

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 26, 2021

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 001-35625



**BLOOMIN' BRANDS, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation or organization)

**20-8023465**

(I.R.S. 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)

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)

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

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

The aggregate market value of common stock held by non-affiliates (based on the closing price on the last business day of the registrant's most recently completed second fiscal quarter as reported on the Nasdaq Global Select Market) was \$2.4 billion.

As of February 18, 2022, 89,425,680 shares of common stock of the registrant were outstanding.

#### **DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the registrant's definitive Proxy Statement for its 2022 Annual Meeting of Stockholders are incorporated by reference into Part III, Items 10-14 of this Annual Report on Form 10-K.

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**PART I****Cautionary Statement**

This Annual Report on Form 10-K (the "Report") includes statements that express our opinions, expectations, beliefs, plans, objectives, assumptions or projections regarding future events or future results and therefore are, or may be deemed to be, "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). 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, those described in the "Risk Factors" section of this Report and the following:

- (i) Consumer reactions to public health and food safety issues;
- (ii) The severity, extent and duration of the COVID-19 pandemic, its impacts on our business and results of operations, financial condition and liquidity, including any adverse impact on our stock price and on the other factors listed below, and the responses of domestic and foreign federal, state and local governments to the pandemic;
- (iii) Minimum wage increases, additional mandated employee benefits and fluctuations in the cost and availability of employees;
- (iv) Fluctuations in the price and availability of commodities;
- (v) Our ability to compete in the highly competitive restaurant industry with many well-established competitors and new market entrants;
- (vi) Economic conditions and their effects on consumer confidence and discretionary spending, consumer traffic, the cost and availability of credit and interest rates;
- (vii) Our ability to recruit and retain high-quality leadership, restaurant-level management and team members;
- (viii) Our ability to preserve and grow the reputation and value of our brands, particularly in light of changes in consumer engagement with social media platforms and limited control with respect to the operations of our franchisees;

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- (ix) Our ability to protect our information technology systems from interruption or security breach, including cyber security threats, and to protect consumer data and personal employee information;
- (x) Dependence on a limited number of suppliers and distributors to meet our beef and other major product supply needs;
- (xi) The effects of international economic, political and social conditions and legal systems on our foreign operations and on foreign currency exchange rates;
- (xii) Our ability to comply with governmental laws and regulations, the costs of compliance with such laws and regulations and the effects of changes to applicable laws and regulations, including tax laws and unanticipated liabilities, and the impact of any litigation;
- (xiii) Our ability to effectively respond to changes in patterns of consumer traffic, consumer tastes and dietary habits, including by maintaining relationships with third party delivery apps and services;
- (xiv) Our ability to implement our remodeling, relocation and expansion plans due to uncertainty in locating and acquiring attractive sites on acceptable terms, obtaining required permits and approvals, recruiting and training necessary personnel, obtaining adequate financing and estimating the performance of newly opened, remodeled or relocated restaurants;
- (xv) Seasonal and periodic fluctuations in our results and the effects of significant adverse weather conditions and other disasters or unforeseen events;
- (xvi) The effects of our leverage and restrictive covenants in our various credit facilities on our ability to raise additional capital to fund our operations, to make capital expenditures to invest in new or renovate restaurants and to react to changes in the economy or our industry; and
- (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.

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.

**BLOOMIN’ BRANDS, INC.**

**Item 1. Business**

Bloomin’ Brands, Inc. (“Bloomin’ Brands,” the “Company,” “we,” “us,” and “our” and similar terms mean Bloomin’ Brands, Inc. and its subsidiaries except where the context otherwise requires) is one of the largest casual dining restaurant companies in the world, with a portfolio of leading, differentiated restaurant concepts. We have four founder-inspired concepts: Outback Steakhouse, Carrabba’s Italian Grill, Bonefish Grill and Fleming’s Prime Steakhouse & Wine Bar. Our restaurant concepts range in price point and degree of formality from casual (Outback Steakhouse and Carrabba’s Italian Grill) to upscale casual (Bonefish Grill) and fine dining (Fleming’s Prime Steakhouse & Wine Bar). OSI Restaurant Partners, LLC (“OSI”), a wholly-owned subsidiary of Bloomin’ Brands, is our primary operating entity.

**COVID-19 Pandemic Impact on Our Business**

In March 2020, we temporarily closed all restaurant dining rooms to comply with state and local regulations in response to the COVID-19 pandemic (“COVID-19”). In early May 2020, we began to reopen our restaurant dining rooms with limited seating capacity in compliance with state and local regulations. The temporary closure of our dining rooms and the limitations on seating capacity due to the COVID-19 pandemic resulted in significantly reduced traffic in our restaurants which negatively impacted our operating results during 2020.

During 2021, the recovery of in-restaurant dining continued as COVID-19 capacity restrictions were eased or eliminated. Though concerns over variants of COVID-19 impacted recovery, we continued to retain a significant portion of the incremental off-premises volume achieved while our dining rooms were closed last year.

**MARKETS**

As of December 26, 2021, we owned and operated 1,169 full-service restaurants and off-premises only kitchens and franchised 329 full-service restaurants and off-premises only kitchens across 47 states, Guam and 17 countries.

**Our Segments**

We consider our restaurant concepts and international markets to be operating segments, which reflects how we manage our business, review operating performance and allocate resources. We aggregate our operating segments into two reportable segments, U.S. and international. The U.S. segment includes all restaurants operating in the U.S. while restaurants operating outside the U.S. are included in the international segment. Following is a summary of reportable segments as of December 26, 2021:

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 Carrabba’s Italian Grill (Abbraccio)	Brazil, Hong Kong/China Brazil

(1) Includes franchise locations. See Item 2. *Properties* for disclosure of our restaurant count by country and territory.

**U.S. Segment**

As of December 26, 2021, in our U.S. segment, we owned and operated 1,013 full-service restaurants and off-premises only kitchens and franchised 157 full-service restaurants across 47 states.

*Outback Steakhouse* - Outback Steakhouse is a casual steakhouse restaurant concept focused on steaks, bold flavors and Australian decor. The Outback Steakhouse menu offers seasoned and seared or wood-fire grilled steaks, chops,

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chicken, seafood, pasta, salads and seasonal specials. The menu also offers a selection of specialty appetizers, including our signature Bloomin' Onion®, and desserts, together with full bar service.

*Carrabba's Italian Grill* - Offering authentic Italian cuisine passed down from its founders' family recipes, Carrabba's Italian Grill uses high quality ingredients to prepare fresh and handmade dishes cooked to order in a lively exhibition kitchen. Featuring a wood-burning grill inspired by the many tastes of Italy, guests can enjoy signature dishes such as Chicken Bryan and Pollo Rosa Maria, wood-fire grilled steaks and chops, small plates and classic Italian pasta dishes in a welcoming, contemporary atmosphere.

*Bonefish Grill* - Bonefish Grill specializes in market-fresh fish from around the world, hand-cut in-house every day, savory wood-grilled specialties, and locally created, seasonal Partner Selection dishes featuring high-quality and fresh ingredients. Offering a selection of classic and signature hand-crafted cocktails, using just-squeezed juices, edible garnishes, and house infusions, Bonefish Grill also features a distinct list of wines, which are the perfect match for any food pairing.

*Fleming's Prime Steakhouse & Wine Bar* - Fleming's Prime Steakhouse & Wine Bar is a contemporary steakhouse concept featuring prime cuts of beef, fresh fish, seafood and poultry, salads and side dishes. Guests will find a passion for steak and wine, reflected in an exceptional menu of hand-cut steaks and an award-winning list of wines by the glass. The steak selection features USDA Prime corn-fed beef, both wet- and dry-aged for flavor and texture, in a variety of sizes and cuts.

### International Segment

We have local management to support and grow restaurants in each of the countries where we have Company-owned operations. Our international operations are integrated with our corporate headquarters to leverage enterprise-wide capabilities, including marketing, finance, real estate, information technology, legal, human resources, supply chain management and productivity.

As of December 26, 2021, in our international segment, we owned and operated 156 full-service restaurants and off-premises only kitchens and franchised 172 full-service restaurants and off-premises only kitchens across 17 countries and Guam. See Item 2. *Properties* for disclosure of our international restaurant count by country and territory.

*Outback Steakhouse* - Our international Outback Steakhouse restaurants have a menu similar to our U.S. menu with additional variety to meet local taste preferences. In addition to the traditional Outback Special sirloin, a typical international menu may feature local beef cuts such as the Aussie Grilled Picanha in Brazil.

*Carrabba's Italian Grill (Abbraccio Cucina Italiana)* - Abbraccio Cucina Italiana, our international Carrabba's Italian Grill restaurant concept, offers a blend of traditional and modern Italian dishes. The menu varies, with additional pasta and pizza offerings, to account for local tastes and customs. Abbraccio Cucina Italiana also has a range of beverage options, including classically inspired cocktails and local favorites with an Italian twist.

### **Restaurant Development**

We utilize the ownership structure and market entry strategy that best fits the needs for a particular market, including Company-owned units and franchises, as determined by demand, cost structure and economic conditions.

*U.S. Development* - We opportunistically pursue unit growth across our concepts through existing geography fill-in and market expansion opportunities.

During 2021, we opened our first Outback Steakhouse utilizing a smaller-scaled "Joey" prototype. The Joey prototype was designed to increase return on investment through a reduced restaurant footprint with a more efficient layout. We plan to open additional Joey Outback Steakhouse restaurants during 2022.

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During 2021, we continued to test and develop our first fast-casual concept, Aussie Grill by Outback ("Aussie Grill"). Originally created for our international franchisees, Aussie Grill offers steak, burgers, chicken and salad with fast-casual convenience. After successfully launching Aussie Grill internationally, we added Company-owned locations in the U.S. and in May 2020 opened the first free standing restaurant. We opened two additional U.S. Aussie Grill restaurants during 2021 and additional locations are planned to open in 2022.

*International Development* - We continue to pursue international expansion opportunities, leveraging established equity and franchise markets in South America and Asia, and in strategically selected emerging and high-growth developed markets, with a focus on Brazil.

*Off-Premises Only Expansion* - Since 2019, our franchisee in South Korea has rolled out delivery-only kitchens, which are food preparation and cooking facilities that are not located in a traditional retail space and are limited to delivery-only. These kitchens allow for the expansion of our restaurant concepts into areas where traditional retail space is not available or cost prohibitive. As of December 26, 2021, there were 40 delivery-only kitchens operating in South Korea and 24 additional locations are planned to open in 2022.

*System-wide Restaurant Summary* - Following is a system-wide rollforward of our full-service restaurants in operation during 2021:

Number of restaurants:	DECEMBER 27, 2020	2021 ACTIVITY		DECEMBER 26, 2021	U.S. STATE COUNT
		OPENINGS	CLOSURES		
<b>U.S.:</b>					
Outback Steakhouse					
Company-owned	568	3	(7)	564	
Franchised	138	—	(8)	130	
Total	706	3	(15)	694	46
Carrabba's Italian Grill					
Company-owned	199	—	—	199	
Franchised	21	—	(1)	20	
Total	220	—	(1)	219	29
Bonefish Grill					
Company-owned	180	—	(2)	178	
Franchised	7	—	—	7	
Total	187	—	(2)	185	30
Fleming's Prime Steakhouse & Wine Bar					
Company-owned	63	1	—	64	25
Aussie Grill					
Company-owned (1)	3	2	—	5	1
U.S. total	1,179	6	(18)	1,167	
<b>International:</b>					
Company-owned					
Outback Steakhouse - Brazil (2)	109	13	—	122	
Other (1)(3)	32	1	—	33	
Franchised					
Outback Steakhouse - South Korea (1)	76	5	(3)	78	
Other (3)	56	4	(6)	54	
International total	273	23	(9)	287	
System-wide total	1,452	29	(27)	1,454	
System-wide total - Company-owned	1,154	20	(9)	1,165	
System-wide total - Franchised	298	9	(18)	289	

(1) Restaurant counts as of December 27, 2020 have been adjusted to exclude off-premises only kitchens included in the table below.

(2) The restaurant counts for Brazil are reported as of November 30, 2020 and 2021, respectively, to correspond with the balance sheet dates of this subsidiary.



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- (3) International Company-owned Other included one and two Aussie Grill locations as of December 27, 2020 and December 26, 2021, respectively. International Franchised Other included three Aussie Grill locations as of December 27, 2020 and December 26, 2021.

Following is a system-wide rollforward of our off-premises only kitchens in operation during 2021:

Number of kitchens (1):	DECEMBER 27, 2020	2021 ACTIVITY		DECEMBER 26, 2021
		OPENINGS	CLOSURES	
U.S:				
Company-owned	2	2	(1)	3
International:				
Company-owned	1	—	—	1
Franchised - South Korea	19	21	—	40
System-wide total	22	23	(1)	44

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

## Competition

The restaurant industry is highly competitive with a substantial number of restaurant operators that compete directly and indirectly with us in respect to price, service, location and food quality, and there are other well-established competitors with significant financial and other resources. There is also active competition for management personnel, attractive suitable real estate sites, supplies and restaurant employees. In addition, competition is influenced strongly by marketing and brand reputation. At an aggregate level, all major casual dining restaurants in markets in which we operate would be considered competitors of our concepts. We also face growing competition from the supermarket industry which offers expanded selections of prepared meals. In addition, improving product offerings and convenience options from quick service and fast-casual restaurants and the expansion of home delivery services, together with negative economic conditions, could cause consumers to choose less expensive alternatives than our restaurants. Internationally, we face increasing competition due to an increase in the number of casual dining restaurant options in the markets in which we operate.

## REVENUE GENERATING ACTIVITIES

We generate our revenues from our Company-owned restaurants and through sales of franchise rights and ongoing royalties and other fees from our franchised restaurants.

*Company-owned Restaurants* - Company-owned restaurants are restaurants wholly-owned by us or in which we have a majority ownership. The results of operations of Company-owned restaurants are included in our consolidated operating results and the portion of income or loss attributable to the noncontrolling interests is eliminated in our Consolidated Statements of Operations and Comprehensive Income (Loss).

Historically, we paid royalties that ranged from 0.5% to 1.5% of U.S. sales on the majority of our Carrabba's Italian Grill restaurants, pursuant to agreements we entered into with the Carrabba's Italian Grill founders ("Carrabba's Founders"). Each Carrabba's Italian Grill restaurant located outside the U.S. paid a one-time lump sum fee to the Carrabba's Founders in place of a continuing royalty fee. In August 2021, we entered into the Purchase and Sale of Royalty Payment Stream and Termination of Royalty Agreement (the "Royalty Termination Agreement") with the Carrabba's Founders, pursuant to which our obligation to pay future royalties and lump sum royalty fees on Carrabba's Italian Grill (and Abbraccio) restaurants was terminated.

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Following are sales by occasion, sales mix by product type and average check per person for Company-owned restaurants during 2021:

Occasion:	U.S.				INTERNATIONAL
	Outback Steakhouse	Carrabba's Italian Grill	Bonefish Grill	Fleming's Prime Steakhouse & Wine Bar	Outback Steakhouse Brazil
In-restaurant sales	68 %	63 %	81 %	91 %	75 %
Off-premises sales	32 %	37 %	19 %	9 %	25 %
<b>Sales mix by product type:</b>					
Food & non-alcoholic beverage	92 %	90 %	82 %	79 %	92 %
Alcoholic beverage	8 %	10 %	18 %	21 %	8 %
Average check per person (\$USD)	\$ 24	\$ 23	\$ 30	\$ 90	\$ 9
Average check per person (R\$)					R\$ 50

*Delivery* - During 2019, we completed the rollout of in-house delivery for substantially all Outback Steakhouse and the majority of Carrabba's Italian Grill Company-owned restaurants and expanded our delivery platform through partnerships with leading national delivery services for our Outback Steakhouse, Carrabba's Italian Grill and certain Bonefish Grill restaurants.

In March 2020, we pivoted to an off-premises only model in response to the COVID-19 pandemic. While our dining rooms were closed in the U.S. we tripled our off-premises sales per restaurant, and since reopening our restaurant dining rooms in May 2020, have maintained strong retention of off-premises sales.

*Unaffiliated Franchise Program* - Our unaffiliated franchise agreements grant third parties rights to establish and operate a restaurant using one of our concepts. Franchised restaurants are required to be operated in accordance with the franchise agreement and in compliance with their respective concept's standards and specifications.

Under our franchise agreements, each franchisee is required to pay an initial franchise fee and monthly royalties based on a percentage of gross restaurant sales. Initial franchise fees for full-service restaurants are generally \$40,000 for U.S. franchisees and range between \$30,000 and \$75,000 for international franchisees, depending on the market. Initial franchise fees for international delivery-only kitchens are generally \$10,000. Some franchisees may also pay advertising and administration fees based on a percentage of gross restaurant sales. Following is a summary of royalty fee percentages based on our existing unaffiliated franchise agreements:

(as a % of gross Restaurant sales)	MONTHLY ROYALTY FEE PERCENTAGE
U.S. franchisees (1)	3.50% - 5.75%
International franchisees (2)	2.00% - 5.00%

(1) U.S. franchisees must also contribute a percentage of gross sales for national marketing programs and spend a certain percentage of gross sales on local advertising. For most U.S. franchisees, there is a maximum of 8.0% of gross restaurant sales for combined national marketing and local advertising.

(2) International franchisees must spend a certain percentage of gross sales on local advertising, which varies depending on the market.

On December 27, 2020, we entered into an agreement (the "Resolution Agreement") with Cerca Trova Southwest Restaurant Group, LLC (d/b/a Out West Restaurant Group) and certain of its affiliates (collectively, "Out West"), a franchisee of approximately 80 Outback Steakhouse restaurants in the western United States as of December 26, 2021. Under the terms of the agreement, advertising fees were reduced to 2.25% of gross sales until December 31, 2023 or upon the earlier occurrence of certain specified events, including the sale of all or substantially all of the assets or equity of Out West, bankruptcy or a liquidation event.

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Out West also entered into a forbearance agreement with its lenders that, in conjunction with the Resolution Agreement which, among other things, provides for a pre-determined calculation of available monthly cash ("Available Cash") that Out West may use to settle its obligations due to us and its lenders. Under the Resolution Agreement, if Out West is unable to satisfy monthly royalty or advertising fees with Available Cash, such amounts will be automatically deferred under the Resolution Agreement.

See Note 4 - *Revenue Recognition* of the Notes to Consolidated Financial Statements for further details regarding the Resolution Agreement.

**RESOURCES**

*Sourcing and Supply* - We take a global approach to procurement and supply chain management, with our corporate team serving all U.S. and international concepts. In addition, we have dedicated supply chain management personnel for our Company-owned international operations in South America and Asia. The global supply chain management organization is responsible for all food and operating supply purchases as well as a large percentage of purchases of field and corporate services.

We address the end-to-end costs associated with the products and goods we purchase by utilizing a combination of global, regional and local suppliers to capture efficiencies and economies of scale. This "total cost of ownership" ("TCO") approach focuses on the initial purchase price, coupled with the cost structure underlying the procurement and order fulfillment process. The TCO approach includes monitoring commodity markets and trends to execute product purchases at the most advantageous times.

We have a distribution program that includes food, beverage, smallwares and packaging goods in all major markets. Where applicable, this program is managed by a custom distribution company that only provides products approved for our system. This customized relationship also enables our staff to effectively manage and prioritize our supply chain.

Beef represents the majority of purchased proteins. In 2021, we primarily purchased our U.S. beef raw materials from four beef suppliers and our Brazil beef raw materials from three beef suppliers. Due to the nature of our industry, we expect to continue purchasing a substantial amount of beef from a small number of suppliers. Other major commodity categories purchased include seafood, poultry, produce, dairy, bread, oils and pasta, and energy sources to operate our restaurants, such as natural gas and electricity. The cost of such commodities may fluctuate widely due to government policy and regulation, changing weather patterns and conditions, climate change, and other supply and/or demand impacting events such as the COVID-19 pandemic, geopolitical events, or other unforeseen circumstances.

Serving safe and high quality food has always been our priority. We utilize both an internal food safety team responsible for supplier evaluations and external third parties who inspect supplier adherence and restaurant practices to monitor quality, food safety and product specifications. All of our restaurants implement best practices for food handling, monitoring and innovating to improve procedures. Our restaurant teams have many touch points to seek to ensure food safety, quality, and freshness through all phases of preparation.

We are committed to building long-term partnerships with suppliers who are dedicated to delivering safe, high quality ingredients in a sustainable way. All suppliers are required to comply with our Supplier Code of Ethics and we strive to source only products that are raised in a sustainable, ethical and humane manner.

*Information Systems* - We leverage technology to support areas such as digital marketing and customer engagement, business analytics and decision support, restaurant operations and productivity initiatives related to optimizing our staffing, food waste management and supply chain efficiency.

To drive customer engagement, we continue to invest in data and technology infrastructure, including brand websites, digital marketing, online ordering and mobile apps. To increase customer convenience, we are leveraging

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our online ordering infrastructure to facilitate expanded off-premises dining systems. Additionally, we developed systems to support our customer loyalty program with a focus on increasing traffic to our restaurants. In recent years, we have made investments in a global supply chain management system to improve inventory forecasting and replenishment in our restaurants, which helps us manage food quality and cost. We also continue to invest in a range of tools and infrastructure to support risk management and cyber security.

Our integrated point-of-sale system allows us to transact business in our restaurants and communicate sales data through a secure corporate network to our enterprise resource planning system and data warehouse. Our Company-owned restaurants, and most of our franchised restaurants, are connected through a portal that provides our employees and franchise partners with access to business information and tools that allow them to collaborate, communicate, train and share information.

We maintain a robust system to ensure network security and safeguard against data loss. See Item 1A. *Risk Factors* for additional discussion of our cyber security measures.

*Advertising and Marketing* - We advertise through a diverse set of media channels including but not limited to national/spot television, radio, social media, search engines and other digital tactics. Our concepts have active public relations programs and also rely on national promotions, site visibility, local marketing, digital marketing, direct mail, billboards and point-of-sale materials to promote our restaurants. Recently, we increased our focus on data segmentation and personalization, customer relationship management and digital advertising to be more efficient and relevant with our advertising expenditures. Internationally, we have teams in our developed markets that engage local agencies to tailor advertising to each market and develop relevant and timely promotions based on local consumer demand.

Our multi-branded loyalty program, Dine Rewards, is designed to drive incremental traffic and provide data for customer segmentation and personalization opportunities.

*Restaurant Management* - The Restaurant Managing Partner has primary responsibility for the day-to-day operation of the restaurant and is required to follow Company-established operating standards. Area Operating Partners for our casual dining concepts oversee restaurant operations and Restaurant Managing Partners within a specific region.

In addition to base salary, Area Operating Partners, Restaurant Managing Partners and Chef Partners generally receive performance-based bonuses for providing management and supervisory services to their restaurants, certain of which may be based on a percentage of their restaurants' monthly operating results or cash flows and/or total controllable income.

Restaurant Managing Partners and Chef Partners in the U.S. may also participate in deferred compensation and other performance-based compensation programs. To fund deferred compensation arrangements, we may invest in corporate-owned life insurance policies, which are held within an irrevocable grantor or "rabbi" trust account for settlement of certain of our obligations under the deferred compensation plans.

Many of our international Restaurant Managing Partners are given the option to purchase participation interests in the cash distributions of the restaurants they manage. The amount, terms and availability vary by country.

*Trademarks* - We regard our Outback<sup>®</sup>, Outback Steakhouse<sup>®</sup>, Carrabba's Italian Grill<sup>®</sup>, Bonefish Grill<sup>®</sup> and Fleming's Prime Steakhouse & Wine Bar<sup>®</sup> service marks and our Bloomin' Onion<sup>®</sup> trademark as having significant value and as being important factors in the marketing of our restaurants. We have also obtained trademarks and service marks for these and several of our other menu items and various advertising slogans both in the U.S. and in other countries where we operate. We are aware of names and marks similar to the service marks of ours used by other persons in certain geographic areas in which we have restaurants. However, we believe such uses will not adversely affect us. Our policy is to, whenever possible, pursue registration of our marks in countries where we

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operate and to vigorously oppose any infringement of our marks. We also have registered domain names for each of our concepts.

We license the use of our registered trademarks to franchisees and third parties through franchise and license arrangements. The franchise and license arrangements restrict franchisees' and licensees' activities with respect to the use of our trademarks and impose quality control standards in connection with goods and services offered in connection with the trademarks.

### SEASONALITY

Our business is subject to seasonal fluctuations. Historically, customer traffic patterns for our established U.S. restaurants are generally highest in the first quarter of the year and lowest in the third quarter of the year. International customer traffic patterns vary by market with Brazil historically experiencing minimal seasonal traffic fluctuations. Holidays may affect sales volumes seasonally in some of our markets. However, the COVID-19 pandemic has had and may continue to have an impact on consumer behaviors and customer traffic that may result in temporary changes in the seasonal fluctuations of our business. Additionally, severe storms, extended periods of inclement weather or climate extremes resulting from climate change may also affect the seasonal operating results of the areas impacted.

See Item 1A. *Risk Factors* for discussion of risks related to seasonal and periodic fluctuations.

### GOVERNMENT REGULATION

We are subject to various federal, state, local and international laws affecting our business. Each of our restaurants is subject to licensing and regulation by a number of governmental authorities, which may include, among others, alcoholic beverage control, health and safety agencies, environmental and fire agencies in the state, municipality or country in which the restaurant is located.

*U.S.* - During 2020, several governmental bodies in the U.S. addressed the spread of COVID-19 by imposing limitations on business operations or recommending that residents and/or employers adopt "social distancing", vaccination and/or testing measures. Since the onset of the COVID-19 pandemic, formal and informal restraints, as well as consumer behavior, have materially affected the way we operate our business and serve our guests.

Alcoholic beverage sales represent 11% of our U.S. restaurant sales. Alcoholic beverage control regulations require each of our restaurants to apply to a state authority and, in certain locations, county or municipal authorities for a license or permit to sell alcoholic beverages on the premises and, where applicable, a permit to provide service for extended hours and on Sundays. At the onset of the COVID-19 pandemic, many state governors entered executive orders allowing restaurants to sell alcohol for carry-out or delivery. In most jurisdictions, alcohol licenses for restaurants did not previously allow for off-premises sales. Many of these executive orders remain in effect, with some states passing permanent legislation. We are currently offering alcohol to-go from certain locations from each of our restaurant concepts.

Our restaurant operations are also subject to federal and state laws for such matters as:

- immigration, employment, minimum wage, overtime, tip credits, worker conditions and health care;
- menu labeling and food safety;
- the Americans with Disabilities Act, which, among other things, requires our restaurants to meet federally mandated requirements for the disabled; and
- information security, data privacy, anti-corruption/anti-bribery, cashless payments and gift cards.

*International* - Our restaurants outside of the U.S. are subject to similar regional and local laws and regulations as our U.S. restaurants, including COVID-19-related mandates, labor, food safety, data privacy, anti-corruption/anti-bribery and information security.

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See Item 1A - *Risk Factors* for a discussion of risks relating to federal, state, local and international regulation of our business.

**HUMAN CAPITAL RESOURCES**

*Employees* - As of December 26, 2021, we employed approximately 82,000 Team Members (our employees), of which approximately 700 are corporate personnel, including more than 200 in international markets.

We are committed to nurturing an inclusive, service-focused culture, founded on respecting and valuing every person, regardless of gender, race, ethnic origin, religion, sexual orientation, ability, or age. We track a variety of workforce statistics to help us understand the gender, racial and ethnic diversity of our U.S. Team Members, including the following as of the period indicated:

KEY STATISTICS	DECEMBER 26, 2021	
	WOMEN	PEOPLE OF COLOR (1)
Restaurant Support Center	64%	21%
Operations Leadership	36%	30%
Hourly Team Members	51%	48%

(1) Denotes U.S. Team Members that identify as Black/African American, Hispanic/Latinx, Asian, Native American, Pacific Islander, or two or more races.

Various jurisdictional mandated industry-wide labor agreements, which are renewed annually, apply to certain of our employees in Brazil.

*Celebrating Our People* – Team Members, guests, suppliers, and neighbors have always been the heart of our Company's culture, driven each day by our founding Principles & Beliefs, which include treating each individual as we would want to be treated. We believe that creating exceptional guest experiences begins with providing a positive, supportive work environment that welcomes individual differences and allows employees to grow and have fun. We focus on developing genuine, emotional guest connections through friendly service and high-quality food. We embrace the communities we serve, from feeding first responders to supporting worthy causes, especially in the Tampa Bay area of Florida, home to our Restaurant Support Center.

*Diversity, Equity & Inclusion* - We aim to cultivate a welcoming, safe, and inclusive environment that celebrates diverse backgrounds and provides equitable access to opportunities. We deliver on this by ensuring everyone is trained, understands their role in inclusivity, and is held accountable in making our restaurants a place where everyone is valued for who they are and what they bring to the table.

We are constantly working to improve how we support our Team Members. As a part of these efforts, we continually assess our overall racial diversity at Bloomin' Brands as we strive to reflect the diversity of the communities we serve. We actively engage and listen to our Team Members as they share personal perspectives that could serve as insight for others. We have a Diversity & Inclusion Council comprising individuals across the Company, at all levels, to help guide, monitor, and reinforce short- and long-term diversity and inclusion goals.

Together we drive diversity, equity and inclusion through:

- **Leadership & Talent:** attracting, retaining, developing and promoting diverse employees who reflect our communities at all levels of leadership. During 2021, we introduced updated leadership competencies, with inclusive leadership as a core behavior at every level of the organization. We launched new leadership development programs including Company-sponsored executive coaching, the Women of Color LeadHERship Development Program and the McKinsey Black Leaders Academy.
- **Training & Education:** strengthening our training and education programs to include listening, sharing and storytelling. Putting learning into action to inspire change and lead a culture of authenticity.

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- Employee Resource Groups: connecting Team Members through dedicated networks focused on relationship building, professional growth and development, and purposeful community involvement, providing direct impact and value to the business. During 2021, we actively inspired a sense of community through three Employee Resource Groups:
  - Women's Interests Network (WIN): To accelerate the advancement of women working at Bloomin' Brands by sharing information, best practices, education and experience, and in so doing helping one another develop leadership skills and career advancement opportunities.
  - Black Interests Group (BIG): To elevate Black talent at Bloomin' Brands by building strong networks that champion professional growth, mentoring and leadership opportunities across the entire organization.
  - BELONG: To celebrate understanding, acceptance and involvement of the LGBTQ+ community, fostering an environment where our people belong and thrive.
- Meaningful Partnerships: being good stewards of our communities and engaging with organizations dedicated to cultivating more diverse and inclusive communities, including:
  - Harvest Food Donation
  - National Urban League
  - Woman's Foodservice Forum
  - Multicultural Foodservice & Hospitality Alliance
  - National Diversity Council
  - Autism Speaks
  - Habitat for Humanity
  - Big Brothers, Big Sisters of America
  - Boys & Girls Clubs

We use surveys to seek feedback from our Team Members on a variety of topics that include, but are not limited to, confidence in leadership, our company culture and overall satisfaction with the Company. We regularly monitor and evaluate turnover and attrition metrics throughout our management teams. Annual strategic talent reviews and succession planning for executive-level roles, senior management and key restaurant leadership positions help ensure consistency in management talent quality.

We are committed to high standards of ethical, moral, and legal business conduct and strive to be an open and honest workplace, providing a positive work environment and fostering a culture of integrity and ethical decision-making. To support this commitment, we have a Code of Conduct that provides clear direction for behavioral expectations. Every employee, officer and director completes situational training annually. In addition, we maintain an Ethics and Compliance Hotline (the "Hotline"), where violations and other workplace concerns can be reported. Team Members can confidentially, and if desired, anonymously, use the Hotline to make a report online or to a live third-party operator in several languages, 24 hours a day, seven days a week. Annually, we provide training and education to our salaried employees and most hourly employees with respect to our Code of Conduct, including our anti-corruption and anti-bribery policies.

*Workplace Safety* - Employee health and safety in the workplace is of utmost importance to our Company. We believe that all employees, regardless of job role or title, have a shared responsibility in the promotion of health and safety in the workplace. We are committed to providing and following safety laws and rules, including internal policies and procedures. This commitment means carrying out company activities in ways that preserve and promote a clean, safe and healthy environment.



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*Total Rewards* - Our total rewards philosophy is to motivate and retain our Team Members by offering, what we believe to be, competitive salary packages. To align Team Member objectives with the Company and ultimately our stockholders, Bloomin' Brands offers programs that reward long-term performance. Additionally, we offer a well-rounded benefit package that includes the following, along with other benefits:

- Comprehensive health insurance coverage for Team Members working an average of 30 or more hours each week. This program includes wellness programs intended to proactively support healthcare and access to a health savings account that is eligible for employer contributions and is fully portable.
- Virtual therapy that takes place via mobile device or computer, allowing all Team Members, regardless of insurance enrollment with our Company, to access help when and where they need it, along with guided meditation options. The mental well-being of our Team Members is important to us.
- Our non-executive salaried Team Members are eligible to receive matching contributions in our 401(k) plan and have access to financial wellness resources.

*Company Response to COVID-19* - During 2021, as the COVID-19 pandemic continued to impact the lives of our Team Members, we offered educational resources to inform their vaccination decision. We also provided paid time off for hourly Team Members who elected to be vaccinated.

In 2020, in response to the COVID-19 global crisis, we did not furlough any Team Members and provided \$44.9 million of relief pay, excluding employee retention tax credits earned, for our field hourly Team Members who were impacted by closed dining rooms. We also paid the employee portion of benefits premiums for Team Members who received relief pay. In addition, Team Members who were quarantined or who had a personal illness related to COVID-19 received pay.

*Employee Support and Community Engagement* - Our commitment to our Team Members does not stop with competitive salaries, development and benefits. In 1999, we created a trust (the "Trust") to support our Team Members in times of personal hardship. All contributions to the Trust are voluntary, employee-funded, and are not solicited from suppliers, customers or friends. Due to the incredible generosity and caring nature of our Team Members, the Trust is able to make meaningful monetary support to our Team Members who experience very difficult, often unexpected and catastrophic issues, in their lives. Since 2017, the Trust has paid approximately \$1.6 million to the benefit of over 1,100 Team Members who applied for support.

We are inspired by the generosity of our Team Members and encourage them to give back to their communities. To facilitate this community engagement, Team Members at the Restaurant Support Center are given paid time off for approved community service activities during scheduled work hours.

*Information About Our Executive Officers* - Below is a list of the names, ages, positions and a brief description of the business experience of each of our executive officers as of February 18, 2022:

NAME	AGE	POSITION
David J. Deno	64	Chief Executive Officer
Christopher Meyer	50	Executive Vice President, Chief Financial Officer
Kelly Lefferts	55	Executive Vice President, Chief Legal Officer and Secretary
Gregg Scarlett	60	Executive Vice President, Chief Operating Officer, Casual Dining Restaurants
Patrick Murtha	63	Executive Vice President, Fleming's, International & Human Resources

**David J. Deno** has served as Chief Executive Officer and as a member of our Board of Directors since April 2019. Mr. Deno previously served as our Executive Vice President and Chief Financial and Administrative Officer from October 2013 to April 2019 and as Executive Vice President and Chief Financial Officer from May 2012 to October 2013. Prior to joining the Company, Mr. Deno was Chief Financial Officer of the international division of Best Buy Co., Inc. from December 2009 to May 2012. Mr. Deno has also previously served as Chief Financial Officer and later Chief Operating Officer of Yum! Brands, Inc.



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**Christopher Meyer** has served as Executive Vice President, Chief Financial Officer since April 2019. Mr. Meyer previously served as Group Vice President, Finance, Treasury and Accounting from November 2017 to April 2019 and Group Vice President, Financial Planning & Analysis and Investor Relations from September 2014 to November 2017.

**Kelly Lefferts** has served as Executive Vice President, Chief Legal Officer since July 2019. Ms. Lefferts served as Group Vice President and U.S. General Counsel of Bloomin' Brands from September 2015 to July 2019 and Vice President and Assistant General Counsel of Bloomin' Brands from January 2008 to September 2015. She has also served as Secretary of Bloomin' Brands since February 2016.

**Gregg Scarlett** has served as Executive Vice President, Chief Operating Officer, Casual Dining Restaurants since February 2020. Mr. Scarlett previously served as Executive Vice President, President of Outback Steakhouse from July 2016 to February 2020; Executive Vice President, President of Bonefish Grill from March 2015 to July 2016; Senior Vice President, Casual Dining Restaurant Operations from January 2013 to April 2015; and Senior Vice President of Operations for Outback Steakhouse from March 2010 to January 2013.

**Patrick Murtha** has served as Executive Vice President, Fleming's, International & Human Resources since April 2021. Mr. Murtha previously served as Executive Vice President and President, International from November 2013 to January 2018 and Executive Vice President, Chief Human Resources Officer from February 2021 to April 2021. He also served as Interim Chief Human Resources Officer from September 2020 to February 2021. Prior to joining the Company, Mr. Murtha was the Principal Consultant of Murtha Consulting from January 2018 to December 2020. Mr. Murtha also previously served as Chairman of the Board and Managing Director of KFC, Japan, Ltd., Chief Operating Officer of Pizza Hut and Chief People Officer of Yum! Restaurants International.

*Additional Information* - We make available, free of charge, through our internet website [www.bloominbrands.com](http://www.bloominbrands.com), our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, Proxy Statements and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after electronically filing such material with the Securities and Exchange Commission ("SEC"). Our reports and other materials filed with the SEC are also available at [www.sec.gov](http://www.sec.gov). The reference to these website addresses does not constitute incorporation by reference of the information contained on the websites and should not be considered part of this Report.

**Item 1A. Risk Factors**

*The risk factors set forth below should be carefully considered. The risks described below are those that we believe could materially and adversely affect our business, financial condition or results of operations, however, they are not the only risks facing us. Additional risks and uncertainties not currently known to us or those we currently view to be immaterial may also materially and adversely affect our business, financial condition or results of operations.*

**Risks Related to Our Business and Industry**

***Food safety and food-borne illness concerns in our restaurants or throughout the industry or supply chain may have an adverse effect on our business by reducing demand and increasing costs.***

Regardless of the source or cause, any report of food-borne illnesses and other food safety issues, whether at one of our restaurants or in the industry or supply chain, generally could have a negative impact on our traffic and sales and adversely affect the reputation of our brands. Food safety issues could be caused by suppliers or distributors and, as a result, be out of our control and this risk may be exacerbated by current supply chain issues, which could delay deliveries and necessitate alternative sourcing on short notice. Health concerns or outbreaks of disease in a food product could also reduce demand for particular menu offerings. Even instances of food-borne illness, food tampering or food contamination occurring solely at restaurants of other companies could result in negative publicity about the food service industry generally and adversely impact our sales. Social media has dramatically increased the rate at which negative publicity, including as it relates to food-borne illnesses, can be disseminated

before there is any meaningful opportunity to respond or address an issue. The occurrence of food-borne illnesses or food safety issues could also adversely affect the price and availability of affected ingredients, resulting in higher costs and lower margins.

***The COVID-19 pandemic has disrupted and is expected to continue to disrupt our business, and could continue to materially and adversely affect our business, revenues, financial condition and results of operations for an extended period of time.***

The COVID-19 pandemic and related preventative and protective measures have negatively impacted, and are expected to continue to impact, our business globally. In the United States and in foreign countries in which we operate, individuals are encouraged to practice social distancing, and numerous jurisdictions have imposed on a temporary or on-going basis, and others in the future may impose or reinstate, restrictions from gathering in groups, shelter-in-place orders and similar governmental orders and restrictions for residents to control the spread of COVID-19, all of which impacts our ability to operate our business. These preventative and protective measures, which vary significantly across the jurisdictions where our restaurants are located, create a rapidly changing and complicated system for ensuring compliance and predicting our revenues and cost structure.

