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 June 25, 2023

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 July 27, 2023, 87,097,283 shares of common stock of the registrant were outstanding.

INDEX TO QUARTERLY REPORT ON FORM 10-Q
For the Quarterly Period Ended June 25, 2023
(Unaudited)

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BLOOMIN' BRANDS, INC.

PART I: FINANCIAL INFORMATION

Item 1. Financial Statements

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

	JUNE 25, 2023 (UNAUDITED)	DECEMBER 25, 2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 88,794	$ 84,735
Inventories	62,327	78,124
Other current assets, net	96,770	183,718
Total current assets	247,891	346,577
Property, fixtures and equipment, net	975,986	914,142
Operating lease right-of-use assets	1,089,218	1,103,083
Goodwill	274,629	273,032
Intangible assets, net	445,630	448,326
Deferred income tax assets, net	152,387	153,118
Other assets, net	87,391	82,147
Total assets	$ 3,273,132	$ 3,320,425
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 202,207	$ 183,715
Current operating lease liabilities	185,362	183,510
Accrued and other current liabilities	211,481	217,427
Unearned revenue	312,556	394,215
Total current liabilities	911,606	978,867
Non-current operating lease liabilities	1,132,015	1,148,607
Long-term debt, net	763,998	828,507
Other long-term liabilities, net	93,645	90,535
Total liabilities	2,901,264	3,046,516
Commitments and contingencies (Note 13)		
Stockholders' equity		
Bloomin' Brands stockholders' equity		
Preferred stock, $0.01 par value, 25,000,000 shares authorized; no shares issued and outstanding as of June 25, 2023 and December 25, 2022	—	—
Common stock, $0.01 par value, 475,000,000 shares authorized; 87,339,455 and 87,696,200 shares issued and outstanding as of June 25, 2023 and December 25, 2022, respectively	873	877
Additional paid-in capital	1,132,732	1,161,912
Accumulated deficit	(582,738)	(706,109)
Accumulated other comprehensive loss	(181,943)	(185,311)
Total Bloomin' Brands stockholders' equity	368,924	271,369
Noncontrolling interests	2,944	2,540
Total stockholders' equity	371,868	273,909
Total liabilities and stockholders' equity	$ 3,273,132	$ 3,320,425

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

BLOOMIN' BRANDS, INC.

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

	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
	JUNE 25, 2023	JUNE 26, 2022	JUNE 25, 2023	JUNE 26, 2022
Revenues				
Restaurant sales	$ 1,137,330	$ 1,108,918	$ 2,365,564	$ 2,232,493
Franchise and other revenues	15,364	16,244	31,876	33,204
Total revenues	1,152,694	1,125,162	2,397,440	2,265,697
Costs and expenses				
Food and beverage	351,226	364,459	735,440	723,829
Labor and other related	325,934	308,759	667,476	621,270
Other restaurant operating	273,338	263,529	556,265	522,639
Depreciation and amortization	47,565	41,257	93,867	83,032
General and administrative	63,358	59,246	129,162	117,920
Provision for impaired assets and restaurant closings	1,827	193	5,151	2,032
Total costs and expenses	1,063,248	1,037,443	2,187,361	2,070,722
Income from operations	89,446	87,719	210,079	194,975
Loss on extinguishment and modification of debt	—	(107,630)	—	(107,630)
Loss on fair value adjustment of derivatives, net	—	(17,685)	—	(17,685)
Interest expense, net	(12,961)	(12,548)	(25,405)	(26,181)
Income (loss) before provision for income taxes	76,485	(50,144)	184,674	43,479
Provision for income taxes	6,483	11,536	21,244	27,465
Net income (loss)	70,002	(61,680)	163,430	16,014
Less: net income attributable to noncontrolling interests	1,725	1,955	3,842	4,138
Net income (loss) attributable to Bloomin' Brands	$ 68,277	$ (63,635)	$ 159,588	$ 11,876
Net income (loss)	$ 70,002	$ (61,680)	$ 163,430	$ 16,014
Other comprehensive income (loss):				
Foreign currency translation adjustment	4,502	11,940	3,368	23,223
Unrealized gain on derivatives, net of tax	—	—	—	573
Reclassification of adjustments for loss on derivatives included in Net income (loss), net of tax	—	273	—	954
Impact of terminated interest rate swaps included in Net income (loss), net of tax	—	2,164	—	5,185
Comprehensive income (loss)	74,504	(47,303)	166,798	45,949
Less: comprehensive income attributable to noncontrolling interests	1,725	1,955	3,842	4,138
Comprehensive income (loss) attributable to Bloomin' Brands	$ 72,779	$ (49,258)	$ 162,956	$ 41,811
Earnings (loss) per share:				
Basic	$ 0.77	$ (0.72)	$ 1.80	$ 0.13
Diluted	$ 0.70	$ (0.72)	$ 1.63	$ 0.12
Weighted average common shares outstanding:				
Basic	88,559	88,898	88,838	89,127
Diluted	97,401	88,898	97,706	102,045

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

BLOOMIN' BRANDS, INC.

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

	BLOOMIN' BRANDS, INC.						
	COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	ACCUM-ULATED DEFICIT	ACCUMULATED OTHER COMPREHENSIVE LOSS	NON-CONTROLLING INTERESTS	TOTAL
	SHARES	AMOUNT					
Balance, March 26, 2023	87,465	$ 875	$ 1,141,017	$ (635,451)	$ (186,445)	$ 2,845	$ 322,841
Net income	—	—	—	68,277	—	1,725	70,002
Other comprehensive income	—	—	—	—	4,502	—	4,502
Cash dividends declared, $0.24 per common share	—	—	(20,990)	—	—	—	(20,990)
Repurchase and retirement of common stock, including excise tax of $31	(619)	(6)	—	(15,564)	—	—	(15,570)
Stock-based compensation	—	—	5,138	—	—	—	5,138
Common stock issued under stock plans (1)	493	4	7,567	—	—	—	7,571
Distributions to noncontrolling interests	—	—	—	—	—	(2,085)	(2,085)
Contributions from noncontrolling interests	—	—	—	—	—	459	459
Balance, June 25, 2023	87,339	$ 873	$ 1,132,732	$ (582,738)	$ (181,943)	$ 2,944	$ 371,868
Balance, December 25, 2022	87,696	$ 877	$ 1,161,912	$ (706,109)	$ (185,311)	$ 2,540	$ 273,909
Net income	—	—	—	159,588	—	3,842	163,430
Other comprehensive income	—	—	—	—	3,368	—	3,368
Cash dividends declared, $0.48 per common share	—	—	(42,004)	—	—	—	(42,004)
Repurchase and retirement of common stock, including excise tax of $48	(1,482)	(15)	—	(36,217)	—	—	(36,232)
Stock-based compensation	—	—	8,042	—	—	—	8,042
Common stock issued under stock plans (1)	1,125	11	4,782	—	—	—	4,793
Distributions to noncontrolling interests	—	—	—	—	—	(4,640)	(4,640)
Contributions from noncontrolling interests	—	—	—	—	—	1,202	1,202
Balance, June 25, 2023	87,339	$ 873	$ 1,132,732	$ (582,738)	$ (181,943)	$ 2,944	$ 371,868

(CONTINUED...)

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, March 27, 2022	89,185	$ 892	$ 1,115,458	$ (634,356)	$ (190,431)	$ 1,694	$ 293,257
Net (loss) income	—	—	—	(63,635)	—	1,955	(61,680)
Other comprehensive income, net of tax	—	—	—	—	14,377	—	14,377
Cash dividends declared, $0.14 per common share	—	—	(12,418)	—	—	—	(12,418)
Repurchase and retirement of common stock	(1,761)	(17)	—	(35,732)	—	—	(35,749)
Stock-based compensation	—	—	4,959	—	—	—	4,959
Common stock issued under stock plans (1)	414	4	1,118	—	—	—	1,122
Purchase of noncontrolling interests, net of tax of $1,142	—	—	(3,301)	—	—	539	(2,762)
Distributions to noncontrolling interests	—	—	—	—	—	(2,513)	(2,513)
Contributions from noncontrolling interests	—	—	—	—	—	244	244
Retirement of convertible senior note hedges	—	—	112,956	—	—	—	112,956
Retirement of warrants	—	—	(97,617)	—	—	—	(97,617)
Issuance of common stock from repurchase of convertible senior notes	2,313	23	48,542	—	—	—	48,565
Balance, June 26, 2022	90,151	$ 902	$ 1,169,697	$ (733,723)	$ (176,054)	$ 1,919	$ 262,741
Balance, December 26, 2021	89,253	$ 893	$ 1,119,728	$ (698,171)	$ (205,989)	$ 6,389	$ 222,850
Net income	—	—	—	11,876	—	4,138	16,014
Other comprehensive income, net of tax	—	—	—	—	29,935	—	29,935
Cash dividends declared, $0.28 per common share	—	—	(24,977)	—	—	—	(24,977)
Repurchase and retirement of common stock	(2,312)	(23)	—	(47,428)	—	—	(47,451)
Stock-based compensation	—	—	9,802	—	—	—	9,802
Common stock issued under stock plans (1)	897	9	1,998	—	—	—	2,007
Purchase of noncontrolling interests, net of tax of $254	—	—	(735)	—	—	(3,915)	(4,650)
Distributions to noncontrolling interests	—	—	—	—	—	(5,154)	(5,154)
Contributions from noncontrolling interests	—	—	—	—	—	461	461
Retirement of convertible senior note hedges	—	—	112,956	—	—	—	112,956
Retirement of warrants	—	—	(97,617)	—	—	—	(97,617)
Issuance of common stock from repurchase of convertible senior notes	2,313	23	48,542	—	—	—	48,565
Balance, June 26, 2022	90,151	$ 902	$ 1,169,697	$ (733,723)	$ (176,054)	$ 1,919	$ 262,741

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

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

BLOOMIN' BRANDS, INC.

