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VIA FEDERAL EXPRESS AND EMAIL

August 13, 2024

Minnesota Department of Commerce
85 7th Place East, Suite 500
St. Paul, Minnesota 55101
Attn. Securities Division

Re: Application for Exemption
Bonefish Grill, LLC

To Whom It May Concern:

Bonefish Grill, LLC, a Florida limited liability company having its principal office at 2202 North West Shore Boulevard, 5th Floor, Tampa, Florida 33607 (“Bonefish Grill”), an indirect subsidiary of Bloomin’ Brands, Inc. (“Bloomin Brands”), wishes to seek an exemption pursuant to Section 80C.03(g) of the Minnesota Franchise Act from the registration requirements of the Franchise Act with respect to Bonefish Grill’s pursuit of non-traditional franchise sales in Minnesota airports with one or more large concessionaries.

In connection with this request, we submit the following evidence of Bonefish Grill’s qualification for the exemption and confirm the following:

a. Bonefish Grill has, either directly or through its affiliates, operated Bonefish Grill restaurants since October 2001. Bonefish Grill operated 170 company-owned Bonefish Grill restaurants as of the end of its 2023 fiscal year.

b. Bonefish Grill has offered franchises for Bonefish Grill restaurants since January 2002. As of the end of its 2023 fiscal year, Bonefish Grill had 6 franchised locations in select states. Bonefish Grill maintains a franchise disclosure document (“FDD”) and state registrations in certain select states. **A copy of Bonefish Grill’s most recent FDD dated April 26, 2024 is attached as Exhibit A.**

c. Bonefish Grill is a wholly-owned subsidiary of its immediate parent company, OSI Restaurant Partners, LLC (“OSI”). Bonefish Grill’s ultimate parent company is Bloomin’ Brands. Bloomin Brands common stock has been listed on the Nasdaq Global Select Market under the symbol “BLMN” since August 8, 2012.

d. Bloomin Brands is one of the world’s largest casual dining companies. As of December 31, 2023, Bloomin Brands employed approximately 87,000 Team Members, of which approximately 750 are corporate personnel, including more than 250 in international markets.

e. As of December 31, 2023, Bloomin Brands owned and operated 1,189 restaurants and franchised 291 restaurants across 47 states, Guam and 13 countries under a family of brands that includes Outback Steakhouse, Carrabba's Italian Grill, Bonefish Grill, Fleming's Prime Steakhouse & Wine Bar and Aussie Grill by Outback.

f. Bonefish Grill's 2024 FDD enclosed with this request contains Bloomin Brands audited financial statements (reflecting Bloomin' Brands stockholders' equity of \$409,122,000 as of the end of the last fiscal year) and a new parent Guarantee of Performance in the 2024 FDDs. **Bloomin Brand's most recent 10K for the fiscal year ended December 31, 2024 and most recent 10Q for the period ended June 30, 2024 are attached as Exhibits B-1 and B-2 for ease of reference.**

g. The types of prospective franchisees that Bonefish Grill will engage with respect to its non-traditional franchise offering (or that engage Bonefish Grill) are typically exempt from disclosure requirements under the FTC Franchise Rule entitled "Disclosure Requirements and Prohibitions Concerning Franchising Ventures", on the basis that, among other exemptions, (i) the prospective franchisee satisfies the so-called Large Franchisee Exemption set forth in 16 CFR 436.8(a)(5)(ii) and/or the prospective franchisee satisfies the so-called Large Investment Exemption set forth in 16 CFR 436.8(a)(5)(i).

h. Bonefish Grill and its above-referenced brands are also typically exempt from registration and/or disclosure under the Large Franchisor exemptions in most states and/or on the basis of the prospective franchisee's experience, net worth, sophistication, other existing restaurant businesses and/or level of investment are such that those states deem it unnecessary for these prospective franchisees to receive disclosures afforded less sophisticated franchise prospects.

i. The types of prospective franchisees that Bonefish Grill will engage with respect to its non-traditional franchise offerings (or that engage the Bonefish Grill) are sophisticated investors with the financial wherewithal to invest monies in the franchise offering. These prospective franchisees typically employ a significant number of experienced business professionals, accountants and attorneys who are fully capable of understanding and analyzing the contemplated agreements, and the risks inherent in the businesses. Many such prospective franchisees are in the business of owning and operating restaurants. They often have experience negotiating franchise agreements with franchisors and may have existing agreements with Bonefish Grill and its affiliates as well as other large, sophisticated restaurant companies. Thus, the parties respective bargaining power is more equal and balanced than in many franchise transactions in other industries. In many instances, Bonefish Grill's prospective franchisees own a portfolio of restaurants, and their economic reliance on a single franchise transaction as a percentage of their total revenue is significantly less than many franchisees in other franchise systems and industries.

Based on the above factors, we respectfully submit that the registration requirement of the Minnesota Franchise Act is not necessary for the protection of non-traditional restaurant concessionaries as a franchise investor in Minnesota with respect to Bonefish Grill.

Accordingly, we submit this request on behalf of Bonefish Grill that the Commissioner of the Minnesota Department of Commerce grant the exemption of the Bonefish Grill brand under Section 80C.03(g) of the Minnesota Franchise Act from the registration requirements of the Franchise Act

for a one-year period through the end of August, 2025. It does not appear that there is a specific fee for seeking this exemption, but if so the Bonefish Grill would of course be happy to submit any such fee.

In addition, if the Commissioner was to grant the exemption, we would ask that we coordinate further to discuss specific requirements and timing for Bonefish Grill to pursue annual extensions of the exemption each year in connection with its non-traditional franchise transactions as they may be initiated from time to time.

Please contact me if you have any questions or need further information. Thank you for your consideration of this request.

Kindest regards,

Haynes and Boone, LLP

A handwritten signature in black ink, appearing to read "Robert A. Lauer", written in a cursive style.

Robert A. Lauer
Partner

cc: **VIA EMAIL ONLY**
Cheryl Lucente, Bloomin' Brands, Inc.

Exhibit A

FRANCHISE DISCLOSURE DOCUMENT



Bonefish Grill, LLC
a Florida limited liability company
2202 North West Shore Boulevard, 5th Floor
Tampa, Florida 33607
(813) 282-1225
www.bonefishgrill.com

The franchise offered is to develop and operate a Bonefish Grill® restaurant, which is an upscale casual seafood restaurant specializing in market-fresh fish from around the world, savory wood-grilled specialties, and classic cocktails and signature hand-crafted cocktails, in addition to a distinct list of wines.

The total investment necessary to begin operation of a Bonefish Grill restaurant ranges \$4,303,000 to \$8,419,000. This includes \$104,000 to \$178,000 that must be paid to the franchisor or its affiliates. We also offer development rights for Bonefish Grill restaurants. If you want development rights, you must pay us a development fee equal to \$40,000 (the initial franchise fee for the first Restaurant) plus \$10,000 for each additional Restaurant. A pro rata portion of the development fee will be credited toward the initial franchise fee for each Restaurant developed.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Kelly Lefferts at 2202 North West Shore Boulevard, 5th Floor, Tampa, Florida 33607, (813) 282-1225 and KellyLefferts@BloominBrands.com.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "[A Consumer's Guide to Buying a Franchise](#)," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: April 26, 2024

How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlets sales, costs, profits or losses. You should also try to obtain this information from others like current and former franchisees. You can find their names and contact information in Item 20 or an Exhibit.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor’s direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit A includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Bonefish Grill restaurant in my area?	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings
What’s it like to be a Bonefish Grill franchisee?	Item 20 or an Exhibit lists the current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in our franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit E.

Your state may also have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About *This Franchise*

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Florida. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Florida than in your own state.

Certain states may require other risks to be highlighted. Check the “State Specific Addenda” (if any) to see whether your state requires other risks to be highlighted.

**THE FOLLOWING PROVISIONS APPLY ONLY TO
TRANSACTIONS GOVERNED BY
THE MICHIGAN FRANCHISE INVESTMENT LAW**

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU:

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than thirty (30) days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than five (5) years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six (6) months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(1) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.

(2) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(3) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(4) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
Corporate Oversight Division
Attention: Franchise
G. Mennen Williams Building
525 West Ottawa Street
P.O. Box 30736
Lansing, Michigan 48909
Telephone Number: (517) 335-7632

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APPLICABLE STATE LAW MIGHT REQUIRE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION CONTAINED IN THIS DISCLOSURE DOCUMENT. THESE ADDITIONAL DISCLOSURES, IF ANY, APPEAR IN EXHIBIT F.

Item 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

Us and Our Affiliates

The franchisor is Bonefish Grill, LLC (“we,” “us,” or “our”). We do business under our company name and the name “Bonefish Grill®.” “You” means the company to whom we grant a franchise. We do not expect that people will sign our Franchise Agreement (Exhibit B-1) in their individual capacities. If you are a corporation, partnership, or other entity, certain provisions of the Franchise Agreement will apply to your owners. This disclosure document will indicate when your owners are also covered by a particular provision.

We initially incorporated as a Florida corporation in August 2001 under the name OS Sea, Inc. We changed our name to Bonefish Grill, Inc. in June 2002. In June 2007, we converted to a Florida limited liability company. Our principal business address is 2202 North West Shore Boulevard, 5th Floor, Tampa, Florida 33607. We are a wholly-owned subsidiary of our immediate parent company, OSI Restaurant Partners, LLC (“OSI”). Our ultimate parent company is Bloomin’ Brands, Inc. (“Ultimate Parent”, “BBI” or “Bloomin’ Brands”). Our Ultimate Parent’s common stock has been listed on the Nasdaq Global Select Market under the symbol “BLMN” since August 8, 2012. OSI and BBI share our principal business address.

We have no other parents or predecessors disclosable in this Item. If we have an agent for service of process in your state, we disclose that agent in Exhibit E.

We have offered franchises for Bonefish Grill restaurants since January 2002. We have, either directly or through our affiliates, operated Bonefish Grill restaurants since October 2001. We operated 170 company-owned Bonefish Grill restaurants as of the end of our 2023 fiscal year. Our Ultimate Parent is a designated or approved supplier of certain products and services you will use in operating your Restaurant (see Item 8). We do not engage in other business activities and do not offer, and have never offered, franchises in any other line of business.

The following companies are our affiliates who currently offer franchises in the United States:

- Outback Steakhouse of Florida, LLC (“OSF”), whose principal business address is the same as our address, operates and offers franchises within the continental United States to develop and operate casual Australian-themed steakhouses under the trademark “Outback Steakhouse®”. OSF has offered these franchises since August 1989. As of December 31, 2023, there were 562 company-owned restaurants and 126 franchised locations operating in the United States.
 - OSF also operates and offers franchises within the continental United States to develop and operate Aussie Grill by Outback®, a fast-casual concept. As of December 31, 2023, there were four company-owned and one franchised Aussie Grill restaurants, all of which operate in Florida, United States.
- Carrabba’s Italian Grill, LLC (“CIG”), whose principal business address is the same as our address, operates and offers franchises to develop and operate full-service, casual authentic Italian restaurants under the trademark “Carrabba’s Italian Grill®”. CIG or its predecessors have offered these franchises since July 1997. As of December 31, 2023, there were 198 company-owned restaurants and 19 franchised locations operating in the United States.

- Outback Steakhouse International, L.P. (“Outback International”), whose principal address is the same as ours, has offered franchises to develop and operate Outback Steakhouse, Aussie Grill, Abbraccio Cucina Italiana™ (“Abbraccio”), Carrabba’s Italian Grill, Bonefish Grill and Fleming’s Prime Steakhouse & Wine Bar restaurants outside the continental United States. Outback International does not operate any company-owned restaurants, but certain of its affiliates operate Outback Steakhouse, Aussie Grill and Abbraccio restaurants internationally.
 - Outback International has been offering Outback Steakhouse franchises since 1995. As of December 31, 2023 there were 174 company-owned Outback Steakhouse restaurants and 133 franchised restaurant locations operating internationally, including one franchised restaurant in Guam. Outback International started franchising Outback Steakhouse Delivery Kitchens in 2019. Outback Steakhouse Delivery Kitchens prepare food items in a cooking facility (separate from a restaurant) exclusively for delivery purposes. As of December 31, 2023, there were four franchised Outback Steakhouse Delivery Kitchens, all of which operate in South Korea.
 - Outback International started offering Aussie Grill franchises in 2018, and the first international Aussie Grill location opened in January 2019. As of December 31, 2023, there were six Aussie Grill restaurants operating internationally, including two company-owned locations and four franchised locations. Aussie Grill operates in Brazil under the trademark “Aussie Chicken and More”. As of December 31, 2023, there were 100 Aussie Chicken and More virtual kitchens operating internationally from company-owned restaurants in Brazil.
 - Outback International has offered franchises for Abbraccio and Carrabba’s Italian Grill outside of the United States since 2014. As of December 31, 2023, there were 16 Abbraccio restaurants (15 of which were company-owned, and one of which was franchised), and one franchised Carrabba’s Italian Grill restaurant operating internationally.
 - In the past, Outback International has offered franchises for Bonefish Grill and Fleming’s Prime Steakhouse & Wine Bar outside of the United States but does not offer them currently. As of the date of this disclosure document, there are no Bonefish Grill or Fleming’s Prime Steakhouse & Wine Bar restaurants operating internationally.

Our affiliate OSI/Fleming’s, LLC (“Fleming’s”) owns and operates fine dining restaurants known as “Fleming’s Prime Steakhouse & Wine Bar[®]”. As of December 31, 2023, Fleming’s operated 64 company-owned locations in the United States. Neither we nor our affiliates currently franchise this concept in the U.S., although we may do so in the future.

Except as described above, none of these affiliates have offered franchises in any other line of business or operated a Bonefish Grill restaurant. We currently have no other affiliates that offer franchises in any line of business or provide products or services to our franchisees.

We have a number of additional affiliates that offer franchises in foreign countries and affiliates that provide products and/or services to franchisees who are located and do business in those foreign countries. Unless otherwise stated, the information in this disclosure document does not concern our affiliates’ international operations or franchising.

Bonefish Grill – Franchise Program

We grant franchises to qualified companies to develop and operate restaurants under the System (defined below) and our Franchise Agreement (Exhibit B-1) (“Bonefish Grill restaurants”). We call the Bonefish Grill

restaurant that you will operate under the Franchise Agreement the “Restaurant.” 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 fresh juices, edible garnishes, and house infusions, Bonefish Grill also features a distinct list of wines, the perfect match for any food pairing. Restaurant décor includes hardwood floors, large booths and tables and distinctive artwork inspired by Florida’s natural coastal setting. All Bonefish Grill restaurants are open for lunch on the weekends, and many offer lunch seven days a week.

We have developed and own a distinctive system for the establishment and operation of Bonefish Grill restaurants (the “System”). The System’s distinguishing characteristics include restaurant layout; equipment; signage; special recipes and menu items; the Proprietary Marks (defined below); distinctive design, décor, color scheme, and furnishings; uniform standards, specifications, and procedures for operations, quality, training and uniformity of products and services offered; guest experience technology; procedures for inventory and management control; training and assistance; and advertising and promotional programs; all of which we may periodically change, improve and further develop. We identify the System using certain trade names, service marks, trademarks, logos, emblems, trade dress, and other indicia of origin, including the mark Bonefish Grill and the other marks described in Item 13 (the “Proprietary Marks”).

We also may grant multi-unit development rights to qualified franchisees, who may then develop an agreed-upon number of Bonefish Grill restaurants within a defined geographic area according to a pre-determined development schedule. These franchisees may open and operate their Bonefish Grill restaurants directly or through controlled affiliates. Our Development Rights Rider to the Franchise Agreement is attached to this disclosure document as Exhibit B-2. Franchisees signing our Development Rights Rider must sign our then-current form of Franchise Agreement for each additional Bonefish Grill restaurant they develop. That form may differ from the form of Franchise Agreement included in this disclosure document.

If you are renewing your franchise because its current term is about to expire, you will sign our Successor Franchise Rider to Franchise Agreement (Exhibit G), which, among other things, modifies certain provisions in our standard Franchise Agreement that will not apply to you because your Restaurant is already open and operating.

Purchase of Company-Owned Bonefish Grill Restaurants

Depending on your location, you might be interested in buying (and we might be interested in selling and franchising) one or more of our company-owned Bonefish Grill restaurants. In these transactions, we negotiate with the prospective franchisee to reach mutually acceptable terms of a sale agreement and any lease or sublease of the real estate. If you purchase a company-owned Bonefish Grill restaurant, you must sign a Franchise Agreement and, possibly, also a Development Rights Rider for the further development of Bonefish Grill restaurants in the geographic area where the purchased Bonefish Grill restaurant is located. Depending on the circumstances, the financial and other terms may vary from the standard terms of our current Franchise Agreement attached as Exhibit B-1 to this disclosure document. You may also incur costs to remodel and/or upgrade the location to meet our current standards and specifications for new Bonefish Grill restaurants.

Regulations

The restaurant industry is heavily regulated in the United States. Many of the laws that apply to business generally, like the Americans with Disabilities Act (ADA), federal wage and hour laws, and the Occupational Safety and Health Act (OSHA), also apply to restaurants. Other laws have particular applicability to restaurants, including health and sanitation laws, liquor license laws, and liquor licensing liability laws (known as dram shop laws). Some states and municipalities also might require specific training in sanitation and safety laws before

permitting a Bonefish Grill restaurant to open. In many jurisdictions, local and county health departments inspect restaurants and other retail food facilities to ensure compliance with safe food handling practices and adequacy of kitchen facilities. You will need to understand and comply with these laws in operating your Restaurant. It is your sole responsibility to obtain and keep in force all necessary licenses and permits required by public authorities, including an alcoholic beverage license.

The development and operation of your Restaurant will also be subject to compliance with applicable zoning, land use and environmental regulations, as well as federal and state minimum wage laws governing such matters as working conditions, overtime and tip credits, and other employee matters. It is likely that a significant number of your Bonefish Grill restaurant's food service and preparation personnel will be paid at rates related to the federal minimum wage and, accordingly, further increases in the federal, state or local minimum wage will affect your labor costs.

Some states and municipalities also might require specific licensure or training in sanitation and safety laws before permitting a restaurant to serve the public. The federal Clean Air Act and various implementing state laws require certain state and local areas to meet national air quality standards that limit emissions of ozone, carbon monoxide and particulate matters, including emissions from commercial food preparation. Some areas have also adopted or are considering proposals that would regulate indoor air quality.

The Patient Protection and Affordable Care Act of 2010 requires chain restaurants with twenty or more locations in the United States to comply with federal nutritional disclosure requirements. The FDA released final guidance on national menu labeling, and restaurants meeting the number of locations threshold must provide nutritional disclosures on their menus. Some state and local authorities have also adopted, or are considering adopting, laws or regulations requiring certain disclosures on menus or restricting the use of certain types of ingredients in food served in restaurants, such as the level of trans fats and sodium contained in a food item. You should investigate these laws.

You may also be subject to laws and regulations relating to information security, privacy, cashless payments, gift cards, and consumer credit, protection and fraud. The Payment Card Industry (PCI) Data Security Standard is the current standard of security requirements for all merchants or service providers that store, process or transmit cardholder data. You are responsible for PCI Data Security Standard compliance as well as any federal, state and local laws and regulations related to privacy matters, including data and personally identifiable information.

There may be other laws that affect restaurants. You should investigate these laws and consult your attorney for a complete understanding of them.

Competition and Market

The market for restaurant services is well established. The restaurant industry is highly competitive with a substantial number of restaurant operators that compete directly and indirectly with Bonefish Grill 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 also influenced strongly by marketing and brand reputation. At an aggregate level, all major U.S. casual dining restaurants would be considered competitors of the Bonefish Grill brand. Further, we face growing competition from the supermarket industry and home delivery services and applications, with improved selections of prepared meals, and from quick service and fast casual restaurants, as a result of higher-quality food and beverage offerings.

In addition, our business is subject to seasonal fluctuations. Historically, customer traffic patterns for established Bonefish Grill restaurants in the U.S. are generally highest in the first quarter of the year and lowest in the third quarter of the year. Additionally, holidays and severe weather may affect sales volumes seasonally in some markets.

Item 2

BUSINESS EXPERIENCE

The following individuals are principal officers of the franchisor or have management responsibility, which is shared between us and our Ultimate Parent (BBI), relating to the sale and/or operation of the franchises offered under this disclosure document:

Executive Vice President, President of Bonefish Grill and Fine Dining: Mark Graff

Mr. Graff has been Executive Vice President, President of Bonefish Grill and Fine Dining for BBI since November 2023. Prior to his current role, Mr. Graff served as Vice President, Development for BBI from April 2023 to November 2023; as Senior Vice President, Development, FP&A and Investor Relations for BBI from May 2021 to April 2023; as Group Vice President, Corporate Finance, Investor Relations for BBI from May 2019 to May 2021; and as Vice President, Corporate Finance, Investor Relations and Treasury for BBI from October 2018 to May 2019.

Vice President, Operations – Bonefish Grill: Diane Hartzel

Ms. Hartzel has been Vice President, Operations for Bonefish Grill since May 2019. From November 2015 to May 2019, she served as a Regional Vice President (RVP) for Bonefish Grill in the Northeast, MidAtlantic and Florida areas. Prior to that, she was an Operations Director (JVP) for Bonefish Grill in the New York, New Jersey, Rhode Island and Massachusetts market.

Executive Vice President, Chief Customer Officer: Pierre Berenstein

Mr. Berenstein has been Executive Vice President, Chief Customer Officer for BBI since August 2023. Prior to his current role, Mr. Berenstein served as President of Bloomin’ Brands Brazil from May 2017 to October 2023. Before joining BBI, Mr. Berenstein served as Chief Executive Officer, Brazil at International Meal Company from May 2015 to May 2017; and as Chief Operating Officer at Saraiva from October 2012 to May 2015.

Executive Vice President, Chief Legal Officer and Secretary: Kelly Lefferts

Ms. Lefferts has been our Executive Vice President and Chief Legal Officer since July 2019. She has served as Secretary of Outback and BBI since March 2016. She previously served as Group Vice President and U.S. General Counsel for Outback from March 2016 to July 2019. Ms. Lefferts has been with the company since October 1997.

Senior Vice President, Chief Development and Franchising Officer: Annette Rodriguez

Ms. Rodriguez has been Senior Vice President, Chief Development and Franchising Officer for BBI since February 2022. Before assuming her current role, she served as Senior Vice President, U.S. Development and Franchising for BBI from December 2019 to February 2022. From November 2017 to November 2019, she was

Group Vice President, Real Estate and Development for BBI. From March 2014 to November 2017, she was Vice President of Development for BBI. Prior to joining BBI, Ms. Rodriguez served in various capacities for Burger King Corporation in Miami, Florida between May 1989 and December 2012, including Vice President, Development and Real Estate from June 2011 to December 2012.

Vice President, Operations Transformation, Training and & Off-Premises Dining: Crystal Biasi

Ms. Biasi has been Vice President, Operations Transformation, Training and Off-Premises Dining for BBI since February 2024. Prior to her current role, she served as Vice President, Development for BBI from April 2023 to February 2024. Before rejoining BBI in April 2023, she was a Partner at The Ready in Denver, Colorado, from May 2021 to March 2023. Before joining The Ready, Ms. Biasi served at BBI as Vice President, Supply Chain Forecasting and Planning, Strategy, Menu and Data Management from January 2019 to April 2021; as Vice President, Off-Premises Dining from December 2017 to January 2019; as Vice President, Productivity, Supply Chain Strategy and Analytics & Data Management from July 2016 to December 2017; as Senior Director, Supply Chain Strategy & Analytics from August 2014 to June 2016; and as Director, Productivity & Implementation from January 2013 to August 2014.

Senior Director, Global Franchising & Development: Jacqueline (Jackie) Vanella

Ms. Vanella has been Senior Director, Global Franchising and Development for BBI since May 2016. She was Senior Director, Real Estate for BBI from June 2013 to April 2016. Prior to joining BBI, Ms. Vanella was Director of Development (East-US) for Burger King Corporation in Miami, Florida, from February 2008 to May 2013.

Senior Director, Franchise Operations: Kim Van Heuvelen

Ms. Van Heuvelen has been Senior Director, Franchise Operations for BBI since September 2023. She previously served as Director, Franchise Operations from August 2019 to September 2023; as Manager, Franchise Operations for BBI from February 2016 to August 2019; and Manager, International Operations for BBI from October 2009 to February 2016.

Item 3

LITIGATION

In the Matter of Determining whether there has been a violation of the Franchise Investment Protection Act of Washington by Bonefish Grill, LLC (State of Washington Department of Financial Institutions, Securities Division, Order No. S-15-1776-15-CO01).

In August 2015, BFG, sent a letter to the Washington Department of Financial Institutions, Securities Division (the “Department”) to notify the Department that BFG previously offered and sold two Bonefish Grill restaurant franchises in the state of Washington. One sale occurred in March 2004 and the other in April 2006. The franchisees for both restaurants were experienced businessmen that had operated Outback Steakhouse franchised restaurants since 1995. However, BFG was not registered in Washington when the two franchises were sold. The Department initiated an investigation into BFG’s franchise related activities and concluded that grounds existed to allege that BFG violated the registration and disclosure provisions of the Washington Franchise Investment Protection Act in connection with the sale of these two franchises. On September 23, 2015, the Department and BFG agreed to enter into a consent order whereby BFG, without admitting or denying any violations of the law,

agreed to cease and desist from offering or selling franchises in violation of the registration and disclosure provisions of the Washington Franchise Investment Protection Act and agreed to pay investigative costs of \$2,000 to the Department.

Other than the matter described above, no litigation is required to be disclosed in this Item.

Item 4

BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

Item 5

INITIAL FEES

Franchise Agreement

Initial Franchise Fee

We currently charge a \$40,000 initial franchise fee. You must pay us \$20,000 when you sign the Franchise Agreement and \$20,000 before you begin construction of the Restaurant. The initial franchise fee is fully earned when you sign the Franchise Agreement. The initial franchise fee is uniform for all unaffiliated franchisees and is not refundable.

On-Site Visits

We must approve the site for your Restaurant. During your site selection and site development activities, we will provide up to three on-site visits at no charge to you. After that, if we believe additional on-site visits are necessary and appropriate (on our own initiative or at your request), we may charge you a reasonable fee (currently \$1,000) for each visit. In addition to the fee, you must also reimburse us for all reasonable expenses we incur in the on-site visit, including the cost of travel, lodging and meals. On-site visit costs are not refundable, and we may not impose them uniformly on all franchisees. We expect on-site visit charges (including the fee) to range from \$1,500 to \$5,000 per evaluation. We did not collect any site evaluation fees from franchisees in our 2023 fiscal year.

Coordinated Purchases

As discussed in Item 8, in some cases we might coordinate your purchases of some of the Operating Assets (defined below), food items, ingredients, supplies, materials and/or other products and services used or offered for sale at Bonefish Grill restaurants. "Operating Assets" means the furniture, fixtures, furnishings, equipment (including computer systems, point-of-sale systems, and related equipment and software), décor and signs that we periodically and reasonably direct for use at Bonefish Grill restaurants. For items that we have coordinated purchasing in place, we require you to buy these items from us or using our coordinated purchasing. You must pay us for the items before you receive the items or on a payment schedule we propose. The costs are uniform among franchisees but may vary widely depending on the number and types of items that you buy from us or our affiliates. The cost for all such items is non-refundable.

Opening Crew

When you open your Restaurant, we may, at our sole option, require that our specially-trained opening crew (typically ranging from five to 18 people, depending on franchisee's experience and the number of certified trainers (if any) that franchisee provides from its existing Bonefish Grill restaurant(s), if applicable) be on-site at your Restaurant to assist with pre-opening and training for approximately three weeks spanning a period before and after the Restaurant opens. You must reimburse us for the reasonable expenses we incur in providing an opening crew for the Restaurant, including costs of transportation, lodging, meals, and wages. Costs for the opening crew are non-refundable. Based on our experience opening company-owned locations, we estimate that opening crew costs will range from \$64,000 to \$138,000, including the costs of transportation, lodging, meals and wages. However, there is no limit on the costs, and you are required to reimburse us for all expenses. If your Restaurant opening is delayed for any reason, you will pay all costs associated with rescheduling the opening crew, including airfare and related travel charges. Thus, your opening crew expenses may be higher than the stated range if you reschedule the pre-opening training.

Development Rights Rider

If you sign a Development Rights Rider (Exhibit B-2) to develop multiple Bonefish Grill restaurants, you just pay a development fee equal to \$40,000 (the initial franchise fee for the first Bonefish Grill restaurant) plus \$10,000 for each additional Bonefish Grill restaurant you commit to develop. The number of Bonefish Grill restaurants that you will develop is determined by mutual agreement before you sign the Development Rights Rider. As long as you are in compliance with your development obligations, we will apply a pro rata portion of the development fee toward the initial franchise fee for each Bonefish Grill restaurant to be developed.

The development fee is fully earned by us when you sign the Development Rights Rider. The development fee is uniform for all franchisees and is not refundable. If you sign the Development Rights Rider and pay the development fee, and then cannot find suitable sites for Bonefish Grill restaurants or choose for any other reason not to perform (and the Development Rights Rider is terminated), we may keep the entire development fee and need not refund any portion to you.

Purchase of Company-Owned Bonefish Grill Restaurant

If you buy the assets of an existing Bonefish Grill restaurant from us, you and we will sign an Asset Purchase Agreement. You and we will negotiate the terms of the Asset Purchase Agreement. You must also sign a Franchise Agreement to operate the Restaurant as a Bonefish Grill franchised restaurant going forward. You must pay us the initial franchise fee (\$40,000) plus the applicable purchase price for the Restaurant's assets. You and we will negotiate the purchase price, which will depend on the Bonefish Grill restaurant's age, location, condition, profitability, and cash flow, as well as strategic considerations and other relevant market factors. The purchase price is not refundable once paid.

If you buy an existing company-owned Bonefish Grill restaurant, you may incur certain costs to upgrade the location to our current standards for new Bonefish Grill restaurants. You will have a specified period after closing to complete the upgrades.

