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 26, 2021

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 November 1, 2021, 89,249,167 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 26, 2021
(Unaudited)

TABLE OF CONTENTS

BLOOMIN' BRANDS, INC.

PART I: FINANCIAL INFORMATION

Item 1. Financial Statements

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

	SEPTEMBER 26, 2021	DECEMBER 27, 2020
ASSETS		
Current assets		
Cash and cash equivalents	$ 76,337	$ 109,980
Restricted cash and cash equivalents	4,247	428
Inventories	72,433	61,928
Other current assets, net	87,642	151,518
Total current assets	240,659	323,854
Property, fixtures and equipment, net	852,105	887,687
Operating lease right-of-use assets	1,152,268	1,172,910
Goodwill	273,490	271,164
Intangible assets, net	456,058	459,983
Deferred income tax assets, net	161,903	153,883
Other assets, net	82,119	92,626
Total assets	$ 3,218,602	$ 3,362,107
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 157,410	$ 141,457
Accrued and other current liabilities	444,591	388,321
Unearned revenue	284,128	381,616
Current portion of long-term debt	11,086	38,710
Total current liabilities	897,215	950,104
Non-current operating lease liabilities	1,196,604	1,217,921
Long-term debt, net	828,065	997,770
Other long-term liabilities, net	130,382	185,355
Total liabilities	3,052,266	3,351,150
Commitments and contingencies (Note 19)		
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 26, 2021 and December 27, 2020	—	—
Common stock, $0.01 par value, 475,000,000 shares authorized; 89,248,056 and 87,855,571 shares issued and outstanding as of September 26, 2021 and December 27, 2020, respectively	892	879
Additional paid-in capital	1,115,464	1,132,808
Accumulated deficit	(758,870)	(918,096)
Accumulated other comprehensive loss	(197,670)	(211,446)
Total Bloomin' Brands stockholders' equity	159,816	4,145
Noncontrolling interests	6,520	6,812
Total stockholders' equity	166,336	10,957
Total liabilities and stockholders' equity	$ 3,218,602	$ 3,362,107

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

BLOOMIN' BRANDS, INC.

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

	THIRTEEN WEEKS ENDED		THIRTY-NINE WEEKS ENDED	
	SEPTEMBER 26, 2021	SEPTEMBER 27, 2020	SEPTEMBER 26, 2021	SEPTEMBER 27, 2020
Revenues				
Restaurant sales	$ 996,718	$ 766,487	$ 3,031,396	$ 2,338,985
Franchise and other revenues	13,745	4,773	43,906	19,071
Total revenues	1,010,463	771,260	3,075,302	2,358,056
Costs and expenses				
Food and beverage costs	304,300	230,547	908,272	730,998
Labor and other related	290,246	246,861	859,883	761,667
Other restaurant operating	299,788	207,301	762,531	631,702
Depreciation and amortization	40,827	43,417	122,592	137,469
General and administrative	58,880	57,443	182,590	197,732
Provision for impaired assets and restaurant closings	1,585	(54)	8,962	66,223
Total costs and expenses	995,626	785,515	2,844,830	2,525,791
Income (loss) from operations	14,837	(14,255)	230,472	(167,735)
Loss on extinguishment and modification of debt	—	—	(2,073)	(237)
Other income (expense), net	5	1	26	(211)
Interest expense, net	(14,245)	(18,300)	(43,863)	(46,647)
Income (loss) before (benefit) provision for income taxes	597	(32,554)	184,562	(214,830)
(Benefit) provision for income taxes	(4,454)	(14,776)	24,827	(70,210)
Net income (loss)	5,051	(17,778)	159,735	(144,620)
Less: net income (loss) attributable to noncontrolling interests	1,602	(141)	4,879	(116)
Net income (loss) attributable to Bloomin' Brands	3,449	(17,637)	154,856	(144,504)
Redemption of preferred stock in excess of carrying value	—	—	—	(3,496)
Net income (loss) attributable to common stockholders	$ 3,449	$ (17,637)	$ 154,856	$ (148,000)
Net income (loss)	$ 5,051	$ (17,778)	$ 159,735	$ (144,620)
Other comprehensive income (loss):				
Foreign currency translation adjustment	1,673	(4,095)	5,113	(41,202)
Unrealized (loss) gain on derivatives, net of tax	(153)	261	(323)	(14,631)
Reclassification of adjustments for loss on derivatives included in Net income (loss), net of tax	1,519	2,962	6,036	6,943
Amortization of terminated interest rate swaps, net of tax	1,479	—	2,950	—
Comprehensive income (loss)	9,569	(18,650)	173,511	(193,510)
Less: comprehensive income (loss) attributable to noncontrolling interests	1,602	(141)	4,879	(780)
Comprehensive income (loss) attributable to Bloomin' Brands	$ 7,967	$ (18,509)	$ 168,632	$ (192,730)
Earnings (loss) per share attributable to common stockholders:				
Basic	$ 0.04	$ (0.20)	$ 1.74	$ (1.69)
Diluted	$ 0.03	$ (0.20)	$ 1.42	$ (1.69)
Weighted average common shares outstanding:				
Basic	89,229	87,558	88,890	87,394
Diluted	107,783	87,558	109,410	87,394

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

Table of Contents

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	ACCUMULATED DEFICIT	ACCUMULATED OTHER COMPREHENSIVE LOSS	NON-CONTROLLING INTERESTS	TOTAL
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

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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 28, 2020	87,534	$ 875	$ 1,123,613	$ (886,248)	$ (217,130)	$ 8,088	$ 29,198
Net loss	—	—	—	(17,637)	—	(141)	(17,778)
Other comprehensive loss, net of tax	—	—	—	—	(872)	—	(872)
Stock-based compensation	—	—	2,712	—	—	—	2,712
Common stock issued under stock plans (1)	39	—	(179)	—	—	—	(179)
Distributions to noncontrolling interests	—	—	—	—	—	(745)	(745)
Contributions from noncontrolling interests	—	—	—	—	—	219	219
Balance, September 27, 2020	87,573	$ 875	$ 1,126,146	$ (903,885)	$ (218,002)	$ 7,421	$ 12,555
Balance, December 29, 2019	86,946	$ 869	$ 1,094,338	$ (755,089)	$ (169,776)	$ 7,139	$ 177,481
Cumulative-effect from a change in accounting principle, net of tax	—	—	—	(4,292)	—	—	(4,292)
Net loss	—	—	—	(144,504)	—	(116)	(144,620)
Other comprehensive loss, net of tax	—	—	—	—	(48,743)	(147)	(48,890)
Cash dividends declared, $0.20 per common share	—	—	(17,480)	—	—	—	(17,480)
Stock-based compensation	—		11,072	—	—	—	11,072
Consideration for preferred stock in excess of carrying value, net of tax	—	—	(3,496)	—	517	1,261	(1,718)
Common stock issued under stock plans (1)	627	6	(3,047)	—	—	—	(3,041)
Purchase of noncontrolling interests	—	—	(58)	—	—	1	(57)
Distributions to noncontrolling interests	—	—	—	—	—	(1,083)	(1,083)
Contributions from noncontrolling interests	—	—	—	—	—	366	366
Equity component value of convertible note issuance, net of tax of $650	—	—	64,367	—	—	—	64,367
Sale of common stock warrant	—	—	46,690	—	—	—	46,690
Purchase of convertible note hedge	—	—	(66,240)	—	—	—	(66,240)
Balance, September 27, 2020	87,573	$ 875	$ 1,126,146	$ (903,885)	$ (218,002)	$ 7,421	$ 12,555

(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 26, 2021	SEPTEMBER 27, 2020
Cash flows provided by operating activities:		
Net income (loss)	$ 159,735	$ (144,620)
Adjustments to reconcile Net income (loss) to cash provided by operating activities:		
Depreciation and amortization	122,592	137,469
Amortization of debt discounts and issuance costs	3,441	6,504
Amortization of deferred gift card sales commissions	19,277	15,553
Provision for impaired assets and restaurant closings	8,962	66,223
Amortization of unrealized loss on terminated interest rate swaps	3,973	—
Non-cash operating lease costs	57,791	55,401
Provision for expected credit losses and contingent lease liabilities	937	7,420
Inventory obsolescence and spoilage	—	6,835
Stock-based and other non-cash compensation expense	20,100	11,072
Deferred income tax expense (benefit)	3,842	(80,201)
(Gain) loss on disposal of property, fixtures and equipment	(1,218)	1,055
Other, net	1,408	(2,223)
Change in assets and liabilities	(96,594)	(25,517)
Net cash provided by operating activities	304,246	54,971
Cash flows used in investing activities:		
Proceeds from disposal of property, fixtures and equipment	7,052	2,088
Capital expenditures	(85,339)	(66,956)
Other investments, net	9,202	8,706
Net cash used in investing activities	$ (69,085)	$ (56,162)

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BLOOMIN' BRANDS, INC.

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

	THIRTY-NINE WEEKS ENDED	
	SEPTEMBER 26, 2021	SEPTEMBER 27, 2020
Cash flows (used in) provided by financing activities:		
Proceeds from issuance of long-term debt	$ 200,000	$ —
Repayments of long-term debt and finance lease obligations	(428,364)	(19,798)
Proceeds from borrowings on revolving credit facilities	378,000	505,000
Repayments of borrowings on revolving credit facilities	(701,000)	(549,000)
Financing fees	(5,868)	(3,096)
Proceeds from issuance of senior notes	300,000	—
Proceeds from issuance of convertible senior notes	—	230,000
Proceeds from issuance of warrants	—	46,690
Purchase of convertible note hedge	—	(66,240)
Issuance costs related to senior notes	(5,546)	(8,416)
Proceeds (payments of taxes) from share-based compensation, net	9,883	(3,041)
Distributions to noncontrolling interests	(6,203)	(1,083)
Contributions from noncontrolling interests	1,044	366
Purchase of limited partnership and noncontrolling interests	(3)	(57)
Payments for partner equity plan	(7,135)	(12,517)
Cash dividends paid on common stock	—	(17,480)
Redemption of subsidiary preferred stock	—	(1,475)
Net cash (used in) provided by financing activities	(265,192)	99,853
Effect of exchange rate changes on cash and cash equivalents	207	(3,293)
Net (decrease) increase in cash, cash equivalents and restricted cash	(29,824)	95,369
Cash, cash equivalents and restricted cash as of the beginning of the period	110,408	67,145
Cash, cash equivalents and restricted cash as of the end of the period	$ 80,584	$ 162,514
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 28,787	$ 35,425
Cash paid for income taxes, net of refunds	$ 23,449	$ 4,198
Supplemental disclosures of non-cash investing and financing activities:		
Leased assets obtained in exchange for new operating lease liabilities	$ 38,154	$ 12,971
Leased assets obtained in exchange for new finance lease liabilities	$ 1,229	$ 1,263
Increase (decrease) in liabilities from the acquisition of property, fixtures and equipment	$ 3,006	$ (7,174)

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

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 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 27, 2020.

Recently Adopted Financial Accounting Standards - On December 28, 2020, the Company adopted Accounting Standards Update ("ASU") No. 2020-06, "Debt - Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity's Own Equity," ("ASU No. 2020-06") which removes the separation models for convertible debt with a cash conversion feature or convertible instruments with a beneficial conversion feature. ASU No. 2020-06 also requires the application of the if-converted method for calculating diluted earnings per share and the treasury stock method is no longer permitted for convertible instruments. The Company adopted ASU No. 2020-06 using the modified retrospective approach which resulted in a cumulative-effect adjustment that increased (decreased) the following Consolidated Balance Sheet accounts during the first quarter of 2021:

ADJUSTMENT	CONSOLIDATED BALANCE SHEET CLASSIFICATION	AMOUNT (in millions)
Deferred tax impact of cumulative-effect adjustment	Deferred income tax assets, net	$ 14.9
Debt discount reclassification	Long-term debt, net	$ 59.9
Equity issuance costs reclassification	Long-term debt, net	$ (2.1)
Debt discount amortization reclassification, net of tax	Accumulated deficit	$ 4.4
Reversal of separated equity component, net of tax	Additional paid-in capital	$ (47.3)

After adopting ASU No. 2020-06, the Company's convertible senior notes due 2025 (the "2025 Notes") are reflected entirely as a liability since the embedded conversion feature is no longer separately presented within stockholders' equity. During 2020, the Company recognized debt discount amortization of $6.3 million within Interest expense, net related to its 2025 Notes.

In February 2021, the Company made an irrevocable election under the indenture to require the principal portion of its 2025 Notes to be settled in cash and any excess in shares. Following the irrevocable notice, only the amounts expected to be settled in excess of the principal are considered in diluted earnings per share under the if-converted method.

Recently Issued Financial Accounting Standards Not Yet Adopted - 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. These reclassifications had no effect on previously reported net income.

2. COVID-19 Charges

In March 2020, the Company temporarily closed all restaurant dining rooms in the U.S. to comply with state and local regulations in response to the COVID-19 pandemic ("COVID-19"). Following is a summary of charges recorded in connection with the COVID-19 pandemic for the period indicated (dollars in thousands):

CHARGES	CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS) CLASSIFICATION	THIRTY-NINE WEEKS ENDED SEPTEMBER 27, 2020
Inventory obsolescence and spoilage	Food and beverage costs	$ 6,748
Compensation for idle employees (1)	Labor and other related	28,243
Other operating charges	Other restaurant operating	2,467
Lease guarantee contingent liabilities (2)	General and administrative	4,188
Allowance for expected credit losses (3)	General and administrative	3,334
Other charges	General and administrative	2,624
Right-of-use asset impairment (4)	Provision for impaired assets and restaurant closings	25,740
Fixed asset impairment (4)	Provision for impaired assets and restaurant closings	31,727
Goodwill and other impairment (5)	Provision for impaired assets and restaurant closings	3,096
		$ 108,167

(1) Represents relief pay for hourly employees impacted by the closure of dining rooms, net of $14.4 million of employee retention tax credits earned.
(2) Represents additional contingent liabilities recorded for lease guarantees related to certain former restaurant locations now operated by franchisees or other third parties.
(3) Includes additional reserves to reflect an increase in expected credit losses, primarily related to franchise receivables.
(4) Includes impairments resulting from the remeasurement of assets utilizing projected future cash flows revised for then current economic conditions, restructuring charges and the closure of certain restaurants.
(5) Includes impairment of goodwill for the Company's Hong Kong subsidiary.