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

	TWENTY-SIX WEEKS ENDED	
	JUNE 25, 2023	JUNE 26, 2022
Cash flows provided by operating activities:		
Net income	$ 163,430	$ 16,014
Adjustments to reconcile Net income to cash provided by operating activities:		
Depreciation and amortization	93,867	83,032
Amortization of debt discounts and issuance costs	1,532	2,025
Amortization of deferred gift card sales commissions	13,180	13,458
Provision for impaired assets and restaurant closings	5,151	2,032
Non-cash interest expense from terminated interest rate swaps	—	6,980
Non-cash operating lease costs	42,884	41,336
Stock-based compensation expense	8,042	9,802
Deferred income tax (benefit) expense	(1,164)	8,329
Loss on extinguishment and modification of debt	—	107,630
Loss on fair value adjustment of derivatives, net	—	17,685
Other, net	(3,515)	4,935
Change in assets and liabilities	(36,114)	(94,440)
Net cash provided by operating activities	287,293	218,818
Cash flows used in investing activities:		
Capital expenditures	(142,153)	(76,901)
Other investments, net	1,502	1,163
Net cash used in investing activities	(140,651)	(75,738)
Cash flows used in financing activities:		
Repayments of long-term debt and finance lease obligations	(816)	(195,733)
Proceeds from borrowings on revolving credit facilities	448,000	624,500
Repayments of borrowings on revolving credit facilities	(513,000)	(304,500)
Financing fees	—	(853)
Principal settlements and repurchase of convertible senior notes	(214)	(196,919)
Proceeds from retirement of convertible senior note hedges	—	131,869
Payments for retirement of warrants	—	(114,825)
Proceeds from share-based compensation, net	4,793	2,007
Distributions to noncontrolling interests	(4,640)	(5,154)
Contributions from noncontrolling interests	1,202	461
Purchase of noncontrolling interests	(100)	(4,904)
Payments for partner equity plan	—	(5,743)
Repurchase of common stock	(36,435)	(46,151)
Cash dividends paid on common stock	(42,004)	(24,977)
Net cash used in financing activities	(143,214)	(140,922)
Effect of exchange rate changes on cash and cash equivalents	631	4,232
Net increase in cash, cash equivalents and restricted cash	4,059	6,390
Cash, cash equivalents and restricted cash as of the beginning of the period	84,735	89,057
Cash, cash equivalents and restricted cash as of the end of the period	$ 88,794	$ 95,447
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 16,951	$ 18,862
Cash paid for income taxes, net of refunds	$ 15,356	$ 17,191
Supplemental disclosures of non-cash investing and financing activities:		
Leased assets obtained in exchange for new operating lease liabilities	$ 30,249	$ 26,415
Leased assets obtained in exchange for new finance lease liabilities	$ 5,367	$ 2,417
Increase in liabilities from the acquisition of property, fixtures and equipment	$ 7,522	$ 2,545

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

BLOOMIN' BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. Description of the Business and Basis of Presentation

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

Basis of Presentation - The accompanying interim unaudited condensed consolidated financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all the information and footnotes required by generally accepted accounting principles in the United States ("U.S. GAAP") for complete financial statements. In the opinion of the Company, all adjustments necessary for fair financial statement presentation for the periods presented have been included and are of a normal, recurring nature. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. These financial statements should be read in conjunction with the audited financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 25, 2022.

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, including, but not limited to, finance lease liabilities presented within other liabilities that were formerly presented within long-term debt, the separate presentation of current operating lease liabilities on the face of the Consolidated Balance Sheets and the presentation of certain items within the Condensed Consolidated Statements of Cash Flows. These reclassifications had no effect on previously reported net income.

2. Revenue Recognition

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

	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
(dollars in thousands)	**JUNE 25, 2023**	**JUNE 26, 2022**	**JUNE 25, 2023**	**JUNE 26, 2022**
Revenues				
Restaurant sales	$ 1,137,330	$ 1,108,918	$ 2,365,564	$ 2,232,493
Franchise and other revenues				
Franchise revenues	12,568	12,596	26,091	26,002
Other revenues	2,796	3,648	5,785	7,202
Total Franchise and other revenues	15,364	16,244	31,876	33,204
Total revenues	$ 1,152,694	$ 1,125,162	$ 2,397,440	$ 2,265,697

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

	THIRTEEN WEEKS ENDED			
	JUNE 25, 2023		JUNE 26, 2022	
(dollars in thousands)	RESTAURANT SALES	FRANCHISE REVENUES	RESTAURANT SALES	FRANCHISE REVENUES
U.S.				
Outback Steakhouse	$ 576,989	$ 8,219	$ 573,563	$ 8,156
Carrabba's Italian Grill	176,666	758	170,190	797
Bonefish Grill	143,458	95	145,472	173
Fleming's Prime Steakhouse & Wine Bar	92,851	—	93,933	—
Other	3,474	10	2,769	8
U.S. total	993,438	9,082	985,927	9,134
International				
Outback Steakhouse - Brazil (1)	119,295	—	100,647	—
Other (1)(2)	24,597	3,486	22,344	3,462
International total	143,892	3,486	122,991	3,462
Total	$ 1,137,330	$ 12,568	$ 1,108,918	$ 12,596

	TWENTY-SIX WEEKS ENDED			
	JUNE 25, 2023		JUNE 26, 2022	
(dollars in thousands)	RESTAURANT SALES	FRANCHISE REVENUES	RESTAURANT SALES	FRANCHISE REVENUES
U.S.				
Outback Steakhouse	$ 1,205,172	$ 16,763	$ 1,168,956	$ 16,615
Carrabba's Italian Grill	364,708	1,553	345,818	1,458
Bonefish Grill	301,147	266	296,888	350
Fleming's Prime Steakhouse & Wine Bar	195,624	—	191,595	—
Other	7,356	25	6,305	13
U.S. total	2,074,007	18,607	2,009,562	18,436
International				
Outback Steakhouse - Brazil (1)	241,311	—	185,948	—
Other (1)(2)	50,246	7,484	36,983	7,566
International total	291,557	7,484	222,931	7,566
Total	$ 2,365,564	$ 26,091	$ 2,232,493	$ 26,002

(1) Restaurant sales in Brazil increased $9.6 million and $19.2 million during the thirteen and twenty-six weeks ended June 25, 2023, respectively, in connection with value added tax exemptions resulting from tax legislation. See Note 12 - *Income Taxes* for details regarding the Brazil tax legislation.

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

BLOOMIN' BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) - Continued

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)	JUNE 25, 2023	DECEMBER 25, 2022
Other current assets, net		
Deferred gift card sales commissions	$ 12,694	$ 17,755
Unearned revenue		
Deferred gift card revenue	$ 304,942	$ 386,495
Deferred loyalty revenue	5,391	5,628
Deferred franchise fees - current	472	460
Other	1,751	1,632
Total Unearned revenue	$ 312,556	$ 394,215
Other long-term liabilities, net		
Deferred franchise fees - non-current	$ 4,132	$ 4,126

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

	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
(dollars in thousands)	JUNE 25, 2023	JUNE 26, 2022	JUNE 25, 2023	JUNE 26, 2022
Balance, beginning of the period	$ 13,403	$ 13,033	$ 17,755	$ 17,793
Deferred gift card sales commissions amortization	(5,383)	(5,441)	(13,180)	(13,458)
Deferred gift card sales commissions capitalization	5,340	5,436	9,743	9,605
Other	(666)	(690)	(1,624)	(1,602)
Balance, end of the period	$ 12,694	$ 12,338	$ 12,694	$ 12,338

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

	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
(dollars in thousands)	JUNE 25, 2023	JUNE 26, 2022	JUNE 25, 2023	JUNE 26, 2022
Balance, beginning of the period	$ 314,096	$ 314,974	$ 386,495	$ 387,945
Gift card sales	65,338	65,174	118,343	115,454
Gift card redemptions	(70,175)	(72,428)	(188,458)	(189,050)
Gift card breakage	(4,317)	(4,176)	(11,438)	(10,805)
Balance, end of the period	$ 304,942	$ 303,544	$ 304,942	$ 303,544

BLOOMIN' BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) - Continued

3. Earnings (Loss) Per Share

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

	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
(in thousands, except per share data)	**JUNE 25, 2023**	**JUNE 26, 2022 (1)**	**JUNE 25, 2023**	**JUNE 26, 2022**
Net income (loss) attributable to Bloomin' Brands	$ 68,277	$ (63,635)	$ 159,588	$ 11,876
Basic weighted average common shares outstanding	88,559	88,898	88,838	89,127
Effect of dilutive securities:				
Stock options	395	—	398	305
Nonvested restricted stock units	132	—	201	192
Nonvested performance-based share units	—	—	143	143
Convertible senior notes (2)	5,002	—	4,917	8,253
Warrants (2)	3,313	—	3,209	4,025
Diluted weighted average common shares outstanding	97,401	88,898	97,706	102,045
Basic earnings (loss) per share	$ 0.77	$ (0.72)	$ 1.80	$ 0.13
Diluted earnings (loss) per share	$ 0.70	$ (0.72)	$ 1.63	$ 0.12

(1) Due to the Company's net loss during the thirteen weeks ended June 26, 2022, the effect of dilutive securities was excluded from the computation of diluted earnings per share as their effect would be antidilutive.
(2) During the thirteen weeks ended June 26, 2022, the Company repurchased $125.0 million of the convertible notes due in 2025 and settled the corresponding portion of the related note hedges and warrants (the "2025 Notes Partial Repurchase").

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

	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
(shares in thousands)	**JUNE 25, 2023**	**JUNE 26, 2022**	**JUNE 25, 2023**	**JUNE 26, 2022**
Stock options	689	2,563	707	1,870
Nonvested restricted stock units	21	485	70	299
Nonvested performance-based share units	581	596	463	475

4. Stock-based Compensation Plans

The Company recognized stock-based compensation expense, net of capitalized expense, as follows for the periods indicated:

	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
(dollars in thousands)	**JUNE 25, 2023**	**JUNE 26, 2022**	**JUNE 25, 2023**	**JUNE 26, 2022**
Performance-based share units	$ 2,297	$ 2,840	$ 3,220	$ 5,459
Restricted stock units	1,985	2,027	3,948	3,837
Stock options	835	55	835	432
Total stock-based compensation expense, net	$ 5,117	$ 4,922	$ 8,003	$ 9,728

In February 2023, the Company granted performance-based share units ("PSUs") subject to final payout modification by a Relative Total Shareholder Return ("Relative TSR") modifier. This Relative TSR modifier can adjust the final payout outcome by 75%, 100% or 125% of the achieved performance metric, with the overall payout capped at 200% of the annual target grant. These PSUs have a three-year cliff vesting period and their fair value was estimated using the Monte Carlo simulation model.