In response to the COVID-19 pandemic and these changing conditions, we modified work hours for our team members, identified and implemented cost savings measures throughout our operations, shifted the majority of our corporate employees to remote working and temporarily limited our services in the U.S. to carry-out and delivery only from March 2020 through early May 2020. Depending on the future course of the COVID-19 pandemic and future outbreaks and variants of the virus, we could face additional closures or limitations on our services or capacity for our restaurant dining rooms. If we revert to solely or primarily off-premises sales, there can be no assurance that our off-premises sales will grow or remain at levels experienced while our dining rooms were previously closed.

Further, if the business interruptions caused by COVID-19 worsen and we were again required to suspend operations or limit capacity in our restaurant dining rooms or our assumptions regarding liquidity needs prove inaccurate, we could face liquidity challenges and would need to seek additional sources of liquidity. There can be no guarantee that additional liquidity will be readily available or available on favorable terms, especially the longer the COVID-19 pandemic lasts.

Our restaurant operations could be further disrupted if any of our employees are diagnosed with COVID-19, since this could require restaurant closures or require some or all of a restaurant's employees to self-quarantine. If our customers become ill, a significant percentage of our or our suppliers' or distributors' workforce is unable to work, or if there are similar disruptions in the supply chain generally for certain products, whether because of illness, quarantine, limitations on travel or other government restrictions in connection with COVID-19, we could face disruptions to restaurant operations, cost increases and shortages of food or other supplies, or reputational harm or negative publicity directed at our brands that causes customers to avoid our restaurants, potentially materially adversely affecting our operations and sales.

In addition, the operations of our franchisees are subject to the same risks discussed above with respect to our business, and the COVID-19 pandemic has and may continue to cause financial distress to our franchisees. We have deferred or permanently waived certain of our franchisees' payment obligations as a result, which deferments or waived payments may not be sufficient if financial distress continues. In some cases, we are contingently liable for franchisee lease obligations, and a failure by a franchisee to perform its obligations under such lease could result in direct payment obligations for us.

We have and could continue to experience other material impacts as a result of COVID-19, including, but not limited to, impairment charges. We cannot accurately predict the amount and timing of any further impairment of assets. A significant amount of judgment is involved in determining if an indication of impairment exists and the COVID-19 pandemic has made developing forecasts for, and the accounting of, valuation of goodwill and certain other assets slower and more difficult. Should the value of goodwill or other intangible or long-lived assets become

further impaired, there could be an adverse effect on our financial condition and consolidated results of operations. To the extent the COVID-19 pandemic adversely affects our business and financial results, it may also have the effect of heightening many of the other risks described in this Report.

***We are subject to various federal and state employment and labor laws and regulations.***

Various employment and labor laws and regulations govern our relationships with our employees throughout the world and affect operating costs. These laws and regulations relate to matters including employment discrimination, minimum wage requirements, overtime, tip credits, unemployment tax rates, workers' compensation rates, working conditions, immigration status, tax reporting and other wage and benefit requirements. Any significant additional government regulations and new laws governing our relationships with employees, including minimum wage increases, mandated benefits or other requirements that impose additional obligations on us, including any temporary or permanent measures implemented in response to COVID-19, could increase our costs and adversely affect our business and results of operations.

As a significant number of our food service and preparation personnel are paid at rates related to the applicable minimum wage, federal, state and local proposals related to minimum wage requirements or similar matters could, to the extent implemented, materially increase our labor and other costs. As minimum wage increases continue to be implemented in states in which we operate, we expect our labor costs will continue to increase. In addition, President Biden has called for an increase in the federal minimum wage from \$7.25 per hour to \$15.00 per hour, which, if implemented, would materially increase our labor and other costs. Our distributors and suppliers could also be affected by higher minimum wage, benefit standards and compliance costs, which could result in higher costs for goods and services supplied to us. In addition, we rely on our employees to accurately disclose the full amount of their tip income, and we base our FICA tax reporting on the disclosures provided to us by such tipped employees. Inaccurate employee FICA tax reporting could subject us to monetary liabilities, which could harm our business, results of operations and financial condition.

***Increased commodity, energy and other costs could decrease our profit margins or cause us to limit or otherwise modify our menus or increase prices, which could adversely affect our business. Further, if our suppliers or custom distributors are unable to fulfill their obligations under their contracts or we are unable to develop or maintain relationships with these or new suppliers or distributors, if needed, we could encounter supply shortages and incur higher costs.***

The performance of our restaurants depends on our ability to anticipate and react to changes in the price and availability of food commodities. Our business also incurs significant costs for energy, insurance, labor, marketing and real estate. Prices may be affected by supply, market changes, increased competition, the general risk of inflation, changes in laws, shortages or interruptions in supply due to weather, disease or other conditions beyond our control, labor shortages or other reasons. We are anticipating commodity inflation of approximately 11.0% to 13.0% and mid-single digit labor cost inflation during 2022, but there can be no assurance it will not be greater than that or that we will be able to pass through increased costs in our prices. Increased prices or shortages could affect the cost and quality of the items we buy or require us to raise prices, limit our menu options or implement alternative processes or products. As a result, these events, combined with other more general economic and demographic conditions, could impact our pricing and negatively affect our sales and profit margins.

We depend on frequent deliveries of fresh food products that meet our specifications, and we have a limited number of suppliers and distributors for our major products, such as beef. These factors subject us to the risk that shortages or interruptions in products could adversely affect the availability, quality or cost of products or require us to incur more costs to obtain adequate products if we are unable to manage supply chain risk. During 2021, we purchased: (i) more than 90% of our U.S. beef raw materials from four beef suppliers that represent more than 80% of the total beef marketplace in the U.S. and (ii) more than 95% of our Brazil beef raw materials from three beef suppliers that represent approximately 50% of the total beef marketplace in Brazil. Due to the nature of our industry, we expect to continue to purchase a substantial amount of our beef from a small number of suppliers. Global economic factors continue to place significant pressure on suppliers, making the supply environment more expensive and causing

supply chain issues. Supply shortages or disruptions caused by inclement weather, climate change, natural disasters, pandemics (including COVID-19), financial or solvency issues of our suppliers or distributors, fuel increases or other conditions beyond our control could adversely affect our operations and operating results. In addition, if any of our suppliers or distributors were unable to fulfill their responsibilities or we were unable to maintain current purchasing terms or ensure service availability and we were unable to locate substitutes in a timely manner, especially given the prolonged effects of COVID-19, we may encounter supply shortages, lose consumers and experience an increase in costs in seeking alternative supplier or distribution services. The failure to develop and maintain supplier and distributor relationships and any resulting disruptions to the provision of food and other supplies to our restaurant locations could adversely affect our operating results.

***The restaurant industry is highly competitive and consumer options for other prepared food offerings continue to expand. Our inability to compete effectively could adversely affect our business, financial condition and results of operations.***

A substantial number of restaurant operators compete directly and indirectly with us with respect to price, service, location and food quality, some of which are well-established with significant resources. There is also active competition for management, team members and other personnel, and attractive suitable real estate sites. Consumer tastes, nutritional and dietary trends, traffic patterns and the type, number and location of competing restaurants often affect the restaurant business, and our competitors may react more efficiently, creatively and effectively to those conditions. In addition, our competitors may generate or better implement business strategies that improve the value and relevance of their brands and reputation, relative to ours. For example, our competitors may more successfully implement menu or technology initiatives, such as remote ordering, social media or mobile technology platforms that expedite or enhance the customer experience. In addition, our competitors may more successfully implement delivery and off-site initiatives or implement other measures to better address COVID-related business risks. Further, we face growing competition from quick service and fast-casual restaurants, the supermarket industry and meal kit and food delivery providers, with the improvement of prepared food offerings and the trend towards convergence in grocery, deli, retail and restaurant services. We believe all of the above factors have increased competitive pressures in the casual dining sector in recent periods and we believe they will continue to present a challenging competitive environment in future periods. If we are unable to continue to compete effectively, our traffic, sales and margins could decline and our business, financial condition and results of operations would be adversely affected.

***Failure to recruit, train and retain high-quality leadership, restaurant-level management and team members may inhibit our ability to operate and grow successfully.***

Our success will continue to depend, to a significant extent, on our leadership team and other key management personnel. If we are unable to attract and retain sufficiently experienced and capable management personnel, our business and financial results may suffer.

Our restaurant-level management and team members are largely responsible for the quality of our service. Our guests may be dissatisfied and our sales may decline if we fail to recruit, train and retain managers and team members that effectively implement our business strategy and provide high quality guest service. There is active competition for quality management personnel and hourly team members, and such competition could require us to pay higher wages or incur higher costs for retaining and incentivizing our management personnel and hourly team members. If we experience high turnover, we may experience higher labor costs and have a shortage of adequate management personnel required for future growth. A shortage of team members also could cause our restaurants to operate with reduced staff, which could adversely affect our ability to provide high quality guest service.

***Challenging economic, political and social conditions may have a negative effect on our business and financial results.***

Challenging economic, political and social conditions may negatively impact consumer spending and thus cause a challenging sales environment in the casual dining sector and a decline in our financial results. For example,

international, domestic and regional economic conditions, consumer income levels, financial market volatility, inflation, social unrest and governmental, political and budget matters may have a negative effect on consumer confidence and discretionary spending, which the restaurant industry depends upon. Protests, demonstrations, riots, civil disturbance, disobedience, insurrection, or social and other political unrest, such as those seen in recent years, have and may continue to result in restrictions, curfews, or other actions and give rise to significant changes in regional and global economic conditions. If such events or disruptions persist for a prolonged period of time, our overall business and results of operations may be adversely affected.

In addition, it is difficult to predict what impact, if any, changes in federal policy, including tax policies, will have on our industry, the economy as a whole, consumer confidence and discretionary spending. As a result, the nature, timing and impact on our business of potential changes to the current legal and regulatory frameworks are uncertain. It is also difficult to predict what the long-term economic impacts of the ongoing COVID-19 pandemic may be.

A decline in economic, political or social conditions or negative developments with respect to any of the other factors mentioned above, or a perception that such decline or negative developments are imminent, generally or in particular markets in which we operate, and our consumers' reactions to these trends could result in increased pressure with respect to our pricing, traffic levels, commodity and other costs and the continuation of our innovation and productivity initiatives, which could negatively impact our business and results of operations. Further, poor economic conditions may force nearby businesses to shut down, which could cause our restaurant locations to be less attractive.

***Cyber security breaches of confidential consumer, personal employee and other material information and other threats to our technological systems may adversely affect our business.***

A cyber incident that compromises the information of our consumers or employees, whether affecting our technological systems or those of third-party service providers that we rely on, could result in widespread negative publicity, damage to the reputation of our brands, a loss of consumers, an interruption of our business and legal liabilities.

The majority of our restaurant sales are by credit or debit cards, and we maintain certain personal information regarding our employees and confidential information about our customers, franchisees and suppliers. Although we segment our card data environment and employ a cyber security protection program based upon industry frameworks, as well as scan and improve our environment for any vulnerabilities, perform penetration testing and engage third parties to assess effectiveness of our security measures with oversight by our Audit Committee, there are no assurances that such programs will prevent or detect all potential cyber security breaches or technological failures.

Our operations and corporate functions rely heavily on information systems, including point-of-sale processing in our restaurants, management of our supply chain, payment of obligations, collection of cash, data warehousing to support analytics, finance and accounting systems, mobile technologies to enhance the customer experience and other various processes and procedures, some of which are handled by third parties. Our ability to efficiently and effectively manage our business depends significantly on the reliability and capacity of these systems. The failure of these systems to operate effectively, system maintenance problems, upgrading or transitioning to new platforms, or any cyber incident relating to these systems could expose our systems or information to cyber threats, result in delays in consumer service, reduced efficiency in our operations or result in negative publicity. Despite our security measures, our technology systems may be vulnerable to damage, disability or failures due to physical theft, fire, power loss, telecommunications failure or other catastrophic events, as well as from internal and external security breaches, employee error or malfeasance, denial of service and ransomware attacks, viruses, worms and other disruptive problems.

From time to time we have been, and likely will continue to be, the target of attempted cyber and other security threats, including those common to most industries and those targeting us due to the confidential consumer information we obtain through our electronic processing of credit and debit card transactions. A security breach or

even a perceived security breach or failure to appropriately respond to a cyber incident could result in litigation or governmental investigation, as well as damage to our reputation and brands. We are subject to a variety of continuously evolving laws and regulations regarding privacy, data protection and data security at federal, state and international levels. The California Consumer Privacy Act, for example, became effective January 1, 2020 and provides a new private right of action to California residents related to data breaches and imposes new disclosure and other requirements on companies with respect to their data collection, use and sharing practices as they relate to California residents. A claim or investigation resulting from a cyber or other security threat to our systems and data may have a material adverse effect on our business and the potential of incurring significant remediation costs, to the extent such costs are not covered by our applicable insurance policies. As cyber security risk and applicable laws and regulations evolve, we may incur significant additional costs in technology, third-party services and personnel to maintain systems designed to anticipate and prevent cyber-attacks.

***Our inability or failure to recognize, respond to and effectively manage the accelerated impact of social media could have a material adverse impact on our business.***

Social media allows individuals to access a broad audience of consumers and other interested persons. The availability of information on social media platforms is virtually immediate as is its impact, and users can post information often without filters or checks on the accuracy of the content posted. Adverse or inaccurate information concerning our Company or concepts may be posted at any time, and such information can quickly reach a wide audience. Social media has also been utilized to target specific companies or brands as a result of a variety of actions or inactions, or perceived actions or inactions, and such campaigns can rapidly accelerate and impact consumer behavior. The harm may be immediate without affording us an opportunity for redress or correction, and it is challenging to monitor, anticipate and promptly respond to such developments. These factors could have a material adverse effect on our business. Regardless of its basis or validity, any unfavorable publicity could adversely affect public perception of our brands.

Our failure to use social media responsibly in our marketing efforts may further expose us to these risks. As part of our marketing efforts, we rely on search engine marketing and social media platforms to attract and retain guests. We need to continuously innovate and develop our social media strategies in order to maintain broad appeal with guests and brand relevance. We also continue to invest in other digital marketing initiatives that allow us to reach our guests across multiple digital channels and build their awareness of, engagement with, and loyalty to our brands. These initiatives may not be successful, resulting in expenses incurred without the benefit of higher revenues, increased employee engagement or brand recognition. In addition, a variety of risks are associated with the use of social media, including the improper disclosure of proprietary or personal information and negative publicity. The inappropriate use of social media vehicles by our guests or employees could increase our costs, lead to litigation or result in negative publicity that could damage our reputation.

***We face a variety of risks associated with doing business in foreign markets that could have a negative impact on our financial performance.***

We have a significant number of restaurants outside of the United States, and we intend to continue our efforts to grow internationally. There is no assurance that international operations will be profitable or international growth will continue. In addition, if we have a significant concentration of restaurants in a foreign market the impact of any negative local conditions can have a sizable impact on our results.

Our foreign operations are subject to all of the same risks as our U.S. restaurants, as well as additional risks including, among others, international economic, political, social and legal conditions and the possibility of instability and unrest, differing cultures and consumer preferences, diverse government regulations and tax systems, corruption, anti-American sentiment, the ability to source high quality ingredients and other commodities in a cost-effective manner, uncertain or differing interpretations of rights and obligations in connection with international franchise agreements and the collection of ongoing royalties from international franchisees, the availability and costs of land, construction and financing, and the availability of experienced management, appropriate franchisees and area operating partners.



**BLOOMIN' BRANDS, INC.**

Local or regional events or conditions in our international markets could affect our results. For example, during 2019, Hong Kong political protests led to violence and disrupted business operations. In recent years, there were protests in cities throughout the U.S. as well as globally, including in Hong Kong, in connection with civil rights, liberties, and social and governmental reform.

Currency regulations and fluctuations in exchange rates could also affect our performance. We have operations in many foreign countries, including direct investments in restaurants in Brazil and Hong Kong/China, as well as international franchises. As a result, we may experience losses from fluctuations in foreign currency exchange rates or any hedging arrangements that we enter into to offset such fluctuations, and such losses could adversely affect our overall sales and earnings.

We are subject to governmental regulation of our foreign operations, including antitrust and tax requirements, anti-boycott regulations, import/export/customs regulations and other international trade regulations, the USA Patriot Act and the Foreign Corrupt Practices Act. Any new regulatory or trade initiatives could impact our operations in certain countries. Failure to comply with any such legal requirements could subject us to monetary liabilities and other sanctions, which could harm our business, results of operations and financial condition.

***The food service industry is affected by consumer preferences and perceptions. Changes in these preferences and perceptions may lessen the demand for our products, which would reduce sales and harm our business.***

Food service businesses are affected by changes in consumer tastes and demographic trends. For instance, if prevailing health or dietary preferences cause consumers to avoid steak and other products we offer in any of our concepts in favor of foods or ingredients that are perceived as healthier or otherwise reflect popular demand, our business and operating results would be harmed. Various factors such as menu labeling rules, nutritional guidelines and academic studies may impact consumer choice and cause consumers to select foods other than those that are offered by our restaurants. If we are unable to anticipate or successfully respond to changes in consumer preferences, our results of operations could be adversely affected, generally or in particular concepts or markets.

***Our relationships with third party delivery services and ability to grow sales through delivery orders are subject to risks.***

We maintain relationships with various third-party delivery apps and services. Our sales may be negatively affected if these platforms are damaged or interrupted through technological failures or otherwise. This could cause reputational harm or adversely impact sales and customer satisfaction. Our sales through these services may also depend on the availability of delivery drivers, who are generally independent contractors.

***Changes in tax laws and unanticipated tax liabilities could adversely affect the taxes we pay and our profitability.***

We are subject to income and other taxes in the United States and numerous foreign jurisdictions. Our effective income tax rate and other taxes in the future could be adversely affected by a number of factors, including changes in the mix of earnings in countries with different statutory tax rates, changes in the valuation of deferred tax assets and liabilities, changes in U.S. or foreign tax laws, comprehensive tax reform measures or other legislative changes and the outcome of income tax audits. For example, the U.S. and Brazil have recently proposed significant changes to their respective tax laws. Although we cannot predict whether or in what form these proposals may pass, several of the proposals considered, if enacted into law, could have a material impact on our effective income tax rate, income tax expense and cash flows. Although we believe our tax estimates are reasonable, the final determination of tax audits could be materially different from our historical income tax provisions and accruals. The results of a tax audit could have a material effect on our results of operations or cash flows in the period or periods for which that determination is made. In addition, our effective income tax rate and our results may be impacted by our ability to realize deferred tax benefits, including our FICA tip credit carryforwards, and by any increases or decreases of our valuation allowances applied to our existing deferred tax assets.

***Our failure to comply with government regulation related to our restaurant operations, and the costs of compliance or non-compliance, could adversely affect our business.***

We are subject to various federal, state, local and foreign laws affecting our business. Each of our restaurants is subject to licensing and regulation by a number of governmental authorities, which may include, among others, alcoholic beverage control, food safety, nutritional menu labeling, health care, environmental and fire agencies in the state, municipality or country in which the restaurant is located. Our suppliers are also subject to regulation in some of these areas. Any difficulties or inability to retain or renew licenses, or increased compliance costs due to changed regulations, could adversely affect operations at existing restaurants. Additionally, difficulties in obtaining or failing to obtain the required licenses or approvals could delay or prevent the development of new restaurants. We are subject to various U.S. federal, state and international laws and regulations related to the offer and sale of franchises. Failure to comply with these laws could adversely affect the results we generate from franchises or otherwise impose costs on us. Alcoholic beverage sales represent ten percent of our consolidated restaurant sales and are subject to extensive state and local licensing and other regulations. The failure of a restaurant to obtain or retain a liquor license would adversely affect that restaurant's operations. In addition, we are subject to "dram shop" statutes in certain states. These statutes generally provide a person injured by an intoxicated person the right to recover damages from an establishment that wrongfully served alcoholic beverages to the intoxicated person. We may also incur costs of and challenges in ensuring compliance with measures implemented in response to COVID-19, such as requirements for physical barriers or other preventative measures in restaurants or vaccination or testing requirements for our employees, which can vary by the location of the restaurant and may continue to change.

***Failure to achieve projected cost savings from our efficiency initiatives could adversely affect our results of operations and eliminate potential funding for growth opportunities.***

In recent years, we have identified strategies and taken steps to reduce operating costs and free up resources to reinvest in our business. These strategies include improved supply chain management, implementing labor scheduling tools and integrating restaurant information systems across our brands. In addition, during 2020, we implemented certain measures to reduce costs and preserve liquidity in response to the impacts of COVID-19. If we were required to implement similar measures in the future, they may not be sustainable or may be detrimental to continued operations. We continue to evaluate and implement further cost-saving initiatives. However, the ability to reduce our operating costs through these initiatives is subject to risks and uncertainties, such as our ability to obtain improved supply pricing and the reliability of any new suppliers or technology, and we cannot assure that these activities, or any other activities that we may undertake in the future, will achieve the desired cost savings and efficiencies. Failure to achieve such desired savings could adversely affect our results of operations and financial condition and curtail investment in growth opportunities.

***There are risks and uncertainties associated with initiatives that we may implement.***

From time to time, we consider various initiatives in order to grow and evolve our business and brands and improve our operating results. These initiatives could include, among other things, acquisitions, development or dispositions of restaurants or brands, new joint ventures, new franchise arrangements, restaurant closures and changes to our operating model. There can be no assurance that any such actions or initiatives will be successful or deliver their anticipated benefits. We may be exposed to new and unforeseen risks and challenges, particularly if we enter into markets or engage in activities with which we have no or limited prior experience, and it may be difficult to predict the success of such endeavors. If we incur significant expenses or divert management, financial and other resources to any initiative that is unsuccessful or does not meet our expectations, our results of operations and financial condition would be adversely affected. We may also incur significant asset impairment and other charges in connection with any such initiative. Regardless of the ultimate success of any initiative, the implementation and integration of new business or operational processes could be disruptive to our current operations. Even if we test and evaluate an initiative on a limited basis, the diversion of management time and resources could have an adverse effect on our business.



***Our success depends substantially on the value of our brands and our ability to execute innovative marketing and consumer relationship initiatives to maintain brand relevance and drive profitable sales growth.***

Our success depends on our ability to preserve and grow our brands. Our brand value and reputation are especially important to differentiate our concepts in the highly competitive casual dining sector to achieve sustainable same-restaurant sales growth and warrant new unit growth. Brand value and reputation is based in large part on consumer perceptions, which are driven by both our actions and by actions beyond our control, such as new brand strategies or their implementation, business incidents, ineffective advertising or marketing efforts, or unfavorable mainstream or social media publicity involving us, our industry, our franchisees, or our suppliers. A failure to innovate and extend our brands in ways that are relevant to consumers and occasions in order to generate sustainable same-restaurant traffic growth, and produce non-traditional sales and earnings growth opportunities, could have an adverse effect on our results of operations. Additionally, insufficient focus on our competition or failure to adequately address declines in the casual dining industry, could adversely impact results of operations.

If our competitors increase their spending on advertising, promotions and loyalty programs, if our advertising, media or marketing expenses increase, or if our advertising, promotions and loyalty programs become less effective than those of our competitors, or if we do not adequately leverage technology and data analytic capabilities needed to generate concise competitive insight, our results of operations could be materially and adversely affected.

***Risks associated with our remodeling, relocation and expansion plans may have adverse effects on our operating results.***

As part of our business strategy, we intend to continue to remodel, relocate and expand our current portfolio of restaurants. Our 2022 development schedule calls for the construction of approximately 30 new system-wide locations, with half in Brazil. A variety of factors could cause the actual results and outcome of those plans to differ from the anticipated results, including among other things, the availability and terms on which we can lease attractive sites for new or relocated restaurants, availability and terms of funding, recruiting, training and retaining skilled management and restaurant employees, construction or other delays, the availability of construction materials or restaurant equipment, construction and renovation costs and consumer tastes and acceptance of our restaurant concepts and awareness of our brands in new regions.

It is difficult to estimate the performance of newly opened restaurants and whether they may attract customers away from other restaurants we own. If new or existing restaurants do not meet targeted performance, it could have a material adverse effect on our operating results, including any impairment losses that we may be required to recognize.

Some of the challenges described above could be more significant in international markets in which we have more limited experience, either generally or with a particular brand. Those markets are likely to have different competitive conditions, consumer tastes, discretionary spending patterns and brand awareness, which may cause our new restaurants to be less successful than restaurants in our existing markets or make it more difficult to estimate the performance of new restaurants.

In addition, in an effort to increase same-restaurant sales and improve our operating performance, we continue to make improvements to our facilities through remodels and relocations and close underperforming restaurants. We incur significant lease termination or continuation expenses and asset impairment and other charges when we close or relocate a restaurant. If the expenses associated with remodels, relocations or closures are higher than anticipated, we cannot find suitable locations or remodeled or relocated restaurants do not perform as expected, these initiatives may not yield the desired return on investment, which could have a negative effect on our operating results.

***We have limited control with respect to the operations of our franchisees, which could have a negative impact on our business.***

Our franchisees are contractually obligated to operate their restaurants in accordance with our standards and we provide training and support to franchisees. However, franchisees are independent third parties that we do not control, and these franchisees own, operate and oversee the daily operations of their restaurants. As a result, the ultimate success and quality of any franchise restaurant rests with the franchisee. If franchisees do not successfully operate restaurants in a manner consistent with our product and service quality standards and contractual requirements, our image and reputation could be harmed, which in turn could adversely affect our business and operating results.

A significant portion of our financial results are dependent upon the operational and financial success of our franchisees. If sales trends or economic conditions worsen for franchisees, their financial results may worsen and our royalty, rent and other fee revenues may decline. In addition, we may also incur expenses in connection with supporting franchise restaurants that are underperforming. When Company-owned restaurants are sold to a franchisee, one of our subsidiaries is often required to remain responsible for lease payments for the sold restaurants to the extent the purchasing franchisees default on their leases. During periods of declining sales and profitability of franchisees, the incidence of franchisee defaults for these lease payments may increase and we may be required to make lease payments and seek recourse against the franchisee or agree to repayment terms.

***Our business is subject to seasonal and periodic fluctuations, and past results are not indicative of future results.***

Historically, consumer traffic patterns for our established restaurants are generally highest in the first quarter of the year and lowest in the third quarter of the year. Holidays may also affect sales volumes seasonally in some of the markets in which we operate. The COVID-19 pandemic may also have an impact on consumer behaviors and customer traffic that may result in temporary changes in the seasonal fluctuations of our business. In addition, our quarterly results have been and will continue to be affected by the timing of new restaurant openings and their associated pre-opening costs, as well as restaurant closures and exit-related costs, debt extinguishment and modification costs and impairments of goodwill, intangible assets and property, fixtures and equipment. As a result of these and other factors, our financial results for any quarter may not be indicative of the results that may be achieved for a full year.

***Significant adverse weather conditions and other disasters or unforeseen events could negatively impact our results of operations.***

Adverse weather conditions and natural disasters and other unforeseen events, such as winter storms, severe temperatures, thunderstorms, floods, hurricanes and earthquakes, terrorist attacks, war and widespread/pandemic illness, and the effects of such events on economic conditions and consumer spending patterns, could disrupt our operations or supply chain and negatively impact our results of operations. Temporary and prolonged restaurant closures may occur and consumer traffic may decline due to the actual or perceived effects from these events. For example, the COVID-19 pandemic, severe winter weather conditions and hurricanes have impacted our traffic, and that of our franchisees, and results of operations in recent years. Although we cannot predict when or where we will be negatively impacted by adverse weather events, to the extent that climate change or other factors result in more frequent, widespread or severe events, it could adversely impact our results. U.S. and foreign governmental officials also have placed an increasing focus on environmental matters, including climate change, reduction of greenhouse gases and water consumption. This increased focus could lead to legislative, regulatory or other efforts to combat these environmental concerns. These efforts could result in further increases in taxes, cost of supplies, transportation and utilities, which could increase our operating costs and those of our franchisees and require future investments in facilities and equipment. There may also be increased pressure for us to make commitments, set targets or establish goals to take actions to meet them, which could expose us and our franchisees to market, operational, execution and reputational costs or risks.

***Our failure or inability to enforce our trademarks or other proprietary rights could adversely affect our competitive position or the value of our brand.***

Our trademarks, including Outback Steakhouse, Carrabba's Italian Grill, Bonefish Grill, Fleming's Prime Steakhouse & Wine Bar and Bloomin' Onion, and other proprietary rights are important to our success and our competitive position. The protective actions that we take may not be sufficient to prevent unauthorized usage or imitation by others, which could harm our image, brand or competitive position. Furthermore, our ability to protect trademarks and other proprietary rights may be more limited in certain international markets where we operate.

***Litigation could have a material adverse impact on our business and our financial performance.***

We are subject to lawsuits, administrative proceedings and claims that arise in the regular course of business. These matters typically involve claims by consumers and others regarding issues such as food borne illness, food safety, premises liability, "dram shop" statute liability, promotional advertising and other operational issues common to the food service industry, as well as contract disputes and intellectual property infringement matters. We are also subject to employee claims against us based on, among other things, discrimination, harassment, wrongful termination, disability, or violation of wage and labor laws. We are also subject to the risk of being named a joint employer of workers of our franchisees for alleged violations of labor and wage laws. These claims may divert our financial and management resources that would otherwise be used to benefit our operations. The ongoing expense of any resulting lawsuits, and any substantial settlement payment or damage award against us, could adversely affect our business and results of operations. Significant legal fees and costs in complex class action litigation or an adverse judgment or settlement that is not insured or is in excess of insurance coverage could have a material adverse effect on our financial position and results of operations.

**Risks Related to Our Indebtedness**

***We may not be able to generate sufficient cash to service all of our indebtedness and operating lease obligations, and we may be forced to take other actions to satisfy our obligations under our indebtedness and operating lease obligations, which may not be successful. If we fail to meet these obligations, we would be in default under our debt agreements and the lenders could elect to declare all amounts outstanding under them to be immediately due and payable and terminate all commitments to extend further credit.***

Our ability to make scheduled payments on our debt obligations and to satisfy our operating lease obligations depends upon our financial condition and operating performance, which is subject to prevailing economic and competitive conditions and to financial, business and other factors, many of which are beyond our control. We cannot be certain that we will maintain a level of cash flow from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness, or to pay our operating lease obligations. For example, if COVID-19 conditions worsen, inflation persists, or our financial position deteriorates, our revenues and liquidity position may decline. If our cash flow and capital resources are insufficient to fund our debt service obligations and operating lease obligations, we may be forced to reduce or delay capital expenditures, sell assets, seek additional capital or restructure or refinance our indebtedness. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. In the absence of sufficient operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations or take other actions to meet our debt service and other obligations. Our debt agreements restrict our ability to dispose of assets and how we may use the proceeds from the disposition. We may not be able to consummate those dispositions or to obtain the proceeds that we could otherwise realize from such dispositions and any such proceeds that are realized may not be adequate to meet any debt service obligations then due. The failure to meet our debt service obligations or the failure to remain in compliance with the financial covenants under our debt agreements would constitute an event of default under those agreements and the lenders could elect to declare all amounts outstanding under them to be immediately due and payable and terminate all commitments to extend further credit.

***Our leverage could adversely affect our ability to raise additional capital to fund our operations or limit our ability to react to changes in the economy or our industry.***

As of December 26, 2021, our total net indebtedness was \$793.1 million and we had \$699.3 million in available unused borrowing capacity under our revolving credit facility, net of undrawn letters of credit of \$20.7 million. In May 2020, we issued \$230.0 million of 5.00% convertible senior notes due in 2025 (the "2025 Notes") and in April 2021 we issued \$300.0 million of 5.125% senior notes due in 2029 (the "2029 Notes").

Based on the daily closing prices of our stock during the quarter ended December 26, 2021, holders of the 2025 Notes are eligible to convert their 2025 Notes during the first quarter of 2022.

Our leverage could have important consequences, including:

- making it more difficult for us to make payments on indebtedness;
- increasing our vulnerability to general economic, industry and competitive conditions and the various risks we face in our business;
- increasing our cost of borrowing or limiting our ability to obtain additional financing if needed;
- reducing our ability to use our cash flow to fund our operations, capital expenditures, dividend payments, and future business and strategic opportunities; and
- limiting our ability to adjust to changing market conditions and placing us at a competitive disadvantage compared to our competitors who may not be as highly leveraged.

We may incur substantial additional indebtedness in the future, subject to the restrictions contained in our credit agreement. If new indebtedness is added to our current debt levels, the related risks that we now face could increase.

We cannot be certain that our financial condition or credit and other market conditions will be favorable when our credit agreement matures in 2026, or at any earlier time we may seek to refinance our debt. If we are unable to refinance our indebtedness on favorable terms, our financial condition and results of operations would be adversely affected.

***Our debt agreements contain restrictions that limit our flexibility in operating our business.***

Certain of our debt agreements limit our and our subsidiaries' abilities to, among other things, incur or guarantee additional indebtedness, pay dividends on, redeem or repurchase our capital stock, make certain acquisitions or investments, incur or permit to exist certain liens, enter into transactions with affiliates or sell our assets to, merge or consolidate with or into, another company. Our debt agreements require us to satisfy certain financial tests and ratios. Our ability to satisfy such tests and ratios may be affected by events outside of our control.

If we breach the covenants under our debt agreements, the lenders could elect to declare all amounts outstanding under the agreements to be immediately due and payable and terminate all commitments to extend further credit. If we are unable to repay those amounts, the lenders could proceed against the collateral granted to them to secure that indebtedness. We have pledged substantially all of our assets as collateral under our credit agreement. If our lenders accelerate the repayment of borrowings, we cannot be certain that we will have sufficient assets to repay them.

## **Risks Related to Our Common Stock**

***Our ability to raise capital in the future may be limited, which could make us unable to fund our capital requirements.***

Our business and operations may consume resources faster than we anticipate. In the future, we may need to raise additional funds through the issuance of new equity securities, debt or a combination of both. Additional financing may not be available on favorable terms or at all. If adequate funds are not available on acceptable terms, we may be unable to fund our capital requirements. If we issue new debt securities, the debt holders would have rights

senior to common stockholders to make claims on our assets, and the terms of any debt could restrict our operations, including our ability to pay dividends on our common stock. If we issue additional equity securities, existing stockholders may experience dilution, and the new equity securities could have rights senior to those of our common stock. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings.

Thus, our stockholders bear the risk of our future securities offerings reducing the market price of our common stock and diluting their interest.

***Our stock price is subject to volatility.***

The stock market in general is highly volatile. As a result, the market price of our common stock is similarly volatile. The price of our common stock could be subject to wide fluctuations in response to a number of factors, some of which may be beyond our control. These factors include actual or anticipated fluctuations in our operating results, changes in or our ability to achieve estimates of our operating results by analysts, investors or management, analysts' recommendations regarding our stock or our competitors' stock, sales of substantial amounts of our common stock by our stockholders, actions or announcements by us or our competitors, the maintenance and growth of the value of our brands, litigation, legislation or other regulatory developments affecting us or our industry, widespread/pandemic illness, natural disasters, cyber-attacks, terrorist acts, war or other calamities and changes in general market and economic conditions.

***Provisions in our certificate of incorporation and bylaws and Delaware law may discourage, delay or prevent a change of control of our company or changes in our management and, therefore, may depress the trading price of our stock.***

Our certificate of incorporation and bylaws include certain provisions (including provisions related to our classified board structure through 2024 and supermajority voting requirements) that could have the effect of discouraging, delaying or preventing a change of control of our company or changes in our management. These provisions may discourage, delay or prevent a transaction involving a change in control of the Company that is in the best interests of our stockholders. Even in the absence of a takeover attempt, the existence of these provisions may adversely affect the prevailing market price of our common stock if they are viewed as discouraging future takeover attempts.

Section 203 of the Delaware General Corporation Law may affect the ability of an "interested stockholder" to engage in certain business combinations, including mergers, consolidations or acquisitions of additional shares, for a period of three years following the time that the stockholder becomes an "interested stockholder." An "interested stockholder" is defined to include persons owning directly or indirectly 15% or more of the outstanding voting stock of a corporation. Although we have elected in our certificate of incorporation not to be subject to Section 203 of the Delaware General Corporation Law our certificate of incorporation contains provisions that have the same effect as Section 203, except that they provide that our former private equity sponsors will not be deemed to be "interested stockholders," regardless of the percentage of our voting stock owned by them, and accordingly will not be subject to such restrictions.

**General Risk Factors**

***An impairment in the carrying value of our goodwill or other intangible or long-lived assets could adversely affect our financial condition and results of operations.***

Along with other intangible assets, we test goodwill for impairment annually and whenever events or changes in circumstances indicate that its carrying value may not be recoverable. We also evaluate long-lived assets on a quarterly basis or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. We cannot accurately predict the amount and timing of any impairment of assets. A significant amount of judgment is involved in determining if an indication of impairment exists. Should the value of goodwill or other

intangible or long-lived assets become impaired, there could be an adverse effect on our financial condition and consolidated results of operations.

***Failure to maintain effective systems of internal control over financial reporting and disclosure controls and procedures could adversely affect our business and financial results.***

Effective internal control over financial reporting is necessary for us to provide accurate financial information. If we are unable to adequately maintain effective internal control over financial reporting, we may not be able to accurately report our financial results. Furthermore, we cannot be certain that our internal control over financial reporting and disclosure controls and procedures will prevent all possible error and fraud, including through cyber-attacks. Because of inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of error or fraud, if any, in our company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake, which could have an adverse impact on our business. A significant financial reporting failure or a lack of sufficient internal control over financial reporting could cause a loss of investor confidence and decline in the market price of our common stock, increase our costs, lead to litigation or result in negative publicity that could damage our reputation.

Future changes to existing accounting rules, accounting standards, new pronouncements and varying interpretations of pronouncements, or the questioning of current accounting practices may adversely affect our reported financial results. Additionally, our assumptions, estimates and judgments related to complex accounting matters could significantly affect our financial results. Generally accepted accounting principles and related accounting pronouncements, implementation guidelines and interpretations with regard to a wide range of matters that are relevant to our business, including but not limited to, revenue recognition, impairment of long-lived assets, leases and related economic transactions, derivatives, intangibles, self-insurance, income taxes, property and equipment, unclaimed property laws and litigation, and stock-based compensation are highly complex and involve many subjective assumptions, estimates and judgments by us. Changes in these rules or their interpretation or changes in underlying assumptions, estimates or judgments by us could significantly change our reported or expected financial performance.

***Our insurance policies may not provide adequate levels of coverage against all claims, and fluctuating insurance requirements and costs could negatively impact our profitability.***

We carry insurance programs with specific retention levels or high per-claim deductibles for a significant portion of our risks and associated liabilities with respect to workers' compensation, general liability, liquor liability, employment practices liability, property, health benefits, cyber security and other insurable risks. However, there are types of losses we may incur that cannot be insured against or that we believe are not commercially reasonable to insure. These losses, if they occur, could have a material and adverse effect on our business and results of operations. Additionally, if our insurance costs increase, there can be no assurance that we will be able to successfully offset the effect of such increases and our results of operations may be adversely affected.

#### **Item 1B. Unresolved Staff Comments**

Not applicable.

**BLOOMIN' BRANDS, INC.**
**Item 2. Properties**

We had 1,498 system wide full-service restaurants and off-premises only kitchens located across 47 states, Guam and 17 countries as of December 26, 2021. The following is a summary of our restaurant and kitchen locations by country and territory as of December 26, 2021:

COMPANY-OWNED		FRANCHISED	
United States	1,013	United States	157
International:		International:	
Brazil (1)	135	Argentina	2
China (Mainland)	1	Australia	8
Hong Kong	20	Bahamas	1
Total international Company-owned	156	Canada	3
		Costa Rica	1
		Dominican Republic	1
		Guam	1
		Indonesia	3
		Total international franchised	172
Total Company-owned	1,169	Total franchised	329

(1) The count for Brazil is reported as of November 30, 2021 to correspond with the balance sheet date of this subsidiary.