3. Revenue Recognition

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

	THIRTEEN WEEKS ENDED		THIRTY-NINE WEEKS ENDED	
(dollars in thousands)	SEPTEMBER 26, 2021	SEPTEMBER 27, 2020	SEPTEMBER 26, 2021	SEPTEMBER 27, 2020
Revenues				
Restaurant sales	$ 996,718	$ 766,487	$ 3,031,396	$ 2,338,985
Franchise and other revenues				
Franchise revenues	12,908	4,216	31,918	15,716
Other revenues (1)	837	557	11,988	3,355
Total Franchise and other revenues	13,745	4,773	43,906	19,071
Total revenues	$ 1,010,463	$ 771,260	$ 3,075,302	$ 2,358,056

(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 from the recognition of recoverable Program of Social Integration ("PIS") and Contribution for the Financing of Social Security ("COFINS") taxes, respectively, within other revenues in connection with favorable court rulings in Brazil regarding the calculation methodology and taxable base. 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, and will be recovered by offsetting future PIS and COFINS taxes due.

BLOOMIN' BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - Continued

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

	THIRTEEN WEEKS ENDED			
	SEPTEMBER 26, 2021		SEPTEMBER 27, 2020	
(dollars in thousands)	RESTAURANT SALES	FRANCHISE REVENUES	RESTAURANT SALES	FRANCHISE REVENUES
U.S.				
Outback Steakhouse	$ 523,142	$ 9,335	$ 443,286	$ 1,422
Carrabba's Italian Grill	159,147	482	124,019	359
Bonefish Grill	134,603	169	100,410	44
Fleming's Prime Steakhouse & Wine Bar	79,687	—	49,846	—
Other	2,211	3	1,845	—
U.S. total	898,790	9,989	719,406	1,825
International				
Outback Steakhouse Brazil	74,020	—	32,485	—
Other (1)	23,908	2,919	14,596	2,391
International total	97,928	2,919	47,081	2,391
Total	$ 996,718	$ 12,908	$ 766,487	$ 4,216

	THIRTY-NINE WEEKS ENDED			
	SEPTEMBER 26, 2021		SEPTEMBER 27, 2020	
(dollars in thousands)	RESTAURANT SALES	FRANCHISE REVENUES	RESTAURANT SALES	FRANCHISE REVENUES
U.S.				
Outback Steakhouse	$ 1,649,433	$ 20,709	$ 1,320,524	$ 8,099
Carrabba's Italian Grill	488,241	1,764	364,632	827
Bonefish Grill	410,613	473	299,226	184
Fleming's Prime Steakhouse & Wine Bar	234,099	—	151,962	—
Other	6,756	3	4,718	—
U.S. total	2,789,142	22,949	2,141,062	9,110
International				
Outback Steakhouse Brazil	178,178	—	148,078	—
Other (1)	64,076	8,969	49,845	6,606
International total	242,254	8,969	197,923	6,606
Total	$ 3,031,396	$ 31,918	$ 2,338,985	$ 15,716

(1) Includes Restaurant sales for the Company's Abbraccio concept in Brazil.

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 26, 2021	DECEMBER 27, 2020
Other current assets, net		
Deferred gift card sales commissions	$ 10,832	$ 19,300
Unearned revenue		
Deferred gift card revenue	$ 274,204	$ 373,048
Deferred loyalty revenue	9,478	8,099
Deferred franchise fees - current	446	469
Total Unearned revenue	$ 284,128	$ 381,616
Other long-term liabilities, net		
Deferred franchise fees - non-current	$ 4,332	$ 4,301

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 26, 2021	SEPTEMBER 27, 2020	SEPTEMBER 26, 2021	SEPTEMBER 27, 2020
Balance, beginning of period	$ 12,548	$ 13,624	$ 19,300	$ 18,554
Deferred gift card sales commissions amortization	(4,841)	(3,961)	(19,277)	(15,553)
Deferred gift card sales commissions capitalization	3,698	3,068	12,494	10,534
Other	(573)	(146)	(1,685)	(950)
Balance, end of period	$ 10,832	$ 12,585	$ 10,832	$ 12,585

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 26, 2021	SEPTEMBER 27, 2020	SEPTEMBER 26, 2021	SEPTEMBER 27, 2020
Balance, beginning of period	$ 293,955	$ 279,973	$ 373,048	$ 358,757
Gift card sales	45,036	42,531	153,126	142,619
Gift card redemptions	(61,189)	(49,964)	(237,988)	(220,549)
Gift card breakage	(3,598)	(2,599)	(13,982)	(10,886)
Balance, end of period	$ 274,204	$ 269,941	$ 274,204	$ 269,941

4. Impairments and Exit Costs

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

	THIRTEEN WEEKS ENDED		THIRTY-NINE WEEKS ENDED	
(dollars in thousands)	**SEPTEMBER 26, 2021**	**SEPTEMBER 27, 2020**	**SEPTEMBER 26, 2021**	**SEPTEMBER 27, 2020**
Impairment losses				
U.S. (1)	$ 1,115	$ 332	$ 8,289	$ 55,045
International (1)(2)	28	—	180	3,468
Corporate (3)	19	32	257	6,193
Total impairment losses	1,162	364	8,726	64,706
Restaurant closure charges (benefits)				
U.S. (1)	423	(418)	389	1,344
International (1)	—	—	(153)	173
Total restaurant closure charges (benefits)	423	(418)	236	1,517
Provision for impaired assets and restaurant closings	$ 1,585	$ (54)	$ 8,962	$ 66,223

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(1) U.S. and international impairment and closure charges for the thirteen and thirty-nine weeks ended September 27, 2020 primarily relate to the COVID-19 pandemic, including charges related to the COVID-19 Restructuring discussed below. See Note 2 - *COVID-19 Charges* for details regarding the impact of the COVID-19 pandemic on the Company's financial results.
(2) Includes goodwill impairment charges of $2.0 million during the thirty-nine weeks ended September 27, 2020.
(3) Corporate impairment charges for the thirty-nine weeks ended September 27, 2020 primarily relate to transformational initiatives.

COVID-19 Restructuring - During the thirty-nine weeks ended September 27, 2020, the Company recognized pre-tax asset impairments and closure charges in connection with the closure of 22 restaurants and from the update of certain cash flow assumptions, including lease renewal considerations (the "COVID-19 Restructuring"). Following is a summary of the COVID-19 Restructuring charges recognized in the Consolidated Statements of Operations and Comprehensive Income (Loss) for the period indicated (dollars in thousands):

DESCRIPTION	**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS) CLASSIFICATION**	**THIRTY-NINE WEEKS ENDED SEPTEMBER 27, 2020**
Property, fixtures and equipment impairments	Provision for impaired assets and restaurant closings	$ 16,932
Lease right-of-use asset impairments and closing costs	Provision for impaired assets and restaurant closings	4,008
Severance and other expenses	General and administrative	1,021
		$ 21,961

The remaining impairment and closure charges during the periods 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 2021 assessment was qualitative and its 2020 assessment was quantitative. 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 closure and restructuring initiatives, for the period indicated:

(dollars in thousands)	THIRTY-NINE WEEKS ENDED SEPTEMBER 26, 2021
Balance, beginning of the period	$ 12,879
Cash payments	(3,861)
Accretion	702
Adjustments	(484)
Balance, end of the period (1)	$ 9,236

(1) As of September 26, 2021, the Company had exit-related accruals associated with closure and restructuring initiatives of $3.1 million recorded in Accrued and other current liabilities and $6.1 million recorded in Non-current operating lease liabilities on its Consolidated Balance Sheet.

5. Earnings (Loss) Per Share

The dilutive effect of the 2025 Notes is calculated using the if-converted method which was required upon the Company's adoption of ASU No. 2020-06. To the extent the Company has ability to settle its 2025 Notes in shares of its common stock, the principal and conversion spread on the 2025 Notes 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 of $11.89 per share of common stock. In February 2021, the Company provided the trustee of its 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 under the if-converted method.

In connection with the offering of the 2025 Notes, the Company entered into the Convertible Note Hedge Transactions and Warrant Transactions described in Note 11 - *Convertible Senior Notes.* However, the Convertible Note Hedge Transactions are not considered when calculating dilutive shares given their anti-dilutive impact as an offset to dilution of shares underlying the 2025 Notes. The Warrant Transactions have a dilutive effect on the Company's common stock to the extent the price of its common stock exceeds the $16.64 strike price of the Warrant Transactions. See Note 11 - *Convertible Senior Notes* for additional information regarding the 2025 Notes, Convertible Note Hedge Transactions and Warrant Transactions.

The following table presents the computation of basic and diluted earnings (loss) per share attributable to common stockholders for the periods indicated:

	THIRTEEN WEEKS ENDED		THIRTY-NINE WEEKS ENDED	
(in thousands, except per share data)	**SEPTEMBER 26, 2021**	**SEPTEMBER 27, 2020**	**SEPTEMBER 26, 2021**	**SEPTEMBER 27, 2020**
Net income (loss) attributable to Bloomin' Brands	$ 3,449	$ (17,637)	$ 154,856	$ (144,504)
Redemption of preferred stock in excess of carrying value (1)	—	—	—	(3,496)
Net income (loss) attributable to common stockholders	3,449	(17,637)	154,856	(148,000)
Convertible senior notes if-converted method interest adjustment, net of tax (2)	—	—	460	—
Diluted net income (loss) attributable to common stockholders	$ 3,449	$ (17,637)	$ 155,316	$ (148,000)
Basic weighted average common shares outstanding	89,229	87,558	88,890	87,394
Effect of dilutive securities:				
Stock options	864	—	913	—
Nonvested restricted stock units	286	—	380	—
Nonvested performance-based share units	—	—	31	—
Convertible senior notes (2)(3)	10,476	—	12,300	—
Warrants (3)	6,928	—	6,896	—
Diluted weighted average common shares outstanding	107,783	87,558	109,410	87,394
Basic earnings (loss) per share attributable to common stockholders	$ 0.04	$ (0.20)	$ 1.74	$ (1.69)
Diluted earnings (loss) per share attributable to common stockholders	$ 0.03	$ (0.20)	$ 1.42	$ (1.69)

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(1) Consideration paid in excess of carrying value for the redemption of its Abbraccio preferred stock is considered a deemed dividend and, for purposes of calculating earnings per share, reduces net income attributable to common stockholders for the thirty-nine weeks ended September 27, 2020. See Note 13 - *Stockholders' Equity* for additional details.

(2) 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 its 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.

(3) Due to the Company's net loss during the thirteen and thirty-nine weeks ended September 27, 2020, dilutive excess shares, if applicable, and warrants were excluded from the computation of diluted earnings per share as their effect would be antidilutive.

Share-based compensation-related weighted-average securities outstanding not included in the computation of net earnings (loss) per share attributable to common stockholders because their effect was antidilutive were as follows, for the periods indicated:

	THIRTEEN WEEKS ENDED		THIRTY-NINE WEEKS ENDED	
(shares in thousands)	**SEPTEMBER 26, 2021**	**SEPTEMBER 27, 2020**	**SEPTEMBER 26, 2021**	**SEPTEMBER 27, 2020**
Stock options	—	5,381	455	5,133
Nonvested restricted stock units	77	797	53	813
Nonvested performance-based share units	376	628	424	595

6. 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 26, 2021	SEPTEMBER 27, 2020	SEPTEMBER 26, 2021	SEPTEMBER 27, 2020
Stock options	$ 495	$ 992	$ 1,829	$ 2,862
Restricted stock units	2,043	2,303	6,373	6,326
Performance-based share units (1)	3,026	(588)	11,813	1,804
	$ 5,564	$ 2,707	$ 20,015	$ 10,992

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

In February 2021, the Company granted 0.3 million performance-based share units ("PSUs"). These PSUs maintain a three-year cliff vesting period and the underlying adjusted diluted earnings per share performance metric can range from zero to 200% of the annual target grant. The grants additionally include a Relative Total Shareholder Return ("Relative TSR") modifier to the final payout outcome, which can adjust the payout by 75%, 100% or 125% of the achieved performance metric, with the overall payout capped at 200% of the annual target grant. The Relative TSR is measured by comparing the Company's Relative TSR to that of the constituents of the S&P 1500 Restaurants index. The fair value of PSUs granted was estimated using the Monte Carlo simulation model. The Monte Carlo simulation model utilizes multiple input variables to estimate the probability that the market conditions will be achieved and was applied to the trading price of the Company's common stock on the date of the grant. Assumptions used in the Monte Carlo simulation model and the grant date fair value of PSUs granted were as follows for the period indicated:

	THIRTY-NINE WEEKS ENDED SEPTEMBER 26, 2021
Assumptions:	
Risk-free interest rate (1)	0.20 %
Volatility (2)	48.45 %
Grant date fair value per unit (3)	$ 29.73

(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) Based on the historical volatility of the Company's stock over the last seven years.
(3) Represents a 14.3% premium above the per share value of the Company's common stock as of the grant date.

The following represents unrecognized stock-based compensation expense and the remaining weighted-average vesting period as of September 26, 2021:

	UNRECOGNIZED COMPENSATION EXPENSE (dollars in thousands)	REMAINING WEIGHTED-AVERAGE VESTING PERIOD (in years)
Stock options	$ 1,061	0.7
Restricted stock units	$ 11,663	1.9
Performance-based share units	$ 20,862	1.5

BLOOMIN' BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - Continued

7. Other Current Assets, Net

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

(dollars in thousands)	SEPTEMBER 26, 2021	DECEMBER 27, 2020
Prepaid expenses	$ 22,944	$ 12,148
Accounts receivable - gift cards, net (1)	8,491	76,808
Accounts receivable - vendors, net (1)	8,568	8,886
Accounts receivable - franchisees, net (1)	1,658	1,007
Accounts receivable - other, net (1)	15,775	16,782
Deferred gift card sales commissions	10,832	19,300
Assets held for sale	1,374	3,831
Other current assets, net	18,000	12,756
	$ 87,642	$ 151,518

(1) See Note 17 - *Allowance for Expected Credit Losses* for a rollforward of the related allowance for expected credit losses.

8. Other Assets, Net

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

(dollars in thousands)	SEPTEMBER 26, 2021	DECEMBER 27, 2020
Company-owned life insurance (1)	$ 33,799	$ 44,814
Deferred debt issuance costs (2)	6,200	4,694
Liquor licenses	23,296	24,250
Other assets	18,824	18,868
	$ 82,119	$ 92,626

(1) During the thirty-nine weeks ended September 26, 2021, the Company withdrew $9.1 million from its Company-owned life insurance policies to pay deferred compensation obligations.

