal, agent, proprietor or in any other capacity for, nor lend any assistance (financial or otherwise) or cooperation to, any such person or entity for the time period specified below:

(i) If your employment with Employer ends as a result of a termination without Cause by the Employer, then for a continuous period equal to the period of time used for calculating the amount of severance paid to you upon termination, if any; or

(ii) If your employment with the Employer ends as a result of your voluntary resignation or termination by the Employer for Cause, for a continuous period of one (1) year.

For purposes of this non-competition clause, restaurants owned or operated by the Company or the Employer shall include all restaurants owned or operated by the Company, the Employer, their subsidiaries, franchisees or affiliates and any successor entity to the Company, the Employer, their subsidiaries, franchisees or affiliates, and any entity in which the Company or the Employer, its subsidiaries or any of their affiliates has an interest, including but not limited to, an interest as a franchisor. The term "proposed restaurant" shall include all locations for which the Company, the Employer, or their franchisees or affiliates is conducting active, bona fide negotiations to secure a fee or leasehold interest with the intention of establishing a restaurant thereon.

C. Limitation. It shall not be a violation of this Non-competition clause for Employee to own a one percent (1%) or smaller interest in any corporation required to file periodic reports with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, or successor statute.

2. **Restrictive Covenant - Non-disclosure; Non-solicitation; Non-piracy**

A. Except in the performance of your duties hereunder, at no time during your employment with the Company or the Employer, or at any time thereafter, shall you, individually or jointly with others, for your benefit of or for the benefit of any third party, publish, disclose, use or authorize anyone else to publish, disclose or use any secret or confidential material or information relating to any aspect of the business or operations of the Employer, the Company or any of their affiliates, including, without limitation, any secret or confidential information relating to the business, customers, trade or industrial practices, trade secrets, technology, recipes, product specifications, restaurant operating techniques and procedures, marketing techniques and procedures, financial data, processes, vendors and other information or know-how of the Employer, the Company or any of their affiliates, except (i) to the extent required by law, regulation or valid subpoena, or (ii) to the extent that such information or material becomes publicly known or available through no fault of your own.

B. Moreover, during your employment with the Employer and for two (2) years thereafter, except as is the result of a broad solicitation that is not targeting employees of the Employer, the Company or any of their franchisees or affiliates, you shall not offer employment to, or hire, any employee of the Employer, the Company or any of their franchisees or affiliates, or otherwise directly or indirectly solicit or induce any employee of the Employer, the Company or any of their franchisees or affiliates to terminate his or her employment with the Employer, the Company or any of their franchisees or affiliates; nor shall you act as an officer, director, employee, partner, independent contractor, consultant, principal, agent, proprietor, owner or part owner, or in any other capacity, of or for any person or entity that solicits or otherwise induces any employee of the Employer, the Company or any of their franchisees or affiliates to terminate his or her employment with the Employer, the Company or any of their franchisees or affiliates.

3. **Restrictive Covenant - Company and Employer Property: Duty to Return.** All Employer and Company property and assets, including but not limited to products, recipes, product specifications, training materials, employee selection and testing materials, marketing and advertising materials, special event, charitable and community activity materials, customer correspondence, internal memoranda, products and designs, sales information, project files, price lists, customer and vendor lists, prospectus reports, customer or vendor information, sales literature, territory printouts, call books, notebooks, textbooks, and all other like information or products, including but not limited to all copies, duplications, replications, and derivatives of such information or products, now in your possession or acquired by you while in the employ of the Employer shall be the exclusive property of the Employer and shall be returned to the Employer no later than the date of your last day of work with the Employer.

4. **Restrictive Covenant - Inventions, Ideas, Processes, and Designs.** All inventions, ideas, recipes, processes, programs, software and designs (including all improvements) related to the business of the Employer or the Company shall be disclosed in writing promptly to the Employer, and shall be the sole and exclusive property of the Employer, if either (i) conceived, made or used by you during the course of the your employment with the Employer (whether or not actually conceived during regular business hours) or (ii) made or used by you for a period of six (6) months subsequent to the termination or expiration of such employment. Any invention, idea, recipe, process, program, software or design (including an improvement) shall be deemed “related to the business of the Employer or the Company” if (i) it was made with equipment, facilities or confidential information of the Employer or the Company, (ii) results from work performed by you for the Employer or the Company or (iii) pertains to the current business or demonstrably anticipated research or development work of the Employer or the Company. You shall cooperate with the Employer and its attorneys in the preparation of patent and copyright applications for such developments and, upon request, shall promptly assign all such inventions, ideas, recipes, processes and designs to the Employer. The decision to file for patent or copyright protection or to maintain such development as a trade secret shall be in the sole discretion of the Employer, and you shall be bound by such decision. You shall provide, on the back of this Agreement, a complete list of all inventions, ideas, recipes, processes and designs if any, patented or unpatented, copyrighted or non-copyrighted, including a brief description, that you made or conceived prior to your employment with the Employer, and that, therefore, are excluded from the scope of the employment with the Employer.