The following table presents a summary of the Company's PSU activity:

(in thousands, except per unit data)	PERFORMANCE-BASED SHARE UNITS	WEIGHTED AVERAGE GRANT DATE FAIR VALUE PER UNIT	AGGREGATE INTRINSIC VALUE (1)
Outstanding as of December 25, 2022	874	$ 24.83	$ 18,323
Granted	301	$ 29.01	
Performance adjustment (2)	154	$ 19.84	
Vested	(470)	$ 19.84	
Forfeited	(32)	$ 26.39	
Outstanding as of June 25, 2023	827	$ 26.92	$ 21,308
Expected to vest as of June 25, 2023 (3)	1,067		$ 27,486

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(1) Based on the $20.96 and $25.76 share price of the Company's common stock on December 23, 2022 and June 23, 2023, the last trading day of the year ended December 25, 2022 and the twenty-six weeks ended June 25, 2023, respectively.
(2) Represents adjustment to 148% payout for PSUs granted during 2020.
(3) Estimated number of units to be issued upon the vesting of outstanding PSU awards based on Company performance projections of performance criteria set forth in the 2021, 2022 and 2023 PSU award agreements.

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

	TWENTY-SIX WEEKS ENDED	
	JUNE 25, 2023	JUNE 26, 2022
Assumptions:		
Risk-free interest rate (1)	4.26 %	1.64 %
Dividend yield (2)	3.47 %	2.31 %
Volatility (3)	51.02 %	49.11 %
Grant date fair value per unit (4)	$ 29.01	$ 26.10

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(1) Risk-free interest rate is the U.S. Treasury yield curve in effect as of the grant date for the performance period of the unit.
(2) Dividend yield is the level of dividends expected to be paid on the Company's common stock over the expected term.
(3) Based on the historical volatility of the Company's stock over the last seven years.
(4) Represents a premium above the grant date per share value of the Company's common stock for the Relative TSR modifier of 2.7% and 7.9% during the twenty-six weeks ended June 25, 2023 and June 26, 2022, respectively.

The following represents unrecognized stock-based compensation expense and the remaining weighted average vesting period as of June 25, 2023:

	UNRECOGNIZED COMPENSATION EXPENSE (dollars in thousands)	REMAINING WEIGHTED AVERAGE VESTING PERIOD (in years)
Performance-based share units	$ 14,306	1.7
Restricted stock units	$ 11,917	2.0

5. Other Current Assets, Net

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

(dollars in thousands)	JUNE 25, 2023	DECEMBER 25, 2022
Prepaid expenses	$ 24,387	$ 29,343
Accounts receivable - gift cards, net	15,754	85,606
Accounts receivable - vendors, net	15,638	25,385
Accounts receivable - franchisees, net	3,993	2,550
Accounts receivable - other, net	18,094	18,408
Deferred gift card sales commissions	12,694	17,755
Other current assets, net	6,210	4,671
	$ 96,770	$ 183,718

6. Goodwill and Intangible Assets, Net

Annual Goodwill and Intangible Assets 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 2023 assessment was quantitative and the 2022 assessment was qualitative. In connection with these assessments, the Company did not record any impairment charges.

7. Long-term Debt, Net

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

	JUNE 25, 2023		DECEMBER 25, 2022	
(dollars in thousands)	OUTSTANDING BALANCE	INTEREST RATE	OUTSTANDING BALANCE	INTEREST RATE
Senior secured credit facility - revolving credit facility (1)	$ 365,000	6.77 %	$ 430,000	5.79 %
2025 Notes	104,786	5.00 %	105,000	5.00 %
2029 Notes	300,000	5.13 %	300,000	5.13 %
Less: unamortized debt discount and issuance costs	(5,788)		(6,493)	
Long-term debt, net	$ 763,998		$ 828,507	

(1) Interest rate represents the weighted average interest rate as of the respective periods.

Debt Covenants - As of June 25, 2023 and December 25, 2022, the Company was in compliance with its debt covenants.

8. Convertible Senior Notes

2025 Notes - In connection with dividends paid during the twenty-six weeks ended June 25, 2023, the conversion rate for the Company's remaining convertible senior notes due 2025 (the "2025 Notes") decreased to approximately $11.37 per share, which represents 87.962 shares of common stock per $1,000 principal amount of the 2025 Notes, or a total of approximately 9.217 million shares.

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

(dollars in thousands)	JUNE 25, 2023	DECEMBER 25, 2022
Principal	$ 104,786	$ 105,000
Less: debt issuance costs	(1,542)	(1,939)
Net carrying amount	$ 103,244	$ 103,061

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

	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
(dollars in thousands)	JUNE 25, 2023	JUNE 26, 2022	JUNE 25, 2023	JUNE 26, 2022
Coupon interest	$ 1,310	$ 2,597	$ 2,622	$ 5,472
Debt issuance cost amortization	198	370	394	774
Total interest expense (1)	$ 1,508	$ 2,967	$ 3,016	$ 6,246

(1) The effective rate of the 2025 Notes over their expected life is 5.85%. The decrease in interest expense during the thirteen and twenty-six weeks ended June 25, 2023 relates to the 2025 Notes Partial Repurchase in May 2022.

Based on the daily closing prices of the Company's stock during the quarter ended June 25, 2023, the remaining holders of the 2025 Notes are eligible to convert their notes during the third quarter of 2023.

9. Stockholders' Equity

Share Repurchases - On February 7, 2023, the Company's Board of Directors (the "Board") approved a share repurchase program (the "2023 Share Repurchase Program") under which the Company is authorized to repurchase up to $125.0 million of its outstanding common stock. The 2023 Share Repurchase Program will expire on August 7, 2024. As of June 25, 2023, $103.8 million remained available for repurchase under the 2023 Share Repurchase Program.

Following is a summary of the shares repurchased during fiscal year 2023:

(in thousands, except per share data)	NUMBER OF SHARES	AVERAGE REPURCHASE PRICE PER SHARE	AMOUNT
First fiscal quarter	863	$ 23.92	$ 20,645
Second fiscal quarter	619	$ 25.11	15,539
Total common stock repurchases (1)	1,482	$ 24.42	$ 36,184

(1) Excludes excise tax on share repurchases. Subsequent to June 25, 2023, the Company repurchased 269 thousand shares of its common stock for $7.3 million under a Rule 10b5-1 plan.

Dividends - The Company declared and paid dividends per share during fiscal year 2023 as follows:

(dollars in thousands, except per share data)	DIVIDENDS PER SHARE	AMOUNT
First fiscal quarter	$ 0.24	$ 21,014
Second fiscal quarter	0.24	20,990
Total cash dividends declared and paid	$ 0.48	$ 42,004

In July 2023, the Board declared a quarterly cash dividend of $0.24 per share, payable on August 25, 2023 to shareholders of record at the close of business on August 14, 2023.

BLOOMIN' BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - Continued

Accumulated Other Comprehensive Loss ("AOCL") - AOCL consisted of foreign currency translation adjustments as of June 25, 2023 and December 25, 2022.

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

	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
(dollars in thousands)	**JUNE 25, 2023**	**JUNE 26, 2022**	**JUNE 25, 2023**	**JUNE 26, 2022**
Foreign currency translation adjustment	$ 4,502	$ 11,940	$ 3,368	$ 23,223
Unrealized gain on derivatives, net of tax	—	—	—	573
Reclassification of adjustments for loss on derivatives included in Net income (loss), net of tax	—	273	—	954
Impact of terminated interest rate swaps included in Net income (loss), net of tax	—	2,164	—	5,185
Total gain on derivatives, net of tax	—	2,437	—	6,712
Other comprehensive income attributable to Bloomin' Brands	$ 4,502	$ 14,377	$ 3,368	$ 29,935

10. 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**	**JUNE 25, 2023**	**DECEMBER 25, 2022**
Operating lease right-of-use assets	Operating lease right-of-use assets	$ 1,089,218	$ 1,103,083
Finance lease right-of-use assets (1)	Property, fixtures and equipment, net	10,045	4,679
Total lease assets, net		$ 1,099,263	$ 1,107,762
Current operating lease liabilities	Current operating lease liabilities	$ 185,362	$ 183,510
Current finance lease liabilities	Accrued and other current liabilities	2,508	1,636
Non-current operating lease liabilities (2)	Non-current operating lease liabilities	1,131,843	1,148,379
Non-current finance lease liabilities	Other long-term liabilities, net	8,037	3,149
Total lease liabilities		$ 1,327,750	$ 1,336,674

(1) Net of accumulated amortization of $3.5 million and $3.6 million as of June 25, 2023 and December 25, 2022, respectively.
(2) Excludes immaterial COVID-19-related deferred rent accruals.

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

(dollars in thousands)	CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS) CLASSIFICATION	THIRTEEN WEEKS ENDED JUNE 25, 2023	THIRTEEN WEEKS ENDED JUNE 26, 2022	TWENTY-SIX WEEKS ENDED JUNE 25, 2023	TWENTY-SIX WEEKS ENDED JUNE 26, 2022
Operating lease cost (1)	Other restaurant operating	$ 46,237	$ 45,579	$ 91,984	$ 90,940
Variable lease cost	Other restaurant operating	1,629	1,619	3,353	3,502
Finance lease costs:					
Amortization of leased assets	Depreciation and amortization	549	356	1,037	693
Interest on lease liabilities	Interest expense, net	174	44	310	76
Sublease revenue	Franchise and other revenues	(1,635)	(2,436)	(3,343)	(4,994)
Lease costs, net		$ 46,954	$ 45,162	$ 93,341	$ 90,217

(1) Excludes rent expense for office facilities and Company-owned closed or subleased properties of $3.0 million and $3.1 million for the thirteen weeks ended June 25, 2023 and June 26, 2022, respectively, and $6.0 million and $6.1 million for the twenty-six weeks ended June 25, 2023 and June 26, 2022, respectively, which is included in General and administrative expense.

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

(dollars in thousands)	TWENTY-SIX WEEKS ENDED JUNE 25, 2023	TWENTY-SIX WEEKS ENDED JUNE 26, 2022
Cash flows from operating activities:		
Cash paid for amounts included in the measurement of operating lease liabilities	$ 97,804	$ 97,255

11. 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 measured at fair value by hierarchy level on a recurring basis as of the periods indicated:

(dollars in thousands)	JUNE 25, 2023 TOTAL	JUNE 25, 2023 LEVEL 1	DECEMBER 25, 2022 TOTAL	DECEMBER 25, 2022 LEVEL 1
Assets (1):				
Cash equivalents:				
Fixed income funds	$ 11,715	$ 11,715	$ 3,301	$ 3,301
Money market funds	8,880	8,880	4,786	4,786
Total asset recurring fair value measurements	$ 20,595	$ 20,595	$ 8,087	$ 8,087

(1) Carrying value approximates fair value because maturities are less than three months.