If you buy an existing company-owned Bonefish Grill restaurant from us, that Restaurant will not count toward your development obligation under the Development Rights Rider. Only new Bonefish Grill restaurants will count for purposes of fulfilling your development obligations (unless we agree otherwise in writing).

Item 6

OTHER FEES

Type of fee ⁽¹⁾	Amount	Due date	Remarks
Royalty fee	5.0% of monthly Net Sales (See Note 2)	Payable on or before the 10 th day of each calendar month (See Note 3)	Based on Net Sales during previous month.
Multi-Unit Campaign contributions	A percentage of your Restaurant's Net Sales that we set from time to time that you must contribute to us for Multi-Unit Campaigns (currently 2.06%) (See Notes 2 and 4)	Payable on or before the 10 th day of each calendar month (See Note 3)	Based on Net Sales during previous month.
Required Local Marketing Expenditures	A percentage of your Restaurant's Net Sales that we set from time to time that you must expend yourself on approved local marketing programs (currently 0.19%) (See Notes 2 and 4)	We do not collect this fee; it is retained by you for use in your local market area	You must spend at least this amount annually on local advertising and promotion for your Restaurant.
Help Desk Support Fee	Currently \$55 per month (per restaurant) for help desk support services	Payable on or before the 10 th day of each calendar month	You must sign an IT Help Desk Support Agreement. (<u>Exhibit H</u>)
Security License Fee	Currently \$75 per month (per restaurant)	Payable on or before the 10 th day of each calendar month	This fee covers the cost of software and technology licenses (including information security software) used by you at your restaurant.
Additional or refresher training	Reasonable fee based on our costs; currently no charge	30 days after billing	See Item 11.
Transfer fee – for a transfer that does not result in a change of control	For a transfer that does not result in a change of control, you must pay us \$1,000	Before consummation of transfer	

Type of fee ⁽¹⁾	Amount	Due date	Remarks
Transfer fee – for a transfer that results in a change of control	For a transfer that results in a change of control, you must reimburse us for our reasonable costs and expenses associated with the transfer, including, without limitation, legal and accounting fees and salaries of our personnel	Before consummation of transfer	This fee is only due when you transfer control of the franchise agreement, the franchise or your Restaurant.
Renewal fee	50% of then-current initial franchise fee	Upon signing renewal franchise agreement	A renewal fee equal to 50% of the standard initial franchise fee being charged to new franchisees of Bonefish Grill restaurants at the time of renewal.
Audit	Cost of inspection or audit	30 days after billing	Payable if you understate any amounts owed to us or our affiliates by 2% or more.
Correcting deficiencies	Our expenses in correcting deficiencies	Immediately upon demand	Payable if you fail to correct deficiencies detected during inspection within reasonable time and we (at our option) correct them.
Customer loyalty / rewards programs	Varies	Ongoing	You must contribute a pro rata share of costs of any customer loyalty program or similar programs we implement from time to time. These costs may include initial and ongoing fees for software, technology, and support services, and collateral materials, plus the cost of meals when loyalty points are redeemed by customers. (See Note 5)

Type of fee ⁽¹⁾	Amount	Due date	Remarks
Securities offering review	Our costs of reviewing proposed offering materials	30 days after billing	You may not conduct a public offering of your securities. You may offer your securities in a private offering with our consent. This fee covers our cost of reviewing your proposed offering materials.
Insurance costs	Our expenses and cost of insurance	Immediately upon notice	Payable if you fail to maintain insurance and we (at our option) obtain insurance for you.
Product and service purchases	See Item 8	As incurred	We and our affiliates may sell certain products and services to you or coordinate purchases from third-party suppliers. (See Item 8)
Liquidated damages for deviation from Operations Manual	2 nd Minor Violation in calendar year: \$1,000 3 rd Minor Violation in calendar year: \$2,000 Each additional Minor Violation in calendar year: \$4,000	Within five days of receipt of notice from us	Payable if you have repeated minor violations of the Operations Manual's requirements that are unlikely to have a material adverse effect on the System, the Proprietary Marks, the Restaurant or any other Bonfish Grill restaurant.
Interest	Lesser of 18% per year or maximum rate law allows	Due with the overdue amount	Payable on all overdue amounts.
Costs and attorneys' fees	Will vary under circumstances	As incurred	Payable if we retain counsel or start proceedings to enforce the Franchise Agreement or if we terminate the Franchise Agreement due to your default.
Indemnification	Will vary under circumstances	Promptly paid	You must indemnify us from all claims and liabilities connected with your Restaurant or business.

Type of fee ⁽¹⁾	Amount	Due date	Remarks
Testing costs	Cost of testing	30 days after billing	Payable if inspection uncovers product from unapproved supplier or failing to meet specifications or if you propose new supplier.
Minimum royalty while Restaurant is closed	Average monthly royalty fee paid during previous 12 months	30 days after billing	Payable if your Restaurant closes and repairs or relocation cannot be completed within 90 days.
Management fee	10% of Net Sales while we manage your Restaurant, plus reimbursement of our direct out-of-pocket expenses	As incurred	Due only if we or our appointee manages the Bonefish Grill restaurant after the Franchise Agreement terminates or expires while we decide whether to exercise purchase option.
Tax reimbursement	Out-of-pocket reimbursement	As incurred	You must reimburse us for any taxes we pay to a state taxing authority due to your operations or payments to us or our affiliates (except for our own income taxes).

1. Except as otherwise noted in this Item 6, all fees are imposed and collected by and payable to us. Except as noted above, all fees are non-refundable and currently are uniformly imposed. There currently are no mandatory cooperatives in the Bonefish Grill restaurant network.
2. “Net Sales” means all revenue from sales conducted upon or from your Bonefish Grill restaurant, whether from check, cash, credit, charge account, debit account, exchange, trade credit, other credit transactions, barter or otherwise, including, without limitation, any implied or imputed Net Sales from any business interruption insurance. However, “Net Sales” excludes: (a) sales for which you refund cash, if you previously included those sales in Net Sales; (b) federal, state, or municipal sales, use or service taxes you collect from customers and pay to the appropriate taxing authority; and (c) the face value of coupons or discounts that customers redeem (except Net Sales will not be reduced by the face value of any coupons or discounts if we provide any cost reimbursement for such coupon or discount). We treat each charge or sale upon credit as a sale for the full price on the day during which that charge or sale is made, irrespective of when you receive payment (whether full or partial, or at all) on that sale. We include amounts customers pay by gift certificate, gift card, stored value card or similar program (“Stored Value Cards”) in Net Sales when the gift certificate, other instrument or applicable credit is redeemed. If a third party distributes Stored Value Cards, we include in Net Sales the face amount of the Stored Value Card without reduction for the fee we paid or discount we gave to the third-party distributor.

If a state or local law applicable to the Restaurant prohibits or restricts in any way your ability to pay, or our ability to collect, royalty fees or other amounts based on Net Sales derived from the sale of liquor and

alcoholic beverages at the Restaurant, you and we will adjust the royalty fee, multi-unit campaign contribution, and other applicable provisions of the Franchise Agreement to provide the same economic benefit to both parties as provided in the original Franchise Agreement, with a corresponding change to the definition of Net Sales.

3. At our option, you must sign and deliver to us the documents that we periodically require to authorize us to debit your business checking account automatically for the royalty fee and other amounts due under the Franchise Agreement or any related agreement between us (or our affiliates) and you. If we institute an automatic debit program for your Restaurant, we may debit your account for the royalty fee and other amounts on or after the due date, based on the Net Sales for the previous month. You must make the funds available for withdrawal by electronic transfer before each due date. In our automatic debit program, we may require you to get, at your expense, overdraft protection for your business checking account in an amount that we reasonably specify. You must reimburse us for any “insufficient funds” charges and related expenses that we incur for (a) any checks that we receive from you or (b) your failure to maintain sufficient funds in your automatic debit account.

If you fail to report your Restaurant’s Net Sales for any month, we may debit your account for 120% of the amount that we debited for the previous month. If the amount we debit from your account is less than the amount you actually owe us for the month (once we have determined the true and correct Net Sales of your Restaurant for the month), we will debit your account for the balance due on the day that we specify. If the amount we debit from your account is greater than the amount you actually owe us for the month (once we have determined the true and correct Net Sales of your Restaurant for the month), we will credit the excess, without interest, against the amount that we otherwise would debit from your account during the following month.

4. We have established a national marketing program to advertise and promote Bonefish Grill restaurants, and may from time to time implement other continuing, periodic or temporary national, regional or local marketing programs or campaigns for Bonefish Grill restaurants (collectively “Multi-Unit Campaigns”). You must contribute a percentage of your Net Sales to us for Multi-Unit Campaigns in the amounts, in the manner and at the times that we direct, but the percentage of your annual Net Sales spent on such expenses will not exceed 8% of your annual Net Sales in the aggregate when combined with your Required Local Marketing Expenditures (described below). As of the date of this disclosure document, the percentage of your Net Sales you must pay to us for Multi-Unit Campaigns is 2.06%. However, that number may change from time to time.

In addition to your contributions to Multi-Unit Campaigns, you must spend on approved local advertising, marketing and promotions for your Restaurant, or with our prior approval, accrue for subsequent expenditure, on a continuing monthly basis, a percentage of the Net Sales of your Restaurant that we specify (“Required Local Marketing Expenditures”). The Required Local Marketing Expenditures for any given period will be set by us along with the Multi-Unit Campaign contribution for such period; but in no case will the combination of the Required Local Marketing Expenditures and the Multi-Unit Campaign contributions in any calendar year exceed 8% of your Restaurant’s annual Net Sales. Pre-opening promotional and advertising activities you conduct will not count towards the Required Local Marketing Expenditures or the maximum 8% of annual Net Sales. As of the date of this disclosure document, the percentage of your Net Sales you must spend on Required Local Marketing Expenditures is 0.19%.

5. You must participate in our national customer loyalty/rewards program (“Dine Rewards”), which was launched in 2016. The estimated costs for franchisees to participate in Dine Rewards include a pro rata share of the cost of the call center support we designate or utilize for the Dine Rewards program. We cover

the cost of these call center services, which are provided by a third-party vendor, and re-bill franchisees and company-owned restaurants, at cost. We estimate that call center fees will be about \$50 to \$60 per month per restaurant, but the actual fees vary based on call volume.

Item 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of expenditure	Estimated Amount	Method of payment	When due	To whom payment is to be made
Initial franchise fee ⁽¹⁾	\$40,000	Lump sum	See Note (1)	Franchisor
Building construction ⁽²⁾	\$2,000,000 to \$2,700,000	As agreed	As incurred	Contractors, vendors and landlord
Site construction ⁽³⁾	\$50,000 to \$1,000,000	As agreed	As incurred	Contractors, vendors and professionals
Design & site development (including professional fees, impact fees, permits and utility connections) ⁽⁴⁾	\$41,000 to \$337,000	As agreed	As incurred	Third parties/professionals; government or regulatory agencies
Furniture, fixtures, and equipment (including computer system) ⁽⁵⁾	\$950,000 to \$1,100,000	As agreed	As incurred	Contractors, vendors and suppliers
Signage	\$80,000 to \$250,000	As agreed	As incurred	Suppliers
Inventory – first 3 months ⁽⁶⁾	\$397,000 to \$583,000	As agreed	As incurred	Suppliers
Liquor License ⁽⁷⁾	\$1,000 to \$815,000	Lump sum	As incurred	Government agency and/or third parties
Utilities – first 3 months ⁽⁸⁾	\$27,000 to \$52,000	As incurred	As incurred	Utility companies
Opening Crew ⁽⁹⁾	\$64,000 to \$138,000	As incurred	As incurred	Franchisor and third parties
Pre-opening food and beverage costs for training ⁽¹⁰⁾	\$11,000 to \$37,000	As incurred	As incurred	Suppliers and contractors
Pre-opening supplies ⁽¹¹⁾	\$10,000 to \$15,000	As incurred	As incurred	Suppliers
Pre-opening labor and training expenses ⁽¹²⁾	\$42,000 to \$88,000	As incurred	As incurred	Employees; third parties
Other miscellaneous opening expenses ⁽¹³⁾	\$14,000 to \$64,000	As incurred	As incurred	Suppliers, vendors and third parties
Insurance costs ⁽¹⁴⁾	\$75,000 to \$125,000	As agreed	Installments / Annually	Third parties Co Ins or 3 rd party insurance under Lease

Type of expenditure	Estimated Amount	Method of payment	When due	To whom payment is to be made
Staffing & employment costs – first 3 months ⁽¹⁵⁾	\$399,000 to \$715,000	As incurred	As incurred	Suppliers, vendors and third parties
Legal costs ⁽¹⁶⁾	\$15,000 to \$70,000	As agreed	As incurred	Third parties
Rent – first 3 months ⁽¹⁷⁾	\$10,000 to \$137,000	Installments	Monthly	Landlord
Additional funds - first 3 months ⁽¹⁸⁾	\$77,000 to \$153,000	As incurred	As incurred	Third parties
TOTAL ESTIMATED INITIAL INVESTMENT ⁽¹⁹⁾	\$4,303,000 to \$8,419,000			

Except for the security deposit, which typically is refundable if you comply with your Restaurant’s lease during its term, none of these expenditures are refundable.

The estimates provide above include, at times, our experience in opening company-owned locations across our casual dining restaurant concepts of Outback Steakhouse, Carrabba’s Italian Grill and Bonafish Grill. We have included these additional concepts for purposes of estimating certain opening costs to provide a more meaningful sample.

Explanatory Notes:

1. We describe the initial franchise fee in Item 5. We will apply a pro rata portion of the development fee paid under the Development Rights Rider toward the initial franchise fee for each Restaurant.
2. This range represents estimated costs of leasehold improvements for a leased in-line location or a leased freestanding location. These costs are based on current prototypes and reflect the build-out of a 5,000 to 6,500 square foot restaurant. Factors that may significantly affect the costs of leasehold improvements include the condition of the building and size/configuration of the premises (for existing building), the previous tenant’s use of the space (if applicable), and the geographic location of your Restaurant. You should expect your costs to be on the higher end of the range if you develop a freestanding location (versus inline) and/or if the Restaurant is located in a state with union labor. Costs will generally be lower for a developer’s pad-ready, improved site or new retail shell building, since some of the work has already been done for you. This estimate also assumes that you will lease the premises for the Restaurant and does not include land acquisition costs. If you choose to buy, rather than rent, real estate on which your Restaurant will be constructed, your costs will be substantially higher.
3. Site construction costs will vary depending on a number of factors, including, but not limited to, the size, configuration and status of the real estate when it is acquired. Most pad-ready, improved sites and new retail shell buildings involve at least a minimal amount of site work including installing grease traps and appropriate trash receptacles and storage. More involved site work and higher site construction costs should be anticipated if you purchase a raw or less pad-ready site. Then, costs can include, but are not limited to, installing parking lots, appropriate storm water mitigation receptacles and sidewalks. You should consult with the appropriate engineers and design professionals to best understand the needs and costs anticipated for your specific location.

4. This estimate includes (i) professional fees for design/development professionals that you will need to hire during your restaurant construction and build out; (ii) development impact fees; and (iii) permits and utility connection fees. In some cases (for example, a pad-ready site), impact fees and utility connection fees may be paid by the property owner or landlord. It is important to note that these fees can vary significantly depending on the county and municipality. You should consult with an advisor knowledgeable about your jurisdiction to best estimate these costs. Professional fees include architects, civil engineers, mechanical engineers, electrical engineers and landscape architects. In all cases, your actual costs could vary significantly depending on a number of factors including the type and condition of your property. For example, redesigning an existing restaurant space will typically result in significantly lower utility connection fees and professional fees (architects, engineers, etc.) than will a raw or less pad-ready site. Raw sites will require extensive fees including, but not limited to, storm water management and impact review, and you may have to pay for the cost of having electric and/or sewage brought to the property. The type and existing use of the site you acquire will also impact whether you must engage a geotechnical engineer, acquire a Phase I environmental report or additional surveying. These extra services will greatly increase your costs.
5. This covers items like millwork, safe and office furniture, television/cable, telephone system, water softener, sound system, security (fire/burglar) system, blinds, kitchen and bar package, equipment for exhaust and refrigeration, restaurant smallwares (cooking, serving and other utensils for food preparation), fax machine and pagers. These costs are based on current prototypes and reflect the build-out of a 5,000 to 6,500 square foot restaurant. The estimate given may not include all equipment that local law requires, and some state and local laws require additional equipment at substantial costs to you. This estimate also includes the cost of the Restaurant's point of sale computer system, the computer system for the Restaurant office, and a credit card imprinter as well as the cost of the décor package.
6. This estimate includes the food and beverage inventory, including beer, liquor and wine, for the Restaurant's first three months of operation. The amounts you will spend will vary greatly depending on the Restaurant's size, the traffic your restaurant generates and the amount and variety of the food products, beverages and liquor necessary for the opening of the Restaurant.
7. You will need to obtain a liquor license from the state, city or county in which you operate. The availability and costs of acquiring a liquor license vary substantially from jurisdiction to jurisdiction. You should consult the appropriate expert and governmental authority concerning the availability of liquor licenses and the associated costs for your Restaurant before you sign a Franchise Agreement.
8. This estimate is for the utility expenses for the Restaurant's first three months of operations. Your actual costs may vary greatly depending on the type of utilities you carry, your utility provider and the size and traffic of your Restaurant.
9. When you open your Restaurant, we may, at our sole option, require that our specially-trained opening crew be on-site at your Restaurant to assist with pre-opening and training for approximately three weeks spanning a period before and after the Restaurant opens. (See Item 5) This range represents our estimate of the amount you must reimburse us for the reasonable expenses we incur in providing an opening crew for the Restaurant, including costs of transportation, lodging, meals and wages. However, there is no limit on the costs and you are required to reimburse us for all expenses. Costs for the opening crew are non-refundable. The staffing and benefit costs for your management team and Restaurant employees is discussed separately in this Item 7.

10. This item estimates the cost of food products and beverages for training events, which take place before the Restaurant's opening.
11. This item estimates the costs of supplies required to prepare the Bonefish Grill restaurant for opening, such as menus, kitchen sanitation equipment, guest checks, time cards, check orders, deposit slips, cleaning supplies, bar supplies, kitchen supplies, CO₂ and other miscellaneous items.
12. This estimate covers pre-opening labor (wages, benefits and taxes) for your Managing Partner, managerial employees, and approximately 125 to 165 employees for one week prior to opening the Restaurant. However, you alone control all of your labor relations and employment practices.
13. This item includes other miscellaneous pre-opening costs and pre-paid expenses, such as costs for a hiring site, employee recruiting costs, classified advertising, linens, uniforms, food for employee orientation, printing, courier and postage services, first aid kits, office and computer supplies, association/chamber dues and fees, business licenses/permits, graphics and window decals, and customer relations costs. Your costs for these items may be higher or lower depending on where your Restaurant is located.
14. This range is an estimate for the annual premiums and initial acquisition costs for the property, casualty and cyber insurance policies that you are required to carry. Insurance costs will vary depending on factors such as the size and location of your Restaurant. For example, if your Restaurant is in an area that has been designated a Tier 1 Wind zone or is in a High Hazard Flood Zone, you will pay more for insurance than Bonefish Grill restaurants that are not in those high-risk areas. In addition, if you own multiple Restaurants you may be able to capture economies of scale in your insurance purchasing. These numbers are an estimate and we encourage you to speak to a licensed insurance professional in your area to get a more accurate representation of what your costs will be. Generally, we receive more favorable rates than you can expect to receive because we are insuring a large number of restaurants and rely on self-insurance to a much greater extent than you should.
15. This range is an estimate for your initial three months of wages, benefits and related taxes. However, this range will vary greatly depending on your individual needs and based on a number of factors including where you are located, the benefits you intend to offer, your past business experience and the size and traffic of your Restaurant. Employee insurance and benefit obligations and pay requirements vary greatly from jurisdiction to jurisdiction. As a large employer with multiple locations, we are able to capture economies of scale in some of our human resource costs which our franchisees should not expect to realize. In our experience, our staffing costs across these three concepts are generally comparable. We have included these additional concepts for purposes of estimating staffing costs to provide a more meaningful sample. Staffing estimates vary greatly depending on geographic locations, the employment market in your region, the size of the restaurant and the employees at issue. We encourage you to speak with human resource and benefits experts in your area to better understand the actual costs you can expect to incur.
16. This legal fee estimate includes the cost of lease negotiations only. Your actual legal costs could increase significantly depending on your specific situation, including how complicated your lease is and any landlord concessions you are negotiating. You should speak to your legal advisor to better estimate your legal costs.
17. The amount of your rent will vary depending on factors like the size, location and condition of your premises and market demand. This figure excludes taxes on rent, which vary by state, and excludes pass-through costs such as real estate taxes, common area insurance and/or common maintenance charges, which may be payable to Landlord or other third parties. The estimate does not include a security deposit;

however, you may be required to pay a security deposit (typically equal to one month's rent, but it could be more). Your actual rent costs may vary significantly from our costs.

18. This is an estimate of additional funds you should plan to have on hand to cover your first three months of operating expenses not covered by the other categories of expenses discussed in this table. These miscellaneous expenses include cleaning charges; equipment and property repair and service; business travel expenses; vendor service fees; payroll, gift card and credit card processing fees; armored car and bank fees; uniforms and linens; menu printing costs; and music systems.

These figures are estimates, and you may have additional expense involved in operating your Restaurant. Your costs will vary greatly depending on factors such as your management skills and operating experience, local economic conditions, the condition of your property and your sales during this period. This sum does not include royalties and marketing contributions you must pay to us or spend on your own. This is only an estimate. There is no assurance that you will not require additional funds during this initial three-month period.

19. The table above shows the initial investment you should expect to make under the Franchise Agreement. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. We do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing will depend on factors such as the availability of financing generally, your creditworthiness, collateral you may have and lending policies of financial institutions from which you may request a loan.

In addition to these known costs, you will also need to prepare for unknown costs and expenses. You should plan on having enough funds on hand to cover unexpected initial start-up expenses. All figures in this table are estimates, and we cannot guarantee that you will not have additional expenses starting the business. Where we give an estimate based on a three-month period, this three-month period is not intended, and should not be interpreted, to identify a point at which your Restaurant will break even.

The table above assumes that you will develop a new Bonefish Grill restaurant. If you purchase an existing company-owned Bonefish Grill restaurant from us, your costs will be different. You may have to make a greater or smaller investment, depending on the circumstances, than the estimated initial investment shown above. The price and terms of payment for such Bonefish Grill restaurant will be established by mutual agreement. Depending on the age of the restaurant, you may also incur costs to remodel the premises to bring the restaurant into compliance with our current standards for new Bonefish Grill restaurants. (See Item 6)

If you sign a Development Rights Rider, you will be required to pay us a development fee (See Item 5). There is no other initial investment required upon execution of the Development Rights Rider. However, an initial investment will be required for each Bonefish Grill restaurant at each location you open. Our current estimate of this investment is described above.

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate the Restaurant according to the standards we provide in the Operations Manual or otherwise in writing. Our standards may regulate, among other things, the types, models and brands of required Operating Assets, beverages, food products, supplies and other items that you may or must use in operating the

Restaurant; required or authorized products and product categories; and designated or approved suppliers of these items (which may be limited to or include us or our affiliates).

You must sign an IT Help Desk Support Agreement (Exhibit H) with our Ultimate Parent, BBI, for help desk support services related to the Restaurant's computer and point-of-sale system. As of the date of this disclosure document, the monthly fee is \$55 per Restaurant. In 2023, we collected \$3,300 from franchisees for IT help desk support fees. These revenues represent around 0.0001% of our Ultimate Parent's total consolidated revenues of \$4,671,470,000 as shown on its consolidated financial statements included as Exhibit A to this disclosure document. In 2024, we began charging a monthly security license fee for software and technology licensed to franchisees. As of the date of this disclosure document, the monthly security license fee is \$75 per Restaurant.

Except for the help desk support services and opening crew support we provide (see Item 5), neither we nor any of our affiliates currently are the only approved supplier of any products or services that you will acquire to establish or operate your Restaurant. In the future, we may designate products and services that you must buy only from us or our affiliates at the prices that we or they decide to charge.

We currently coordinate the purchases of many products and services that our affiliates and franchisees use to develop and operate their Bonefish Grill restaurants, including restaurant décor and equipment, foods, beverages, and packaging. In some cases, we might arrange for you to buy items directly from the suppliers that we or our affiliates choose, and in other cases we might coordinate the payments from you to the suppliers or sell the items directly to you. Currently we require you to participate in our coordinated purchasing program. You must honor any commitments we make to suppliers on your behalf or in reliance on your participation in our programs and you relinquish any rights to rebates or other incentives that the suppliers offer based on your purchases. You also must comply with the terms for the sale and delivery of, and payment for, products and services that you buy from us and from affiliated and unaffiliated suppliers, as we periodically modify them. We may extend our coordinated purchase program to include other restaurant concepts that we and our affiliates may own and operate from time to time.

You must buy virtually all of the goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, and comparable items related to establishing and operating your Restaurant only from suppliers (including manufacturers, distributors and other sources, including us and our affiliates in certain instances) who demonstrate, to our continuing reasonable satisfaction, the ability to meet our then-current standards and the adequate quality controls and capacity to supply your needs promptly and reliably, and whom we have approved. In other words, virtually all of these items currently are Source-Restricted Items, as described below.

None of our officers owns any interest in any current supplier to the franchise system, other than by virtue of ownership in our publicly-traded parent company, BBI.

You must send us for our approval any lease or sublease for the Restaurant's site before you sign it. The lease must contain the terms and provisions that are reasonably acceptable to us.

Before starting construction of the Restaurant, you must engage a qualified architect or engineer who is reasonably acceptable to us to prepare, for our approval, preliminary plans and specifications for site improvement and construction of the Restaurant based upon prototype plans and specifications that we furnish. You also must submit to us, for our approval, final plans for construction based on the approved preliminary plans and specifications. Once we approve them, you may not change the final plans without our prior written permission. You also must engage a qualified licensed contractor who is reasonably acceptable to us to construct the Restaurant and complete all improvements. You may not open the Restaurant without our approval.

To maintain the quality of the products and services that Bonefish Grill restaurants provide and the franchise network's reputation, you must maintain in sufficient supply, and use and/or sell at all times, only those Operating Assets, menu items, ingredients, products, materials, supplies, and paper goods as conform to our standards and specifications. You may not deviate from those standards and specifications or use or offer nonconforming items unless we approve in writing. We issue and modify standards and specifications based on our and our affiliates' experience in developing and operating Bonefish Grill restaurants. Our Operations Manual or other communications will identify our standards and specifications for you. Generally, our standards and specifications are our proprietary and confidential information. Therefore, you may not share them with anyone, including potential vendors, without our express permission. Disclosing any of our proprietary and confidential information is contingent upon the recipient signing a non-disclosure agreement.

If you want to buy any Operating Assets, food items, ingredients, supplies, materials, and other products and services used or offered for sale at the Restaurant that we periodically classify as source-restricted in the Operations Manual or otherwise in writing (collectively "Source-Restricted Items") from an unapproved supplier, you or the proposed supplier must send us a written request for approval. You may not purchase any Source-Restricted Item from any supplier until we approve the supplier in writing. We may condition our approval on standards and requirements relating to quality, quantity, warranties, prices, volume capability, frequency of delivery, distribution methods and locations, standards of service (including prompt attention to complaints), consistency, reliability, financial capability, labor and customer relations, the willingness and ability to comply with our vendor requirements, animal well-being and humane handling standards, and other criteria. We may inspect the supplier's facilities (including its distribution points and any third-party stocking facilities) and have samples from the supplier delivered either to us or to an independent laboratory we designate for testing. You or the supplier must pay us a fee up to the reasonable cost of the inspection and the actual cost of the test. (See Item 6) We will notify you of our approval or disapproval within a reasonable time (typically 30 days) after receiving all information we request. We may, at our option, re-inspect the facilities and products of any approved supplier and revoke our approval upon the supplier's failure to continue to meet any of our then-current criteria.

These requirements do not mean that we must approve any particular supplier. We may limit the number of approved suppliers with whom you may deal, designate key suppliers or sources that you must use, and/or refuse any of your requests for any reason, including that we have already designated an exclusive source (which might be us or our affiliate) for a particular Source-Restricted Item or if we believe that doing so is in the best interests of the Bonefish Grill restaurant network.

Our coordinated purchasing program is our only formal purchasing or distribution cooperative. We negotiate purchase arrangements with suppliers (including price terms) for the items and services that you may buy through our program. These arrangements may include discounts and rebates. To the extent we receive discounts, you will receive the same discounts when you purchase those items from these suppliers. To the extent we receive rebates, we may pass them on to you, or we may retain them. We do not provide other material benefits to you (for example, renewal or granting additional franchises) based on your purchase of particular products or services or use of particular suppliers.

We and/or our affiliates may derive revenue based on your purchases and leases, including from charging you for products and services that we or our affiliates provide to you (including, but not limited to, purchasing coordination services) and from promotional allowances, volume discounts, rebates and other payments that System suppliers make to us or our affiliates based on purchases of products and services by franchised and/or company-owned Bonefish Grill restaurants. We and our affiliates may use all amounts received from suppliers, whether or not based on your and other franchisees' prospective or actual dealings with them, without your consent and without incurring any reporting obligations to you. Such funds may be used for any purposes that we and our affiliates deem appropriate.

We require that you purchase all of your fountain beverages and certain other non-alcoholic beverages from approved vendors, primarily Coca-Cola. Our relationship with Coca-Cola involves a comprehensive program that governs our relationship with that vendor. This program includes certain sponsorship and advertising contributions and a volume rebate based on the total amount of fountain beverages and other non-alcoholic products purchased from Coca-Cola system-wide, including purchases made by our franchisees. You are not entitled to this rebate. We retain this rebate and control how those funds are used. However, our agreement with Coca-Cola obligates us to use these funds in a manner that generally benefits the system and promotes our restaurants or the vendor's products. There is no assurance that you will benefit by our use of these funds in a manner that is proportionate to the rebate we receive from your purchases. We also enter into joint marketing campaigns with certain of our suppliers, including Coca-Cola. Our relationship with Coca-Cola also involves the lease of the dispensing equipment.