The restrictive covenants contained in this agreement are given and made by you to induce the Employer to employ you and to enter into this Agreement with you, and you hereby acknowledge that employment with the Employer is valuable and sufficient consideration for these restrictive covenants. The restrictive covenants shall be construed as agreements independent of any other provision in this Agreement, and the existence of any claim or cause of action you may have against the Employer or the Company, whether predicated upon this Agreement or otherwise, shall not constitute a defense to the enforcement of any restrictive covenant. The refusal or failure of the Employer or the Company to enforce any restrictive covenant of this agreement (or any similar agreement) against any other employee, agent, or independent contractor, for any reason, shall not constitute a defense to the enforcement by the Employer or the Company of any such restrictive covenant, nor shall it give rise to any claim or cause of action by you against the Employer or the Company.

You agree that a breach of any of the restrictive covenants contained in this Agreement will cause irreparable injury to the Employer and the Company for which the remedy at law will be inadequate and would be difficult to ascertain and therefore, in the event of the breach or threatened breach of any such covenants, the Employer and the Company shall be entitled, in addition to any other rights and remedies it may have at law or in equity, to obtain an injunction to restrain you from any threatened or actual activities in violation of any such covenants. You hereby consent and agree that temporary and permanent injunctive relief may be granted in any proceedings that might be brought to enforce any such covenants without the necessity of proof of actual damages, and in the event the Employer or the Company does apply for such an injunction, you shall not raise as a defense thereto that the Employer or the Company has an adequate remedy at law.

For the avoidance of doubt, the termination of this agreement for any reason, shall not extinguish your obligations specified in these restrictive covenants.

ALL PARTIES TO THIS AGREEMENT KNOW AND UNDERSTAND THAT THEY HAVE A CONSTITUTIONAL RIGHT TO A JURY TRIAL. THE PARTIES ACKNOWLEDGE THAT ANY DISPUTE OR CONTROVERSY THAT MAY ARISE OUT OF THIS AGREEMENT OR YOUR EMPLOYMENT WITH EMPLOYER WILL INVOLVE COMPLICATED AND DIFFICULT FACTUAL AND LEGAL ISSUES.

THE PARTIES HEREBY IRREVOCABLY WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY PROCEEDING ARISING OUT OF OR RELATING TO YOUR EMPLOYMENT WITH EMPLOYER, THIS AGREEMENT OR ANY OF THE CONTEMPLATED TRANSACTIONS, WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE. THE PARTIES AGREE THAT ANY OF THEM MAY FILE A COPY OF THIS PARAGRAPH WITH ANY COURT AS WRITTEN EVIDENCE OF THE KNOWING, VOLUNTARY AND BARGAINED-FOR AGREEMENT AMONG THE PARTIES IRREVOCABLY TO WAIVE TRIAL BY JURY AND THAT ANY PROCEEDING WHATSOEVER BETWEEN THEM RELATING TO YOUR EMPLOYMENT WITH EMPLOYER, THIS AGREEMENT OR ANY OF THE CONTEMPLATED TRANSACTIONS SHALL INSTEAD BE TRIED IN A COURT OF COMPETENT JURISDICTION BY A JUDGE SITTING WITHOUT A JURY.

THE PARTIES INTEND THAT THIS WAIVER OF THE RIGHT TO A JURY TRIAL BE AS BROAD AS POSSIBLE. BY THEIR SIGNATURES BELOW, THE PARTIES PROMISE, WARRANT AND REPRESENT THAT THEY WILL NOT PLEAD FOR, REQUEST OR OTHERWISE SEEK TO HAVE A JURY TO RESOLVE ANY AND ALL DISPUTES THAT MAY ARISE BY, BETWEEN OR AMONG THEM.

You shall be responsible for the payment of all taxes applicable to payments or benefits received from the Employer or the Company. It is the intent of the Employer and the Company that the provisions of this agreement and all other plans and programs sponsored by the Employer and the Company be interpreted to comply in all respects with Internal Revenue Code Section 409A, however, the Employer and the Company shall have no liability to you, or any of your successors or beneficiaries, in the event taxes, penalties or excise taxes may ultimately be determined to be applicable to any payment or benefit received by you or your successors or beneficiaries.