We lease substantially all of our restaurant properties from third parties. As of December 26, 2021, our Company-owned restaurants were located on the following sites by segment:

	U.S.	INTERNATIONAL	TOTAL	PERCENTAGE OF TOTAL
Company-owned sites	26	—	26	2 %
Leased sites:				
Land, ground and building leases	682	—	682	58 %
Space and in-line leases	305	156	461	40 %
Total Company-owned restaurant sites	1,013	156	1,169	100 %

We also lease corporate offices in Tampa, Florida and São Paulo, Brazil.

**Item 3. Legal Proceedings**

For a description of our legal proceedings, see Note 22 - *Commitments and Contingencies* of the Notes to Consolidated Financial Statements of this Report.

**Item 4. Mine Safety Disclosures**

Not applicable.

**PART II**
**Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

*Market Information* - Our common stock is listed on the Nasdaq Global Select Market under the symbol “BLMN”.

*Dividends* - We began paying quarterly cash dividends on shares of our common stock in 2015 but suspended dividends in early 2020 at the onset of the COVID-19 pandemic. Under our Second Amended and Restated Credit Agreement (the “Credit Agreement”), we were restricted from paying dividends until after September 26, 2021 and we were compliant with our financial covenants. We were compliant with our financial covenants as of December 26, 2021 and in February 2022, our Board of Directors (our “Board”) declared a quarterly cash dividend. Future dividend payments will depend on continued compliance with our financial covenants, as well as our earnings, financial condition, capital expenditure requirements, surplus and other factors that our Board considers relevant.

*Holdings* - As of February 18, 2022, there were 104 holders of record of our common stock. The number of registered holders does not include holders who are beneficial owners whose shares are held in street name by brokers and other nominees.

*Securities Authorized for Issuance Under Equity Compensation Plans* - The following table presents the securities authorized for issuance under our equity compensation plans as of December 26, 2021:

(shares in thousands)	(a)	(b)	(c)
PLAN CATEGORY	NUMBER OF SECURITIES TO BE ISSUED UPON EXERCISE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS (1)	WEIGHTED AVERAGE EXERCISE PRICE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS (2)	NUMBER OF SECURITIES REMAINING AVAILABLE FOR FUTURE ISSUANCE UNDER EQUITY COMPENSATION PLANS (EXCLUDING SECURITIES REFLECTED IN COLUMN (a)) (3)
Equity compensation plans approved by security holders	5,765	\$ 20.42	8,911

(1) Includes 1,489 shares issuable in respect to restricted stock units and performance-based share units (assuming target achievement of applicable performance metrics).

(2) Amounts in this column relate only to options exercisable for common shares.

(3) The shares remaining available for issuance may be issued in the form of stock options, restricted stock units or other stock awards under the 2020 Omnibus Incentive Compensation Plan.

*Unregistered Sales of Equity Securities - Convertible Senior Notes and Warrants* - In May 2020, we issued \$230.0 million of 5.00% senior notes that are convertible into approximately 19.348 million shares of our common stock, at the initial conversion rate, and mature on May 1, 2025, unless earlier converted, redeemed or purchased by us (the “2025 Notes”). In connection with the offering of the 2025 Notes, we also sold warrants for approximately 19.348 million shares of our common stock with an initial strike price of \$16.64.

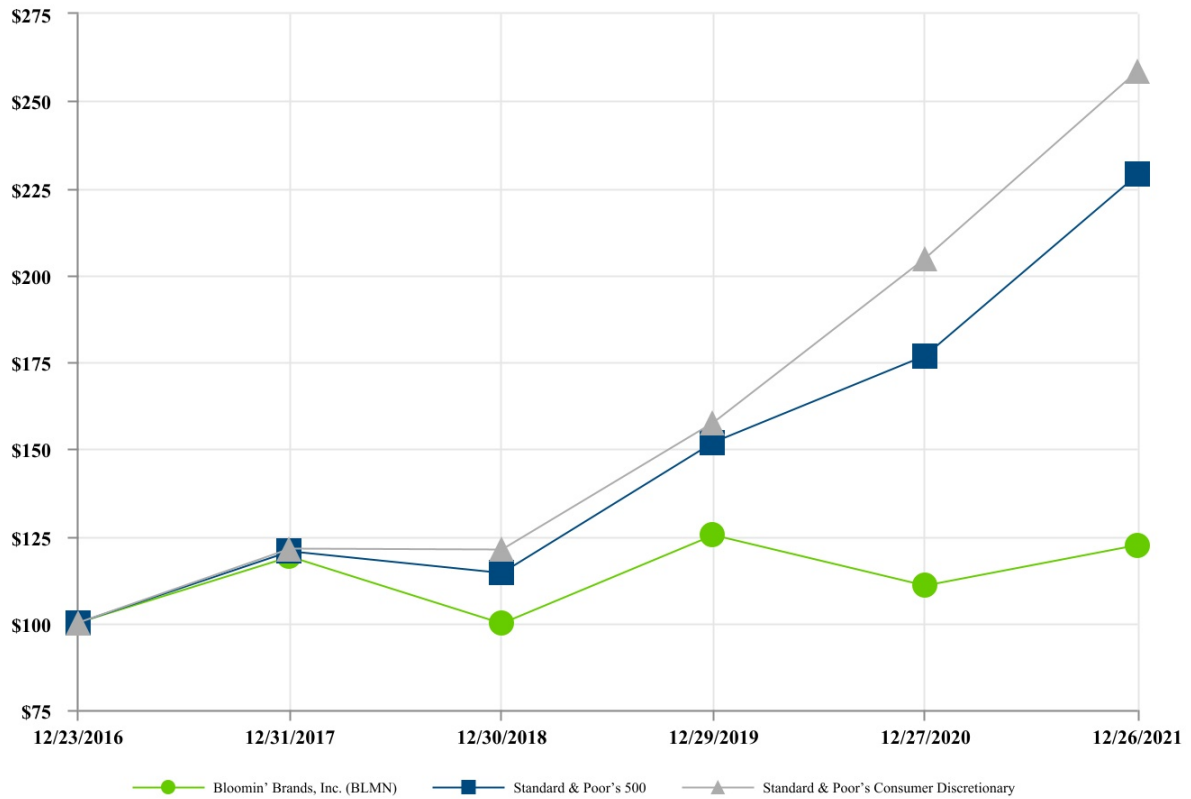
*Purchases of Equity Securities by the Issuer and Affiliated Purchasers* - We did not repurchase any shares of our outstanding common stock during the thirteen weeks ended December 26, 2021. On February 8, 2022, our Board approved a share repurchase program (the “2022 Share Repurchase Program”), as announced in our press release issued on February 18, 2022, under which we are authorized to repurchase up to \$125.0 million of our outstanding common stock. The 2022 Share Repurchase Program will expire on August 9, 2023.



**BLOOMIN' BRANDS, INC.**

*Stock Performance Graph* - The following graph depicts total return to stockholders from December 23, 2016 through December 26, 2021, relative to the performance of the Standard & Poor's 500 Index and the Standard & Poor's 500 Consumer Discretionary Sector, a peer group. The graph assumes an investment of \$100 in our common stock and in each index on December 23, 2016 (the last business day of the fiscal year of investment) and the reinvestment of dividends paid since that date. The stock price performance shown in the graph is not necessarily indicative of future price performance.

**Comparison of Cumulative Total Stockholder Return  
Bloomin' Brands, Inc., Standard & Poor's 500 and Standard & Poor's Consumer Discretionary Index  
(Performance Results Through December 26, 2021)**



	DECEMBER 23, 2016	DECEMBER 31, 2017	DECEMBER 30, 2018	DECEMBER 29, 2019	DECEMBER 27, 2020	DECEMBER 26, 2021
Bloomin' Brands, Inc. (BLMN)	\$ 100.00	\$ 118.89	\$ 99.68	\$ 125.24	\$ 110.66	\$ 122.33
Standard & Poor's 500	\$ 100.00	\$ 120.51	\$ 114.23	\$ 151.89	\$ 176.78	\$ 228.79
Standard & Poor's Consumer Discretionary	\$ 100.00	\$ 121.35	\$ 121.01	\$ 157.41	\$ 204.58	\$ 258.53

**Item 6. [Reserved]**

**BLOOMIN' BRANDS, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF**  
**FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

## **Item 7. 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 consolidated financial statements and the related notes. For discussion of our consolidated and segment-level results of operations, non-GAAP measures, and liquidity and capital resources for fiscal year 2019, see our Annual Report on Form 10-K for the year ended December 27, 2020, filed with the SEC on February 24, 2021.

### **Overview**

We are one of the largest casual dining restaurant companies in the world with a portfolio of leading, differentiated restaurant concepts. As of December 26, 2021, we owned and operated 1,169 full-service restaurants and off-premises only kitchens and franchised 329 full-service restaurants and off-premises only kitchens across 47 states, Guam and 17 countries. We have four founder-inspired concepts: Outback Steakhouse, Carrabba's Italian Grill, Bonefish Grill and Fleming's Prime Steakhouse & Wine Bar.

### **Financial Highlights**

Our financial highlights for 2021 include the following:

- U.S. combined and Outback Steakhouse comparable restaurant sales of 30.5% and 24.2%, respectively, relative to 2020 and 4.5% and 3.2%, respectively, relative to 2019;
- An increase in Total revenues of 30.0%, as compared to 2020, and a decrease in Total revenues of 0.4%, as compared to 2019;
- Restaurant-level operating margin of 16.5% for 2021, as compared to 9.9% and 14.9% for 2020 and 2019, respectively;
- Decrease in General and administrative expense of \$8.7 million and \$29.6 million, as compared to 2020 and 2019, respectively;
- Income from operations of \$309.0 million in 2021, as compared to Loss from operations of \$(175.0) million in 2020 and Income from operations of \$191.1 million in 2019; and
- Diluted earnings (loss) per share attributable to common stockholders of \$2.00 in 2021 as compared to \$(1.85) and \$1.45 in 2020 and 2019, respectively.

### **Business Strategies**

In 2022, our key business strategies include:

- *Enhance the 360-Degree Customer Experience to Drive Sustainable Healthy Sales Growth.* We plan to continue to make investments to enhance our core guest experience, increase off-premises dining occasions, remodel and relocate restaurants, invest in digital marketing and data personalization and utilize the Dine Rewards loyalty program and multimedia marketing campaigns to drive sales.
- *Drive Long-Term Shareholder Value.* We plan to drive long-term shareholder value by reinvesting operational cash flow into our business, improving our credit profile and returning excess cash to shareholders through share repurchases and dividends.
- *Enrich Engagement Among Stakeholders.* We take the responsibility to our people, customers and communities seriously and continue to invest in programs that support the well-being of those engaged with us.
- *Accelerate Growth Opportunities.* We believe a substantial development opportunity remains for our concepts in the U.S. and internationally through existing geography fill-in and market expansion. We will

**BLOOMIN' BRANDS, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF**  
**FINANCIAL CONDITION AND RESULTS OF OPERATIONS - Continued**

continue to pursue U.S. fill-in opportunities in key states such as Florida and Texas with Outback, and California and Florida with Fleming's. We will also focus on geographic regions in South America, with strategic expansion in Brazil, and pursue global franchise opportunities.

We intend to fund our business strategies, drive revenue growth and margin improvement, in part by reinvesting savings generated by cost savings and productivity initiatives across our businesses.

### **Key Financial Performance Indicators**

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

- *Average restaurant unit volumes*—average sales (excluding gift card breakage) per restaurant to measure changes in customer traffic, pricing and development of the brand;
- *Comparable restaurant sales*—year-over-year comparison of the change in sales volumes (excluding gift card breakage) for Company-owned restaurants that are open 18 months or more in order to remove the impact of new restaurant openings in comparing the operations of existing restaurants;
- *System-wide sales*—total restaurant sales volume for all Company-owned and franchise restaurants, regardless of ownership, to interpret the overall health of our brands;
- *Restaurant-level operating margin, Income (loss) from operations, Net income (loss) and Diluted earnings (loss) per share*—financial measures utilized to evaluate our operating performance.

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

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

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

**BLOOMIN' BRANDS, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF**  
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- *Adjusted restaurant-level operating margin, Adjusted income (loss) from operations, Adjusted net income (loss) and Adjusted diluted earnings (loss) per share—non-GAAP financial measures utilized to evaluate our operating performance, which definitions, usefulness and reconciliations are described in more detail in the “Non-GAAP Financial Measures” section below.*

### 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):	DECEMBER 26, 2021	DECEMBER 27, 2020
<b>U.S.:</b>		
Outback Steakhouse		
Company-owned	564	568
Franchised	130	138
Total	<u>694</u>	<u>706</u>
Carrabba's Italian Grill		
Company-owned	199	199
Franchised	20	21
Total	<u>219</u>	<u>220</u>
Bonefish Grill		
Company-owned	178	180
Franchised	7	7
Total	<u>185</u>	<u>187</u>
Fleming's Prime Steakhouse & Wine Bar		
Company-owned	64	63
Aussie Grill		
Company-owned (1)	5	3
U.S. total	<u>1,167</u>	<u>1,179</u>
<b>International:</b>		
Company-owned		
Outback Steakhouse - Brazil (2)	122	109
Other (1)(3)	33	32
Franchised		
Outback Steakhouse - South Korea (1)	78	76
Other (3)	54	56
International total	<u>287</u>	<u>273</u>
<b>System-wide total</b>	<u>1,454</u>	<u>1,452</u>
System-wide total - Company-owned	1,165	1,154
System-wide total - Franchised	289	298

- (1) Restaurant counts as of December 27, 2020 have been adjusted to exclude off-premises only locations included in the table below.
- (2) The restaurant counts for Brazil are reported as of November 30, 2021 and 2020, respectively, to correspond with the balance sheet dates of this subsidiary.
- (3) International Company-owned Other included two and one Aussie Grill locations as of December 26, 2021 and December 27, 2020, respectively. International Franchised Other included three Aussie Grill locations as of December 26, 2021 and December 27, 2020.

**BLOOMIN' BRANDS, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF**  
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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):	DECEMBER 26, 2021	DECEMBER 27, 2020
U.S:		
Company-owned	3	2
International:		
Company-owned	1	1
Franchised - South Korea	40	19
System-wide total	<u>44</u>	<u>22</u>

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

### Results of Operations

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

	FISCAL YEAR	
	2021	2020
Revenues		
Restaurant sales	98.5 %	99.2 %
Franchise and other revenues	1.5	0.8
Total revenues	<u>100.0</u>	<u>100.0</u>
Costs and expenses		
Food and beverage costs (1)	30.3	31.3
Labor and other related (1)	28.4	32.0
Other restaurant operating (1)	24.8	26.9
Depreciation and amortization	4.0	5.7
General and administrative	6.0	8.0
Provision for impaired assets and restaurant closings	0.3	2.4
Total costs and expenses	<u>92.5</u>	<u>105.5</u>
Income (loss) from operations	7.5	(5.5)
Loss on extinguishment and modification of debt	(0.1)	(*)
Other income, net	*	*
Interest expense, net	(1.4)	(2.1)
Income (loss) before provision (benefit) for income taxes	6.0	(7.6)
Provision (benefit) for income taxes	0.6	(2.6)
Net income (loss)	<u>5.4</u>	<u>(5.0)</u>
Less: net income (loss) attributable to noncontrolling interests	0.2	(*)
Net income (loss) attributable to Bloomin' Brands	<u>5.2 %</u>	<u>(5.0)%</u>

(1) As a percentage of Restaurant sales.

\* Less than 1/10<sup>th</sup> of one percent of Total revenues.

**BLOOMIN' BRANDS, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF**  
**FINANCIAL CONDITION AND RESULTS OF OPERATIONS - Continued**

**REVENUES**

*Restaurant Sales*

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

<b>(dollars in millions)</b>	<b>FISCAL YEAR</b>	
	<b>2021</b>	
For fiscal year 2020	\$	3,144.6
Change from:		
Comparable restaurant sales (1)		912.7
Restaurant openings (1)		54.4
Restaurant closures		(35.3)
Effect of foreign currency translation		(15.3)
For fiscal year 2021	\$	4,061.1

(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 a comparable restaurant will differ each period based on when the restaurant opened.

The increase in Restaurant sales in 2021 as compared to 2020 was primarily due to: (i) higher comparable restaurant sales from recovery of in-restaurant dining from the significantly reduced levels in 2020 after the onset of the pandemic and strong retention of off-premises sales and (ii) the opening of 48 new restaurants not included in our comparable restaurant sales base. The increase in Restaurant sales was partially offset by the closure of 46 restaurants since December 29, 2019 and the effect of foreign currency translation of the Brazilian Real relative to the U.S. dollar.

*Average Restaurant Unit Volumes and Operating Weeks*

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

<b>(dollars in thousands)</b>	<b>FISCAL YEAR</b>	
	<b>2021</b>	<b>2020</b>
Average restaurant unit volumes:		
U.S.		
Outback Steakhouse	\$ 3,822	\$ 3,062
Carrabba's Italian Grill	\$ 3,283	\$ 2,468
Bonefish Grill	\$ 3,036	\$ 2,135
Fleming's Prime Steakhouse & Wine Bar	\$ 5,208	\$ 3,189
International		
Outback Steakhouse - Brazil (1)	\$ 2,286	\$ 1,996
Operating weeks:		
U.S.		
Outback Steakhouse	29,415	29,714
Carrabba's Italian Grill	10,348	10,474
Bonefish Grill	9,318	9,651
Fleming's Prime Steakhouse & Wine Bar	3,321	3,418
International		
Outback Steakhouse - Brazil	5,907	5,389

(1) Translated at average exchange rates of 5.33 and 4.85 for 2021 and 2020, respectively.

**BLOOMIN' BRANDS, INC.**  
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*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:

	FISCAL YEAR		
	2021	2020	
	COMPARABLE TO 2019 (1)	COMPARABLE TO 2020	COMPARABLE TO 2019
Year over year percentage change:			
Comparable restaurant sales (stores open 18 months or more):			
U.S. (2)			
Outback Steakhouse	3.2 %	24.2 %	(16.9)%
Carrabba's Italian Grill	10.5 %	32.2 %	(16.4)%
Bonefish Grill	(1.7)%	40.6 %	(30.1)%
Fleming's Prime Steakhouse & Wine Bar	13.4 %	60.9 %	(29.5)%
Combined U.S.	4.5 %	30.5 %	(19.9)%
International			
Outback Steakhouse - Brazil (3)	(12.0)%	28.7 %	(31.4)%
Traffic:			
U.S.			
Outback Steakhouse	(2.6)%	18.1 %	(17.6)%
Carrabba's Italian Grill	6.4 %	24.6 %	(14.6)%
Bonefish Grill	(2.0)%	24.3 %	(20.0)%
Fleming's Prime Steakhouse & Wine Bar	3.8 %	41.7 %	(26.7)%
Combined U.S.	(0.6)%	20.7 %	(17.6)%
International			
Outback Steakhouse - Brazil	(3.6)%	23.5 %	(21.5)%
Average check per person (4):			
U.S.			
Outback Steakhouse	5.8 %	6.1 %	0.7 %
Carrabba's Italian Grill	4.1 %	7.6 %	(1.8)%
Bonefish Grill	0.3 %	16.3 %	(10.1)%
Fleming's Prime Steakhouse & Wine Bar	9.6 %	19.2 %	(2.8)%
Combined U.S.	5.1 %	9.8 %	(2.3)%
International			
Outback Steakhouse - Brazil	(8.2)%	5.6 %	(9.9)%

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

**BLOOMIN' BRANDS, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF**  
**FINANCIAL CONDITION AND RESULTS OF OPERATIONS - Continued**

*Franchise and other revenues*

(dollars in millions)	FISCAL YEAR	
	2021	2020
Franchise revenues (1)	\$ 45.5	\$ 21.2
Other revenues (2)	15.8	4.7
Franchise and other revenues	<u>\$ 61.3</u>	<u>\$ 25.9</u>

- (1) Represents franchise royalties, advertising fees and initial franchise fees. Franchise revenues increased during 2021 primarily due to higher franchise sales as a result of the impact of COVID-19 on 2020 franchise sales.
- (2) Includes a \$3.1 million benefit in 2021 from the recognition of recoverable Program of Social Integration ("PIS") and Contribution for the Financing of Social Security ("COFINS") taxes in connection with favorable court rulings in Brazil regarding the calculation methodology and taxable base. The amount recognized as a result of the favorable court rulings primarily represents refundable PIS and COFINS taxes for prior years, including accrued interest, and will be recovered by offsetting future PIS and COFINS taxes due.

*Franchisee Deferred Payment Agreement* - On December 27, 2020, we entered into the Resolution Agreement with Out West, who currently franchises approximately 80 Outback Steakhouse restaurants in the western United States, primarily in California. Under the terms of the Resolution Agreement, we agreed to permanently waive all past due royalties and advertising fees for the period of February 24, 2020 to July 26, 2020 and defer, among other items, all past due royalties and advertising fees for the period of July 27, 2020 to November 22, 2020 due to the significant impact of the COVID-19 pandemic on Out West's business. See Note 4 - *Revenue Recognition* of the Notes to Consolidated Financial Statements for further details regarding the Resolution Agreement.

During 2021, Out West franchise revenues recovered, approaching historical levels. Following is a summary of franchise and other revenues and comparable restaurant sales for Out West franchised locations for the periods indicated:

(dollars in millions)	FISCAL YEAR	
	2021	2020
Franchise revenues	\$ 22.4	\$ 4.4
Other revenues	5.3	1.0
Franchise and other revenues (1)	<u>\$ 27.7</u>	<u>\$ 5.4</u>
Out West comparable restaurant sales (stores open 18 months or more)	50.7 %	(32.9)%

- (1) Franchise and other revenues during 2020 were significantly impacted by the COVID-19 pandemic. During 2021, we collected Out West monthly royalty and advertising fees, and \$5.1 million of past due amounts deferred under the Resolution Agreement.

**COSTS AND EXPENSES**

*Food and beverage costs*

(dollars in millions)	FISCAL YEAR		CHANGE
	2021	2020	
Food and beverage costs	\$ 1,229.7	\$ 982.7	
% of Restaurant sales	30.3 %	31.3 %	(1.0)%

Food and beverage costs decreased as a percentage of Restaurant sales in 2021 as compared to 2020 primarily due to: (i) 0.9% from increases in average check per person, primarily driven by reduced discounting and an increase in menu pricing, (ii) 0.4% from the impact of certain cost savings initiatives and (iii) 0.3% from inventory obsolescence and spoilage costs during 2020 associated with the COVID-19 pandemic. These decreases were partially offset by an increase as a percentage of Restaurant sales of 0.6% from commodity inflation.



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In 2022, we anticipate approximately 11.0% to 13.0% commodity inflation, with approximately 70% of our estimated annual food purchases currently covered by fixed contracts and the remainder subject to floating market prices.

*Labor and other related expenses*

(dollars in millions)	FISCAL YEAR		CHANGE
	2021	2020	
Labor and other related	\$ 1,154.6	\$ 1,005.3	
% of Restaurant sales	28.4 %	32.0 %	(3.6)%

Labor and other related expenses include all direct and indirect labor costs incurred in operations, including distribution expense to Restaurant Managing Partners and other field incentive compensation expenses. Labor and other related expenses decreased as a percentage of Restaurant sales in 2021 as compared to 2020 primarily due to 4.1% from leveraging increased restaurant sales and 0.8% from the 2020 impact of net relief pay. These decreases were partially offset by increases as a percentage of Restaurant sales of 0.8% from wage rate increases and 0.4% from higher management bonus.

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

*Other restaurant operating expenses*

(dollars in millions)	FISCAL YEAR		CHANGE
	2021	2020	
Other restaurant operating	\$ 1,006.4	\$ 846.6	
% of Restaurant sales	24.8 %	26.9 %	(2.1)%

In August 2021, we entered into the Royalty Termination Agreement with the Carrabba's Founders for \$61.9 million in cash. See Note 22 - *Commitments and Contingencies* for additional details. We recorded Carrabba's Italian Grill royalty expense of \$3.0 million and \$3.8 million during fiscal years 2021 and 2020, respectively.

Other restaurant operating expenses include certain unit-level operating costs such as operating supplies, rent, repairs and maintenance, advertising expenses, utilities, pre-opening costs and other occupancy costs. A substantial portion of these expenses is fixed or indirectly variable. Other restaurant operating expenses decreased as a percentage of Restaurant sales in 2021 as compared to 2020 primarily due to: (i) 3.2% from leveraging increased restaurant sales, (ii) 1.0% from lower advertising expense and (iii) 0.3% from a decrease in off-premises related costs. These decreases were partially offset by increases as a percentage of Restaurant sales of 1.5% from the Carrabba's Italian Grill royalty termination payment and 0.8% from higher utilities, operating and rent expense.

*Depreciation and amortization*

(dollars in millions)	FISCAL YEAR		CHANGE
	2021	2020	
Depreciation and amortization	\$ 163.4	\$ 180.3	\$ (16.9)

Depreciation and amortization decreased in 2021 as compared to 2020 primarily due to a decreased level of capital expenditures since 2018, as compared to historical levels, and asset impairments during 2020.

**BLOOMIN' BRANDS, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF**  
**FINANCIAL CONDITION AND RESULTS OF OPERATIONS - Continued**

*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 period indicated:

(dollars in millions)	FISCAL YEAR 2021	
For fiscal year 2020	\$	254.4
Change from:		
Transformational costs		(12.7)
Severance		(7.0)
Expected credit losses and contingent lease liabilities		(6.9)
Travel and entertainment		(2.3)
Employee stock-based compensation		9.7
Incentive compensation		7.6
Other		2.8
For fiscal year 2021	\$	245.6

*Provision for impaired assets and restaurant closings*

(dollars in millions)	FISCAL YEAR		
	2021	2020	CHANGE
Provision for impaired assets and restaurant closings	\$ 13.7	\$ 76.4	\$ (62.7)

During 2020, we recognized asset impairment and closure charges of \$66.5 million and \$3.6 million within the U.S. and international segments, respectively, primarily related to the COVID-19 pandemic. COVID-19-related pre-tax asset impairments and closure costs include \$23.8 million in connection with the closure of 22 U.S. restaurants and from the update of certain cash flow assumptions, including lease renewal considerations. During 2020, we also recognized asset impairment charges related to transformational initiatives of \$6.3 million, which were not allocated to our operating segments. See Note 5 - *Impairments, Exit Costs and Disposals* of the Notes to Consolidated Financial Statements for further information.

The impairment and closure charges during 2021 resulted primarily from locations identified for closure or relocation.

*Income (loss) from operations*

(dollars in millions)	FISCAL YEAR		
	2021	2020	CHANGE
Income (loss) from operations	\$ 309.0	\$ (175.0)	
% of Total revenues	7.5 %	(5.5)%	13.0 %

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

**BLOOMIN' BRANDS, INC.**  
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*Interest expense, net*

(dollars in millions)	FISCAL YEAR		CHANGE
	2021	2020	
Interest expense, net	\$ 57.6	\$ 64.4	\$ (6.8)

The decrease in Interest expense, net during 2021 as compared to 2020 was primarily due to: (i) lower revolver and term loan borrowings, (ii) the discontinuance of debt discount amortization related to our 2025 Notes resulting from the modified retrospective adoption of a new accounting standard during 2021 and (iii) lower interest rates on our unhedged variable rate debt. These decreases were partially offset by increases in interest expense from our 2029 Notes issued in April 2021 and our 2025 Notes issued in May 2020.

*Provision (benefit) for income taxes*

(dollars in millions)	FISCAL YEAR		CHANGE
	2021	2020	
Income (loss) before provision (benefit) for income taxes	\$ 249.3	\$ (239.5)	\$ 488.8
Provision (benefit) for income taxes	\$ 26.4	\$ (80.7)	\$ 107.1
Effective income tax rate	10.6 %	33.7 %	(23.1)%

The net decrease in the effective income tax rate in 2021 as compared to 2020 was primarily due to the benefit of FICA tax credits on certain employees' tips reducing the effective income tax rate in 2021 as a result of pre-tax book income as compared to increasing the effective income tax rate in 2020 as a result of pre-tax book loss.

We have a blended federal and state statutory rate of approximately 26%. The effective income tax rate was lower in 2021 and higher in 2020 than the blended federal and state statutory rate primarily due to the benefit of tax credits for FICA taxes on certain employees' tips.

**Segments**

We consider our restaurant concepts and international markets as operating segments, which reflects how we manage our business, review operating performance and allocate resources. Resources are allocated and performance is assessed by our Chief Executive Officer, whom we have determined to be our Chief Operating Decision Maker ("CODM"). We aggregate our operating segments into two reportable segments, U.S. and international. The U.S. segment includes all restaurants operating in the U.S. while restaurants operating outside the U.S. are included in the international segment.

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

During 2020, we recorded \$32.4 million of pre-tax charges as a part of transformational initiatives. These costs were primarily recorded within General and administrative expense and Provision for impaired assets and restaurant closings and were not allocated to our segments since our CODM does not consider the impact of transformational initiatives when assessing segment performance.

Refer to Note 23 - *Segment Reporting* of the Notes to Consolidated Financial Statements for reconciliations of segment income (loss) from operations to the consolidated operating results.

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**U.S. Segment**

(dollars in thousands)	FISCAL YEAR	
	2021	2020
Revenues		
Restaurant sales	\$ 3,714,848	\$ 2,869,547
Franchise and other revenues	45,133	15,995
Total revenues	\$ 3,759,981	\$ 2,885,542
Restaurant-level operating margin	17.1 %	9.8 %
Income (loss) from operations	\$ 443,887	\$ (1,630)
Operating income (loss) margin	11.8 %	(0.1)%

*Restaurant sales*

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

(dollars in millions)	FISCAL YEAR	
	2021	
For fiscal year 2020	\$	2,869.5
Change from:		
Comparable restaurant sales (1)		854.9
Restaurant openings (1)		25.2
Restaurant closures		(34.7)
For fiscal year 2021	\$	3,714.9

(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 a comparable restaurant will differ each period based on when the restaurant opened.

The increase in U.S. Restaurant sales in 2021 as compared to 2020 was primarily due to: (i) higher comparable restaurant sales from recovery of in-restaurant dining from the significantly reduced levels in 2020 after the onset of the pandemic and strong retention of off-premises sales and (ii) the opening of 15 new restaurants not included in our comparable restaurant sales base. These increases were partially offset by the closure of 45 restaurants since December 29, 2019.

*Income (loss) from operations*

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

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### International Segment

(dollars in thousands)	FISCAL YEAR	
	2021	2020
Revenues		
Restaurant sales	\$ 346,245	\$ 275,089
Franchise and other revenues	16,159	9,930
Total revenues	\$ 362,404	\$ 285,019
Restaurant-level operating margin	12.7 %	8.3 %
Income (loss) from operations	\$ 16,657	\$ (13,479)
Operating income (loss) margin	4.6 %	(4.7)%

#### Restaurant sales

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

(dollars in millions)	FISCAL YEAR	
	2021	
For fiscal year 2020	\$	275.1
Change from:		
Comparable restaurant sales (1)		57.8
Restaurant openings (1)		29.2
Effect of foreign currency translation		(15.3)
Restaurant closures		(0.6)
For fiscal year 2021	\$	346.2

(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 a comparable restaurant will differ each period based on when the restaurant opened.

The increase in international Restaurant sales in 2021 as compared to 2020 was primarily due to: (i) higher comparable restaurant sales principally attributable to the impact of the COVID-19 pandemic on fiscal year 2020 international Restaurant sales and (ii) the opening of 33 new restaurants not included in our comparable restaurant sales base. These increases were partially offset by the effect of foreign currency translation of the Brazil Real relative to the U.S. dollar.

#### Income (loss) from operations

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

#### Non-GAAP Financial Measures

In addition to the results provided in accordance with U.S. GAAP, we provide certain non-GAAP measures, which present operating results on an adjusted basis. These are supplemental measures of performance that are not required by or presented in accordance with U.S. GAAP and include the following: (i) system-wide sales, (ii) Adjusted restaurant-level operating margins, (iii) Adjusted income (loss) from operations and the corresponding margins, (iv) Adjusted net income (loss) and (v) Adjusted diluted earnings (loss) per share.

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

These non-GAAP financial measures are not intended to replace U.S. GAAP financial measures, and they are not necessarily standardized or comparable to similarly titled measures used by other companies. We maintain internal guidelines with respect to the types of adjustments we include in our non-GAAP measures. These guidelines endeavor to differentiate between types of gains and expenses that are reflective of our core operations in a period, and those that may vary from period to period without correlation to our core performance in that period. However, implementation of these guidelines necessarily involves the application of judgment, and the treatment of any items not directly addressed by, or changes to, our guidelines will be considered by our disclosure committee. Refer to the reconciliations of non-GAAP measures for descriptions of the actual adjustments made in the current period and the corresponding prior period.

*System-Wide Sales* - System-wide sales is a non-GAAP financial measure that includes sales of all restaurants operating under our brand names, whether we own them or not. Management uses this information to make decisions about future plans for the development of additional restaurants and new concepts, as well as evaluation of current operations. System-wide sales comprise sales of Company-owned and franchised restaurants. For a summary of sales of Company-owned restaurants, refer to Note 4 - *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.

(dollars in millions)	FISCAL YEAR	
	2021	2020
U.S.		
Outback Steakhouse	\$ 445	\$ 327
Carrabba's Italian Grill	44	32
Bonefish Grill	11	8
U.S. total	500	367
International		
Outback Steakhouse - South Korea	305	253
Other	112	66
International total	417	319
Total franchise sales (1)	\$ 917	\$ 686

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

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

<b>Consolidated</b> (dollars in thousands)	FISCAL YEAR	
	2021	2020
Income (loss) from operations	\$ 308,958	\$ (174,973)
<i>Operating income (loss) margin</i>	7.5 %	(5.5)%
Less:		
Franchise and other revenues	61,292	25,925
Plus:		
Depreciation and amortization	163,391	180,261
General and administrative	245,616	254,356
Provision for impaired assets and restaurant closings	13,737	76,354
Restaurant-level operating income	<u>\$ 670,410</u>	<u>\$ 310,073</u>
<i>Restaurant-level operating margin</i>	16.5 %	9.9 %

<b>U.S.</b> (dollars in thousands)	FISCAL YEAR	
	2021	2020
Income (loss) from operations	\$ 443,887	\$ (1,630)
<i>Operating income (loss) margin</i>	11.8 %	(0.1)%
Less:		
Franchise and other revenues	45,133	15,995
Plus:		
Depreciation and amortization	134,244	144,298
General and administrative	89,314	88,536
Provision for impaired assets and restaurant closings	12,368	66,487
Restaurant-level operating income	<u>\$ 634,680</u>	<u>\$ 281,696</u>
<i>Restaurant-level operating margin</i>	17.1 %	9.8 %

<b>International</b> (dollars in thousands)	FISCAL YEAR	
	2021	2020
Income (loss) from operations	\$ 16,657	\$ (13,479)
<i>Operating income (loss) margin</i>	4.6 %	(4.7)%
Less:		
Franchise and other revenues	16,159	9,930
Plus:		
Depreciation and amortization	22,650	23,722
General and administrative	19,679	18,916
Provision for impaired assets and restaurant closings	1,100	3,640
Restaurant-level operating income	<u>\$ 43,927</u>	<u>\$ 22,869</u>
<i>Restaurant-level operating margin</i>	12.7 %	8.3 %

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*Adjusted restaurant-level operating margin* - Restaurant-level operating margin is calculated as Restaurant sales after deduction of the main restaurant-level operating costs, which includes Food and beverage costs, Labor and other related and Other restaurant operating expense. Adjusted restaurant-level operating margin is Restaurant-level operating margin adjusted for certain items, as noted below. The following table presents the percentages of certain operating cost financial statement line items in relation to Restaurant sales for the periods indicated:

	FISCAL YEAR			
	2021		2020	
	U.S. GAAP	ADJUSTED (1)	U.S. GAAP	ADJUSTED (1)
Restaurant sales	100.0 %	100.0 %	100.0 %	100.0 %
Food and beverage costs	30.3 %	30.3 %	31.3 %	30.9 %
Labor and other related	28.4 %	28.4 %	32.0 %	32.0 %
Other restaurant operating	24.8 %	23.2 %	26.9 %	26.9 %
Restaurant-level operating margin	16.5 %	18.1 %	9.9 %	10.2 %

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

(dollars in millions)	FISCAL YEAR	
	2021	2020
Royalty termination expense	\$ (61.9)	\$ —
Legal and other matters	(2.7)	—
COVID-19-related costs (i)	—	(14.3)
Asset impairments and closing costs	—	2.7
	<u>\$ (64.6)</u>	<u>\$ (11.6)</u>

(i) Includes \$11.0 million of adjustments recorded in Food and beverage costs.



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Adjusted income (loss) from operations, Adjusted net income (loss) and Adjusted diluted earnings (loss) per share - The following table reconciles Adjusted income (loss) from operations and the corresponding margins, Adjusted net income (loss) and Adjusted diluted earnings (loss) per share to their respective most comparable U.S. GAAP measures for the periods indicated:

(in thousands, except share and per share data)	FISCAL YEAR	
	2021	2020
Income (loss) from operations	\$ 308,958	\$ (174,973)
Operating income (loss) margin	7.5 %	(5.5)%
Adjustments:		
Royalty termination expense (1)	61,880	—
Severance and other transformational costs (2)	2,764	32,404
Legal and other matters (3)	(372)	178
COVID-19-related costs (4)	—	93,811
Asset impairments and closure costs (5)	—	(2,205)
Total income (loss) from operations adjustments	64,272	124,188
Adjusted income (loss) from operations	\$ 373,230	\$ (50,785)
Adjusted operating income (loss) margin	9.1 %	(1.6)%
Diluted net income (loss) attributable to common stockholders	\$ 215,900	\$ (162,211)
Convertible senior notes if-converted method interest adjustment, net of tax (6)	345	—
Net income (loss) attributable to common stockholders	215,555	(162,211)
Adjustments:		
Income (loss) from operations adjustments	64,272	124,188
Loss on extinguishment and modification of debt	2,073	—
Amortization of debt discount (7)	—	6,275
Total adjustments, before income taxes	66,345	130,463
Adjustment to provision for income taxes (8)	(21,222)	(32,526)
Redemption of preferred stock in excess of carrying value (9)	—	3,496
Net adjustments	45,123	101,433
Adjusted net income (loss)	\$ 260,678	\$ (60,778)
Diluted earnings (loss) per share attributable to common stockholders (10)	\$ 2.00	\$ (1.85)
Adjusted diluted earnings (loss) per share (11)	\$ 2.70	\$ (0.69)
Diluted weighted average common shares outstanding (10)	107,803	87,468
Adjusted diluted weighted average common shares outstanding (11)	96,426	87,468

- (1) Payment made to the Carrabba's Founders in connection with the Royalty Termination Agreement. See Note 22 - *Commitments and Contingencies* of the Notes to Consolidated Financial Statements for additional details regarding the Royalty Termination Agreement.
- (2) Severance, professional fees and other costs incurred as a result of transformational and restructuring activities.
- (3) For 2021, includes: (i) a \$3.1 million benefit from the recognition of recoverable PIS and COFINS taxes, including accrued interest, within other revenues as a result of favorable court rulings and (ii) an accrual of \$2.7 million for Imposto sobre Serviços ("ISS"), a Brazilian municipal service tax, in connection with royalties from our Brazilian subsidiary over the past five years, including related penalties and interest, recorded within Other restaurant operating expense as a result of an unfavorable Brazilian Supreme Court ruling.
- (4) Costs incurred in connection with the COVID-19 pandemic, primarily consisting of fixed asset and right-of-use asset impairments, restructuring charges, inventory obsolescence and spoilage, contingent lease liabilities and current expected credit losses. See Note 3 - *2020 COVID-19 Charges* of the Notes to Consolidated Financial Statements for additional details regarding the impact of certain COVID-19 pandemic-related charges on our financial results.