Interim Disclosures about Fair Value of Financial Instruments - The Company's financial instruments consist of cash equivalents, accounts receivable, accounts payable 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:

	JUNE 25, 2023		DECEMBER 25, 2022	
(dollars in thousands)	**CARRYING VALUE**	**FAIR VALUE LEVEL 2**	**CARRYING VALUE**	**FAIR VALUE LEVEL 2**
Senior secured credit facility - revolving credit facility	$ 365,000	$ 365,000	$ 430,000	$ 430,000
2025 Notes	$ 104,786	$ 241,722	$ 105,000	$ 198,843
2029 Notes	$ 300,000	$ 269,343	$ 300,000	$ 260,265

12. Income Taxes

	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
(dollars in thousands)	**JUNE 25, 2023**	**JUNE 26, 2022**	**JUNE 25, 2023**	**JUNE 26, 2022**
Income (loss) before provision for income taxes	$ 76,485	$ (50,144)	$ 184,674	$ 43,479
Provision for income taxes	$ 6,483	$ 11,536	$ 21,244	$ 27,465
Effective income tax rate	8.5 %	(23.0)%	11.5 %	63.2 %

The effective income tax rate for the thirteen weeks ended June 25, 2023 changed by 31.5 percentage points as compared to the thirteen weeks ended June 26, 2022. This change is primarily due to the non-deductible losses associated with the 2025 Notes Partial Repurchase which, relative to the Loss before provision for income taxes during the thirteen weeks ended June 26, 2022, resulted in a negative effective income tax rate. This change was partially offset by a reduction in the effective tax rate during the thirteen weeks ended June 25, 2023 from benefits of Brazil tax legislation that include a temporary reduction in the Brazilian income tax rate from 34% to 0% and the revaluation of Brazilian deferred tax assets and liabilities as a result of the May 2023 Brazil tax legislation, as defined and further discussed below.

The effective income tax rate for the twenty-six weeks ended June 25, 2023 decreased by 51.7 percentage points as compared to the twenty-six weeks ended June 26, 2022. This decrease was primarily due to the benefits of Brazil tax legislation that include a temporary reduction in the Brazilian income tax rate from 34% to 0% for the twenty-six weeks ended June 25, 2023, and the non-deductible losses associated with the 2025 Notes Partial Repurchase recorded during the twenty-six weeks ended June 26, 2022.

In September 2022, the Company's Brazilian subsidiary received a preliminary injunction authorizing it to benefit from the exemptions enacted by Law 14,148/2021 which provides for emergency and temporary actions that grant certain industries a 100% exemption from income tax (IRPJ and CSLL) and federal value added taxes (PIS and COFINS) for a five-year period. The injunction was issued as part of an ongoing lawsuit initiated by the Company's Brazilian subsidiary due to the uncertainty regarding the restaurant industry's eligibility for the exemptions under this legislation.

In May 2023, Brazil enacted tax legislation that prospectively limits the Company's ability to benefit from the 100% exemption from income tax (IRPJ and CSLL) and federal value added taxes (PIS and COFINS) for the full five-year period (the "May 2023 Brazil tax legislation"). As a result of this legislation, the Company expects to be subject to PIS and COFINS and CSLL beginning in the fourth quarter of 2023 and IRPJ beginning in 2024.

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

The effective income tax rates for the thirteen and twenty-six weeks ended June 25, 2023 were lower than the Company's blended federal and state statutory rate of approximately 26% primarily due to the benefit of FICA tax credits on certain tipped wages, benefits of Brazil tax legislation that include a temporary reduction in the Brazilian income tax rate from 34% to 0%, and the revaluation of Brazilian deferred tax assets and liabilities as a result of the May 2023 Brazil tax legislation.

The effective income tax rate for the thirteen weeks ended June 26, 2022 was lower than the Company's blended federal and state statutory rate of approximately 26%. The income tax rate includes the impact of non-deductible losses associated with the 2025 Notes Partial Repurchase which, relative to the Loss before provision for income taxes during the quarter, resulted in a negative effective income tax rate.

The effective income tax rate for the twenty-six weeks ended June 26, 2022 was higher than the statutory rate primarily due to the non-deductible losses associated with the 2025 Notes Partial Repurchase recorded during the twenty-six weeks ended June 26, 2022.

13. 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 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.

The Company recorded reserves of $16.4 million and $15.1 million for certain of its outstanding legal proceedings as of June 25, 2023 and December 25, 2022, respectively, within Accrued and other current 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.

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 June 25, 2023, the undiscounted payments that the Company could be required to make in the event of non-payment by the primary lessees was approximately $21.9 million. The present value of these potential payments discounted at the Company's incremental borrowing rate as of June 25, 2023 was approximately $16.5 million. In the event of default, the indemnity clauses in the Company's purchase and sale agreements generally govern its ability to pursue and recover damages incurred. As of June 25, 2023 and December 25, 2022, the Company's recorded contingent lease liability was $5.6 million and $6.2 million, respectively.

14. Segment Reporting

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 25, 2022. Revenues for all segments include only transactions with customers and exclude intersegment revenues. Excluded from Income from operations for U.S. and international are certain legal and corporate costs not directly related to the performance of the segments, most stock-based compensation expenses, certain insurance expenses and certain bonus expenses.

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

	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
(dollars in thousands)	JUNE 25, 2023	JUNE 26, 2022	JUNE 25, 2023	JUNE 26, 2022
Revenues				
U.S.	$ 1,005,229	$ 998,627	$ 2,098,225	$ 2,035,034
International	147,465	126,535	299,215	230,663
Total revenues	$ 1,152,694	$ 1,125,162	$ 2,397,440	$ 2,265,697

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

	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
(dollars in thousands)	**JUNE 25, 2023**	**JUNE 26, 2022**	**JUNE 25, 2023**	**JUNE 26, 2022**
Segment income from operations				
U.S.	$ 103,008	$ 104,620	$ 236,251	$ 236,846
International	20,486	14,126	44,994	23,010
Total segment income from operations	123,494	118,746	281,245	259,856
Unallocated corporate operating expense	(34,048)	(31,027)	(71,166)	(64,881)
Total income from operations	89,446	87,719	210,079	194,975
Loss on extinguishment and modification of debt	—	(107,630)	—	(107,630)
Loss on fair value adjustment of derivatives, net	—	(17,685)	—	(17,685)
Interest expense, net	(12,961)	(12,548)	(25,405)	(26,181)
Income (loss) before provision for income taxes	$ 76,485	$ (50,144)	$ 184,674	$ 43,479

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

	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
(dollars in thousands)	**JUNE 25, 2023**	**JUNE 26, 2022**	**JUNE 25, 2023**	**JUNE 26, 2022**
Depreciation and amortization				
U.S.	$ 39,375	$ 33,544	$ 77,538	$ 68,303
International	6,126	6,019	12,045	11,556
Corporate	2,064	1,694	4,284	3,173
Total depreciation and amortization	$ 47,565	$ 41,257	$ 93,867	$ 83,032

Geographic Areas - International assets are defined as assets residing in a country other than the U.S. The following table details long-lived assets, excluding goodwill, operating lease right-of-use assets, intangible assets and deferred tax assets, by major geographic area as of the periods indicated:

(dollars in thousands)	**JUNE 25, 2023**	**DECEMBER 25, 2022**
U.S.	$ 945,616	$ 891,379
International		
Brazil	108,791	93,972
Other	8,970	10,938
Total long-lived assets	$ 1,063,377	$ 996,289

International revenues are defined as revenues generated from restaurant sales originating in a country other than the U.S. The following table details Total revenues by major geographic area for the periods indicated:

	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
(dollars in thousands)	**JUNE 25, 2023**	**JUNE 26, 2022**	**JUNE 25, 2023**	**JUNE 26, 2022**
U.S.	$ 1,005,229	$ 998,627	$ 2,098,225	$ 2,035,034
International				
Brazil	126,245	106,505	265,239	196,605
Other	21,220	20,030	33,976	34,058
Total revenues	$ 1,152,694	$ 1,125,162	$ 2,397,440	$ 2,265,697

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

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

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

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

(vi) 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;

(vii) Fluctuations in the price and availability of commodities, including supplier freight charges and restaurant distribution expenses, and other impacts of inflation and our dependence on a limited number of suppliers and distributors to meet our beef, chicken and other major product supply needs;

(viii) The severity, extent and duration of a health 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 in this Report, and the responses of domestic and foreign federal, state and local governments to the pandemic;

(ix) 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;

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

(xi) Our ability to comply with new environmental, social and governance ("ESG") requirements or our failure to achieve any goals, targets or objectives with respect to ESG matters;

(xii) 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;

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

(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, and our cost savings plans to enable reinvestment in our business, due to uncertainty with respect to macroeconomic conditions and the efficiency that may be added by the actions we take;

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

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

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

(xviii) Such other factors as discussed in Part I, Item IA. Risk Factors of our Annual Report on Form 10-K for the year ended December 25, 2022.

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

Overview

We are one of the largest casual dining restaurant companies in the world with a portfolio of leading, differentiated restaurant concepts. As of June 25, 2023, we owned and operated 1,187 full-service restaurants and off-premises only kitchens and franchised 298 full-service restaurants and off-premises only kitchens across 47 states, Guam and 13 countries. We have four founder-inspired concepts: Outback Steakhouse, Carrabba's Italian Grill, Bonefish Grill and Fleming's Prime Steakhouse & Wine Bar.

Financial Overview - Our financial overview for the thirteen weeks ended June 25, 2023 includes the following:

- U.S. combined and Outback Steakhouse comparable restaurant sales of 0.8% and 0.6%, respectively;
- Increase in Total revenues of 2.4%, as compared to the second quarter of 2022;
- Operating income and restaurant-level operating margins of 7.8% and 16.4%, respectively, as compared to 7.8% and 15.5%, respectively, for the second quarter of 2022;
- Operating income of $89.4 million, as compared to $87.7 million in the second quarter of 2022; and
- Diluted earnings per share of $0.70 as compared to diluted loss per share of $(0.72) for the second quarter of 2022.