During our 2023 fiscal year, we received payments totaling \$1,313,010 from System suppliers in connection with the required purchase of certain goods, products and services by both franchised and company-owned Bonefish Grill restaurants. This amount represents around 0.03% of our Ultimate Parent's total consolidated revenues of \$4,671,470,000, as shown on its consolidated financial statements included as Exhibit A to this disclosure document. These rebates are typically paid to us as a flat amount per year or on the basis of a percentage of the amount or volume of products sold to franchisees and to our company-owned restaurants (typically ranging from \$0.10 to \$5.55 per gallon or \$1.75 per case), depending on the item. This range may be adjusted in the future.

Not all suppliers pay rebates to us. The amounts may vary, and additional vendors may pay rebates to us in the future. We do not provide you with any type of accounting or report on these amounts or their uses. We will retain and use such payments as we deem appropriate or as required by the vendor or supplier.

You must issue and honor/redeem gift cards, coupons, and loyalty/rewards cards for Bonefish Grill restaurants (and, with respect to loyalty/rewards cards, our affiliated concepts, including Outback Steakhouse, Carrabba's Italian Grill, and Fleming's Prime Steakhouse & Wine Bar) and participate in, and comply with the requirements of, our gift card and customer loyalty/rewards programs and similar programs. Franchisees may incur some costs to participate in these programs, including, but not limited to, initial and ongoing fees for software, technology and/or support. We may change these programs periodically, as we deem best.

We launched our national Dine Rewards customer loyalty program in 2016. Dine Rewards is a multi-brand loyalty program available to customers across several of our affiliated concepts (Outback Steakhouse, Bonefish Grill, Carrabba's Italian Grill, and Fleming's Prime Steakhouse & Wine Bar). Each restaurant must pay a call center support fee (estimated to be approximately \$50 to \$60 per restaurant per month, but amount will vary based on call volume). This fee may periodically increase. We may require you to pay this fee to us or directly to third party vendors. In addition to customer loyalty programs, you must at all times comply, at your expense, with our customer complaint resolution procedures and our commitment to a 100% customer satisfaction policy.

The Development Rights Rider does not require you to buy or lease from us (or our affiliates), our designees, or approved suppliers, or according to our specifications, any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items. You must give us information and materials we request regarding each site at which you propose to operate a Restaurant, so we can assess and accept that site.

Collectively, the purchases and leases that you must make from us or our affiliates, from designated or approved suppliers, or according to our standards and specifications represent virtually 100% of your purchases and leases in establishing and operating the Restaurant. Franchisees paid us these amounts under our coordinated purchasing program and we used all of those funds to pay third-party suppliers for the items franchisees purchased.

Other than the IT help desk services discussed above, neither we nor our affiliates derived revenue from products or services sold or leased directly to franchisees during our 2023 fiscal year.

If you buy an existing company-owned Bonafish Grill restaurant from us, we may derive profit from your acquisition in excess of our cost to acquire the Restaurant. No revenue was derived by us or our affiliates from the sale of existing company-owned restaurants to franchisees in our most recently completed fiscal year.

Item 9

FRANCHISEE’S OBLIGATIONS

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Franchise Agreement, 4.1 to 4.3; Development Rights Rider, 6	5, 7, 8, 11 and 12
b. Pre-opening purchases/leases	Franchise Agreement, 4.3 to 4.5, 5.2, 6.2, 6.8, 6.11, 6.19 and 6.20	5, 6, 7, 8 and 11
c. Site development and other pre-opening requirements	Franchise Agreement, 4.4, 4.5, 5.1, 5.2, and 6.2 to 6.6; Development Rights Rider, 6	5, 7, 8 and 11
d. Initial and ongoing training	Franchise Agreement, 5.1, 5.7 and 6.6; Development Rights Rider, 7	5, 7 and 11
e. Opening	Franchise Agreement, 4.5, 6.2 and 6.5; Development Rights Rider, 3	5, 7 and 11
f. Fees	Franchise Agreement, 2.2, 4.2, 6.5, 6.6, 6.11, 6.17, 11.3, 11.4, 12.7, 13.3, 13.7, 14.2, 14.4, 15.6, 15.7, 15.9 and Article III; Development Rights Rider, 5	5, 6, 7, 11 and 17
g. Compliance with standards and policies/operations manual	Franchise Agreement, 4.4, 4.5, 5.2, 5.5, 11.2, 11.6 and Articles VI and IX	8, 11 and 16
h. Trademarks and proprietary information	Franchise Agreement, 6.12, 6.14, 7.3, 7.4, 7.10, 15.2 to 15.5 and Article VIII	13, 14 and 17
i. Restrictions on products/services offered	Franchise Agreement, 5.2, 5.6 and 6.10 to 6.13	8, 11 and 16
j. Warranty and customer service requirements	Franchise Agreement, 6.10(k)	8
k. Territorial development and sales quotas	Development Rights Rider, 3	12
l. Ongoing product/service purchases	Franchise Agreement, 5.6 and 6.10 to 6.13	8 and 11

Obligation	Section in Agreement	Disclosure Document Item
m. Maintenance, appearance, and remodeling requirements	Franchise Agreement, 4.4, 4.5, 5.2, 6.10, 6.15, 6.16 and 8.3	11 and 13
n. Insurance	Franchise Agreement, Article XII	6 and 7
o. Advertising	Franchise Agreement, 5.4, 6.5, 6.14, 8.1, 11.6 and Article XI	6, 7, 8 and 11
p. Indemnification	Franchise Agreement, 6.10(n), 13.7 and 16.4	6, 13 and 14
q. Owner's participation/management/staffing	Franchise Agreement, 1.4, 6.3, 6.4 and 6.8	11 and 15
r. Records and reports	Franchise Agreement, Article X	6 and 11
s. Inspections and audits	Franchise Agreement, 4.5, 6.17 and 10.7	6 and 11
t. Transfer	Franchise Agreement, Article XIII; Development Rights Rider, 12	6 and 17
u. Renewal	Franchise Agreement, 2.2; Development Rights Rider, 11	6 and 17
v. Post-termination obligations	Franchise Agreement, 7.3, 7.6 to 7.10, 16.4 and Article XV	17
w. Non-competition covenants	Franchise Agreement, 7.5 to 7.10, and 15.10; Development Rights Rider, 10	15 and 17
x. Dispute resolution	Franchise Agreement, 18.9 to 18.17	17
y. Restrictions on debt	Franchise Agreement, 7.2	15

Item 10

FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligation.

Item 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

Except as listed below, we are not required to provide you with any assistance.

Before you begin operating the Restaurant, we will:

1. Designate a Target Area (defined in Item 12) within which you may look for a site for your Restaurant, if we and you have not agreed on a site before signing the Franchise Agreement. We describe the Target Area in Item 12. (Franchise Agreement – Section 4.1)
2. Approve a site for the Restaurant that meets our criteria, if we and you have not agreed on a site before signing the Franchise Agreement. We will provide you our site selection guidelines and criteria for Bonefish Grill restaurants. We do not require you to follow specific site selection procedures when selecting

a site for the Restaurant. Instead, we will provide site selection counseling and assistance as we deem advisable. We will provide on-site evaluations as we deem advisable in response to your requests for site approval. We will provide up to three on-site visits at no charge, but you must pay us a reasonable fee and our costs if we conduct more than three on-site visits. (Franchise Agreement – Section 4.2)

In considering sites, we will consider demographic characteristics, traffic patterns, parking, character of neighborhood, competition from and proximity to other businesses and other Bonefish Grill restaurants, the nature of other businesses near the site, other commercial characteristics, and size, appearance and other physical characteristics. We will notify you of our approval or disapproval of a proposed site in writing within a period of 30 days following our receipt of all requested information. All of our decisions are final. You may not proceed to develop the Restaurant unless we have accepted the site in writing. (Franchise Agreement – Section 4.2)

Your failure to obtain approval for a site for your Restaurant within 180 days after the execution of the Franchise Agreement, begin construction of the Restaurant within 120 days after execution of an approved lease or purchase of the premises and/or open the Restaurant for business within 21 days after the completion of construction will be a default of your Franchise Agreement, and we may terminate your Franchise Agreement upon written notice and retain all monies paid to us. (Franchise Agreement – Sections 4.1, 4.2 and 4.5)

If we terminate the Franchise Agreement due to your default, we may also terminate the Development Rights Rider and retain the development fee paid to us. (Development Rights Rider – Section 9)

3. Approve a lease for the Restaurant’s premises (the “Lease”) that meets our requirements. You must submit the proposed Lease to us for our written approval before signing it. It must contain the provisions required in the Franchise Agreement. In addition, you must sign and deliver to us a Collateral Assignment of Lease and Consent and Agreement of Lessor, in the forms attached as exhibits to the Franchise Agreement. (Franchise Agreement Sections 4.1 and 4.3)
4. Approve a qualified architect or engineer whom you choose and who is reasonably acceptable to us to prepare preliminary plans and specifications for site improvement and construction of the Restaurant based on our prototype drawings. We will provide standard plans and specifications for the exterior and interior design and layout of a Bonefish Grill restaurant and mandatory or suggested fixtures, furnishings, equipment and signs. You must adapt the standard plans and specifications to the Restaurant location, at your expense. (Franchise Agreement – Sections 4.4 and 5.2)
5. Approve a qualified licensed general contractor who is reasonably acceptable to us to construct the Restaurant and complete all improvements. (Franchise Agreement – Section 4.4)
6. Approve your Operations Director and Managing Partner (as defined in Item 15), who must meet our then-current requirements. (Franchise Agreement – Section 6.4)
7. Identify mandatory or suggested fixtures, furnishings, equipment, signs, food products, materials and other supplies necessary for the Restaurant to begin operations, the minimum standards and specifications that you must satisfy, and the suppliers from whom you may or must buy these items (including us and/or our affiliates). We currently administer a coordinated purchasing program under which we can provide some items directly to you. We will also provide names of approved or designated suppliers for some items. (Franchise Agreement – Sections 4.5 and 5.2 and Article VI)

8. Provide you access (which may be electronic) during the term of the Franchise Agreement to our confidential and proprietary Operations Manual that details the standards, specifications and procedures incidental to the operation of the Restaurant. The Operations Manual's current table of contents is attached as Exhibit C to this disclosure document. We may periodically modify the Operations Manuals to reflect changes in System standards. Our System standards are designed to protect the System and the Proprietary Marks, and not to control the day-to-day operations of your Restaurant. We do not control the forms of employment agreements you use with your employees and are not responsible for your labor relations or employment practices. (Franchise Agreement – Section 5.5 and Article IX)
9. Provide the on-site pre-opening and opening supervision and assistance as we deem advisable, subject to the availability of our personnel. This assistance may, at our option, include our opening crew, which we describe in Item 5. (Franchise Agreement – Sections 5.3 and 6.5)
10. Provide initial training for your Managing Partner, Operations Director (if applicable), and up to two other Restaurant managers. (Franchise Agreement – Sections 5.1 and 6.6) We describe this training in detail later in this Item.
11. Conduct a final inspection of the Restaurant and its premises within a reasonable time after you notify us that construction is complete. (Franchise Agreement – Section 4.5)

Estimated Time for Opening Your Restaurant

We estimate that it will be approximately 18 to 36 months after you sign the Franchise Agreement and, if applicable, Development Rights Rider (which is when you first pay consideration for the franchise) before you begin operating your Restaurant. The specific timetable for opening depends on how quickly you finalize the Lease, the Restaurant's location and condition and the extent to which you must upgrade or remodel it, the construction schedule, delays in securing financing, the delivery schedule for Operating Assets and supplies, the schedule for completing training, and complying with local laws and regulations.

During your operation of your Restaurant, we will:

1. Provide to you, as we periodically deem appropriate, continuing advice and written materials concerning techniques of managing and operating a Bonefish Grill restaurant. This advice might include new developments and improvements in restaurant equipment, food products, packaging and preparation. We will furnish this guidance, at our option, in our Operations Manual, bulletins or other written materials and/or during telephone consultations and/or consultations at our office or the Restaurant. (Franchise Agreement – Section 5.7)
2. Provide additional guidance, assistance and training as we deem necessary or appropriate. (Franchise Agreement – Section 6.6)
3. Periodically make available as we deem advisable research and/or other data relating to merchandising, marketing, and advertising for Bonefish Grill restaurants. At your expense, we also will make available promotional materials for local advertising. (Franchise Agreement – Section 5.4)
4. At our option, conduct Multi-Unit Campaigns. (Franchise Agreement – Section 11.3)
5. Review all proposed marketing and advertising materials submitted to us by you for local advertising for your Restaurant. (Franchise Agreement – Sections 11.2 and 11.4)

6. At our option, establish a website or series of websites for the Bonefish Grill restaurant network to advertise, market and promote Bonefish Grill restaurants and the products and services they offer, the Bonefish Grill restaurant franchise opportunity, and/or for any other purposes that we determine are appropriate for Bonefish Grill restaurants (collectively, the “System Website”). (Franchise Agreement – Section 11.5)

Advertising and Marketing Programs

Local Advertising

You must spend, annually throughout the term of your Franchise Agreement, a percentage of your Restaurant’s Net Sales on advertising, marketing, promotional and public relations programs and activities for the Restaurant (“Required Local Marketing Expenditure”). Currently, the Required Local Marketing Expenditure is equal to 0.19% of your Restaurant’s Net Sales, but we will change the Required Local Marketing Expenditure periodically and we typically tie the percentage you must spend to the percentage of Restaurant Net Sales spent by us on local advertising for our affiliated Bonefish Grill restaurants either generally or in the same region as your Restaurant (if applicable). We set the amount you must spend on the Required Local Marketing Expenditure and may, upon written notice, increase either or both the Required Local Marketing Expenditure percentage and the Multi-Unit Campaigns contribution rate (described below), up to a maximum of 8.0% of your Restaurant’s annual Net Sales in the aggregate between the two expenses (Franchise Agreement – Section 11.4)

Multi-Unit Campaigns

We have established a national marketing program to advertise and promote Bonefish Grill restaurants, and may from time to time implement other continuing, periodic or temporary national, regional or local marketing programs or campaigns for Bonefish Grill restaurants (collectively, “Multi-Unit Campaigns”). You must contribute a percentage of your Net Sales to us for Multi-Unit Campaigns in the amounts, in the manner and at the times directed by us. Currently the Multi-Unit Campaigns contribution rate is equal to 2.06% of your Restaurant’s Net Sales, but similar to the Required Local Marketing Expenditure, we will change the Multi-Unit Campaigns contribution rate periodically and typically tie the percentage to the percentage of Restaurant Net Sales spent by us on our affiliated Bonefish Grill restaurants either generally or in the same region as your Restaurant (if applicable).

We will spend amounts paid to us for Multi-Unit Campaigns on the production, administration, placement and implementation of Multi-Unit Campaigns. This includes reimbursing us and our affiliates for any out-of-pocket costs and expenses that we and they incur relating to Multi-Unit Campaigns. Multi-Unit Campaigns may advertise locally, regionally, and/or nationally in printed materials, on radio or television, and/or on the Internet, whatever we think best. We and/or an outside national or regional advertising agency will produce all advertising and marketing for Multi-Unit Campaigns.

We will administer and oversee all Multi-Unit Campaigns and the associated advertising and promotional programs. We have the sole right to approve or disapprove the creative concepts, materials and media used in those programs and the placement, cost and allocation of those programs. We intend the Multi-Unit Campaigns to maximize general public recognition and acceptance of the Proprietary Marks for the benefit of the System, and we undertake no obligation in administering the Multi-Unit Campaigns to make expenditures for you or in your Territory which are equivalent or proportionate to your contribution, or to ensure that any particular franchisee benefits directly or pro rata from the advertising or promotion conducted under the Multi-Unit Campaigns.

We need not establish separate segregated funds for Multi-Unit Campaigns. We will not hold payments for Multi-Unit Campaigns in trust, and we do not owe you fiduciary obligations for maintaining, directing or administering the Multi-Unit Campaigns or those payments or for any other reason. We will not use any funds

contributed towards Multi-Unit Campaigns on advertising that principally is to solicit new franchise sales. During our 2023 fiscal year, we spent 16% of contributions on production, 65% on media placement, 14% on administrative expenses and 5% on other miscellaneous expenses (including partnerships/sponsorships/local activations/research).

If any amounts remain at the end of any year, we will use them to pay for Multi-Unit Campaigns during the next year(s) before using contributions made during that year. The Multi-Unit Campaigns and their contributions are not audited, but we will prepare an annual, unaudited accounting about how we spend the contributions and give it to you on your request. (Franchise Agreement – Section 11.3)

There currently is no franchisee advertising council that advises us on advertising policies and there are no local or regional advertising cooperatives in the Bonefish Grill restaurant network.

System Website and Electronic Advertising

We or one or more of our designees may establish a System Website. If we include information about the Restaurant on the System Website, you must give us the information and materials that we periodically request concerning the Restaurant and otherwise participate in the System Website in the manner that we periodically specify. By posting or submitting to us information or materials for the System Website, you are representing to us that the information and materials are accurate and not misleading and do not infringe any third party's rights.

We own all intellectual property and other rights in the System Website and all information it contains, including the domain name or URL for the System Website, the log of "hits" by visitors, and any personal or business data that visitors (including you and your personnel) supply. We may implement and periodically modify standards relating to the System Website and, at our option, may discontinue the System Website, or any services offered through the System Website, at any time.

All advertising, marketing and promotional materials that you develop for the Restaurant must contain notices of the System Website's URL in the manner we periodically designate. You may not develop, maintain or authorize any other website, other online presence or other electronic medium (including on social media outlets, including, without limitation, Instagram, TikTok, Facebook and Twitter, or other similar outlets that may exist in the future) that mentions or describes the Restaurant or displays any of the Proprietary Marks without our prior approval. You may not conduct commerce or directly or indirectly offer or sell any products or services using any website, another electronic means or medium, or otherwise over the Internet. Nothing limits our right to maintain websites other than the System Website or to offer and sell products and services under the Proprietary Marks from the System Website, another website or otherwise over the Internet without payment or other obligation. (Franchise Agreement – Section 11.5)

Approval of Advertising and Marketing

You must conduct all local advertising, marketing and promotion in any medium in a dignified manner and conform to our standards and requirements as described in the Operations Manual or otherwise. You must obtain our prior approval of all advertising, marketing and promotional plans and materials that you desire to use and that we have not prepared or previously approved within one year. You must submit the unapproved plans and materials to us and we will approve or disapprove the plans and materials within ten business days after receiving them. You may not use any plans or materials until we approve them and must promptly discontinue using any advertising, marketing or promotional plans or materials upon notice from us. For the Restaurant's opening you must conduct, at your expense, the promotional and advertising activities that we may reasonably require. You also must comply with our Multi-Unit Campaign and Required Local Marketing Expenditures requirements. (Franchise Agreement – Sections 11.2 and 11.7)

Participation in Promotions and Limited Time Offers

We may occasionally develop and administer, or grant you permission to use, advertising and sales promotion programs, including gift card programs, voucher programs through vendors such as Groupon and Living Social and online ticket purchasing programs, designed to promote and enhance the collective success of all Bonefish Grill restaurants operating under the System. You must participate in all such advertising and sales promotion programs in accordance with the terms and conditions we establish for each program (including payment of your pro rata costs) and must adhere to any restraints or limitations we set for your own use of such programs at your Restaurant. (Franchise Agreement – Section 11.6) Your participation may be in addition to or counted towards your Multi-Unit Campaign and Required Local Marketing Expenditures requirements, as we determine from time to time.

Pricing

You must comply with our maximum, minimum or other pricing requirements for products and services that the Restaurant offers, including in connection with promotions, special offers and discounts in which some or all Bonefish Grill restaurants participate, in each case to the maximum extent the law allows. We may from time to time offer guidance with respect to the selling price for such goods, products and services, and may run advertising and promotions stating a specific selling price for goods, products or services. (Franchise Agreement – Section 6.10(f))

Wholesale Gift Card Program

We participate in one or more wholesale gift card programs pursuant to which a third-party vendor sells gift cards through various distribution channels. As part of this program, when these gift cards are redeemed at both company-owned and franchisee-owned Bonefish Grill restaurants, the owner of such Bonefish Grill restaurant receives less than the full purchase value of such transaction.

Participation in Customer Loyalty and Rewards Programs

You must participate in any customer loyalty and rewards program that we establish from time to time, and you are responsible for your costs associated with your participation in such programs. (Franchise Agreement – Section 6.10(j)). We launched our national Dine Rewards customer loyalty program in 2016. Dine Rewards is a multi-brand loyalty program available to customers across our affiliated concepts that include Bonefish Grill, Outback Steakhouse, Carrabba's Italian Grill and Fleming's Prime Steakhouse & Wine Bar. Each restaurant must pay a call center support fee (estimated to be approximately \$50 to \$60 per restaurant per month but varies based on call volume). This fee may periodically increase. We may require you to pay this fee to us or directly to third party vendors. In addition to customer loyalty programs, you must at all times comply, at your expense, with our customer complaint resolution procedures and our commitment to a 100% customer satisfaction policy.

Computer System

You must acquire a computer system for the Restaurant's back-office functions and point-of-sale ("POS") system. The back-office computer performs inventory reporting, gift certificate/gift card reporting, inventory purchasing, creation of export files for external accounting and bookkeeping systems, sales and menu mix reporting, and it facilitates communications by collecting and disseminating information from the POS system. The system is also capable of time and attendance and invoice functions. However, the payroll feature is not supported, and the invoice functions are outdated and not recommended. The current POS system's primary software program is the POSitouch POS system, which we and our affiliates have customized for our and their restaurant networks

(collectively, the “POS Software”). The POS Software performs point-of-sale and cash register functions and interacts with the back-office computer system. The computer system generates, stores and/or exports, as applicable, personnel, financial and operational data relating to the Restaurant.

Depending on the size of your Restaurant, it will cost approximately \$60,000 to buy the computer system’s components (including a six-terminal POS system with printers, back-office computer, training laptop, a router, switches, and battery backup) when you develop the Restaurant. This estimate assumes that you purchase six POS terminals. However, the size and configuration of your Restaurant may require more or less terminals, or you may choose to add Android handheld tablets, which will impact your overall price. You are also required to pay a POS SaaS monthly fee, estimated at \$150, based on a six-terminal setup without a kitchen display system (optional). You will also incur monthly and annual hardware maintenance, support and repair costs. Because of varying market conditions and retailers who provide the computer system’s components, we are unable to estimate the annual cost of any repair, maintenance, updating, upgrading or support contracts.

You are required to enter into an IT Help Desk Support Agreement (Exhibit H) with BBI and pay a monthly help desk support fee which allows you to access our home office IT support services for designated software and technology that we prescribe for the Restaurants. The current monthly charge for this support is \$55 per month. However, we may change that price periodically.

You must also participate in the integrated online ordering solution we designate. The current cost for franchisees to participate in the online ordering program ranges from \$150 to \$255 per month per restaurant, depending on the number of online orders, with vendor packages ranging from ten online orders per month per restaurant (XS package) to 3,000 online orders per month per restaurant (XXL package). If the number of online orders in a given month exceeds the order limit for the package you select for your Restaurant, then additional per order charges will apply. These currently range from \$0.25 to \$0.50 per order). This online ordering fee is paid to the approved or designated supplier(s) of the technology and may be adjusted periodically.

You are required to install and maintain (update/upgrade) hardware and software that is supported by the manufacturer/vendor. Presently, we require you to use POSitouch for your point-of-sale solution with Windows 10 operating system. You are required to have appropriate firewalls on your point-of-sale network that adheres to the Payment Card Industry (PCI) DSS merchant requirements as stated on <http://www.pcisecuritystandards.org>. The point-of-sale network must be segmented off of other internal venue networks. You must use our endpoint security solution (presently SentinelOne) and endpoint management software (currently Tanium) to minimize risk, protect your systems, and be connected to the BBI network, as this is our standard configuration.

You are required to participate in our Security Licensing Program. This entails a monthly Security License Fee of \$75 per restaurant, affording access to state-of-the-art security solutions like SentinelOne and Tanium, and comprehensive Microsoft licensing for all operational devices. This fee underpins the proactive upkeep and compliance of our IT systems, reinforcing our unwavering commitment to safeguarding data integrity and bolstering system resilience across the BBI network. We may designate third-party PCI compliance vendors that you must use. However, you remain solely responsible for PCI compliance at your Restaurant. For any hardware/software not supported by BBI, those devices will not be allowed to connect to any BBI network or device, and you will be responsible for any configuration, connectivity, and maintenance costs.

We may designate third-party PCI compliance vendors that you must use. However, you remain solely responsible for PCI compliance at your Restaurant. For any hardware/software not supported by BBI, those devices will not be allowed to connect to any BBI network or device, and you will be responsible for any configuration, connectivity, and maintenance costs.

You must maintain high-speed internet access with 4G backup internet access using our approved or designated vendor. The current cost for internet access and 4G backup estimated at \$440 per month (per Restaurant). The price may vary based on the geographical location of the restaurant and the local carrier. We may change this requirement as technological advancements occur.

We reserve the right to require you to purchase equipment, software or services from a vendor or vendors we select, which may be us or our affiliate. We reserve the right to develop software on our own or in conjunction with a third-party provider. We may require you to use as well as pay appropriate fees to the developer or vendor (which may be us or our affiliate) for any software or technology developed. No contract limits the frequency or cost of changes, upgrades or updates. We will have independent, unlimited access to the information that the computer system generates and tracks (other than employee records, as you control exclusively your labor relations and employment practices). (Franchise Agreement – Sections 4.5 and 6.11)

The Operations Manual will provide additional details about the hardware and software you must purchase and your support and maintenance obligations.

Training

Before the Restaurant's opening, we will provide initial training on the operation of a Bonefish Grill restaurant to your Managing Partner, Operations Director (if applicable) and up to two Restaurant managers. This training program is provided to franchisees to protect the goodwill and reputation of our brand and the Proprietary Marks. (Franchise Agreement – Sections 5.1, 5.3 and 6.6) Currently, our standard training program is 11 weeks (50 hours per week) (the "Standard MIT Training Program"). We may, at our sole and absolute discretion, modify the program based on the trainee's previous experience. The Managing Partner, Operations Director (if applicable) and all other Restaurant managers must attend and satisfactorily complete the Training Program. We provide the initial training program for the initial Managing Partner, Operations Director (if applicable) and up to two other Restaurant managers without charging an additional training fee. We have the right to charge a training fee for additional Restaurant managers (beyond two) or any subsequent Managing Partner, Operations Director, or Restaurant manager you employ. You also must pay all expenses that your personnel incur while training, including the costs of transportation, lodging, meals, benefits and wages. If training in any week results in your employees incurring overtime pay, you will be responsible for that pay. If any person fails to complete satisfactorily the training program, you must send a substitute person to attend and complete the program. Each person attending training must complete it to our satisfaction before the Restaurant opens for business.

We will conduct initial training for your personnel after we and you sign the Franchise Agreement and while you are developing the Restaurant. Your personnel must complete initial training at least six weeks before opening the Restaurant. You must be flexible in scheduling training to accommodate our training personnel. There currently are no fixed (i.e., monthly or bi-monthly) training schedules. However, we may periodically require certain of your personnel to participate in additional training programs. We may also require your Franchise Principal to attend and satisfactorily complete an orientation program, which may, at our option, include portions of the initial training program. We anticipate that such orientation program will be approximately five to seven days. We do not charge any fees for this orientation, but you must pay all expenses of your Franchise Principal, including transportation, lodging and meals.

The following chart describes our current Standard MIT Training Program:

TRAINING PROGRAM
(Standard MIT Training Program)

Subject	Hours of Classroom Training ⁽¹⁾	Hours of On the Job Training	Location ⁽²⁾
Orientation	10	0	A Bonefish Grill restaurant we designate*
BOH/Kitchen	3	115	A Bonefish Grill restaurant we designate*
FOH/Service	24	56	A Bonefish Grill restaurant we designate*
Management/ Administrative	22	294	A Bonefish Grill restaurant we designate*
TOTAL	59	465	

(1) “Classroom Training” includes orientation and online training courses.

(2) We have several certified training restaurants. They are generally located in the east and southeast part of the United States. In choosing the Bonefish Grill restaurant at which your training occurs, we will consider which operating Bonefish Grill restaurant is near your Restaurant and has a similar size, market and operations. The location and duration of training may be altered by us based on your training needs and other factors including the availability of a certified training restaurant.

Crystal Biasi oversees all aspects of our training program. Ms. Biasi has been Vice President, Operations Transformation, Training and Off-Premises Dining for BBI since February 2024. Ms. Biasi has served in numerous operations roles at BBI, including Vice President, Development for BBI from April 2023 to February 2024; Vice President, Supply Chain Forecasting and Planning, Strategy, Menu and Data Management from January 2019 to April 2021; Vice President, Off-Premises Dining from December 2017 to January 2019; Vice President, Productivity, Supply Chain Strategy and Analytics & Data Management from July 2016 to December 2017; Senior Director, Supply Chain Strategy & Analytics from August 2014 to June 2016; and Director, Productivity & Implementation from January 2013 to August 2014.

Our and our affiliates’ employees (such as the proprietors of other Bonefish Grill restaurants) also will assist with training, and we expect that they generally will have at least two years of experience in their appropriate subject areas. We use the Operations Manual, standard accounting forms, outlines and updates as instructional materials for the training programs. We have also recently introduced a blended approach to training using the Bloomin’ Brands Learning Management System (the “BBI LMS”). The BBI LMS is an online learning application accessed through our online portal. This application targets hourly employee training with direct access to our limited time offer menu training and front of the house operations training.