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- (5) Primarily includes a lease termination gain of \$2.8 million.
- (6) Adjustment for interest expense related to the 2025 Notes weighted for the portion of the period prior to our election under the 2025 Notes indenture to settle the principal portion of our 2025 Notes in cash. The calculation of adjusted diluted earnings per share excludes 2025 Notes interest adjustment.
- (7) Amortization of debt discount related to the issuance of the 2025 Notes. See Note 14 - *Convertible Senior Notes* of the Notes to Consolidated Financial Statements for details.
- (8) Income tax effect of the adjustments for the periods presented. Also includes a \$4.2 million adjustment during 2021 for the reduction of certain unrecognized tax benefits related to tax positions taken during a prior period.
- (9) Consideration paid in excess of the carrying value for the redemption of preferred stock of our Abbraccio concept.
- (10) Due to the GAAP net loss, the effect of dilutive securities was excluded from the calculation of GAAP diluted loss per share for 2020.
- (11) For fiscal year 2021, adjusted diluted weighted average common shares outstanding was calculated: (i) assuming our February 2021 election to settle the principal portion of the 2025 Notes in cash was in effect for the entire fiscal year and (ii) excluding the dilutive effect of 9,992 shares to be issued upon conversion of the 2025 Notes to satisfy the amount in excess of the principal since our convertible notes hedge offsets the dilutive impact of the shares underlying the 2025 Notes.

## Liquidity and Capital Resources

### Cash and Cash Equivalents

As of December 26, 2021, we had \$87.6 million in cash and cash equivalents, of which \$26.6 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 December 26, 2021, we had aggregate accumulated foreign earnings of approximately \$28.8 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 no longer considered indefinitely reinvested in our foreign subsidiaries. See Note 21 - *Income Taxes* of the Notes to Consolidated Financial Statements for further information regarding our indefinite reinvestment assertion.

### 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 periods indicated:

(dollars in thousands)	SENIOR SECURED CREDIT FACILITY		FORMER CREDIT FACILITY		2025 NOTES	2029 NOTES	TOTAL CREDIT FACILITIES
	TERM LOAN A	REVOLVING FACILITY	TERM LOAN A	REVOLVING FACILITY			
Balance as of December 29, 2019	\$ —	\$ —	\$ 450,000	\$ 599,000	\$ —	\$ —	\$ 1,049,000
2020 new debt	—	—	—	505,000	230,000	—	735,000
2020 payments	—	—	(25,000)	(657,000)	—	—	(682,000)
Balance as of December 27, 2020	—	—	425,000	447,000	230,000	—	1,102,000
2021 new debt	200,000	455,000	—	15,000	—	300,000	970,000
2021 payments	(5,000)	(375,000)	(425,000)	(462,000)	—	—	(1,267,000)
Balance as of December 26, 2021 (1)	\$ 195,000	\$ 80,000	\$ —	\$ —	\$ 230,000	\$ 300,000	\$ 805,000

Interest rates, as of December 26, 2021

(2)	1.60 %	3.75 %	5.00 %	5.13 %
Principal maturity date	April 2026	April 2026	May 2025	April 2029

(1) Subsequent to December 26, 2021, we repaid the remaining \$80.0 million balance on our revolving credit facility.

(2) Interest rate for Term loan A represents the weighted average interest rate. Interest rate for the revolving credit facility represents the base rate option elected in anticipation of impending repayment.

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As of December 26, 2021, we had \$699.3 million in available unused borrowing capacity under our revolving credit facility, net of letters of credit of \$20.7 million.

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

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

*Credit Agreement* - On April 16, 2021, we and OSI, as co-borrowers, entered into the Credit Agreement, which provides for senior secured financing of up to \$1.0 billion consisting of a \$200.0 million Term loan A and an \$800.0 million revolving credit facility (the "Senior Secured Credit Facility"). The Senior Secured Credit Facility matures on April 16, 2026 and replaced our prior senior secured financing of up to \$1.5 billion (the "Former Credit Facility").

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

See Note 13 - *Long-term Debt, Net* for additional details regarding the 2029 Notes and Credit Agreement.

As of December 26, 2021 and December 27, 2020, we were in compliance with our debt covenants. We believe that we will remain in compliance with our debt covenants during the next 12 months.

*Cash Flow Hedges of Interest Rate Risk* - In October 2018, we entered into variable-to-fixed interest rate swap agreements with 12 counterparties to hedge a portion of the cash flows of our variable rate debt. The swap agreements have an aggregate notional amount of \$550.0 million and mature on November 30, 2022. We pay a weighted average fixed rate of 3.04% on the notional amount and receive payments from the counterparties based on the one-month London Inter-Bank Offered Rate ("LIBOR") rate. See Note 17 - *Derivative Instruments and Hedging Activities* of the Notes to Consolidated Financial Statements for further information.

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

As a result of our anticipated decrease in variable rate debt balances due to significant voluntary debt payments, on December 9, 2021 we terminated our variable-to-fixed interest rate swap agreements with three counterparties having an aggregate notional amount of \$150.0 million for a payment of approximately \$4.1 million, including accrued interest. Following these terminations, \$4.1 million of unrealized losses related to the terminated swap agreements included in AOCL will be amortized to Interest expense, net during 2022.

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Use of Cash

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

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

*Capital Expenditures* - We estimate that our capital expenditures will total approximately \$225 million to \$240 million in 2022. The amount of actual capital expenditures may be affected by general economic, financial, competitive, legislative and regulatory factors, among other things, including raw material constraints.

*Material Cash Requirements* - The following table presents current and long-term material cash requirements as of December 26, 2021:

(dollars in thousands)	PAYMENTS DUE BY PERIOD				
	TOTAL	LESS THAN 1 YEAR	1-3 YEARS	3-5 YEARS	MORE THAN 5 YEARS
Operating leases (1)	\$ 2,383,335	\$ 185,093	\$ 372,180	\$ 335,428	\$ 1,490,634
Long-term debt:					
Principal (2)	807,376	10,976	23,683	472,717	300,000
Interest (3)	187,845	38,524	69,711	44,376	35,234
Purchase obligations (4)	206,634	167,753	37,100	1,781	—
Other obligations (5)	58,963	20,939	10,842	3,247	23,935
Total	\$ 3,644,153	\$ 423,285	\$ 513,516	\$ 857,549	\$ 1,849,803

- (1) Amounts represent undiscounted future minimum rental commitments under non-cancelable operating leases. Includes \$1.0 billion related to lease renewal options that are reasonably certain of exercise.
- (2) Includes Senior Secured Credit Facility, 2029 Notes, 2025 Notes and finance lease obligations. Amount is not reduced by unamortized debt issuance costs and finance lease interest totaling \$14.3 million.
- (3) Projected future interest payments on long-term debt are based on interest rates in effect as of December 26, 2021 and assume only scheduled principal payments. Estimated interest expense includes the impact of remaining variable-to-fixed interest rate swap agreements.
- (4) Purchase obligations include agreements to purchase goods or services that are enforceable, legally binding and specify all significant terms, including fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction. We have purchase obligations with various vendors that consist primarily of inventory, technology, restaurant-level service contracts and advertising.
- (5) Includes other long-term liabilities, primarily consisting of deferred compensation obligations, deposits and other accrued obligations. Unrecognized tax benefits are excluded from this table since it is not possible to estimate when these future payments will occur.

*Dividends and Share Repurchases* - In April 2021, we entered into our Credit Agreement, the terms of which contained certain restrictions on cash dividends and share repurchases until after September 26, 2021 and we were compliant with our financial covenants. We were compliant with our financial covenants as of December 26, 2021 and we believe that we will remain in compliance with our debt covenants during the next 12 months. As such, absent unanticipated circumstances, we do not believe that compliance with our financial covenants will materially limit our ability to pay dividends in the near term and future dividend payments will depend on various other factors considered by our Board as noted below.

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During the first quarter of 2020, we declared and paid dividends of \$0.20 per share. We did not pay dividends during 2021. In February 2022, our Board declared a quarterly cash dividend of \$0.14 per share, payable on March 16, 2022 to shareholders of record at the close of business on March 2, 2022.

We did not repurchase any shares of our outstanding common stock during 2021. On February 8, 2022, our Board approved the 2022 Share Repurchase Program under which we are authorized to repurchase up to \$125.0 million of our outstanding common stock. The 2022 Share Repurchase Program will expire on August 9, 2023.

Following is a summary of our former share repurchase programs as of December 26, 2021 (dollars in thousands):

SHARE REPURCHASE PROGRAM	BOARD APPROVAL DATE	AUTHORIZED	REPURCHASED	CANCELLED OR EXPIRED	REMAINING
2014	December 12, 2014	\$ 100,000	\$ 100,000	\$ —	\$ —
2015	August 3, 2015	\$ 100,000	69,999	\$ 30,001	\$ —
2016	February 12, 2016	\$ 250,000	139,892	\$ 110,108	\$ —
July 2016	July 26, 2016	\$ 300,000	247,731	\$ 52,269	\$ —
2017	April 21, 2017	\$ 250,000	195,000	\$ 55,000	\$ —
2018	February 16, 2018	\$ 150,000	113,967	\$ 36,033	\$ —
2019	February 12, 2019	\$ 150,000	106,992	\$ 43,008	\$ —
Total share repurchase programs			\$ 973,581		

The following table presents our dividends and share repurchases for the periods indicated:

(dollars in thousands)	DIVIDENDS PAID	SHARE REPURCHASES	TOTAL
Fiscal year 2021	\$ —	\$ —	\$ —
Fiscal year 2020	17,480	—	17,480
Fiscal year 2019	35,734	106,992	142,726
Fiscal year 2018	33,312	113,967	147,279
Fiscal year 2017	30,988	272,736	303,724
Fiscal year 2016	31,379	309,887	341,266
Fiscal year 2015	29,332	169,999	199,331
Total	\$ 178,225	\$ 973,581	\$ 1,151,806

Our ability to pay dividends and make share repurchases is dependent on our ability to obtain funds from our subsidiaries, continued compliance with the financial covenants in our debt agreements and the existence of surplus, as well as our earnings, financial condition, capital expenditure requirements and other factors that our Board deems relevant.

*Lease Guarantees* - We guarantee certain lease agreements primarily related to divested restaurant properties in circumstances where we have assigned our lease interest. In the event of non-payment by the primary lessees, we may be required to satisfy these lease agreements with cash. See Note 22 - *Commitments and Contingencies* for additional details regarding our lease guarantees.

*Deferred Compensation Programs* - Certain Restaurant Managing Partners and Chef Partners in the U.S. ("U.S. Partners") participate in deferred compensation programs that are subject to the rules of Section 409A of the Internal Revenue Code. The deferred compensation obligations due under these plans was \$15.5 million and \$28.1 million as of December 26, 2021 and December 27, 2020, respectively. We invest in various corporate-owned life insurance policies, which are held within an irrevocable grantor or rabbi trust account for settlement of our obligations under the deferred compensation plans. The obligation for U.S. Partners' deferred compensation was fully funded as of December 26, 2021.

**BLOOMIN' BRANDS, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF**  
**FINANCIAL CONDITION AND RESULTS OF OPERATIONS - Continued**

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:

(dollars in thousands)	FISCAL YEAR	
	2021	2020
Net cash provided by operating activities	\$ 402,455	\$ 138,849
Net cash used in investing activities	(104,745)	(76,639)
Net cash used in financing activities	(317,419)	(16,773)
Effect of exchange rate changes on cash and cash equivalents	(1,642)	(2,174)
Net (decrease) increase in cash, cash equivalents and restricted cash	\$ (21,351)	\$ 43,263

*Operating activities* - Net cash provided by operating activities increased during 2021 as compared to 2020 primarily due to a significant improvement in revenues and operating results, partially offset by: (i) cash paid in connection with the Carrabba's Italian Grill royalty termination, (ii) timing of collections of gift card receivables, (iii) higher inventory purchases, (iv) payment of payroll taxes deferred in 2020 as a result of the Coronavirus, Aid, Relief and Economic Security Act, (v) cash paid to terminate interest rate swap agreements and (vi) timing of operational payments and receipts.

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

*Financing activities* - The increase in net cash used in financing activities during 2021 as compared to 2020 was primarily due to our capital restructuring and debt payments throughout the fiscal year that lowered bank debt and unsecured notes by an aggregate of \$297.0 million.

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

(dollars in thousands)	DECEMBER 26, 2021	DECEMBER 27, 2020
Current assets	\$ 352,792	\$ 323,854
Current liabilities	984,625	950,104
Working capital (deficit)	\$ (631,833)	\$ (626,250)

Working capital (deficit) includes: (i) Unearned revenue primarily from unredeemed gift cards of \$398.8 million and \$381.6 million as of December 26, 2021 and December 27, 2020, respectively, and (ii) current operating lease liabilities of \$177.0 million and \$176.8 million as of December 26, 2021 and December 27, 2020, respectively, with the corresponding operating right-of-use assets recorded as non-current on our Consolidated Balance Sheets. We have, and in the future may continue to have, negative working capital balances (as is common for many restaurant companies). We operate successfully with negative working capital because cash collected on restaurant sales are typically received before payment is due on our current liabilities, and our inventory turnover rates require relatively low investment in inventories. Additionally, ongoing cash flows from restaurant operations and gift card sales are typically used to service debt obligations and to make capital expenditures.

**BLOOMIN' BRANDS, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF**  
**FINANCIAL CONDITION AND RESULTS OF OPERATIONS - Continued**

### **Critical Accounting Policies and Estimates**

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these accompanying consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities during the reporting period. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. We consider an accounting estimate to be critical if it requires assumptions to be made and changes in these assumptions could have a material impact on our consolidated financial condition or results of operations.

*Impairment or Disposal of Long-Lived Assets* - Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The evaluation is performed at the lowest level of identifiable cash flows independent of other assets. For long-lived assets deployed at our restaurants, we review for impairment at the individual restaurant level.

When evaluating for impairment, the total future undiscounted cash flows expected to be generated by the assets are compared to the carrying amount. If the total future undiscounted cash flows expected to be generated by the assets are less than the carrying amount, this may be an indicator of impairment. An impairment loss is recognized in earnings when the asset's carrying value exceeds its estimated fair value. Fair value is generally estimated using a discounted cash flow model. The key estimates and assumptions used in this model are future cash flow estimates, with material changes generally driven by changes in expected use, and the discount rate. These estimates are subjective and our ability to realize future cash flows and asset fair values is affected by factors such as ongoing maintenance and improvement of the assets, changes in economic conditions and changes in our operating performance. Historically, the change in useful lives of our assets as a result of planned closures or the decision not to renew leases has been a key factor in the impairment we have recognized.

*Goodwill and Indefinite-Lived Intangible Assets* - Goodwill and indefinite-lived intangible assets are tested for impairment annually in the second fiscal quarter, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

We may elect to perform a qualitative assessment to determine whether it is more likely than not that a reporting unit is impaired. In considering the qualitative approach, we evaluate factors including, but not limited to, macro-economic conditions, market and industry conditions, commodity cost fluctuations, competitive environment, share price performance, results of prior impairment tests, operational stability and the overall financial performance of the reporting units.

If the qualitative assessment is not performed or if we determine that it is not more likely than not that the fair value of the reporting unit exceeds the carrying value, the fair value of the reporting unit is calculated. Fair value of a reporting unit is the price a willing buyer would pay for the reporting unit and is estimated by utilizing a weighted average of the income approach, using a discounted cash flow model, and, when appropriate, the market approach including the guideline public company method and guideline transaction method. The key estimates and assumptions used in these models are future cash flow estimates, which are heavily influenced by revenue growth rates, operating margins and capital expenditures. These estimates are subjective, and our ability to achieve the forecasted cash flows used in our fair value calculations is affected by factors such as the success of strategic initiatives, changes in economic conditions, changes in our operating performance and changes in our business strategies. The fair value of the trade names is determined through a relief from royalty method.



**BLOOMIN' BRANDS, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF**  
**FINANCIAL CONDITION AND RESULTS OF OPERATIONS - Continued**

The carrying value of the reporting unit or trade name is compared to its estimated fair value, with any excess of carrying value over fair value deemed to be an indicator of impairment.

The carrying value of goodwill as of December 26, 2021 was \$268.4 million. We performed our annual impairment test in the second quarter of 2021 by utilizing the qualitative approach and determined that there were no events or circumstances to indicate that it was more likely than not that the fair value of our reporting units was less than their carrying values.

Sales declines at our restaurants, unplanned increases in commodity or labor costs, deterioration in overall economic conditions and challenges in the restaurant industry may result in future impairment charges. It is possible that changes in circumstances or changes in our judgments, assumptions and estimates could result in an impairment charge of a portion or all of our goodwill or other intangible assets.

*Leases* - We use judgment to determine the reasonably certain lease term, which in turn, impacts the applicable incremental borrowing rate ("IBR") used to calculate the initial lease liability for each portfolio of leases. Other assumptions used in determining our incremental borrowing rate include our implied credit rating and an estimate of secured borrowing rates based on comparable market data. We determined the present value of the lease liabilities by using a country specific IBR and applying a single rate to the respective portfolio of leases based on term, regardless of the underlying asset type.

The reasonably certain lease term used in the evaluation of existing leases at transition and new leases after adoption of the new lease standard includes renewal option periods only in instances in which the exercise of the renewal option is reasonably certain because failure to exercise such an option would result in an economic penalty. Such an economic penalty would typically result from having to abandon a building or equipment with remaining economic value upon vacating a property.

We use our estimated IBR, which is derived from information available at the lease commencement date, in determining the present value of lease payments. We give consideration to market data as well as publicly available data for instruments with similar characteristics when calculating our IBR.

At the inception of each lease, we evaluate the property and the lease to determine whether the lease is an operating lease or a financing lease. This lease accounting evaluation may require significant judgment in determining the fair value and useful life of the leased property and the appropriate reasonably certain lease term. These judgments may produce materially different amounts of rent expense in a given reporting period than would be reported if different assumed lease terms were used.

*Insurance Reserves* - We carry insurance programs with specific retention levels or high per-claim deductibles for a significant portion of expected losses under our workers' compensation, general or liquor liability, health, property and management liability insurance programs. For some programs, we maintain stop-loss coverage to limit the exposure relating to certain risks.

We record a liability for all unresolved claims and for an estimate of incurred but not reported claims at the anticipated cost that falls below our specified retention levels or per-claim deductible amounts. Our liability for insurance claims was \$53.5 million and \$52.8 million as of December 26, 2021 and December 27, 2020, respectively. In establishing our reserves, we consider certain actuarial assumptions and judgments regarding economic conditions, and the frequency and severity of claims. The establishment of the reserves utilizing such estimates and assumptions is in part based on the premise that historical claims experience is indicative of current or future expected activity, which could differ significantly. Reserves recorded for workers' compensation and general or liquor liability claims are discounted using the average of the one-year and five-year risk-free rate of monetary assets that have comparable maturities.



**BLOOMIN' BRANDS, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF**  
**FINANCIAL CONDITION AND RESULTS OF OPERATIONS - Continued**

If actual results are not consistent with our estimates or assumptions, we may be exposed to losses or gains that could be material. A 50 basis point change in the discount rate in our insurance claim liabilities as of December 26, 2021, would have affected net earnings by \$0.8 million in 2021.

*Income Taxes* - Deferred tax assets and liabilities are recognized based on the differences between the financial statement carrying amounts of assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the tax rates, based on certain judgments regarding enacted tax laws and published guidance, in effect in the years in which we expect those temporary differences to reverse. As of December 26, 2021, tax loss carryforwards and credit carryforwards that do not have a valuation allowance are expected to be recoverable within the applicable statutory expiration periods. We currently expect to utilize general business tax credit carryforwards within a 10-year period. However, our ability to utilize these tax credits could be adversely impacted by, among other items, a future "ownership change" as defined under Section 382 of the Internal Revenue Code. A valuation allowance is established against the deferred tax assets when it is more likely than not that some portion or all of the deferred taxes may not be realized. Changes in assumptions regarding our level and composition of earnings, tax laws or the deferred tax valuation allowance and the results of tax audits, may materially impact the effective income tax rate.

While we consider all of our tax positions to be fully supportable, our income tax returns, like those of most companies, are periodically audited by U.S. and foreign tax authorities. In determining taxable income, income or loss before taxes is adjusted for differences between local tax laws and generally accepted accounting principles. A tax benefit from an uncertain position is recognized only if it is more likely than not that the position is sustainable based on its technical merits. For uncertain tax positions that do not meet this threshold, we recognize a liability. The liability for unrecognized tax benefits requires significant management judgment regarding exposures about our various tax positions. These assumptions and probabilities are reviewed and updated based upon new information. An unfavorable tax settlement could require the use of cash and an increase in the amount of income tax expense we recognize. As of December 26, 2021, we had \$18.8 million of unrecognized tax benefits, including accrued interest and penalties, that if recognized, would impact our effective income tax rate.

#### **Recently Issued Financial Accounting Standards**

For a description of recently issued Financial Accounting Standards that we adopted in 2021 and, that are applicable to us and likely to have material effect on our consolidated financial statements, but have not yet been adopted, see Note 2 - *Summary of Significant Accounting Policies* of the Notes to Consolidated Financial Statements.

**Item 7A. 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. During 2021, we substantially reduced our variable rate debt borrowings and terminated a significant portion of our interest rate swap agreements, which significantly reduced our market risk exposure related to interest rate risk.

**Commodity Pricing Risk**

Many of the ingredients used in the products sold in our restaurants are commodities that are subject to unpredictable price volatility. Although we attempt to minimize the effect of price volatility by negotiating fixed price contracts for the supply of key ingredients, there are no established fixed price markets for certain commodities such as produce and wild fish, and we are subject to prevailing market conditions when purchasing those types of commodities. Other commodities are purchased based upon negotiated price ranges established with vendors with reference to the fluctuating market prices. The related agreements may contain contractual features that limit the price paid by establishing certain price floors and caps. As of December 26, 2021, approximately 70% of our estimated 2022 annual food purchases were covered by fixed contracts, most of which are scheduled to expire during 2022.

During 2021, commodity markets began experiencing elevated levels of inflation across all proteins given strong consumer demand and product shortages due to supply chain disruptions. In addition, higher input costs across labor, fuel, freight and packaging contributed to increases as well. We anticipate commodity inflation to be approximately 11.0% to 13.0% for 2022. Extreme changes in commodity prices or long-term changes could affect our financial results adversely. We expect that in most cases increased commodity prices could be passed through to our customers through increases in menu prices. However, if there is a time lag between the increasing commodity prices and our ability to increase menu prices, or if we believe the commodity price increase to be short in duration and we choose not to pass on the cost increases, our short-term financial results could be negatively affected. Additionally, from time to time, competitive circumstances could limit menu price flexibility, and in those cases, margins would be negatively impacted by increased commodity prices. Currently we do not use financial instruments to hedge our commodity risk.

In addition to the market risks identified above, we are subject to business risk as our U.S. beef supply is highly dependent upon a limited number of vendors. If these vendors were unable to fulfill their obligations under their contracts, we could encounter supply shortages and incur higher costs to secure adequate supplies. See Note 22 - *Commitments and Contingencies* of the Notes to Consolidated Financial Statements for further details.

**Labor Inflation**

Our restaurant operations are subject to federal and state minimum wage and other laws governing such matters as working conditions, overtime and tip credits. A significant number of our restaurant team members are paid at rates related to the federal and/or state minimum wage and, accordingly, increases in the minimum wage increase our labor costs. To the extent permitted by competition and the economy, we have mitigated increased costs by increasing menu prices and may continue to do so if deemed necessary in future years. Substantial increases in costs and expenses could impact our operating results to the extent such increases cannot be passed through to our guests. We anticipate high-single digit labor cost inflation during 2022.

**Foreign Currency Exchange Rate Risk**

We are subject to foreign currency exchange risk for our restaurants operating in foreign countries. Our exposure to foreign currency exchange risk is primarily related to fluctuations in the Brazilian Real relative to the U.S. dollar. Our operations in other markets consist of Company-owned restaurants on a smaller scale than Brazil. If foreign currency exchange rates depreciate in the countries in which we operate, we may experience declines in our operating results. Currently, we do not use financial instruments to hedge foreign currency exchange rate changes.

For 2021, 8.8% of our revenue was generated in foreign currencies. A 10% change in average foreign currency rates against the U.S. dollar would have increased or decreased our Total revenues for our foreign entities by \$38.9 million. The 10% change would not have had a material effect on Net income.

**Interest Rate Risk**

We are exposed to market risk from fluctuations in interest rates, which could affect our consolidated balance sheet, earnings and cash flows. As of December 26, 2021, our interest rate risk was primarily from variable interest rate changes on our Senior Secured Credit Facility. We manage our exposure to market risk through regular operating and financing activities and when deemed appropriate, through the use of derivative financial instruments. We use derivative financial instruments as risk management tools and not for speculative purposes. To manage the risk of fluctuations in variable interest rate debt, we have interest rate swaps. As of December 26, 2021, we had interest rate swaps with an aggregate notional amount of \$125.0 million that mature on November 30, 2022. See Note 17 - *Derivative Instruments and Hedging Activities* of the Notes to Consolidated Financial Statements for further information.

We utilize valuation models to estimate the effects of changing interest rates. As of December 26, 2021, a potential change from a hypothetical 100 basis point increase/decrease in short-term interest rates would not materially impact the fair value of our interest rate swaps or our annual interest expense.

This market risk discussion contains forward-looking statements. Actual results may differ materially from the discussion based upon general market conditions and changes in U.S. and global financial markets.

**Item 8. Financial Statements and Supplementary Data****INDEX TO FINANCIAL INFORMATION**

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**Management's Annual Report on Internal Control over Financial Reporting**

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements prepared for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, we carried out an evaluation of the effectiveness of our internal control over financial reporting as of December 26, 2021 using the criteria described in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) ("COSO"). Based upon our evaluation, management concluded that our internal control over financial reporting was effective as of December 26, 2021.

The effectiveness of our internal control over financial reporting as of December 26, 2021 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which is included herein.

**BLOOMIN' BRANDS, INC.****Report of Independent Registered Public Accounting Firm**

To the Board of Directors and Stockholders of Bloomin' Brands, Inc.

***Opinions on the Financial Statements and Internal Control over Financial Reporting***

We have audited the accompanying consolidated balance sheets of Bloomin' Brands, Inc. and its subsidiaries (the "Company") as of December 26, 2021 and December 27, 2020, and the related consolidated statements of operations and comprehensive income (loss), of changes in stockholders' equity and of cash flows for each of the three years in the period ended December 26, 2021, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 26, 2021, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 26, 2021 and December 27, 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 26, 2021 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 26, 2021, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

***Changes in Accounting Principles***

As discussed in Note 2 to the consolidated financial statements, the Company changed the manner in which it accounts for convertible instruments and contracts in an entity's own equity in 2021 and the manner in which it accounts for leases in 2019.

***Basis for Opinions***

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

***Definition and Limitations of Internal Control over Financial Reporting***

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

***Critical Audit Matters***

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

***Valuation of Insurance Reserves***

As described in Notes 2 and 22 to the consolidated financial statements, the Company's consolidated discounted insurance reserves balance was \$53.5 million as of December 26, 2021. The Company carries insurance programs with specific retention levels or high per-claim deductibles for a significant portion of expected losses under its workers' compensation, general or liquor liability, health, property and management liability insurance programs. The Company records a liability for all unresolved claims and for an estimate of incurred but not reported claims at the anticipated cost that falls below its specified retention levels or per-claim deductible amounts. In establishing reserves, management considers certain actuarial assumptions and judgments regarding economic conditions and the frequency and severity of claims. Reserves recorded for workers' compensation and general liability claims are discounted using the average of the one-year and five-year risk-free rate of monetary assets that have comparable maturities.

The principal considerations for our determination that performing procedures relating to the valuation of insurance reserves is a critical audit matter are (i) the significant judgment by management when developing the estimated reserves, which in turn led to (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating the actuarial assumptions related to economic conditions and the frequency and severity of claims, and (iii) the audit effort included the involvement of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the valuation of insurance reserves. These procedures also included, among others (i) evaluating management's process for developing the insurance reserves, (ii) evaluating the appropriateness of management's actuarial methods used, (iii) evaluating the reasonableness of the actuarial assumptions related to economic conditions and the frequency and severity of claims, and (iv) testing the completeness and accuracy of underlying

**BLOOMIN' BRANDS, INC.**

data used in the valuation. Evaluating the actuarial assumptions related to economic conditions and the frequency and severity of claims involved evaluating whether the assumptions were reasonable considering inflation and the environment, and whether these assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in evaluating the appropriateness of management's actuarial methods used in determining the insurance reserves and evaluating the reasonableness of assumptions related to economic conditions.

/s/ PricewaterhouseCoopers LLP

Tampa, Florida  
February 23, 2022

We have served as the Company's auditor since 1998.



**BLOOMIN' BRANDS, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

	DECEMBER 26, 2021	DECEMBER 27, 2020
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 87,585	\$ 109,980
Restricted cash and cash equivalents	1,472	428
Inventories	79,112	61,928
Other current assets, net	184,623	151,518
Total current assets	352,792	323,854
Property, fixtures and equipment, net	842,012	887,687
Operating lease right-of-use assets	1,130,873	1,172,910
Goodwill	268,444	271,164
Intangible assets, net	453,412	459,983
Deferred income tax assets, net	168,068	153,883
Other assets, net	78,670	92,626
Total assets	\$ 3,294,271	\$ 3,362,107
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable	\$ 167,978	\$ 141,457
Accrued and other current liabilities	406,894	388,321
Unearned revenue	398,795	381,616
Current portion of long-term debt	10,958	38,710
Total current liabilities	984,625	950,104
Non-current operating lease liabilities	1,179,447	1,217,921
Long-term debt, net	782,107	997,770
Other long-term liabilities, net	125,242	185,355
Total liabilities	3,071,421	3,351,150
Commitments and contingencies (Note 22)		
Stockholders' equity		
Bloomin' Brands stockholders' equity		
Preferred stock, \$0.01 par value, 25,000,000 shares authorized; no shares issued and outstanding as of December 26, 2021 and December 27, 2020	—	—
Common stock, \$0.01 par value, 475,000,000 shares authorized; 89,252,823 and 87,855,571 shares issued and outstanding as of December 26, 2021 and December 27, 2020, respectively	893	879
Additional paid-in capital	1,119,728	1,132,808
Accumulated deficit	(698,171)	(918,096)
Accumulated other comprehensive loss	(205,989)	(211,446)
Total Bloomin' Brands stockholders' equity	216,461	4,145
Noncontrolling interests	6,389	6,812
Total stockholders' equity	222,850	10,957
Total liabilities and stockholders' equity	\$ 3,294,271	\$ 3,362,107

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

**BLOOMIN' BRANDS, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)**  
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	FISCAL YEAR		
	2021	2020	2019
<b>Revenues</b>			
Restaurant sales	\$ 4,061,093	\$ 3,144,636	\$ 4,075,014
Franchise and other revenues	61,292	25,925	64,375
Total revenues	<u>4,122,385</u>	<u>3,170,561</u>	<u>4,139,389</u>
<b>Costs and expenses</b>			
Food and beverage costs	1,229,689	982,702	1,277,824
Labor and other related	1,154,623	1,005,295	1,207,289
Other restaurant operating	1,006,371	846,566	982,051
Depreciation and amortization	163,391	180,261	196,811
General and administrative	245,616	254,356	275,239
Provision for impaired assets and restaurant closings	13,737	76,354	9,085
Total costs and expenses	<u>3,813,427</u>	<u>3,345,534</u>	<u>3,948,299</u>
Income (loss) from operations	308,958	(174,973)	191,090
Loss on extinguishment and modification of debt	(2,073)	(237)	—
Other income (expense), net	26	131	(143)
Interest expense, net	(57,614)	(64,442)	(49,257)
Income (loss) before provision (benefit) for income taxes	249,297	(239,521)	141,690
Provision (benefit) for income taxes	26,384	(80,726)	7,573
Net income (loss)	222,913	(158,795)	134,117
Less: net income (loss) attributable to noncontrolling interests	7,358	(80)	3,544
Net income (loss) attributable to Bloomin' Brands	<u>215,555</u>	<u>(158,715)</u>	<u>130,573</u>
Redemption of preferred stock in excess of carrying value	—	(3,496)	—
Net income (loss) attributable to common stockholders	<u>\$ 215,555</u>	<u>\$ (162,211)</u>	<u>\$ 130,573</u>
<b>Net income (loss)</b>	<b>\$ 222,913</b>	<b>\$ (158,795)</b>	<b>\$ 134,117</b>
<b>Other comprehensive income (loss):</b>			
Foreign currency translation adjustment	(6,597)	(37,516)	(16,625)
Unrealized gain (loss) on derivatives, net of tax	86	(14,741)	(11,944)
Reclassification of adjustments for loss on derivatives included in Net income (loss), net of tax	7,392	9,923	1,805
Amortization of terminated interest rate swaps, net of tax	4,576	—	—
Comprehensive income (loss)	228,370	(201,129)	107,353
Less: comprehensive income (loss) attributable to noncontrolling interests	7,358	(744)	3,801
Comprehensive income (loss) attributable to Bloomin' Brands	<u>\$ 221,012</u>	<u>\$ (200,385)</u>	<u>\$ 103,552</u>
<b>Earnings (loss) per share attributable to common stockholders:</b>			
Basic	<u>\$ 2.42</u>	<u>\$ (1.85)</u>	<u>\$ 1.47</u>
Diluted	<u>\$ 2.00</u>	<u>\$ (1.85)</u>	<u>\$ 1.45</u>
<b>Weighted average common shares outstanding:</b>			
Basic	<u>88,981</u>	<u>87,468</u>	<u>88,839</u>
Diluted	<u>107,803</u>	<u>87,468</u>	<u>89,777</u>
Cash dividends declared per common share	<u>\$ —</u>	<u>\$ 0.20</u>	<u>\$ 0.40</u>

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

**BLOOMIN' BRANDS, INC.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	BLOOMIN' BRANDS								
	COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	ACCUM- ULATED DEFICIT	ACCUMULATED OTHER COMPREHENSIVE LOSS	NON- CONTROLLING INTERESTS	TOTAL		
	SHARES	AMOUNT							
Balance, December 30, 2018	91,272	\$ 913	\$ 1,107,582	\$ (920,010)	\$ (142,755)	\$ 9,087	\$ 54,817		
Cumulative-effect from a change in accounting principle, net of tax	—	—	—	141,285	—	—	141,285		
Net income	—	—	—	130,573	—	3,544	134,117		
Other comprehensive (loss) income, net of tax	—	—	—	—	(27,055)	291	(26,764)		
Cash dividends declared, \$0.40 per common share	—	—	(35,734)	—	—	—	(35,734)		
Repurchase and retirement of common stock	(5,469)	(55)	—	(106,937)	—	—	(106,992)		
Stock-based compensation	—	—	19,951	—	—	—	19,951		
Common stock issued under stock plans (1)	1,143	11	2,696	—	—	—	2,707		
Purchase of noncontrolling interests	—	—	(157)	—	34	82	(41)		
Distributions to noncontrolling interests	—	—	—	—	—	(7,214)	(7,214)		
Contributions from noncontrolling interests	—	—	—	—	—	1,349	1,349		
Balance, December 29, 2019	86,946	\$ 869	\$ 1,094,338	\$ (755,089)	\$ (169,776)	\$ 7,139	\$ 177,481		
Cumulative-effect from a change in accounting principle, net of tax	—	—	—	(4,292)	—	—	(4,292)		
Net loss	—	—	—	(158,715)	—	(80)	(158,795)		
Other comprehensive loss, net of tax	—	—	—	—	(42,187)	(147)	(42,334)		
Cash dividends declared, \$0.20 per common share	—	—	(17,480)	—	—	—	(17,480)		
Stock-based compensation	—	—	14,802	—	—	—	14,802		
Consideration for preferred stock in excess of carrying value, net of tax	—	—	(3,496)	—	517	1,261	(1,718)		
Common stock issued under stock plans (1)	910	10	(17)	—	—	—	(7)		
Purchase of noncontrolling interests	—	—	(156)	—	—	96	(60)		
Distributions to noncontrolling interests	—	—	—	—	—	(1,908)	(1,908)		
Contributions from noncontrolling interests	—	—	—	—	—	451	451		
Equity component value of convertible note issuance, net of tax of \$650	—	—	64,367	—	—	—	64,367		
Sale of common stock warrant	—	—	46,690	—	—	—	46,690		
Purchase of convertible note hedge	—	—	(66,240)	—	—	—	(66,240)		
Balance, December 27, 2020	87,856	\$ 879	\$ 1,132,808	\$ (918,096)	\$ (211,446)	\$ 6,812	\$ 10,957		

(CONTINUED...)

**BLOOMIN' BRANDS, INC.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	BLOOMIN' BRANDS								
	COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	ACCUM- ULATED DEFICIT	ACCUMULATED OTHER COMPREHENSIVE LOSS	NON- CONTROLLING INTERESTS	TOTAL		
	SHARES	AMOUNT							
Balance, December 27, 2020	87,856	\$ 879	\$ 1,132,808	\$ (918,096)	\$ (211,446)	\$ 6,812	\$ 10,957		
Cumulative-effect from a change in accounting principle, net of tax	—	—	(47,323)	4,370	—	—	(42,953)		
Net income	—	—	—	215,555	—	7,358	222,913		
Other comprehensive income, net of tax	—	—	—	—	5,457	—	5,457		
Stock-based compensation	—	—	24,405	—	—	—	24,405		
Common stock issued under stock plans (1)	1,397	14	9,836	—	—	—	9,850		
Purchase of noncontrolling interests	—	—	2	—	—	(5)	(3)		
Distributions to noncontrolling interests	—	—	—	—	—	(9,123)	(9,123)		
Contributions from noncontrolling interests	—	—	—	—	—	1,347	1,347		
Balance, December 26, 2021	89,253	\$ 893	\$ 1,119,728	\$ (698,171)	\$ (205,989)	\$ 6,389	\$ 222,850		

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

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

**BLOOMIN' BRANDS, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(IN THOUSANDS)**

	FISCAL YEAR		
	2021	2020	2019
Cash flows provided by operating activities:			
Net income (loss)	\$ 222,913	\$ (158,795)	\$ 134,117
Adjustments to reconcile Net income (loss) to cash provided by operating activities:			
Depreciation and amortization	163,391	180,261	196,811
Amortization of debt discounts and issuance costs	4,494	10,142	2,517
Amortization of deferred gift card sales commissions	26,012	20,927	26,094
Provision for impaired assets and restaurant closings	13,737	76,354	9,085
Amortization of unrealized loss on terminated interest rate swaps	6,160	—	—
Non-cash operating lease costs	78,272	74,436	73,357
Provision for expected credit losses and contingent lease liabilities	946	7,225	—
Inventory obsolescence and spoilage	—	10,169	—
Stock-based and other non-cash compensation expense	24,405	14,802	24,651
Deferred income tax benefit	(3,346)	(88,256)	(25,890)
(Gain) loss on disposal of property, fixtures and equipment	(1,322)	1,261	(2,984)
Other, net	1,516	(4,956)	(10,265)
Change in assets and liabilities:			
(Increase) decrease in inventories	(18,210)	19,857	(15,388)
(Increase) decrease in other current assets	(58,397)	14,392	(40,519)
(Increase) decrease in other assets	(2,073)	3,688	(890)
Decrease in operating right-of-use assets, net	160	412	391
Increase (decrease) in accounts payable and accrued and other current liabilities	25,619	(61,638)	(23,497)
Increase in unearned revenue	17,225	10,569	26,676
Decrease in operating lease liabilities	(90,387)	(50,626)	(69,886)
(Decrease) increase in other long-term liabilities	(8,660)	58,625	13,223
Net cash provided by operating activities	<u>402,455</u>	<u>138,849</u>	<u>317,603</u>
Cash flows used in investing activities:			
Proceeds from disposal of property, fixtures and equipment	9,322	2,178	18,291
Proceeds from sale-leaseback transactions, net	—	—	7,085
Capital expenditures	(122,830)	(87,842)	(161,926)
Other investments, net	8,763	9,025	5,259
Net cash used in investing activities	<u>\$ (104,745)</u>	<u>\$ (76,639)</u>	<u>\$ (131,291)</u>

(CONTINUED...)