(2) Net of accumulated amortization of $8.2 million and $9.0 million as of September 26, 2021 and December 27, 2020, respectively.

9. Accrued and Other Current Liabilities

Accrued and other current liabilities consisted of the following as of the periods indicated:

(dollars in thousands)	SEPTEMBER 26, 2021	DECEMBER 27, 2020
Accrued rent and current operating lease liabilities	$ 184,240	$ 192,369
Accrued payroll and other compensation (1)	126,306	79,291
Accrued insurance	21,412	20,648
Other current liabilities (2)	112,633	96,013
	$ 444,591	$ 388,321

(1) During the thirty-nine weeks ended September 26, 2021, the Company reclassified $27.3 million of payroll taxes deferred under the Coronavirus, Aid, Relief and Economic Security Act ("CARES Act") to current.

(2) During the thirty-nine weeks ended September 26, 2021, other current liabilities increased primarily due to an $8.7 million increase in accrued interest related to the 2029 Notes. See Note 10 - *Long-term Debt, Net* for details regarding the 2029 Notes.

10. Long-term Debt, Net

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

	SEPTEMBER 26, 2021		DECEMBER 27, 2020	
(dollars in thousands)	OUTSTANDING BALANCE	INTEREST RATE	OUTSTANDING BALANCE	INTEREST RATE
Senior Secured Credit Facility:				
Term loan A (1)	$ 197,500	2.58 %	$ —	
Revolving credit facility (1)	124,000	2.69 %	—	
Total Senior Secured Credit Facility	321,500		—	
Former Credit Facility:				
Term loan A (1)	—		425,000	2.88 %
Revolving credit facility (1)	—		447,000	2.88 %
Total Former Credit Facility	—		872,000	
2025 Notes (2)	230,000	5.00 %	230,000	5.00 %
2029 Notes	300,000	5.13 %	—	
Finance lease liabilities	2,704		2,405	
Less: unamortized debt discount and issuance costs (3)	(14,871)		(67,704)	
Less: finance lease interest	(182)		(221)	
Total debt, net	839,151		1,036,480	
Less: current portion of long-term debt	(11,086)		(38,710)	
Long-term debt, net	$ 828,065		$ 997,770	

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(1) Interest rate represents the weighted-average interest rate as of the respective periods.
(2) See Note 11 - *Convertible Senior Notes* for details regarding the 2025 Notes and related hedge and warrant transactions.
(3) In connection with the adoption of ASU No. 2020-06, debt discount of $59.9 million related to the 2025 Notes was de-recognized and $2.1 million of equity issuance costs were reclassified as debt issuance costs during the thirty-nine weeks ended September 26, 2021.

2029 Notes - On April 16, 2021, the Company and its wholly-owned subsidiary OSI Restaurant Partners, LLC (“OSI”), as co-issuers, issued $300.0 million aggregate principal amount of senior unsecured notes due 2029 (the “2029 Notes”).

The 2029 Notes were issued pursuant to an Indenture, dated April 16, 2021 (the “Indenture”), by and among the Company, the guarantors named therein, and Wells Fargo Bank, National Association, as trustee. The 2029 Notes are guaranteed by each of the Company’s existing and future domestic restricted subsidiaries (other than OSI) that are guarantors or borrowers under its Senior Secured Credit Facility (as defined below) or certain other indebtedness. The 2029 Notes mature on April 15, 2029, unless earlier redeemed or purchased by the Company. The 2029 Notes bear cash interest at an annual rate of 5.125% payable semi-annually in arrears on April 15 and October 15 of each year, beginning on October 15, 2021.

The Company may redeem some or all of the 2029 Notes at any time on or after April 15, 2024, at the redemption prices set forth in the Indenture, plus accrued and unpaid interest. The Company may also redeem up to 40% of the 2029 Notes in an amount not greater than the proceeds of certain equity offerings completed before April 15, 2024, at a redemption price equal to 105.125% of the principal amount thereof, plus accrued and unpaid interest. In addition, at any time prior to April 15, 2024, the Company may redeem some or all of the 2029 Notes at a price equal to 100% of the principal amount, plus a make-whole premium, plus accrued and unpaid interest.

The Indenture contains restrictive covenants that limit the ability of the Company and its restricted subsidiaries to, among other things, incur additional indebtedness or issue certain preferred stock; pay dividends, redeem stock or make other distributions; make certain investments; create restrictions on the ability of the Company's restricted subsidiaries to pay dividends or make other payments to the Company; create certain liens; transfer or sell certain assets; merge or consolidate; enter into certain transactions with the Company's affiliates; and designate subsidiaries as unrestricted subsidiaries. These covenants are subject to a number of exceptions and qualifications as set forth in the Indenture.

The Indenture contains customary events of default, including, without limitation, failure to make required payments, failure to comply with certain agreements or covenants, cross-acceleration to certain other indebtedness in excess of specified amounts, certain events of bankruptcy and insolvency, and failure to pay certain judgments.

The net proceeds from the 2029 Notes offering were approximately $294.5 million, after deducting the initial purchaser's discount and the Company's offering expenses. The net proceeds were used to repay a portion of the Company's outstanding Term loan A and revolving credit facility in conjunction with the refinancing of its Former Credit Facility.

Second Amended and Restated Credit Agreement - On April 16, 2021, the Company and OSI, as co-borrowers, entered into the Second Amended and Restated Credit Agreement (the "Second Amended and Restated 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"). The Senior Secured Credit Facility matures on April 16, 2026 and replaced the Company's prior senior secured financing of up to $1.5 billion (the "Former Credit Facility").

The commitments under the Senior Secured Credit Facility may be increased in an aggregate principal amount of up to: (i) $425.0 million or (ii) at the Company's option, up to an unlimited amount of incremental facilities, so long as the Consolidated Senior Secured Net Leverage Ratio ("CSSNLR"), as defined in the Second Amended and Restated Credit Agreement, is no more than 3.00 to 1.00 as of the last day of the most recent period of four consecutive fiscal quarters ended.

The Company may elect an interest rate at each reset period based on the Base Rate or the Eurocurrency Rate, 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 Eurocurrency rate with a one-month interest period plus 1.0% (the "Base Rate"). The Eurocurrency Rate option is the seven, 30, 60, 90 or 180-day Eurocurrency rate, subject to a 0% floor (the "Eurocurrency Rate"). The interest rates are as follows:

	BASE RATE ELECTION	EUROCURRENCY RATE ELECTION
Term loan A and revolving credit facility	50 to 150 basis points over the Base Rate	150 to 250 basis points over the Eurocurrency Rate

Fees on letters of credit and daily unused availability under the revolving credit facility are 150 to 250 basis points and 25 to 40 basis points, respectively.

The following is a summary of required quarterly amortization payments for the Term loan A (dollars in thousands):

SCHEDULED QUARTERLY PAYMENT DATES	TERM LOAN A
December 26, 2021 through June 30, 2024	$ 2,500
September 29, 2024 through June 29, 2025	$ 3,750
September 28, 2025 and December 28, 2025	$ 5,000

The Senior Secured Credit Facility contains mandatory prepayment requirements for the Term loan A, including the requirement that the Company prepay outstanding amounts under these loans with 50% of its annual excess cash flow, as defined in the Second Amended and Restated Credit Agreement, commencing with the fiscal year ending

December 25, 2022. The amount of outstanding loans required to be prepaid in accordance with the debt covenants may vary based on the Company's CSSNLR and year end results.

Total Net Leverage Ratio ("TNLR") is the ratio of Consolidated Total Debt (Current portion of long-term debt and Long-term debt, net of cash, excluding the 2025 Notes) to Consolidated EBITDA (earnings before interest, taxes, depreciation and amortization and certain other adjustments as defined in the Second Amended and Restated Credit Agreement). The Second Amended and Restated Credit Agreement requires a TNLR not to exceed 4.50 to 1.00. Seasonally annualized Consolidated EBITDA for the quarterly period ended September 26, 2021 was calculated as Consolidated EBITDA for the three consecutive quarters ending September 26, 2021 divided by 77.0%.

The Second Amended and Restated Credit Agreement limits, subject to certain exceptions, the Company's ability and the ability of its subsidiaries to: incur additional indebtedness; make significant payments; sell assets; pay dividends and other restricted payments; make certain investments; acquire certain assets; effect mergers and similar transactions; and effect certain other transactions with affiliates. The Company is also limited to $200.0 million of aggregate capital expenditures during the year ended December 26, 2021. The Second Amended and Restated Credit Agreement also prohibited the Company from paying certain dividends and making certain restricted payments and acquisitions until the Company was in compliance with its TNLR covenant for the period ended September 26, 2021.

As of September 26, 2021 and December 27, 2020, 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 26, 2021
Year 1	$ 11,110
Year 2	10,757
Year 3	11,826
Year 4	246,424
Year 5	274,087
Thereafter	300,000
Total payments	854,204
Less: unamortized debt discount and issuance costs	(14,871)
Less: finance lease interest	(182)
Total principal payments	$ 839,151

Deferred Financing Fees - During the thirty-nine weeks ended September 26, 2021, the Company deferred $5.5 million and $5.9 million of financing costs incurred in connection with the 2029 Notes and Second Amended Credit Agreement, respectively. Deferred financing fees of $3.7 million associated with the revolving credit facility portion of the Second Amended Credit Agreement were recorded in Other assets, net and all other deferred financing fees were recorded in Long-term debt, net.

11. Convertible Senior Notes

2025 Notes - In May 2020, the Company completed a $230.0 million principal amount private offering of 5.00% convertible senior notes due in 2025. The 2025 Notes are governed by the terms of an indenture between the Company and Wells Fargo Bank, National Association, as the Trustee. The 2025 Notes mature on May 1, 2025, unless earlier converted, redeemed or purchased by the Company. The 2025 Notes bear cash interest at an annual rate of 5.00%, payable semi-annually in arrears on May 1 and November 1 of each year. Net proceeds from the

2025 Notes offering were approximately $221.6 million, after deducting the initial purchaser's discounts and commissions and the Company's offering expenses.

The initial conversion rate applicable to the 2025 Notes is 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 is equivalent to an initial conversion price of approximately $11.89 per share. The conversion rate is subject to adjustment upon the occurrence of certain specified events.

Prior to the close of business on the business day immediately preceding November 1, 2024, holders may convert all or a portion of their 2025 Notes under the following circumstances: (i) during any calendar quarter commencing after the calendar quarter ending on June 30, 2020, if the last reported sale price per share of the Company's common stock exceeds 130% of the conversion price for each of at least 20 trading days during the 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter; (ii) during the five consecutive business days immediately after any five consecutive trading day period (the "measurement period") in which the trading price per $1,000 principal amount of 2025 Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price per share of the Company's common stock and the conversion rate on each such trading day; (iii) upon the occurrence of specified corporate events or distributions on the Company's common stock; (iv) if the Company calls the 2025 Notes for redemption, and (v) at any time from, and including November 1, 2024 until the close of business on the second scheduled trading day immediately before the maturity date.

The 2025 Notes will be redeemable by the Company, in whole or in part, at the Company's option at any time, and from time to time, on or after May 1, 2023 and on or before the 40^{th} scheduled trading day immediately before the maturity date, at a cash redemption price equal to the principal amount of the 2025 Notes to be redeemed, plus accrued and unpaid interest, but only if the last reported sale price per share of the Company's common stock exceeds 130% of the conversion price on: (i) each of at least 20 trading days, whether or not consecutive, during the 30 consecutive trading days ending on, and including, the trading day immediately before the date the Company sends the related redemption notice; and (ii) the trading day immediately before the date the Company sends such notice. In addition, calling any of the 2025 Notes for redemption will constitute a make-whole fundamental change with respect to that note, in which case the conversion rate applicable to the conversion of the 2025 Notes will be increased in certain circumstances if it is converted after it is called for redemption.

If a fundamental change occurs prior to the maturity date, holders may require the Company to repurchase all or a portion of their 2025 Notes for cash at a price equal to 100% of the principal amount of the 2025 Notes to be repurchased, plus accrued and unpaid interest. Holders of 2025 Notes who convert their 2025 Notes in connection with a notice of a redemption or a make-whole fundamental change may be entitled to a premium in the form of an increase in the conversion rate of the 2025 Notes.

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

(dollars in thousands)	SEPTEMBER 26, 2021	DECEMBER 27, 2020
Long-term debt, net		
Principal	$ 230,000	$ 230,000
Less: debt discount (1)	—	(59,862)
Less: debt issuance costs (1)(2)	(6,296)	(5,427)
Net carrying amount	$ 223,704	$ 164,711
Equity component (1)	$ —	$ 64,367

(1) In connection with the adoption of ASU No. 2020-06, debt discount and the equity component of the 2025 Notes were de-recognized and $2.1 million of issuance costs that were previously allocated to the equity component were reclassified as debt issuance costs during the thirty-nine weeks ended September 26, 2021.
(2) Debt issuance costs are amortized to Interest expense, net using the effective interest method over the 2025 Notes' expected life.

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 26, 2021	SEPTEMBER 27, 2020	SEPTEMBER 26, 2021	SEPTEMBER 27, 2020
Coupon interest	$ 2,875	$ 2,875	$ 8,625	$ 4,568
Deferred discount amortization	—	2,407	—	3,786
Deferred issuance cost amortization	392	215	1,159	343
Total interest expense (1)	$ 3,267	$ 5,497	$ 9,784	$ 8,697

(1) The effective rate of the 2025 Notes over their expected life was 5.85% for the thirteen and thirty-nine weeks ended September 26, 2021 and 13.73% for the thirteen and thirty-nine weeks ended September 27, 2020.

Based on the daily closing prices of the Company's stock during the quarter ended September 26, 2021, holders of the 2025 Notes are eligible to convert their 2025 Notes during the fourth quarter of 2021. In February 2021, the Company provided the trustee of the 2025 Notes notice of its irrevocable election under the 2025 Notes indenture to settle the principal portion of the 2025 Notes upon conversion in cash and any excess in shares.