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

- *Average restaurant unit volumes*—average sales (excluding gift card breakage and the benefit of value added tax exemptions in Brazil) 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 and the benefit of value added tax exemptions in Brazil) for Company-owned restaurants that are open 18 months or more in order to remove the impact of new restaurant openings in comparing the operations of existing restaurants.

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

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

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

(i) Franchise and other revenues which are earned primarily from franchise royalties and other non-food and beverage revenue streams, such as rental and sublease income;
(ii) Depreciation and amortization which, although substantially all of which is related to restaurant-level assets, represent historical sunk costs rather than cash outlays for the restaurants;
(iii) General and administrative expense which includes primarily non-restaurant-level costs associated with support of the restaurants and other activities at our corporate offices; and
(iv) Asset impairment charges and restaurant closing costs which are not reflective of ongoing restaurant performance in a period.

Restaurant-level operating margin excludes various expenses, as discussed above, that are essential to support the operations of our restaurants and may materially impact our Consolidated Statements of Operations and Comprehensive Income (Loss). 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 from operations. In addition, our presentation of restaurant-level operating margin may not be comparable to similarly titled measures used by other companies in our industry.

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - Continued

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

Number of restaurants (at end of the period):	JUNE 25, 2023	JUNE 26, 2022
U.S.		
Outback Steakhouse		
Company-owned	562	563
Franchised	127	130
Total	689	693
Carrabba's Italian Grill		
Company-owned	199	198
Franchised	19	19
Total	218	217
Bonefish Grill		
Company-owned	170	174
Franchised	5	7
Total	175	181
Fleming's Prime Steakhouse & Wine Bar		
Company-owned	64	64
Aussie Grill		
Company-owned	7	5
U.S. total	1,153	1,160
International		
Company-owned		
Outback Steakhouse - Brazil (1)	148	129
Other (1)(2)	36	33
Franchised		
Outback Steakhouse - South Korea	92	77
Other (2)	46	50
International total	322	289
System-wide total	1,475	1,449
System-wide total - Company-owned	1,186	1,166
System-wide total - Franchised	289	283

(1) The restaurant counts for Brazil, including Abbraccio and Aussie Grill restaurants within International Company-owned Other, are reported as of May 31, 2023 and 2022, respectively, to correspond with the balance sheet dates of this subsidiary.

(2) International Company-owned Other included four and two Aussie Grill locations as of June 25, 2023 and June 26, 2022, respectively. International Franchised Other included three Aussie Grill locations as of June 25, 2023 and June 26, 2022.

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

Number of kitchens (at end of the period) (1):	JUNE 25, 2023	JUNE 26, 2022
U.S.		
Company-owned	1	2
International		
Company-owned	—	1
Franchised - South Korea	9	49
System-wide total	10	52

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

Results of Operations

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

	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
	JUNE 25, 2023	JUNE 26, 2022	JUNE 25, 2023	JUNE 26, 2022
Revenues				
Restaurant sales	98.7 %	98.6 %	98.7 %	98.5 %
Franchise and other revenues	1.3	1.4	1.3	1.5
Total revenues	100.0	100.0	100.0	100.0
Costs and expenses				
Food and beverage (1)	30.9	32.9	31.1	32.4
Labor and other related (1)	28.7	27.8	28.2	27.8
Other restaurant operating (1)	24.0	23.8	23.5	23.4
Depreciation and amortization	4.1	3.7	3.9	3.7
General and administrative	5.5	5.3	5.4	5.2
Provision for impaired assets and restaurant closings	0.2	*	0.2	0.1
Total costs and expenses	92.2	92.2	91.2	91.4
Income from operations	7.8	7.8	8.8	8.6
Loss on extinguishment and modification of debt	—	(9.6)	—	(4.7)
Loss on fair value adjustment of derivatives, net	—	(1.6)	—	(0.8)
Interest expense, net	(1.2)	(1.1)	(1.1)	(1.2)
Income (loss) before provision for income taxes	6.6	(4.5)	7.7	1.9
Provision for income taxes	0.5	1.0	0.9	1.2
Net income (loss)	6.1	(5.5)	6.8	0.7
Less: net income attributable to noncontrolling interests	0.2	0.2	0.1	0.2
Net income (loss) attributable to Bloomin' Brands	5.9 %	(5.7)%	6.7 %	0.5 %

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

REVENUES

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

(dollars in millions)	THIRTEEN WEEKS ENDED	TWENTY-SIX WEEKS ENDED
For the periods ended June 26, 2022	$ 1,108.9	$ 2,232.5
Change from:		
Restaurant openings (1)	18.0	37.6
Comparable restaurant sales (1)	11.9	87.2
Brazil value added tax exemptions (2)	9.6	19.2
Restaurant closures (1)	(6.6)	(12.0)
Effect of foreign currency translation	(4.5)	1.1
For the periods ended June 25, 2023	$ 1,137.3	$ 2,365.6

(1) Summation of quarterly changes for restaurant openings, closures and comparable restaurant sales will not total annual amounts as the restaurants that meet the definition of each will differ each period based on when the restaurant opened or closed.
(2) See Note 12 - *Income Taxes* of the Notes to Consolidated Financial Statements for details regarding value added tax exemptions in connection with Brazil tax legislation.

The increase in Restaurant sales during the thirteen weeks ended June 25, 2023 was primarily due to: (i) the opening of 50 new restaurants not included in our comparable restaurant sales base, (ii) higher comparable restaurant sales, primarily driven by increases in menu pricing, and (iii) value added tax exemptions in Brazil. The increase was partially offset by the closure of 18 restaurants since March 27, 2022 and the effect of foreign currency translation of the Brazilian Real relative to the U.S. dollar.

The increase in Restaurant sales during the twenty-six weeks ended June 25, 2023 was primarily due to: (i) higher comparable restaurant sales, primarily driven by increases in menu pricing, (ii) the opening of 55 new restaurants not included in our comparable restaurant sales base and (iii) value added tax exemptions in Brazil. The increase in Restaurant sales was partially offset by the closure of 24 restaurants since December 26, 2021.

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		TWENTY-SIX WEEKS ENDED	
	JUNE 25, 2023	JUNE 26, 2022	JUNE 25, 2023	JUNE 26, 2022
Average restaurant unit volumes (weekly):				
U.S.				
Outback Steakhouse	$ 78,321	$ 77,941	$ 81,421	$ 79,246
Carrabba's Italian Grill	$ 68,290	$ 66,016	$ 70,489	$ 66,954
Bonefish Grill	$ 64,671	$ 64,113	$ 67,427	$ 65,193
Fleming's Prime Steakhouse & Wine Bar	$ 109,882	$ 112,900	$ 115,754	$ 115,141
International				
Outback Steakhouse - Brazil (1)	$ 58,306	$ 61,210	$ 60,670	$ 57,645
Operating weeks:				
U.S.				
Outback Steakhouse	7,321	7,317	14,679	14,637
Carrabba's Italian Grill	2,587	2,578	5,174	5,165
Bonefish Grill	2,218	2,269	4,466	4,554
Fleming's Prime Steakhouse & Wine Bar	845	832	1,690	1,664
International				
Outback Steakhouse - Brazil	1,891	1,644	3,679	3,226

(1) Translated at average exchange rates of 5.06 and 4.89 for the thirteen weeks ended June 25, 2023 and June 26, 2022, respectively, and 5.14 and 5.15 for the twenty-six weeks ended June 25, 2023 and June 26, 2022, respectively. Excludes the benefit of the Brazil value added tax exemptions discussed in Note 12 - *Income Taxes* of the Notes to Consolidated Financial Statements.

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		TWENTY-SIX WEEKS ENDED	
	JUNE 25, 2023	JUNE 26, 2022	JUNE 25, 2023	JUNE 26, 2022
Year over year percentage change:				
Comparable restaurant sales (restaurants open 18 months or more):				
U.S. (1)				
Outback Steakhouse	0.6 %	(1.1)%	2.8 %	3.9 %
Carrabba's Italian Grill	3.5 %	(1.0)%	5.1 %	5.0 %
Bonefish Grill	0.5 %	(1.1)%	3.4 %	9.2 %
Fleming's Prime Steakhouse & Wine Bar	(2.5)%	6.0 %	0.4 %	23.1 %
Combined U.S.	0.8 %	(0.4)%	3.1 %	6.4 %
International				
Outback Steakhouse - Brazil (2)	4.1 %	95.7 %	9.1 %	61.1 %
Traffic:				
U.S.				
Outback Steakhouse	(5.4)%	(8.7)%	(3.5)%	(5.0)%
Carrabba's Italian Grill	(0.8)%	(7.5)%	0.5 %	(2.5)%
Bonefish Grill	(4.4)%	(8.6)%	(2.0)%	(1.0)%
Fleming's Prime Steakhouse & Wine Bar	(2.3)%	(2.9)%	(1.1)%	11.1 %
Combined U.S.	(4.2)%	(8.3)%	(2.4)%	(3.5)%
International				
Outback Steakhouse - Brazil	(4.0)%	57.8 %	(0.9)%	42.0 %
Average check per person (3):				
U.S.				
Outback Steakhouse	6.0 %	7.6 %	6.3 %	8.9 %
Carrabba's Italian Grill	4.3 %	6.5 %	4.6 %	7.5 %
Bonefish Grill	4.9 %	7.5 %	5.4 %	10.2 %
Fleming's Prime Steakhouse & Wine Bar	(0.2)%	8.9 %	1.5 %	12.0 %
Combined U.S.	5.0 %	7.9 %	5.5 %	9.9 %
International				
Outback Steakhouse - Brazil	8.5 %	37.3 %	10.0 %	19.2 %

(1) Relocated restaurants closed more than 60 days are excluded from comparable restaurant sales until at least 18 months after reopening.
(2) Includes trading day impact from calendar period reporting. Excludes the effect of fluctuations in foreign currency rates and the benefit of the Brazil value added tax exemptions discussed in Note 12 - *Income Taxes* of the Notes to Consolidated Financial Statements.
(3) Includes the impact of menu pricing changes, product mix and discounts.