**BLOOMIN' BRANDS, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(IN THOUSANDS)**

	FISCAL YEAR		
	2021	2020	2019
<b>Cash flows used in financing activities:</b>			
Proceeds from issuance of long-term debt	\$ 200,000	\$ —	\$ —
Repayments of long-term debt and finance lease obligations	(431,166)	(26,326)	(27,259)
Proceeds from borrowings on revolving credit facilities	470,000	505,000	670,800
Repayments of borrowings on revolving credit facilities	(837,000)	(657,000)	(671,300)
Financing fees	(5,868)	(3,096)	—
Proceeds from issuance of senior notes	300,000	—	—
Proceeds from issuance of convertible senior notes	—	230,000	—
Proceeds from issuance of warrants	—	46,690	—
Purchase of convertible note hedge	—	(66,240)	—
Issuance costs related to senior notes	(5,546)	(8,416)	—
Proceeds (payments of taxes) from share-based compensation, net	9,850	(7)	2,707
Distributions to noncontrolling interests	(9,123)	(1,908)	(7,214)
Contributions from noncontrolling interests	1,347	451	1,349
Purchase of limited partnership and noncontrolling interests	(3)	(60)	(41)
Payments for partner equity plan	(9,910)	(16,906)	(15,675)
Repurchase of common stock	—	—	(106,992)
Cash dividends paid on common stock	—	(17,480)	(35,734)
Redemption of subsidiary preferred stock	—	(1,475)	—
Net cash used in financing activities	(317,419)	(16,773)	(189,359)
Effect of exchange rate changes on cash and cash equivalents	(1,642)	(2,174)	(1,631)
Net (decrease) increase in cash, cash equivalents and restricted cash	(21,351)	43,263	(4,678)
Cash, cash equivalents and restricted cash as of the beginning of the period	110,408	67,145	71,823
Cash, cash equivalents and restricted cash as of the end of the period	\$ 89,057	\$ 110,408	\$ 67,145
<b>Supplemental disclosures of cash flow information:</b>			
Cash paid for interest	\$ 47,036	\$ 52,630	\$ 47,893
Cash paid for income taxes, net of refunds	\$ 36,336	\$ 8,415	\$ 23,995
<b>Supplemental disclosures of non-cash investing and financing activities:</b>			
Leased assets obtained in exchange for new operating lease liabilities	\$ 43,363	\$ 19,451	\$ 67,955
Leased assets obtained in exchange for new finance lease liabilities	\$ 1,238	\$ 1,367	\$ 208
Increase (decrease) in liabilities from the acquisition of property, fixtures and equipment	\$ 2,344	\$ 1,152	\$ (2,899)

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

**BLOOMIN' BRANDS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

1. Description of Business

Bloomin' Brands, Inc. ("Bloomin' Brands" or the "Company"), a holding company that conducts its operations through its subsidiaries, is one of the largest casual dining restaurant companies in the world, with a portfolio of leading, differentiated restaurant concepts. OSI Restaurant Partners, LLC ("OSI") is the Company's primary operating entity.

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.

2. Summary of Significant Accounting Policies

*Basis of Presentation* - The Company's consolidated financial statements include the accounts and operations of Bloomin' Brands and its subsidiaries.

To ensure timely reporting, the Company consolidates the results of its Brazil operations on a one-month calendar lag. There were no intervening events that would materially affect the Company's consolidated financial position, results of operations or cash flows as of and for the year ended December 26, 2021.

*COVID-19 Pandemic* - In March 2020, the Company temporarily closed all restaurant dining rooms to comply with state and local regulations in response to the COVID-19 pandemic ("COVID-19"). In early May 2020, the Company began to reopen its restaurant dining rooms with limited seating capacity in compliance with state and local regulations. The temporary closure of the Company's dining rooms and the limitations on seating capacity due to the COVID-19 pandemic resulted in significantly reduced traffic in its restaurants which negatively impacted its operating results during 2020. See Note 3 - 2020 COVID-19 Charges for details regarding certain charges resulting from the COVID-19 pandemic.

During 2021, the recovery of in-restaurant dining continued as COVID-19 capacity restrictions were eased or eliminated. Concerns over the variants of COVID-19 impacted this recovery, however, the Company continued to retain a significant portion of the incremental off-premises volume achieved while its dining rooms were closed last year.

*Principles of Consolidation* - All intercompany accounts and transactions have been eliminated in consolidation.

The Company consolidates variable interest entities where it has been determined that the Company is the primary beneficiary of those entities' operations. The Company is a franchisor of 329 full-service restaurants and off-premises kitchens as of December 26, 2021, but does not possess any ownership interests in its franchisees and does not provide material direct financial support to its franchisees. These franchise relationships are not deemed variable interest entities and are not consolidated.

Investments in entities the Company does not control, but where the Company's interest is generally between 20% and 50% and the Company has the ability to exercise significant influence over the entity, are accounted for under the equity method.

*Fiscal Year* - The Company utilizes a 52-53-week year ending on the last Sunday in December. In a 52-week fiscal year, each quarterly period is comprised of 13 weeks. The additional week in a 53-week fiscal year is added to the fourth quarter. All periods presented consisted of 52 weeks.

*Use of Estimates* - The preparation of the accompanying consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the

**BLOOMIN' BRANDS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued**

reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated.

*Cash and Cash Equivalents* - Cash equivalents consist of investments that are readily convertible to cash with an original maturity date of three months or less. Cash and cash equivalents include \$41.3 million and \$37.1 million, as of December 26, 2021 and December 27, 2020, respectively, for amounts in transit from credit card companies since settlement is reasonably assured.

*Concentrations of Credit and Counterparty Risk* - Financial instruments that potentially subject the Company to a concentration of credit risk and credit losses are through credit card and trade receivables consisting primarily of amounts due for gift card, vendor, franchise and other receivables. Gift card, vendor and other receivables consist primarily of amounts due from gift card resellers and vendor rebates. The Company considers the concentration of credit risk for gift card, vendor and other receivables to be minimal due to the payment histories and general financial condition of its gift card resellers and vendors. Amounts due from franchisees consist of initial franchise fees, royalty income and advertising fees. See Note 8 - *Other Current Assets, Net* for disclosure of trade receivables by category as of December 26, 2021 and December 27, 2020.

Financial instruments that potentially subject the Company to concentrations of counterparty risk are cash and cash equivalents, restricted cash and derivatives. The Company attempts to limit its counterparty risk by investing in certificates of deposit, money market funds, noninterest-bearing accounts and other highly rated investments. Whenever possible, the Company selects investment grade counterparties and rated money market funds in order to mitigate its counterparty risk. At times, cash balances may be in excess of FDIC insurance limits. See Note 17 - *Derivative Instruments and Hedging Activities* for a discussion of the Company's use of derivative instruments and management of credit risk inherent in derivative instruments.

*Allowance for Expected Credit Losses* - The Company evaluates the collectability of credit card and trade receivables based on historical loss experience by risk pool and records periodic adjustments for factors such as deterioration of economic conditions, specific customer circumstances and changes in the aging of accounts receivable balances. Losses are charged off in the period in which they are determined to be uncollectible. See Note 20 - *Allowance for Expected Credit Losses* for a discussion of the Company's allowance for expected credit losses.

The Company assigned its interest, and is contingently liable, under certain real estate leases, primarily related to divested restaurant properties. Contingent lease liabilities related to these guarantees are calculated based on management's estimate of exposure to losses which includes historical analysis of credit losses, including known instances of default, and existing economic conditions. See Note 22 - *Commitments and Contingencies* for a discussion of the Company's contingent lease liabilities.

In instances where there is no established loss history, S&P speculative-grade default rates are utilized as an estimated expected credit loss rate.

*Fair Value* - 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

*Inventories* - Inventories consist of food and beverages and are stated at the lower of cost (first-in, first-out) or net realizable value.



**BLOOMIN' BRANDS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued**

*Restricted Cash* - From time to time, the Company may have short-term restricted cash balances consisting of amounts pledged for settlement of deferred compensation plan obligations.

*Property, Fixtures and Equipment* - Property, fixtures and equipment are stated at cost, net of accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful life of the assets. Estimated useful lives by major asset category are generally as follows:

Buildings (1)	5 to 30 years
Furniture and fixtures	5 to 7 years
Equipment	2 to 7 years
Computer equipment and software	3 to 7 years

(1) Includes improvements to leased properties which are depreciated over the shorter of their useful life or the reasonably certain lease term, including renewal periods that are reasonably certain.

Repair and maintenance costs that maintain the appearance and functionality of the restaurant, but do not extend the useful life of any restaurant asset are expensed as incurred. The Company suspends depreciation and amortization for assets held for sale. The cost and related accumulated depreciation of assets sold or disposed of are removed from the Company's Consolidated Balance Sheets, and any resulting gain or loss is generally recognized in Other restaurant operating expense in its Consolidated Statements of Operations and Comprehensive Income (Loss).

The Company capitalizes direct and indirect internal costs associated with the acquisition, development, design and construction of Company-owned restaurant locations as these costs have a future benefit to the Company. Upon restaurant opening, these costs are depreciated and charged to depreciation and amortization expense. Internal costs of \$3.7 million, \$2.7 million and \$6.4 million were capitalized during 2021, 2020 and 2019, respectively.

For 2021 and 2020, computer equipment and software costs of \$3.4 million and \$1.4 million, respectively, were capitalized. As of December 26, 2021 and December 27, 2020, there was \$6.4 million and \$8.8 million, respectively, of unamortized computer equipment and software included in Property, fixtures and equipment, net on the Company's Consolidated Balance Sheets.

*Goodwill and Intangible Assets* - Goodwill represents the excess of the purchase price over the fair value of net assets acquired in business combinations and is assigned to the reporting unit in which the acquired business will operate. The Company's indefinite-lived intangible assets consist of trade names and are recorded at fair value as of the date of acquisition. Goodwill and indefinite-lived intangible assets are tested for impairment annually, as of the first day of the second fiscal quarter, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The Company may elect to perform a qualitative assessment to determine whether it is more likely than not that a reporting unit is impaired. If the qualitative assessment is not performed or if the Company determines that it is not more likely than not that the fair value of the reporting unit exceeds the carrying value, the fair value of the reporting unit is calculated. The carrying value of the reporting unit is compared to its estimated fair value, with any excess of carrying value over fair value deemed to be an indicator of impairment.

Definite-lived intangible assets, which consist primarily of trademarks and reacquired franchise rights, are recorded at fair value as of the date of acquisition, amortized over their estimated useful lives and tested for impairment, using the relief from royalty method, whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

*Derivatives* - The Company records all derivatives on the balance sheet at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether the Company has elected to

**BLOOMIN' BRANDS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued**

designate a derivative in a hedging relationship and apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting.

Derivatives designated and qualifying as a hedge of the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. If the derivative qualifies for hedge accounting treatment, any gain or loss on the derivative instrument is recognized in equity as a change to Accumulated other comprehensive loss and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings.

The Company may enter into derivative contracts that are intended to economically hedge certain of its risk, even though hedge accounting does not apply or the Company elects not to apply hedge accounting. Derivatives not designated as hedges are not speculative and are used to manage the Company's exposure to interest rate movements, foreign currency exchange rate movements, changes in energy prices and other identified risks. Changes in the fair value of derivatives not designated in hedging relationships are recorded directly in earnings. The Company has elected not to offset derivative positions in the balance sheet with the same counterparty under the same agreement.

*Deferred Debt Issuance Costs* - For its revolving credit facility, the Company records deferred debt issuance costs related to the issuance of debt obligations in Other assets, net on its Consolidated Balance Sheets. For fees associated with all other debt obligations, the Company records deferred debt issuance costs as a reduction of Long-term debt, net.

The Company amortizes deferred debt issuance costs to interest expense over the term of the respective financing arrangement, primarily using the effective interest method. The Company amortized deferred debt issuance costs of \$4.5 million, \$3.9 million and \$2.5 million to Interest expense, net for 2021, 2020 and 2019, respectively.

*Liquor Licenses* - The fees from obtaining non-transferable liquor licenses directly issued by local government agencies for nominal fees are expensed as incurred. The costs of purchasing transferable liquor licenses through open markets in jurisdictions with a limited number of authorized liquor licenses are capitalized as indefinite-lived intangible assets and included in Other assets, net on the Company's Consolidated Balance Sheets.

*Insurance Reserves* - The Company carries insurance programs with specific retention levels or high per-claim deductibles for a significant portion of expected losses under its workers' compensation, general or liquor liability, health, property and management liability insurance programs. The Company records a liability for all unresolved claims and for an estimate of incurred but not reported claims at the anticipated cost that falls below its specified retention levels or per-claim deductible amounts. In establishing reserves, the Company considers actuarial assumptions and judgments regarding economic conditions, and the frequency and severity of claims. Reserves recorded for workers' compensation and general liability claims are discounted using the average of the one-year and five-year risk-free rate of monetary assets that have comparable maturities.

*Share Repurchase* - Shares repurchased are retired. The par value of the repurchased shares is deducted from common stock and the excess of the purchase price over the par value of the shares is recorded to Accumulated deficit.

*Revenue Recognition* - The Company records food and beverage revenues, net of discounts and taxes, upon delivery to the customer. Franchise-related revenues are included in Franchise and other revenues in the Company's Consolidated Statements of Operations and Comprehensive Income (Loss). Royalties, which are a percentage of net sales of the franchisee, are recognized as revenue in the period which the sales are reported to have occurred provided collectability is reasonably assured.

Proceeds from the sale of gift cards, which do not have expiration dates, are recorded as deferred revenue and recognized as revenue upon redemption by the customer. The Company applies the portfolio approach practical

**BLOOMIN' BRANDS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued**

expedient to account for gift card contracts and performance obligations. Gift card breakage, the amount of gift cards which will not be redeemed, is recognized using estimates based on historical redemption patterns. If actual redemptions vary from assumptions used to estimate breakage, gift card breakage income may differ from the amount recorded. The Company periodically updates its estimates used for breakage. Breakage revenue is recorded as a component of Restaurant sales in the Company's Consolidated Statements of Operations and Comprehensive Income (Loss). Approximately 84% of deferred gift card revenue is expected to be recognized within 12 months of inception.

Gift card sales commissions paid to third-party providers are capitalized and subsequently amortized to Other restaurant operating expense based on historical gift card redemption patterns. See Note 4 - *Revenue Recognition* for rollforwards of deferred gift card sales commissions and unearned gift card revenue.

Advertising fees charged to franchisees are recognized in Franchise and other revenues in the Company's Consolidated Statements of Operations and Comprehensive Income (Loss) provided collectability is reasonably assured. Initial franchise and renewal fees are recognized over the term of the franchise agreement and renewal period, respectively. The weighted average remaining term of franchise agreements and renewal periods was approximately 12 years as of December 26, 2021.

The Company maintains a customer loyalty program, Dine Rewards, in the U.S., where customers earn a reward after attaining qualified spend amounts. The Company's estimate of the value of the reward is recorded as deferred revenue. Each reward must be redeemed within specified time limits of earning such reward. The revenue associated with the fair value of the reward is recognized upon the earlier of redemption or expiration of the reward. The Company applies the practical expedient to exclude disclosures regarding loyalty program remaining performance obligations, which have original expected durations of less than one year.

The Company collects and remits sales, food and beverage, alcoholic beverage and hospitality taxes on transactions with customers and reports revenue net of taxes in its Consolidated Statements of Operations and Comprehensive Income (Loss).

*Leases* - The Company's determination of whether an arrangement contains a lease is based on an evaluation of whether the arrangement conveys the right to use and control specific property or equipment. The Company leases restaurant and office facilities and certain equipment under operating leases primarily having initial terms between one and 20 years. Restaurant facility leases generally have renewal periods totaling five to 30 years, exercisable at the option of the Company. Contingent rentals represent payment of variable lease obligations based on a percentage of gross revenues, as defined by the terms of the applicable lease agreement for certain restaurant facility leases. The Company also has certain leases, which reset periodically based on a specified index. Such leases are recorded using the index that existed at lease commencement. Subsequent changes in the index are recorded as variable rental payments. Variable rental payments are expensed as incurred in the Company's Consolidated Statements of Operations and Comprehensive Income (Loss) and future variable rent obligations are not included within the lease liabilities on the Consolidated Balance Sheets. The depreciable life of lease assets and leasehold improvements are limited by the expected lease term. None of the Company's leases contain any material residual value guarantees or restrictive covenants.

The Company accounts for fixed lease and non-lease components of a restaurant facility lease as a single lease component. Additionally, for certain equipment leases, the Company applies a portfolio approach to account for the lease assets and liabilities. Leases with an initial term of 12 months or less are not recorded on its Consolidated Balance Sheets and are recognized on a straight-line basis over the lease term within Other restaurant operating expense in the Company's Consolidated Statements of Operations and Comprehensive Income (Loss).

Rent expense for the Company's operating leases, which generally have escalating rentals over the term of the lease and may include rent holidays, is recorded on a straight-line basis over the initial lease term and those renewal periods that are reasonably certain. Rent expense is recorded in Other restaurant operating in the Company's

**BLOOMIN' BRANDS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued**

Consolidated Statements of Operations and Comprehensive Income (Loss). Payments received from landlords as incentives for leasehold improvements are recorded as a reduction of the right-of-use asset and amortized on a straight-line basis over the term of the lease as a reduction of rent expense.

In April 2020, the FASB issued a question-and-answer document focused on the application of lease accounting guidance to lease concessions provided as a result of COVID-19 (the "Lease Modification Q&A"). The Lease Modification Q&A provides entities with the option to elect to account for lease concessions as though the enforceable rights and obligations existed in the original lease when the total cash flows resulting from the modified lease are substantially similar to the cash flows in the original lease. The Company elected this practical expedient for COVID-19-related rent concessions, primarily rent deferrals or rent abatements, and has elected not to remeasure the related lease liability and right-of-use asset for those leases. Rent deferrals are accrued with no impact to straight-line rent expense. Rent abatements are recognized as a reduction of variable rent expense in the month they occur. This election will continue while these concessions are in effect.

*Pre-Opening Expenses* - Non-capital expenditures associated with opening new restaurants are expensed as incurred and are included in Other restaurant operating expense in the Company's Consolidated Statements of Operations and Comprehensive Income (Loss).

*Consideration Received from Vendors* - The Company receives consideration for a variety of vendor-sponsored programs, such as volume rebates, promotions and advertising allowances. Advertising allowances are intended to offset the Company's costs of promoting and selling menu items in its restaurants. Vendor consideration is recorded as a reduction of Food and beverage costs or Other restaurant operating expense when recognized in the Company's Consolidated Statements of Operations and Comprehensive Income (Loss).

*Impairment of Long-Lived Assets and Costs Associated with Exit Activities* - Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The evaluation is performed at the lowest level of identifiable cash flows independent of other assets. For long-lived assets deployed at its restaurants, the Company reviews for impairment at the individual restaurant level. When evaluating for impairment, the total future undiscounted cash flows expected to be generated by the asset are compared to the carrying amount. If the total future undiscounted cash flows of the asset are less than its carrying amount, recoverability is measured by comparing the fair value of the assets to the carrying amount. An impairment loss is recognized in earnings when the asset's carrying value exceeds its estimated fair value. Fair value is generally estimated using a discounted cash flow model.

Restaurant closure costs, including lease termination fees, are expensed as incurred. When the Company ceases using the property rights under a non-cancelable operating lease, it records a liability for the net present value of any remaining non-rent lease-related obligations, less the estimated subtenant cost recovery that can reasonably be obtained for the property. Any subsequent adjustment to that liability as a result of lease termination or changes in estimates of cost recovery is recorded in the period incurred. The associated expense is recorded in Provision for impaired assets and restaurant closings in the Company's Consolidated Statements of Operations and Comprehensive Income (Loss).

Restaurant sites and certain other assets to be sold are included in assets held for sale when certain criteria are met, including the requirement that the likelihood of selling the assets within one year is probable.

*Advertising Costs* - Advertising production costs are expensed in the period when the advertising first occurs. All other advertising costs are expensed in the period in which the costs are incurred. Advertising expense of \$59.7 million, \$67.3 million and \$146.1 million for 2021, 2020 and 2019, respectively, was recorded in Other restaurant operating expense in the Company's Consolidated Statements of Operations and Comprehensive Income (Loss).

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*Legal Costs* - Settlement costs are accrued when they are deemed probable and reasonably estimable. Legal fees are recognized as incurred and are reported in General and administrative expense in the Company's Consolidated Statements of Operations and Comprehensive Income (Loss).

*Research and Development Expenses ("R&D")* - R&D is expensed as incurred in General and administrative expense in the Company's Consolidated Statements of Operations and Comprehensive Income (Loss). R&D primarily consists of payroll and benefit costs. R&D was \$2.6 million, \$2.4 million and \$3.4 million for 2021, 2020 and 2019, respectively.

*Partner Compensation* - In addition to base salary, Area Operating Partners, Restaurant Managing Partners and Chef Partners generally receive performance-based bonuses for providing management and supervisory services to their restaurants, certain of which may be based on a percentage of their restaurants' monthly operating results or cash flows and/or total controllable income ("Monthly Payments").

Certain Restaurant Managing Partners and Chef Partners in the U.S. ("U.S. Partners") may also participate in deferred compensation programs and other performance-based compensation programs. The Company may invest in corporate-owned life insurance policies, which are held within an irrevocable grantor or "rabbi" trust account for settlement of certain of the Company's obligations under the deferred compensation plans.

Many of the Company's international Restaurant Managing Partners are given the option to purchase participation interests in the cash distributions of the restaurants they manage. The amount, terms and availability vary by country.

The Company estimates future bonuses and deferred compensation obligations to U.S. Partners and Area Operating Partners, using current and historical information on restaurant performance and records the long-term portion of partner obligations in Other long-term liabilities, net on its Consolidated Balance Sheets. Monthly Payments and deferred compensation expenses for U.S. Partners are included in Labor and other related expenses and Monthly Payments and bonus expense for Area Operating Partners are included in General and administrative expense in the Company's Consolidated Statements of Operations and Comprehensive Income (Loss).

*Stock-based Compensation* - Stock-based compensation awards are measured at fair value at the date of grant and expensed over their vesting or service periods. Stock-based compensation expense is recognized only for those awards expected to vest. The expense, net of forfeitures, is recognized using the straight-line method. Forfeitures of share-based compensation awards are recognized as they occur.

During 2021, the Company issued performance-based share units ("PSUs") that included a relative total shareholder return ("Relative TSR") modifier to the final payout outcome, which can adjust the payout percentage based on the achieved performance metric. The Relative TSR is measured by comparing the Company's Relative TSR to that of the constituents of the S&P 1500 Restaurants index.

*Basic and Diluted Earnings (Loss) per Share* - The Company computes basic earnings (loss) per share based on the weighted average number of common shares that were outstanding during the period. Except where the result would be antidilutive, diluted earnings per share includes the dilutive effect of common stock equivalents, consisting of stock options, restricted stock units and performance-based share units, measured using the treasury stock method, and the Company's convertible senior notes and related warrants, measured using the if-converted method. Performance-based share units are considered dilutive when the related performance criterion has been met.

The Company has provided the trustee of the 2025 Notes notice of its irrevocable election under the 2025 Notes indenture to settle the principal portion of the 2025 Notes upon conversion in cash and any excess in shares. As a result, only the amounts in excess of the principal amount, if applicable, are considered in diluted earnings per share.

**BLOOMIN' BRANDS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued**

*Foreign Currency Translation and Transactions* - For non-U.S. operations, the functional currency is the local currency. Foreign currency denominated assets and liabilities are translated into U.S. dollars using the exchange rates in effect at the balance sheet date with the translation adjustments recorded in Accumulated other comprehensive loss in the Company's Consolidated Statements of Changes in Stockholders' Equity. Results of operations are translated using the average exchange rates for the reporting period. Foreign currency exchange transaction losses are recorded in General and administrative expense in the Company's Consolidated Statements of Operations and Comprehensive Income (Loss).

*Income Taxes* - Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in the tax rate is recognized in income in the period that includes the enactment date of the rate change. A valuation allowance may reduce deferred income tax assets to the amount that is more likely than not to be realized.

The Company records a tax benefit for an uncertain tax position using the highest cumulative tax benefit that is more likely than not to be realized. The Company adjusts its liability for unrecognized tax benefits in the period in which it determines the issue is effectively settled, the statute of limitations expires or when more information becomes available. Liabilities for unrecognized tax benefits, including penalties and interest, are recorded in Accrued and other current liabilities and Other long-term liabilities, net on the Company's Consolidated Balance Sheets.

*Recently Adopted Financial Accounting Standards* - On December 28, 2020, the Company adopted Accounting Standards Update ("ASU") No. 2020-06, "Debt - Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity," ("ASU No. 2020-06") which removes the separation models for convertible debt with a cash conversion feature or convertible instruments with a beneficial conversion feature. ASU No. 2020-06 also requires the application of the if-converted method for calculating diluted earnings per share and the treasury stock method is no longer available. The Company adopted ASU No. 2020-06 using the modified retrospective approach which resulted in a cumulative-effect adjustment that increased (decreased) the following Consolidated Balance Sheet accounts during the first quarter of 2021:

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

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

On December 31, 2018, the Company adopted ASU No. 2016-02: Leases (Topic 842) ("ASU No. 2016-02"), ASU No. 2018-01, "Leases (Topic 842): Land Easement Practical Expedient for Transitioning to Topic 842," ("ASU No. 2018-01") and ASU No. 2018-11: Leases (Topic 842): Targeted Improvements ("ASU No. 2018-11"). ASU No. 2016-02 requires the lease rights and obligations arising from lease contracts, including existing and new arrangements, to be recognized as assets and liabilities on the balance sheet. ASU No. 2018-01 allows an entity to elect an optional transition practical expedient to not evaluate land easements that exist or expired before the

**BLOOMIN' BRANDS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued**

Company's adoption of ASU No. 2016-02. ASU No. 2018-11 allows for an additional transition method, which permits use of the effective date of adoption as the date of initial application of ASU No. 2016-02 without restating comparative period financial statements and provides entities with a practical expedient that allows entities to elect not to separate lease and non-lease components when certain conditions are met.

The Company adopted ASU No. 2016-02 using December 31, 2018 as the date of initial application and recorded a reduction in Accumulated deficit of \$141.3 million primarily related to the derecognition of deferred gains on sale-leaseback transactions, net of related deferred tax assets. Consequently, financial information and the disclosures required under the new standard were not provided for dates and periods before December 31, 2018. The Company also elected a transition package including practical expedients that permitted it not to reassess the classification and initial direct costs of expired or existing contracts and leases, to not separate lease and non-lease components of restaurant facility leases executed subsequent to adoption, and to not evaluate land easements that exist or expired before the adoption. In preparation for adoption, the Company implemented a new lease accounting system.

*Reclassifications* - The Company reclassified certain items in the accompanying consolidated financial statements for prior periods to be comparable with the classification for the current period. These reclassifications had no effect on previously reported net income.

### 3. 2020 COVID-19 Charges

Following is a summary of the charges recorded in connection with the COVID-19 pandemic for the period indicated (dollars in thousands):

CHARGES	CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS) CLASSIFICATION	FISCAL YEAR
		2020
Inventory obsolescence and spoilage	Food and beverage costs	\$ 10,450
Compensation for idle employees (1)	Labor and other related	29,993
Other operating charges	Other restaurant operating	3,219
Lease guarantee contingent liabilities (2)	General and administrative	4,188
Allowance for expected credit losses (3)	General and administrative	3,334
Other charges	General and administrative	2,719
Right-of-use asset impairment (4)	Provision for impaired assets and restaurant closings	32,992
Fixed asset impairment (4)	Provision for impaired assets and restaurant closings	34,423
Goodwill and other impairment (5)	Provision for impaired assets and restaurant closings	3,190
		\$ 124,508

- (1) Represents relief pay for hourly employees impacted by the closure of dining rooms, net of \$14.9 million of employee retention tax credits earned.
- (2) Represents additional contingent liabilities recorded for lease guarantees related to certain former restaurant locations now operated by franchisees or other third parties.
- (3) Includes additional reserves to reflect an increase in expected credit losses, primarily related to franchise receivables.
- (4) Includes impairments resulting from the remeasurement of assets utilizing projected future cash flows revised for then-current economic conditions, restructuring charges, the closure of certain restaurants and in connection with the Out West Resolution Agreement. See Note 5 - *Impairments, Exit Costs and Disposals* and Note 4 - *Revenue Recognition*, for details regarding COVID-19 Restructuring costs and the Out West Resolution Agreement, respectively.
- (5) Includes impairment of goodwill for the Company's Hong Kong subsidiary. See Note 10 - *Goodwill and Intangible Assets, Net* for details regarding impairment of goodwill.



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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued**

4. 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:

(dollars in thousands)	FISCAL YEAR		
	2021	2020	2019
<b>Revenues</b>			
Restaurant sales	\$ 4,061,093	\$ 3,144,636	\$ 4,075,014
<b>Franchise and other revenues</b>			
Franchise revenues	45,520	21,195	52,147
Other revenues (1)	15,772	4,730	12,228
Total Franchise and other revenues	61,292	25,925	64,375
<b>Total revenues</b>	<b>\$ 4,122,385</b>	<b>\$ 3,170,561</b>	<b>\$ 4,139,389</b>

- (1) For 2021, includes a \$3.1 million benefit from the recognition of recoverable Program of Social Integration ("PIS") and Contribution for the Financing of Social Security ("COFINS") taxes within other revenues in connection with favorable court rulings in Brazil regarding the calculation methodology and taxable base. The amount recognized primarily represents refundable PIS and COFINS taxes for prior years, including accrued interest, and will be recovered by offsetting future PIS and COFINS taxes due.

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

(dollars in thousands)	FISCAL YEAR					
	2021		2020		2019	
	RESTAURANT SALES	FRANCHISE REVENUES	RESTAURANT SALES	FRANCHISE REVENUES	RESTAURANT SALES	FRANCHISE REVENUES
<b>U.S.</b>						
Outback Steakhouse	\$ 2,175,909	\$ 29,725	\$ 1,760,071	\$ 9,898	\$ 2,135,776	\$ 38,614
Carrabba's Italian Grill	653,231	2,439	497,212	1,309	613,031	2,112
Bonefish Grill	544,068	641	396,193	346	574,004	787
Fleming's Prime Steakhouse & Wine Bar	332,607	—	209,564	—	307,199	—
Other	9,033	9	6,507	—	4,658	—
U.S. total	3,714,848	32,814	2,869,547	11,553	3,634,668	41,513
<b>International</b>						
Outback Steakhouse Brazil	258,997	—	206,280	—	355,837	—
Other (1)	87,248	12,706	68,809	9,642	84,509	10,634
International total	346,245	12,706	275,089	9,642	440,346	10,634
<b>Total</b>	<b>\$ 4,061,093</b>	<b>\$ 45,520</b>	<b>\$ 3,144,636</b>	<b>\$ 21,195</b>	<b>\$ 4,075,014</b>	<b>\$ 52,147</b>

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



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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)	DECEMBER 26, 2021	DECEMBER 27, 2020
<b>Other current assets, net</b>		
Deferred gift card sales commissions	\$ 17,793	\$ 19,300
<b>Unearned revenue</b>		
Deferred gift card revenue	\$ 387,945	\$ 373,048
Deferred loyalty revenue	9,386	8,026
Deferred franchise fees - current	443	469
Other	1,021	73
<b>Total Unearned revenue</b>	<b>\$ 398,795</b>	<b>\$ 381,616</b>
<b>Other long-term liabilities, net</b>		
Deferred franchise fees - non-current	\$ 4,280	\$ 4,301

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

(dollars in thousands)	FISCAL YEAR		
	2021	2020	2019
Balance, beginning of period	\$ 19,300	\$ 18,554	\$ 16,431
Deferred gift card sales commissions amortization	(26,012)	(20,927)	(26,094)
Deferred gift card sales commissions capitalization	26,625	22,923	29,894
Other	(2,120)	(1,250)	(1,677)
<b>Balance, end of period</b>	<b>\$ 17,793</b>	<b>\$ 19,300</b>	<b>\$ 18,554</b>

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

(dollars in thousands)	FISCAL YEAR		
	2021	2020	2019
Balance, beginning of period	\$ 373,048	\$ 358,757	\$ 333,794
Gift card sales	330,841	306,016	420,229
Gift card redemptions	(298,397)	(277,675)	(376,477)
Gift card breakage	(17,547)	(14,050)	(18,789)
<b>Balance, end of period</b>	<b>\$ 387,945</b>	<b>\$ 373,048</b>	<b>\$ 358,757</b>

*Franchisee Deferred Payment Agreement* - On December 27, 2020, the Company entered into an agreement (the "Resolution Agreement") with Cerca Trova Southwest Restaurant Group, LLC (d/b/a Out West Restaurant Group) and certain of its affiliates (collectively, "Out West"), who currently franchises approximately 80 Outback Steakhouse restaurants in the western United States, primarily in California. The Resolution Agreement ends on December 31, 2023 or upon the earlier occurrence of certain specified events, including the sale of all or substantially all of the assets or equity of Out West, bankruptcy or a liquidation event ("Qualifying Event") (the "Forbearance Period"). Prior to the Resolution Agreement, Out West was in default of its franchise agreements for nonpayment of certain amounts due, and simultaneously in default of its credit agreement with its lenders primarily due to the significant impact of the COVID-19 pandemic. Under the terms of the Resolution Agreement, the Company agreed to:

- not call upon any previous default under the existing franchise agreements during the Forbearance Period;
- reduce future advertising fees to 2.25% of gross sales during the Forbearance Period;
- permanently waive unpaid royalty and advertising fees for the period of February 24, 2020 to July 26, 2020;

**BLOOMIN' BRANDS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued**

- allow for closure of four restaurants and certain sublease modifications (the “Property Concessions”);
- allow for closure of up to ten additional restaurants during the first 12 months of the Resolution Agreement, without imposition of any penalties or accelerated royalties;
- defer all non-waived past due royalties and advertising fees through November 22, 2020, and for certain permitted restaurant closings in connection with the Property Concessions, defer accelerated rent and royalties that otherwise would have been due under the terms and conditions of the respective franchise agreements and leases or subleases (the “Initial Deferred Balance”); and
- defer all past due rents through December 27, 2020 on subleased properties totaling \$3.6 million until April 2021 when the balance will be repaid over an 18-month period.

In connection with the Property Concessions, the Company recognized \$4.7 million of lease right-of-use asset impairment during the thirteen weeks ended December 27, 2020, within the U.S. segment.

At the time of the Resolution Agreement, no deferred or previously waived amounts had been recorded as revenue, with the exception of a \$3.1 million receivable balance that had been previously fully reserved. Collections of deferred amounts, and any future amounts due under the Resolution Agreement or the Company’s franchise agreements after November 22, 2020, will be recognized when collectability is reasonably assured.

Out West also entered into a Forbearance Agreement and Second Amendment to Credit and Guaranty Agreement (“Forbearance Agreement”) with its lenders that, in conjunction with the Resolution Agreement, provides, among other things, for a pre-determined calculation of available monthly cash (“Available Cash”) that Out West may use to settle its obligations due to the Company and its lenders. Available Cash is calculated net of operating expenses, including local marketing expenditures required under the Resolution Agreement. Under the Resolution Agreement, if Out West is unable to satisfy monthly royalty or advertising fees with Available Cash, such amounts will automatically increase the Initial Deferred Balance. The entire deferred balance will become collectible upon any Qualifying Event. If the Qualifying Event is the sale of all or substantially all of the assets or equity of Out West, the sale proceeds will be applied, between the Company and Out West’s lenders, in accordance with the payment priority established in the Resolution Agreement and Forbearance Agreement; if the sales proceeds are insufficient to satisfy the deferred balance due to the Company, then the Company agreed to permanently waive any remaining deferred balance due to the Company.

**BLOOMIN' BRANDS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued**

5. Impairments, Exit Costs and Disposals

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

(dollars in thousands)	FISCAL YEAR		
	2021	2020	2019
Impairment losses			
U.S. (1)	\$ 11,945	\$ 65,129	\$ 6,381
International (1)(2)	1,186	3,468	2,026
Corporate (3)	270	6,226	727
Total impairment losses	<u>13,401</u>	<u>74,823</u>	<u>9,134</u>
Restaurant closure charges (benefits)			
U.S. (1)	422	1,358	(105)
International (1)	(86)	173	56
Total restaurant closure charges (benefits)	<u>336</u>	<u>1,531</u>	<u>(49)</u>
Provision for impaired assets and restaurant closings	<u>\$ 13,737</u>	<u>\$ 76,354</u>	<u>\$ 9,085</u>

- (1) U.S. and international impairment and closure charges during 2020 primarily relate to the COVID-19 pandemic, including charges related to the COVID-19 Restructuring discussed below and the Out West Resolution Agreement. See Note 3 - *2020 COVID-19 Charges* for details regarding the impact of the COVID-19 pandemic on the Company's financial results.
- (2) Includes goodwill impairment charges of \$2.0 million during 2020. See Note 10 - *Goodwill and Intangible Assets, Net* for details regarding impairment of goodwill.
- (3) Corporate impairment charges during 2020 primarily relate to transformational initiatives.

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

DESCRIPTION	CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS) CLASSIFICATION	FISCAL YEAR 2020
Property, fixtures and equipment impairments	Provision for impaired assets and restaurant closings	\$ 18,766
Lease right-of-use asset impairments and closure charges	Provision for impaired assets and restaurant closings	5,003
Severance and other expenses	General and administrative	1,097
		<u>\$ 24,866</u>

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

**BLOOMIN' BRANDS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued**

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

(dollars in thousands)	FISCAL YEAR 2021	
Beginning of the year	\$	12,879
Cash payments		(4,739)
Accretion		906
Adjustments		(561)
End of the year (1)	\$	8,485

(1) As of December 26, 2021, the Company had exit-related accruals associated with closure and restructuring initiatives of \$2.9 million recorded in Accrued and other current liabilities and \$5.6 million recorded in Non-current operating lease liabilities on its Consolidated Balance Sheet.

*Surplus Property Disposals* - During 2019, the Company completed the sale of five of its U.S. surplus properties to a franchisee for cash proceeds of \$12.7 million, net of certain purchase price adjustments. The transaction resulted in a net gain of \$3.6 million, recorded within Other restaurant operating expense in the Company's Consolidated Statements of Operations and Comprehensive Income (Loss).

*Refranchising* - During 2019, the Company completed the sale of 18 of its existing U.S. Company-owned Carrabba's Italian Grill restaurants to an existing franchisee for cash proceeds of \$3.6 million, net of certain purchase price adjustments. The Company remains contingently liable on certain real estate lease agreements assigned to the buyer.

## 6. Earnings (Loss) Per Share

The dilutive effect of the 2025 Notes is calculated using the if-converted method. To the extent the Company has ability to settle its 2025 Notes in shares of its common stock, the principal and conversion spread on the 2025 Notes will have a dilutive impact on diluted earnings per share when the average market price of the Company's common stock for a given period exceeds the conversion price of \$11.89 per share of common stock. In February 2021, the Company provided the trustee of its 2025 Notes notice of the Company's irrevocable election to settle the principal portion of the 2025 Notes in cash and any excess in shares. As a result, subsequent to the election, only the amounts in excess of the principal amount are considered in diluted earnings per share under the if-converted method.

In connection with the offering of the 2025 Notes, the Company entered into the Convertible Note Hedge Transactions and Warrant Transactions described in Note 14 - *Convertible Senior Notes*. However, the Convertible Note Hedge Transactions are not considered when calculating dilutive shares given their anti-dilutive impact as an offset to dilution of shares underlying the 2025 Notes. The Warrant Transactions have a dilutive effect on the Company's common stock to the extent the price of its common stock exceeds the \$16.64 strike price of the Warrant Transactions. See Note 14 - *Convertible Senior Notes* for additional information regarding the 2025 Notes, Convertible Note Hedge Transactions and Warrant Transactions.