As described in Item 5, we also may, at our sole option, require that our specially-trained opening crew be on-site to assist you with training your personnel and opening your Restaurant. (See Item 5)

Any Restaurant manager you employ during the Franchise Agreement’s term and any subsequent Managing Partner(s) must attend and complete, to our satisfaction, the initial training program we then require. The Franchise Principal, Managing Partner, Operations Director, and your managers and other employees at the Restaurant also must attend and complete, to our satisfaction, any additional courses, seminars, and other training programs that we periodically require. They also may attend any optional courses, seminars, and other training programs that we

periodically offer. We may charge a reasonable training fee for this additional required or optional training and you must pay your personnel's expenses, including the costs of transportation, lodging, meals, and wages. (See Item 6)

Item 12

TERRITORY

Franchise Agreement

The Franchise Agreement grants you the right to establish and operate one full-service Bonefish Grill restaurant at a single location that we approve. You must operate the Restaurant only at this approved location and may not relocate the Restaurant without first obtaining our written consent. Whether we will allow relocation depends on the circumstances at the time and what we believe is in the best interests of the Restaurant and our System. Factors include, for example, the new site's market area, its proximity to other Bonefish Grill restaurants and competitive restaurants, whether you are in compliance with your Franchise Agreement, and how long it will take you to open at the new site.

If you have not yet located an approved site for the Restaurant when you sign the Franchise Agreement, you must obtain possession of a suitable site within 180 days afterward (or by the date specified in the Development Schedule under your Development Rights Rider, if applicable). In that case, we will designate a "Target Area" when you sign the Franchise Agreement. The Target Area will be located within the Development Area granted to you under the Development Rights Rider (as described below). We typically identify Target Areas using streets or political boundaries. There is no minimum size for Target Areas, which vary greatly depending on the market and our other prospects for Bonefish Grill restaurants in the area. You will have the exclusive right to locate a site for a Bonefish Grill restaurant within the Target Area (excluding any Non-Traditional Locations as defined below) until the earlier of the date upon which we approve the Restaurant's location or 180 days from when you sign the Franchise Agreement. Once we approve the Restaurant's location, any rights you had in the Target Area end. We may terminate the Franchise Agreement if you do not locate an approved site within the Target Area within 180 days from the effective date of the Franchise Agreement (or by the date specified in the Development Schedule, if sooner). We will also have the right to terminate the Development Rights Rider if you fail to comply with the Development Schedule. In the event of any conflict between the terms of the Franchise Agreement and the Development Rights Rider, the Development Rights Rider will control.

You will not receive an exclusive territory. You may face competition from other franchisees, from restaurants that we own, or from other channels of distribution or competitive brands that we or our affiliates control. However, if you and your Principals are in compliance with all your agreements with us and our affiliates, neither we nor our affiliates will operate, or authorize any other party to operate, a casual dining, full service Bonefish Grill restaurant the physical premises of which are located within a geographic area surrounding your Restaurant that we will determine based on the demographics and population of the area in which your Restaurant will be located (the "Territory"), except for Bonefish Grill restaurants located at Non-Traditional Locations within your Territory and Alternative Segment Bonefish Grill restaurants located within your Territory. Although the actual size of each Territory may vary, a typical Territory consists of the geographic area within a three-mile radius from the Restaurant's front entrance. Local market conditions may warrant a smaller Territory. We will determine the size of the Territory, in our sole and final judgment.

"Non-Traditional Locations" means airports, amusement parks, sports stadiums, college and university buildings, hospitals and other medical centers, Indian reservations, casinos, military bases, and other venues to which the general public customarily does not have unlimited access or at which food services are managed by

service providers with national or international operations. “Alternative Segment Bonefish Grill restaurants” means one or more types of restaurants that operate using the Proprietary Marks and certain aspects of the System, but are materially different in size, restaurant segment/category, pricing, food service method and/or target customer than the full-service Restaurant you will operate under the Franchise Agreement.

We (and our affiliates) retain the right during the Franchise Agreement’s term to engage in all activities that we (and they) desire, at any time or place, and whether or not these activities compete with the Restaurant. This includes the right to:

- (a) establish and operate, and authorize other parties to establish and operate, Bonefish Grill restaurants the physical premises of which are located at Non-Traditional Locations, whether within or outside the Territory, on any terms and conditions we deem appropriate;
- (b) establish and operate, and authorize other parties to establish and operate, Alternative Segment Bonefish Grill restaurants, whether within or outside the Territory, on any terms and conditions we deem appropriate;
- (c) establish and operate, and authorize other parties to establish and operate, restaurants that are not Bonefish Grill restaurants at any locations, whether within or outside the Territory, on any terms and conditions we deem appropriate;
- (d) establish and operate, and authorize other parties to establish and operate, Bonefish Grill restaurants at any location outside the Territory, on any terms and conditions we deem appropriate;
- (e) offer and provide, and grant rights to others to offer and provide, products and services, whether identified by the Proprietary Marks or any other trademarks or service marks, including, but not limited to, gift certificates, gift cards, stored value cards, and similar programs (collectively, “Stored Value Cards”), and food products and merchandise to any customers we desire (wherever located), and through any distribution channels or methods we desire (wherever located or operating, whether within or outside the Territory), including by selling products identified by the Proprietary Marks through grocery stores, club stores, convenience stores, other retail outlets, wholesale, catering, delivery, temporary events, mail order and/or the Internet (or any other existing or future form of electronic commerce), without any compensation to you; and
- (f) engage in any other activities not expressly prohibited by the Franchise Agreement.

Continuation of your exclusivity in the Territory is not dependent upon your achievement of a certain sales volume, market penetration or other contingency. Once you and we have signed the Franchise Agreement, we may not alter the definition of your Territory without your consent.

Neither we nor our affiliates or other franchisees are restricted from soliciting or accepting orders from consumers within the Territory. We and they may do so without compensation or liability to you. We and our affiliates may use other channels of distribution, such as the Internet, catalog sales, telemarketing or other direct marketing, to make sales within the market served by your Restaurant under the Proprietary Marks and other trademarks. You are not restricted from soliciting or accepting orders from consumers, wherever located. However, you may not use other channels of distribution, such as the Internet, catalog sales, telemarketing or other direct marketing, to make sales, because you may only make sales at the Restaurant. You may offer catering, delivery or event services with our prior written approval, which includes approving your catering menu and meeting all of our related standards and specifications. You may not ship products, regardless of the destination, nor distribute products through wholesale channels. You may not advertise on the Internet or use any Proprietary Marks on the

Internet without our prior written consent. We have the right to control all use of the Proprietary Marks on the Internet.

As described in Item 1, our affiliates operate and in some cases franchise (or plan to franchise) various restaurant concepts in the United States and internationally. However, as of this disclosure document's issuance date, none of these restaurant concepts have seafood as the primary focus of their menus. We and our affiliates may in the future operate and/or franchise restaurants that have steaks as the primary focus of their menus, but we and our affiliates have no present plans to do so.

Except for the Development Rights Rider (described below), you have no options, rights of first refusal, or similar rights to acquire additional franchises or to establish additional Bonefish Grill restaurants.

Development Rights Rider

If you sign a Development Rights Rider, we will grant you an exclusive area in which you may develop multiple Bonefish Grill restaurants. We refer to this territory as your "Development Area." You and we will agree on the boundaries of the Development Area before you sign the Development Rights Rider. The boundaries will generally be all or a portion of a city or county. We base the Development Area's size primarily on the number of Bonefish Grill restaurants you agree to develop, demographics, and site availability. We and you will negotiate the number of Restaurants you must develop to keep your development rights and the dates by which you must develop them. We refer to this schedule as your "Development Schedule." The Development Schedule will be described in Exhibit A to the Development Rights Rider before you sign it.

While the Development Rights Rider is in effect, we (and our affiliates) will not establish, or grant to others the right to establish, other full-service Bonefish Grill restaurants the physical premises of which are located within the Development Area, except for Non-Traditional Locations and Alternative Segment Bonefish Grill restaurants (as defined above). There are no other restrictions on us (or our affiliates). You may not develop or operate Bonefish Grill restaurants outside the Development Area. We may terminate the Development Rights Rider if you do not comply with the Development Schedule. If we do so, you will lose all your rights to the Development Area, except for the Territories granted to you under any then-existing Franchise Agreements for Restaurants in your Development Area.

We will have the right to approve each site within the Development Area where you propose to locate a Restaurant. We will accept the proposed locations of your additional Restaurants only if they meet our then-current standards for new Bonefish Grill restaurant sites. You will sign a Franchise Agreement for each Bonefish Grill restaurant that you develop under the Development Rights Rider. For each Restaurant, you will receive a protected Territory, as described above.

Despite the Development Schedule under the Development Rights Rider, we may delay your development of additional Bonefish Grill restaurants within the Development Area for the time period we deem best if we believe, when you apply for the next Bonefish Grill restaurant, that you are not yet operationally, managerially, or otherwise prepared to develop, open and/or operate the additional Restaurant according to our standards and specifications. We may delay additional development as long as the delay will not in our reasonable opinion cause you to breach your development obligations under the Development Schedule (unless we are willing to extend the schedule to account for the delay).

Except as described above, continuation of your territorial exclusivity does not depend on your achieving a certain sales volume, market penetration, or other contingency. We may not alter your Development Area during the term of the Development Rights Rider.

Item 13

TRADEMARKS

We grant you the right to use the Proprietary Marks to operate the Restaurant. Our primary Proprietary Marks appear in the table below. We registered these Proprietary Marks on the Principal Register of the United States Patent and Trademark Office (“PTO”). We intend to make all required affidavit and renewal filings if the Proprietary Mark is still important for our system.

Mark	Registration Number	Registration Date	Affidavits of Use and Incontestability Filed?	Registration Renewed?
BONEFISH GRILL (and design)	2772900	10/14/2003	Yes	Yes
BONEFISH GRILL (and design)	2806557	01/20/2004	Yes	Yes
BONEFISH GRILL	2836310	04/27/2004	Yes	Yes
BONEFISH GRILL (and design)	3057896	02/07/2006	Yes	Yes
BONEFISH GRILL (and design)	3111453	07/04/2006	Yes	Yes
BANG BANG SHRIMP	3356095	12/18/2007	Yes	Yes

We and our affiliates signed a Settlement and Coexistence Agreement on February 22, 2003 with Fish Bones – Sand Lake Road, Inc. and International Market Place, Inc., two companies that operated restaurants in Florida under the “Fishbones” name. In that agreement, we consent to those companies’ continued use of the “Fishbones” name and they consent to our continued use of the “Bonefish” name.

There are no currently effective agreements that significantly limit our rights to use or sublicense the use of our Marks in a manner material to the franchise. There are no currently effective material determinations of the PTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court, and no pending infringement, opposition, or cancellation proceedings or material federal or state court litigation, involving the principal Proprietary Marks. Except as described above, we do not know of any superior prior rights or infringing uses that could materially affect your use of the Proprietary Marks in your market.

You may use only the Proprietary Marks we periodically designate and must use them only in the manner we periodically approve and permit. Your unauthorized use of any Proprietary Mark is an infringement of our rights and a breach of the Franchise Agreement. We own all right, title and interest in and to the Proprietary Marks and the goodwill associated with and symbolized by them.

You must notify us immediately of any actual or apparent infringement of or challenge to your use of any Proprietary Mark, or of any person’s claim of any rights in any Proprietary Mark (or any identical or confusingly similar trademark) or claim of unfair competition relating to any Proprietary Mark. You may not communicate with any person other than us and our attorneys, and your attorneys, regarding any infringement, challenge or claim. We may take the action that we deem appropriate (including no action) and control exclusively any litigation, PTO proceeding or other administrative proceeding arising from any infringement, challenge or claim or otherwise

concerning any Proprietary Mark. You must sign any documents and take any other reasonable actions that, in our opinion, are necessary or advisable to protect and maintain our interests in any litigation or PTO or other proceeding or otherwise to protect and maintain our interests in the Proprietary Marks.

We may periodically in our sole judgment add or discontinue use of any Proprietary Marks, and/or substitute different Proprietary Marks, for use in identifying the System and Bonefish Grill restaurants. You must comply with our directions concerning additional, substitute or discontinued Proprietary Marks within a reasonable time after receiving notice. We need not reimburse you for your expenses in complying with these directions (such as costs that you incur in changing signs or replacing supplies for the Restaurant), for any loss of revenue due to any modified or discontinued Proprietary Mark, or for your expenses of promoting a modified or substitute trademark or service mark.

We need not protect your right to use the Proprietary Marks nor protect you against claims of infringement or unfair competition arising from your use of the Proprietary Marks. We need not participate in your defense nor indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a Proprietary Mark or if the proceeding is resolved unfavorably to you.

Item 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

No patents or patent applications are material to the franchise. There are no copyrights currently registered that are material to the franchise, although we do claim copyright ownership and protection in various materials that we approve and license for use in the development and operation of Bonefish Grill restaurants from time to time, including the Operations Manual, menus, training materials, and advertising and promotional materials. We have not filed these copyrighted works with the United States Copyright Office but need not do so to protect them. You may use these copyrighted works to operate the Restaurant.

There are no currently effective material determinations of, or pending material proceedings before, the PTO, the United States Copyright Office, or any court regarding the copyrighted works. No agreement limits our right to use or allow others to use the copyrighted materials. We do not know of any copyright infringement that could materially affect you.

You must follow our rules when using the copyrighted works. If we believe at any time that it is advisable for us and/or you to modify, discontinue using and/or replace any of the copyrighted works, and/or use one or more additional or substitute copyrighted or copyrightable items, you must comply with our directions within a reasonable time after receiving notice. We need not reimburse you for your expenses in complying with these directions.

We need not protect your right to use the copyrighted works nor protect you against claims arising from your use of the copyrighted works, although we intend to do so when this action is in the best interests of the System. The Franchise Agreement does not require you to notify us of any infringement claims. We need not take any affirmative action to protect the copyrighted works, although we have the right to control any litigation relating to the copyrighted works. We need not participate in your defense nor indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a copyrighted work or if the proceeding is resolved unfavorably to you.

The Operations Manual and other materials contain our “Confidential Information,” some of which constitutes trade secrets under applicable law. Our Confidential Information includes site selection and market

development plans, standards and criteria; layouts, designs, and other plans and specifications for Bonefish Grill restaurants; methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, and knowledge and experience used in developing and operating Bonefish Grill restaurants; marketing research and promotional, marketing and advertising programs for Bonefish Grill restaurants; knowledge of specifications for and suppliers of, and methods of ordering, certain Operating Assets, products, materials and supplies that Bonefish Grill restaurants use and sell; knowledge of the operating results and financial performance of Bonefish Grill restaurants other than the Restaurant; customer solicitation, communication and retention programs, along with data and information used or generated in connection with those programs; all data and all other information generated by, or used or developed in, the operation of the Restaurant and other Bonefish Grill restaurants, including customer names, contact information and related information (“Customer Data”); recipes, food preparation techniques and product and ingredient specifications; and any other information that we reasonably designate as confidential or proprietary. You may use our Confidential Information to operate your Restaurant under the terms of the Franchise Agreement. You may not use any Confidential Information in any other business or capacity and you must keep the Confidential Information absolutely confidential, both during and after the term of the Franchise Agreement.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

We expect only companies and not individuals will sign our Franchise Agreement and Development Rights Rider (if applicable). Only you are authorized to operate the Restaurant. Except for approved transfers, you may not delegate or assign any of your rights or obligations under the Franchise Agreement or any aspect of the Restaurant’s management and operation. You must at all times faithfully and diligently perform your obligations and fully exploit the rights granted under the Franchise Agreement and the Development Rights Rider (if applicable).

Before signing the Franchise Agreement, you must designate an individual whom we approve to serve as the “Franchise Principal.” The Franchise Principal must at all times:

- (a) own (directly or indirectly) at least 51% of the ownership interests in you and have the voting power needed unilaterally to direct and cause the direction of your and the Restaurant’s day-to-day operations and affairs; and
- (b) be your chief executive officer with responsibilities commensurate with that position and devote sufficient time and attention to your and the Restaurant’s operations, and the operations of other franchisees and Bonefish Grill restaurants for which he or she serves as the franchise principal (if any), to actively oversee and control their operations and affairs.

The Franchise Principal must sign the “Franchise Principal Agreement” attached to the Franchise Agreement when you sign the Franchise Agreement. Under the Franchise Principal Agreement, the Franchise Principal must personally guarantee all of your obligations under the Franchise Agreement and agree to be bound personally by every contractual provision, whether containing monetary or non-monetary obligations, including the non-competition, confidentiality and transfer requirements. All of your other owners must sign the “Owner/Executive Agreement” attached to the Franchise Agreement under which they agree personally to be bound by certain non-monetary obligations under the Franchise Agreement, including the non-competition, confidentiality and transfer requirements.

We believe that the qualifications and experience of the Restaurant’s full-time general manager (known as the “Proprietor” or “Managing Partner”) and the operations director (known as the “Operations Director” or “JVP”) are critical to the operation of your Bonefish Grill restaurant and the reputation and goodwill associated with the

Proprietary Marks. During the Franchise Agreement's term, you must at all times employ one full-time Managing Partner to manage the day-to-day operations of the Restaurant. If you and your affiliates own and operate three or more Bonefish Grill restaurants, you must also employ a full-time Operations Director to supervise the Managing Partner and the Bonefish Grill restaurants that you and your affiliates operate. These individuals are subject to our prior approval, which we will not unreasonably withhold. The Managing Partner and the Operations Director (if applicable) must successfully complete our training program and sign the Owner/Executive Agreement.

The Restaurant must at all times be under the direct, on-premises supervision of your Managing Partner or an approved manager who has successfully completed training. The Managing Partner must devote sufficient time and attention to perform his/her duties. Restaurant employees are under your control in implementing and maintaining Bonefish Grill System standards at the Restaurant during operating hours.

We do not require the Managing Partner, the Operations Director, or your Restaurant managers to have an ownership interest in the Restaurant. We do not control the forms of employment agreements you use with your managers or other employees and are not responsible for your labor relations or employment practices. You have sole responsibility and authority for your labor relations and employment practices, including, among other things, employee selection, promotion, termination, hours worked, rates of pay, other benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions. You must communicate clearly with your employees in your employment agreements, human resource manuals, written and electronic correspondence, paychecks, and other materials that you (and only you) are their employer and that we, as the franchisor of Bonefish Grill restaurants, are not their employer and do not engage in any employer-type activities (including those described above), for which only you are solely responsible.

At our request, you must get signed Owner/Executive Agreements or similar agreements from the following persons: (1) all of your managers and any other personnel you employ who have received or will receive training from us or Confidential Information; and (2) all officers and directors of you and of any entity directly or indirectly owning more than 25% of your ownership interests. You must obtain our approval of these forms of agreement, which must specifically identify us as a third-party beneficiary with the independent right to enforce them.

Item 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may use the Restaurant's premises only to operate the Restaurant, must keep the Restaurant open and in normal operation for the hours and days we periodically specify in the Operations Manual, and may not use or permit the use of the premises for any other purpose or activity at any time without first obtaining our written consent. You may sell or offer for sale only those menu items, products, and services that we periodically expressly approve for sale in writing. You must sell or offer for sale all types of menu items, products, and services we periodically specify and may not deviate from our standards and specifications relating to those menu items, products, and services. You must discontinue selling and offering for sale any menu items, products, or services that we, at our option, disapprove in writing at any time. You may sell or offer for sale products and services only at the Restaurant's premises and must refrain from off-premises sales or catering unless we expressly authorize in writing. You may not offer or sell any products at wholesale. You may not install or operate games or vending machines on the premises of your Restaurant without our prior written consent. No contract limits our rights to modify the products and services that your Restaurant may or must provide. We have the right, to the fullest extent allowed by law, to establish maximum, minimum or other prices for the products and services offered for sale at Bonefish Grill restaurants. You must participate, at your expense, in all national or regional promotions, special offers, and customer loyalty/rewards programs, as directed by us from time to time.

Item 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

Provision	Section in franchise or other agreement	Summary
a. Length of the franchise term	Franchise Agreement, Section 2.1; Development Rights Rider, Section 8	If you or affiliated landowner owns property, 20 years from the date the Restaurant first opens. If you or affiliated landowner does not own property, earlier of 20 years from the date the Restaurant first opens and expiration of lease (if you exercise renewal rights and options). The term of the Development Rights Rider depends on development obligations. The term will end when the final Restaurant has opened (or is required to be opened) under the Development Schedule.
b. Renewal or extension of the term	Franchise Agreement, Section 2.2; Development Rights Rider, Section 11	If you give timely notice, renovate and modernize the Restaurant to reflect then-current standards and image, are (and the Franchise principal is) in full compliance with and have substantially complied with obligations (including monetary obligations) during the Franchise Agreement’s term, give us evidence that you have the right to possess the Restaurant’s location for renewal term, and comply with then-current qualification and training requirements, you may acquire a renewal franchise for 20-year term. No renewal or extension of Development Rights Rider.
c. Requirements for franchisee to renew or extend	Franchise Agreement, Section 2.2	Sign then-current franchise agreement and releases (if state law allows) and pay renewal fee. “Renewal” means signing our then-current franchise agreement for the 20-year renewal franchise term, which could contain materially different terms (including fees and territory) and will not offer additional renewal rights, and paying our renewal fee of 50% of our then-standard initial franchise fee.
d. Termination by franchisee	Not Applicable	You may not terminate except on grounds available by law.
e. Termination by franchisor without cause	Not Applicable	We may not terminate your franchise (or development rights) without cause.
f. Termination by franchisor with cause	Franchise Agreement, Sections 14.1 to 14.3; Development Rights Rider, Section 9	We may terminate Franchise Agreement (and development rights) if you or your owners commit one of several violations.

Provision	Section in franchise or other agreement	Summary
g. “Cause” defined – curable defaults	Franchise Agreement, Section 14.3	You must immediately begin curing, and finish curing within 30 days (or shorter period we reasonably specify), any defaults not listed in (h) below which are susceptible of being cured.
h. “Cause” defined – non-curable defaults	Franchise Agreement, Sections 14.1 and 14.2; Development Rights Rider, Section 9	Non-curable defaults include: unsatisfied judgments, dissolution, foreclosure on property and other bankruptcy-related events; failing to meet Restaurant development or opening deadlines; abandonment or failure to operate for required hours unless premises are damaged or destroyed; conviction of or pleading no contest to a felony, crime of moral turpitude, or other crime or offense, or engaging in conduct, reasonably likely to adversely affect System or Proprietary Marks or related goodwill; danger to public health or safety; failing to maintain approved Franchise Principal, Operations Director or Managing Partner; unauthorized transfer; breach of confidentiality or non-competition obligations or debt restrictions; failure to obtain personal covenants (see Item 15); disclosure of Operations Manual or other Confidential Information; failure to transfer after Franchise Principal’s death or incapacity; knowingly maintaining false books or submitting false reports; misuse or unauthorized use of Proprietary Marks or materially impairing goodwill; engaging in business or offering product or service under confusingly similar mark; providing false, misleading or incomplete application information; not paying amounts owed to authorized vendors when due; repeated defaults (even if cured); and termination of another franchise agreement or other agreement for which Franchise Principal serves in similar capacity.
i. Franchisee’s obligations on termination/ non-renewal	Franchise Agreement, Article XV	Stop operating and representing that you are current or former franchisee, stop using Proprietary Marks or similar marks and System and other intellectual property, cancel assumed name registrations, assign lease or de-identify premises (at our option), pay amounts owed (including damages and enforcement costs), and surrender the Operations Manual and other Confidential Information. We also may manage the Restaurant while deciding whether to exercise our purchase option. (See Item 6) Also see (o) and (r) below.
j. Assignment of contract by franchisor	Franchise Agreement, Section 13.1	No restriction on our right to assign or transfer ownership interests without your approval.
k. “Transfer” by franchisee – defined	Franchise Agreement, Section 13.2; Development Rights Rider, Section 12	Includes transfer of direct or indirect interest in Franchise Agreement or the Restaurant (or its assets) or ownership interests in you.

Provision	Section in franchise or other agreement	Summary
l. Franchisor’s approval of transfer by franchisee	Franchise Agreement, Article XIII; Development Rights Rider, Section 12	No transfers without our prior written consent. Your development rights under Development Rights Rider are not assignable. However, transfer of a non-controlling ownership interest in you is permitted to the extent allowed under the Franchise Agreement.
m. Conditions for franchisor approval of transfer	Franchise Agreement, Section 13.3	You must notify us and provide information at least 30 days before transfer. We will not unreasonably withhold approval of non-control transfer if you pay transfer fee (see Item 6) and transferee and owners are of good character, comply with non-competition requirements and meet then-current requirements. We will not unreasonably withhold approval of control transfer if all monetary obligations are satisfied, you are in full compliance, transferor signs release (if state law allows), we determine purchase price and terms will not adversely affect the Restaurant, transferee and owners qualify, transferee signs (at our option) either assignment of existing franchise agreement or our then-current franchise agreement and other documents, transferee upgrades the Restaurant, you remain liable, transferee’s personnel complete training, and transfer fee paid (see Item 6). Also see (r) below.
n. Franchisor’s right of first refusal to acquire franchisee’s business	Franchise Agreement, Section 13.4	We can match the offer for the Restaurant or its assets, the Franchise Agreement or an ownership interest in you.
o. Franchisor’s option to purchase franchisee’s business	Franchise Agreement, Section 15.9	We may buy the Restaurant’s assets at fair market value after Franchise Agreement is terminated or expires.
p. Death or disability of franchisee	Franchise Agreement, Section 13.5	Must transfer to approved party within nine months (or 12 months if heirs do not qualify) after Franchise Principal’s death or incapacity.
q. Non-competition covenants during the term of the franchise	Franchise Agreement, Section 7.5	No owning, operating, performing services for or assisting any Full Service Food Business, wherever located. “Full Service Food Business” means any restaurant or other business serving prepared food which offers table service, regardless of the type of food served at such business. “Table service” means that (i) a customer’s order is (or may be) taken at the table by a person and (ii) food is (or may be) delivered to the customer’s table by a person. Also, no diverting business or performing acts injurious to our Proprietary Marks.

Provision	Section in franchise or other agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	Franchise Agreement, Section 7.6; Development Rights Rider, Section 10	For two years no owning, operating, performing services for or assisting any Full Service Food Business located at the Restaurant's premises or within ten miles of the Restaurant or any other Bonefish Grill restaurant (same restrictions apply after transfer). Upon expiration of termination of the Development Rights Rider, for a period of two years, no direct or indirect interest in a Full Service Food Business located or operating within the Development Area or within a ten-mile radius of any Bonefish Grill restaurant in operation or under construction on the date of expiration or termination.
s. Modification of the agreement	Franchise Agreement, Section 18.2	No modifications without signed writing, but we may change Operations Manual, System and standards.
t. Integration/merger clause	Franchise Agreement, Section 18.2	Only terms of Franchise Agreement are binding (subject to applicable state law). Any other promises may not be enforceable. Nothing in agreements is intended to disclaim any representation made in this disclosure document.
u. Dispute resolution by arbitration or mediation	Not Applicable	Not Applicable.
v. Choice of forum	Franchise Agreement, Section 18.10	Litigation generally must be in Florida in judicial circuit where we have our principal place of business (currently Tampa), subject to applicable state law.
w. Choice of law	Franchise Agreement, Section 18.9	Florida law governs (subject to applicable state law).

Item 18

PUBLIC FIGURES

We do not use any public figure to promote our franchise.

Item 19

FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about performance of a particular location or under particular circumstances.

We do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting our Legal Department (Attn: Kelly Lefferts) at 2202 North West Shore Boulevard, 5th Floor, Tampa, Florida 33607 and (813) 282-1225, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20

OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

**Systemwide Outlet Summary
For Years 2021 to 2023⁽¹⁾**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchise	2021	7	7	—
	2022	7	7	—
	2023	7	6	-1
Company-Owned	2021	180	178	-2
	2022	178	173	-5
	2023	173	170	-3
Total Outlets	2021	187	185	-2
	2022	185	180	-5
	2023	180	176	-4

⁽¹⁾ As of December 26, 2021, December 25, 2022 and December 31, 2023, respectively.

Table No. 2

**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2021 to 2023⁽¹⁾**

State	Year	Number of Transfers
All States	2021	0
	2022	0
	2023	0
Total	2021	0
	2022	0
	2023	0

⁽¹⁾ As of December 26, 2021, December 25, 2022 and December 31, 2023, respectively.

Table No. 3

**Status of Franchised Outlets
For Years 2021 to 2023⁽¹⁾**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
AL	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	1	0	0	0	0
FL	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
ID ⁽²⁾	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
TN	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	1	0	0	0	0
WA	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
Totals	2021	7	0	0	0	0	0	7
	2022	7	0	0	0	0	0	7
	2023	7	1	2	0	0	0	6

⁽¹⁾ As of December 26, 2021, December 25, 2022 and December 31, 2023, respectively.

Table No. 4

**Status of Company-Owned Outlets
For Years 2021 to 2023¹⁾**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
AL	2021	3	0	0	0	0	3
	2022	3	0	0	0	0	3
	2023	3	0	0	0	0	3
AR	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
CO	2021	6	0	0	0	0	6
	2022	6	0	0	0	0	6
	2023	6	0	0	0	0	6
DE	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
FL	2021	51	0	0	1	0	50
	2022	50	0	0	1	0	49
	2023	49	0	0	1	0	48
GA	2021	8	0	0	0	0	8
	2022	8	0	0	1	0	7
	2023	7	0	0	0	0	7
IA	2021	1	0	0	1	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
IL	2021	4	0	0	0	0	4
	2022	4	0	0	1	0	3
	2023	3	0	0	0	0	3
IN	2021	4	0	0	0	0	4
	2022	4	0	0	0	0	4
	2023	4	0	0	0	0	4
KS	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
KY	2021	3	0	0	0	0	3
	2022	3	0	0	0	0	3
	2023	3	0	0	0	0	3
LA	2021	3	0	0	0	0	3
	2022	3	0	0	1	0	2
	2023	2	0	0	0	0	2
MD	2021	8	0	0	0	0	8
	2022	8	0	0	0	0	8
	2023	8	0	0	1	0	7
MI	2021	3	0	0	0	0	3
	2022	3	0	0	0	0	3
	2023	3	0	0	0	0	3
MO	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
MS	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
NC	2021	11	0	0	0	0	11
	2022	11	0	0	0	0	11
	2023	11	0	0	0	0	11
NE	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
NJ	2021	11	0	0	0	0	11
	2022	11	0	0	0	0	11
	2023	11	0	0	0	0	11
NV	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
NY	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
OH	2021	8	0	0	0	0	8
	2022	8	0	0	0	0	8
	2023	8	0	0	0	0	8
OK	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
PA	2021	11	0	0	0	0	11
	2022	11	0	0	0	0	11
	2023	11	0	0	0	0	11
SC	2021	7	0	0	0	0	7
	2022	7	0	0	0	0	7
	2023	7	0	0	1	0	6
TN	2021	7	0	0	0	0	7
	2022	7	0	0	0	0	7
	2023	7	0	0	0	0	7
TX	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
VA	2021	13	0	0	0	0	13
	2022	13	0	0	1	0	12
	2023	12	0	0	0	0	12

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
WI	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
Totals	2021	180	0	0	2	0	178
	2022	178	0	0	5	0	173
	2023	173	0	0	3	0	170

⁽¹⁾ As of December 26, 2021, December 25, 2022 and December 31, 2023, respectively.