Franchise and other revenues

	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
(dollars in millions)	JUNE 25, 2023	JUNE 26, 2022	JUNE 25, 2023	JUNE 26, 2022
Franchise revenues	$ 12.6	$ 12.6	$ 26.1	$ 26.0
Other revenues	2.8	3.6	5.8	7.2
Franchise and other revenues	$ 15.4	$ 16.2	$ 31.9	$ 33.2

COSTS AND EXPENSES

Food and beverage costs

	THIRTEEN WEEKS ENDED			TWENTY-SIX WEEKS ENDED		
(dollars in millions)	**JUNE 25, 2023**	**JUNE 26, 2022**	**CHANGE**	**JUNE 25, 2023**	**JUNE 26, 2022**	**CHANGE**
Food and beverage	$ 351.2	$ 364.5		$ 735.4	$ 723.8	
% of Restaurant sales	30.9 %	32.9 %	(2.0)%	31.1 %	32.4 %	(1.3)%

Food and beverage costs decreased as a percentage of Restaurant sales during the thirteen weeks ended June 25, 2023 as compared to the thirteen weeks ended June 26, 2022 primarily due to 2.4% from increases in average check per person driven by an increase in menu pricing and 0.3% from the impact of certain cost saving initiatives. These decreases were partially offset by an increase as a percentage of Restaurant sales of 0.9% from commodity inflation.

Food and beverage costs decreased as a percentage of Restaurant sales during the twenty-six weeks ended June 25, 2023 as compared to the twenty-six weeks ended June 26, 2022 primarily due to 2.3% from increases in average check per person driven by an increase in menu pricing and 0.3% from the impact of certain cost saving initiatives. These decreases were partially offset by an increase as a percentage of Restaurant sales of 1.5% from commodity inflation.

Labor and other related expenses

	THIRTEEN WEEKS ENDED			TWENTY-SIX WEEKS ENDED		
(dollars in millions)	**JUNE 25, 2023**	**JUNE 26, 2022**	**CHANGE**	**JUNE 25, 2023**	**JUNE 26, 2022**	**CHANGE**
Labor and other related	$ 325.9	$ 308.8		$ 667.5	$ 621.3	
% of Restaurant sales	28.7 %	27.8 %	0.9 %	28.2 %	27.8 %	0.4 %

Labor and other related expenses increased as a percentage of Restaurant sales during the thirteen weeks ended June 25, 2023 as compared to the thirteen weeks ended June 26, 2022 primarily due to an increase of 1.9% from higher hourly and field management labor costs, primarily due to wage rate inflation. This increase was partially offset by decreases as a percentage of Restaurant sales of 1.0% from leveraging increased comparable restaurant sales and 0.2% from the impact of certain cost saving initiatives.

Labor and other related expenses increased as a percentage of Restaurant sales during the twenty-six weeks ended June 25, 2023 as compared to the twenty-six weeks ended June 26, 2022 primarily due to an increase of 1.7% from higher hourly and field management labor costs, primarily due to wage rate inflation. This increase was partially offset by decreases as a percentage of Restaurant sales of 1.2% from leveraging increased comparable restaurant sales and 0.2% from the impact of certain cost saving initiatives.

Other restaurant operating expenses

	THIRTEEN WEEKS ENDED			TWENTY-SIX WEEKS ENDED		
(dollars in millions)	**JUNE 25, 2023**	**JUNE 26, 2022**	**CHANGE**	**JUNE 25, 2023**	**JUNE 26, 2022**	**CHANGE**
Other restaurant operating	$ 273.3	$ 263.5		$ 556.3	$ 522.6	
% of Restaurant sales	24.0 %	23.8 %	0.2 %	23.5 %	23.4 %	0.1 %

Other restaurant operating expenses increased as a percentage of Restaurant sales during the thirteen weeks ended June 25, 2023 as compared to the thirteen weeks ended June 26, 2022 primarily due to 1.1% from higher operating expenses including utilities, primarily due to inflation, and 0.3% from higher advertising expense. These increases were offset by decreases as a percentage of Restaurant sales of 0.7% from leveraging increased comparable restaurant sales and 0.2% from the impact of certain cost saving initiatives.

Other restaurant operating expenses increased as a percentage of Restaurant sales during the twenty-six weeks ended June 25, 2023 as compared to the twenty-six weeks ended June 26, 2022 primarily due to 1.3% from higher operating expenses including utilities, primarily due to inflation, and 0.3% from higher advertising expense. These increases were offset by decreases as a percentage of Restaurant sales of 1.1% from leveraging increased comparable restaurant sales and 0.2% from the impact of certain cost saving initiatives.

Depreciation and amortization

	THIRTEEN WEEKS ENDED			TWENTY-SIX WEEKS ENDED		
(dollars in millions)	**JUNE 25, 2023**	**JUNE 26, 2022**	**CHANGE**	**JUNE 25, 2023**	**JUNE 26, 2022**	**CHANGE**
Depreciation and amortization	$ 47.6	$ 41.3	$ 6.3	$ 93.9	$ 83.0	$ 10.9

Depreciation and amortization increased during the thirteen and twenty-six weeks ended June 25, 2023 as compared to the thirteen and twenty-six weeks ended June 26, 2022 primarily due to additional depreciation expense related to technology projects and restaurant development.

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**	**TWENTY-SIX WEEKS ENDED**
For the periods ended June 26, 2022	$ 59.2	$ 117.9
Change from:		
Incentive compensation	2.2	3.7
Compensation, benefits and payroll tax	0.8	3.4
Travel and entertainment	0.5	1.7
Legal and professional fees	0.3	3.3
Other	0.4	(0.8)
For the periods ended June 25, 2023	$ 63.4	$ 129.2

Income from operations

	THIRTEEN WEEKS ENDED			TWENTY-SIX WEEKS ENDED		
(dollars in millions)	**JUNE 25, 2023**	**JUNE 26, 2022**	**CHANGE**	**JUNE 25, 2023**	**JUNE 26, 2022**	**CHANGE**
Income from operations	$ 89.4	$ 87.7	$ 1.7	$ 210.1	$ 195.0	$ 15.1
% of Total revenues	7.8 %	7.8 %	— %	8.8 %	8.6 %	0.2 %

The increase in Income from operations generated during the thirteen weeks ended June 25, 2023 as compared to the thirteen weeks ended June 26, 2022 was primarily due to: (i) leveraging increased comparable restaurant sales, (ii) the impact of certain cost saving initiatives and (iii) value added tax exemptions in Brazil. These increases were partially offset by: (i) higher labor costs, primarily due to wage rate inflation, (ii) higher operating expenses including utilities, primarily due to inflation, (iii) commodity inflation and (iv) higher depreciation and advertising expense.

The increase in Income from operations generated during the twenty-six weeks ended June 25, 2023 as compared to the twenty-six weeks ended June 26, 2022 was primarily due to: (i) leveraging increased comparable restaurant sales, (ii) the impact of certain cost saving initiatives and (iii) value added tax exemptions in Brazil. These increases were partially offset by: (i) higher labor costs, primarily due to wage rate inflation, (ii) commodity inflation, (iii) higher operating expenses including utilities, primarily due to inflation, and (iv) higher depreciation and advertising expense.

Operating income margin during the thirteen and twenty-six weeks ended June 25, 2023 includes net increases of approximately 0.4% and 0.3%, respectively, attributable to exemptions from Brazil federal value added taxes (PIS and COFINS) provided by Brazil tax legislation. See Note 12 - *Income Taxes* of the Notes to Consolidated Financial Statements for further discussion regarding Brazil tax legislation.

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

In connection with the partial repurchase of our 2025 Notes, we recognized a loss on extinguishment of debt of $104.7 million and a loss on fair value adjustment of derivatives, net, of $17.7 million during the thirteen weeks ended June 26, 2022.

Provision for income taxes

	THIRTEEN WEEKS ENDED			TWENTY-SIX WEEKS ENDED		
(dollars in millions)	**JUNE 25, 2023**	**JUNE 26, 2022**	**CHANGE**	**JUNE 25, 2023**	**JUNE 26, 2022**	**CHANGE**
Income (loss) before provision for income taxes	$ 76.5	$ (50.1)	$ 126.6	$ 184.7	$ 43.5	$ 141.2
Provision for income taxes	$ 6.5	$ 11.5	$ (5.0)	$ 21.2	$ 27.5	$ (6.3)
Effective income tax rate	8.5 %	(23.0)%	31.5 %	11.5 %	63.2 %	(51.7)%

The effective income tax rate for the thirteen weeks ended June 25, 2023 changed by 31.5 percentage points as compared to the thirteen weeks ended June 26, 2022. This change is primarily due to the non-deductible losses associated with the 2025 Notes Partial Repurchase which, relative to the Loss before provision for income taxes during the thirteen weeks ended June 26, 2022, resulted in a negative effective income tax rate. This change was partially offset by a reduction in the effective income tax rate during the thirteen weeks ended June 25, 2023 from benefits of Brazil tax legislation that include a temporary reduction in the Brazilian income tax rate from 34% to 0% and the revaluation of Brazilian deferred tax assets and liabilities as a result of the May 2023 Brazil tax legislation.

The effective income tax rate for the twenty-six weeks ended June 25, 2023 decreased by 51.7 percentage points as compared to the twenty-six weeks ended June 26, 2022. The decrease was primarily due to the benefits of Brazil tax legislation that include a temporary reduction in the Brazilian income tax rate from 34% to 0% for the twenty-six weeks ended June 25, 2023, and the non-deductible losses associated with the 2025 Notes Partial Repurchase recorded during the twenty-six weeks ended June 26, 2022.

See Note 12 - *Income Taxes* of the Notes to Consolidated Financial Statements for further discussion regarding Brazil tax legislation.

SEGMENT PERFORMANCE

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 from operations for U.S. and international are certain legal and corporate costs not directly related to the performance of the segments, most stock-based compensation expenses, certain insurance expenses and certain bonus expenses.

Refer to Note 14 - *Segment Reporting* of the Notes to Consolidated Financial Statements for reconciliations of segment income from operations to the consolidated operating results.

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

U.S. Segment

	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
(dollars in thousands)	JUNE 25, 2023	JUNE 26, 2022	JUNE 25, 2023	JUNE 26, 2022
Revenues				
Restaurant sales	$ 993,438	$ 985,927	$ 2,074,007	$ 2,009,562
Franchise and other revenues	11,791	12,700	24,218	25,472
Total revenues	$ 1,005,229	$ 998,627	$ 2,098,225	$ 2,035,034
Income from operations	$ 103,008	$ 104,620	$ 236,251	$ 236,846
Operating income margin	10.2 %	10.5 %	11.3 %	11.6 %
Restaurant-level operating income	$ 154,856	$ 149,304	$ 342,664	$ 327,019
Restaurant-level operating margin	15.6 %	15.1 %	16.5 %	16.3 %

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	TWENTY-SIX WEEKS ENDED (1)
For the periods ended June 26, 2022	$ 985.9	$ 2,009.6
Change from:		
Restaurant openings	8.1	19.4
Comparable restaurant sales	6.0	57.0
Restaurant closures	(6.6)	(12.0)
For the periods ended June 25, 2023	$ 993.4	$ 2,074.0

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

The increase in U.S. Restaurant sales during the thirteen weeks ended June 25, 2023 was primarily due to the opening of 15 new restaurants not included in our comparable restaurant sales base and higher comparable restaurant sales, primarily driven by increases in menu pricing. The increase was partially offset by the closure of 17 restaurants since March 27, 2022.