Convertible Note Hedge and Warrant Transactions - In connection with the offering of the 2025 Notes, the Company entered into convertible note hedge transactions (the "Convertible Note Hedge Transactions") with certain of the initial purchasers of the 2025 Notes and/or their respective affiliates and other financial institutions (in this capacity, the "Hedge Counterparties"). Concurrently with the Company's entry into the Convertible Note Hedge Transactions, the Company also entered into separate, warrant transactions with the Hedge Counterparties collectively relating to the same number of shares of the Company's common stock, subject to customary anti-dilution adjustments, and for which the Company received proceeds that partially offset the cost of entering into the Convertible Note Hedge Transactions (the "Warrant Transactions").

The Convertible Note Hedge Transactions cover, subject to customary anti-dilution adjustments, the number of shares of the Company's common stock that initially underlie the 2025 Notes, and are expected generally to reduce the potential equity dilution in excess of the principal amount due upon conversion of the 2025 Notes. The 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 is initially $16.64 per share and is subject to certain adjustments under the terms of the Warrant Transactions.

The Convertible Note Hedge Transactions are exercisable upon conversion of the 2025 Notes. The Convertible Note Hedge Transactions expire upon maturity of the 2025 Notes. The Warrant Transactions are exercisable on the expiration dates included in the related forms of confirmation.

12. Other Long-term Liabilities, Net

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

(dollars in thousands)	SEPTEMBER 26, 2021	DECEMBER 27, 2020
Accrued insurance liability	$ 31,422	$ 32,128
Chef and Restaurant Managing Partner deferred compensation obligations	18,413	32,306
Deferred payroll tax liabilities (1)	27,302	55,204
Other long-term liabilities (2)	53,245	65,717
	$ 130,382	$ 185,355

(1) During the thirty-nine weeks ended September 26, 2021, the Company reclassified $27.3 million of payroll taxes deferred under the CARES Act to current.
(2) The Company's hedge liability decreased by $13.7 million during the thirty-nine weeks ended September 26, 2021 primarily from the termination of certain interest rate swaps. See Note 14 - *Derivative Instruments and Hedging Activities* for additional details.

13. Stockholders' Equity

Redeemable Preferred Stock - In connection with the development of its Abbraccio Cucina Italiana ("Abbraccio") concept in 2015, the Company sold preferred shares of its Abbraccio concept ("Abbraccio Shares") to certain investors. During the thirteen weeks ended March 29, 2020, the Company exercised a call option to purchase all outstanding Abbraccio Shares for $1.0 million and recorded a reduction to Accumulated deficit and an increase in Net loss applicable to common stockholders of $3.5 million for the consideration paid in excess of the Abbraccio Shares' carrying value.

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

(dollars in thousands)	SEPTEMBER 26, 2021	DECEMBER 27, 2020
Foreign currency translation adjustment	$ (183,770)	$ (188,883)
Unrealized loss on derivatives, net of tax	(13,900)	(22,563)
Accumulated other comprehensive loss	$ (197,670)	$ (211,446)

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

	THIRTEEN WEEKS ENDED		THIRTY-NINE WEEKS ENDED	
(dollars in thousands)	SEPTEMBER 26, 2021	SEPTEMBER 27, 2020	SEPTEMBER 26, 2021	SEPTEMBER 27, 2020
Foreign currency translation adjustment	$ 1,673	$ (4,095)	$ 5,113	$ (40,538)
Unrealized (loss) gain on derivatives, net of tax (1)	(153)	261	(323)	(14,631)
Reclassification of adjustments for loss on derivatives included in Net income (loss), net of tax (2)	1,519	2,962	6,036	6,943
Amortization of terminated interest rate swaps, net of tax	1,479	—	2,950	—
Total unrealized gain (loss) on derivatives, net of tax	2,845	3,223	8,663	(7,688)
Other comprehensive income (loss) attributable to Bloomin' Brands	$ 4,518	$ (872)	$ 13,776	$ (48,226)

(1) Unrealized loss on derivatives is net of tax of $5.1 million for the thirty-nine weeks ended September 27, 2020.
(2) Reclassifications of adjustments for loss on derivatives are net of tax. See Note 14 - *Derivative Instruments and Hedging Activities* for the tax impact of reclassifications.

14. 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 pays a weighted-average fixed rate of 3.04% on the notional amount and receives payments from the counterparty based on the one-month LIBOR rate.

In connection with the refinancing of its Former Credit Facility, on April 16, 2021 the Company terminated its variable-to-fixed interest rate swap agreements with seven counterparties having an aggregate notional amount of $275.0 million for a payment of approximately $13.3 million, including accrued interest. Following these terminations, $13.4 million of unrealized losses related to the terminated swap agreements included in AOCL will be amortized on a straight-line basis to Interest expense, net over the remaining original term of the terminated swaps.

The Company's swap agreements have been designated and qualify as cash flow hedges, are recognized on its Consolidated Balance Sheets at fair value and are classified based on the instruments' maturity dates. As of September 26, 2021, the Company estimated $16.1 million will be reclassified to Interest expense, net over the next 12 fiscal months, including interest expense related to the terminated swap agreements discussed above.

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

(dollars in thousands)	SEPTEMBER 26, 2021	DECEMBER 27, 2020	CONSOLIDATED BALANCE SHEET CLASSIFICATION
Interest rate swaps - liability	$ 7,502	$ 14,855	Accrued and other current liabilities
Interest rate swaps - liability	1,917	15,640	Other long-term liabilities, net
Total fair value of derivative instruments - liabilities (1)	$ 9,419	$ 30,495	
Accrued interest	$ 609	$ 1,237	Accrued and other current liabilities

(1) See Note 16 - *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 (loss) for the periods indicated:

	THIRTEEN WEEKS ENDED		THIRTY-NINE WEEKS ENDED	
(dollars in thousands)	SEPTEMBER 26, 2021	SEPTEMBER 27, 2020	SEPTEMBER 26, 2021	SEPTEMBER 27, 2020
Interest rate swap expense recognized in Interest expense, net	$ (2,045)	$ (3,991)	$ (8,127)	$ (9,353)
Income tax benefit recognized in (Benefit) provision for income taxes	526	1,029	2,091	2,410
Total effects on Net income (loss)	$ (1,519)	$ (2,962)	$ (6,036)	$ (6,943)

By utilizing the interest rate swaps, the Company is exposed to credit-related losses in the event that the counterparty fails to perform under the terms of the derivative contract. To mitigate this risk, the Company enters into derivative contracts with major financial institutions based upon credit ratings and other factors. The Company continually assesses the creditworthiness of its counterparties. As of September 26, 2021, all counterparties to the interest rate swaps had performed in accordance with their contractual obligations.

The Company has agreements with each of its derivative counterparties that contain a provision where the Company could be declared in default on its derivative obligations if the repayment of the underlying indebtedness is accelerated by the lender due to the Company's default on indebtedness.

Table of Contents

As of September 26, 2021 and December 27, 2020, the fair value of the Company's interest rate swaps was in a net liability position, including accrued interest but excluding any adjustment for nonperformance risk, of $10.1 million and $32.2 million, respectively. As of September 26, 2021 and December 27, 2020, the Company has not posted any collateral related to these agreements. If the Company had breached any of these provisions as of September 26, 2021 and December 27, 2020, it could have been required to settle its obligations under the agreements at their termination value of $10.1 million and $32.2 million, respectively.

15. 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 26, 2021	DECEMBER 27, 2020
Operating lease right-of-use assets	Operating lease right-of-use assets	$ 1,152,268	$ 1,172,910
Finance lease right-of-use assets (1)	Property, fixtures and equipment, net	2,349	1,947
Total lease assets, net		$ 1,154,617	$ 1,174,857
Current operating lease liabilities (2)	Accrued and other current liabilities	$ 178,563	$ 176,791
Current finance lease liabilities	Current portion of long-term debt	1,087	1,210
Non-current operating lease liabilities (3)	Non-current operating lease liabilities	1,195,996	1,216,666
Non-current finance lease liabilities	Long-term debt, net	1,435	974
Total lease liabilities		$ 1,377,081	$ 1,395,641

(1) Net of accumulated amortization of $3.1 million and $2.3 million as of September 26, 2021 and December 27, 2020, respectively.
(2) Excludes COVID-19-related deferred rent accruals of $2.1 million and $12.8 million as of September 26, 2021 and December 27, 2020, respectively, and accrued contingent percentage rent of $3.6 million and $2.7 million, as of September 26, 2021 and December 27, 2020, respectively.
(3) Excludes COVID-19-related non-current deferred rent accruals of $0.6 million and $1.2 million as of September 26, 2021 and December 27, 2020, respectively.

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

		THIRTEEN WEEKS ENDED		THIRTY-NINE WEEKS ENDED	
(dollars in thousands)	CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS) CLASSIFICATION	SEPTEMBER 26, 2021	SEPTEMBER 27, 2020	SEPTEMBER 26, 2021	SEPTEMBER 27, 2020
Operating leases (1)	Other restaurant operating	$ 44,807	$ 45,341	$ 133,362	$ 133,999
Variable lease cost (2)	Other restaurant operating	1,574	(1,677)	3,082	(1,603)
Finance leases:					
Amortization of leased assets	Depreciation and amortization	280	328	800	985
Interest on lease liabilities	Interest expense, net	34	37	101	120
Sublease revenue	Franchise and other revenues	(3,276)	(409)	(6,936)	(2,195)
Lease costs, net		$ 43,419	$ 43,620	$ 130,409	$ 131,306

(1) Excludes rent expense for office facilities and Company-owned closed or subleased properties of $3.2 million and $3.6 million for the thirteen weeks ended September 26, 2021 and September 27, 2020, respectively, and $9.9 million and $10.4 million for the thirty-nine weeks ended September 26, 2021 and September 27, 2020, respectively, which is included in General and administrative expense. Also excludes certain immaterial supply chain related rent expense included in Food and beverage costs.
(2) Includes COVID-19-related rent abatement for all periods presented.

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

	THIRTY-NINE WEEKS ENDED	
(dollars in thousands)	**SEPTEMBER 26, 2021**	**SEPTEMBER 27, 2020**
Cash flows from operating activities:		
Cash paid for amounts included in the measurement of operating lease liabilities	$ 155,661	$ 127,642

16. 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 26, 2021			DECEMBER 27, 2020		
(dollars in thousands)	**TOTAL**	**LEVEL 1**	**LEVEL 2**	**TOTAL**	**LEVEL 1**	**LEVEL 2**
Assets:						
Cash equivalents:						
Fixed income funds	$ 7,973	$ 7,973	$ —	$ 15,404	$ 15,404	$ —
Money market funds	10,308	10,308	—	16,494	16,494	—
Restricted cash equivalents:						
Money market funds	4,247	4,247	—	428	428	—
Total asset recurring fair value measurements	$ 22,528	$ 22,528	$ —	$ 32,326	$ 32,326	$ —
Liabilities:						
Accrued and other current liabilities:						
Derivative instruments - interest rate swaps	$ 7,502	$ —	$ 7,502	$ 14,855	$ —	$ 14,855
Other long-term liabilities:						
Derivative instruments - interest rate swaps	1,917	—	1,917	15,640	—	15,640
Total liability recurring fair value measurements	$ 9,419	$ —	$ 9,419	$ 30,495	$ —	$ 30,495

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 September 26, 2021 and December 27, 2020, 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 periods indicated:

	THIRTY-NINE WEEKS ENDED			
	SEPTEMBER 26, 2021		SEPTEMBER 27, 2020	
(dollars in thousands)	REMAINING CARRYING VALUE	TOTAL IMPAIRMENT	REMAINING CARRYING VALUE	TOTAL IMPAIRMENT
Assets held for sale (1)	$ —	$ —	$ 1,182	$ 75
Operating lease right-of-use assets (1)	7,651	1,466	70,841	23,567
Property, fixtures and equipment (2)	8,928	7,260	27,978	38,381
Goodwill and other assets (3)	—	—	748	2,683
	$ 16,579	$ 8,726	$ 100,749	$ 64,706

(1) Asset carrying values measured using discounted cash flow models (Level 3).
(2) Carrying values measured using Level 2 inputs to estimate fair value totaled $2.2 million for the thirty-nine weeks ended September 27, 2020. All other assets were valued using Level 3 inputs. Third-party market appraisals (Level 2) and discounted cash flow models (Level 3) were used to estimate fair value.
(3) Other assets generally measured using the quoted market value of comparable assets (Level 2).

See Note 4 - *Impairments and Exit Costs* for information regarding impairment charges resulting from the fair value measurement performed on a nonrecurring basis during the thirty-nine weeks ended September 27, 2020. Projected future cash flows, including discount rate and growth rate assumptions, are derived from then current economic conditions, expectations of management and projected trends of current operating results. As a result, the Company has determined that the majority of the inputs used to value its long-lived assets held and used are unobservable inputs that fall within Level 3 of the fair value hierarchy.

In assessment of impairment for operating locations, the Company determined the fair values of individual operating locations using an income approach, which required discounting projected future cash flows. When determining the stream of projected future cash flows associated with an individual operating location, management made assumptions, including highest and best use and inputs from restaurant operations, where necessary, and about key variables including the following unobservable inputs: revenue growth rates, controllable and uncontrollable expenses, and asset residual values. In order to calculate the present value of those future cash flows, the Company discounted cash flow estimates at its weighted-average cost of capital applicable to the country in which the measured assets reside.

The following table presents quantitative information related to certain unobservable inputs used in the Company's Level 3 fair value measurements of Operating lease right-of-use assets and Property, fixtures and equipment for the impairment losses incurred during the period indicated:

	THIRTY-NINE WEEKS ENDED		
UNOBSERVABLE INPUTS	SEPTEMBER 27, 2020		
Weighted-average cost of capital	10.4%	to	11.3%
Long-term growth rate	1.5%	to	2.0%

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 26, 2021		DECEMBER 27, 2020	
(dollars in thousands)	**CARRYING VALUE**	**FAIR VALUE LEVEL 2**	**CARRYING VALUE**	**FAIR VALUE LEVEL 2**
Senior Secured Credit Facility:				
Term loan A	$ 197,500	$ 192,809	$ —	$ —
Revolving credit facility	$ 124,000	$ 119,390	$ —	$ —
Former Credit Facility:				
Term loan A	$ —	$ —	$ 425,000	$ 412,250
Revolving credit facility	$ —	$ —	$ 447,000	$ 419,612
2025 Notes	$ 230,000	$ 541,719	$ 230,000	$ 413,818
2029 Notes	$ 300,000	$ 314,001	$ —	$ —

17. Allowance for Expected Credit Losses

The following table is a rollforward of the Company’s trade receivables allowance for expected credit losses for the periods indicated:

	THIRTEEN WEEKS ENDED		THIRTY-NINE WEEKS ENDED	
(dollars in thousands)	**SEPTEMBER 26, 2021**	**SEPTEMBER 27, 2020**	**SEPTEMBER 26, 2021**	**SEPTEMBER 27, 2020**
Allowance for expected credit losses, beginning of period	$ 3,989	$ 4,566	$ 4,095	$ 199
Adjustment for adoption of ASU No. 2016-13	—	—	—	1,018
Provision for expected credit losses (1)	—	2	—	3,351
Charge-off of accounts	(2)	(29)	(108)	(29)
Allowance for expected credit losses, end of period	$ 3,987	$ 4,539	$ 3,987	$ 4,539

(1) In March 2020, the Company fully reserved substantially all of its outstanding franchise receivables in response to the economic impact of the COVID-19 pandemic. See Note 2 - *COVID-19 Charges* for details regarding the impact of the COVID-19 pandemic on the Company’s financial results.