**BLOOMIN' BRANDS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued**

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

(in thousands, except per share data)	FISCAL YEAR		
	2021	2020	2019
Net income (loss) attributable to Bloomin' Brands	\$ 215,555	\$ (158,715)	\$ 130,573
Redemption of preferred stock in excess of carrying value (1)	—	(3,496)	—
Net income (loss) attributable to common stockholders	215,555	(162,211)	130,573
Convertible senior notes if-converted method interest adjustment, net of tax (2)	345	—	—
Diluted net income (loss) attributable to common stockholders	\$ 215,900	\$ (162,211)	\$ 130,573
Basic weighted average common shares outstanding	88,981	87,468	88,839
Effect of dilutive securities:			
Stock options	779	—	571
Nonvested restricted stock units	355	—	295
Nonvested performance-based share units	61	—	72
Convertible senior notes (2)(3)	11,377	—	—
Warrants (3)	6,250	—	—
Diluted weighted average common shares outstanding	107,803	87,468	89,777
Basic earnings (loss) per share attributable to common stockholders	\$ 2.42	\$ (1.85)	\$ 1.47
Diluted earnings (loss) per share attributable to common stockholders	\$ 2.00	\$ (1.85)	\$ 1.45

- (1) Consideration paid in excess of carrying value for the redemption of its Abbraccio preferred stock is considered a deemed dividend and, for purposes of calculating earnings per share, reduces net income attributable to common stockholders. See Note 16 - *Stockholders' Equity* for additional details.
- (2) Adjustment for interest related to the 2025 Notes weighted for the portion of the period prior to the Company's election under the 2025 Notes indenture to settle the principal portion of its 2025 Notes in cash. Effective with the Company's election, there will be no further numerator adjustments for interest or denominator adjustments for shares required to settle the principal portion.
- (3) Due to the Company's net loss during 2020, dilutive excess shares, if applicable, and warrants were excluded from the computation of diluted earnings per share as their effect would be antidilutive.

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

(shares in thousands)	FISCAL YEAR		
	2021	2020	2019
Stock options	751	5,155	4,003
Nonvested restricted stock units	128	682	158
Nonvested performance-based share units	377	514	277

**BLOOMIN' BRANDS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued**

7. Stock-based and Deferred Compensation Plans

**Stock-based Compensation Plans**

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

(dollars in thousands)	FISCAL YEAR		
	2021	2020	2019
Stock options	\$ 2,286	\$ 3,743	\$ 5,270
Restricted stock units	8,184	8,559	8,949
Performance-based share units (1)	13,821	2,414	5,471
	\$ 24,291	\$ 14,716	\$ 19,690

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

*Stock Options* - Stock options generally vest and become exercisable over a period of four years in an equal number of shares each year. Stock options have an exercisable life of no more than ten years from the date of grant. The Company settles stock option exercises with authorized but unissued shares of the Company's common stock.

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

(in thousands, except exercise price and contractual life)	OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE (YEARS)	AGGREGATE INTRINSIC VALUE
Outstanding as of December 27, 2020	5,422	\$ 19.76	5.1	\$ 6,575
Exercised	(936)	\$ 15.98		
Forfeited or expired	(210)	\$ 23.34		
Outstanding as of December 26, 2021	4,276	\$ 20.42	4.7	\$ 7,304
Exercisable as of December 26, 2021	3,905	\$ 20.36	4.4	\$ 7,032

Assumptions used in the Black-Scholes option pricing model and the weighted average fair value of option awards granted were as follows for the period indicated:

	FISCAL YEAR 2019
<b>Assumptions:</b>	
Risk-free interest rate (1)	2.34 %
Dividend yield (2)	1.94 %
Expected term (3)	4.8 years
Weighted average volatility (4)	31.05 %
Weighted average grant date fair value per option	\$ 5.07

- (1) Risk-free interest rate is the U.S. Treasury yield curve in effect as of the grant date for periods within the expected term of the option.  
(2) Dividend yield is the level of dividends expected to be paid on the Company's common stock over the expected term of the option.  
(3) Expected term represents the period of time that the options are expected to be outstanding. The Company estimates the expected term based on historical exercise experience for its stock options.  
(4) Based on the historical volatility of the Company's stock.

**BLOOMIN' BRANDS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued**

The following represents stock option compensation information for the periods indicated:

(dollars in thousands)	FISCAL YEAR		
	2021	2020	2019
Intrinsic value of options exercised	\$ 8,419	\$ 2,201	\$ 7,929
Cash received from option exercises, net of tax withholding	\$ 14,951	\$ 4,609	\$ 6,501
Fair value of stock options vested	\$ 19,246	\$ 16,468	\$ 18,136
Tax benefits for stock option compensation expense	\$ 1,942	\$ 535	\$ 1,932
Unrecognized stock option expense	\$ 525		
Remaining weighted average vesting period	0.6 years		

*Restricted Stock Units* - Beginning in 2019, restricted stock units granted generally vest over a period of three years and restricted stock units granted prior to 2019 generally vest over a period of four years, in an equal number of shares each year. Following is a summary of the Company's restricted stock unit activity:

(shares in thousands)	NUMBER OF RESTRICTED STOCK UNIT AWARDS	WEIGHTED AVERAGE GRANT DATE FAIR VALUE PER AWARD
Outstanding as of December 27, 2020	1,034	\$ 18.12
Granted	319	\$ 25.93
Vested	(508)	\$ 18.57
Forfeited	(115)	\$ 18.47
Outstanding as of December 26, 2021	<u>730</u>	<u>\$ 21.16</u>

The following represents restricted stock unit compensation information for the periods indicated:

(dollars in thousands)	FISCAL YEAR		
	2021	2020	2019
Fair value of restricted stock vested	\$ 9,434	\$ 8,973	\$ 8,200
Tax benefits for restricted stock compensation expense	\$ 1,592	\$ 1,614	\$ 1,672
Unrecognized restricted stock expense	\$ 9,315		
Remaining weighted average vesting period	1.8 years		

*Performance-based Share Units* - The number of PSUs that vest is determined for each year based on the achievement of certain performance criteria as set forth in the award agreement and may range from zero to 200% of the annual target grant. The PSUs are settled in shares of common stock, with holders receiving one share of common stock for each performance-based share unit that vests. The fair value of PSUs is based on the closing price of the Company's common stock on the grant date. Compensation expense for PSUs is recognized over the vesting period when it is probable the performance criteria will be achieved.

**BLOOMIN' BRANDS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued**

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

(shares in thousands)	PERFORMANCE- BASED SHARE UNITS	WEIGHTED AVERAGE GRANT DATE FAIR VALUE PER AWARD
Outstanding as of December 27, 2020	673	\$ 20.37
Granted	328	\$ 28.98
Vested	(147)	\$ 23.05
Forfeited	(95)	\$ 24.11
Outstanding as of December 26, 2021	<u>759</u>	<u>\$ 23.11</u>

In February 2021, the Company granted 0.3 million PSUs with a three-year cliff vesting period and adjusted diluted earnings per share performance metric. These grants include a Relative TSR modifier to the final payout outcome, which can adjust the payout by 75%, 100% or 125% of the achieved performance metric, with the overall payout capped at 200% of the annual target grant. The fair value of PSUs granted was estimated using the Monte Carlo simulation model. The Monte Carlo simulation model utilizes multiple input variables to estimate the probability that the market conditions will be achieved and is applied to the trading price of the Company's common stock on the date of the grant.

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

	FISCAL YEAR 2021
Assumptions:	
Risk-free interest rate (1)	0.20 %
Volatility (2)	48.45 %
Grant date fair value per unit (3)	\$ 29.73

(1) Risk-free interest rate is the U.S. Treasury yield curve in effect as of the grant date for the performance period of the unit.

(2) Based on the historical volatility of the Company's stock over the last seven years.

(3) Represents a 14.3% premium above the per share value of the Company's common stock as of the grant date.

The following represents PSU compensation information for the periods indicated:

(dollars in thousands)	FISCAL YEAR		
	2021	2020	2019
Tax benefits for PSU compensation expense	\$ 134	\$ 1,570	\$ 857
Unrecognized PSU expense	\$ 16,522		
Remaining weighted average vesting period (1)	1.4 years		

(1) PSUs typically vest after three years.

As of December 26, 2021, the maximum number of shares of common stock available for issuance for equity instruments pursuant to the 2020 Omnibus Incentive Compensation Plan was 8,910,835.



**BLOOMIN' BRANDS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued**

### Deferred Compensation Plans

*U.S. Partner Deferred Compensations Plans* - Certain U.S. Partners may participate in deferred compensation programs that are subject to the rules of Section 409A of the Internal Revenue Code. The Company may invest in corporate-owned life insurance policies, which are held within an irrevocable grantor or rabbi trust account for settlement of certain of the obligations under the deferred compensation plans. The deferred compensation obligation due to U.S. Partners under these plans was \$15.5 million and \$28.1 million as of December 26, 2021 and December 27, 2020, respectively. The rabbi trust is funded through the Company's voluntary contributions and was fully funded as of December 26, 2021.

*401(k) Plan* - The Company has a qualified defined contribution plan that qualifies under Section 401(k) of the Internal Revenue Code of 1986, as amended. The Company incurred contribution costs of \$6.1 million, \$5.5 million and \$5.4 million for the 401(k) Plan for 2021, 2020 and 2019, respectively.

*Highly Compensated Employee Plan* - The Company provides a deferred compensation plan for its highly compensated employees who are not eligible to participate in the 401(k) Plan. The deferred compensation plan allows these employees to contribute a percentage of their base salary and cash bonus on a pre-tax basis. The deferred compensation plan is unsecured and funded through the Company's voluntary contributions.

### 8. Other Current Assets, Net

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

(dollars in thousands)	DECEMBER 26, 2021	DECEMBER 27, 2020
Prepaid expenses	\$ 21,194	\$ 12,148
Accounts receivable - gift cards, net (1)	91,248	76,808
Accounts receivable - vendors, net (1)	11,793	8,886
Accounts receivable - franchisees, net (1)	1,701	1,007
Accounts receivable - other, net (1)	18,353	16,782
Deferred gift card sales commissions	17,793	19,300
Assets held for sale	100	3,831
Other current assets, net	22,441	12,756
	<u>\$ 184,623</u>	<u>\$ 151,518</u>

(1) See Note 20 - *Allowance for Expected Credit Losses* for a rollforward of the related allowance for expected credit losses.

### 9. Property, Fixtures and Equipment, Net

Property, fixtures and equipment, net, consisted of the following as of the periods indicated:

(dollars in thousands)	DECEMBER 26, 2021	DECEMBER 27, 2020
Land	\$ 38,417	\$ 40,498
Buildings	1,167,811	1,158,257
Furniture and fixtures	460,768	450,508
Equipment	641,715	623,982
Construction in progress	47,822	27,102
Less: accumulated depreciation	(1,514,521)	(1,412,660)
	<u>\$ 842,012</u>	<u>\$ 887,687</u>

*Surplus Properties* - The Company owns certain U.S. restaurant properties and assets that are no longer utilized to operate its restaurants ("surplus properties"). Surplus properties primarily consist of closed properties, which include land and a building, and liquor licenses no longer needed for operations. Surplus properties may be

**BLOOMIN' BRANDS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued**

classified on the Consolidated Balance Sheets as assets held for sale or as assets held and used when the Company does not expect to sell these assets within the next 12 months. Following is a summary of the carrying value and number of surplus properties as of the periods indicated:

(dollars in thousands)	CONSOLIDATED BALANCE SHEET CLASSIFICATION	FISCAL YEAR	
		DECEMBER 26, 2021	DECEMBER 27, 2020
Surplus properties - assets held for sale	Other current assets, net	\$ 100	\$ 3,831
Surplus properties - assets held and used	Property, fixtures and equipment, net	4,505	7,955
Total surplus properties		<u>\$ 4,605</u>	<u>\$ 11,786</u>
Number of surplus properties owned		<u>6</u>	<u>12</u>

Depreciation and repair and maintenance expense are as follows for the periods indicated:

(dollars in thousands)	FISCAL YEAR		
	2021	2020	2019
Depreciation expense	\$ 157,386	\$ 173,342	\$ 188,190
Repair and maintenance expense	\$ 104,209	\$ 88,829	\$ 106,943

#### 10. Goodwill and Intangible Assets, Net

*Goodwill* - The following table is a rollforward of goodwill:

(dollars in thousands)	U.S.	INTERNATIONAL	CONSOLIDATED
Balance as of December 29, 2019	\$ 170,657	\$ 117,782	\$ 288,439
Translation adjustments	—	(15,302)	(15,302)
Impairment charges	—	(1,973)	(1,973)
Balance as of December 27, 2020	170,657	100,507	271,164
Translation adjustments	—	(2,720)	(2,720)
Balance as of December 26, 2021	<u>\$ 170,657</u>	<u>\$ 97,787</u>	<u>\$ 268,444</u>

The following table is a summary of the Company's gross goodwill balances and accumulated impairments as of the periods indicated:

(dollars in thousands)	DECEMBER 26, 2021		DECEMBER 27, 2020		DECEMBER 29, 2019	
	GROSS CARRYING AMOUNT	ACCUMULATED IMPAIRMENTS	GROSS CARRYING AMOUNT	ACCUMULATED IMPAIRMENTS	GROSS CARRYING AMOUNT	ACCUMULATED IMPAIRMENTS
U.S.	\$ 838,827	\$ (668,170)	\$ 838,827	\$ (668,170)	\$ 838,827	\$ (668,170)
International	217,670	(119,883)	220,390	(119,883)	235,692	(117,910)
Total goodwill	<u>\$ 1,056,497</u>	<u>\$ (788,053)</u>	<u>\$ 1,059,217</u>	<u>\$ (788,053)</u>	<u>\$ 1,074,519</u>	<u>\$ (786,080)</u>

The COVID-19 outbreak was considered a triggering event during the first quarter of 2020, indicating that the carrying amount of goodwill may not be recoverable. As a result, the Company performed a quantitative assessment for its four U.S. and three international reporting units to determine whether a reporting unit was impaired. Based on this assessment, which utilized a discounted cash flow analysis, the Company recorded full impairment of goodwill related to its Hong Kong reporting unit of \$2.0 million, within the international segment, during the first quarter of 2020. Impairment was not recorded for any of the Company's other reporting units as a result of the quantitative assessment.

The Company performs its annual assessment for impairment of goodwill and other indefinite-lived intangible assets each year during the second quarter. The Company's 2021 and 2019 assessments utilized a qualitative

**BLOOMIN' BRANDS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued**

approach. As a result of these assessments, the Company did not record any goodwill asset impairment charges during 2021 or 2019. Since the Company performed a quantitative assessment on the last day of the first quarter of 2020, as described above, the Company utilized the same assumptions and analysis in performing a quantitative annual assessment in its second quarter and concluded that no additional impairment was required.

*Intangible Assets, net* - Intangible assets, net, consisted of the following as of the periods indicated:

(dollars in thousands)	WEIGHTED AVERAGE REMAINING AMORTIZATION PERIOD (IN YEARS)	DECEMBER 26, 2021			DECEMBER 27, 2020		
		GROSS CARRYING VALUE	ACCUMULATED AMORTIZATION	NET CARRYING VALUE	GROSS CARRYING VALUE	ACCUMULATED AMORTIZATION	NET CARRYING VALUE
Trade names	Indefinite	\$ 414,716		\$ 414,716	\$ 414,716		\$ 414,716
Trademarks	7	81,951	(55,736)	26,215	81,951	(51,797)	30,154
Franchise agreements	0	—	—	—	14,881	(14,881)	—
Reacquired franchise rights	9	31,944	(19,463)	12,481	33,520	(18,407)	15,113
Total intangible assets	8	\$ 528,611	\$ (75,199)	\$ 453,412	\$ 545,068	\$ (85,085)	\$ 459,983

The Company did not record any indefinite-lived intangible asset impairment charges during the periods presented.

Definite-lived intangible assets are amortized on a straight-line basis. The following table presents the aggregate expense related to the amortization of the Company's trademarks, franchise agreements and reacquired franchise rights for the periods indicated:

(dollars in thousands)	FISCAL YEAR		
	2021	2020	2019
Amortization expense	\$ 6,005	\$ 6,919	\$ 8,621

The following table presents expected annual amortization of intangible assets as of December 26, 2021:

(dollars in thousands)	
2022	\$ 5,807
2023	\$ 5,741
2024	\$ 5,613
2025	\$ 5,378
2026	\$ 5,294

#### 11. Other Assets, Net

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

(dollars in thousands)	DECEMBER 26, 2021	DECEMBER 27, 2020
Company-owned life insurance (1)	\$ 30,970	\$ 44,814
Deferred debt issuance costs (2)	5,861	4,694
Liquor licenses	23,266	24,250
Other assets	18,573	18,868
	\$ 78,670	\$ 92,626

(1) During 2021, the Company withdrew \$9.1 million from its Company-owned life insurance policies to pay deferred compensation obligations.

(2) Net of accumulated amortization of \$8.5 million and \$9.0 million as of December 26, 2021 and December 27, 2020, respectively.

**BLOOMIN' BRANDS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued**

12. Accrued and Other Current Liabilities

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

(dollars in thousands)	DECEMBER 26, 2021	DECEMBER 27, 2020
Accrued rent and current operating lease liabilities	\$ 181,636	\$ 192,369
Accrued payroll and other compensation (1)	105,095	79,291
Accrued insurance	22,017	20,648
Other current liabilities	98,146	96,013
	<u>\$ 406,894</u>	<u>\$ 388,321</u>

- (1) During 2021, accrued payroll and other compensation increased primarily due to an increase in incentive compensation as a result of increased restaurant sales in 2021 due to the impact of COVID-19 during 2020.

13. Long-term Debt, Net

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

(dollars in thousands)	DECEMBER 26, 2021		DECEMBER 27, 2020	
	OUTSTANDING BALANCE	INTEREST RATE	OUTSTANDING BALANCE	INTEREST RATE
<b>Senior Secured Credit Facility:</b>				
Term loan A (1)	\$ 195,000	1.60 %	\$ —	
Revolving credit facility (2)	80,000	3.75 %	—	
Total Senior Secured Credit Facility	<u>275,000</u>		<u>—</u>	
<b>Former Credit Facility:</b>				
Term loan A (1)	—		425,000	2.88 %
Revolving credit facility (1)	—		447,000	2.88 %
Total Former Credit Facility	<u>—</u>		<u>872,000</u>	
2025 Notes (3)	230,000	5.00 %	230,000	5.00 %
2029 Notes	300,000	5.13 %	—	
Finance lease liabilities	2,376		2,405	
Less: unamortized debt discount and issuance costs (4)	(14,157)		(67,704)	
Less: finance lease interest	(154)		(221)	
Total debt, net	<u>793,065</u>		<u>1,036,480</u>	
Less: current portion of long-term debt	<u>(10,958)</u>		<u>(38,710)</u>	
Long-term debt, net	<u>\$ 782,107</u>		<u>\$ 997,770</u>	

- (1) Interest rate represents the weighted average interest rate as of the respective periods.  
(2) Interest rate represents the Base Rate option elected in anticipation of impending repayment. Subsequent to December 26, 2021, the Company repaid the remaining \$80.0 million balance on its revolving credit facility.  
(3) See Note 14 - *Convertible Senior Notes* for details regarding the 2025 Notes and related hedge and warrant transactions.  
(4) In connection with the adoption of ASU No. 2020-06, debt discount of \$59.9 million related to the 2025 Notes was derecognized and \$2.1 million of equity issuance costs were reclassified as debt issuance costs during 2021.

Bloomin' Brands, Inc. is a holding company and conducts its operations through its subsidiaries, certain of which have incurred indebtedness as described below.

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

The 2029 Notes were issued pursuant to an Indenture, dated April 16, 2021 (the "Indenture"), by and among the Company, the guarantors named therein, and Wells Fargo Bank, National Association, as trustee. The 2029 Notes

**BLOOMIN' BRANDS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued**

are guaranteed by each of the Company's existing and future domestic restricted subsidiaries (other than OSI) that are guarantors or borrowers under its Senior Secured Credit Facility (as defined below) or certain other indebtedness. The 2029 Notes mature on April 15, 2029, unless earlier redeemed or purchased by the Company. The 2029 Notes bear cash interest at an annual rate of 5.125% payable semi-annually in arrears on April 15 and October 15 of each year.

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

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

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

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

*Credit Agreement* - On April 16, 2021, the Company and OSI, as co-borrowers, entered into the Second Amended and Restated Credit Agreement (the "Credit Agreement"), which provides for senior secured financing of up to \$1.0 billion consisting of a \$200.0 million Term loan A and an \$800.0 million revolving credit facility (the "Senior Secured Credit Facility"). The Senior Secured Credit Facility matures on April 16, 2026 and replaced the Company's prior senior secured financing of up to \$1.5 billion (the "Former Credit Facility").

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

The Company may elect an interest rate at each reset period based on the Base Rate or the Eurocurrency Rate, plus an applicable spread. The Base Rate option is the highest of: (i) the prime rate of Wells Fargo Bank, National Association, (ii) the federal funds effective rate plus 0.5 of 1.0% or (iii) the Eurocurrency rate with a one-month interest period plus 1.0% (the "Base Rate"). The Eurocurrency Rate option is the seven, 30, 60, 90 or 180-day Eurocurrency rate, subject to a 0% floor (the "Eurocurrency Rate"). The interest rates are as follows:

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

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

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued**

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

SCHEDULED QUARTERLY PAYMENT DATES	TERM LOAN A	
March 27, 2022 through June 30, 2024	\$	2,500
September 29, 2024 through June 29, 2025	\$	3,750
September 28, 2025 and December 28, 2025	\$	5,000

The Senior Secured Credit Facility contains mandatory prepayment requirements for the Term loan A, including the requirement that the Company prepay outstanding amounts under these loans with 50% of its annual excess cash flow, as defined in the Credit Agreement, commencing with the fiscal year ending December 25, 2022. The amount of outstanding loans required to be prepaid in accordance with the debt covenants may vary based on the Company's CSSNLR and year end results.

Total Net Leverage Ratio ("TNLR") is the ratio of Consolidated Total Debt (Current portion of long-term debt and Long-term debt, net of cash, excluding the 2025 Notes) to Consolidated EBITDA (earnings before interest, taxes, depreciation and amortization and certain other adjustments as defined in the Credit Agreement). The Credit Agreement requires a TNLR not to exceed 4.50 to 1.00.

The Credit Agreement limits, subject to certain exceptions, the Company's ability and the ability of its subsidiaries to: incur additional indebtedness; make significant payments; sell assets; pay dividends and other restricted payments; make certain investments; acquire certain assets; effect mergers and similar transactions; and effect certain other transactions with affiliates. The Company was also limited to \$200.0 million of aggregate capital expenditures during the year ended December 26, 2021.

As of December 26, 2021 and December 27, 2020, the Company was in compliance with its debt covenants.

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

(dollars in thousands)	DECEMBER 26, 2021	
2022	\$	10,976
2023		10,739
2024		12,944
2025		247,674
2026		225,043
Thereafter		300,000
Total payments		807,376
Less: unamortized debt discount and issuance costs		(14,157)
Less: finance lease interest		(154)
Total principal payments	\$	793,065

*Debt Issuance Costs* - During 2021, the Company deferred \$5.5 million and \$5.9 million of financing costs incurred in connection with the 2029 Notes and Credit Agreement, respectively. Debt issuance costs of \$3.7 million associated with the revolving credit facility portion of the Credit Agreement were recorded in Other assets, net and all other debt issuance costs were recorded in Long-term debt, net.

#### 14. Convertible Senior Notes

*2025 Notes* - In May 2020, the Company completed a \$230.0 million principal amount private offering of 5.00% convertible senior unsecured notes due in 2025. The 2025 Notes are governed by the terms of an indenture between the Company and Wells Fargo Bank, National Association, as the Trustee. The 2025 Notes mature on May 1, 2025,

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unless earlier converted, redeemed or purchased by the Company. The 2025 Notes bear cash interest at an annual rate of 5.00%, payable semi-annually in arrears on May 1 and November 1 of each year. Net proceeds from the 2025 Notes offering were approximately \$221.6 million, after deducting the initial purchaser's discounts and commissions and the Company's offering expenses.

The initial conversion rate applicable to the 2025 Notes is 84.122 shares of common stock per \$1,000 principal amount of 2025 Notes, or a total of approximately 19.348 million shares for the total \$230.0 million principal amount. This initial conversion rate is equivalent to an initial conversion price of approximately \$11.89 per share. The conversion rate is subject to adjustment upon the occurrence of certain specified events.

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

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

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

Based on the daily closing prices of the Company's stock during the quarter ended December 26, 2021, holders of the 2025 Notes are eligible to convert their 2025 Notes during the first quarter of 2022. The Company has provided the trustee of the 2025 Notes notice of its irrevocable election under the 2025 Notes indenture to settle the principal portion of the 2025 Notes upon conversion in cash and any excess in shares.

**BLOOMIN' BRANDS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued**

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

(dollars in thousands)	DECEMBER 26, 2021	DECEMBER 27, 2020
Long-term debt, net		
Principal	\$ 230,000	\$ 230,000
Less: debt discount (1)	—	(59,862)
Less: debt issuance costs (1)(2)	(5,898)	(5,427)
Net carrying amount	<u>\$ 224,102</u>	<u>\$ 164,711</u>
Equity component (1)	<u>\$ —</u>	<u>\$ 64,367</u>

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

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

(dollars in thousands)	FISCAL YEAR	
	2021	2020
Coupon interest	\$ 11,500	\$ 7,443
Deferred discount amortization	—	6,275
Deferred issuance cost amortization	1,557	569
Total interest expense (1)	<u>\$ 13,057</u>	<u>\$ 14,287</u>

- (1) The effective rate of the 2025 Notes over their expected life was 5.85% and 13.73% for 2021 and 2020, respectively.

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

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

The portion of the net proceeds to the Company from the offering of the 2025 Notes that was used to pay the premium on the Convertible Note Hedge Transactions, net of the proceeds to the Company from the Warrant Transactions, was approximately \$19.6 million. The net costs incurred in connection with the Convertible Note Hedge Transactions and Warrant Transactions were recorded as a reduction to Additional paid-in capital on the Company's Consolidated Balance Sheet during 2020.

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



**BLOOMIN' BRANDS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued**

15. Other Long-term Liabilities, Net

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

(dollars in thousands)	DECEMBER 26, 2021	DECEMBER 27, 2020
Accrued insurance liability	\$ 31,517	\$ 32,128
Chef and Restaurant Managing Partner deferred compensation obligations	13,971	32,306
Deferred payroll tax liabilities (1)	27,302	55,204
Other long-term liabilities (2)	52,452	65,717
	<u>\$ 125,242</u>	<u>\$ 185,355</u>

(1) During 2021, the Company made a payment of \$27.3 million related to payroll taxes deferred under the Coronavirus, Aid, Relief and Economic Security Act.

(2) The Company's hedge liability decreased by \$15.6 million during 2021 primarily from the termination of certain interest rate swaps. See Note 17 - *Derivative Instruments and Hedging Activities* for additional details.

16. Stockholders' Equity

*Share Repurchases* - On February 8, 2022, the Company's Board of Directors (the "Board") approved a share repurchase program (the "2022 Share Repurchase Program") under which the Company was authorized to repurchase up to \$125.0 million of its outstanding common stock. The 2022 Share Repurchase Program will expire on August 9, 2023.

*Dividends* - The Company declared and paid dividends per share during the period presented as follows:

(dollars in thousands, except per share data)	FISCAL YEAR 2020	
	DIVIDENDS PER SHARE	AMOUNT
First fiscal quarter	\$ 0.20	\$ 17,480

In February 2022, the Board declared a quarterly cash dividend of \$0.14 per share, payable on March 16, 2022 to shareholders of record at the close of business on March 2, 2022.

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

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

(dollars in thousands)	DECEMBER 26, 2021	DECEMBER 27, 2020
Foreign currency translation adjustment	\$ (195,480)	\$ (188,883)
Unrealized loss on derivatives, net of tax	(10,509)	(22,563)
Accumulated other comprehensive loss	<u>\$ (205,989)</u>	<u>\$ (211,446)</u>

**BLOOMIN' BRANDS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued**

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

(dollars in thousands)	FISCAL YEAR		
	2021	2020	2019
<b>Bloomin' Brands:</b>			
Foreign currency translation adjustment	\$ (6,597)	\$ (36,852)	\$ (16,882)
Unrealized gain (loss) on derivatives, net of tax (1)	86	(14,741)	(11,944)
Reclassification of adjustments for loss on derivatives included in Net income (loss), net of tax (2)	7,392	9,923	1,805
Amortization of terminated interest rate swaps, net of tax	4,576	—	—
Total unrealized gain (loss) on derivatives, net of tax	12,054	(4,818)	(10,139)
Other comprehensive income (loss) attributable to Bloomin' Brands	\$ 5,457	\$ (41,670)	\$ (27,021)

(1) Unrealized loss on derivatives is net of tax of \$5.1 million and \$4.1 million for 2020 and 2019, respectively.

(2) Reclassifications of adjustments for loss on derivatives are net of tax. See Note 17 - *Derivative Instruments and Hedging Activities* for the tax impact of reclassifications.

## 17. Derivative Instruments and Hedging Activities

**Interest Rate Risk** - The Company manages economic risks, including interest rate variability, primarily by managing the amount, sources and duration of its debt funding and through the use of derivative financial instruments. The Company's objectives in using interest rate derivatives are to manage its exposure to interest rate movements. To accomplish this objective, the Company uses interest rate swaps.

### Designated Hedges

**Cash Flow Hedges of Interest Rate Risk** - In October 2018, the Company entered into variable-to-fixed interest rate swap agreements with 12 counterparties to hedge a portion of the cash flows of the Company's variable rate debt (the "2018 Swap Agreements"). The 2018 Swap Agreements have an aggregate notional amount of \$550.0 million and mature on November 30, 2022. Under the terms of the 2018 Swap Agreements, the Company pays a weighted average fixed rate of 3.04% on the notional amount and receives payments from the counterparties based on the one-month London Inter-Bank Offered Rate ("LIBOR") rate.

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

As a result of the Company's anticipated decrease in variable rate debt balances due to significant voluntary debt payments, on December 9, 2021 the Company terminated its variable-to-fixed interest rate swap agreements with three counterparties having an aggregate notional amount of \$150.0 million for a payment of approximately \$4.1 million, including accrued interest. Following these terminations, \$4.1 million of unrealized losses related to the terminated swap agreements included in AOCL will be amortized to Interest expense, net during 2022.

The Company's swap agreements have been designated and qualify as cash flow hedges, are recognized on its Consolidated Balance Sheets at fair value and are classified based on the instruments' maturity dates. As of December 26, 2021, the Company estimated \$14.4 million will be reclassified to Interest expense, net through the November 2022 maturity date of the swaps, including interest expense related to the terminated swap agreements discussed above.

**BLOOMIN' BRANDS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued**

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

(dollars in thousands)	DECEMBER 26, 2021	DECEMBER 27, 2020	CONSOLIDATED BALANCE SHEET CLASSIFICATION
Interest rate swaps - liability	\$ 3,056	\$ 14,855	Accrued and other current liabilities
Interest rate swaps - liability	—	15,640	Other long-term liabilities, net
Total fair value of derivative instruments - liabilities (1)	<u>\$ 3,056</u>	<u>\$ 30,495</u>	
Accrued interest	<u>\$ 276</u>	<u>\$ 1,237</u>	Accrued and other current liabilities

(1) See Note 19 - *Fair Value Measurements* for fair value discussion of the interest rate swaps.

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

(dollars in thousands)	FISCAL YEAR		
	2021	2020	2019
Interest rate swap expense recognized in Interest expense, net	\$ (9,951)	\$ (13,370)	\$ (2,436)
Income tax benefit recognized in Provision (benefit) for income taxes	2,559	3,447	631
Total effects on Net income (loss)	<u>\$ (7,392)</u>	<u>\$ (9,923)</u>	<u>\$ (1,805)</u>

The Company records its derivatives on its Consolidated Balance Sheets on a gross balance basis. The Company's interest rate swaps are subject to master netting arrangements. As of December 26, 2021, the Company did not have more than one derivative between the same counterparties and as such, there was no netting.

By utilizing the interest rate swaps, the Company is exposed to credit-related losses in the event that the counterparty fails to perform under the terms of the derivative contract. To mitigate this risk, the Company enters into derivative contracts with major financial institutions based upon credit ratings and other factors. The Company continually assesses the creditworthiness of its counterparties. As of December 26, 2021 and December 27, 2020, all counterparties to the interest rate swaps had performed in accordance with their contractual obligations.

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

As of December 26, 2021 and December 27, 2020, the fair value of the Company's interest rate swaps was in a net liability position, including accrued interest but excluding any adjustment for nonperformance risk, of \$3.3 million and \$32.2 million, respectively. As of December 26, 2021 and December 27, 2020, the Company has not posted any collateral related to these agreements. If the Company had breached any of these provisions as of December 26, 2021 and December 27, 2020, it could have been required to settle its obligations under the agreements at their termination value of \$3.3 million and \$32.2 million, respectively.

**BLOOMIN' BRANDS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued**

18. 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	DECEMBER 26, 2021	DECEMBER 27, 2020
Operating lease right-of-use assets	Operating lease right-of-use assets	\$ 1,130,873	\$ 1,172,910
Finance lease right-of-use assets (1)	Property, fixtures and equipment, net	2,074	1,947
Total lease assets, net		<u>\$ 1,132,947</u>	<u>\$ 1,174,857</u>
Current operating lease liabilities (2)	Accrued and other current liabilities	\$ 177,028	\$ 176,791
Current finance lease liabilities	Current portion of long-term debt	958	1,210
Non-current operating lease liabilities (3)	Non-current operating lease liabilities	1,178,998	1,216,666
Non-current finance lease liabilities	Long-term debt, net	1,264	974
Total lease liabilities		<u>\$ 1,358,248</u>	<u>\$ 1,395,641</u>

- (1) Net of accumulated amortization of \$3.3 million and \$2.3 million as December 26, 2021 and December 27, 2020, respectively.
- (2) Excludes COVID-19-related deferred rent accruals of \$1.1 million and \$12.8 million as of December 26, 2021 and December 27, 2020, respectively, and accrued contingent percentage rent of \$3.5 million and \$2.7 million, as of December 26, 2021 and December 27, 2020, respectively.
- (3) Excludes COVID-19-related non-current deferred rent accruals of \$0.4 million and \$1.2 million as of December 26, 2021 and December 27, 2020, respectively.

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

(dollars in thousands)	CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS) CLASSIFICATION	FISCAL YEAR		
		2021	2020	2019
Operating leases (1)	Other restaurant operating	\$ 178,733	\$ 178,740	\$ 181,397
Variable lease cost (2)	Other restaurant operating	4,350	(2,326)	3,504
<b>Finance leases:</b>				
Amortization of leased assets	Depreciation and amortization	1,079	1,248	1,400
Interest on lease liabilities	Interest expense, net	129	160	264
Sublease revenue	Franchise and other revenues	(9,396)	(3,121)	(6,542)
Lease costs, net		<u>\$ 174,895</u>	<u>\$ 174,701</u>	<u>\$ 180,023</u>

- (1) Excludes rent expense for office facilities and Company-owned closed or subleased properties of \$12.9 million, \$13.8 million and \$14.6 million for 2021, 2020 and 2019, respectively, which is included in General and administrative expense. Also excludes certain immaterial supply chain related rent expense included in Food and beverage costs.
- (2) Includes COVID-19-related rent abatements for 2021 and 2020.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued**

As of December 26, 2021, future minimum lease payments and sublease revenues under non-cancelable leases are as follows:

(dollars in thousands)	OPERATING LEASES (1)	FINANCE LEASES	SUBLEASE REVENUES
2022 (2)	\$ 185,093	\$ 976	\$ (5,130)
2023	189,010	739	(5,212)
2024	183,170	444	(5,182)
2025	171,317	174	(4,983)
2026	164,111	43	(4,971)
Thereafter	1,490,634	—	(42,823)
Total minimum lease payments (receipts) (3)	<u>2,383,335</u>	<u>2,376</u>	<u>\$ (68,301)</u>
Less: Interest	<u>(1,025,773)</u>	<u>(154)</u>	
Present value of future lease payments	<u>\$ 1,357,562</u>	<u>\$ 2,222</u>	

- (1) Includes COVID-19-related current and non-current deferred rent accruals of \$1.1 million and \$0.4 million, respectively, as of December 26, 2021.  
(2) Net of operating lease prepaid rent of \$5.6 million.  
(3) Includes \$1.0 billion related to lease renewal options that are reasonably certain of exercise and excludes \$80.9 million of signed operating leases that have not yet commenced.

The following table is a summary of the weighted average remaining lease terms and weighted average discount rates of the Company's leases as of the periods indicated:

	DECEMBER 26, 2021	DECEMBER 27, 2020
Weighted average remaining lease term (1):		
Operating leases	13.7 years	14.0 years
Finance leases	2.8 years	2.7 years
Weighted average discount rate (2):		
Operating leases	8.42 %	8.54 %
Finance leases	5.01 %	7.21 %

- (1) Includes lease renewal options that are reasonably certain of exercise.  
(2) Based on the Company's incremental borrowing rate at lease commencement.

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

(dollars in thousands)	FISCAL YEAR		
	2021	2020	2019
Cash flows from operating activities:			
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 205,253	\$ 177,961	\$ 191,855

*Properties Leased to Third Parties* - The Company leases certain owned land and buildings to third parties, generally related to closed or refranchised restaurants. The following table is a summary of assets leased to third parties as of the periods indicated:

(dollars in thousands)	DECEMBER 26, 2021	DECEMBER 27, 2020
Land	\$ 5,021	\$ 9,341
Buildings	\$ 4,987	\$ 10,172
Less: accumulated depreciation	(3,746)	(6,181)
Buildings, net	<u>\$ 1,241</u>	<u>\$ 3,991</u>

**BLOOMIN' BRANDS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued**

19. Fair Value Measurements

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

(dollars in thousands)	DECEMBER 26, 2021			DECEMBER 27, 2020		
	TOTAL	LEVEL 1	LEVEL 2	TOTAL	LEVEL 1	LEVEL 2
<b>Assets:</b>						
Cash equivalents:						
Fixed income funds	\$ 6,714	\$ 6,714	\$ —	\$ 15,404	\$ 15,404	\$ —
Money market funds	9,039	9,039	—	16,494	16,494	—
Restricted cash equivalents:						
Money market funds	1,472	1,472	—	428	428	—
<b>Total asset recurring fair value measurements</b>	<b>\$ 17,225</b>	<b>\$ 17,225</b>	<b>\$ —</b>	<b>\$ 32,326</b>	<b>\$ 32,326</b>	<b>\$ —</b>
<b>Liabilities:</b>						
Accrued and other current liabilities:						
Derivative instruments - interest rate swaps	\$ 3,056	\$ —	\$ 3,056	\$ 14,855	\$ —	\$ 14,855
Other long-term liabilities:						
Derivative instruments - interest rate swaps	—	—	—	15,640	—	15,640
<b>Total liability recurring fair value measurements</b>	<b>\$ 3,056</b>	<b>\$ —</b>	<b>\$ 3,056</b>	<b>\$ 30,495</b>	<b>\$ —</b>	<b>\$ 30,495</b>

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

FINANCIAL INSTRUMENT	METHODS AND ASSUMPTIONS
Fixed income funds and Money market funds	Carrying value approximates fair value because maturities are less than three months.
Derivative instruments	The Company's derivative instruments include interest rate swaps. Fair value measurements are based on the contractual terms of the derivatives and use observable market-based inputs. The interest rate swaps are valued using a discounted cash flow analysis on the expected cash flows of each derivative using observable inputs including interest rate curves and credit spreads. The Company also considers its own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. As of December 26, 2021 and December 27, 2020, the Company has determined that the credit valuation adjustments are not significant to the overall valuation of its derivatives.