The increase in U.S. Restaurant sales during the twenty-six weeks ended June 25, 2023 was primarily due to higher comparable restaurant sales, primarily driven by increases in menu pricing, and the opening of 17 new restaurants not included in our comparable restaurant sales base. The increase in Restaurant sales was partially offset by the closure of 23 restaurants since December 26, 2021.

Income from operations

U.S. Income from operations generated during the thirteen weeks ended June 25, 2023 as compared to the thirteen weeks ended June 26, 2022 decreased slightly primarily due to: (i) higher labor costs, primarily due to wage rate inflation, (ii) higher operating expenses including utilities, primarily due to inflation, (iii) commodity inflation and (iv) higher depreciation and advertising expense. These decreases were partially offset by: (i) an increase in comparable restaurant sales and (ii) the impact of certain cost saving initiatives.

U.S. Income from operations generated during the twenty-six weeks ended June 25, 2023 as compared to the twenty-six weeks ended June 26, 2022 was flat primarily due to: (i) higher labor costs, primarily due to wage rate inflation, (ii) commodity inflation, (iii) higher operating expenses including utilities, primarily due to inflation, and (iv) higher depreciation and advertising expense. These decreases were partially offset by: (i) an increase in comparable restaurant sales and (ii) the impact of certain cost saving initiatives.

International Segment

	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
(dollars in thousands)	JUNE 25, 2023	JUNE 26, 2022	JUNE 25, 2023	JUNE 26, 2022
Revenues				
Restaurant sales	$ 143,892	$ 122,991	$ 291,557	$ 222,931
Franchise and other revenues	3,573	3,544	7,658	7,732
Total revenues	$ 147,465	$ 126,535	$ 299,215	$ 230,663
Income from operations	$ 20,486	$ 14,126	$ 44,994	$ 23,010
Operating income margin	13.9 %	11.2 %	15.0 %	10.0 %
Restaurant-level operating income	$ 29,673	$ 21,933	$ 63,688	$ 38,868
Restaurant-level operating margin	20.6 %	17.8 %	21.8 %	17.4 %

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

(dollars in millions)	**THIRTEEN WEEKS ENDED**	**TWENTY-SIX WEEKS ENDED**
For the periods ended June 26, 2022	$ 123.0	$ 222.9
Change from:		
Restaurant openings (1)	9.9	18.2
Brazil value added tax exemptions (2)	9.6	19.2
Comparable restaurant sales (1)	5.9	30.2
Effect of foreign currency translation	(4.5)	1.1
For the periods ended June 25, 2023	$ 143.9	$ 291.6

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

(2) See Note 12 - *Income Taxes* of the Notes to Consolidated Financial Statements for details regarding value added tax exemptions in connection with Brazil tax legislation.

The increase in international Restaurant sales during the thirteen weeks ended June 25, 2023 was primarily due to: (i) the opening of 35 new restaurants not included in our comparable restaurant sales base, (ii) value added tax exemptions in Brazil and (iii) higher comparable restaurant sales in Brazil and Hong Kong. The increase was partially offset by the effect of foreign currency translation of the Brazilian Real relative to the U.S. dollar.

The increase in international Restaurant sales during the twenty-six weeks ended June 25, 2023 was primarily due to: (i) higher comparable restaurant sales in Brazil and Hong Kong, primarily driven by the lapping of Q1 2022 COVID-19 related capacity restrictions, (ii) value added tax exemptions in Brazil and (iii) the opening of 38 new restaurants not included in our comparable restaurant sales base.

Income from operations

The increase in international Income from operations generated during the thirteen weeks ended June 25, 2023 as compared to the thirteen weeks ended June 26, 2022 was primarily due to: (i) an increase in restaurant sales, primarily driven by increases in menu pricing, and (ii) value added tax exemptions in Brazil. These increases were partially offset by decreases primarily due to: (i) higher operating costs, (ii) higher labor costs, primarily due to wage rate inflation, (iii) commodity inflation and (iv) higher advertising expense.

The increase in international Income from operations generated during the twenty-six weeks ended June 25, 2023 as compared to the twenty-six weeks ended June 26, 2022 was primarily due to: (i) an increase in restaurant sales, primarily driven by the recovery of in-restaurant dining and increases in menu pricing, and (ii) value added tax exemptions in Brazil. These increases were partially offset by decreases primarily due to: (i) higher operating costs, (ii) higher labor costs, primarily due to wage rate inflation, (iii) commodity inflation and (iv) higher advertising expense.

Non-GAAP Financial Measures

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

Consolidated	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
(dollars in thousands)	JUNE 25, 2023	JUNE 26, 2022	JUNE 25, 2023	JUNE 26, 2022
Income from operations	$ 89,446	$ 87,719	$ 210,079	$ 194,975
Operating income margin	7.8 %	7.8 %	8.8 %	8.6 %
Less:				
Franchise and other revenues	15,364	16,244	31,876	33,204
Plus:				
Depreciation and amortization	47,565	41,257	93,867	83,032
General and administrative	63,358	59,246	129,162	117,920
Provision for impaired assets and restaurant closings	1,827	193	5,151	2,032
Restaurant-level operating income	$ 186,832	$ 172,171	$ 406,383	$ 364,755
Restaurant-level operating margin	16.4 %	15.5 %	17.2 %	16.3 %

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

U.S.	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
(dollars in thousands)	JUNE 25, 2023	JUNE 26, 2022	JUNE 25, 2023	JUNE 26, 2022
Income from operations	$ 103,008	$ 104,620	$ 236,251	$ 236,846
Operating income margin	10.2 %	10.5 %	11.3 %	11.6 %
Less:				
Franchise and other revenues	11,791	12,700	24,218	25,472
Plus:				
Depreciation and amortization	39,376	33,545	77,539	68,303
General and administrative	22,436	23,648	47,941	47,093
Provision for impaired assets and restaurant closings	1,827	191	5,151	249
Restaurant-level operating income	$ 154,856	$ 149,304	$ 342,664	$ 327,019
Restaurant-level operating margin	15.6 %	15.1 %	16.5 %	16.3 %

International	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
(dollars in thousands)	JUNE 25, 2023	JUNE 26, 2022	JUNE 25, 2023	JUNE 26, 2022
Income from operations	$ 20,486	$ 14,126	$ 44,994	$ 23,010
Operating income margin	13.9 %	11.2 %	15.0 %	10.0 %
Less:				
Franchise and other revenues	3,573	3,544	7,658	7,732
Plus:				
Depreciation and amortization	6,125	6,020	12,044	11,556
General and administrative	6,635	5,331	14,308	10,259
Provision for impaired assets and restaurant closings	—	—	—	1,775
Restaurant-level operating income	$ 29,673	$ 21,933	$ 63,688	$ 38,868
Restaurant-level operating margin	20.6 %	17.8 %	21.8 %	17.4 %

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

	THIRTEEN WEEKS ENDED	
	JUNE 25, 2023	JUNE 26, 2022
Restaurant sales	100.0 %	100.0 %
Food and beverage	30.9 %	32.9 %
Labor and other related	28.7 %	27.8 %
Other restaurant operating	24.0 %	23.8 %
Restaurant-level operating margin	16.4 %	15.5 %

	TWENTY-SIX WEEKS ENDED	
	JUNE 25, 2023	JUNE 26, 2022
Restaurant sales	100.0 %	100.0 %
Food and beverage	31.1 %	32.4 %
Labor and other related	28.2 %	27.8 %
Other restaurant operating	23.5 %	23.4 %
Restaurant-level operating margin	17.2 %	16.3 %

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

	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
(in thousands, except share and per share data)	JUNE 25, 2023	JUNE 26, 2022	JUNE 25, 2023	JUNE 26, 2022
Net income (loss) attributable to Bloomin' Brands	$ 68,277	$ (63,635)	$ 159,588	$ 11,876
Adjustments:				
Loss on extinguishment and modification of debt (1)	—	107,630	—	107,630
Loss on fair value adjustment of derivatives, net (1)	—	17,685	—	17,685
Total adjustments, before income taxes	—	125,315	—	125,315
Adjustment to provision for income taxes (2)	—	1,322	—	1,322
Net adjustments	—	126,637	—	126,637
Adjusted net income	$ 68,277	$ 63,002	$ 159,588	$ 138,513
Diluted earnings (loss) per share (3)	$ 0.70	$ (0.72)	$ 1.63	$ 0.12
Adjusted diluted earnings per share (4)	$ 0.74	$ 0.68	$ 1.72	$ 1.48
Diluted weighted average common shares outstanding (3)	97,401	88,898	97,706	102,045
Adjusted diluted weighted average common shares outstanding (4)	92,399	92,863	92,789	93,792

(1) For 2022, includes losses primarily in connection with the 2025 Notes Partial Repurchase, including settlements of the related convertible senior note hedges and warrants.

(2) The tax effects of non-GAAP adjustments were determined based on the nature of the underlying non-GAAP adjustments and their relevant jurisdictional tax rates. For 2022, the primary difference between GAAP and adjusted effective income tax rates relates to certain non-deductible losses and other tax costs associated with the 2025 Notes Partial Repurchase.

(3) 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 weeks ended June 26, 2022 as their effect would be antidilutive.

(4) Adjusted diluted weighted average common shares outstanding was calculated excluding the dilutive effect of 5,002 and 7,774 shares for the thirteen weeks ended June 25, 2023 and June 26, 2022, respectively, and 4,917 and 8,253 shares for the twenty-six weeks ended June 25, 2023 and June 26, 2022, respectively, to be issued upon conversion of the 2025 Notes to satisfy the amount in excess of the principal since our convertible note hedge offsets the dilutive impact of the shares underlying the 2025 Notes. For adjusted diluted earnings per share, the calculation includes 3,965 dilutive shares for the thirteen weeks ended June 26, 2022, primarily related to outstanding warrants. These shares were excluded from the calculation of GAAP diluted loss per share during the period as their effect would be antidilutive.