The Company is also exposed to credit losses from off-balance sheet lease guarantees primarily related to the divestiture of certain formerly Company-owned restaurant sites. See Note 19 - *Commitments and Contingencies* for details regarding these lease guarantees.

18. Income Taxes

	THIRTEEN WEEKS ENDED		THIRTY-NINE WEEKS ENDED	
(dollars in thousands)	**SEPTEMBER 26, 2021**	**SEPTEMBER 27, 2020**	**SEPTEMBER 26, 2021**	**SEPTEMBER 27, 2020**
Income (loss) before (benefit) provision for income taxes	$ 597	$ (32,554)	$ 184,562	$ (214,830)
(Benefit) provision for income taxes	$ (4,454)	$ (14,776)	$ 24,827	$ (70,210)
Effective income tax rate	(NM)	45.4 %	13.5 %	32.7 %

NM Not meaningful.

For the thirteen weeks ended September 26, 2021, the benefit for income taxes includes the impact of changes to the estimate of the forecasted full-year effective tax rate relative to prior quarters in 2021. The benefit of FICA tax credits on certain employees’ tips reduced the effective tax rate as a result of forecasted pre-tax income. For the thirteen weeks ended September 27, 2020, the benefit of FICA tax credits on certain employees' tips increased the effective tax rate as a result of forecasted pre-tax book loss.

The effective income tax rate for the thirty-nine weeks ended September 26, 2021 decreased by 19.2 percentage points as compared to the thirty-nine weeks ended September 27, 2020. The decrease was primarily due to the benefit of FICA tax credits on certain employees' tips reducing the effective tax rate in 2021 as a result of forecasted pre-tax book income as compared to increasing the effective tax rate in 2020 as a result of forecasted pre-tax book loss.

As of December 27, 2020, the Company had $155.3 million in general business tax credit carryforwards, which have a 20-year carryforward period and are utilized on a first-in, first-out basis. The Company expects to increase its general business credit carryforwards in 2021 by approximately $5 million to $10 million. The Company currently expects to utilize these tax credit carryforwards within a 10-year period. However, the Company's ability to utilize these tax credits could be adversely impacted by, among other items, a future ownership change as defined under Section 382 of the Internal Revenue Code.

The Company has a blended federal and state statutory rate of approximately 26%. The effective income tax rate for the thirty-nine weeks ended September 26, 2021 was lower than the statutory rate primarily due to the benefit of FICA tax credits on certain employees' tips.

19. 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 $6.3 million and $4.6 million for certain of its outstanding legal proceedings as of September 26, 2021 and December 27, 2020, 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 26, 2021, the undiscounted payments that the Company could be required to make in the event of non-payment by the primary lessees was approximately $25.9 million. The present value of these potential payments discounted at the Company's incremental borrowing rate as of September 26, 2021 was approximately $21.2 million. In the event of default, the indemnity clauses in the Company's purchase and sale agreements govern its ability to pursue and recover damages incurred. As of September 26, 2021, the Company's recorded contingent lease liability was $8.8 million.

Royalty Termination - On August 2, 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 (Loss) during the thirteen weeks ended September 26, 2021.

20. Segment Reporting

The Company considers its restaurant concepts and international markets as operating segments, which reflects how the Company manages its business, reviews operating performance and allocates resources. Resources are allocated and performance is assessed by the Company's Chief Executive Officer ("CEO"), whom the Company has determined to be its Chief Operating Decision Maker ("CODM"). The Company aggregates its operating segments into two reportable segments, U.S. and international. The U.S. segment includes all restaurants operating in the U.S. while restaurants operating outside the U.S. are included in the international segment. The following is a summary of reporting segments:

REPORTABLE SEGMENT (1)	CONCEPT	GEOGRAPHIC LOCATION
U.S.	Outback Steakhouse Carrabba's Italian Grill Bonefish Grill 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 27, 2020. Revenues for all segments include only transactions with customers and exclude intersegment revenues. Excluded from Income (loss) 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 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 26, 2021**	**SEPTEMBER 27, 2020**	**SEPTEMBER 26, 2021**	**SEPTEMBER 27, 2020**
Total revenues				
U.S.	$ 912,733	$ 721,738	$ 2,820,709	$ 2,153,315
International	97,730	49,522	254,593	204,741
Total revenues	$ 1,010,463	$ 771,260	$ 3,075,302	$ 2,358,056

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

	THIRTEEN WEEKS ENDED		THIRTY-NINE WEEKS ENDED	
(dollars in thousands)	**SEPTEMBER 26, 2021**	**SEPTEMBER 27, 2020**	**SEPTEMBER 26, 2021**	**SEPTEMBER 27, 2020**
Segment income (loss) from operations				
U.S.	$ 47,294	$ 29,574	$ 334,326	$ (21,968)
International	1,412	(7,926)	7,419	(18,209)
Total segment income (loss) from operations	48,706	21,648	341,745	(40,177)
Unallocated corporate operating expense (1)	(33,869)	(35,903)	(111,273)	(127,558)
Total income (loss) from operations	14,837	(14,255)	230,472	(167,735)
Loss on extinguishment and modification of debt	—	—	(2,073)	(237)
Other income (expense), net	5	1	26	(211)
Interest expense, net	(14,245)	(18,300)	(43,863)	(46,647)
Income (loss) before (benefit) provision for income taxes	$ 597	$ (32,554)	$ 184,562	$ (214,830)

(1) The thirteen and thirty-nine weeks ended September 27, 2020 include $4.2 million and $28.8 million, respectively, of charges that were not allocated to the Company's segments related to its transformational initiatives, primarily recorded within General and administrative expense and Provision for impaired assets and restaurant closings.

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 26, 2021**	**SEPTEMBER 27, 2020**	**SEPTEMBER 26, 2021**	**SEPTEMBER 27, 2020**
Depreciation and amortization				
U.S.	$ 33,422	$ 35,056	$ 100,645	$ 110,004
International	5,842	5,672	17,128	18,314
Corporate	1,563	2,689	4,819	9,151
Total depreciation and amortization	$ 40,827	$ 43,417	$ 122,592	$ 137,469

The following table is a summary of capital expenditures by segment for the periods indicated:

	THIRTY-NINE WEEKS ENDED	
(dollars in thousands)	**SEPTEMBER 26, 2021**	**SEPTEMBER 27, 2020**
Capital expenditures		
U.S.	$ 74,076	$ 45,094
International	8,985	12,567
Corporate	6,513	3,384
Total capital expenditures	$ 89,574	$ 61,045

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;

(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 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 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 substantial 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, and our exposure to interest rate risk in connection with our variable-rate debt;

(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 27, 2020.

In light of 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 26, 2021, we owned and operated 1,159 restaurants and franchised 325 restaurants across 47 states, Guam and 19 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 26, 2021 ("third quarter of 2021") include the following:

- U.S. combined and Outback Steakhouse comparable restaurant sales of 25.5% and 18.3%, respectively, relative to the third quarter of 2020, and 9.5% and 6.0%, respectively, relative to the third quarter of 2019;
- Increase in Total revenues of 31.0%, as compared to the third quarter of 2020, and 4.5%, as compared to the third quarter of 2019;
- A $61.9 million charge to Other restaurant operating expense in connection with the Carrabba's Italian Grill Royalty Termination Agreement, an impact of 6.2% on restaurant-level operating margin;
- Restaurant-level operating margin of 10.3%, as compared to 10.7% and 12.9% for the third quarters of 2020 and 2019, respectively;
- Income (loss) from operations of $14.8 million, as compared to $(14.3) million and $22.0 million in the third quarters of 2020 and 2019, respectively; and
- Diluted earnings (loss) per share attributable to common stockholders of $0.03, as compared to $(0.20) and $0.11 in the third quarters of 2020 and 2019, respectively.

Key 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 (loss) from operations, Net income (loss) and Diluted earnings (loss) per share* — financial measures utilized to evaluate our operating performance.

  Restaurant-level operating margin is 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 (Loss). 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.
(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. 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 (loss) or Income (loss) 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 (loss) from operations*, *Adjusted net income (loss) and Adjusted diluted earnings (loss) per share* — non-GAAP financial measures utilized to evaluate our operating performance.

  We believe that our use of 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 of Directors evaluate our operating performance, allocate resources and administer employee incentive plans; and

- *Customer satisfaction scores* — measurement of our customers' experiences in a variety of key areas.

Selected Operating Data

The table below presents the number of our restaurants in operation as of the periods indicated:

Number of restaurants (at end of the period):	SEPTEMBER 26, 2021	SEPTEMBER 27, 2020
U.S.:		
Outback Steakhouse		
Company-owned	564	567
Franchised	130	140
Total	694	707
Carrabba's Italian Grill		
Company-owned	199	199
Franchised	20	21
Total	219	220
Bonefish Grill		
Company-owned	178	181
Franchised	7	7
Total	185	188
Fleming's Prime Steakhouse & Wine Bar		
Company-owned	64	65
Other		
Company-owned (1)	7	5
U.S. total	1,169	1,185
International:		
Company-owned		
Outback Steakhouse—Brazil (2)	113	104
Other (1)(3)	34	31
Franchised		
Outback Steakhouse—South Korea (3)	114	88
Other (1)	54	56
International total	315	279
System-wide total	1,484	1,464

(1) U.S. Other Company-owned included four and three fast-casual Aussie Grill locations as of September 26, 2021 and September 27, 2020, respectively. International Franchised Other included three Aussie Grill locations as of September 26, 2021 and September 27, 2020. International Company-owned Other included two and one Aussie Grill locations as of September 26, 2021 and September 27, 2020, respectively.

(2) The restaurant counts for Brazil are reported as of August 31, 2021 and 2020, respectively, to correspond with the balance sheet dates of this subsidiary.

(3) Franchised Outback Steakhouse - South Korea included 37 and 13 international dark kitchens that offer delivery only as of September 26, 2021 and September 27, 2020, respectively. In addition, we had one international dark kitchen included within Company-owned Other as of both periods presented.

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 26, 2021	SEPTEMBER 27, 2020	SEPTEMBER 26, 2021	SEPTEMBER 27, 2020
Revenues				
Restaurant sales	98.6 %	99.4 %	98.6 %	99.2 %
Franchise and other revenues	1.4	0.6	1.4	0.8
Total revenues	100.0	100.0	100.0	100.0
Costs and expenses				
Food and beverage costs (1)	30.5	30.1	30.0	31.3
Labor and other related (1)	29.1	32.2	28.4	32.6
Other restaurant operating (1)	30.1	27.0	25.2	27.0
Depreciation and amortization	4.0	5.6	4.0	5.8
General and administrative	5.8	7.4	5.9	8.4
Provision for impaired assets and restaurant closings	0.2	(*)	0.3	2.8
Total costs and expenses	98.5	101.8	92.5	107.1
Income (loss) from operations	1.5	(1.8)	7.5	(7.1)
Loss on extinguishment and modification of debt	—	—	(0.1)	(*)
Other income (expense), net	*	*	*	(*)
Interest expense, net	(1.4)	(2.4)	(1.4)	(2.0)
Income (loss) before (benefit) provision for income taxes	0.1	(4.2)	6.0	(9.1)
(Benefit) provision for income taxes	(0.4)	(1.9)	0.8	(3.0)
Net income (loss)	0.5	(2.3)	5.2	(6.1)
Less: net income (loss) attributable to noncontrolling interests	0.2	(*)	0.2	(*)
Net income (loss) attributable to Bloomin' Brands	0.3 %	(2.3)%	5.0 %	(6.1)%

(1) As a percentage of Restaurant sales.
* Less than 1/10th of one percent of Total 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 27, 2020	$ 766.5	$ 2,339.0
Change from:		
Comparable restaurant sales	218.4	696.1
Restaurant openings	14.0	41.3
Effect of foreign currency translation	2.3	(15.6)
Restaurant closures	(4.5)	(29.4)
For the periods ended September 26, 2021	$ 996.7	$ 3,031.4

The increase in Restaurant sales during the thirteen weeks ended September 26, 2021 was primarily due to: (i) higher comparable restaurant sales from in-restaurant dining and strong retention of off-premises sales and (ii) the opening of 31 new restaurants not included in our comparable restaurant sales base. The increase in Restaurant sales was partially offset by the closure of 15 restaurants since June 26, 2020.

The increase in Restaurant sales during the thirty-nine weeks ended September 26, 2021 was primarily due to: (i) higher comparable restaurant sales from in-restaurant dining and strong retention of off-premises sales and (ii) the opening of 37 new restaurants not included in our comparable restaurant sales base. The increase in Restaurant sales was partially offset by the closure of 45 restaurants since December 29, 2019 and the effect of foreign currency translation of the Brazilian Real relative to the U.S. dollar.