Table No. 5

Projected Openings as of December 31, 2023⁽¹⁾

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year (2024)	Projected New Company-Owned Outlets in the Next Fiscal Year (2024)
Total	0	0	0

⁽¹⁾ December 31, 2023 was the last day of our 2023 fiscal year.

Exhibit D-1 is a list of our current franchisees in the United States as of the issuance date of this disclosure document and the addresses and telephone numbers of their Bonafish Grill restaurants (or their contact information if their restaurants are not yet open). Exhibit D-2 lists the name, city, state and current business telephone number (or, if unknown, last known home telephone number) of each franchisee who (i) had their outlet terminated, canceled, or not renewed, or otherwise has voluntarily or involuntarily ceased to do business under the Franchise Agreement, from December 26, 2022 to December 31, 2023; or (ii) has not communicated with us within ten weeks of this disclosure document's issuance date.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

If we offer to sell any previously-owned franchised Bonafish Grill[®] restaurant that we now own, specific information about that restaurant will be provided to you in a separate supplement to this disclosure document.

No franchisees have signed confidentiality clauses during our last three fiscal years restricting them from discussing with you their experience as a franchisee in our system.

As of the date of this disclosure document, no independent trademark-specific franchisee organizations have asked to be included in this disclosure document and there are no franchisee organizations sponsored or endorsed by us.

Item 21

FINANCIAL STATEMENTS

Exhibit A contains the following audited consolidated financial statements of our Ultimate Parent (Bloomin' Brands, Inc.):

1. Consolidated Balance Sheets as of December 31, 2023 and December 25, 2022;
2. Consolidated Statements of Operations and Comprehensive Income – years ended December 31, 2023, December 25, 2022 and December 26, 2021;
3. Consolidated Statements of Changes in Stockholders' Equity – years ended December 31, 2023, December 25, 2022 and December 26, 2021;
4. Consolidated Statements of Cash Flows – years ended December 31, 2023, December 25, 2022 and December 26, 2021; and
5. Notes to consolidated financial statements.

Both we and our Ultimate Parent have a 52-53 week fiscal year ending on the last Sunday in December. As a result, our 2023 fiscal year ended on December 31, 2023; our 2022 fiscal year ended on December 25, 2022; and our 2021 fiscal year ended on December 26, 2021.

Bloomin' Brands, Inc. is our Ultimate Parent and guarantees our obligations to you under the Franchise Agreement. Our Ultimate Parent's guarantee does not extend to third parties. Exhibit A contains a copy of this guaranty.

Item 22

CONTRACTS

The following agreements are attached as exhibits to this disclosure document:

- | | |
|--------------------|--|
| <u>Exhibit B-1</u> | Form of Franchise Agreement (including form of general release we currently use in connection with renewals and transfers) |
| <u>Exhibit B-2</u> | Form of Development Rights Rider to Franchise Agreement |
| <u>Exhibit F</u> | State Specific Addenda and Riders |
| <u>Exhibit G</u> | Form of Successor Franchise Rider to Franchise Agreement (Renewal) |
| <u>Exhibit H</u> | IT Help Desk Support Agreement |

Item 23

RECEIPT

Our and your copies of the Franchise Disclosure Document Receipt are located at the last two pages of this disclosure document.

EXHIBIT A TO THE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS AND GUARANTEE

GUARANTEE OF PERFORMANCE

For value received, Bloomin' Brands, Inc., a Delaware corporation (the "Guarantor"), located at 2202 North West Shore Boulevard, 5th Floor, Tampa, Florida 33607, absolutely and unconditionally guarantees to assume the duties and obligations of Bonafish Grill, LLC, located at 2202 North West Shore Boulevard, 5th Floor, Tampa, Florida 33607 (the "Franchisor") under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2022 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever occurs first. The Guarantor is not discharged from liability if a claim by a franchisee against Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at Tampa, Florida on the 26th day of April 2024.

Guarantor:

Bloomin' Brands, Inc.
a Delaware corporation

By: _____

Name: Kelly Lefferts

Title: Executive Vice President, Chief Legal Officer and
Secretary



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 31, 2023 and December 25, 2022, and the related consolidated statements of operations and comprehensive income, of changes in stockholders' equity and of cash flows for each of the three years in the period ended December 31, 2023, 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 31, 2023, 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 31, 2023 and December 25, 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023 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 31, 2023, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Change in Accounting Principle

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.

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 21 to the consolidated financial statements, the Company's consolidated discounted insurance reserves balance was \$45.9 million as of December 31, 2023. 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 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.

PricewaterhouseCoopers LLP

Tampa, Florida
February 28, 2024

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

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

	<u>DECEMBER 31, 2023</u>	<u>DECEMBER 25, 2022</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 111,519	\$ 84,735
Restricted cash and cash equivalents	2,854	—
Inventories	75,939	78,124
Other current assets, net	153,002	183,718
Total current assets	<u>343,314</u>	<u>346,577</u>
Property, fixtures and equipment, net	1,031,922	914,142
Operating lease right-of-use assets	1,084,951	1,103,083
Goodwill	276,317	273,032
Intangible assets, net	442,985	448,326
Deferred income tax assets, net	159,405	153,118
Other assets, net	85,187	82,147
Total assets	<u>\$ 3,424,081</u>	<u>\$ 3,320,425</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 189,202	\$ 183,715
Current operating lease liabilities	175,442	183,510
Accrued and other current liabilities	255,814	217,427
Unearned revenue	381,877	394,215
Total current liabilities	<u>1,002,335</u>	<u>978,867</u>
Non-current operating lease liabilities	1,131,639	1,148,607
Long-term debt, net	780,719	828,507
Other long-term liabilities, net	97,385	90,535
Total liabilities	<u>3,012,078</u>	<u>3,046,516</u>
Commitments and contingencies (Note 21)		
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 31, 2023 and December 25, 2022	—	—
Common stock, \$0.01 par value, 475,000,000 shares authorized; 86,968,536 and 87,696,200 shares issued and outstanding as of December 31, 2023 and December 25, 2022, respectively	870	877
Additional paid-in capital	1,115,387	1,161,912
Accumulated deficit	(528,831)	(706,109)
Accumulated other comprehensive loss	(178,304)	(185,311)
Total Bloomin' Brands stockholders' equity	<u>409,122</u>	<u>271,369</u>
Noncontrolling interests	2,881	2,540
Total stockholders' equity	<u>412,003</u>	<u>273,909</u>
Total liabilities and stockholders' equity	<u>\$ 3,424,081</u>	<u>\$ 3,320,425</u>

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

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

	FISCAL YEAR		
	2023	2022	2021
Revenues			
Restaurant sales	\$ 4,607,408	\$ 4,352,695	\$ 4,061,093
Franchise and other revenues	64,062	63,813	61,292
Total revenues	<u>4,671,470</u>	<u>4,416,508</u>	<u>4,122,385</u>
Costs and expenses			
Food and beverage	1,409,649	1,383,632	1,229,689
Labor and other related	1,325,339	1,226,460	1,154,623
Other restaurant operating	1,126,123	1,065,662	1,006,371
Depreciation and amortization	191,171	169,617	163,391
General and administrative	260,470	234,752	245,616
Provision for impaired assets and restaurant closings	33,574	5,964	13,737
Total costs and expenses	<u>4,346,326</u>	<u>4,086,087</u>	<u>3,813,427</u>
Income from operations	325,144	330,421	308,958
Loss on extinguishment and modification of debt	—	(107,630)	(2,073)
Loss on fair value adjustment of derivatives, net	—	(17,685)	—
Interest expense, net	(52,169)	(53,199)	(57,588)
Income before provision for income taxes	272,975	151,907	249,297
Provision for income taxes	18,561	42,704	26,384
Net income	254,414	109,203	222,913
Less: net income attributable to noncontrolling interests	7,028	7,296	7,358
Net income attributable to Bloomin' Brands	<u>\$ 247,386</u>	<u>\$ 101,907</u>	<u>\$ 215,555</u>
Net income	\$ 254,414	\$ 109,203	\$ 222,913
Other comprehensive income:			
Foreign currency translation adjustment	7,622	10,169	(6,597)
Net (loss) gain on derivatives, including the impact of terminated swap agreements, net of tax	(615)	10,509	12,054
Comprehensive income	261,421	129,881	228,370
Less: comprehensive income attributable to noncontrolling interests	7,028	7,296	7,358
Comprehensive income attributable to Bloomin' Brands	<u>\$ 254,393</u>	<u>\$ 122,585</u>	<u>\$ 221,012</u>
Earnings per share:			
Basic	\$ 2.84	\$ 1.15	\$ 2.42
Diluted	<u>\$ 2.56</u>	<u>\$ 1.03</u>	<u>\$ 2.00</u>
Weighted average common shares outstanding:			
Basic	87,230	88,846	88,981
Diluted	<u>96,453</u>	<u>98,512</u>	<u>107,803</u>
Cash dividends declared per common share	<u>\$ 0.96</u>	<u>\$ 0.56</u>	<u>\$ —</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 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
Net income	—	—	—	101,907	—	7,296	109,203
Other comprehensive income, net of tax	—	—	—	100	20,678	—	20,778
Cash dividends declared, \$0.56 per common share	—	—	(49,736)	—	—	—	(49,736)
Repurchase and retirement of common stock	(5,429)	(54)	—	(109,945)	—	—	(109,999)
Stock-based compensation	—	—	16,514	—	—	—	16,514
Common stock issued under stock plans (1)	1,559	15	12,940	—	—	—	12,955
Purchase of noncontrolling interests, net of tax of \$489	—	—	(1,415)	—	—	(3,400)	(4,815)
Distributions to noncontrolling interests	—	—	—	—	—	(9,127)	(9,127)
Contributions from noncontrolling interests	—	—	—	—	—	1,382	1,382
Retirement of convertible senior note hedges	—	—	112,956	—	—	—	112,956
Retirement of warrants	—	—	(97,617)	—	—	—	(97,617)
Issuance of common stock from repurchase of convertible senior notes	2,313	23	48,542	—	—	—	48,565
Balance, December 25, 2022	87,696	\$ 877	\$ 1,161,912	\$ (706,109)	\$ (185,311)	\$ 2,540	\$273,909

(CONTINUED...)

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

	BLOOMIN' BRANDS						NON- CONTROLLING INTERESTS	TOTAL	
	COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	ACCUM- ULATED DEFICIT	ACCUMULATED OTHER COMPREHENSIVE LOSS				
	SHARES	AMOUNT							
Balance, December 25, 2022	87,696	\$ 877	\$ 1,161,912	\$ (706,109)	\$ (185,311)	\$ 2,540	\$273,909		
Net income	—	—	—	247,386	—	7,028	254,414		
Other comprehensive income, net of tax	—	—	—	—	7,007	—	7,007		
Cash dividends declared, \$0.96 per common share	—	—	(83,742)	—	—	—	(83,742)		
Repurchase and retirement of common stock, including excise tax of \$136	(2,807)	(28)	—	(70,108)	—	—	(70,136)		
Stock-based compensation	—	—	11,911	—	—	—	11,911		
Common stock issued under stock plans (1)	2,080	21	25,306	—	—	—	25,327		
Distributions to noncontrolling interests	—	—	—	—	—	(8,684)	(8,684)		
Contributions from noncontrolling interests	—	—	—	—	—	1,997	1,997		
Balance, December 31, 2023	<u>86,969</u>	<u>\$ 870</u>	<u>\$ 1,115,387</u>	<u>\$ (528,831)</u>	<u>\$ (178,304)</u>	<u>\$ 2,881</u>	<u>\$412,003</u>		

(1) Net of 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
(DOLLARS IN THOUSANDS)

	FISCAL YEAR		
	2023	2022	2021
Cash flows provided by operating activities:			
Net income	\$ 254,414	\$ 109,203	\$ 222,913
Adjustments to reconcile Net income to cash provided by operating activities:			
Depreciation and amortization	191,171	169,617	163,391
Amortization of debt discounts and issuance costs	3,115	3,538	4,494
Amortization of deferred gift card sales commissions	23,695	24,091	26,012
Provision for impaired assets and restaurant closings	33,574	5,964	13,737
Non-cash interest expense from terminated interest rate swaps	—	12,215	6,160
Non-cash operating lease costs	84,104	83,254	78,272
(Benefit) provision for expected credit losses and contingent lease liabilities	(864)	(1,117)	946
Stock-based compensation expense	11,911	16,514	24,405
Deferred income tax (benefit) expense	(7,823)	13,748	(3,346)
Loss on extinguishment and modification of debt	—	107,630	2,073
Loss on fair value adjustment of derivatives, net	—	17,685	—
Other, net	(2,933)	3,186	(1,879)
Change in assets and liabilities:			
Decrease (increase) in inventories	2,361	1,036	(18,210)
Decrease (increase) in other current assets	9,572	(40,370)	(58,397)
Increase in other assets	(1,177)	(6,670)	(2,073)
Decrease in operating right-of-use assets, net	—	277	160
Increase (decrease) in accounts payable and accrued and other current liabilities	26,688	(40,679)	25,619
(Decrease) increase in unearned revenue	(12,401)	(4,638)	17,225
Decrease in operating lease liabilities	(93,576)	(82,540)	(90,387)
Increase (decrease) in other long-term liabilities	10,590	(1,022)	(8,660)
Net cash provided by operating activities	<u>532,421</u>	<u>390,922</u>	<u>402,455</u>
Cash flows used in investing activities:			
Proceeds from disposal of property, fixtures and equipment	2,515	1,634	9,322
Proceeds received from company-owned life insurance	3,460	16,092	9,270
Capital expenditures	(324,255)	(219,691)	(122,830)
Other investments, net	1,174	827	(507)
Net cash used in investing activities	<u>\$ (317,106)</u>	<u>\$ (201,138)</u>	<u>\$ (104,745)</u>

(CONTINUED...)

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

	FISCAL YEAR		
	2023	2022	2021
Cash flows used in financing activities:			
Proceeds from issuance of long-term debt	\$ —	\$ —	\$ 200,000
Repayments of long-term debt and finance lease obligations	(1,862)	(196,447)	(431,166)
Proceeds from borrowings on revolving credit facilities	1,079,000	1,239,500	470,000
Repayments of borrowings on revolving credit facilities	(1,128,000)	(889,500)	(837,000)
Financing fees	—	(1,205)	(5,868)
Proceeds from issuance of senior notes	—	—	300,000
Issuance costs related to senior notes	—	—	(5,546)
Principal settlements and repurchase of convertible senior notes	(214)	(196,919)	—
Proceeds from retirement of convertible senior note hedges	—	131,869	—
Payments for retirement of warrants	—	(114,825)	—
Proceeds from share-based compensation, net	25,327	12,955	9,850
Distributions to noncontrolling interests	(8,684)	(9,127)	(9,123)
Contributions from noncontrolling interests	1,997	1,382	1,347
Purchase of noncontrolling interests	(100)	(5,004)	(3)
Payments for partner equity plan	—	(9,292)	(9,910)
Repurchase of common stock	(70,847)	(109,152)	—
Cash dividends paid on common stock	(83,742)	(49,736)	—
Net cash used in financing activities	(187,125)	(195,501)	(317,419)
Effect of exchange rate changes on cash and cash equivalents	1,448	1,395	(1,642)
Net increase (decrease) in cash, cash equivalents and restricted cash	29,638	(4,322)	(21,351)
Cash, cash equivalents and restricted cash as of the beginning of the period	84,735	89,057	110,408
Cash, cash equivalents and restricted cash as of the end of the period	\$ 114,373	\$ 84,735	\$ 89,057
Supplemental disclosures of cash flow information:			
Cash paid for interest	\$ 50,931	\$ 39,126	\$ 47,036
Cash paid for income taxes, net of refunds	\$ 27,750	\$ 35,450	\$ 36,336
Supplemental disclosures of non-cash investing and financing activities:			
Leased assets obtained in exchange for new operating lease liabilities	\$ 74,539	\$ 54,271	\$ 43,363
Leased assets obtained in exchange for new finance lease liabilities	\$ 6,480	\$ 4,066	\$ 1,238
Increase in liabilities from the acquisition of property, fixtures and equipment	\$ 3,428	\$ 12,762	\$ 2,344

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

BLOOMIN' BRANDS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Description of the 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 31, 2023.

During 2021, the recovery of in-restaurant dining from the COVID-19 pandemic ("COVID-19") continued while the Company retained a significant portion of the incremental off-premises volume it achieved during 2020. Internationally, COVID-19-related capacity constraints continued in 2021 during periods of increased case counts and new variants until the middle of 2022 when in-restaurant dining was operating without COVID-19-related capacity constraints.

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 291 restaurants as of December 31, 2023, 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 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. Fiscal year 2023 consisted of 53 weeks and fiscal years 2022 and 2021 consisted of 52 weeks. The additional operating week of 2023 resulted in increases of \$83.5 million of Total revenues and \$0.15 of GAAP diluted earnings per share in the Consolidated Statements of Operations and Comprehensive Income.

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 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 \$56.2 million and \$41.5 million, as

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

of December 31, 2023 and December 25, 2022, respectively, for amounts in transit from credit card companies since settlement is reasonably assured.

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.

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 7 - *Other Current Assets, Net* for disclosure of trade receivables by category as of December 31, 2023 and December 25, 2022.

Financial instruments that potentially subject the Company to concentrations of counterparty risk are cash and cash equivalents 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 16 - *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 19 - *Allowance for Expected Credit Losses* for a discussion of the Company's allowance for expected credit losses.

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

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 21 - *Commitments and Contingencies* for a discussion of the Company's contingent lease liabilities.

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

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	2 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.

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 over the reasonably certain lease term. Internal costs of \$5.4 million, \$4.1 million and \$3.7 million were capitalized during 2023, 2022 and 2021, respectively.

For 2023 and 2022, computer equipment and software costs of \$12.4 million and \$9.2 million, respectively, were capitalized. As of December 31, 2023 and December 25, 2022, there was \$14.3 million and \$10.1 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 calculated fair value, with any excess of carrying value over fair value deemed to be an impairment.

Definite-lived intangible assets, which consist 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 and discounted cash flows model, respectively, 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 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.

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

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.

Unrealized gains or losses on the Company's interest rate swaps are reclassified to Interest expense, net as interest payments are made on the hedged portion of the Company's revolving credit facility. The Company has elected to record cash flows from interest rate swaps within operating activities, the same category as the items being hedged, in its Consolidated Statements of Cash Flows.

The Company may enter into derivative contracts that are intended to economically hedge certain of its risks, 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 \$3.1 million, \$3.5 million and \$4.5 million to Interest expense, net for 2023, 2022 and 2021, 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. Liquor licenses are reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may not be recoverable.

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 - 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, including broker commissions and excises taxes, is recorded to Accumulated deficit. All shares of common stock acquired through share repurchase programs are retired and restored to authorized but unissued shares of common stock. The Company has elected to record excise taxes in connection with share repurchases within operating activities in its Consolidated Statements of Cash Flows.

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

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

Consolidated Statements of Operations and Comprehensive Income. Royalties, which are generally a percentage of net sales of the franchisee, are recognized as revenue in the period in 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 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. 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 3 - *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 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 11 years as of December 31, 2023.

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 fair value of the reward is recorded as deferred revenue. Each reward must be redeemed within specified time limits of earning such reward. Revenue is recorded upon redemption and breakage for unredeemed rewards is recorded proportional to historical redemption patterns. 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.

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 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.

Upon the 2019 adoption of ASC Topic 842 - *Leases*, the Company elected the practical expedient to not separate U.S. lease and non-lease components for real estate leases entered into after adoption. Additionally, for certain equipment leases, the Company applies a portfolio approach to account for the lease assets and liabilities. Leases

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

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.

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. Operating lease rent expense for open Company-owned restaurants is recorded in Other restaurant operating expense in the Company's Consolidated Statements of Operations and Comprehensive Income. 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.

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.

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 cost or Other restaurant operating expense when recognized in the Company's Consolidated Statements of Operations and Comprehensive Income.

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.

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 \$115.6 million, \$94.0 million and \$59.7 million for 2023, 2022 and 2021, respectively, was recorded in Other restaurant operating expense in the Company's Consolidated Statements of Operations and Comprehensive Income.

Legal Costs - Settlement costs for employment litigation are recorded to Other restaurant operating expense 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.

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

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. R&D primarily consists of payroll and benefit costs. R&D was \$3.5 million, \$2.7 million and \$2.6 million for 2023, 2022 and 2021, respectively.

Partner Compensation - In addition to base salary, field-level operators and multi-unit supervisors receive performance-based bonuses for providing management and supervisory services to their restaurants, certain of which may be based on their restaurants' monthly operating results or cash flows. The Company accrues for these obligations using current and historical restaurant performance information. Most field-level compensation is recorded in Labor and other related expense, with compensation for multi-unit supervisors recorded in General and administrative expense in the Company's Consolidated Statements of Operations and Comprehensive Income.

Many of the Company's international operators 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.

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.

Performance-based share units ("PSUs") issued by the Company include 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 per Share - The Company computes basic earnings 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, PSUs and warrants, measured using the treasury stock method, and the Company's convertible senior notes, measured using the if-converted method. PSUs are considered dilutive when the related performance criterion has been met.

The Company has provided the trustee of the Company's convertible senior notes due 2025 (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.

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.

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 within 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.

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

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 are recorded as a reduction of Deferred income tax assets, net and within Other long-term liabilities, net, with related interest and penalties recorded in Other long-term liabilities, net, on the Company's Consolidated Balance Sheets. Interest and penalties recognized on liabilities for unrecognized tax benefits are included in Provision for income taxes.

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 the diluted earnings per share impact of the 2025 Notes. 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 (dollars 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 2025 Notes are reflected entirely as a liability since the embedded conversion feature is no longer separately presented within stockholders' equity.

Recently Issued Financial Accounting Standards Not Yet Adopted - In November 2023, the Financial Accounting Standards Board ("FASB") issued ASU No. 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures," ("ASU No. 2023-07") which requires disclosure of significant segment expenses regularly provided to the Company's chief operating decision-maker ("CODM"). ASU No. 2023-07 also allows for multiple measures of segment profit (loss) if the CODM utilizes such measures to allocate resources or assess performance. ASU No. 2023-07 is effective for the Company beginning with the 2024 Form 10-K, with early adoption permitted. The Company is currently evaluating the impact ASU No. 2023-07 will have on its disclosures.

In December 2023, the FASB issued ASU No. 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures," ("ASU No. 2023-09") which expands existing income tax disclosures, including disaggregation of the Company's effective income tax rate reconciliation table and income taxes paid disclosures. ASU No. 2023-09 is effective for the Company beginning with the 2025 Form 10-K, with early adoption permitted. The Company is currently evaluating the impact ASU No. 2023-09 will have on its disclosures.

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

Reclassifications - The Company reclassified certain items in the accompanying consolidated financial statements for prior periods to be comparable with the classification for the current period, including, but not limited to: (i) finance lease liabilities presented within other liabilities that were formerly presented within long-term debt, (ii) the separate presentation of current operating lease liabilities on the face of the Consolidated Balance Sheets, (iii) amounts previously reported in Other (expense) income, net, on the face the Consolidated Statements of Operations and Comprehensive Income were combined with Interest expense, net and (iv) the combined presentation of the

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

Other comprehensive income impact of interest rate swaps on the face of the Consolidated Statements of Operations and Comprehensive Income. These reclassifications had no effect on previously reported net income.

3. Revenue Recognition

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					
	2023		2022		2021	
	RESTAURANT SALES	FRANCHISE REVENUES	RESTAURANT SALES	FRANCHISE REVENUES	RESTAURANT SALES	FRANCHISE REVENUES
U.S.						
Outback Steakhouse	\$ 2,316,449	\$ 32,289	\$ 2,240,432	\$ 31,418	\$ 2,175,909	\$ 29,725
Carrabba's Italian Grill	721,946	3,036	676,467	2,938	653,231	2,439
Bonefish Grill	570,578	505	559,583	662	544,068	641
Fleming's Prime Steakhouse & Wine Bar	382,729	—	374,388	—	332,607	—
Other	13,351	78	12,146	49	9,033	9
U.S. total	<u>4,005,053</u>	<u>35,908</u>	<u>3,863,016</u>	<u>35,067</u>	<u>3,714,848</u>	<u>32,814</u>
International						
Outback Steakhouse - Brazil (1)	501,128	—	405,866	—	258,997	—
Other (1)(2)	101,227	15,163	83,813	14,620	87,248	12,706
International total	<u>602,355</u>	<u>15,163</u>	<u>489,679</u>	<u>14,620</u>	<u>346,245</u>	<u>12,706</u>
Total	<u>\$ 4,607,408</u>	<u>\$ 51,071</u>	<u>\$ 4,352,695</u>	<u>\$ 49,687</u>	<u>\$ 4,061,093</u>	<u>\$ 45,520</u>

- (1) Restaurant sales in Brazil includes \$30.2 million and \$7.7 million during 2023 and 2022, respectively, in connection with value added tax exemptions resulting from tax legislation. See Note 20 - *Income Taxes* for details regarding the Brazil tax legislation.
- (2) Includes Restaurant sales for Company-owned Outback Steakhouse restaurants outside of Brazil and Abbraccio restaurants in Brazil. Franchise revenues primarily include revenues from franchised Outback Steakhouse restaurants.

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 31, 2023	DECEMBER 25, 2022
Other current assets, net		
Deferred gift card sales commissions	\$ 18,081	\$ 17,755
Unearned revenue		
Deferred gift card revenue	\$ 374,274	\$ 386,495
Deferred loyalty revenue	5,664	5,628
Deferred franchise fees - current	473	460
Other	1,466	1,632
Total Unearned revenue	<u>\$ 381,877</u>	<u>\$ 394,215</u>
Other long-term liabilities, net		
Deferred franchise fees - non-current	\$ 4,036	\$ 4,126

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

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

(dollars in thousands)	FISCAL YEAR		
	2023	2022	2021
Balance, beginning of the period	\$ 17,755	\$ 17,793	\$ 19,300
Deferred gift card sales commissions amortization	(23,695)	(24,091)	(26,012)
Deferred gift card sales commissions capitalization	26,706	26,743	26,625
Other	(2,685)	(2,690)	(2,120)
Balance, end of the period	<u>\$ 18,081</u>	<u>\$ 17,755</u>	<u>\$ 17,793</u>

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

(dollars in thousands)	FISCAL YEAR		
	2023	2022	2021
Balance, beginning of the period	\$ 386,495	\$ 387,945	\$ 373,048
Gift card sales	328,307	326,603	330,841
Gift card redemptions	(321,057)	(310,017)	(298,397)
Gift card breakage	(19,471)	(18,036)	(17,547)
Balance, end of the period	<u>\$ 374,274</u>	<u>\$ 386,495</u>	<u>\$ 387,945</u>

Franchisee Deferred Payment Agreement - Effective December 31, 2023, the Company entered into an Amended & Restated Holistic Resolution Agreement (the "2023 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 operate 78 franchised Outback Steakhouse restaurants in the western United States, primarily in California. The 2023 Resolution Agreement ends on December 27, 2026 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. The 2023 Resolution Agreement amends and supersedes the original Holistic Resolution Agreement dated December 27, 2020 (the "Original Resolution Agreement"). The terms of the 2023 Resolution Agreement are materially consistent with the Original Resolution Agreement and include similar agreements between Out West and its lenders prioritizing rents, royalties, national advertising fees and local marketing expenditures, and provides a mechanism to settle its obligations with its lenders and provide for capital expenditures, within certain limitations.

4. Impairments and Exit Costs

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

(dollars in thousands)	FISCAL YEAR		
	2023	2022	2021
Impairment losses			
U.S.	\$ 39,812	\$ 3,942	\$ 11,945
International	600	1,537	1,186
Corporate	—	7	270
Total impairment losses	<u>40,412</u>	<u>5,486</u>	<u>13,401</u>
Restaurant closure (benefit) charges			
U.S.	(7,143)	478	422
International	305	—	(86)
Total restaurant closure (benefit) charges	<u>(6,838)</u>	<u>478</u>	<u>336</u>
Provision for impaired assets and restaurant closings	<u>\$ 33,574</u>	<u>\$ 5,964</u>	<u>\$ 13,737</u>

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

2023 Closure Initiative - During the fourteen weeks ended December 31, 2023, the Company recognized asset impairments and closure charges in connection with the closure of three U.S. and two international Aussie Grill restaurants and the decision to close 36 predominantly older, underperforming U.S. restaurants (the “2023 Closure Initiative”). All remaining restaurant closures under the 2023 Closure Initiative were completed in February 2024, with an estimated \$8 million to \$11 million of related severance and closure charges to be recorded during the thirteen weeks ended March 31, 2024. Following is a summary of the 2023 Closure Initiative charges recognized in the Consolidated Statements of Operations and Comprehensive Income for the periods indicated (dollars in thousands):

DESCRIPTION	CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME CLASSIFICATION	FOURTEEN WEEKS AND FISCAL YEAR ENDED DECEMBER 31, 2023
Property, fixtures and equipment impairments	Provision for impaired assets and restaurant closings	\$ 23,934
Lease right-of-use asset impairments and closure charges	Provision for impaired assets and restaurant closings	10,266
Severance and other expenses	General and administrative	622
Lease remeasurement gains	Other restaurant operating	(2,450)
		<u>\$ 32,372</u>

During 2023, the Company recognized a lease termination gain of \$6.7 million, net of related asset impairments, in connection with the closure of one U.S. restaurant.