The validity, interpretation, and performance of this agreement shall be governed, interpreted, and construed in accordance with the laws of the State of Florida without giving effect to the principles of comity or conflicts of laws thereof.

This letter constitutes the full commitments which have been extended to you and shall supersede any prior agreements whether oral or written. However, this does not constitute a contract of employment for any period of time. Should you have any questions regarding these commitments or your ability to conform to Company policies and procedures, please let me know immediately.

This offer of employment is contingent on the Company’s successful completion of a background check and professional references. If for any reason the background check or references do not meet the Company’s standards, in the Company’s sole discretion, the offer will be deemed null and void.

By signing this offer, you indicate your acceptance of our offer. Please keep one original copy of this offer letter for your personal files.

Congratulations!

Sincerely,

**/s/ Pat Murtha**

**Pat Murtha**
Executive Vice President, Flemings, International & Human Resources
Bloomin' Brands, Inc.

I accept the above offer of employment and I understand the terms as set forth above.

| | |
|---|---|
| **/s/ Suzann Trevisan** | **8/9/22** |
| **Suzann Trevisan** | **Date** |

<u>Schedule 1</u>

"Cause" shall be defined as:

1. Your failure to perform the material duties required of you in a manner satisfactory to the Employer, in its reasonable discretion after the Employer follows the following procedures: (a) the Employer gives you a written notice ("Notice of Deficiency") which shall specify the deficiencies in your performance of duties; (b) you shall have a period of thirty (30) days, commencing on receipt of the Notice of Deficiency, in which to cure the deficiencies contained in the Notice of Deficiency; and (c) in the event you do not cure the deficiencies to the satisfaction of the Employer, in its reasonable discretion, within such thirty (30) day period (or if during such thirty (30) day period the Employer determines that you are not making reasonable, good faith efforts to cure the deficiencies to the reasonable satisfaction of the Employer), the Employer shall have the right to immediately terminate your employment for Cause. The provisions of this paragraph (1) may be invoked by the Employer any number of times and cure of deficiencies contained in any Notice of Deficiency shall not be construed as a waiver of this paragraph (1) nor prevent the Employer from issuing any subsequent Notices of Deficiency; or

2. Any willful dishonesty by you in your dealings with the Company, the Employer or their affiliates; your commission of fraud, negligence in the performance of your duties; insubordination; willful misconduct; or your conviction (or plea of guilty or nolo contendere), indictment or charge with respect to, any felony, or any other crime involving dishonesty or moral turpitude; or

3. Any material violation of the restrictive covenants of this agreement; or

4. Any material violation of any current or future material published policy of the Employer or its Affiliates (material published policies include, but are not limited to, the Employer's Employment Non-Discrimination and Non-Harassment Policy, Confidential Information Policy, Contract Policy, Gifts and Entertainment Policy, Disclosure and Communications Policy, Social Media Policy, Responsible Alcohol Policy, Insider Trading Policy, Stock Ownership Guidelines Policy, Code of Conduct, and Information Technology Security Policy); or

5. For all purposes of this Agreement, termination for Cause shall be deemed to have occurred in the event of your resignation when, because of existing facts and circumstances, subsequent termination for Cause can be reasonably foreseen.

**Exhibit 31.1**

**CERTIFICATION**

I, David J. Deno, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Bloomin’ 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(s) 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(s) 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 functions):

   (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 1, 2022

/s/ David J. Deno

David J. Deno
Chief Executive Officer
(Principal Executive Officer)

**Exhibit 31.2**

## CERTIFICATION

I, Christopher Meyer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Bloomin’ 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(s) 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(s) 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 functions):

   (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 1, 2022

/s/ Christopher Meyer

Christopher Meyer
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

**Exhibit 32.1**

**CERTIFICATION 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 Bloomin' Brands, Inc. (the "Company") on Form 10-Q for the quarter ended September 25, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David J. Deno, Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

(1) The 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 Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the dates and periods covered by the Report.

| | | |
|---|---|---|
| Date: | November 1, 2022 | /s/ David J. Deno |
| | | David J. Deno<br>Chief Executive Officer<br>(Principal Executive Officer) |

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

**CERTIFICATION 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 Bloomin' Brands, Inc. (the "Company") on Form 10-Q for the quarter ended September 25, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Christopher Meyer, Executive Vice President and Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

(1) The 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 Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the dates and periods covered by the Report.

| | | |
|---|---|---|
| Date: | November 1, 2022 | /s/ Christopher Meyer |
| | | Christopher Meyer |
| | | Executive Vice President and Chief Financial Officer<br>(Principal Financial Officer) |

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