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

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

	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
(dollars in millions)	**JUNE 25, 2023**	**JUNE 26, 2022**	**JUNE 25, 2023**	**JUNE 26, 2022**
U.S.				
Outback Steakhouse	$ 131	$ 129	$ 267	$ 258
Carrabba's Italian Grill	12	13	25	25
Bonefish Grill	2	3	5	6
U.S. total	145	145	297	289
International				
Outback Steakhouse - South Korea	76	65	170	143
Other (1)	25	28	52	62
International total	101	93	222	205
Total franchise sales (2)	$ 246	$ 238	$ 519	$ 494

(1) Includes franchise sales for off-premises only kitchens in South Korea.

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

Liquidity and Capital Resources

Cash and Cash Equivalents

As of June 25, 2023, we had $88.8 million in cash and cash equivalents, of which $34.3 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 June 25, 2023, we had aggregate undistributed foreign earnings of approximately $40.5 million. This amount consisted primarily of historical earnings from 2017 and prior that were previously taxed in the U.S. under the 2017 Tax Cuts and Jobs Act and post-2017 foreign earnings, which we may repatriate to the U.S. without additional material U.S. federal income tax. These amounts are not considered indefinitely reinvested in our foreign subsidiaries.

Borrowing Capacity and Debt Service

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

	SENIOR SECURED CREDIT FACILITY			
(dollars in thousands)	**REVOLVING CREDIT FACILITY**	**2025 NOTES**	**2029 NOTES**	**TOTAL CREDIT FACILITIES**
Balance as of December 25, 2022	$ 430,000	$ 105,000	$ 300,000	$ 835,000
2023 new debt	448,000	—	—	448,000
2023 payments	(513,000)	(214)	—	(513,214)
Balance as of June 25, 2023	$ 365,000	$ 104,786	$ 300,000	$ 769,786
Interest rates, as of June 25, 2023 (1)	6.77 %	5.00 %	5.13 %	
Principal maturity date	April 2026	May 2025	April 2029	

(1) Interest rate for revolving credit facility represents the weighted average interest rate as of June 25, 2023.

As of June 25, 2023, we had $615.2 million in available unused borrowing capacity under our revolving credit facility, net of letters of credit of $19.8 million.

Our credit agreement, as amended, contains various financial and non-financial covenants. A violation of these covenants could negatively impact our liquidity by restricting our ability to borrow under the revolving credit facility and cause an acceleration of the amounts due under the credit facilities. See Note 13 - *Long-term Debt, Net* in our Annual Report on Form 10-K for the year ended December 25, 2022 for further information.

As of June 25, 2023 and December 25, 2022, 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 and beyond.

Use of Cash

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

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

Capital Expenditures - We estimate that our capital expenditures will total approximately $240 million to $260 million in 2023. The amount of actual capital expenditures may be affected by general economic, financial, competitive, legislative and regulatory factors, among other things, including raw material constraints.

Dividends and Share Repurchases - In July 2023, our Board declared a quarterly cash dividend of $0.24 per share, payable on August 25, 2023. Future dividend payments are dependent on our earnings, financial condition, capital expenditure requirements, surplus and other factors that our Board considers relevant, as well as continued compliance with the financial covenants in our debt agreements.

On February 7, 2023, our Board approved the 2023 Share Repurchase Program under which we are authorized to repurchase up to $125.0 million of our outstanding common stock. The 2023 Share Repurchase Program will expire on August 7, 2024. As of June 25, 2023, we had $103.8 million remaining available for repurchase under the 2023 Share Repurchase Program.

Following is a summary of dividends and share repurchases from fiscal year 2022 through June 25, 2023:

(dollars in thousands)	DIVIDENDS PAID	SHARE REPURCHASES	TOTAL
Fiscal year 2022	$ 49,736	$ 109,999	$ 159,735
First fiscal quarter 2023	21,014	20,645	41,659
Second fiscal quarter 2023	20,990	15,539	36,529
Total (1)	$ 91,740	$ 146,183	$ 237,923

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(1) Subsequent to June 25, 2023, we repurchased $7.3 million of our common stock under a Rule 10b5-1 plan.

Summary of Cash Flows and Financial Condition

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

	TWENTY-SIX WEEKS ENDED	
(dollars in thousands)	JUNE 25, 2023	JUNE 26, 2022
Net cash provided by operating activities	$ 287,293	$ 218,818
Net cash used in investing activities	(140,651)	(75,738)
Net cash used in financing activities	(143,214)	(140,922)
Effect of exchange rate changes on cash and cash equivalents	631	4,232
Net increase in cash, cash equivalents and restricted cash	$ 4,059	$ 6,390

Operating activities - The increase in net cash provided by operating activities during the twenty-six weeks ended June 25, 2023 as compared to the twenty-six weeks ended June 26, 2022 was primarily due to: (i) higher operational receipts, net of payments, (ii) lower inventory purchases and (iii) decreased employee compensation payments.

Investing activities - The increase in net cash used in investing activities during the twenty-six weeks ended June 25, 2023 as compared to the twenty-six weeks ended June 26, 2022 was primarily due to higher capital expenditures.

Financing activities - The increase in net cash used in financing activities during the twenty-six weeks ended June 25, 2023 as compared to the twenty-six weeks ended June 26, 2022 was primarily due to higher payments of cash dividends on our common stock and higher net repayments on the revolving credit facility, independent of draws used to settle certain outstanding debt obligations discussed below. These increases were partially offset by: (i) a decrease in repurchases of common stock, (ii) partner equity plan payments during 2022 and (iii) lower payments for the purchase of noncontrolling interests.

The twenty-six weeks ended June 26, 2022 also included the 2025 Notes Partial Repurchase and the repayment of our Term loan A which were funded by draws on our revolving credit facility and proceeds from the 2025 Notes hedge transactions.

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

(dollars in thousands)	JUNE 25, 2023	DECEMBER 25, 2022
Current assets	$ 247,891	$ 346,577
Current liabilities	911,606	978,867
Working capital (deficit)	$ (663,715)	$ (632,290)

Working capital (deficit) includes: (i) Unearned revenue primarily from unredeemed gift cards of $312.6 million and $394.2 million as of June 25, 2023 and December 25, 2022, respectively, and (ii) current operating lease liabilities of $185.4 million and $183.5 million as of June 25, 2023 and December 25, 2022, respectively, with the corresponding operating right-of-use assets recorded as non-current on our Consolidated Balance Sheets. We have, and in the future may continue to have, negative working capital balances (as is common for many restaurant companies). We operate successfully with negative working capital because cash collected on restaurant sales is typically received before payment is due on our current liabilities, and our inventory turnover rates require relatively low investment in inventories. Additionally, ongoing cash flows from restaurant operations and gift card sales are typically used to service debt obligations and to make capital expenditures.

Recently Issued Financial Accounting Standards

For a description of recently issued Financial Accounting Standards that we adopted during the thirteen weeks ended June 25, 2023 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 commodity prices, labor inflation and foreign currency exchange rates and interest rates. We believe that there have been no material changes in our market risk since December 25, 2022. 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 25, 2022 for further information regarding market risk.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We have established and maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of June 25, 2023.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) during the thirteen weeks ended June 25, 2023 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 13 - *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 2022 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 2022 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

Conversion of 2025 Notes - During the thirteen weeks ended June 25, 2023, certain holders of our 2025 Notes elected to convert $0.2 million in aggregate principal amount of 2025 Notes for a combination of an aggregate of $0.2 million in cash and 9,925 shares of our common stock. The shares of common stock issued upon conversion of the 2025 Notes were issued in reliance upon the exemptions from the registration requirements of the Securities Act provided by Sections 3(a)(9) and 4(a)(2) thereof.

In connection with the conversion of the 2025 Notes, we exercised our rights under certain convertible note hedge transactions during the thirteen weeks ended June 25, 2023 and received a proportionate amount of our common stock.

There were no other sales of equity securities during the thirteen weeks ended June 25, 2023 that were not registered under the Securities Act.

Share Repurchases - The following table provides information regarding our purchases of common stock during the thirteen weeks ended June 25, 2023:

REPORTING PERIOD	TOTAL NUMBER OF SHARES PURCHASED	AVERAGE PRICE PAID PER SHARE	TOTAL NUMBER OF SHARES PURCHASED AS PART OF PUBLICLY ANNOUNCED PLANS OR PROGRAMS	APPROXIMATE DOLLAR VALUE OF SHARES THAT MAY YET BE PURCHASED UNDER THE PLANS OR PROGRAMS (1)
March 27, 2023 through April 23, 2023	227,812	$ 24.96	227,812	$ 113,669,958
April 24, 2023 through May 21, 2023	124,149	$ 24.10	124,149	$ 110,677,940
May 22, 2023 through June 25, 2023	266,752	$ 25.72	266,752	$ 103,817,009
Total	618,713		618,713	

(1) On February 7, 2023, our Board approved a share repurchase authorization of up to $125.0 million of our outstanding common stock as announced in our press release issued February 16, 2023 (the "2023 Share Repurchase Program"). The 2023 Share Repurchase Program will expire on August 7, 2024.

Item 6. Exhibits

EXHIBIT NUMBER	DESCRIPTION OF EXHIBITS	FILINGS REFERENCED FOR INCORPORATION BY REFERENCE
3.1	Fifth Amended and Restated Certificate of Incorporation of Bloomin' Brands, Inc.	April 19, 2023, Form 8-K, Exhibit 3.1
3.2	Fourth Amended and Restated Bylaws of Bloomin' Brands, Inc.	April 19, 2023, Form 8-K, Exhibit 3.2
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: August 1, 2023	BLOOMIN' BRANDS, INC. (Registrant)
	By: /s/ Philip Pace
	Philip Pace Senior Vice President, Chief Accounting Officer (Principal 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: August 1, 2023

/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: August 1, 2023	/s/ Christopher Meyer
	Christopher Meyer Executive Vice President and Chief Financial Officer (Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Bloomin' Brands, Inc. (the "Company") on Form 10-Q for the quarter ended June 25, 2023 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: August 1, 2023

/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 June 25, 2023 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:	August 1, 2023	/s/ Christopher Meyer
		Christopher Meyer
		Executive Vice President and Chief Financial Officer (Principal Financial Officer)

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