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 26, 2021	SEPTEMBER 27, 2020	SEPTEMBER 26, 2021	SEPTEMBER 27, 2020
Average restaurant unit volumes (weekly):				
U.S.				
Outback Steakhouse	$ 70,849	$ 59,929	$ 74,163	$ 58,771
Carrabba’s Italian Grill	$ 61,518	$ 47,940	$ 62,910	$ 46,230
Bonefish Grill	$ 57,844	$ 42,439	$ 58,626	$ 40,988
Fleming’s Prime Steakhouse & Wine Bar	$ 95,777	$ 58,989	$ 94,064	$ 59,014
International				
Outback Steakhouse - Brazil (1)	$ 49,841	$ 23,919	$ 40,848	$ 36,884
Operating weeks:				
U.S.				
Outback Steakhouse	7,344	7,365	22,089	22,330
Carrabba’s Italian Grill	2,587	2,587	7,761	7,887
Bonefish Grill	2,327	2,366	7,004	7,300
Fleming’s Prime Steakhouse & Wine Bar	832	845	2,489	2,575
International				
Outback Steakhouse - Brazil	1,485	1,358	4,362	4,015

(1) Translated at average exchange rates of 5.15 and 5.34 for the thirteen weeks ended September 26, 2021 and September 27, 2020, respectively, and 5.27 and 4.60 for the thirty-nine weeks ended September 26, 2021 and September 27, 2020, 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 26, 2021		SEPTEMBER 27, 2020	SEPTEMBER 26, 2021		SEPTEMBER 27, 2020
	COMPARABLE TO 2019 (1)	COMPARABLE TO 2020	COMPARABLE TO 2019	COMPARABLE TO 2019 (1)	COMPARABLE TO 2020	COMPARABLE TO 2019
Year over year percentage change:						
Comparable restaurant sales (stores open 18 months or more):						
U.S. (2)						
Outback Steakhouse	6.0 %	18.3 %	(10.4)%	3.5 %	25.3 %	(17.4)%
Carrabba's Italian Grill	17.1 %	28.8 %	(9.0)%	10.6 %	35.1 %	(18.1)%
Bonefish Grill	5.7 %	36.6 %	(22.5)%	(2.7)%	41.2 %	(31.0)%
Fleming's Prime Steakhouse & Wine Bar	28.0 %	59.6 %	(20.3)%	10.8 %	56.9 %	(29.7)%
Combined U.S.	9.5 %	25.5 %	(12.8)%	4.3 %	31.4 %	(20.7)%
International						
Outback Steakhouse - Brazil (3)	(5.1)%	109.8 %	(54.8)%	(18.9)%	29.4 %	(36.9)%
Traffic:						
U.S.						
Outback Steakhouse	(0.8)%	14.8 %	(13.6)%	(2.1)%	19.6 %	(18.1)%
Carrabba's Italian Grill	12.2 %	27.1 %	(11.7)%	7.8 %	27.0 %	(15.1)%
Bonefish Grill	5.2 %	25.6 %	(14.7)%	(1.7)%	23.4 %	(19.4)%
Fleming's Prime Steakhouse & Wine Bar	14.4 %	48.4 %	(23.3)%	1.8 %	38.1 %	(26.6)%
Combined U.S.	2.9 %	19.3 %	(13.6)%	(0.1)%	21.9 %	(17.9)%
International						
Outback Steakhouse - Brazil	1.9 %	62.5 %	(37.6)%	(8.2)%	25.2 %	(25.9)%
Average check per person (4):						
U.S.						
Outback Steakhouse	6.8 %	3.5 %	3.2 %	5.6 %	5.7 %	0.7 %
Carrabba's Italian Grill	4.9 %	1.7 %	2.7 %	2.8 %	8.1 %	(3.0)%
Bonefish Grill	0.5 %	11.0 %	(7.8)%	(1.0)%	17.8 %	(11.6)%
Fleming's Prime Steakhouse & Wine Bar	13.6 %	11.2 %	3.0 %	9.0 %	18.8 %	(3.1)%
Combined U.S.	6.6 %	6.2 %	0.8 %	4.4 %	9.5 %	(2.8)%
International						
Outback Steakhouse - Brazil	(6.0)%	45.5 %	(16.2)%	(10.3)%	5.5 %	(11.0)%

(1) Represents comparable restaurant sales, traffic and average check per person increases (decreases) relative to fiscal year 2019 for improved comparability due to the impact of COVID-19 on fiscal year 2020 restaurant sales.
(2) Relocated restaurants closed more than 60 days are excluded from comparable restaurant sales until at least 18 months after reopening.
(3) Excludes the effect of fluctuations in foreign currency rates. Includes trading day impact from calendar period reporting.
(4) Average check per person includes the impact of menu pricing changes, product mix and discounts.

Franchise and other revenues

	THIRTEEN WEEKS ENDED		THIRTY-NINE WEEKS ENDED	
(dollars in millions)	**SEPTEMBER 26, 2021**	**SEPTEMBER 27, 2020**	**SEPTEMBER 26, 2021**	**SEPTEMBER 27, 2020**
Franchise revenues (1)	$ 12.9	$ 4.2	$ 31.9	$ 15.7
Other revenues (2)	0.8	0.6	12.0	3.4
Franchise and other revenues	$ 13.7	$ 4.8	$ 43.9	$ 19.1

(1) Represents franchise royalties, advertising fees and initial franchise fees. Franchise revenues increased during the thirteen and thirty-nine weeks ended September 26, 2021 primarily due to higher franchise sales as a result of the impact of COVID-19 on 2020 franchise sales.

(2) 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 from the recognition of recoverable PIS and COFINS taxes, respectively, within other revenues 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 26, 2021**	**SEPTEMBER 27, 2020**	**CHANGE**	**SEPTEMBER 26, 2021**	**SEPTEMBER 27, 2020**	**CHANGE**
Food and beverage costs	$ 304.3	$ 230.5		$ 908.3	$ 731.0	
% of Restaurant sales	30.5 %	30.1 %	0.4 %	30.0 %	31.3 %	(1.3)%

Food and beverage costs increased as a percentage of Restaurant sales during the thirteen weeks ended September 26, 2021 as compared to the thirteen weeks ended September 27, 2020 primarily due to 1.0% from commodity inflation partially offset by a decrease as a percentage of Restaurant sales of 0.5% from increases in average check per person including changes in product mix.

Food and beverage costs decreased as a percentage of Restaurant sales during the thirty-nine weeks ended September 26, 2021 as compared to the thirty-nine weeks ended September 27, 2020 primarily due to: (i) 0.8% from increases in average check per person, primarily driven by reduced discounting, (ii) 0.4% from the impact of certain cost savings initiatives and (iii) 0.3% from inventory obsolescence and spoilage costs during 2020 associated with the COVID-19 pandemic. These decreases were partially offset by an increase as a percentage of Restaurant sales of 0.2% from commodity inflation.

In 2022, we anticipate approximately 10% commodity inflation.

Labor and other related expenses

	THIRTEEN WEEKS ENDED			THIRTY-NINE WEEKS ENDED		
(dollars in millions)	**SEPTEMBER 26, 2021**	**SEPTEMBER 27, 2020**	**CHANGE**	**SEPTEMBER 26, 2021**	**SEPTEMBER 27, 2020**	**CHANGE**
Labor and other related	$ 290.2	$ 246.9		$ 859.9	$ 761.7	
% of Restaurant sales	29.1 %	32.2 %	(3.1)%	28.4 %	32.6 %	(4.2)%

Labor and other related expenses decreased as a percentage of Restaurant sales during the thirteen weeks ended September 26, 2021 as compared to the thirteen weeks ended September 27, 2020 primarily due to 4.3% from leveraging increased restaurant sales, partially offset by an increase as a percentage of Restaurant sales of 1.1% from wage rate increases.

Labor and other related expenses decreased as a percentage of Restaurant sales during the thirty-nine weeks ended September 26, 2021 as compared to the thirty-nine weeks ended September 27, 2020 primarily due to 4.4% from leveraging increased restaurant sales and 1.1% from the 2020 impact of net relief pay. These decreases were partially offset by increases as a percentage of Restaurant sales of 0.6% from wage rate increases and 0.5% from higher management bonus.

In 2022, we anticipate mid-single digit labor cost inflation.

Other restaurant operating expenses

	THIRTEEN WEEKS ENDED			THIRTY-NINE WEEKS ENDED		
(dollars in millions)	**SEPTEMBER 26, 2021**	**SEPTEMBER 27, 2020**	**CHANGE**	**SEPTEMBER 26, 2021**	**SEPTEMBER 27, 2020**	**CHANGE**
Other restaurant operating	$ 299.8	$ 207.3		$ 762.5	$ 631.7	
% of Restaurant sales	30.1 %	27.0 %	3.1 %	25.2 %	27.0 %	(1.8)%

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 19 - *Commitments and Contingencies* for additional details. We recorded Carrabba's Italian Grill royalty expense of $3.0 million during the thirty-nine weeks ended September 26, 2021, and $3.8 million and $6.6 million during fiscal years 2020 and 2019, respectively.

Other restaurant operating expenses increased as a percentage of Restaurant sales during the thirteen weeks ended September 26, 2021 as compared to the thirteen weeks ended September 27, 2020 primarily due to 6.2% from the Carrabba's Italian Grill royalty termination and 1.2% from higher utilities, rent and operating expense. These increases were partially offset by decreases as a percentage of Restaurant sales of: (i) 3.5% from leveraging increased restaurant sales, (ii) 0.6% from lower advertising expense and (iii) 0.4% from a decrease in off-premises related costs.

Other restaurant operating expenses decreased as a percentage of Restaurant sales during the thirty-nine weeks ended September 26, 2021 as compared to the thirty-nine weeks ended September 27, 2020 primarily due to: (i) 3.0% from leveraging increased restaurant sales, (ii) 1.3% from lower advertising expense and (iii) 0.3% from a decrease in off-premises related costs. These decreases were partially offset by increases as a percentage of Restaurant sales of 2.0% from the Carrabba's Italian Grill royalty termination and 0.6% from higher operating and utilities expense.

Depreciation and amortization

	THIRTEEN WEEKS ENDED			THIRTY-NINE WEEKS ENDED		
(dollars in millions)	**SEPTEMBER 26, 2021**	**SEPTEMBER 27, 2020**	**CHANGE**	**SEPTEMBER 26, 2021**	**SEPTEMBER 27, 2020**	**CHANGE**
Depreciation and amortization	$ 40.8	$ 43.4	$ (2.6)	$ 122.6	$ 137.5	$ (14.9)

Depreciation and amortization expense decreased during the thirteen weeks ended September 26, 2021 as compared to the thirteen weeks ended September 27, 2020 primarily due to decreased capital expenditures.

Depreciation and amortization expense decreased during the thirty-nine weeks ended September 26, 2021 as compared to the thirty-nine weeks ended September 27, 2020 primarily due to decreased capital expenditures, impairment and the effect of foreign currency translation.

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 27, 2020	$ 57.4	$ 197.7
Change from:		
Employee stock-based compensation	2.9	9.1
Incentive compensation	1.8	5.7
Transformational costs	(1.8)	(9.4)
Travel and entertainment	(1.1)	(3.5)
Severance	(1.0)	(10.5)
Expected credit losses and contingent lease liabilities	(0.1)	(6.6)
Other	0.8	0.1
For the periods ended September 26, 2021	$ 58.9	$ 182.6

Provision for impaired assets and restaurant closings

	THIRTEEN WEEKS ENDED			THIRTY-NINE WEEKS ENDED		
(dollars in millions)	SEPTEMBER 26, 2021	SEPTEMBER 27, 2020	CHANGE	SEPTEMBER 26, 2021	SEPTEMBER 27, 2020	CHANGE
Provision for impaired assets and restaurant closings	$ 1.6	$ (0.1)	$ 1.7	$ 9.0	$ 66.2	$ (57.2)

During the thirty-nine weeks ended September 27, 2020, we recognized asset impairment and closure charges of $56.4 million and $3.6 million within the U.S. and international segments, respectively, primarily related to the COVID-19 pandemic. Included in the amount for the thirty-nine weeks ended September 27, 2020 were pre-tax asset impairments and closure costs of $20.9 million in connection with the closure of 22 restaurants and from the update of certain cash flow assumptions, including lease renewal considerations. We also recognized asset impairment charges related to transformational initiatives of $6.3 million during the thirty-nine weeks ended September 27, 2020, which were not allocated to our operating segments.

The remaining impairment and closure charges during the periods presented resulted primarily from locations identified for closure.

See Note 4 - *Impairments and Exit Costs* of the Notes to Consolidated Financial Statements for further information.

Income (loss) from operations

	THIRTEEN WEEKS ENDED			THIRTY-NINE WEEKS ENDED		
(dollars in millions)	SEPTEMBER 26, 2021	SEPTEMBER 27, 2020	CHANGE	SEPTEMBER 26, 2021	SEPTEMBER 27, 2020	CHANGE
Income (loss) from operations	$ 14.8	$ (14.3)	$ 29.1	$ 230.5	$ (167.7)	$ 398.2
% of Total revenues	1.5 %	(1.8)%	3.3 %	7.5 %	(7.1)%	14.6 %

Income from operations generated during the thirteen weeks ended September 26, 2021 as compared to Loss from operations during the thirteen weeks ended September 27, 2020 was primarily due to higher comparable restaurant sales and lower advertising expense. These increases were partially offset by: (i) the Carrabba's Italian Grill royalty termination, (ii) higher labor costs and commodity inflation and (iii) higher utilities, rent and operating expense.

Income from operations generated during the thirty-nine weeks ended September 26, 2021 as compared to Loss from operations during the thirty-nine weeks ended September 27, 2020 was primarily due to: (i) higher comparable restaurant sales, (ii) COVID-19 pandemic related charges during 2020, (iii) lower advertising expense, (iv) the impact of restructuring and transformational initiatives during 2020, (v) the 2020 impact of net relief pay and (vi) the impact of certain cost savings initiatives. These increases were partially offset by: (i) the Carrabba's Italian Grill royalty termination, (ii) higher labor costs and commodity inflation, (iii) an increase in incentive compensation, (iv) higher operating and utilities expense and (v) higher management bonus.

Interest expense, net

	THIRTEEN WEEKS ENDED			THIRTY-NINE WEEKS ENDED		
(dollars in millions)	**SEPTEMBER 26, 2021**	**SEPTEMBER 27, 2020**	**CHANGE**	**SEPTEMBER 26, 2021**	**SEPTEMBER 27, 2020**	**CHANGE**
Interest expense, net	$ 14.2	$ 18.3	$ (4.1)	$ 43.9	$ 46.6	$ (2.7)

The decrease in Interest expense, net for the thirteen weeks ended September 26, 2021 as compared to the thirteen weeks ended September 27, 2020 was primarily due to lower revolver and term loan borrowings and the discontinuance of debt discount amortization related to our 2025 Notes resulting from the adoption of ASU No. 2020-06. These decreases were partially offset by an increase in interest expense from our 2029 Notes issued in April 2021.