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

Accrued Closed Facility Liabilities Rollforward - The following table is a rollforward of the Company’s closed facility lease-related liabilities and other accrued costs associated with closure and restructuring initiatives for the period indicated:

(dollars in thousands)	FISCAL YEAR 2023
Balance, beginning of the period	\$ 5,476
Additions	3,340
Cash payments	(1,142)
Accretion	317
Adjustments	(1,737)
Balance, end of the period	<u>\$ 6,254</u>

5. Earnings Per Share

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 of average market price of the Company’s common stock exceeding conversion price is to be settled 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.

In connection with the offering of the 2025 Notes, the Company entered into the Convertible Note Hedge Transactions and Warrant Transactions described in Note 13 - *Convertible Senior Notes*. However, the Convertible Note Hedge Transactions are not considered when calculating dilutive shares given their antidilutive 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 strike price of the Warrant Transactions. See Note 13 - *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 per share for the periods indicated:

(in thousands, except per share data)	FISCAL YEAR		
	2023	2022	2021
Net income attributable to Bloomin' Brands	\$ 247,386	\$ 101,907	\$ 215,555
Convertible senior notes if-converted method interest adjustment, net of tax (1)	—	—	345
Diluted net income attributable to Bloomin' Brands	\$ 247,386	\$ 101,907	\$ 215,900
Basic weighted average common shares outstanding	87,230	88,846	88,981
Effect of dilutive securities:			
Stock options	381	261	779
Nonvested restricted stock units	203	182	355
Nonvested performance-based share units	183	180	61
Convertible senior notes (1)(2)	5,067	6,089	11,377
Warrants (2)	3,389	2,954	6,250
Diluted weighted average common shares outstanding	96,453	98,512	107,803
Basic earnings per share	\$ 2.84	\$ 1.15	\$ 2.42
Diluted earnings per share	\$ 2.56	\$ 1.03	\$ 2.00

- (1) Adjustment for interest related to the 2025 Notes weighted for the portion of the period prior to the Company's election under the 2025 Notes indenture to settle the principal portion of the 2025 Notes in cash. Effective with the Company's election, there will be no further numerator adjustments for interest or denominator adjustments for shares required to settle the principal portion.
- (2) During 2022, the Company repurchased \$125.0 million of the 2025 Notes and settled the corresponding portion of the related warrants. See Note 13 - *Convertible Senior Notes* for additional details.

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

(shares in thousands)	FISCAL YEAR		
	2023	2022	2021
Stock options	521	1,849	751
Nonvested restricted stock units	35	192	128
Nonvested performance-based share units	368	461	377

6. Stock-based and Deferred Compensation Plans

Stock-based Compensation Plans

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

(dollars in thousands)	FISCAL YEAR		
	2023	2022	2021
Performance-based share units (1)	\$ 3,089	\$ 8,176	\$ 13,821
Restricted stock units	7,910	7,687	8,184
Stock options	835	503	2,286
Total stock-based compensation expense, net of capitalized expense	\$ 11,834	\$ 16,366	\$ 24,291

- (1) For 2023 and 2022, includes a cumulative life-to-date adjustment to decrease expense for PSUs granted in fiscal years 2022 and 2020, respectively, based on revised Company projections of performance criteria set forth in the award agreements. For 2021, includes a cumulative life-to-date adjustment to increase expense for PSUs granted in fiscal years 2019, 2020 and 2021 based on Company performance against criteria set forth in the award agreements.

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

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. Compensation expense for PSUs is recognized over the vesting period when it is probable the performance criteria will be achieved.

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

(in thousands, except per unit data)	PERFORMANCE -BASED SHARE UNITS	WEIGHTED AVERAGE GRANT DATE FAIR VALUE PER UNIT	AGGREGATE INTRINSIC VALUE (1)
Outstanding as of December 25, 2022	874	\$ 24.83	\$ 18,323
Granted	301	\$ 29.01	
Performance adjustment (2)	154	\$ 19.84	
Vested	(470)	\$ 19.84	
Forfeited	(41)	\$ 26.48	
Outstanding as of December 31, 2023	818	\$ 26.92	\$ 23,026
Expected to vest as of December 31, 2023 (3)	765		\$ 21,410

- (1) Based on the \$20.96 and \$28.15 share price of the Company's common stock on December 23, 2022 and December 29, 2023, the last trading day of 2022 and 2023, respectively.
- (2) Represents adjustment to 148% payout for PSUs granted during 2020.
- (3) Estimated number of units to be issued upon the vesting of outstanding PSUs based on Company performance projections of performance criteria set forth in the 2021, 2022 and 2023 PSU award agreements.

The Company grants PSUs subject to final payout modification by a Relative TSR modifier. This Relative TSR modifier can adjust the final payout outcome by 75%, 100% or 125% of the achieved performance metric, with the overall payout capped at 200% of the annual target grant. These PSUs have a three-year cliff vesting period and their fair value was estimated using the Monte Carlo simulation model. The Monte Carlo simulation model utilizes multiple input variables to estimate the probability that the market conditions will be achieved and is applied to the closing 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 periods indicated:

	FISCAL YEAR		
	2023	2022	2021
Assumptions:			
Risk-free interest rate (1)	4.26 %	1.64 %	0.20 %
Dividend yield (2)	3.47 %	2.31 %	— %
Volatility (3)	51.02 %	49.11 %	48.45 %
Grant date fair value per unit (4)	\$ 29.01	\$ 26.10	\$ 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) Dividend yield is the level of dividends expected to be paid on the Company's common stock over the expected term.
- (3) Based on the historical volatility of the Company's stock over the last seven years.
- (4) Represents a premium above the grant date per share value of the Company's common stock for the Relative TSR modifier of 2.7%, 7.9% and 14.3% for grants during 2023, 2022 and 2021, respectively.

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

The following represents PSU compensation information for the periods indicated:

(dollars in thousands)	FISCAL YEAR		
	2023	2022	2021
Intrinsic value for PSUs vested	\$ 12,908	\$ 7,626	\$ 3,768
Grant date fair value of PSUs vested	\$ 9,332	\$ 6,646	\$ 3,401
Tax benefits for PSU compensation expense	\$ 745	\$ 348	\$ 134
Unrecognized PSU expense	\$ 6,520		
Remaining weighted average vesting period	1.2 years		

Restricted Stock Units ("RSUs") - RSUs generally vest over a period of three years in an equal number of shares each year. Following is a summary of the Company's RSU activity:

(in thousands, except per unit data)	RESTRICTED STOCK UNITS	WEIGHTED AVERAGE GRANT DATE FAIR VALUE PER UNIT	AGGREGATE INTRINSIC VALUE (1)
Outstanding as of December 25, 2022	657	\$ 21.72	\$ 13,776
Granted	406	\$ 24.18	
Vested	(393)	\$ 21.02	
Forfeited	(39)	\$ 24.15	
Outstanding as of December 31, 2023 (2)	<u>631</u>	\$ 23.58	\$ 17,757

- (1) Based on the \$20.96 and \$28.15 share price of the Company's common stock on December 23, 2022 and December 29, 2023, the last trading day of 2022 and 2023, respectively.
- (2) All RSUs outstanding as of December 31, 2023 are expected to vest.

The following represents RSU compensation information for the periods indicated:

(dollars in thousands, except grant date fair value data)	FISCAL YEAR		
	2023	2022	2021
Weighted average grant date fair value for RSUs granted (1)	\$ 24.18	\$ 21.59	\$ 25.93
Intrinsic value of RSUs vested	\$ 10,275	\$ 9,070	\$ 13,482
Grant date fair value of RSUs vested	\$ 8,257	\$ 8,025	\$ 9,434
Tax benefits for RSU compensation expense	\$ 1,528	\$ 1,113	\$ 1,592
Unrecognized RSU expense	\$ 9,315		
Remaining weighted average vesting period	1.9 years		

- (1) The weighted average dividend yield was 3.63% and 2.43% for 2023 and 2022, respectively. There were no dividends in 2021.

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.

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

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

(in thousands, except exercise price and contractual life data)	OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE (YEARS)	AGGREGATE INTRINSIC VALUE
Outstanding as of December 25, 2022	3,188	\$ 21.43	4.0	\$ 3,337
Exercised	(1,455)	\$ 21.86		
Forfeited or expired	(8)	\$ 25.35		
Outstanding and exercisable as of December 31, 2023 (1)	1,725	\$ 21.04	3.2	\$ 12,263

(1) No stock options were granted during 2023.

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

(dollars in thousands)	FISCAL YEAR		
	2023	2022	2021
Intrinsic value of options exercised	\$ 6,200	\$ 6,367	\$ 8,419
Cash received from option exercises, net of tax withholding	\$ 31,778	\$ 17,888	\$ 14,951
Grant date fair value of stock options vested	\$ 1,037	\$ 7,645	\$ 19,246
Tax benefits for stock option compensation expense	\$ 757	\$ 1,495	\$ 1,942

As of December 31, 2023, the maximum number of shares of common stock available for issuance for equity instruments pursuant to the 2020 Omnibus Incentive Compensation Plan was 6,925,256.

Deferred Compensation Plans

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 \$5.6 million, \$5.6 million and \$6.1 million for the 401(k) Plan for 2023, 2022 and 2021, 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.

7. Other Current Assets, Net

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

(dollars in thousands)	DECEMBER 31, 2023	DECEMBER 25, 2022
Prepaid expenses	\$ 26,674	\$ 29,343
Accounts receivable - gift cards, net (1)	67,424	85,606
Accounts receivable - vendors, net (1)	13,648	25,385
Accounts receivable - franchisees, net (1)	3,671	2,550
Accounts receivable - other, net (1)	18,100	18,408
Deferred gift card sales commissions	18,081	17,755
Other current assets, net	5,404	4,671
	\$ 153,002	\$ 183,718

(1) See Note 19 - *Allowance for Expected Credit Losses* for a rollforward of the related allowance for expected credit losses.

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

8. Property, Fixtures and Equipment, Net

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

(dollars in thousands)	DECEMBER 31, 2023	DECEMBER 25, 2022
Land	\$ 34,654	\$ 37,596
Buildings	1,269,214	1,223,403
Furniture and fixtures	526,192	489,895
Equipment	830,644	739,136
Construction in progress	78,949	41,723
Less: accumulated depreciation	(1,707,731)	(1,617,611)
	<u>\$ 1,031,922</u>	<u>\$ 914,142</u>

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

(dollars in thousands)	FISCAL YEAR		
	2023	2022	2021
Depreciation expense	\$ 185,187	\$ 163,445	\$ 157,386
Repair and maintenance expense	\$ 125,492	\$ 116,318	\$ 104,209

9. Goodwill and Intangible Assets, Net

Goodwill - The following table is a rollforward of goodwill for the periods indicated:

(dollars in thousands)	U.S.	INTERNATIONAL	CONSOLIDATED
Balance as of December 26, 2021	\$ 170,657	\$ 97,787	\$ 268,444
Translation adjustments	—	4,588	4,588
Balance as of December 25, 2022	170,657	102,375	273,032
Translation adjustments	—	3,285	3,285
Balance as of December 31, 2023	<u>\$ 170,657</u>	<u>\$ 105,660</u>	<u>\$ 276,317</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 31, 2023		DECEMBER 25, 2022		DECEMBER 26, 2021	
	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	225,543	(119,883)	222,258	(119,883)	217,670	(119,883)
Total goodwill	<u>\$ 1,064,370</u>	<u>\$ (788,053)</u>	<u>\$ 1,061,085</u>	<u>\$ (788,053)</u>	<u>\$ 1,056,497</u>	<u>\$ (788,053)</u>

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 2023 assessment was quantitative and the 2022 and 2021 assessments were qualitative. As a result of these assessments, the Company did not record any goodwill asset impairment charges during 2023, 2022 or 2021.

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

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 31, 2023			DECEMBER 25, 2022		
		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	5	81,952	\$ (63,752)	18,200	81,952	\$ (59,675)	22,277
Reacquired franchise rights (1)	8	36,506	(26,437)	10,069	34,602	(23,269)	11,333
Total intangible assets	6	\$ 533,174	\$ (90,189)	\$ 442,985	\$ 531,270	\$ (82,944)	\$ 448,326

(1) Included within Outback Steakhouse - Brazil.

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

The following table presents goodwill, trade names and trademarks balances by reporting unit as of the periods indicated:

(dollars in thousands)	DECEMBER 31, 2023			DECEMBER 25, 2022		
	GOODWILL	TRADE NAMES	TRADEMARKS	GOODWILL	TRADE NAMES	TRADEMARKS
Outback Steakhouse	\$ 123,188	\$ 287,000	\$ —	\$ 123,188	\$ 287,000	\$ —
Carrabba's Italian Grill	18,826	69,000	—	18,826	69,000	—
Bonefish Grill	28,188	—	9,788	28,188	—	12,618
Fleming's Prime Steakhouse & Wine Bar	455	—	8,412	455	—	9,407
U.S. total	170,657	356,000	18,200	170,657	356,000	22,025
Outback Steakhouse - Brazil	62,994	—	—	59,709	—	252
International - Franchise	42,666	58,716	—	42,666	58,716	—
International total	105,660	58,716	—	102,375	58,716	252
Total	\$ 276,317	\$ 414,716	\$ 18,200	\$ 273,032	\$ 414,716	\$ 22,277

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 and reacquired franchise rights for the periods indicated:

(dollars in thousands)	FISCAL YEAR		
	2023	2022	2021
Amortization expense	\$ 5,984	\$ 6,172	\$ 6,005

The following table presents expected annual amortization of intangible assets as of December 31, 2023:

(dollars in thousands)	
2024	\$ 5,738
2025	\$ 5,470
2026	\$ 5,374
2027	\$ 3,624
2028	\$ 2,076

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

10. Other Assets, Net

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

(dollars in thousands)	DECEMBER 31, 2023	DECEMBER 25, 2022
Company-owned life insurance	\$ 28,018	\$ 27,789
Deferred debt issuance costs - revolving credit facility (1)	3,813	5,505
Liquor licenses	23,125	23,454
Other assets	30,231	25,399
	<u>\$ 85,187</u>	<u>\$ 82,147</u>

(1) Net of accumulated amortization of \$11.7 million and \$10.1 million as of December 31, 2023 and December 25, 2022, respectively.

11. Accrued and Other Current Liabilities

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

(dollars in thousands)	DECEMBER 31, 2023	DECEMBER 25, 2022
Accrued payroll and other compensation	\$ 98,903	\$ 84,075
Accrued insurance	19,310	20,932
Other current liabilities (1)	137,601	112,420
	<u>\$ 255,814</u>	<u>\$ 217,427</u>

(1) During 2023, other current liabilities increased primarily due to increased accrued advertising expense.

12. Long-term Debt, Net

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

(dollars in thousands)	DECEMBER 31, 2023		DECEMBER 25, 2022	
	OUTSTANDING BALANCE	INTEREST RATE	OUTSTANDING BALANCE	INTEREST RATE
Senior secured credit facility - revolving credit facility (1)	\$ 381,000	6.96 %	\$ 430,000	5.79 %
2025 Notes	104,786	5.00 %	105,000	5.00 %
2029 Notes	300,000	5.13 %	300,000	5.13 %
Less: unamortized debt discount and issuance costs	(5,067)		(6,493)	
Long-term debt, net	<u>\$ 780,719</u>		<u>\$ 828,507</u>	

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

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

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.

On April 26, 2022, the Company and OSI entered into the First Amendment to the Second Amended and Restated Credit Agreement and Incremental Amendment (the "Amended Credit Agreement"), which included an increase of the Company's existing revolving credit facility from \$800.0 million to \$1.0 billion and a transition from the London Inter-Bank Offered Rate ("LIBOR") to the Secured Overnight Financing Rate ("SOFR") as the benchmark rate for purposes of calculating interest under the Senior Secured Credit Facility. At closing, an incremental

BLOOMIN' BRANDS, INC.
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\$192.5 million was drawn on the revolving credit facility to fully repay the outstanding balance of Term loan A. The total indebtedness of the Company remained unchanged as a result of the Amended Credit Agreement.

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

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

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

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

The commitments under the Senior Secured Credit Facility may be increased in an aggregate principal amount of up to: (i) \$225.0 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, as defined in the Amended 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 Amended 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 above certain thresholds and other restricted payments; make certain investments; acquire certain assets; effect mergers and similar transactions; and effect certain other transactions with affiliates.

The Amended Credit Agreement requires a Total Net Leverage Ratio (“TNLR”) not to exceed 4.50 to 1.00. 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 Amended Credit Agreement).

As of December 31, 2023 and December 25, 2022, the Company was in compliance with its debt covenants.

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 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 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

BLOOMIN' BRANDS, INC.
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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 above certain thresholds, 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 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.

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 31, 2023
2024	\$ —
2025	104,786
2026	381,000
2027	—
2028	—
Thereafter	300,000
Total payments	785,786
Less: unamortized debt discount and issuance costs	(5,067)
Total principal payments	\$ 780,719

13. 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, 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.

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

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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 are redeemable by the Company, in whole or in part, at the Company's option at any time, and from time to time, on or before the 40th 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 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 31, 2023, holders of the 2025 Notes are eligible to convert their 2025 Notes during the first quarter of 2024. 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.

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

In connection with dividends paid during 2023, the conversion rate for the remaining 2025 Notes decreased to approximately \$11.14 per share, which represents 89.730 shares of common stock per \$1,000 principal amount of the 2025 Notes, or a total of approximately 9.402 million shares.

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

(dollars in thousands)	DECEMBER 31, 2023	DECEMBER 25, 2022
Principal	\$ 104,786	\$ 105,000
Less: unamortized debt issuance costs	(1,138)	(1,939)
Net carrying amount	<u>\$ 103,648</u>	<u>\$ 103,061</u>

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

(dollars in thousands)	FISCAL YEAR		
	2023	2022	2021
Coupon interest	\$ 5,242	\$ 8,080	\$ 11,500
Debt issuance cost amortization	798	1,156	1,557
Total interest expense (1)	<u>\$ 6,040</u>	<u>\$ 9,236</u>	<u>\$ 13,057</u>

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

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 was initially \$16.64 per share and is subject to certain adjustments under the terms of the Warrant Transactions.

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

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

The remaining Warrant Transactions have a dilutive effect on the Company’s common stock to the extent that the price of its common stock exceeds the strike price of the Warrant Transactions. In connection with dividends paid during 2023, the strike price for the remaining Warrant Transactions decreased to \$15.60.

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14. Other Long-term Liabilities, Net

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

(dollars in thousands)	DECEMBER 31, 2023	DECEMBER 25, 2022
Accrued insurance liability	\$ 26,616	\$ 28,133
Deferred compensation obligations	34,800	31,608
Other long-term liabilities	35,969	30,794
	<u>\$ 97,385</u>	<u>\$ 90,535</u>

15. Stockholders' Equity

Share Repurchases - On February 7, 2023, the Company's Board of Directors (the "Board") approved a share repurchase program (the "2023 Share Repurchase Program") under which the Company is authorized to repurchase up to \$125.0 million of its outstanding common stock. The 2023 Share Repurchase Program will expire on August 7, 2024. As of December 31, 2023, \$70.0 million remained available for repurchase under the 2023 Share Repurchase Program.

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

(in thousands, except per share data)	NUMBER OF SHARES	AVERAGE REPURCHASE PRICE PER SHARE	AMOUNT
First fiscal quarter	863	\$ 23.92	\$ 20,645
Second fiscal quarter	619	\$ 25.11	15,539
Third fiscal quarter	590	\$ 27.03	15,956
Fourth fiscal quarter	735	\$ 24.29	17,860
Total common stock repurchases (1)	<u>2,807</u>	<u>\$ 24.93</u>	<u>\$ 70,000</u>

(1) Excludes \$0.1 million of excise tax on share repurchases. Subsequent to December 31, 2023, the Company repurchased 473 thousand shares of its common stock for \$12.5 million under the 2023 Share Repurchase Program under a Rule 10b5-1 plan.

In February 2024, the Company's Board canceled the remaining \$57.5 million of authorization under the 2023 Share Repurchase Program and approved a new \$350.0 million authorization (the "2024 Share Repurchase Program"). The 2024 Share Repurchase Program includes capacity above the Company's normal repurchase activity to provide flexibility in retiring the 2025 Notes at or prior to their May 2025 maturity. The 2024 Share Repurchase Program will expire on August 13, 2025.

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

(dollars in thousands, except per share data)	DIVIDENDS PER SHARE		AMOUNT	
	FISCAL YEAR		FISCAL YEAR	
	2023	2022	2023	2022
First fiscal quarter	\$ 0.24	\$ 0.14	\$ 21,014	\$ 12,559
Second fiscal quarter	0.24	0.14	20,990	12,418
Third fiscal quarter	0.24	0.14	20,901	12,475
Fourth fiscal quarter	0.24	0.14	20,837	12,284
Total cash dividends declared and paid	<u>\$ 0.96</u>	<u>\$ 0.56</u>	<u>\$ 83,742</u>	<u>\$ 49,736</u>

In February 2024, the Board declared a quarterly cash dividend of \$0.24 per share, payable on March 20, 2024 to shareholders of record at the close of business on March 6, 2024.

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

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

(dollars in thousands)	DECEMBER 31, 2023	DECEMBER 25, 2022
Foreign currency translation adjustment	\$ (177,689)	\$ (185,311)
Unrealized loss on derivatives, net of tax	(615)	—
Accumulated other comprehensive loss	<u>\$ (178,304)</u>	<u>\$ (185,311)</u>

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

(dollars in thousands)	FISCAL YEAR		
	2023	2022	2021
Foreign currency translation adjustment	\$ 7,622	\$ 10,169	\$ (6,597)
Change in fair value of derivatives, net of tax	(606)	573	86
Reclassification realized in Net income, net of tax (1)	(9)	954	7,392
Impact of terminated interest rate swaps included in Net income, net of tax (1)	—	8,982	4,576
(Loss) gain on derivatives, net of tax	(615)	10,509	12,054
Other comprehensive income attributable to Bloomin' Brands	<u>\$ 7,007</u>	<u>\$ 20,678</u>	<u>\$ 5,457</u>

(1) See Note 16 - *Derivative Instruments and Hedging Activities* for the tax impact of reclassifications and the terminated swaps.

16. 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 had an aggregate notional amount of \$550.0 million and matured on November 30, 2022. Under the terms of the 2018 Swap Agreements, the Company paid a weighted average fixed rate of 3.04% on the notional amount and received payments from the counterparties based on the one-month LIBOR rate.

During 2021 and 2022, Company terminated its 2018 Swap Agreements for aggregate payments of approximately \$18.3 million, excluding accrued interest. Following these terminations, unrealized losses related to the terminated swap agreements included in AOCL were amortized on a straight-line basis to Interest expense, net over the remaining original term of the terminated swaps.

On December 5, 2023, OSI entered into six interest rate swap agreements with five counterparties (the "2023 Swap Transactions") to manage its exposure to fluctuations in variable interest rates. The 2023 Swap Transactions have an aggregate notional amount of \$200.0 million and include one and two-year tenors with the following terms:

NOTIONAL AMOUNT	WEIGHTED AVERAGE FIXED INTEREST RATE (1)	EFFECTIVE DATE	TERMINATION DATE
\$ 100,000,000	4.92%	December 29, 2023	December 31, 2024
\$ 100,000,000	4.34%	December 29, 2023	December 31, 2025

(1) The weighted averaged fixed interest rate excludes the term SOFR adjustment and interest rate spread described below.

BLOOMIN' BRANDS, INC.
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In connection with the 2023 Swap Transactions, the Company effectively converted \$200 million of its outstanding indebtedness from the SOFR, plus a term SOFR adjustment of 0.10% and a spread of 150 to 250 basis points to the weighted average fixed interest rates within the table above, plus a term SOFR adjustment of 0.10% and a spread of 150 to 250 basis points. The 2023 Swap Transactions have an embedded floor of minus 0.10%.

The 2023 Swap Transactions were designated and qualified as cash flow hedges, recognized on the Company's Consolidated Balance Sheet at fair value as of December 31, 2023 and classified based on the instruments' maturity dates. As of December 31, 2023, the Company estimated \$0.1 million of interest income will be reclassified to Interest expense, net over the next 12 months related to the 2023 Swap Transactions.

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

(dollars in thousands)	DECEMBER 31, 2023	CONSOLIDATED BALANCE SHEET CLASSIFICATION
Interest rate swaps - asset (1)	\$ 320	Other current assets, net
Interest rate swaps - liability	\$ 253	Accrued and other current liabilities
Interest rate swaps - liability	893	Other long-term liabilities, net
Total fair value of derivative instruments - liability (1)	<u>\$ 1,146</u>	

(1) See Note 18 - *Fair Value Measurements* for fair value discussion of the interest rate swaps.

The Company's interest rate swaps are subject to master netting arrangements. As of December 31, 2023, the Company elected not to offset derivative positions in the balance sheet with the same counterparty under the same agreement.

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

(dollars in thousands)	FISCAL YEAR	
	2022	2021
Interest rate swap agreements:		
Interest rate swap expense recognized in Interest expense, net	\$ (1,284)	\$ (9,951)
Income tax benefit recognized in Provision for income taxes	330	2,559
Net effects of interest rate swap agreements	<u>\$ (954)</u>	<u>\$ (7,392)</u>
Terminated interest rate swap agreements:		
Terminated interest rate swap expense recognized in Interest expense, net	\$ (12,115)	\$ (6,160)
Income tax benefit recognized in Provision for income taxes	3,133	1,584
Net effects of terminated interest rate swap agreements	<u>\$ (8,982)</u>	<u>\$ (4,576)</u>
Total net effects on Net income	<u>\$ (9,936)</u>	<u>\$ (11,968)</u>

By utilizing the interest rate swaps, the Company was exposed to credit-related losses in the event that the counterparty failed to perform under the terms of the derivative contract. To mitigate this risk, the Company entered into derivative contracts with major financial institutions based upon credit ratings and other factors. The Company continually assessed the creditworthiness of its counterparties. As of December 31, 2023, all counterparties to the interest rate swaps 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.

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

As of December 31, 2023, 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 \$0.8 million. As of December 31, 2023, the Company has not posted any collateral related to these agreements. If the Company had breached any of these provisions as of December 31, 2023, it could have been required to settle its obligations under the agreements at their termination value of \$0.8 million.

17. 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	FISCAL YEAR	
		DECEMBER 31, 2023	DECEMBER 25, 2022
Operating lease right-of-use assets	Operating lease right-of-use assets	\$ 1,084,951	\$ 1,103,083
Finance lease right-of-use assets (1)	Property, fixtures and equipment, net	9,941	4,679
Total lease assets, net		<u>\$ 1,094,892</u>	<u>\$ 1,107,762</u>
Current operating lease liabilities	Current operating lease liabilities	\$ 175,442	\$ 183,510
Current finance lease liabilities	Accrued and other current liabilities	3,197	1,636
Non-current operating lease liabilities (2)	Non-current operating lease liabilities	1,131,639	1,148,379
Non-current finance lease liabilities	Other long-term liabilities, net	7,414	3,149
Total lease liabilities		<u>\$ 1,317,692</u>	<u>\$ 1,336,674</u>

- (1) Net of accumulated amortization of \$4.7 million and \$3.6 million as December 31, 2023 and December 25, 2022, respectively.
(2) For 2022, excludes immaterial COVID-19-related deferred rent accruals.

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

(dollars in thousands)	CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME CLASSIFICATION	FISCAL YEAR		
		2023	2022	2021
Operating lease cost (1)	Other restaurant operating	\$ 182,361	\$ 182,091	\$ 178,733
Variable lease cost (2)	Other restaurant operating	7,467	6,508	4,350
Finance lease costs:				
Amortization of leased assets	Depreciation and amortization	2,252	1,420	1,079
Interest on lease liabilities	Interest expense, net	694	172	129
Sublease revenue	Franchise and other revenues	(7,665)	(9,016)	(9,396)
Lease costs, net		<u>\$ 185,109</u>	<u>\$ 181,175</u>	<u>\$ 174,895</u>

- (1) Excludes rent expense for office facilities and Company-owned closed or subleased properties of \$12.3 million, \$12.2 million and \$12.9 million for 2023, 2022 and 2021, respectively, which is included in General and administrative expense. Also excludes certain immaterial supply chain related rent expense included in Food and beverage costs for 2021.
(2) Includes COVID-19-related rent abatements in 2021.

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

As of December 31, 2023, future minimum lease payments and sublease revenues under non-cancelable leases are as follows:

(dollars in thousands)	OPERATING LEASES	FINANCE LEASES	SUBLEASE REVENUES
2024 (1)	\$ 182,732	\$ 3,311	\$ (5,893)
2025	185,309	1,859	(5,421)
2026	183,345	1,392	(5,356)
2027	174,157	1,275	(5,362)
2028	166,173	697	(5,416)
Thereafter	1,397,122	7,393	(33,888)
Total minimum lease payments (receipts) (2)	<u>2,288,838</u>	<u>15,927</u>	<u>\$ (61,336)</u>
Less: Interest	(981,757)	(5,316)	
Present value of future lease payments	<u>\$ 1,307,081</u>	<u>\$ 10,611</u>	

(1) Net of operating lease prepaid rent of \$15.2 million.

(2) Includes \$945.4 million related to operating lease renewal options that are reasonably certain of exercise and excludes \$216.7 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 31, 2023	DECEMBER 25, 2022
Weighted average remaining lease term (1):		
Operating leases	13.1 years	13.2 years
Finance leases	9.5 years	5.4 years
Weighted average discount rate (2):		
Operating leases	8.50 %	8.44 %
Finance leases	8.11 %	6.63 %

(1) Includes lease renewal options that are reasonably certain of exercise.