**BLOOMIN' BRANDS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued**

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

(dollars in thousands)	2021		2020		2019	
	REMAINING CARRYING VALUE	TOTAL IMPAIRMENT	REMAINING CARRYING VALUE	TOTAL IMPAIRMENT	REMAINING CARRYING VALUE	TOTAL IMPAIRMENT
Assets held for sale (1)	\$ —	\$ —	\$ 1,934	\$ 123	\$ 2,049	\$ 315
Operating lease right-of-use assets (2)	8,647	3,950	72,615	30,940	6,597	4,284
Property, fixtures and equipment (3)	11,647	8,445	26,311	41,077	3,915	4,535
Goodwill and other assets (4)	—	1,006	748	2,683	—	—
	<u>\$ 20,294</u>	<u>\$ 13,401</u>	<u>\$ 101,608</u>	<u>\$ 74,823</u>	<u>\$ 12,561</u>	<u>\$ 9,134</u>

- (1) Carrying values measured using Level 3 inputs to estimate fair value totaled \$1.2 million during 2020. All other assets were valued using Level 2 inputs. Third-party market appraisals or executed sales contracts (Level 2) and discounted cash flow models (Level 3) were used to estimate fair value.
- (2) Carrying values measured using Level 2 inputs to estimate fair value totaled \$0.2 million during 2019. All other assets were valued using Level 3 inputs. Third-party market appraisals (Level 2) and discounted cash flow models (Level 3) were used to estimate fair value. Refer to Note 5 - *Impairments, Exit Costs and Disposals* for a more detailed discussion of impairments.
- (3) Carrying values measured using Level 2 inputs to estimate fair value totaled \$1.4 million, \$2.2 million and \$2.3 million for 2021, 2020 and 2019, respectively. All other assets were valued using Level 3 inputs. Third-party market appraisals (Level 2) and discounted cash flow models (Level 3) were used to estimate the fair value. Refer to Note 5 - *Impairments, Exit Costs and Disposals* for a more detailed discussion of impairments.
- (4) Other assets generally measured using the quoted market value of comparable assets (Level 2).

See Note 5 - *Impairments, Exit Costs and Disposals* for information regarding impairment charges resulting from the fair value measurement performed on a nonrecurring basis during 2020. Projected future cash flows, including discount rate and growth rate assumptions, are derived from then-current economic conditions, expectations of management and projected trends of current operating results. As a result, the Company has determined that the majority of the inputs used to value its long-lived assets held and used are unobservable inputs that fall within Level 3 of the fair value hierarchy.

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

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

UNOBSERVABLE INPUTS	FISCAL YEAR		
	2020		
Weighted average cost of capital	10.4%	to	11.3%
Long-term growth rate	1.5%	to	2.0%

*Fair Value of Financial Instruments* - The Company's non-derivative financial instruments as of December 26, 2021 and December 27, 2020 consist of cash equivalents, accounts receivable, accounts payable and current and

**BLOOMIN' BRANDS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued**

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:

(dollars in thousands)	DECEMBER 26, 2021		DECEMBER 27, 2020	
	CARRYING VALUE	FAIR VALUE LEVEL 2	CARRYING VALUE	FAIR VALUE LEVEL 2
Senior Secured Credit Facility:				
Term loan A	\$ 195,000	\$ 190,125	\$ —	\$ —
Revolving credit facility	\$ 80,000	\$ 76,926	\$ —	\$ —
Former Credit Facility:				
Term loan A	\$ —	\$ —	\$ 425,000	\$ 412,250
Revolving credit facility	\$ —	\$ —	\$ 447,000	\$ 419,612
2025 Notes	\$ 230,000	\$ 447,615	\$ 230,000	\$ 413,818
2029 Notes	\$ 300,000	\$ 304,395	\$ —	\$ —

## 20. Allowance for Expected Credit Losses

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

(dollars in thousands)	FISCAL YEAR	
	2021	2020
Allowance for expected credit losses, beginning of period	\$ 4,095	\$ 199
Adjustment for adoption of ASU No. 2016-13	—	1,018
Provision for expected credit losses (1)	64	3,472
Charge-off of accounts	(109)	(594)
Allowance for expected credit losses, end of period	\$ 4,050	\$ 4,095

(1) In March 2020, the Company fully reserved substantially all of its outstanding franchise receivables in response to the economic impact of the COVID-19 pandemic. See Note 3 - 2020 COVID-19 Charges for details regarding the impact of the COVID-19 pandemic on the Company's financial results.

The Company is also exposed to credit losses from off-balance sheet lease guarantees primarily related to the divestiture of certain formerly Company-owned restaurant sites. See Note 22 - *Commitments and Contingencies* for details regarding these lease guarantees.

## 21. Income Taxes

The following table presents the domestic and foreign components of Income (loss) before provision (benefit) for income taxes for the periods indicated:

(dollars in thousands)	FISCAL YEAR		
	2021	2020	2019
Domestic	\$ 258,202	\$ (206,941)	\$ 129,826
Foreign	(8,905)	(32,580)	11,864
	\$ 249,297	\$ (239,521)	\$ 141,690



**BLOOMIN' BRANDS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued**

Provision (benefit) for income taxes consisted of the following for the periods indicated:

(dollars in thousands)	FISCAL YEAR		
	2021	2020	2019
<b>Current provision:</b>			
Federal	\$ 16,951	\$ 2,606	\$ 13,265
State	10,917	2,301	9,696
Foreign	1,862	2,623	10,502
	<u>29,730</u>	<u>7,530</u>	<u>33,463</u>
<b>Deferred (benefit) provision:</b>			
Federal	(2,057)	(66,498)	(21,407)
State	1,194	(12,527)	(1,986)
Foreign	(2,483)	(9,231)	(2,497)
	<u>(3,346)</u>	<u>(88,256)</u>	<u>(25,890)</u>
<b>Provision (benefit) for income taxes</b>	<u>\$ 26,384</u>	<u>\$ (80,726)</u>	<u>\$ 7,573</u>

*Effective Income Tax Rate* - The reconciliation of income taxes calculated at the United States federal tax statutory rate to the Company's effective income tax rate is as follows for the periods indicated:

	FISCAL YEAR		
	2021	2020 (1)	2019
Income taxes at federal statutory rate	21.0 %	21.0 %	21.0 %
State and local income taxes, net of federal benefit	3.8	3.3	4.4
Employment-related credits, net	(13.2)	9.9	(24.7)
Tax settlements and related adjustments	(1.7)	0.1	—
Net changes in deferred tax valuation allowances	(0.7)	(0.6)	(1.6)
Foreign tax rate differential	(0.2)	1.1	3.2
Nondeductible expenses	2.3	(1.4)	3.9
Other, net	(0.7)	0.3	(0.9)
<b>Total</b>	<u>10.6 %</u>	<u>33.7 %</u>	<u>5.3 %</u>

(1) Due to the pre-tax book loss, a positive percentage change in the effective income tax rate table reflects a favorable income tax benefit, whereas a negative percentage change in the effective income tax rate table reflects an unfavorable income tax expense.

The net decrease in the effective income tax rate in 2021 as compared to 2020 was primarily due to the benefit of FICA tax credits on certain employees' tips reducing the effective income tax rate in 2021 as a result of pre-tax book income as compared to increasing the effective income tax rate in 2020 as a result of pre-tax book loss.

The net increase in the effective income tax rate in 2020 as compared to 2019 was primarily due to the benefit of the tax credits for FICA taxes on certain employees' tips in 2020 and the 2020 pre-tax book loss.

The Company has a blended federal and state statutory rate of approximately 26%. The effective income tax rate for 2021 was lower than the blended federal and state statutory rate primarily due to the benefit of tax credits for FICA taxes on certain employees' tips. The effective income tax rate for 2020 was higher than the blended federal and state statutory rate primarily due to the benefit of tax credits for FICA taxes on certain employees' tips.

On December 28, 2021, the U.S. Treasury and the Internal Revenue Service released final regulations that, among other things, provide guidance on several aspects of the foreign tax credit rules. These regulations are applicable for years beginning on or after December 28, 2021 and were issued after the Company's 52-53 week year end. The impact, if any, of these highly technical regulations is being evaluated and will be reflected in the Company's 2022 tax provision.

**BLOOMIN' BRANDS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued**

*Deferred Tax Assets and Liabilities* - The income tax effects of temporary differences that give rise to significant portions of deferred income tax assets and liabilities are as follows as of the periods indicated:

(dollars in thousands)	DECEMBER 26, 2021	DECEMBER 27, 2020
<b>Deferred income tax assets:</b>		
Operating lease liabilities	\$ 352,041	\$ 360,690
Insurance reserves	14,329	13,695
Unearned revenue	50,284	44,039
Deferred compensation	25,164	32,779
Net operating loss carryforwards	18,227	19,285
Federal tax credit carryforwards	146,734	142,055
Other, net (1)	21,222	28,241
Gross deferred income tax assets	628,001	640,784
Less: valuation allowance	(16,998)	(18,509)
Deferred income tax assets, net of valuation allowance	611,003	622,275
<b>Deferred income tax liabilities:</b>		
Less: operating lease right-of-use asset basis differences	(290,697)	(300,387)
Less: property, fixtures and equipment basis differences	(48,284)	(54,725)
Less: intangible asset basis differences	(103,954)	(113,280)
Deferred income tax assets, net	\$ 168,068	\$ 153,883

(1) As of December 26, 2021 and December 27, 2020, the Company maintained deferred tax liabilities for state income taxes on historical earnings of \$0.2 million.

As of December 26, 2021, valuation allowances against deferred tax assets in the U.S. and in certain foreign jurisdictions totaled \$3.2 million and \$13.8 million, respectively. The Company will maintain the valuation allowances in each applicable tax jurisdiction until it determines it is more likely than not the deferred tax assets will be realized. The net change in the deferred tax valuation allowance in 2021 is primarily attributable to net operating loss carryforwards in certain foreign jurisdictions with full valuation allowances recorded that expired or are no longer available to the Company.

The Company has considered the impact of the COVID-19 pandemic on the Company's Brazilian operating subsidiary, including assessing the realizability of Brazilian deferred tax assets. As part of the Company's evaluation of positive and negative evidence, management considered whether there has been cumulative income or loss in the past three years, the impact of non-deductible amounts, the scheduled reversal of deferred tax assets and liabilities, projected future taxable income and the state of the Company's business in Brazil. As of December 26, 2021, the Company has concluded that no valuation allowance is required against the deferred tax assets of its Brazilian operating subsidiary. Although management uses the best information available, it is reasonably possible that the estimates used by the Company could be materially different from the actual results. These differences could result in a material adjustment to the Company's valuation allowance in a future reporting period.

*Undistributed Earnings* - As of December 26, 2021, the Company had aggregate accumulated foreign earnings of approximately \$28.8 million. This amount consisted primarily of historical earnings from 2017 and prior that were previously taxed in the U.S. under the Tax Cuts and Jobs Act and post-2017 foreign earnings, which the Company may repatriate to the U.S. without additional material U.S. federal income taxes. These amounts are no longer considered indefinitely reinvested in the Company's foreign subsidiaries.

The Company has not recorded a deferred tax liability on the financial statement carrying amount over the tax basis of its investments in foreign subsidiaries because the Company continues to assert that it is indefinitely reinvested in its underlying investments in foreign subsidiaries. The determination of any unrecorded deferred tax liability on this amount is not practicable due to the uncertainty of how these investments would be recovered.

**BLOOMIN' BRANDS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued**

*Tax Carryforwards* - The amount and expiration dates of tax loss carryforwards and credit carryforwards as of December 26, 2021 are as follows:

(dollars in thousands)	EXPIRATION DATE	AMOUNT
Federal tax credit carryforwards	2026 - 2041	\$ 158,878
Foreign loss carryforwards	2022 - Indefinite	\$ 71,724
Foreign credit carryforwards	Indefinite	\$ 864

As of December 26, 2021, the Company had \$155.7 million in general business tax credit carryforwards, which have a 20-year carryforward period and are utilized on a first-in, first-out basis. The Company currently expects to utilize these tax credit carryforwards within a 10-year period. However, the Company's ability to utilize these tax credits could be adversely impacted by, among other items, a future "ownership change" as defined under Section 382 of the Internal Revenue Code.

*Unrecognized Tax Benefits* - As of December 26, 2021 and December 27, 2020, the liability for unrecognized tax benefits was \$19.2 million and \$25.5 million, respectively. Of the total amount of unrecognized tax benefits, including accrued interest and penalties, \$18.8 million and \$25.5 million, respectively, if recognized, would impact the Company's effective income tax rate.

The following table summarizes the activity related to the Company's unrecognized tax benefits for the periods indicated:

(dollars in thousands)	FISCAL YEAR		
	2021	2020	2019
Balance as of beginning of year	\$ 25,524	\$ 27,201	\$ 25,190
Additions for tax positions taken during a prior period	166	1,061	869
Reductions for tax positions taken during a prior period	(4,209)	(324)	(255)
Additions for tax positions taken during the current period	1,292	762	2,237
Settlements with taxing authorities	(2,674)	(1,290)	(44)
Lapses in the applicable statutes of limitations	(854)	(1,857)	(749)
Translation adjustments	(7)	(29)	(47)
Balance as of end of year	\$ 19,238	\$ 25,524	\$ 27,201

The Company had approximately \$0.9 million and \$1.9 million accrued for the payment of interest and penalties as of December 26, 2021 and December 27, 2020, respectively. The Company recognized immaterial interest and penalties related to uncertain tax positions in the Provision (benefit) for income taxes, for all periods presented.

In many cases, the Company's uncertain tax positions are related to tax years that remain subject to examination by relevant taxable authorities. Based on the outcome of these examinations, or a result of the expiration of the statute of limitations for specific jurisdictions, it is reasonably possible that the related recorded unrecognized tax benefits for tax positions taken on previously filed tax returns will change by approximately \$1.0 million to \$2.0 million within the next 12 months.

*Open Tax Years* - Following is a summary of the open audit years by jurisdiction as of December 26, 2021:

	OPEN AUDIT YEARS
United States - federal	2007 - 2020
United States - state	2009 - 2020
Foreign	2015 - 2020

**BLOOMIN' BRANDS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued**

22. Commitments and Contingencies

*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 December 26, 2021, the undiscounted payments the Company could be required to make in the event of non-payment by the primary lessees was approximately \$25.1 million. The present value of these potential payments discounted at the Company's incremental borrowing rate as of December 26, 2021 was approximately \$21.2 million. In the event of default, the indemnity clauses in the Company's purchase and sale agreements govern its ability to pursue and recover damages incurred. As of December 26, 2021 and December 27, 2020, the Company's recorded contingent lease liability was \$8.7 million and \$9.6 million, respectively.

*Purchase Obligations* - Purchase obligations were \$206.6 million and \$230.6 million as of December 26, 2021 and December 27, 2020, respectively. These purchase obligations are primarily due within five years, however, commitments with various vendors extend through December 2030. Outstanding commitments consist primarily of food and beverage products related to normal business operations, technology, restaurant-level service contracts and advertising. In 2021, the Company purchased more than 90% of its U.S. beef raw materials from four beef suppliers that represent more than 80% of the total beef marketplace in the U.S.

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

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

The Company recorded reserves of \$7.1 million and \$4.6 million for certain of its outstanding legal proceedings as of December 26, 2021 and December 27, 2020, respectively, within Accrued and other current liabilities and Other long-term liabilities on its Consolidated Balance Sheets. While the Company believes that additional losses beyond these accruals are reasonably possible, it cannot estimate a possible loss contingency or range of reasonably possible loss contingencies beyond these accruals. During 2021, 2020 and 2019, the Company recognized \$5.4 million, \$2.3 million and \$1.3 million, respectively, in Other restaurant operating expense in the Company's Consolidated Statements of Operations and Comprehensive Income (Loss) for certain legal settlements.

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,

**BLOOMIN' BRANDS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued**

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.

*Royalty Termination* - On August 2, 2021, wholly-owned subsidiaries of the Company entered into the Purchase and Sale of Royalty Payment Stream and Termination of Royalty Agreement (the "Royalty Termination Agreement") with the Carrabba's Italian Grill founders (the "Carrabba's Founders"), pursuant to which the Company's obligation to pay future royalties on U.S. Carrabba's Italian Grill restaurant sales and lump sum royalty fees on Carrabba's Italian Grill (and Abbraccio) restaurants opened outside the U.S. was terminated. Upon execution of the Royalty Termination Agreement, the Company made a cash payment of \$61.9 million to the Carrabba's Founders, which was recorded in Other restaurant operating expense in its Consolidated Statements of Operations and Comprehensive Income (Loss) during 2021.

*Insurance* - As of December 26, 2021, the future undiscounted payments the Company expects for workers' compensation, general liability and health insurance claims are as follows:

(dollars in thousands)

2022	\$	22,071
2023		10,819
2024		6,759
2025		3,486
2026		1,838
Thereafter		9,691
	<u>\$</u>	<u>54,664</u>

The following is a reconciliation of the expected aggregate undiscounted reserves to the discounted reserves for insurance claims recognized on the Company's Consolidated Balance Sheets as of the periods indicated:

(dollars in thousands)

	DECEMBER 26, 2021	DECEMBER 27, 2020
Undiscounted reserves	\$ 54,664	\$ 53,217
Discount (1)	(1,130)	(441)
Discounted reserves	<u>\$ 53,534</u>	<u>\$ 52,776</u>
Discounted reserves recognized on the Company's Consolidated Balance Sheets:		
Accrued and other current liabilities	\$ 22,017	\$ 20,648
Other long-term liabilities, net	31,517	32,128
	<u>\$ 53,534</u>	<u>\$ 52,776</u>

(1) Discount rates of 0.69% and 0.26% were used for December 26, 2021 and December 27, 2020, respectively.

### 23. Segment Reporting

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

**BLOOMIN' BRANDS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued**

The following is a summary of reporting segments as of December 26, 2021:

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 Carrabba's Italian Grill (Abbraccio)	Brazil, Hong Kong/China Brazil

(1) Includes franchise locations.

Segment accounting policies are the same as those described in Note 2 - *Summary of Significant Accounting Policies*. Revenues for all segments include only transactions with customers and exclude intersegment revenues. Excluded from Income (loss) from operations for U.S. and international are certain legal and corporate costs not directly related to the performance of the segments, most stock-based compensation expenses and certain bonus expenses.

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

(dollars in thousands)	FISCAL YEAR		
	2021	2020	2019
Total revenues			
U.S.	\$ 3,759,981	\$ 2,885,542	\$ 3,687,918
International	362,404	285,019	451,471
Total revenues	<u>\$ 4,122,385</u>	<u>\$ 3,170,561</u>	<u>\$ 4,139,389</u>

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

(dollars in thousands)	FISCAL YEAR		
	2021	2020	2019
Segment income (loss) from operations			
U.S.	\$ 443,887	\$ (1,630)	\$ 311,666
International	16,657	(13,479)	44,428
Total segment income (loss) from operations	460,544	(15,109)	356,094
Unallocated corporate operating expense (1)	(151,586)	(159,864)	(165,004)
Total income (loss) from operations	308,958	(174,973)	191,090
Loss on extinguishment and modification of debt	(2,073)	(237)	—
Other income (expense), net	26	131	(143)
Interest expense, net	(57,614)	(64,442)	(49,257)
Income (loss) before provision (benefit) for income taxes	<u>\$ 249,297</u>	<u>\$ (239,521)</u>	<u>\$ 141,690</u>

(1) Includes \$32.4 million of charges for 2020 that were not allocated to the Company's segments related to its transformational initiatives, primarily recorded within General and administrative expense and Provision for impaired assets and restaurant closings.

**BLOOMIN' BRANDS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued**

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

(dollars in thousands)	FISCAL YEAR		
	2021	2020	2019
Depreciation and amortization			
U.S.	\$ 134,243	\$ 144,298	\$ 152,881
International	22,649	23,723	27,491
Corporate	6,499	12,240	16,439
Total depreciation and amortization	<u>\$ 163,391</u>	<u>\$ 180,261</u>	<u>\$ 196,811</u>

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

(dollars in thousands)	FISCAL YEAR		
	2021	2020	2019
Capital expenditures			
U.S.	\$ 103,303	\$ 64,516	\$ 121,646
International	14,074	18,542	28,496
Corporate	9,035	5,936	8,885
Total capital expenditures	<u>\$ 126,412</u>	<u>\$ 88,994</u>	<u>\$ 159,027</u>

The following table sets forth Total assets by segment as of the periods indicated:

(dollars in thousands)	DECEMBER 26, 2021	DECEMBER 27, 2020
Assets		
U.S.	\$ 2,626,808	\$ 2,672,778
International	383,075	410,322
Corporate	284,388	279,007
Total assets	<u>\$ 3,294,271</u>	<u>\$ 3,362,107</u>

*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)	DECEMBER 26, 2021	DECEMBER 27, 2020
U.S.	\$ 831,634	\$ 879,392
International		
Brazil	73,706	83,041
Other	15,342	17,880
Total assets	<u>\$ 920,682</u>	<u>\$ 980,313</u>

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:

(dollars in thousands)	FISCAL YEAR		
	2021	2020	2019
U.S.	\$ 3,759,981	\$ 2,885,542	\$ 3,687,918
International			
Brazil	297,167	222,283	393,700
Other	65,237	62,736	57,771
Total revenues	<u>\$ 4,122,385</u>	<u>\$ 3,170,561</u>	<u>\$ 4,139,389</u>

**Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None.

**Item 9A. 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, is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 26, 2021.

**Management's Annual Report on Internal Control over Financial Reporting**

Management's report on our internal control over financial reporting and the attestation report of PricewaterhouseCoopers LLP, our independent registered certified public accounting firm, on our internal control over financial reporting are included in Item 8, Financial Statements and Supplementary Data, of this Annual Report on Form 10-K.

**Changes in Internal Control over Financial Reporting**

There have been no changes in our internal control over financial reporting during our most recent quarter ended December 26, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**Item 9B. Other Information****Amendment to CEO Employment Agreement**

On February 21, 2022, the Company entered into the Second Amendment to Amended and Restated Officer Employment Agreement (the "Second Amendment") with David J. Deno, the Company's Chief Executive Officer. Pursuant to the Second Amendment, effective February 21, 2022, Mr. Deno's annual base salary was increased to One Million Dollars (\$1,000,000) and his long-term incentive award target was increased to 4.35 times his annual base salary (collectively, the "Market Adjustment"). The increase to Mr. Deno's annual base salary and related annual incentive compensation target will be pro-rated for 2022.

The Market Adjustment was reviewed and approved by the Company's Compensation Committee after consultation with Frederic W. Cook & Co., Inc., the Compensation Committee's independent compensation consultant and brings Mr. Deno's total target compensation level more in-line with the Company's peer group benchmark.

The foregoing summary of the Second Amendment does not purport to be complete and is qualified in its entirety by the full text of the Second Amendment, a copy of which is filed as Exhibit 10.48 to this Annual Report on Form 10-K and incorporated herein by reference.

**Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections**

None.



**PART III****Item 10. Directors, Executive Officers and Corporate Governance**

The information required by this item relating to our directors and nominees will be included under the captions “Proposal No.1: Election of Directors—Nominees for Election at this Annual Meeting” and “—Directors Continuing in Office” in our definitive Proxy Statement for the 2022 Annual Meeting of Stockholders (“Definitive Proxy Statement”) and is incorporated herein by reference.

The information required by this item relating to our executive officers is included under the caption “Information About Our Executive Officers” in Part I of this Report on Form 10-K.

The information required by this item regarding compliance with Section 16(a) of the Securities Act of 1934 will be included under the caption “Executive Compensation and Related Information—Delinquent Section 16(a) Reports” in our Definitive Proxy Statement and is incorporated herein by reference.

We have adopted a Code of Conduct that applies to all employees. A copy of our Code of Conduct is available on our website, free of charge. The Internet address for our website is [www.bloominbrands.com](http://www.bloominbrands.com), and the Code of Conduct may be found on our main webpage by clicking first on “Investors” and then on “Governance—Governance Documents” and next on “Code of Conduct.”

We intend to satisfy any disclosure requirement under Item 5.05 of Form 8-K regarding an amendment to, or waiver from, a provision of this code of ethics by posting such information on our website, on the Governance Documents webpage, as specified above.

The information required by this item regarding our Audit Committee will be included under the caption “Proposal No.1: Election of Directors—Board Committees and Meetings” in our Definitive Proxy Statement and is incorporated herein by reference.

**Item 11. Executive Compensation**

The information required by this item will be included under the captions “Proposal No.1: Election of Directors—Director Compensation” and “Executive Compensation and Related Information” in our Definitive Proxy Statement and is incorporated herein by reference.

**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

The information required by this item will be included under the caption “Ownership of Securities” in our Definitive Proxy Statement and is incorporated herein by reference.

The information relating to securities authorized for issuance under equity compensation plans is included under the caption “Securities Authorized for Issuance Under Equity Compensation Plans” in Item 5 of this Report on Form 10-K.

**Item 13. Certain Relationships and Related Transactions, and Director Independence**

The information required by this item relating to transactions with related persons will be included under the caption “Certain Relationships and Related Party Transactions,” and the information required by this item relating to director independence will be included under the caption “Proposal No.1: Election of Directors—Independent Directors,” in each case in our Definitive Proxy Statement, and is incorporated herein by reference.

**Item 14. Principal Accounting Fees and Services**

The information required by this item will be included under the captions “Proposal No.2: Ratification of Independent Registered Certified Public Accounting Firm—Principal Accountant Fees and Services” and “—Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditor” in our Definitive Proxy Statement and is incorporated herein by reference.

## PART IV

## Item 15. Exhibits and Financial Statement Schedules

## (a)(1) LISTING OF FINANCIAL STATEMENTS

The following consolidated financial statements of the Company and subsidiaries are included in Item 8 of this Report:

- Consolidated Balance Sheets – December 26, 2021 and December 27, 2020
- Consolidated Statements of Operations and Comprehensive Income (Loss) – Fiscal years 2021, 2020 and 2019
- Consolidated Statements of Changes in Stockholders' Equity – Fiscal years 2021, 2020 and 2019
- Consolidated Statements of Cash Flows – Fiscal years 2021, 2020 and 2019
- Notes to Consolidated Financial Statements

## (a)(2) FINANCIAL STATEMENT SCHEDULES

All financial statement schedules have been omitted, since the required information is not applicable or is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the consolidated financial statements and notes thereto included in this Report.

## (a)(3) EXHIBITS

EXHIBIT NUMBER	DESCRIPTION OF EXHIBITS	FILINGS REFERENCED FOR INCORPORATION BY REFERENCE
3.1	<a href="#">Third Amended and Restated Certificate of Incorporation of Bloomin' Brands, Inc.</a>	May 19, 2021 Form 8-K, Exhibit 3.1
3.2	<a href="#">Third Amended and Restated Bylaws of Bloomin' Brands, Inc.</a>	December 7, 2018 Form 8-K, Exhibit 3.1
4.1	<a href="#">Form of Common Stock Certificate</a>	Amendment No. 4 to Registration Statement on Form S-1, File No. 333-180615, filed on July 18, 2012, Exhibit 4.1
4.2	<a href="#">Description of Common Stock</a>	December 29, 2019 Form 10-K, Exhibit 4.2
4.3	<a href="#">Indenture, dated as of May 8, 2020, between Bloomin' Brands, Inc. and Wells Fargo Bank, National Association</a>	May 11, 2020 Form 8-K, Exhibit 4.1
4.4	<a href="#">Form of 5.00% Convertible Senior Notes due 2025</a>	May 11, 2020 Form 8-K, Included as Exhibit A to Exhibit 4.1
4.5	<a href="#">Indenture, dated as of April 16, 2021, by and among Bloomin' Brands, Inc., OSI Restaurant Partners, LLC, the guarantors party thereto, and Wells Fargo Bank, National Association, as trustee</a>	April 20, 2021 Form 8-K, Exhibit 4.1
4.6	<a href="#">Form of 5.125% Senior Notes due 2029</a>	April 20, 2021 Form 8-K, Included as Exhibit A to Exhibit 4.1
10.1	<a href="#">Second Amended and Restated Credit Agreement, dated April 16, 2021, by and among Bloomin' Brands, Inc., OSI Restaurant Partners, LLC, the guarantors party thereto, the lenders party thereto, and Wells Fargo Bank, National Association, as administrative Agent</a>	April 20, 2021 Form 8-K, Exhibit 10.1

## BLOOMIN' BRANDS, INC.

EXHIBIT NUMBER	DESCRIPTION OF EXHIBITS	FILINGS REFERENCED FOR INCORPORATION BY REFERENCE
10.2	<a href="#">Royalty Agreement dated April 1995 among Carrabba's Italian Grill, Inc., Outback Steakhouse, Inc., Mangia Beve, Inc., Carrabba, Inc., Carrabba Woodway, Inc., John C. Carrabba, III, Damian C. Mandola, and John C. Carrabba, Jr., as amended by First Amendment to Royalty Agreement dated January 1997 and Second Amendment to Royalty Agreement made and entered into effective April 7, 2010 by and among Carrabba's Italian Grill, LLC, OSI Restaurant Partners, LLC, Mangia Beve, Inc., Mangia Beve II, Inc., Original, Inc., Voss, Inc., John C. Carrabba, III, Damian C. Mandola, and John C. Carrabba, Jr.</a>	Registration Statement on Form S-1, File No. 333-180615, filed on April 6, 2012, Exhibit 10.6
10.3	<a href="#">Third Amendment to Royalty Agreement made and entered into effective June 1, 2014, by and among Carrabba's Italian Grill, LLC, OSI Restaurant Partners, LLC, Mangia Beve, Inc., Mangia Beve II, Inc., Original, Inc., Voss, Inc., John C. Carrabba, III, Damian C. Mandola, and John C. Carrabba, Jr.</a>	June 29, 2014 Form 10-Q, Exhibit 10.6
10.4	<a href="#">Fourth Amendment to Royalty Agreement made and entered into effective May 1, 2017, by and among Carrabba's Italian Grill, LLC, OSI Restaurant Partners, LLC, Mangia Beve, Inc., Mangia Beve II, Inc., Original, Inc., Voss, Inc., John C. Carrabba, III, Damian C. Mandola, and John C. Carrabba, Jr.</a>	June 25, 2017 Form 10-Q, Exhibit 10.1
10.5	<a href="#">Purchase and Sale of Royalty Payment Stream and Termination of Royalty Agreement dated August 2, 2021 by and among Carrabba's Italian Grill, LLC, OSI Restaurant Partners, LLC, Mangia Beve, Inc., Mangia Beve II, Inc., Original, Inc., Voss, Inc., John C. Carrabba, III, Damian C. Mandola and John C. Carrabba, Jr.</a>	August 5, 2021 Form 10-Q, Exhibit 10.2
10.6	<a href="#">Amended and Restated Operating Agreement for OSI/Fleming's, LLC made as of June 4, 2010 by and among OS Prime, LLC, a wholly-owned subsidiary of OSI Restaurant Partners, LLC, FPSH Limited Partnership and AWA III Steakhouses, Inc.</a>	Registration Statement on Form S-1, File No. 333-180615, filed on April 6, 2012, Exhibit 10.8
10.7*	<a href="#">OSI Restaurant Partners, LLC HCE Deferred Compensation Plan effective October 1, 2007</a>	Registration Statement on Form S-1, File No. 333-180615, filed on April 6, 2012, Exhibit 10.46
10.8*	<a href="#">Kangaroo Holdings, Inc. 2007 Equity Incentive Plan, as amended</a>	Registration Statement on Form S-1, File No. 333-180615, filed on April 6, 2012, Exhibit 10.1
10.9*	<a href="#">Form of Option Agreement for Options under the Kangaroo Holdings, Inc. 2007 Equity Incentive Plan</a>	Registration Statement on Form S-1, File No. 333-180615, filed on April 6, 2012, Exhibit 10.42
10.10*	<a href="#">Bloomin' Brands, Inc. 2012 Incentive Award Plan</a>	Amendment No. 4 to Registration Statement on Form S-1, File No. 333-180615, filed on July 18, 2012, Exhibit 10.2
10.11*	<a href="#">Form of Nonqualified Stock Option Award Agreement for options granted under the Bloomin' Brands, Inc. 2012 Incentive Award Plan</a>	December 7, 2012 Form 8-K, Exhibit 10.2
10.12*	<a href="#">Form of Restricted Stock Award Agreement for restricted stock granted to directors under the Bloomin' Brands, Inc. 2012 Incentive Award Plan</a>	December 7, 2012 Form 8-K, Exhibit 10.3

**BLOOMIN' BRANDS, INC.**

EXHIBIT NUMBER	DESCRIPTION OF EXHIBITS	FILINGS REFERENCED FOR INCORPORATION BY REFERENCE
10.13*	<a href="#">Form of Restricted Stock Award Agreement for restricted stock granted to employees and consultants under the Bloomin' Brands, Inc. 2012 Incentive Award Plan</a>	December 7, 2012 Form 8-K, Exhibit 10.4
10.14*	<a href="#">Form of Restricted Stock Unit Award Agreement for restricted stock granted to directors under the Bloomin' Brands, Inc. 2012 Incentive Award Plan</a>	September 30, 2013 Form 10-Q, Exhibit 10.1
10.15*	<a href="#">Form of Restricted Stock Unit Award Agreement for restricted stock granted to employees and consultants under the Bloomin' Brands, Inc. 2012 Incentive Award Plan</a>	September 30, 2013 Form 10-Q, Exhibit 10.2
10.16*	<a href="#">Form of Performance Unit Award Agreement for performance units granted under the Bloomin' Brands, Inc. 2012 Incentive Award Plan</a>	December 7, 2012 Form 8-K, Exhibit 10.5
10.17*	<a href="#">Form of Bloomin' Brands, Inc. Indemnification Agreement by and between Bloomin' Brands, Inc. and each member of its Board of Directors and each of its executive officers</a>	Amendment No. 4 to Registration Statement on Form S-1, File No. 333-180615, filed on July 18, 2012, Exhibit 10.39
10.18*	<a href="#">Bloomin' Brands, Inc. 2016 Omnibus Incentive Compensation Plan</a>	March 11, 2016 Definitive Proxy Statement
10.19*	<a href="#">Form of Nonqualified Stock Option Award Agreement for options granted to executive management under the Bloomin' Brands, Inc. 2016 Omnibus Incentive Compensation Plan</a>	June 26, 2016 Form 10-Q, Exhibit 10.2
10.20*	<a href="#">Form of Restricted Stock Unit Award Agreement for restricted stock granted to directors under the Bloomin' Brands, Inc. 2016 Omnibus Incentive Compensation Plan</a>	June 26, 2016 Form 10-Q, Exhibit 10.3
10.21*	<a href="#">Form of Restricted Stock Unit Award Agreement for restricted stock granted to executive management under the Bloomin' Brands, Inc. 2016 Omnibus Incentive Compensation Plan</a>	June 26, 2016 Form 10-Q, Exhibit 10.4
10.22*	<a href="#">Form of Performance Award Agreement for performance units granted under the Bloomin' Brands, Inc. 2016 Omnibus Incentive Compensation Plan</a>	June 26, 2016 Form 10-Q, Exhibit 10.5
10.23*	<a href="#">Form of Restricted Cash Award Agreement for cash awards granted under the Bloomin' Brands, Inc. 2016 Omnibus Incentive Compensation Plan</a>	March 26, 2017 Form 10-Q, Exhibit 10.1
10.24*	<a href="#">Bloomin' Brands, Inc. 2020 Omnibus Incentive Compensation Plan</a>	April 9, 2020 Definitive Proxy Statement
10.25*	<a href="#">Form of Restricted Stock Unit Award Agreement for restricted stock granted to directors under the Bloomin' Brands, Inc. 2020 Omnibus Incentive Compensation Plan</a>	May 29, 2020 Form 8-K, Exhibit 10.2
10.26*	<a href="#">Form of Nonqualified Stock Option Award Agreement for options granted to executive management under the Bloomin' Brands, Inc. 2020 Omnibus Incentive Compensation Plan</a>	May 29, 2020 Form 8-K, Exhibit 10.3
10.27*	<a href="#">Form of Restricted Stock Unit Award Agreement for restricted stock granted to executive management under the Bloomin' Brands, Inc. 2020 Omnibus Incentive Compensation Plan</a>	May 29, 2020 Form 8-K, Exhibit 10.4
10.28*	<a href="#">Form of Performance Award Agreement for performance units granted to executive management under the Bloomin' Brands, Inc. 2020 Omnibus Incentive Compensation Plan</a>	May 29, 2020 Form 8-K, Exhibit 10.5

## BLOOMIN' BRANDS, INC.

EXHIBIT NUMBER	DESCRIPTION OF EXHIBITS	FILINGS REFERENCED FOR INCORPORATION BY REFERENCE
10.29*	<a href="#">Form of Restricted Cash Award Agreement for cash awards granted to executive management under the Bloomin' Brands, Inc. 2020 Omnibus Incentive Compensation Plan</a>	May 29, 2020 Form 8-K, Exhibit 10.6
10.30*	<a href="#">Amended Form of Performance Award Agreement for performance units granted to executive management under the Bloomin' Brands, Inc. 2020 Omnibus Incentive Compensation Plan</a>	December 27, 2020 Form 10-K, Exhibit 10.48
10.31*	<a href="#">Amended Form of Performance Award Agreement with adapted service criteria for performance units granted to executive management under the Bloomin' Brands, Inc. 2020 Omnibus Incentive Compensation Plan</a>	December 27, 2020 Form 10-K, Exhibit 10.49
10.32*	<a href="#">Form of Restricted Stock Unit Award Agreement with adapted service criteria for restricted stock units granted to executive management under the Bloomin' Brands, Inc. 2020 Omnibus Incentive Compensation Plan</a>	December 27, 2020 Form 10-K, Exhibit 10.50
10.33*	<a href="#">Bloomin' Brands, Inc. Executive Change in Control Plan, effective December 6, 2012</a>	December 7, 2012 Form 8-K, Exhibit 10.1
10.34*	<a href="#">Second Amended and Restated Employment Agreement, effective April 1, 2019, by and between Elizabeth A. Smith and Bloomin' Brands, Inc.</a>	March 31, 2019 Form 10-Q, Exhibit 10.2
10.35*	<a href="#">Amended and Restated Officer Employment Agreement, effective April 1, 2019, by and between David J. Deno and Bloomin' Brands, Inc.</a>	March 31, 2019 Form 10-Q, Exhibit 10.3
10.36*	<a href="#">Employment Offer Letter Agreement, dated as of July 29, 2016, between Bloomin' Brands, Inc. and Gregg Scarlett</a>	September 25, 2016 Form 10-Q, Exhibit 10.2
10.37*	<a href="#">Employment Offer Letter Agreement, dated as of March 7, 2019, between Bloomin' Brands, Inc. and Christopher Meyer</a>	March 31, 2019 Form 10-Q, Exhibit 10.4
10.38*	<a href="#">Employment Offer Letter Agreement, dated as of May 1, 2019, between Michael Stutts and Bloomin' Brands, Inc.</a>	June 30, 2019 Form 10-Q, Exhibit 10.3
10.39*	<a href="#">Employment Offer Letter Agreement, dated as of May 1, 2019, between Kelly Lefferts and Bloomin' Brands, Inc.</a>	June 30, 2019 Form 10-Q, Exhibit 10.4
10.40*	<a href="#">Resignation Agreement, effective March 6, 2020, by and between Elizabeth A. Smith and Bloomin' Brands, Inc.</a>	December 29, 2019 Form 10-K, Exhibit 10.39
10.41*	<a href="#">Employment Offer Letter Agreement, dated as of February 14, 2020, between Bloomin' Brands, Inc. and Gregg Scarlett</a>	December 29, 2019 Form 10-K, Exhibit 10.40
10.42*	<a href="#">Amendment to Officer Employment Agreement, dated as of April 6, 2020, between Bloomin' Brands, Inc. and David J. Deno</a>	March 29, 2020 Form 10-Q, Exhibit 10.4
10.43	<a href="#">Form of Convertible Note Hedge Transactions confirmation</a>	May 11, 2020 Form 8-K, Exhibit 10.1
10.44	<a href="#">Form of Warrant Transactions confirmation</a>	May 11, 2020 Form 8-K, Exhibit 10.2
10.45*	<a href="#">Separation Agreement, dated as of December 20, 2021, by and between Michael Stutts and Bloomin' Brands, Inc.</a>	Filed herewith
10.46*	<a href="#">Employment Offer Letter Agreement, dated as of February 10, 2021, between Patrick Murtha and Bloomin' Brands, Inc.</a>	Filed herewith
10.47*	<a href="#">Employment Offer Letter Agreement, dated as of April 14, 2021, between Patrick Murtha and Bloomin' Brands, Inc.</a>	Filed herewith

**BLOOMIN' BRANDS, INC.**

<b>EXHIBIT NUMBER</b>	<b>DESCRIPTION OF EXHIBITS</b>	<b>FILINGS REFERENCED FOR INCORPORATION BY REFERENCE</b>
10.48*	<a href="#">Second Amendment to Officer Employment Agreement, dated as of February 21, 2022, between Bloomin' Brands, Inc. and David J. Deno</a>	Filed herewith
21.1	<a href="#">List of Subsidiaries</a>	Filed herewith
23.1	<a href="#">Consent of PricewaterhouseCoopers LLP</a>	Filed herewith
31.1	<a href="#">Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>	Filed herewith
31.2	<a href="#">Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>	Filed herewith
32.1	<a href="#">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<sup>1</sup></a>	Filed herewith
32.2	<a href="#">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<sup>1</sup></a>	Filed herewith
101.INS	Inline XBRL Instance Document	Filed herewith
101.SCH	Inline XBRL Taxonomy Extension Schema Document	Filed herewith
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	Filed herewith
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	Filed herewith
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	Filed herewith
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	Filed herewith
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)	Filed herewith

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

<sup>1</sup>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.