The decrease in Interest expense, net for the thirty-nine weeks ended September 26, 2021 as compared to the thirty-nine weeks ended September 27, 2020 was primarily due to: (i) lower revolver and term loan borrowings, (ii) the discontinuance of debt discount amortization related to our 2025 Notes resulting from the adoption of ASU No. 2020-06 and (iii) lower interest rates on our unhedged variable rate debt. These decreases were partially offset by increases in interest expense from our 2025 Notes issued in May 2020 and our 2029 Notes issued in April 2021.

(Benefit) provision for income taxes

	THIRTEEN WEEKS ENDED			THIRTY-NINE WEEKS ENDED		
	SEPTEMBER 26, 2021	**SEPTEMBER 27, 2020**	**CHANGE**	**SEPTEMBER 26, 2021**	**SEPTEMBER 27, 2020**	**CHANGE**
Effective income tax rate	(NM)	45.4 %	(NM)	13.5 %	32.7 %	(19.2)%

NM Not meaningful.

For the thirteen weeks ended September 26, 2021, the benefit for income taxes includes the impact of changes to the estimate of the forecasted full-year effective tax rate relative to prior quarters in 2021. The benefit of FICA tax credits on certain employees' tips reduced the effective tax rate as a result of forecasted pre-tax income. For the thirteen weeks ended September 27, 2020, the benefit of FICA tax credits on certain employees' tips increased the effective tax rate as a result of forecasted pre-tax book loss.

The effective income tax rate for the thirty-nine weeks ended September 26, 2021 decreased by 19.2 percentage points as compared to the thirty-nine weeks ended September 27, 2020. The decrease was primarily due to the benefit of FICA tax credits on certain employees' tips reducing the effective tax rate in 2021 as a result of forecasted pre-tax book income as compared to increasing the effective tax rate in 2020 as a result of forecasted pre-tax book loss.

SEGMENT PERFORMANCE

We consider our restaurant concepts and international markets as operating segments, which reflects how we manage our business, review operating performance and allocate resources. Resources are allocated and performance is assessed by our CEO, whom we have determined to be our CODM. We aggregate our operating segments into two reportable segments, U.S. and international. The U.S. segment includes all restaurants operating in the U.S. while restaurants operating outside the U.S. are included in the international segment. The following is a summary of reporting segments:

REPORTABLE SEGMENT (1)	CONCEPT	GEOGRAPHIC LOCATION
U.S.	Outback Steakhouse Carrabba's Italian Grill Bonefish Grill 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.

Revenues for both segments include only transactions with customers and exclude intersegment revenues. Excluded from Income (loss) 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 and certain bonus expenses.

During the thirteen and thirty-nine weeks ended September 27, 2020, we recorded $4.2 million and $28.8 million, respectively, of pre-tax charges as a part of transformational initiatives. These costs were primarily recorded within General and administrative expense and Provision for impaired assets and restaurant closings and were not allocated to our segments since our CODM does not consider the impact of transformational initiatives when assessing segment performance.

Refer to Note 20 - *Segment Reporting* of the Notes to Consolidated Financial Statements for reconciliations of segment income (loss) from operations to the consolidated operating results.

Restaurant-level operating margin is 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. See the *Overview-Key Performance Indicators* and *Non-GAAP Financial Measures* sections of Management's Discussion and Analysis 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 26, 2021	SEPTEMBER 27, 2020	SEPTEMBER 26, 2021	SEPTEMBER 27, 2020
Revenues				
Restaurant sales	$ 898,790	$ 719,406	$ 2,789,142	$ 2,141,062
Franchise and other revenues	13,943	2,332	31,567	12,253
Total revenues	$ 912,733	$ 721,738	$ 2,820,709	$ 2,153,315
Restaurant-level operating margin	10.0 %	11.4 %	17.1 %	9.4 %
Income (loss) from operations	$ 47,294	$ 29,574	$ 334,326	$ (21,968)
Operating income (loss) margin	5.2 %	4.1 %	11.9 %	(1.0)%

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	THIRTY-NINE WEEKS ENDED
For the periods ended September 27, 2020	$ 719.4	$ 2,141.1
Change from:		
Comparable restaurant sales	177.7	657.8
Restaurant openings	6.2	19.0
Restaurant closures	(4.5)	(28.8)
For the periods ended September 26, 2021	$ 898.8	$ 2,789.1

The increase in U.S. Restaurant sales during the thirteen weeks ended September 26, 2021 was primarily due to: (i) higher comparable restaurant sales from in-restaurant dining and strong retention of off-premises sales and (ii) the opening of 11 new restaurants not included in our comparable restaurant sales base. The increase in U.S. Restaurant sales was partially offset by the closure of 15 restaurants since June 26, 2020.

The increase in U.S. Restaurant sales during the thirty-nine weeks ended September 26, 2021 was primarily due to: (i) higher comparable restaurant sales from in-restaurant dining and strong retention of off-premises sales and (ii) the opening of 13 new restaurants not included in our comparable restaurant sales base. The increase in U.S. Restaurant sales was partially offset by the closure of 44 restaurants since December 29, 2019.

Income (loss) from operations

The increase in U.S. Income from operations generated during the thirteen weeks ended September 26, 2021 as compared to the thirteen weeks ended September 27, 2020 was primarily due to an increase in comparable restaurant sales and lower advertising expense. These increases were partially offset by: (i) the Carrabba's Italian Grill royalty termination, (ii) higher labor costs and commodity inflation and (iii) higher operating and utilities expense.

U.S. Income from operations generated during the thirty-nine weeks ended September 26, 2021 as compared to Loss from operations during the thirty-nine weeks ended September 27, 2020 was primarily due to: (i) an increase in comparable restaurant sales, (ii) COVID-19 pandemic related charges during 2020, (iii) lower advertising expense, (iv) the 2020 impact of net relief pay and (v) the impact of certain cost savings initiatives. These increases were partially offset by: (i) the Carrabba's Italian Grill royalty termination, (ii) higher labor costs and commodity inflation, (iii) higher management bonus and (iv) higher operating and utilities expense.

International Segment

	THIRTEEN WEEKS ENDED		THIRTY-NINE WEEKS ENDED	
(dollars in thousands)	SEPTEMBER 26, 2021	SEPTEMBER 27, 2020	SEPTEMBER 26, 2021	SEPTEMBER 27, 2020
Revenues				
Restaurant sales	$ 97,928	$ 47,081	$ 242,254	$ 197,923
Franchise and other revenues	(198)	2,441	12,339	6,818
Total revenues	$ 97,730	$ 49,522	$ 254,593	$ 204,741
Restaurant-level operating margin	12.8 %	(1.5)%	10.7 %	5.7 %
Income (loss) from operations	$ 1,412	$ (7,926)	$ 7,419	$ (18,209)
Operating income (loss) margin	1.4 %	(16.0)%	2.9 %	(8.9)%

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 27, 2020	$ 47.1	$ 197.9
Change from:		
Comparable restaurant sales	40.7	38.3
Restaurant openings	7.8	22.3
Effect of foreign currency translation	2.3	(15.6)
Restaurant closures	—	(0.6)
For the periods ended September 26, 2021	$ 97.9	$ 242.3

The increase in international Restaurant sales during the thirteen weeks ended September 26, 2021 was primarily due to higher comparable restaurant sales principally attributable to the impact of the COVID-19 pandemic on fiscal year 2020 international Restaurant sales and the opening of 20 new restaurants not included in our comparable restaurant sales base.

The increase in international Restaurant sales during the thirty-nine weeks ended September 26, 2021 was primarily due to higher comparable restaurant sales principally attributable to the impact of the COVID-19 pandemic on fiscal year 2020 international Restaurant sales and the opening of 24 new restaurants not included in our comparable restaurant sales base, partially offset by the effect of foreign currency translation of the Brazilian Real relative to the U.S. dollar.

Income (loss) from operations

International Income from operations generated during the thirteen weeks ended September 26, 2021 as compared to Loss from operations during the thirteen weeks ended September 27, 2020 was primarily due to: (i) higher restaurant sales due to the reopening of restaurant dining rooms and increases in average check per person and (ii) a decrease in off-premises related costs. These increases were partially offset by: (i) higher labor costs, (ii) additional rent, utilities and operating expense, and (iii) commodity inflation.

International Income from operations generated during the thirty-nine weeks ended September 26, 2021 as compared to Loss from operations during the thirty-nine weeks ended September 27, 2020 was primarily due to: (i) higher restaurant sales due to the reopening of restaurant dining rooms and increases in average check per person and (ii) lower labor costs. These increases were partially offset by: (i) commodity inflation, (ii) additional utilities, operating and rent expense and (iii) incremental off-premises related costs.

Non-GAAP Financial Measures

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 3 - *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 26, 2021**	**SEPTEMBER 27, 2020**	**SEPTEMBER 26, 2021**	**SEPTEMBER 27, 2020**
U.S.				
Outback Steakhouse	$ 118	$ 76	$ 329	$ 250
Carrabba's Italian Grill	10	8	32	25
Bonefish Grill	3	2	8	6
U.S. total	131	86	369	281
International				
Outback Steakhouse-South Korea	73	64	219	174
Other	26	19	77	45
International total	99	83	296	219
Total franchise sales (1)	$ 230	$ 169	$ 665	$ 500

(1) Franchise sales are not included in Total revenues in the Consolidated Statements of Operations and Comprehensive Income (Loss).

Restaurant-level operating margin - The following tables reconcile consolidated and segment Income (loss) from operations and the corresponding margins to Restaurant-level operating income (loss) and the corresponding margins for the periods indicated:

Consolidated	THIRTEEN WEEKS ENDED		THIRTY-NINE WEEKS ENDED	
(dollars in thousands)	**SEPTEMBER 26, 2021**	**SEPTEMBER 27, 2020**	**SEPTEMBER 26, 2021**	**SEPTEMBER 27, 2020**
Income (loss) from operations	$ 14,837	$ (14,255)	$ 230,472	$ (167,735)
Operating income (loss) margin	1.5 %	(1.8)%	7.5 %	(7.1)%
Less:				
Franchise and other revenues	13,745	4,773	43,906	19,071
Plus:				
Depreciation and amortization	40,827	43,417	122,592	137,469
General and administrative	58,880	57,443	182,590	197,732
Provision for impaired assets and restaurant closings	1,585	(54)	8,962	66,223
Restaurant-level operating income	$ 102,384	$ 81,778	$ 500,710	$ 214,618
Restaurant-level operating margin	10.3 %	10.7 %	16.5 %	9.2 %

U.S.	THIRTEEN WEEKS ENDED		THIRTY-NINE WEEKS ENDED	
(dollars in thousands)	**SEPTEMBER 26, 2021**	**SEPTEMBER 27, 2020**	**SEPTEMBER 26, 2021**	**SEPTEMBER 27, 2020**
Income (loss) from operations	$ 47,294	$ 29,574	$ 334,326	$ (21,968)
Operating income (loss) margin	5.2 %	4.1 %	11.9 %	(1.0)%
Less:				
Franchise and other revenues	13,943	2,332	31,567	12,253
Plus:				
Depreciation and amortization	33,421	35,057	100,645	110,005
General and administrative	21,998	19,732	66,043	68,955
Provision for impaired assets and restaurant closings	1,539	(86)	8,678	56,389
Restaurant-level operating income	$ 90,309	$ 81,945	$ 478,125	$ 201,128
Restaurant-level operating margin	10.0 %	11.4 %	17.1 %	9.4 %

International	THIRTEEN WEEKS ENDED		THIRTY-NINE WEEKS ENDED	
(dollars in thousands)	**SEPTEMBER 26, 2021**	**SEPTEMBER 27, 2020**	**SEPTEMBER 26, 2021**	**SEPTEMBER 27, 2020**
Income (loss) from operations	$ 1,412	$ (7,926)	$ 7,419	$ (18,209)
Operating income (loss) margin	1.4 %	(16.0)%	2.9 %	(8.9)%
Less:				
Franchise and other revenues	(198)	2,441	12,339	6,818
Plus:				
Depreciation and amortization	5,843	5,672	17,128	18,314
General and administrative	5,060	4,011	13,781	14,413
Provision for impaired assets and restaurant closings	28	—	27	3,640
Restaurant-level operating income (loss)	$ 12,541	$ (684)	$ 26,016	$ 11,340
Restaurant-level operating margin	12.8 %	(1.5)%	10.7 %	5.7 %

Adjusted restaurant-level operating margin - 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 26, 2021		SEPTEMBER 27, 2020	
	REPORTED	ADJUSTED (1)	REPORTED	ADJUSTED
Restaurant sales	100.0 %	100.0 %	100.0 %	100.0 %
Food and beverage costs	30.5 %	30.5 %	30.1 %	30.1 %
Labor and other related	29.1 %	29.1 %	32.2 %	32.2 %
Other restaurant operating	30.1 %	23.6 %	27.0 %	27.0 %
Restaurant-level operating margin	10.3 %	16.8 %	10.7 %	10.7 %

	THIRTY-NINE WEEKS ENDED			
	SEPTEMBER 26, 2021		SEPTEMBER 27, 2020	
	REPORTED	ADJUSTED (1)	REPORTED	ADJUSTED (1)
Restaurant sales	100.0 %	100.0 %	100.0 %	100.0 %
Food and beverage costs	30.0 %	30.0 %	31.3 %	30.9 %
Labor and other related	28.4 %	28.4 %	32.6 %	32.6 %
Other restaurant operating	25.2 %	23.0 %	27.0 %	27.0 %
Restaurant-level operating margin	16.5 %	18.6 %	9.2 %	9.5 %

(1) Includes (favorable) unfavorable adjustments recorded in Other restaurant operating expense (unless otherwise noted below) for the following activities, as described in the *Adjusted income (loss) from operations, Adjusted net income (loss) and Adjusted diluted earnings (loss) per share* table below for the periods indicated:

	THIRTEEN WEEKS ENDED	THIRTY-NINE WEEKS ENDED	
(dollars in millions)	SEPTEMBER 26, 2021	SEPTEMBER 26, 2021	SEPTEMBER 27, 2020
Royalty termination expense	$ (61.9)	$ (61.9)	$ —
Legal and other matters	(2.7)	(2.7)	—
COVID-19 related costs (i)	—	—	(9.9)
Asset impairments and closing costs	—	—	2.7
	$ (64.6)	$ (64.6)	$ (7.2)

(i) Includes $7.3 million of adjustments recorded in Food and beverage costs.