(2) Based on the Company's incremental borrowing rate at lease commencement or lease remeasurement.

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

(dollars in thousands)	FISCAL YEAR		
	2023	2022	2021
Cash flows from operating activities:			
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 197,394	\$ 193,822	\$ 205,253

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

18. 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 31, 2023			DECEMBER 25, 2022	
	TOTAL	LEVEL 1	LEVEL 2	TOTAL	LEVEL 1
Assets:					
Cash equivalents:					
Fixed income funds	\$ 12,837	\$ 12,837	\$ —	\$ 3,301	\$ 3,301
Money market funds	11,083	11,083	—	4,786	4,786
Restricted cash equivalents:					
Money market funds	2,854	2,854	—	—	—
Other current assets, net:					
Derivative instruments - interest rate swaps	320	—	320	—	—
Total asset recurring fair value measurements	\$ 27,094	\$ 26,774	\$ 320	\$ 8,087	\$ 8,087
Liabilities:					
Accrued and other current liabilities:					
Derivative instruments - interest rate swaps	\$ 253	\$ —	\$ 253	\$ —	\$ —
Other long-term liabilities:					
Derivative instruments - interest rate swaps	893	—	893	—	—
Total liability recurring fair value measurements	\$ 1,146	\$ —	\$ 1,146	\$ —	\$ —

Fair value of each class of financial instruments 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 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 considered its own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. As of December 31, 2023, the Company determined that the credit valuation adjustments were not significant to the overall valuation of its derivatives.

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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)	2023		2022		2021	
	REMAINING CARRYING VALUE	TOTAL IMPAIRMENT	REMAINING CARRYING VALUE	TOTAL IMPAIRMENT	REMAINING CARRYING VALUE	TOTAL IMPAIRMENT
Operating lease right-of-use assets (1)	\$ 4,057	\$ 10,210	\$ 2,219	\$ 1,233	\$ 8,647	\$ 3,950
Property, fixtures and equipment (2)	4,623	30,202	2,807	4,253	11,647	8,445
Goodwill and other assets (3)	—	—	—	—	—	1,006
	<u>\$ 8,680</u>	<u>\$ 40,412</u>	<u>\$ 5,026</u>	<u>\$ 5,486</u>	<u>\$ 20,294</u>	<u>\$ 13,401</u>

- (1) Carrying values measured using discounted cash flow models (Level 3). Refer to Note 4 - *Impairments and Exit Costs* for a more detailed discussion of impairments.
- (2) Carrying values measured using Level 2 inputs to estimate fair value totaled \$1.2 million and \$1.4 million for 2023 and 2021, 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 4 - *Impairments and Exit Costs* for a more detailed discussion of impairments.
- (3) Other assets were generally measured using the quoted market value of comparable assets (Level 2).

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

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

(dollars in thousands)	DECEMBER 31, 2023		DECEMBER 25, 2022	
	CARRYING VALUE	FAIR VALUE LEVEL 2	CARRYING VALUE	FAIR VALUE LEVEL 2
Senior secured credit facility - revolving credit facility	\$ 381,000	\$ 381,000	\$ 430,000	\$ 430,000
2025 Notes	\$ 104,786	\$ 265,896	\$ 105,000	\$ 198,843
2029 Notes	\$ 300,000	\$ 277,809	\$ 300,000	\$ 260,265

19. 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		
	2023	2022	2021
Allowance for expected credit losses, beginning of the period	\$ 5,451	\$ 4,050	\$ 4,095
Provision for expected credit losses	—	1,547	64
Charge-off of accounts	(147)	(146)	(109)
Allowance for expected credit losses, end of the period	<u>\$ 5,304</u>	<u>\$ 5,451</u>	<u>\$ 4,050</u>

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 21 - *Commitments and Contingencies* for details regarding these lease guarantees.

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20. Income Taxes

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

(dollars in thousands)	FISCAL YEAR		
	2023	2022	2021
Domestic	\$ 235,357	\$ 134,465	\$ 258,202
Foreign	37,618	17,442	(8,905)
Income before provision for income taxes	<u>\$ 272,975</u>	<u>\$ 151,907</u>	<u>\$ 249,297</u>

Provision for income taxes consisted of the following for the periods indicated:

(dollars in thousands)	FISCAL YEAR		
	2023	2022	2021
Current provision (benefit):			
Federal	\$ 17,514	\$ 13,026	\$ 16,951
State	10,788	10,576	10,917
Foreign	(1,918)	5,354	1,862
	<u>26,384</u>	<u>28,956</u>	<u>29,730</u>
Deferred (benefit) provision:			
Federal	(2,787)	5,172	(2,057)
State	944	3,470	1,194
Foreign	(5,980)	5,106	(2,483)
	<u>(7,823)</u>	<u>13,748</u>	<u>(3,346)</u>
Provision for income taxes	<u>\$ 18,561</u>	<u>\$ 42,704</u>	<u>\$ 26,384</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		
	2023	2022	2021
Income taxes at federal statutory rate	21.0 %	21.0 %	21.0 %
State and local income taxes, net of federal benefit	3.4	7.3	3.8
Employment-related credits, net	(13.5)	(22.4)	(13.2)
Brazil tax legislation	(7.7)	0.2	—
Income tax exemption on certain Brazil state value added tax benefits	(1.8)	—	—
Net changes in deferred tax valuation allowances	(0.8)	(2.8)	(0.7)
Non-deductible loss on 2025 Notes Partial Repurchase	—	18.0	—
Non-deductible expenses	2.7	2.8	2.3
Foreign tax rate differential	2.1	2.3	(0.2)
U.S. tax on foreign earnings - GILTI	1.8	1.6	—
Tax settlements and related adjustments	0.1	(0.1)	(1.7)
Other, net	(0.5)	0.2	(0.7)
Total	<u>6.8 %</u>	<u>28.1 %</u>	<u>10.6 %</u>

The net decrease in the effective income tax rate in 2023 as compared to 2022 was primarily a result of the 2022 non-deductible losses associated with the 2025 Notes Partial Repurchase and the 2023 benefits of Brazil tax legislation, which includes a temporary reduction in the Brazilian income tax rate from 34% to 0%.

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The net increase in the effective income tax rate in 2022 as compared to 2021 was primarily due to the non-deductible losses associated with the 2025 Notes Partial Repurchase recorded during 2022.

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

The Company has a blended federal and state statutory rate of approximately 26%. The effective income tax rate for 2023 was lower than the blended federal and state statutory rate primarily due to the benefit of FICA tax credits on certain tipped wages and benefits of Brazil tax legislation, which includes a temporary reduction in the Brazilian income tax rate from 34% to 0%.

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 31, 2023	DECEMBER 25, 2022
Deferred income tax assets:		
Operating lease liabilities	\$ 339,783	\$ 346,482
Insurance reserves	14,184	15,695
Unearned revenue	55,746	52,366
Deferred compensation	12,210	14,726
Net operating loss carryforwards	12,729	14,277
Federal tax credit carryforwards	177,775	165,411
Other, net (1)	14,334	12,248
Gross deferred income tax assets	<u>626,761</u>	<u>621,205</u>
Less: valuation allowance	(10,583)	(12,664)
Deferred income tax assets, net of valuation allowance	<u>616,178</u>	<u>608,541</u>
Deferred income tax liabilities:		
Less: operating lease right-of-use asset basis differences	(277,376)	(284,701)
Less: property, fixtures and equipment basis differences	(66,370)	(63,344)
Less: intangible asset basis differences	(113,027)	(109,162)
Deferred income tax assets, net	<u>\$ 159,405</u>	<u>\$ 151,334</u>
Reported as:		
Deferred income tax assets	\$ 159,405	\$ 153,118
Deferred income tax liabilities (included in Other long-term liabilities, net)	—	(1,784)
Net deferred tax assets	<u>\$ 159,405</u>	<u>\$ 151,334</u>

(1) As of December 31, 2023 and December 25, 2022, the Company maintained deferred tax liabilities for state income taxes on historical foreign earnings of \$0.5 million and \$0.3 million, respectively.

As of December 31, 2023, valuation allowances against deferred tax assets in the U.S. and in certain foreign jurisdictions totaled \$0.4 million and \$10.2 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 2023 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.

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

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Brazilian subsidiary due to the uncertainty regarding the restaurant industry's eligibility for the exemptions under this legislation.

The benefits of the Brazil tax legislation include an increase in revenues as a result of not being required to remit certain PIS and COFINS during the exemption period. The increase in revenues is partially offset by higher costs in several financial statement line items that were previously reduced by PIS and COFINS tax credits that were generated during the exemption period. Benefits of this legislation also initially included a reduction in the Brazilian income tax rate from 34% to 0% for a period of five years on certain income earned in Brazil. Benefits began in the thirteen weeks ended December 25, 2022. The tax benefit attributable to the Brazil tax legislation, including both income tax and PIS and COFINS, was approximately \$23.6 million for the year ended December 31, 2023. The benefit of the Brazil tax legislation on GAAP diluted earnings per share was approximately \$0.25 for the year ended December 31, 2023.

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

On January 24, 2024, the Company's Brazilian subsidiary received an unfavorable second level court ruling related to its ongoing litigation regarding its eligibility for tax exemptions under the Brazil tax legislation. The Company will appeal this ruling and in connection with the appeal anticipates making a cash judicial deposit of approximately \$45.0 million to \$50.0 million during the first half of 2024, which includes the disputed amounts through December 31, 2023. The judicial deposit will be recorded in Other assets, net, on the Company's Consolidated Balance Sheet. The Company believes that it will more likely than not prevail in this appeal and accordingly has not recorded any expense or liability for the disputed amounts.

Undistributed Earnings - As of December 31, 2023, the Company had aggregate undistributed foreign earnings of approximately \$42.6 million. These earnings may be repatriated to the U.S. without additional material U.S. federal income tax. These amounts are not 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.

Tax Carryforwards - The amount and expiration dates of tax loss carryforwards and credit carryforwards as of December 31, 2023 are as follows:

(dollars in thousands)	EXPIRATION DATE	AMOUNT
Federal tax credit carryforwards	2026 - 2043	\$ 190,169
Foreign loss carryforwards	2024 - Indefinite	\$ 55,794
Foreign credit carryforwards	Indefinite	\$ 864

As of December 31, 2023, the Company had \$188.3 million in general business tax credit carryforwards, which have a 20-year carryforward period and are utilized on a first-in, first-out basis. The Company 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 31, 2023 and December 25, 2022, the liability for unrecognized tax benefits was \$17.2 million and \$18.3 million, respectively. Of the total amount of unrecognized tax benefits, including accrued interest and penalties, \$16.7 million and \$17.9 million, respectively, if recognized, would impact the Company's effective income tax rate.

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

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

(dollars in thousands)	FISCAL YEAR		
	2023	2022	2021
Balance, beginning of the period	\$ 18,258	\$ 19,238	\$ 25,524
Additions for tax positions taken during a prior period	42	114	166
Reductions for tax positions taken during a prior period	(601)	(401)	(4,209)
Additions for tax positions taken during the current period	1,507	1,100	1,292
Settlements with taxing authorities	—	(375)	(2,674)
Lapses in the applicable statutes of limitations	(2,037)	(1,424)	(854)
Translation adjustments	3	6	(7)
Balance, end of the period	\$ 17,172	\$ 18,258	\$ 19,238

The Company had approximately \$0.5 million and \$0.8 million accrued for the payment of interest and penalties as of December 31, 2023 and December 25, 2022, respectively. The Company recognized immaterial interest and penalties related to uncertain tax positions in the Provision 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 \$0.5 million to \$1.0 million within the next 12 months.

Open Tax Years - Following is a summary of the open audit years by jurisdiction as of December 31, 2023:

	OPEN AUDIT YEARS
United States - federal	2007 - 2022
United States - state	2009 - 2022
Foreign	2015 - 2022

21. 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 31, 2023, the undiscounted payments the Company could be required to make in the event of non-payment by the primary lessees was approximately \$19.7 million. The present value of these potential payments discounted at the Company's incremental borrowing rate as of December 31, 2023 was approximately \$15.0 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 31, 2023 and December 25, 2022, the Company's recorded contingent lease liability was \$5.3 million and \$6.2 million, respectively.

Purchase Obligations - Purchase obligations were \$196.8 million and \$226.6 million as of December 31, 2023 and December 25, 2022, respectively. These purchase obligations are primarily due within three years, however commitments with various vendors extend through December 2030. Outstanding commitments consist primarily of inventory, fixtures and equipment and technology. In 2023, the Company purchased: (i) more than 95% of its U.S. beef raw materials from four beef suppliers that represent a significant portion of the total beef marketplace in the U.S and (ii) more than 80% of its Brazil pork raw materials from four pork suppliers that represent more than 45% of the total pork marketplace in Brazil.

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

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. The Company evaluates, on a quarterly basis, developments in legal proceedings that could cause an increase or decrease in the amount of the reserve that has been previously recorded, or a revision to the disclosed estimated range of possible losses, as applicable.

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

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

In recent years, certain subsidiaries of the Company were named in collective actions alleging violations of the Fair Labor Standards Act and state wage and hour laws. For these and other matters, the Company recorded reserves of \$13.3 million and \$15.1 million for certain of its outstanding legal proceedings as of December 31, 2023 and December 25, 2022, respectively, within Accrued and other current liabilities on its Consolidated Balance Sheets. While the Company believes that additional losses beyond these accruals are reasonably possible, it cannot estimate a possible loss contingency or range of reasonably possible loss contingencies beyond these accruals. During 2023, 2022 and 2021, the Company recognized (\$0.2) million, \$9.4 million and \$5.4 million, respectively, in Other restaurant operating expense in the Company's Consolidated Statements of Operations and Comprehensive Income for certain legal reserves and settlements.

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 during 2021.

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

Insurance - As of December 31, 2023, the future undiscounted payments the Company expects for workers' compensation, general liability and health insurance claims are as follows:

(dollars in thousands)

2024	\$	19,689
2025		11,105
2026		7,546
2027		4,154
2028		2,285
Thereafter		7,715
	<u>\$</u>	<u>52,494</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)

	<u>DECEMBER 31, 2023</u>	<u>DECEMBER 25, 2022</u>
Undiscounted reserves	\$ 52,494	\$ 55,364
Discount (1)	(6,568)	(6,299)
Discounted reserves	<u>\$ 45,926</u>	<u>\$ 49,065</u>
Discounted reserves recognized on the Company's Consolidated Balance Sheets:		
Accrued and other current liabilities	\$ 19,310	\$ 20,932
Other long-term liabilities, net	26,616	28,133
	<u>\$ 45,926</u>	<u>\$ 49,065</u>

(1) Discount rates of 5.13% and 4.47% were used for December 31, 2023 and December 25, 2022, respectively.

22. Segment Reporting

The Company considers each of 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 CODM. The Company aggregates its operating segments into two reportable segments, U.S. and international. The U.S. segment includes all restaurants operating in the U.S. while restaurants operating outside the U.S. are included in the international segment.

The following is a summary of reporting segments:

REPORTABLE SEGMENT (1)	CONCEPT	GEOGRAPHIC LOCATION
U.S.	Outback Steakhouse Carrabba's Italian Grill Bonefish Grill Fleming's Prime Steakhouse & Wine Bar	United States of America
International	Outback Steakhouse 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 from operations for U.S. and international are certain legal and corporate costs not directly

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

related to the performance of the segments, most stock-based compensation expenses, a portion of insurance expenses and certain bonus expenses.

The following table details Total revenues by segment and major geographic area for the periods indicated:

(dollars in thousands)	FISCAL YEAR		
	2023	2022	2021
U.S.	\$ 4,053,599	\$ 3,911,870	\$ 3,759,981
International (1)			
Brazil	529,670	448,411	297,167
Other	88,201	56,227	65,237
Total revenues	<u>\$ 4,671,470</u>	<u>\$ 4,416,508</u>	<u>\$ 4,122,385</u>

(1) International revenues are defined as revenues generated from restaurant sales originating in a country other than the U.S.

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

(dollars in thousands)	FISCAL YEAR		
	2023	2022	2021
Depreciation and amortization			
U.S.	\$ 157,878	\$ 139,170	\$ 134,243
International	25,430	23,397	22,649
Corporate	7,863	7,050	6,499
Total depreciation and amortization	<u>\$ 191,171</u>	<u>\$ 169,617</u>	<u>\$ 163,391</u>

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

(dollars in thousands)	FISCAL YEAR		
	2023	2022	2021
Segment income from operations			
U.S.	\$ 377,534	\$ 407,860	\$ 443,887
International	83,948	57,333	16,657
Total segment income from operations	461,482	465,193	460,544
Unallocated corporate operating expense	(136,338)	(134,772)	(151,586)
Total income from operations	325,144	330,421	308,958
Loss on extinguishment and modification of debt	—	(107,630)	(2,073)
Loss on fair value adjustment of derivatives, net	—	(17,685)	—
Interest expense, net	(52,169)	(53,199)	(57,588)
Income before provision for income taxes	<u>\$ 272,975</u>	<u>\$ 151,907</u>	<u>\$ 249,297</u>

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

(dollars in thousands)	FISCAL YEAR		
	2023	2022	2021
Capital expenditures			
U.S.	\$ 276,660	\$ 196,163	\$ 103,303
International	45,542	28,647	14,074
Corporate	11,961	11,709	9,035
Total capital expenditures	<u>\$ 334,163</u>	<u>\$ 236,519</u>	<u>\$ 126,412</u>

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

The following table sets forth Total assets by segment as of the periods indicated:

(dollars in thousands)	DECEMBER 31, 2023	DECEMBER 25, 2022
Assets		
U.S.	\$ 2,703,751	\$ 2,669,953
International	457,692	400,052
Corporate	262,638	250,420
Total assets	<u>\$ 3,424,081</u>	<u>\$ 3,320,425</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 31, 2023	DECEMBER 25, 2022
U.S.	\$ 980,731	\$ 891,379
International		
Brazil	128,854	93,972
Other	7,524	10,938
Total long-lived assets	<u>\$ 1,117,109</u>	<u>\$ 996,289</u>

EXHIBIT B-1 TO THE DISCLOSURE DOCUMENT

**FORM OF
FRANCHISE AGREEMENT**



**BONEFISH GRILL® RESTAURANT
FRANCHISE AGREEMENT**

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ATTACHMENTS:

Attachment A	Basic Terms
Attachment B	Franchise Principal Agreement
Attachment C	Owner/Executive Agreement
Attachment D	Collateral Assignment of Lease
Attachment E	Principal Owners' Statement
Attachment F	Form of Franchisor's General Release

**BONEFISH GRILL® RESTAURANT
FRANCHISE AGREEMENT**

THIS RESTAURANT FRANCHISE AGREEMENT (“Agreement”) is made and entered into effective as of _____ (the “**Effective Date**”), regardless of the actual date of signature, by and between **Bonefish Grill, LLC**, a Florida limited liability company, having its principal office at 2202 North West Shore Boulevard, 5th Floor, Tampa, Florida 33607 (“**Franchisor**”), and _____, a(n) _____ having its principal office at _____ (“**Franchisee**”). This Franchise Agreement relates to Restaurant No. _____ located (or to be located) in _____. Certain capitalized and defined terms will have the meaning attributed to them in this Agreement.

W I T N E S S E T H:

WHEREAS, Franchisor has developed and owns a distinctive system for the establishment and operation of casual dining, full service restaurants featuring a specialized menu and full bar service (each a “Bonefish Grill restaurant” and collectively “Bonefish Grill restaurants”), the distinguishing characteristics of which include, without limitation, special recipes and menu items; the Proprietary Marks (defined below); general restaurant layout; distinctive design, décor, color scheme and furnishings; equipment and signage; uniform standards, specifications, and procedures for operations, quality, training and uniformity of products and services offered; procedures for inventory and management control; training and assistance; guest experience technology; and advertising and promotional programs; all of which may from time to time be changed, improved, and further developed by Franchisor (hereinafter “**System**”); and

WHEREAS, Franchisor identifies the System by the use of certain trade names, service marks, trademarks, logos, emblems, trade dress, and other indicia of origin, including, but not limited to, the mark BONEFISH GRILL®, all as are now or hereafter designated by Franchisor in writing for use in connection with the System (collectively hereinafter “**Proprietary Marks**”); and

WHEREAS, Franchisee desires to own and operate a Bonefish Grill restaurant under the Proprietary Marks and other aspects of the System and to obtain a franchise for that purpose, and to receive the training and other assistance provided by Franchisor in connection therewith; and

WHEREAS, Franchisee understands and acknowledges the importance of Franchisor’s high standards of quality, cleanliness, appearance and service and the necessity of operating a Bonefish Grill restaurant in conformity with Franchisor’s standards and specifications;

NOW, THEREFORE, intending to be legally bound, in consideration of the mutual covenants contained herein, the parties hereby agree as follows:

**ARTICLE I
GRANT OF FRANCHISE AND TERRITORY**

Section 1.1 Grant. Subject to the terms and conditions contained herein, Franchisor hereby grants to Franchisee the right and franchise, and Franchisee undertakes the obligation, to operate one casual dining, full service Bonefish Grill restaurant (hereinafter the “**Restaurant**”) and to use the Proprietary Marks and other aspects of the System solely in connection with the operation of the Restaurant at the approved location indicated in **Attachment A**. This Agreement does not grant Franchisee any rights to use the System or Proprietary Marks except in connection with the operation of the Restaurant at its approved location in accordance with the terms and conditions of this Agreement.

Section 1.2 Protected Restaurant Territory. In this Agreement, the “**Territory**” means the geographic area which is a circle with the Restaurant’s front entrance at its center and a radius of three (3) miles. Provided Franchisee and the Franchise Principal (defined in **Section 6.3** hereof) are in full compliance with this Agreement and all other agreements between Franchisee or the Franchise Principal, on the one hand, and Franchisor or any of its Affiliates (as defined in **Section 18.18**), on the other hand, then during the term of this Agreement, neither Franchisor nor its Affiliates will operate, or authorize any other party to operate, a casual dining, full service Bonefish Grill restaurant the physical premises of which are located within the Territory, except for Bonefish Grill restaurants located at Non-Traditional Locations within the Territory and Alternative Segment Bonefish Grill restaurants located within the Territory. “**Non-Traditional Locations**” means airports, amusement parks, sports stadiums, college and university buildings, hospitals and other medical centers, Indian reservations, casinos, military bases, and other venues to which the general public customarily does not have unlimited access or at which food services are managed by service providers with national or international operations. “**Alternative Segment Bonefish Grill restaurants**” means one or more types of restaurants that operate using the Proprietary Marks and certain aspects of the System, but are materially different in size, restaurant segment/category, pricing, food service method or target customer than the casual dining, full-service Restaurant operated pursuant to this Agreement. Franchisee shall have no other rights in the Territory and shall have no right to sell products or services in the Territory except for products and services sold at the Restaurant located at the approved location.

Section 1.3 Reservation of Rights. Except as provided in **Section 1.2** hereof, Franchisee’s rights under this Agreement are non-exclusive and limited solely to the operation of the Restaurant. Franchisor (and its Affiliates) retain the exclusive right during the term of this Agreement to engage in any and all activities that Franchisor (and they) desire, at any time or place, and whether or not these activities compete with the Restaurant, including, without limitation, the exclusive right to:

(a) establish and operate, and authorize other parties to establish and operate, Bonefish Grill restaurants the physical premises of which are located at Non-Traditional Locations, whether within or outside the Territory, on any terms and conditions Franchisor deems appropriate;

(b) establish and operate, and authorize other parties to establish and operate, Alternative Segment Bonefish Grill restaurants, whether within or outside the Territory, on any terms and conditions Franchisor deems appropriate;

(c) establish and operate, and authorize other parties to establish and operate, restaurants that are not Bonefish Grill restaurants at any locations, whether within or outside the Territory, on any terms and conditions Franchisor deems appropriate;

(d) establish and operate, and authorize other parties to establish and operate, Bonefish Grill restaurants the physical premises of which are located outside the Territory on any terms and conditions Franchisor deems appropriate;

(e) offer and provide, and grant rights to others to offer and provide, products and services, whether identified by the Proprietary Marks or any other trademarks or service marks, including, but not limited to, gift certificates, gift cards, stored value cards and similar programs (hereinafter “**Stored Value Cards**”), food products, and merchandise, to any customers Franchisor desires (wherever located or operating, whether within or outside the Territory) and through any distribution channels or methods Franchisor desires (wherever located or operating, whether within or outside the Territory), including, without limitation, by selling products identified by the Proprietary Marks through grocery stores, club stores, convenience stores, other retail outlets,

wholesale, catering, delivery, temporary events, mail order and/or the Internet (or any other existing or future form of electronic commerce); and

- (f) engage in all other activities that this Agreement does not expressly prohibit.

Section 1.4 Organization of Franchisee. Because Franchisee is a corporation, partnership, limited liability company or other entity, the following requirements shall also apply to Franchisee:

- (a) Franchisee shall be newly organized and its charter, partnership agreement or other organizing document shall at all times provide that its activities are confined exclusively to operating the Restaurant.

- (b) Copies of Franchisee's Articles of Incorporation, Bylaws, Partnership Agreement or other governing documents, and any amendments thereto, including, without limitation, the resolution of the Board of Directors, General Partners or other managing entity authorizing entry into this Agreement, shall be promptly furnished to Franchisor.

- (c) Franchisee shall maintain stop transfer instructions against the transfer on its records of any Ownership Interests in Franchisee. In this Agreement, "**Ownership Interest**" means the direct or indirect (through one or more agents, subsidiaries or other intermediaries), record or beneficial ownership of, or right to vote or control the voting of, (i) any share of stock, whether common or preferred (in relation to a corporation), any membership interest (in relation to a limited liability company), any general or limited partnership interest (in relation to a partnership), or any beneficial interest in a trust or other entity (in relation to a trust or other entity); (ii) any other legal or equitable interest in the revenue, profits, losses, rights and/or assets of an entity; or (iii) any security or other right or interest that is convertible into any right or interest reflected in (i) or (ii) above. Each certificate representing an Ownership Interest in Franchisee shall have conspicuously endorsed upon its face a statement in a form satisfactory to Franchisor that it is held subject to, and that further transfer thereof is subject to, all restrictions imposed upon transfers by this Agreement.

- (d) Franchisee shall maintain a current list of all Owners and shall complete the Principal Owners' Statement attached hereto as **Attachment E** and furnish it to Franchisor promptly upon request. In this Agreement, an "**Owner**" is any person or entity that owns or holds (whether beneficially, of record or otherwise) any direct or indirect Ownership Interest in Franchisee or the Restaurant, including, without limitation, ownership through one or more agents, subsidiaries or other intermediaries.

- (e) Simultaneously with signing this Agreement, Franchisee will cause the Franchise Principal to sign and deliver to Franchisor the "**Franchise Principal Agreement**" attached as **Attachment B** undertaking personally to be bound, jointly and severally with Franchisee, by all provisions of this Agreement. In addition, simultaneously with signing this Agreement, Franchisee will cause each Owner other than the Franchise Principal to sign and deliver to Franchisor the "**Owner/Executive Agreement**" attached as **Attachment C** under which they undertake personally to be bound, jointly and severally, by certain non-monetary provisions of this Agreement.

ARTICLE II TERM AND RENEWAL

Section 2.1 Initial Term. The term of this Agreement shall commence on the date of this Agreement and expire, unless sooner terminated:

(a) if the real property on which the Restaurant is located is owned by Franchisee, its Affiliate, the Franchise Principal or any other person or entity who also owns, directly or indirectly, more than ten percent (10%) of the Ownership Interests in Franchisee (hereinafter “**Affiliated Landowner**”), twenty (20) years from the date the Restaurant first opens for business (hereinafter “**Opening Date**”); or

(b) otherwise, if the real property on which the Restaurant is located is not owned by an Affiliated Landowner, on the earlier of (i) twenty (20) years from the Opening Date or (ii) upon expiration of the Lease (defined in **Section 4.3** hereof), provided Franchisee has exercised all renewal rights and options available to Franchisee under the Lease as of the date hereof.

Section 2.2 Renewal. When this Agreement expires (unless it is terminated sooner), Franchisee shall have the option to acquire a renewal franchise and continue operating the Restaurant under the Proprietary Marks and other aspects of the System at the same location for one (1) additional consecutive term of twenty (20) years, subject to the following conditions, all of which must be met prior to or simultaneously with exercising such renewal option:

(a) Franchisee shall give Franchisor written notice of Franchisee’s election to renew not less than twelve (12) months nor more than eighteen (18) months prior to the end of the initial term;

(b) Franchisee shall, to Franchisor’s reasonable satisfaction, renovate and modernize the Restaurant premises to reflect the then-current standards and image for new Bonefish Grill restaurants, including, without limitation, renovation of signs, furnishings, fixtures, equipment, and décor; provided that if the Restaurant has been modernized to Franchisor’s then-current specifications in the seven (7) year period prior to the date of renewal, then, except for any signage, equipment or production upgrades prescribed by Franchisor, Franchisee will not be required to renovate or modernize the Restaurant until the earlier of: (i) the seven (7) year anniversary of such prior modernization; or (ii) such time as a majority of the Bonefish Grill restaurants then operated in the United States by Franchisor or its Affiliates (other than Nontraditional Locations or Alternative Segment Bonefish Grill restaurants) have made or are utilizing commercially reasonable efforts to make such improvements or modifications;

(c) Franchisee and the Franchise Principal shall be in full compliance with all provisions of this Agreement, as amended, and any other agreement between Franchisee or the Franchise Principal, on the one hand, and Franchisor or its Affiliates, on the other hand, and Franchisee and the Franchise Principal shall have substantially complied with all provisions of such agreements during the terms thereof;

(d) Franchisee shall have satisfied all monetary obligations owed to Franchisor and its Affiliates and shall have timely met those obligations throughout the term of this Agreement;

(e) Franchisee shall present satisfactory evidence that Franchisee has the right to remain in possession of the Restaurant’s approved location for the duration of the renewal term;

(f) Franchisee shall execute and deliver to Franchisor Franchisor’s then current form of renewal franchise agreement, which agreement shall replace this Agreement in all respects, and the terms of which may differ materially from the terms of this Agreement, including, without limitation, a higher percentage royalty fee and advertising contribution and different rights in, and/or geographic area comprising, the Territory; provided, however, that (i) such renewal franchise agreement shall not contain any additional rights to a renewal or successor franchise, and

(ii) Franchisee shall pay under such renewal franchise agreement, in lieu of an initial franchise fee, a renewal fee equal to fifty percent (50%) of the standard initial franchise fee being charged to new franchisees of Bonefish Grill restaurants at the time of renewal;

(g) Franchisee shall execute and deliver to Franchisor a general release, in a form prescribed by Franchisor, of any and all claims against Franchisor and its Affiliates, and their respective officers, directors, owners, employees, agents, representatives, successors and assigns. The current form of Franchisor's general release is attached as **Attachment F**, but this form may change significantly by the time this Agreement is up for renewal; and

(h) Franchisee shall comply with Franchisor's then current qualification and training requirements.