**Item 16. Form 10-K Summary**

None.

**BLOOMIN' BRANDS, INC.****SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) 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: February 23, 2022

Bloomin' Brands, Inc.

By: /s/ David J. Deno

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ David J. Deno</u> David J. Deno	Chief Executive Officer and Director (Principal Executive Officer)	February 23, 2022
<u>/s/ Christopher Meyer</u> Christopher Meyer	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	February 23, 2022
<u>/s/ James R. Craigie</u> James R. Craigie	Chairman of the Board and Director	February 23, 2022
<u>/s/ Wendy A. Beck</u> Wendy A. Beck	Director	February 23, 2022
<u>/s/ David R. Fitzjohn</u> David R. Fitzjohn	Director	February 23, 2022
<u>/s/ John Gainor</u> John Gainor	Director	February 23, 2022
<u>/s/ Lawrence Jackson</u> Lawrence Jackson	Director	February 23, 2022
<u>/s/ Tara Walpert Levy</u> Tara Walpert Levy	Director	February 23, 2022
<u>/s/ John J. Mahoney</u> John J. Mahoney	Director	February 23, 2022
<u>/s/ R. Michael Mohan</u> R. Michael Mohan	Director	February 23, 2022
<u>/s/ Elizabeth A. Smith</u> Elizabeth A. Smith	Director	February 23, 2022



## SEPARATION AGREEMENT AND GENERAL RELEASE

THIS SEPARATION AGREEMENT AND GENERAL RELEASE (“Release”) is made and entered into by and between MICHAEL STUTTS (“Stutts”) and OS MANAGEMENT, INC. (“Company” or “Employer”). The parties desire to settle all disputes between them, on terms that are mutually agreeable. Accordingly, Employer and Stutts agree as follows:

1. Employer will provide Stutts with good and valuable consideration in return for Stutts’s execution of this Release, which is intended to fully resolve all matters between Employer and Stutts, whether actual or potential.
2. By entering this Release, Employer does not admit any underlying liability to Stutts. Neither Employer nor Stutts is entering this Release because of any wrongful acts of any kind.
3. Stutts agrees that his employment with Company will be separated effective December 20, 2021 (“Separation Date”).
4. Stutts promises and obligates himself to perform the following covenants under this Release:
  - a.) Acting for himself, his heirs, personal representatives, administrators, and anyone claiming by or through him or them, Stutts unconditionally and irrevocably releases, acquits, and discharges Employer and its Releasees from all Claims (as defined below) that Stutts (or any person or entity claiming through Stutts) may have against Employer or its Releasees as of the date of this Release.
    - i) The phrases “Employer” or “Employer and its Releasees” shall mean OS Management, Inc. and all of its direct and indirect parents, (including but not limited to Bloomin’ Brands, Inc. and OSI Restaurant Partners, LLC), direct and indirect affiliates (including but not limited to Outback Steakhouse of Florida, LLC, Bonefish Grill, LLC, Carrabba’s Italian Grill, LLC, OS Prime, LLC, OS Pacific, LLC, DoorSide, LLC, OSI/Fleming’s, LLC, OSI International, LLC, Outback Steakhouse International, LLC, and OS Restaurant Services, LLC), and all of the past and present directors, officers, partners, shareholders, supervisors, employees, representatives, successors, assigns, subsidiaries, parents, and insurers of OS Management, Inc. and its parents and affiliates.
    - ii) The term “Claims” shall include lawsuits, causes of action, liabilities, losses, damages, debts, demands, controversies, agreements, duties, obligations, promises and rights of every kind. The term “Claims” shall include Claims arising from any source, including but not limited to contracts, statutes, regulations, ordinances, codes, or the common law, including claims arising under Title VII of the Civil Rights Act of 1964 (42 U.S.C. § 2000e et seq., as amended), the Americans with Disabilities Act of 1990 (42 U.S.C. § 12101 et seq., as amended), the Family Medical Leave Act of 1993 (29 U.S.C. §2601, et seq., as amended), the Fair Labor Standards Act of 1938 (29 U.S.C. §201et seq., as amended), the

Occupational Safety and Health Act (29 U.S.C. §651 et seq.), the Genetic Information Nondiscrimination Act of 2008, the Pregnancy Discrimination Act of 1978 (as amended), the Uniformed Servicemembers Employment and Reemployment Rights Act 38 U.S.C. §4301 et seq., as amended), the Employee Retirement Income Security Act of 1974 (ERISA) (29 U.S.C. §1001et seq., as amended), 42 U.S.C. §1981, the Age Discrimination in Employment Act of 1967 (29 U.S.C. §621 et seq., as amended) (see also Older Workers Benefits Protection Act Disclosure attached as Exhibit 1), the Florida Civil Rights Act of 1992 (F.S. §760.01et seq., as amended), the Florida Whistle Blower Act (F.S. §448.102 et seq.), the Florida Workers' Compensation Retaliation Statute (F.S. §440.205 et seq.), and all other federal, state, and local laws dealing with discrimination, retaliation, wages, leave, benefits, or workplace policies, as well as claims for unpaid wages or overtime, unpaid commissions, breach of contract, wrongful termination, retaliation, intentional infliction of emotional distress, negligent hiring, invasion of privacy, defamation, slander, assault, battery, or any other tort arising out of or connected in any way to the employment relationship. The term "Claims" shall include injuries or damage of any nature, regardless of whether such injuries or damage arise from accident, illness, occupational disease, negligence, intentional act, or some other origin. The term "Claims" specifically includes third-party claims for indemnity or contribution against Employer or its Releasees. The term "Claims" shall be construed to include all Claims meeting the definitions in this subparagraph without regard to whether those Claims are asserted or unasserted, known or unknown, ripe or unripe, direct or indirect, conditional, or unconditional.

- b.) Stutts waives and relinquishes any rights that Stutts may have to claim reimbursement from Employer and its Releasees for attorney's fees, costs, or expenses that Stutts may have incurred while obtaining legal advice on any matter related to Employer, except as expressly provided for below.
- c.) Stutts waives and refuses any right to any damages, compensation, or other personal relief that may be recovered at any time after the execution of this Release because of any proceeding arising out of or related to the employment relationship that is brought under the jurisdiction or authority of the Equal Employment Opportunity Commission, the Florida Commission on Human Relations, the U.S. Department of Labor, or any other local, state, or federal court or agency. If any such agency or court assumes jurisdiction of or files any complaint, charge, or proceeding against Employer or its Releasees, Stutts shall request such agency or court to dismiss or withdraw from the matter. Further, Stutts agrees never to sue Employer on any claim arising out of his employment with Employer.
- d.) Stutts agrees that he will not at any time, disclose, use, or communicate to any person or entity, whether directly or indirectly, any Confidential Information obtained by Stutts during the term of Stutts's employment with Employer, unless (i) such disclosure or communication is compelled by law, or (ii) Stutts has received specific written authorization in advance from Employer prior to the disclosure, use, or communication. Confidential Information shall mean any information regarding, affecting, or relating to the customers, clients, operations, or business of Employer

that is treated as confidential by Employer and that is not generally known by or otherwise available to third parties.

- e.) Stutts agrees, for a two-year period following the Separation Date, except as is the result of a broad solicitation that is not targeting employees of Employer or any of its franchisees or affiliates, not to offer employment to, or hire, any employee of Employer or any of its affiliates, or otherwise directly or indirectly solicit or induce any employee of Employer or any of their franchisees or affiliates to terminate his or her employment with Employer or any of its franchisees or affiliates; nor shall Stutts act as an officer, director, employee, partner, independent contractor, consultant, principal, agent, proprietor, owner or part owner, or in any other capacity, of or for any person or entity that solicits or otherwise induces any employee of Employer or any of its franchisees or affiliates to terminate his or her employment with Employer or any of its franchisees or affiliates.
  - f.) Stutts agrees that he will not disparage Employer or its Releasees in any way to any person or entity. Notwithstanding this provision, in the unlikely event that Stutts is subpoenaed as part of a government entity's investigation of Employer, Stutts may provide truthful information about his employment to the government entity without violating this Release as long as he has first provided notice to the employer by emailing the subpoena to [subpoenas@BloominBrands.com](mailto:subpoenas@BloominBrands.com) within two business days of receipt of the subpoena.
  - g.) Stutts will submit all requests for reimbursement no later one week after the Separation Date. Reimbursement eligibility will be determined consistent with Employer's usual policies and procedures.
  - h.) Stutts agrees to direct any requests for employment verification or reference to [www.theworknumber.com](http://www.theworknumber.com). Prospective employers can obtain his dates of employment and positions held with Employer by furnishing his identifying information and company code 13799.
  - i.) Stutts shall comply with all other terms of this Release as provided for herein.
5. On December 15, 2021, the Employer informed Stutts of what he had a right to receive upon separation of employment and explained that, in addition, the Employer will do the following in consideration of the promises made by Stutts in this Release:
- a.) Employer shall provide Stutts severance in the gross amount of \$1,600,000, less ordinary deductions and withholdings.
  - b.) Employer shall also provide Stutts a net amount of \$5,547 which represents the cost of twelve (12) months of premiums for continuing medical, dental and vision coverage for Stutts.
  - c.) Notification of Stutts's rights under COBRA (Consolidated Omnibus Budget Reconciliation Act) will be forthcoming from The Wex Company under separate cover.

- d.) Employer shall report the payments outlined in this paragraph to governmental tax authorities on an IRS (Internal Revenue Service) Form W-2.
  - e.) Employer shall send the payments described above to Stutts's home address within ten (10) days after the expiration of the Revocation Period referenced in paragraph 7 below.
  - f.) As additional consideration for this Release, Employer will provide Stutts with outplacement services with Challenger, Gray & Christmas for a period of up to twelve (12) months, to be used consecutively, beginning after the expiration of the Revocation Period.
  - g.) Employer will not contest any claim for unemployment benefits related to Stutts's employment with Employer.
  - h.) Stutts agrees that he is of sound mind and body and has sufficient education and experience to make choices that may affect his legal rights, has full legal capacity to make decisions for himself, is aware that this Release has significant legal consequences, has been advised to consult with an attorney, decided to sign this Release of his own free will, and is not executing this Release because of any duress or coercion.
  - i.) Stutts acknowledges that he has not compromised any claim for unpaid wages under the Fair Labor Standards Act as he has received full compensation for all days worked at the appropriate rate of pay.
6. Stutts shall have a period of twenty-one (21) calendar days (the "Consideration Period") from December 15, 2021, to consider the Release's terms and consequences before executing the Release. The offer made by Employer in this Release will expire if not accepted by January 5, 2022.
7. Stutts and Employer agree that Stutts may revoke the Release for any reason at any time during the seven (7) calendar days immediately following Stutts's execution of the Release (the "Revocation Period"). To revoke this Release, Stutts must cause written notice of his intent to revoke this Release to be delivered to Heather Brock at [HeatherBrock@BloominBrands.com](mailto:HeatherBrock@BloominBrands.com). This Release shall not become effective or enforceable until the Revocation Period has expired without such notice having been delivered to Employer in the specified manner.
8. Stutts represents that he has not sold, transferred, or assigned to a third party any claims that he may have against Employer and its Releasees. Stutts represents that any claims that he may have against Employer and its Releasees are unencumbered and otherwise within his power to dispose of. Stutts represents that he does not have any pending lawsuits, claims, or actions against Employer and its Releasees. Stutts further represents that he has not suffered any injuries, illnesses, or accidents in the course of his employment other than those he has previously disclosed to Employer, and that any previously disclosed injuries, illnesses, or accidents are included within the scope of the claims settled by this Release.

9. Stutts agrees that he is solely responsible for all federal, state and/or local tax liabilities and consequences that he may incur because of the payments made under this Release, and that Employer and Releasees shall bear no responsibility for any such liabilities or consequences. Stutts agrees to defend, indemnify and hold harmless Employer and Releasees from liability for tax payments, required tax withholdings, penalties, additions to tax and/or interest that they are obligated to pay because of Stutts's failure to pay his portion of taxes associated with the payments identified above.
10. The Employer may deduct or withhold from any compensation or benefits any applicable federal, state, or local tax or employment with holdings or deductions resulting from any payments or benefits provided under this Release. In addition, it is the employer's intention that all payments or benefits provided under this release comply with section 409A of the Internal Revenue Code of 1986, as amended ("Code"). The Employer does not guarantee the tax treatment of any payments or benefits under this release including without limitation under the Code or federal, state, local or foreign tax law and regulations.
11. All prior understandings or agreements between Stutts and Employer with respect to the subject matter of this Release are merged into this Release, which fully and completely expresses the entire agreement and understanding of the parties with respect to the subject matter hereof. Notwithstanding this provision, this Release shall not in any way diminish any obligation, duty or undertaking owed by Stutts to Employer because of any other contract or agreement or law. The rights and releases given to Employer in this Release will be in addition to, and not in place of, all other rights held by Employer by virtue of any other contract, agreement or undertaking, and to that extent, the obligations of Stutts survive the execution of this Release.
12. This Release cannot be orally amended, modified, or changed. No change, amendment, or modification to the terms of this Release shall be valid unless such change, amendment, or modification is memorialized in a written agreement between the parties that expressly references this Release and is signed by Stutts and by a duly authorized officer or representative of Employer.
13. This Release is made and entered into in the state of Florida, and shall be interpreted, enforced, and governed under the laws of Florida. In the event of a breach of this Release by either party, the other party shall be entitled to seek enforcement of this Release exclusively before a court of competent jurisdiction located in Hillsborough County, Florida which shall be deemed to have exclusive jurisdiction and venue over any litigation related to or arising from this Release. This Release shall not be construed to waive any right of removal that may apply to any action filed in state court by either party to this Release. However, the parties waive any right to a jury trial for any dispute or controversy arising out of this Release.
14. At the conclusion of any litigation or dispute arising out of or related to this Release, the prevailing party may recover, in addition to damages, the costs and fees (including attorney's fees, paralegal fees, and expert fees) reasonably incurred in connection with the litigation or dispute.
15. The language of all parts of this Release shall in all cases be construed as a whole, according to its fair meaning, and not strictly for or against any of the parties. As used in

this Release, the singular or plural shall be deemed to include the other whenever the context so indicates or requires.

16. Should any provision of this Release be declared or be determined by any court to be illegal or invalid, the remaining parts, terms or provisions shall remain valid unless declared otherwise by the court.
17. The parties agree that a true copy of this Release may be used in any legal proceeding in place of the original and that any such true copy shall have the same effect as the original.

**PLEASE READ CAREFULLY. THIS GENERAL RELEASE INCLUDES A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS.**

Executed on December 20, 2021.

Sign: /s/ Michael Stutts  
Michael Stutts

Executed on December 20, 2021.

OS Management, Inc.  
Sign: /s/ Kelly Lefferts  
Title: EVP, Chief Legal Officer, Secretary

## Exhibit 1 to Michael Stutts Release

### Stock Options

- a.) Stutts was granted the option to purchase 50,000 shares of the common stock of BBI (the "2019 Options") pursuant to that certain Option Agreement with a grant date of July 1, 2019 (the "2019 Option Agreement"). Stutts agrees 33,333 shares of the 2019 Options are vested and unexercised and shall remain vested and exercisable for 365 calendar days following the Separation Date. Stutts agrees that 16,667 shares are unvested and hereby forfeited, canceled terminated, and deemed null and void ab initio. Stutts agrees that as of 12:01 a.m. (Tampa time) on the 365th calendar day immediately following the Separation Date, the 2019 Option Agreement is hereby cancelled, terminated and deemed null and void ab initio.

### Performance Units

- a.) Stutts was awarded 24,178 Bloomin' Brands, Inc. performance share units (the "2020 Performance Share Units") pursuant to that certain Agreement with a grant date of February 20, 2020 (the "2020 Performance Share Agreement"). Stutts agrees none of the 2020 Performance Share Units are vested and all are hereby forfeited, cancelled, terminated and deemed null and void ab initio. The 2020 Performance Share Agreement is hereby forfeited, cancelled, terminated and deemed null and void ab initio.
- b.) Stutts was awarded 12,334 Bloomin' Brands, Inc. performance share units (the "2021 Performance Share Units") pursuant to that certain Agreement with a grant date of February 22, 2021 (the "2021 Performance Share Agreement"). Stutts agrees none of the 2021 Performance Share Units are vested and all are hereby forfeited, cancelled, terminated and deemed null and void ab initio. The 2021 Performance Share Agreement is hereby forfeited, cancelled, terminated and deemed null and void ab initio.

### Restricted Stock Units

- a.) Stutts was awarded 50,000 Bloomin' Brands, Inc. restricted stock units (the "2019 Restricted Stock") pursuant to that certain Restricted Stock Agreement with a grant date of July 1, 2019 (the "2019 Restricted Stock Agreement"). Stutts agrees 33,333 of the 2020 Restricted Stock units were previously vested and distributed. Stutts agrees 16,667 of the 2019 Restricted Stock units are unvested and hereby forfeited, canceled terminated, and deemed null and void ab initio. The 2019 Restricted Stock Agreement is hereby forfeited, cancelled, terminated and deemed null and void ab initio.
- b.) Stutts was awarded 12,089 Bloomin' Brands, Inc. restricted stock units (the "2020 Restricted Stock") pursuant to that certain Restricted Stock Agreement with a grant date of February 20, 2020 (the "2020 Restricted Stock Agreement"). Stutts agrees 4,029 of the 2020 Restricted Stock units were previously vested and distributed. Stutts agrees 8,060 of the 2020 Restricted Stock units are unvested and hereby forfeited, canceled terminated, and deemed null and void ab initio. The 2020

Restricted Stock Agreement is hereby forfeited, cancelled, terminated and deemed null and void ab initio.

- c.) Stutts was awarded 7,052 Bloomin' Brands, Inc. restricted stock units (the "2021 Restricted Stock") pursuant to that certain Restricted Stock Agreement with a grant date of February 22, 2021 (the "2021 Restricted Stock Agreement"). Stutts agrees none of the 2021 Restricted Stock are vested and all are hereby forfeited, cancelled, terminated and deemed null and void ab initio. The 2021 Restricted Stock Agreement is hereby cancelled, forfeited, terminated and deemed null and void ab initio.





February 10, 2021

Patrick Murtha

Dear Patrick,

This letter agreement confirms the verbal offer extended to you by Bloomin' Brands, Inc. (the "Company") to serve as Executive Vice President, Human Resources reporting to David Deno, Chief Executive Officer. Your effective date will be February 8, 2021. The terms of your employment will be:

You will be employed by a subsidiary of the Company (the "Employer") and will be paid an annual base salary of \$500,000 effective February 8, 2021 payable in equal bi-weekly installments.

You will be eligible to participate in the Company's annual bonus program and effective for 2021, your bonus target will be fixed at 85% of your \$500,000 base salary, without proration. Actual bonus payments shall be based on both Company performance against objectives as set forth in the Company bonus program and individual performance. You must remain continuously employed through the bonus payment date to remain eligible for this bonus payment.

In addition to your annual bonus, you will be eligible for an annual long-term incentive grant commencing in 2021. Per the current long-term incentive plan, you will be eligible for a target up to 100% of your base salary, which will be subject to Company and individual performance.

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

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

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

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

While it is our sincere hope and belief that our relationship will be mutually beneficial, the Company and the Employer do not offer employment for a specified term. Any statements made to you in this letter and in meetings should not be construed in any manner as a proposed contract for any such term. Both you and

the Employer may terminate employment at any time, with or without prior notice, for any or no reason, and with or without Cause (as defined on Schedule 1).

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

#### 1. Restrictive Covenant - Non-competition

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

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

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

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

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

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

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

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

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

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

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

you made or conceived prior to your employment with the Employer, and that, therefore, are excluded from the scope of the employment with the Employer.

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

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

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

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

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

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

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

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

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

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

We look forward to having you join us as a member of our team.

Sincerely,

**/s/ David Deno**

**David Deno**  
Chief Executive Officer  
Bloomin' Brands, Inc.

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

**/s/ Patrick Murtha**  
**Patrick Murtha**

**2/12/21**  
**Date**

## Schedule 1

"Cause" shall be defined as:

1. Your failure to perform the material duties required of you in a manner satisfactory to the Employer, in its reasonable discretion after the Employer follows the following procedures: (a) the Employer gives you a written notice ("Notice of Deficiency") which shall specify the deficiencies in your performance of duties; (b) you shall have a period of thirty (30) days, commencing on receipt of the Notice of Deficiency, in which to cure the deficiencies contained in the Notice of Deficiency; and (c) in the event you do not cure the deficiencies to the satisfaction of the Employer, in its reasonable discretion, within such thirty (30) day period (or if during such thirty (30) day period the Employer determines that you are not making reasonable, good faith efforts to cure the deficiencies to the reasonable satisfaction of the Employer), the Employer shall have the right to immediately terminate your employment for Cause. The provisions of this paragraph (1) may be invoked by the Employer any number of times and cure of deficiencies contained in any Notice of Deficiency shall not be construed as a waiver of this paragraph (1) nor prevent the Employer from issuing any subsequent Notices of Deficiency; or
2. Any willful dishonesty by you in your dealings with the Company, the Employer or their affiliates; your commission of fraud, negligence in the performance of your duties; insubordination; willful misconduct; or your conviction (or plea of guilty or nolo contendere), indictment or charge with respect to, any felony, or any other crime involving dishonesty or moral turpitude; or
3. Any material violation of the restrictive covenants of this agreement; or
4. Any material violation of any current or future material published policy of the Employer or its Affiliates (material published policies include, but are not limited to, the Employer's Employment Non-Discrimination and Harassment Policy, Confidential Information Policy, Disclosure and Communications Policy, Social Media Policy, Responsible Alcohol Policy, Insider Trading Policy, Stock Ownership Guidelines Policy, Code of Conduct and Information Technology Security Policy); or
5. For all purposes of this Agreement, termination for Cause shall be deemed to have occurred in the event of the Employee's resignation when, because of existing facts and circumstances, subsequent termination for Cause can be reasonably foreseen.



April 14, 2021

Patrick Murtha

Dear Patrick,

This letter agreement confirms the verbal offer extended to you by Bloomin' Brands, Inc. (the "Company") to serve as Executive Vice President, Flemings, International and Human Resources reporting to me. Your effective date will be April 9, 2021. The terms of your employment will be:

You will be employed by a subsidiary of the Company (the "Employer") and your annual base salary will remain \$500,000 payable in equal bi-weekly installments.

You will remain eligible to participate in the Company's annual bonus program and effective for 2021, your bonus target remains fixed at 85% of your \$500,000 base salary, without proration. Actual bonus payments shall be based on both Company performance against objectives as set forth in the Company bonus program and individual performance. You must remain continuously employed through the bonus payment date to remain eligible for this bonus payment.

In addition to your annual bonus, you will remain eligible for an annual long-term incentive grant commencing in 2021. Per the current long-term incentive plan, you will remain eligible for a target up to 100% of your base salary, which will be subject to Company and individual performance.

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

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

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

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

While it is our sincere hope and belief that our relationship will be mutually beneficial, the Company and the Employer do not offer employment for a specified term. Any statements made to you in this letter and in meetings should not be construed in any manner as a proposed contract for any such term. Both you and

the Employer may terminate employment at any time, with or without prior notice, for any or no reason, and with or without Cause (as defined on Schedule 1).

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

#### 1. Restrictive Covenant - Non-competition

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

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

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

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

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

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

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



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

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

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

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

you made or conceived prior to your employment with the Employer, and that, therefore, are excluded from the scope of the employment with the Employer.

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

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

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

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

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

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

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

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

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

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

Congratulations!

Sincerely,

/s/ **David Deno**

**David Deno**  
Chief Executive Officer  
Bloomin' Brands, Inc.

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

/s/ **Patrick Murtha**  
**Patrick Murtha**

4/14/21  
**Date**

## Schedule 1

"Cause" shall be defined as:

1. Your failure to perform the material duties required of you in a manner satisfactory to the Employer, in its reasonable discretion after the Employer follows the following procedures: (a) the Employer gives you a written notice ("Notice of Deficiency") which shall specify the deficiencies in your performance of duties; (b) you shall have a period of thirty (30) days, commencing on receipt of the Notice of Deficiency, in which to cure the deficiencies contained in the Notice of Deficiency; and (c) in the event you do not cure the deficiencies to the satisfaction of the Employer, in its reasonable discretion, within such thirty (30) day period (or if during such thirty (30) day period the Employer determines that you are not making reasonable, good faith efforts to cure the deficiencies to the reasonable satisfaction of the Employer), the Employer shall have the right to immediately terminate your employment for Cause. The provisions of this paragraph (1) may be invoked by the Employer any number of times and cure of deficiencies contained in any Notice of Deficiency shall not be construed as a waiver of this paragraph (1) nor prevent the Employer from issuing any subsequent Notices of Deficiency; or
2. Any willful dishonesty by you in your dealings with the Company, the Employer or their affiliates; your commission of fraud, negligence in the performance of your duties; insubordination; willful misconduct; or your conviction (or plea of guilty or nolo contendere), indictment or charge with respect to, any felony, or any other crime involving dishonesty or moral turpitude; or
3. Any material violation of the restrictive covenants of this agreement; or
4. Any material violation of any current or future material published policy of the Employer or its Affiliates (material published policies include, but are not limited to, the Employer's Employment Non-Discrimination and Harassment Policy, Confidential Information Policy, Disclosure and Communications Policy, Social Media Policy, Responsible Alcohol Policy, Insider Trading Policy, Stock Ownership Guidelines Policy, Code of Conduct and Information Technology Security Policy); or
5. For all purposes of this Agreement, termination for Cause shall be deemed to have occurred in the event of the Employee's resignation when, because of existing facts and circumstances, subsequent termination for Cause can be reasonably foreseen.

**SECOND AMENDMENT TO  
AMENDED AND RESTATED OFFICER EMPLOYMENT AGREEMENT**

This Second Amendment to the Amended and Restated Officer Employment Agreement (the “Second Amendment”) is made and entered into effective February 21, 2022 (the “Effective Date”), by and between Bloomin’ Brands, Inc., a Delaware corporation (the “Company”) and David J. Deno (the “Executive”).

WHEREAS, the Company and the Executive are parties to the Amended and Restated Officer Employment Agreement dated April 1, 2019, as amended by the First Amendment to Amended and Restated Officer Employment Agreement effective April 6, 2020 (the “Employment Agreement”);

WHEREAS, the Compensation Committee (the “Committee”) of the Board of Directors of the Company reviews the Executive’s compensation arrangements annually based on an analysis conducted by Frederic W. Cook & Co., Inc., the Committee’s independent compensation consultant (“FWC”);

WHEREAS, FWC’s analysis and benchmarking data, presented to the Committee on February 7, 2022, indicated that the Executive’s total target compensation level was below the 25<sup>th</sup> percentile of the Company’s peer group benchmark;

WHEREAS, as a result of FWC’s analysis and benchmarking data, and after discussion and consideration by the Committee, the Committee approved an increase to the Executive’s base salary and annual long-term incentive target as described herein; and

WHEREAS, the Company wishes to implement the market adjustment approved by the Committee, the Executive wishes to accept the market adjustment, and the parties mutually desire to enter into this Second Amendment to reflect the parties’ agreement with respect to the market adjustment.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual promises, terms, provision and condition set forth in this Second Amendment, the parties hereby agree that the Employment Agreement is hereby amended, as of the Effective Date, as follows:

1. Section 5(a) of the Employment Agreement is hereby amended and restated in its entirety to read as follows:

“a. **Base Salary.** During the Term of Employment, the Executive shall be entitled to an annual base salary equal to One Million Dollars (\$1,000,000), payable in biweekly installments by the Company, subject to annual review for increase, but not decrease, in the discretion of the Board or the Compensation Committee of the Board (the “Compensation Committee”).”

2. Section 5(c) of the Employment Agreement is hereby amended and restated in its entirety to read as follows:

“c. **Equity-Based Compensation.** With respect to each calendar year during the term of this Agreement beginning in 2022, subject to the Executive’s continuous employment through the date of grant, at or about the time that the Company makes annual grants generally to its senior officers, the Company shall award the Executive a long-term incentive award under its 2020 Omnibus Incentive Compensation Plan (or successor plan, the “Plan”) and the award agreements thereunder having a target fair market value at the time of grant of 4.35 times base salary in accordance with applicable guidelines established by the Board or the Compensation Committee from time to time, in the sole discretion of, and in a form and amount determined by, the Board or the Compensation Committee. All equity awards shall be subject to the receipt of any required stockholder, Board or Compensation Committee approvals, the terms of the Company’s equity incentive plan as then in effect and the award agreement evidencing such award, and the attainment and Compensation Committee certification of any applicable performance goals.”

3. **Effect of Amendment.** The amendments set forth in this Second Amendment shall become effective as of the Effective Date, and any direct or indirect modification to the Executive’s base salary or annual bonus shall be on a pro-rated basis for fiscal year 2022 based on the Effective Date. Except as expressly amended by this Second Amendment, all other terms and conditions of the Employment Agreement shall remain unmodified and in full force and effect.

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

5. **Entire Agreement; Counterparts.** This Second Amendment constitutes the entire agreement between the parties hereto concerning the subject matter hereof, and supersedes all prior memoranda, correspondence, conversations, negotiations and agreements, whether written or oral, with respect thereto. This Second Amendment may be executed in several identical counterparts that together shall constitute but one and the same Second Amendment. Signatures of the parties transmitted by facsimile, PDF transmission or other electronic means shall be deemed to be their original signatures for all legal and other purposes.

*[Signature Page Follows]*

IN WITNESS WHEREOF, the undersigned have executed this Second Amendment as of the date first written above.

**COMPANY**

BLOOMIN' BRANDS, INC.

By: /s/ Kelly Lefferts  
Kelly Lefferts  
Chief Legal Officer

**EXECUTIVE**

/s/ Lori Miklavic  
Witness Name: Lori Miklavic

/s/ David J. Deno  
David J. Deno

/s/ Shannon Campbell  
Witness Name: Shannon Campbell

*[Signature Page to Second Amendment]*

SUBSIDIARY NAME	STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION
Annapolis Outback, Inc.	MD
BBI International Holdings, Inc.	FL
BBI Ristorante Italiano, LLC	FL
Bel Air Outback, Inc.	MD
BFG Nebraska, Inc.	FL
BFG New Jersey Services, Limited Partnership	FL
BFG Oklahoma, Inc.	FL
BFG Pennsylvania Services, Ltd	FL
BFG/FPS of Marlton Partnership	FL
Bloom Brands Holdings I C.V.	NL
Bloom Brands Holdings II C.V.	NL
Bloom Group Holdings B.V.	NL
Bloom Group Restaurants, LLC	FL
Bloom No.1 Limited	HK
Bloom Participações, Ltda.	BR
Bloomin' Brands Gift Card Services, LLC	FL
Bloomin' Brands International, LLC	FL
Bloomin Puerto Rico L.P.	CI
Bonefish Baltimore County, LLC	MD
Bonefish Beverages, LLC	TX
Bonefish Brandywine, LLC	MD
Bonefish Designated Partner, LLC	DE
Bonefish Grill International, LLC	FL
Bonefish Grill, LLC	FL
Bonefish Holdings, LLC	TX
Bonefish Kansas LLC	KS
Bonefish of Bel Air, LLC	MD
Bonefish of Gaithersburg, Inc.	MD
Bonefish/Anne Arundel, LLC	MD
Bonefish/Asheville, Limited Partnership	FL
Bonefish/Carolinas, Limited Partnership	FL
Bonefish/Centreville, Limited Partnership	FL
Bonefish/Columbus-I, Limited Partnership	FL
Bonefish/Crescent Springs, Limited Partnership	FL
Bonefish/Fredericksburg, Limited Partnership	FL
Bonefish/Glen Burnie, LLC	MD
Bonefish/Greensboro, Limited Partnership	FL
Bonefish/Hyde Park, Limited Partnership	FL
Bonefish/Newport News, Limited Partnership	FL
Bonefish/Richmond, Limited Partnership	FL
Bonefish/Southern Virginia, Limited Partnership	FL
Bonefish/Virginia, Limited Partnership	FL
Carrabba's Designated Partner, LLC	DE
Carrabba's Italian Grill of Howard County, Inc.	MD
Carrabba's Italian Grill of Overlea, Inc.	MD
Carrabba's Italian Grill, LLC	FL
Carrabba's Kansas LLC	KS
Carrabba's of Bowie, LLC	MD
Carrabba's of Germantown, Inc.	MD
Carrabba's of Ocean City, Inc.	MD
Carrabba's of Pasadena, Inc.	MD
Carrabba's of Waldorf, Inc.	MD
Carrabba's/Birmingham 280, Limited Partnership	FL
Carrabba's/DC-I, Limited Partnership	FL



<b>SUBSIDIARY NAME</b>	<b>STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION</b>
CIGI Beverages of Texas, LLC	TX
CIGI Florida Services, Ltd	FL
CIGI Holdings, LLC	TX
CIGI Oklahoma, Inc.	FL
CIGI/BFG of East Brunswick Partnership	FL
DoorSide, LLC	FL
Dutch Holdings I, LLC	FL
Fleming's Beverages, LLC	TX
Fleming's International, LLC	FL
Fleming's of Baltimore, LLC	MD
Fleming's/Outback Holdings, LLC	TX
FPS NEBRASKA, INC.	FL
FPS Oklahoma, Inc.	FL
Frederick Outback, Inc.	MD
Hagerstown Outback, Inc.	MD
New Private Restaurant Properties, LLC	DE
OBTex Holdings, LLC	TX
Ocean City Outback, Inc.	MD
OS Management, Inc.	FL
OS Niagara Falls, LLC	FL
OS Prime, LLC	FL
OS Realty, LLC	FL
OS Restaurant Services, LLC	FL
OSF Florida Services, Ltd	FL
OSF Nebraska, Inc.	FL
OSF New Jersey Services, Limited Partnership	FL
OSF New York Services, Limited Partnership	FL
OSF Oklahoma, Inc.	FL
OSF Pennsylvania Services, Ltd	FL
OSF Virginia Services, Limited Partnership	FL
OSF/BFG of Deptford Partnership	FL
OSF/BFG of Lawrenceville Partnership	FL
OSF/CIGI of Evesham Partnership	FL
OSI HoldCo, Inc.	DE
OSI HoldCo I, Inc.	DE
OSI HoldCo II, Inc.	DE
OSI International, LLC	FL
OSI Restaurant Partners, LLC	DE
OSI/Fleming's, LLC	DE
Outback & Carrabba's of New Mexico, Inc.	NM
Outback Alabama, Inc.	AL
Outback Beverages of Texas, LLC	TX
Outback Designated Partner, LLC	DE
Outback Kansas LLC	KS
Outback of Aspen Hill, Inc.	MD
Outback of Calvert County, Inc.	MD
Outback of Conway, Inc.	AR
Outback of Germantown, Inc.	MD
Outback of La Plata, Inc.	MD
Outback of Laurel, LLC	MD
Outback of Waldorf, Inc.	MD
Outback Philippines Development Holdings Corporation	PI
Outback Puerto Rico Designated Partner, LLC	DE
Outback Steakhouse International Investments, Co.	CI

<b>SUBSIDIARY NAME</b>	<b>STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION</b>
Outback Steakhouse International, L.P.	GA
Outback Steakhouse International, LLC	FL
Outback Steakhouse of Bowie, Inc.	MD
Outback Steakhouse of Canton, Inc.	MD
Outback Steakhouse of Florida, LLC	FL
Outback Steakhouse of Howard County, Inc.	MD
Outback Steakhouse of Jonesboro, Inc.	AR
Outback Steakhouse of Salisbury, Inc.	MD
Outback Steakhouse of St. Mary's County, Inc.	MD
Outback Steakhouse Restaurantes Brasil, S.A. (f/k/a Bloom Holdco)	BR
Outback Steakhouse West Virginia, Inc.	WV
Outback/Carrabba's Partnership	FL
Outback/Fleming's Designated Partner, LLC	DE
Outback/Hampton, Limited Partnership	FL
Outback/Stone-II, Limited Partnership	FL
Outback-Carrabba's of Hunt Valley, Inc.	MD
Owings Mills Incorporated	MD
Perry Hall Outback, Inc.	MD
Prince George's County Outback, Inc.	MD
Private Restaurant Master Lessee, LLC	DE
Williamsburg Square Joint Venture	PA
Xuanmei Food and Beverage (Shanghai) Co., Ltd.	CN

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-183270, 333-187035, 333-194261, 333-202259, 333-209691, 333-210868 and 333-238805) of Bloomin' Brands, Inc. of our report dated February 23, 2022 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Tampa, Florida  
February 23, 2022

**CERTIFICATION**

I, David J. Deno, certify that:

1. I have reviewed this Annual Report on Form 10-K 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: February 23, 2022

/s/ David J. Deno

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

**CERTIFICATION**

I, Christopher Meyer, certify that:

1. I have reviewed this Annual Report on Form 10-K 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: February 23, 2022

/s/ Christopher Meyer

Christopher Meyer

Executive Vice President and Chief Financial Officer  
(Principal Financial and Accounting Officer)

**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 Annual Report of Bloomin' Brands, Inc. (the "Company") on Form 10-K for the year ended December 26, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David J. Deno, Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the dates and periods covered by the Report.

Date: February 23, 2022

/s/ David J. Deno

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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.

**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 Annual Report of Bloomin' Brands, Inc. (the "Company") on Form 10-K for the year ended December 26, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Christopher Meyer, Executive Vice President and Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the dates and periods covered by the Report.

Date: February 23, 2022

/s/ Christopher Meyer

Christopher Meyer

Executive Vice President and Chief Financial Officer  
(Principal Financial and Accounting Officer)

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