Table of Contents

Adjusted income (loss) from operations, Adjusted net income (loss) and Adjusted diluted earnings (loss) per share

	THIRTEEN WEEKS ENDED		THIRTY-NINE WEEKS ENDED	
(in thousands, except per share data)	**SEPTEMBER 26, 2021**	**SEPTEMBER 27, 2020**	**SEPTEMBER 26, 2021**	**SEPTEMBER 27, 2020**
Income (loss) from operations	$ 14,837	$ (14,255)	$ 230,472	$ (167,735)
Operating income (loss) margin	1.5 %	(1.8)%	7.5 %	(7.1)%
Adjustments:				
Royalty termination expense (1)	61,880	—	61,880	—
Legal and other matters (2)	5,965	—	(372)	178
COVID-19-related costs (3)	—	—	—	79,218
Severance and other transformational costs (4)	—	4,200	—	28,847
Asset impairments and closure costs (5)	—	—	—	(2,205)
Total income (loss) from operations adjustments	67,845	4,200	61,508	106,038
Adjusted income (loss) from operations	$ 82,682	$ (10,055)	$ 291,980	$ (61,697)
Adjusted operating income (loss) margin	8.2 %	(1.3)%	9.5 %	(2.6)%
Diluted net income (loss) attributable to common stockholders	$ 3,449	$ (17,637)	$ 155,316	$ (148,000)
Convertible senior notes if-converted method interest adjustment, net of tax (6)	—	—	460	—
Net income (loss) attributable to common stockholders	3,449	(17,637)	154,856	(148,000)
Adjustments:				
Income (loss) from operations adjustments	67,845	4,200	61,508	106,038
Loss on extinguishment and modification of debt	—	—	2,073	—
Amortization of debt discount (7)	—	2,407	—	3,786
Total adjustments, before income taxes	67,845	6,607	63,581	109,824
Adjustment to provision for income taxes (8)	(15,878)	440	(14,635)	(28,029)
Redemption of preferred stock in excess of carrying value (9)	—	—	—	3,496
Net adjustments	51,967	7,047	48,946	85,291
Adjusted net income (loss)	$ 55,416	$ (10,590)	$ 203,802	$ (62,709)
Diluted earnings (loss) per share attributable to common stockholders (10)	$ 0.03	$ (0.20)	$ 1.42	$ (1.69)
Adjusted diluted earnings (loss) per share (11)	$ 0.57	$ (0.12)	$ 2.10	$ (0.72)
Diluted weighted average common shares outstanding (10)	107,783	87,558	109,410	87,394
Adjusted diluted weighted average common shares outstanding (11)	97,307	87,558	97,110	87,394

(1) Payment made to the Carrabba's Founders in connection with the Royalty Termination Agreement. See Note 19 - *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 includes: (i) an adjustment of $(3.2) million to reduce our initial recorded estimate and net $3.1 million benefit from the recognition of recoverable PIS and COFINS taxes, including accrued interest, respectively, within other revenues as a result of favorable court rulings and (ii) an accrual of $2.7 million 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.

(3) Costs incurred in connection with the COVID-19 pandemic, primarily consisting of fixed asset and right-of-use asset impairments, restructuring charges, inventory obsolescence and spoilage, contingent lease liabilities and current expected credit losses. See Note 2 - *COVID-19 Charges* of the Notes to Consolidated Financial Statements for additional details regarding the impact of certain COVID-19 pandemic related charges on our financial results.

(4) Severance, professional fees and other costs incurred as a result of transformational and restructuring activities.

(5) Primarily includes a lease termination gain of $2.8 million.
(6) 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 our 2025 Notes in cash. The calculation of adjusted diluted earnings per share excludes 2025 Notes interest adjustment.
(7) Amortization of debt discount related to the issuance of the 2025 Notes. See Note 11 - *Convertible Senior Notes* of the Notes to Consolidated Financial Statements for details.
(8) Income tax effect of the adjustments for the periods presented.
(9) Consideration paid in excess of the carrying value for the redemption of preferred stock of our Abbraccio concept.
(10) Due to the GAAP net loss, the effect of dilutive securities was excluded from the calculation of GAAP diluted loss per share for the thirteen and thirty-nine weeks ended September 27, 2020.
(11) For the thirty-nine weeks ended September 26, 2021, adjusted diluted weighted average common shares outstanding was calculated assuming our February 2021 election to settle the principal portion of the 2025 Notes in cash was in effect for the entire period. For the thirteen and thirty-nine weeks ended September 26, 2021, adjusted diluted weighted average common shares outstanding was calculated excluding the dilutive effect of 10,476 and 10,453 shares, respectively, to be issued upon conversion of the 2025 Notes to satisfy the amount in excess of the principal since the Convertible Note Hedge Transactions offset the dilutive impact of the shares underlying the 2025 Notes.

Liquidity and Capital Resources

LIQUIDITY

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, development of new restaurants, remodeling or relocating older restaurants and investment in technology.

Cash and Cash Equivalents - As of September 26, 2021, we had $76.3 million in cash and cash equivalents, of which $28.8 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 26, 2021, we had aggregate accumulated foreign earnings of approximately $34.7 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 U.S. federal income tax. These amounts are no longer considered indefinitely reinvested in our foreign subsidiaries.

Capital Expenditures - We estimate that our capital expenditures will total approximately $140 million to $150 million in 2021. 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 and restrictions imposed by our borrowing arrangements. Under the Second Amended and Restated Credit Agreement, we are limited to $200.0 million of aggregate capital expenditures during the year ended December 26, 2021.

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		FORMER CREDIT FACILITY				
(dollars in thousands)	**TERM LOAN A**	**REVOLVING FACILITY**	**TERM LOAN A**	**REVOLVING FACILITY**	**2025 NOTES**	**2029 NOTES**	**TOTAL CREDIT FACILITIES**
Balance as of December 27, 2020	$ —	$ —	$ 425,000	$ 447,000	$ 230,000	$ —	$ 1,102,000
2021 new debt	200,000	363,000	—	15,000	—	300,000	878,000
2021 payments	(2,500)	(239,000)	(425,000)	(462,000)	—	—	(1,128,500)
Balance as of September 26, 2021	$ 197,500	$ 124,000	$ —	$ —	$ 230,000	$ 300,000	$ 851,500
Weighted-average interest rate, as of September 26, 2021	2.58 %	2.69 %			5.00 %	5.13 %	
Principal maturity date	April 2026	April 2026			May 2025	April 2029	

As of September 26, 2021, we had $655.3 million in available unused borrowing capacity under our revolving credit facility, net of letters of credit of $20.7 million.

During the thirteen weeks ended September 26, 2021, we made a cash payment of $61.9 million to the Carrabba's Founders in connection with the Royalty Termination Agreement detailed in Note 19 - *Commitments and Contingencies.* This cash payment was primarily funded by borrowings on our revolving credit facility.

2029 Notes - On April 16, 2021, we issued $300.0 million aggregate principal amount of senior unsecured notes due 2029. The 2029 Notes mature on April 15, 2029, unless earlier redeemed or purchased by us. The 2029 Notes bear cash interest at an annual rate of 5.125% payable semi-annually in arrears on April 15 and October 15 of each year, beginning on October 15, 2021.

The net proceeds from the 2029 Notes were approximately $294.5 million, after deducting the initial purchaser's discount and our offering expenses. The net proceeds were used to repay a portion of our outstanding Term loan A and revolving credit facility in conjunction with the refinancing of our Former Credit Facility.

Second Amended and Restated Credit Agreement - On April 16, 2021, we and OSI, as co-borrowers, entered into the Second Amended and Restated 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 matures on April 16, 2026 and replaced our Former Credit Facility financing of up to $1.5 billion.

The Second Amended and Restated Credit Agreement limits, subject to certain exceptions, our ability and the ability of our subsidiaries to: incur additional indebtedness; make significant payments; sell assets; pay dividends and other restricted payments; make certain investments; acquire certain assets; effect mergers and similar transactions; and effect certain other transactions with affiliates. The Second Amended and Restated Credit Agreement also prohibited us from paying certain dividends and making certain restricted payments and acquisitions until we were in compliance with our TNLR covenant for the period ended September 26, 2021.

Our Senior Secured Credit Facility contains mandatory prepayment requirements for Term loan A, including the requirement that we prepay outstanding amounts under these loans with 50% of our annual excess cash flow, as defined in the Second Amended and Restated Credit Agreement, commencing with the fiscal year ending December 25, 2022. The amount of outstanding loans required to be prepaid in accordance with the debt covenants may vary based on our CSSNLR and year end results. Other than the annual required minimum amortization premiums of $10.0 million, we do not anticipate any other payments will be required through September 25, 2022.

See Note 10 - *Long-term Debt, Net* for additional details regarding the 2029 Notes and Second Amended and Restated Credit Agreement.

As of September 26, 2021 and December 27, 2020, 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.

SUMMARY OF 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 26, 2021**	**SEPTEMBER 27, 2020**
Net cash provided by operating activities	$ 304,246	$ 54,971
Net cash used in investing activities	(69,085)	(56,162)
Net cash (used in) provided by financing activities	(265,192)	99,853
Effect of exchange rate changes on cash and cash equivalents	207	(3,293)
Net (decrease) increase in cash, cash equivalents and restricted cash	$ (29,824)	$ 95,369

Operating activities - The increase in net cash provided by operating activities during the thirty-nine weeks ended September 26, 2021 as compared to the thirty-nine weeks ended September 27, 2020 was primarily due to an increase in restaurant-level operating margin. This increase was partially offset by: (i) cash paid in connection with the Carrabba's Italian Grill royalty termination, (ii) deferral of payroll tax payments in 2020 as a result of the CARES Act, (iii) higher inventory purchases, (iv) timing of collections of gift card receivables, (v) cash paid to terminate interest rate swap agreements and (vi) timing of operational payments and receipts.

Investing activities - The increase in net cash used in investing activities during the thirty-nine weeks ended September 26, 2021 as compared to the thirty-nine weeks ended September 27, 2020 was primarily due to higher capital expenditures, partially offset by higher proceeds from the disposal of property, fixtures and equipment.

Financing activities - Net cash used in financing activities during the thirty-nine weeks ended September 26, 2021 as compared to net cash provided by financing activities during the thirty-nine weeks ended September 27, 2020 was primarily due to: (i) higher net repayments on our revolving credit facility, (ii) proceeds from the issuance of the 2025 Notes and related warrants during 2020 and (iii) net repayment of our Term loan A in conjunction with the refinance of our Former Credit Facility. These decreases were partially offset by: (i) proceeds from the issuance of the 2029 Notes, (ii) premium payments for Convertible Note Hedge Transactions during 2020, (iii) payment of cash dividends on our common stock during 2020 and (iv) proceeds from the exercise of stock-based compensation during 2021 as compared to payment of taxes from the exercise of stock-based compensation during 2020.

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 26, 2021**	**DECEMBER 27, 2020**
Current assets	$ 240,659	$ 323,854
Current liabilities	897,215	950,104
Working capital (deficit)	$ (656,556)	$ (626,250)

Working capital (deficit) includes: (i) Unearned revenue primarily from unredeemed gift cards of $284.1 million and $381.6 million as of September 26, 2021 and December 27, 2020, respectively, and (ii) current operating lease liabilities of $178.6 million and $176.8 million as of September 26, 2021 and December 27, 2020, 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 are 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.

Deferred Compensation Programs - The deferred compensation obligation due to managing and chef partners was $18.4 million and $28.1 million as of September 26, 2021 and December 27, 2020, 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 26, 2021.

DIVIDENDS AND SHARE REPURCHASES

We did not pay dividends or repurchase shares of our outstanding common stock during the thirteen weeks ended September 26, 2021. The terms of our Second Amended and Restated Credit Agreement contained certain restrictions on cash dividends and share repurchases until after TNLR covenant compliance was met for the period ending September 26, 2021.

Following is a summary of dividends and share repurchases from fiscal year 2015 through September 26, 2021:

(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	—	—	—
Total	$ 178,225	$ 973,581	$ 1,151,806

Recently Issued Financial Accounting Standards

For a description of recently issued Financial Accounting Standards that we adopted during the thirty-nine weeks ended September 26, 2021 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 27, 2020, except as set forth below. 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 27, 2020 for further information regarding market risk.

Foreign Currency Exchange Rate Risk - We are subject to foreign currency exchange risk for our restaurants operating in foreign countries. Our exposure to foreign currency exchange risk is primarily related to fluctuations in the Brazilian Real relative to the U.S. dollar. If foreign currency exchange rates depreciate in the countries in which we operate, we may experience declines in our operating results. For the thirty-nine weeks ended September 26, 2021, a 10% change in average foreign currency rates against the U.S. dollar would have increased or decreased our Total revenues for our consolidated foreign entities by $27.3 million. The 10% change would not have had a material effect on Net income. Currently, we do not enter into currency forward exchange or option contracts to hedge foreign currency exposures.

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 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 26, 2021.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting during the thirteen weeks ended September 26, 2021 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 19 - *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 2020 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 2020 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 26, 2021 that were not registered under the Securities Act of 1933.

We did not repurchase any shares of our outstanding common stock during the thirteen weeks ended September 26, 2021.

Item 6. Exhibits

EXHIBIT NUMBER	DESCRIPTION OF EXHIBITS	FILINGS REFERENCED FOR INCORPORATION BY REFERENCE
10.1	Purchase and Sale of Royalty Payment Stream and Termination of Royalty Agreement dated August 2, 2021 by and among Carrabba's Italian Grill, LLC, OSI Restaurant Partners, LLC Mangia Beve, Inc., Mangia Beve II, Inc., Original, Inc., Voss, Inc., John C. Carrabba, III, Damian C. Mandola and John C. Carrabba, Jr.	August 5, 2021 Form 10-Q, Exhibit 10.2
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

(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.

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 3, 2021	BLOOMIN' BRANDS, INC. (Registrant)
	By: /s/ Christopher Meyer
	Christopher Meyer Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

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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 3, 2021

/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 3, 2021

/s/ Christopher Meyer

Christopher Meyer
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting 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 26, 2021 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 3, 2021

/s/ David J. Deno
David J. Deno
Chief Executive Officer
(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.

Exhibit 32.2

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 26, 2021 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 3, 2021

/s/ Christopher Meyer

Christopher Meyer
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting 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.