If Franchisee fails to sign and return to Franchisor the documents referenced in (f) and (g) above, and pay the renewal fee referenced in (f) above, within thirty (30) days after Franchisor delivers those documents to Franchisee, that will be deemed Franchisee's election not to acquire a renewal franchise. If Franchisee and the Franchise Principal are not, both on the date Franchisee gives Franchisor written notice of Franchisee's election to acquire a renewal franchise and on the date on which this Agreement expires, in full compliance with this Agreement and all other agreements between Franchisee or the Franchise Principal, on the one hand, and Franchisor or any of its Affiliates, on the other hand, Franchisee acknowledges that Franchisor need not grant Franchisee a renewal franchise, whether or not Franchisor had, or chose to exercise, the right to terminate this Agreement during its term.

ARTICLE III FEES

Section 3.1 Initial Franchise Fee. Franchisee shall pay to Franchisor an initial franchise fee of Forty Thousand Dollars (\$40,000) in accordance with this **Section 3.1**. Franchisee shall pay to Franchisor Twenty Thousand Dollars (\$20,000) simultaneously with signing this Agreement and Twenty Thousand Dollars (\$20,000) on or before the date upon which construction of the Restaurant commences (as described in **Section 4.5** hereof). Upon signing this Agreement, the initial franchise fee of Forty Thousand Dollars (\$40,000) shall be deemed fully earned and non-refundable in consideration for administrative and other expenses incurred by Franchisor in granting this franchise and for Franchisor's lost or deferred opportunity to franchise others.

Section 3.2 Monthly Royalty. During the term of this Agreement, Franchisee shall pay to Franchisor a continuing monthly royalty fee in an amount equal to five percent (5.0%) of the Restaurant's Net Sales, as defined in **Section 3.4** hereof.

Section 3.3 Adjusted Royalty Fees and Other Payments. If state or local law applicable to the Restaurant prohibits or restricts in any way Franchisee's ability to pay, or Franchisor's ability to collect, royalty fees or other amounts based on Net Sales derived from the sale of liquor and alcoholic beverages at the Restaurant, then Franchisor and Franchisee will adjust the royalty fee, multi-unit campaign contribution, and other applicable provisions of this Agreement to provide the same economic benefit to both parties as currently provided in this Agreement, with a corresponding change to the definition of Net Sales. In such

event, Franchisee agrees to execute appropriate document(s) in the form Franchisor prescribes to give effect to or take account of such revisions.

Section 3.4 Payment Method and Timing.

(a) Franchisor utilizes a 52/53 week fiscal year ending each year on the Sunday in December closest to December 31. Each fiscal quarter will consist of 13 weeks, with two four week periods and one five week (or six week in certain years) period (“4-4-5”). The operational week will begin on Monday and end on Sunday. No later than November 1 of each year during the Term Franchisor will provide Franchisee with a reporting calendar for the following fiscal year.

(b) All monthly payments to Franchisor required by this **Article III** shall be paid by the tenth (10th) day of each month based on the Net Sales for the preceding calendar month, or if directed by Franchisor, for the preceding four, five or six-week period as specified by Franchisor in the reporting calendar. At Franchisor’s option, Franchisee agrees to sign and deliver to Franchisor the documents that Franchisor periodically requires to authorize Franchisor to debit Franchisee’s business checking account automatically for the royalty fee and other amounts due under this Agreement or any related agreement between Franchisor (or its Affiliates) and Franchisee. If Franchisor institutes an automatic debit program for the Restaurant, Franchisor may debit Franchisee’s account for the royalty fee and other amounts on or after the due date, based on the Net Sales for the previous month. Franchisee agrees to make the funds available for withdrawal by electronic transfer before each due date. In connection with the automatic debit program, Franchisor may require Franchisee to procure, at Franchisee’s expense, overdraft protection for its business checking account in an amount that Franchisor reasonably specifies. Franchisee agrees to reimburse Franchisor for any “insufficient funds” charges and related expenses that Franchisor incurs in connection with (1) any checks that Franchisor receives from Franchisee or (2) Franchisee’s failure to maintain sufficient funds in its automatic debit account.

(c) If Franchisee fails to report the Restaurant’s Net Sales for any month, Franchisor may debit Franchisee’s account for one hundred twenty percent (120%) of the amount that Franchisor debited for the previous month. If the amount Franchisor debits from Franchisee’s account is less than the amount Franchisee actually owes Franchisor for the month (once Franchisor has determined the true and correct Net Sales of the Restaurant for the month), Franchisor will debit Franchisee’s account for the balance due on the day that Franchisor specifies. If the amount Franchisor debits from Franchisee’s account is greater than the amount Franchisee actually owes Franchisor for the month (once Franchisor has determined the true and correct Net Sales of the Restaurant for the month), Franchisor will credit the excess, without interest, against the amount that Franchisor otherwise would debit from Franchisee’s account during the following month.

(d) Franchisor reserves the right to modify the timing, manner and method of continuing or other payments made under this Agreement, including, but not limited to, aligning timing of payments and time period covered by payments with Franchisor’s then current accounting calendar, increasing the technology fee set forth in **Section 6.10(n)** and increasing Franchisee’s advertising expenditures pursuant to **Sections 11.3** and **11.4**; provided that nothing in this Section permits Franchisor to increase the percentage rate of the royalty fee provided for in **Section 3.2** hereof.

(e) Franchisee may not subordinate to any other obligation its obligation to pay royalty fees or any other fee or charge under this Agreement.

Section 3.5 Net Sales. As used in this Agreement, “**Net Sales**” means all revenue from sales conducted upon or from the Restaurant, whether from check, cash, credit, charge account, debit account, exchange, trade credit, other credit transactions, barter or otherwise, including, without limitation, any implied or imputed Net Sales from any business interruption insurance. However, Net Sales exclude: (1) sales for which cash has been refunded, if those sales were previously included in Net Sales; (2) federal, state, or municipal sales, use or service taxes collected from customers and paid to the appropriate taxing authority; and (3) the face value of coupons or discounts that customers redeem; provided, however, that Net Sales shall not be reduced by the face value of any coupons or discounts if Franchisor provides any cost reimbursement for such coupon or discount. Each charge or sale upon credit shall be treated as a sale for the full price on the day during which such charge or sale is made, irrespective of when Franchisee receives payment (whether full or partial, or at all) on that sale. Amounts paid by Stored Value Card are included in Net Sales when the gift certificate, other instrument or applicable credit is redeemed. For Stored Value Cards that are distributed or sold by third parties, the amount included in Net Sales shall be the face amount of the Stored Value Card without reduction for the fee paid or discount given by Franchisor to the third-party distributor as provided in **Section 6.10(g)** hereof.

Section 3.6 Interest on Late Payments. Any payment or report not actually received by Franchisor on or before such date shall be deemed overdue. If any payment is overdue, Franchisee shall pay Franchisor, in addition to the overdue amount, interest on such amount from the date it was due until payment is received by Franchisor at the rate of eighteen percent (18%) per annum or the maximum rate permitted by law, whichever is less. Such interest shall be in addition to any other remedies Franchisor may have.

Section 3.7 Sales and Use Taxes. Franchisee shall pay to Franchisor promptly when due the amount of all sales, use and similar taxes imposed upon or required to be collected or paid on account of goods or services furnished to Franchisee (or its Affiliates) by Franchisor (or its Affiliates).

ARTICLE IV

SITE SELECTION, LEASE, DEVELOPMENT AND OPENING OF RESTAURANT

Section 4.1 Target Area. If Franchisee has not yet located a site for the Restaurant as of the Effective Date, then within one-hundred eighty (180) days after the Effective Date Franchisee shall, at its expense and in accordance with this **Article IV**, acquire possession (by purchase or lease) of a location for Restaurant at a site approved by Franchisor (as hereinafter provided) within the Target Area identified on **Attachment A** (hereinafter “**Target Area**”). Franchisee will have the exclusive right to locate a site for a Bonfish Grill restaurant within the Target Area (excluding any Non-Traditional Sites within the Target Area) until the earlier of: (i) the date upon which Franchisor approves the Restaurant’s location or (ii) one-hundred eighty (180) days from the Effective Date, (unless this Agreement terminates before then). Upon approval of the Restaurant’s location, Franchisee shall have no further rights to the Target Area except as provided in **Section 1.2** hereof with respect to that portion of the Territory which is within the Target Area. However, Franchisor and its Affiliates may engage in any other activities they desire within and outside the Target Area, including, without limitation, the rights that Franchisor reserves in **Section 1.3** hereof.

Section 4.2 Site Approval.

(a) Prior to the acquisition by lease or purchase of a site for the Restaurant, Franchisee shall submit to Franchisor, in the form prescribed by Franchisor, a description of the site, a market feasibility study for the site, and such other information or materials as Franchisor may reasonably require, together with a letter of intent or other evidence satisfactory to Franchisor which confirms Franchisee’s favorable prospects for obtaining the site. Recognizing that time is of the essence, Franchisee agrees that it must submit such information and materials for the proposed site to

Franchisor in writing for its approval no later than thirty (30) days after the Effective Date. Franchisor shall have thirty (30) days after receipt of such information and any materials or supplemental information Franchisor requests from Franchisee, to approve or disapprove, in Franchisor's sole judgment, the proposed site as the location for the Restaurant. No site shall be deemed approved unless it has been expressly approved in writing by Franchisor. Franchisee may not relocate the Restaurant without Franchisor's approval.

(b) In connection with Franchisee's site selection and site development activities, Franchisor shall furnish to Franchisee the following:

(i) site selection guidelines and criteria for Bonefish Grill restaurants and such site selection counseling and assistance as Franchisor may deem advisable, in its sole discretion; and

(ii) on-site visits for counseling and planning purposes, as Franchisor may deem advisable, in its sole discretion, in response to Franchisee's requests for site approval or otherwise. However, Franchisor shall not be obligated to provide an on-site evaluation for any proposed site prior to the receipt of all information and materials concerning such site as required pursuant to **Section 4.2(a)** hereof. Franchisor will provide, at no additional charge to Franchisee, up to three (3) on-site visits, as Franchisor deems necessary in its sole discretion. Thereafter, if an additional on-site visit is deemed necessary and appropriate by Franchisor (on its own initiative or at Franchisee's request), Franchisee shall pay a reasonable fee for each such on-site visit and shall reimburse Franchisor for all reasonable expenses incurred by Franchisor in connection with such on-site visit, including, without limitation, the cost of travel, lodging and meals.

(c) After the Restaurant's location is approved by Franchisor and leased or acquired by Franchisee pursuant to **Section 4.3** hereof, the location shall constitute the approved location, and its street address shall be recorded in **Attachment A**. Once Franchisor approves the Restaurant's location, Franchisee will have no territorial or other rights in the Target Area, and Franchisor may (in addition to exercising any other rights specified in **Section 1.3** hereof) operate or authorize others to operate Bonefish Grill restaurants, in those portions of the Target Area that are outside the Territory.

(d) Franchisee acknowledges that if Franchisor recommends, approves or gives Franchisee information about or assistance in evaluating a site, it is not a representation or warranty of any kind, express or implied, of the site's suitability for a Bonefish Grill restaurant. Franchisor's approval of any site indicates only that Franchisor believes the site meets its then acceptable criteria and shall not be deemed to constitute a guarantee, assurance or representation that the Restaurant will be profitable or successful at the site. Franchisor's application of criteria that have appeared effective with other sites might not accurately reflect the potential for all sites, and demographic and/or other factors included in or excluded from Franchisor's criteria could change, altering the potential of a site. The uncertainty and instability of these criteria are beyond Franchisor's control, and Franchisor is not responsible if the site fails to meet Franchisee's expectations.

Section 4.3 Lease Approval. If Franchisee will occupy the Restaurant's premises under a lease or sublease (hereinafter "**Lease**"), Franchisee shall, prior to execution thereof, submit the proposed Lease to Franchisor for its written approval. The Lease shall include the following terms and conditions:

(a) The premises shall be used only for the operation of the Restaurant.

(b) The landlord consents to Franchisee's use of such Proprietary Marks and signage as Franchisor may periodically prescribe for the Restaurant.

(c) The landlord agrees to furnish Franchisor with copies of any and all letters and notices sent to Franchisee pertaining to the Lease and the premises, at the same time that such letters and notices are sent to Franchisee.

(d) Franchisee may not sublease nor assign all or any part of its occupancy rights, or amend, extend the term of or renew the lease, without Franchisor's prior written consent.

(e) Franchisor shall have the right (but no obligation) to enter the premises to make any modification necessary to protect Franchisor's Proprietary Marks or to cure any default under the Lease or this Agreement.

(f) The landlord's consent to and agreement to comply with Franchisor's rights under **Section 15.4** (relating to assignment of lease or de-identification) and **Section 15.9** (relating to assignment of lease and purchase of personal property) hereof.

At Franchisor's request, Franchisee agrees to sign, and obtain the lessor's consent to, the Collateral Assignment of Lease attached as **Attachment D** under which Franchisee will collaterally assign the Lease to Franchisor as security for Franchisee's timely performance of all obligations under this Agreement. If the Lease is between Franchisee and an Affiliated Landlord, Franchisee agrees to, and agrees to cause the Affiliated Landlord to, sign such documents as Franchisor may reasonably request to reflect the Affiliated Landlord's agreement to comply with this **Section 4.3** and **Section 15.9** hereof. Franchisee acknowledges that Franchisor's approval of the Lease is not a guarantee or warranty, express or implied, of the success or profitability of a Bonfish Grill restaurant operated at the site or the suitability of the lease for Franchisee's business purposes. Franchisor's approval indicates only that it believes that the Lease's terms meet its then acceptable criteria.

Section 4.4 Plans and Specifications. Before commencing any construction of the Restaurant, Franchisee, at its expense, shall comply, to Franchisor's satisfaction, with all of the following requirements:

(a) Franchisee shall employ a qualified architect or engineer who is reasonably acceptable to Franchisor to prepare, for Franchisor's approval, preliminary plans and specifications for site improvement and construction of the Restaurant based upon the standard plans and specifications furnished by Franchisor pursuant to **Section 5.2** hereof.

(b) Franchisee shall be responsible for obtaining all zoning classifications and clearances which may be required by state or local laws, ordinances, or regulations or which may be necessary or advisable owing to any restrictive covenants relating to the Restaurant's location. After having obtained such approvals and clearances, Franchisee shall submit to Franchisor, for Franchisor's approval, final plans for construction based upon the approved preliminary plans and specifications. Once approved by Franchisor, such final plans shall not thereafter be changed or modified without the prior written permission of Franchisor.

(c) It is Franchisee's responsibility to prepare all required construction and remodeling plans and specifications to suit the Restaurant and to make sure that they comply with the Americans with Disabilities Act (hereinafter the "ADA") and similar rules governing public accommodations for persons with disabilities, other applicable laws, building codes, permit requirements, and Lease requirements and restrictions. Franchisor's review of any plans for the Restaurant is limited to ensuring Franchisee's compliance with Franchisor's design requirements.

Franchisor's review is not designed to assess compliance with federal, state, or local laws and regulations (including, without limitation, the ADA) as compliance with such laws is Franchisee's responsibility. Franchisee agrees to remedy, at its expense, any noncompliance or alleged noncompliance with such laws. Franchisee shall obtain all permits and certifications required for the lawful construction and operation of the Restaurant and shall certify in writing to Franchisor that all such permits and certifications have been obtained. At Franchisor's request, Franchisee shall provide Franchisor with copies of all permits and certifications obtained by Franchisee.

(d) Franchisee shall employ a qualified licensed general contractor who is reasonably acceptable to Franchisor to construct the Restaurant and to complete all improvements in accordance with this Agreement. Franchisee shall obtain and maintain in force during the entire period of construction the insurance required under **Section 12.3** hereof.

Section 4.5 Construction of Restaurant.

(a) Franchisee shall commence construction of the Restaurant within one hundred twenty (120) days after Franchisee's execution of an approved Lease or Franchisee's purchase of the premises. For the purposes of this Agreement, construction shall be deemed to commence on the date on which a building permit is issued.

(b) Franchisee shall provide a copy of the building permit to Franchisor within ten (10) days from Franchisee's receipt thereof. Thereafter, Franchisee shall provide to Franchisor a biweekly progress report signed by Franchisee and its architect and general contractor warranting that construction is proceeding on schedule and in accordance with the approved final plans, all applicable laws, ordinances, regulations and restrictive covenants, and the other requirements of this Agreement and the Operations Manual. Franchisee agrees that Franchisor and its agents shall have the right to inspect the construction at all reasonable times for the purpose of ascertaining that all work complies with the final plans approved by Franchisor and the other requirements of this Agreement.

(c) Franchisee shall maintain continuous construction of the Restaurant premises and shall complete construction (including all exterior and interior carpentry, electrical, painting, and finishing work, and installation of all Operating Assets (defined below)) in accordance with the approved final plans and the other requirements of this Agreement, at Franchisee's expense, and obtain a certificate of occupancy for the Restaurant, within one hundred eighty (180) days after commencement of construction (exclusive of time lost by reason of strikes, lockouts, fire, and other casualties and acts of God). In this Agreement, "**Operating Assets**" means the furniture, fixtures, furnishings, equipment (including, without limitation, and electronic systems prescribed by Franchisor for use to collect, compute, store and report a Restaurant's Net Sales, other financial data and operating information, such as cash registers or other point of sale systems, computers, peripheral equipment and related software programs (collectively, "**Information Systems**"), décor and signs as Franchisor may reasonably direct from time to time in the Operations Manual (as defined in **Section 5.5** hereof) or otherwise in writing for use at the Restaurant.

(d) Franchisee shall notify Franchisor of the date of completion of construction and, within a reasonable time thereafter, Franchisor shall conduct a final inspection of the Restaurant and its premises. Franchisee acknowledges and agrees that Franchisee shall not open the Restaurant for business without the express written authorization of Franchisor, and that Franchisor's authorization to open shall be conditioned upon Franchisee's strict compliance with the specifications of the approved final plans, the standards of the System and the other requirements of this Agreement. However, Franchisor's authorization to open the Restaurant will not constitute

a representation or warranty, express or implied, that the Restaurant complies with any laws nor constitute a waiver of Franchisee's non-compliance, or of Franchisor's right to demand full compliance, with any provision of this Agreement.

(e) Franchisee shall obtain Franchisor's prior written authorization and open the Restaurant for business within twenty-one (21) days after the completion of construction.

ARTICLE V DUTIES OF FRANCHISOR

Section 5.1 Initial Training. Franchisor shall provide an initial training program for Franchisee's personnel in accordance with the terms set forth in **Section 6.6** hereof.

Section 5.2 Plans and Specifications. Franchisor shall make available, at no charge to Franchisee, standard plans and specifications for the exterior and interior design and layout of a Bonefish Grill restaurant and mandatory or suggested fixtures, furnishings, equipment and signs. Franchisee shall adapt, at Franchisee's expense, the standard plans and specifications to the Restaurant location, as provided in **Section 4.4** hereof.

Section 5.3 Pre-Opening Assistance. Franchisor shall provide such on-site pre-opening and opening supervision and assistance (which may include, at Franchisee's expense, an opening crew as described in **Section 6.5** hereof) as Franchisor deems advisable, subject to the availability of personnel.

Section 5.4 Data and Advertising. Franchisor shall make available, from time to time as Franchisor deems advisable, research and/or other data relating to merchandising, marketing, and advertising for Bonefish Grill restaurants and, at Franchisee's reasonable expense, promotional materials for local advertising by Franchisee. Franchisor shall have the right to review and approve or disapprove all advertising and promotional materials which Franchisee proposes to use, as provided in **Section 11.2** hereof.

Section 5.5 Operations Manual. Franchisor shall provide Franchisee access to the Bonefish Grill restaurant operations manual or manuals (hereinafter collectively "**Operations Manual**"), as more fully described in **Article IX** hereof.

Section 5.6 Purchasing Assistance. Franchisor shall provide to Franchisee, from time to time as Franchisor deems appropriate, advice and/or assistance relating to the purchase of certain Operating Assets, food items, ingredients, supplies, materials, and/or other products and services used or offered for sale at the Restaurant. At Franchisor's option, Franchisor may coordinate the purchase of certain products or services on behalf of the Restaurant and other Bonefish Grill restaurants or on behalf of any or all other restaurant concepts that Franchisor or its Affiliates own or operate from time to time. Franchisee shall honor all commitments and otherwise comply with Franchisor's requirements relating to those coordinated purchases.

Section 5.7 Advice. Franchisor shall provide to Franchisee, from time to time as Franchisor deems appropriate, continuing advice and written materials concerning techniques of managing and operating a Bonefish Grill restaurant, including, without limitation, new developments and improvements in restaurant equipment, food products, packaging and preparation. Any specific training, advice or assistance that Franchisor provides does not create an obligation to continue providing that specific training, advice or assistance, all of which Franchisor may modify at any time.

**ARTICLE VI
DUTIES OF FRANCHISEE**

Section 6.1 Acknowledgement. Franchisee understands and acknowledges that every detail of the Restaurant and the System is important to Franchisee and Franchisor in order to develop and maintain high operating standards, to increase the demand for the services and products sold by Bonefish Grill restaurants, and to protect the reputation and goodwill associated with the Proprietary Marks.

Section 6.2 Opening. Franchisee shall construct, furnish, and open the Restaurant according to the provisions and schedule set forth in **Article IV** hereof and the Operations Manual and the other provisions of this Agreement. Prior to opening for business, Franchisee shall comply with all pre-opening requirements set forth in this Agreement, the Operations Manual, and/or elsewhere in writing by Franchisor.

Section 6.3 Franchise Principal. Franchisee has designated, and Franchisor has approved, the individual listed on **Attachment A** as the “**Franchise Principal.**” Franchisee represents and warrants that the Franchise Principal currently meets, and agrees that at all times during the term of this Agreement the Franchise Principal shall continue to meet, the following qualifications:

(a) the Franchise Principal shall own (directly or indirectly) at least fifty-one percent (51%) of the Ownership Interests in Franchisee and shall have the requisite voting power unilaterally to direct and cause the direction of the day-to-day operations and affairs of Franchisee and the Restaurant.

(b) the Franchise Principal shall be the chief executive officer of Franchisee with responsibilities commensurate with that position and shall devote sufficient time and attention to the operations of Franchisee and the Restaurant, and other franchisees and Bonefish Grill restaurants for which he or she serves as the Franchise Principal (if any), to actively oversee and control their operations and affairs.

(c) if this is the first Bonefish Grill restaurant owned by Franchisee or its Affiliates, the Franchise Principal must attend an orientation program in Tampa, Florida, within six (6) months from the Effective Date of this Agreement. The orientation program will last approximately three (3) to five (5) days.

Section 6.4 Managing Partner and Operations Director; Key Support Personnel.

(a) Franchisee acknowledges that the qualifications and experience of the general manager (also known as the “**Managing Partner**” or “**Proprietor**”) of Franchisee’s Restaurant and the operations director of Franchisee’s Restaurant are critical to the operation of the Restaurant and the reputation and goodwill associated with the Proprietary Marks. Accordingly, Franchisee shall, at all times during the term hereof, employ one (1) full-time Proprietor responsible for the daily operation of the Restaurant and supervision of Restaurant personnel; and one (1) full time operations director to supervise the Proprietor and the Restaurant (hereinafter “**Operations Director**”), it being understood the Operations Director may supervise more than one (1) Bonefish Grill restaurant, pursuant to specifications set forth in the Operations Manual. The Proprietor and Operations Director are subject to the prior approval of Franchisor. The Operations Director must sign and deliver to Franchisor the Owner/Executive Agreement.

(b) Franchisee shall hire or appoint such additional managers and key support personnel as may be specified by Franchisor from time to time based upon Franchisor’s determination that such additional manager/key position is reasonably necessary to ensure the

quality of the products and services at the Restaurant or to protect the Outback Steakhouse® brand. Franchisee shall hire or appoint for these positions individuals who possess the minimum qualifications and skills that Franchisor designates to perform the functions that Franchisor specifies and may, as set forth in the Operations Manual, be subject to Franchisor's prior written approval (not to be unreasonably withheld). Franchisee shall ensure that each individual employed in these positions (i) completes the initial and periodic training Franchisor requires and (ii) attends all periodic meetings/conferences that Franchisor specifies in the Operations Manual or otherwise in writing. If Franchisor assigns a multi-restaurant supervisory or oversight role to any such position, Franchisee will comply with Franchisor's guidelines for determining the maximum number of Restaurants an individual may supervise or serve.

Section 6.5 Pre-Opening. In connection with the opening of the Restaurant, Franchisee shall conduct, at Franchisee's expense, such promotional and advertising activities as Franchisor may reasonably require. Franchisee agrees that Franchisor, at its sole option, may require that an opening crew composed of specially-trained representatives of Franchisor or its Affiliates be on-site at the Restaurant to provide training and opening support for a period of approximately three (3) weeks spanning a period before and after the Opening Date. Franchisee shall reimburse Franchisor for all reasonable expenses incurred in providing such opening crew for the Restaurant, including, but not limited to, costs of transportation, lodging, meals, and wages. If the Restaurant opening is delayed for any reason, Franchisee will reimburse Franchisor for any and all costs associated with rescheduling the opening crew, including, but not limited to, airfare and related travel charges.

Section 6.6 Training. Franchisee acknowledges that it is important to the operation of the System and the Restaurant that Franchisee and its employees receive such training as Franchisor deems necessary. Therefore, Franchisee agrees as follows:

(a) Prior to the opening of the Restaurant, the Proprietor, Operations Director and other Restaurant managers shall attend and complete, to Franchisor's satisfaction, the initial training program conducted by Franchisor that Franchisor specifies (the "**Standard Training Program**"). In addition to the Standard Training Program, the Proprietor and the Operations Director must successfully complete, to Franchisor's satisfaction, a detailed training and coaching program that will last approximately four (4) to twelve (12) weeks. Franchisor will provide, free of charge, instructors and training materials for the Proprietor, Operations Director and up to two (2) other managers. Franchisee shall be responsible for any costs attributable to transportation, room and board, wages, and other personnel expenses. Franchisor may charge a reasonable training fee, in an amount determined by Franchisor, for each additional representative of Franchisee who attends initial training. Further, any person subsequently employed by Franchisee in the position of manager and each subsequent Proprietor, if any, shall attend and complete, to Franchisor's satisfaction, such initial training program as Franchisor may then require, and Franchisee shall pay to Franchisor a reasonable training fee determined by Franchisor.

(b) Franchisee shall cause the Franchise Principal, Proprietor, Operations Director (if applicable), Restaurant managers and other Restaurant employees to attend and complete, to Franchisor's satisfaction, such courses, seminars, and other training programs as Franchisor may require from time to time. The Franchise Principal, Proprietor, and Franchisee's managers and other employees may also attend such optional courses, seminars, and training programs as Franchisor may offer from time to time. Franchisee shall pay to Franchisor a reasonable training fee determined by Franchisor for such additional required or optional training.

(c) Franchisee (or its employees) shall be responsible for any and all other expenses incurred by them in connection with any training programs hereunder, including, without limitation, the costs of transportation, lodging, meals, and wages.

Section 6.7 Exclusive Use. Franchisee shall use the Restaurant premises solely for the operation of the Restaurant, shall keep the Restaurant open and in normal operation for such hours and days as Franchisor may from time to time specify in the Operations Manual or as Franchisor may otherwise approve in writing, and shall refrain from using or permitting the use of the premises for any other purpose or activity at any time without first obtaining the written consent of Franchisor.

Section 6.8 Staff. Franchisee shall maintain a competent, trained staff, including at least two fully-trained managers (one of whom may be the Franchise Principal) devoting all of the working time and attention to the on-premises management of the Restaurant, and shall ensure that its employees preserve good customer relations and comply with such dress code as Franchisor may periodically prescribe. Notwithstanding **Sections 6.3 to 6.7** hereof, Franchisee bears sole liability for the hiring, firing and personnel decisions, and the terms and conditions of employment, for the Franchise Principal, Operations Director, Proprietor and other Restaurant personnel and staff. Franchisor and Franchisee acknowledge and agree that Franchisor shall not, and shall have no right or authority to, control the employees of the franchised Restaurant or Franchisee's employees. Franchisor shall have no right or authority with respect to the hiring, termination, discipline, work schedules, pay rates or pay methods of employees of the franchised Restaurant or of Franchisee. Franchisee acknowledges and agrees that all employees of the franchised Restaurant and of Franchisee shall be the exclusive employees of Franchisee and shall not be employees of Franchisor nor joint employees of Franchisee and Franchisor. Franchisor neither dictates nor controls labor or employment matters for franchisees and their employees and Franchisor is not responsible for the safety and security of the franchised Restaurant's employees or patrons.

Section 6.9 Health Standards. Franchisee shall meet and maintain the highest health standards and ratings applicable to the operation of the Restaurant. Franchisee shall furnish to Franchisor, within twenty-four (24) hours after Franchisee's receipt thereof, a copy of any inspection report, warning, citation, certificate, and/or rating which indicates Franchisee's failure to meet or maintain the highest applicable health or safety standards in the operation of the Restaurant.

Section 6.10 Compliance with Standards. Franchisee shall operate the Restaurant in strict conformity with such methods, standards, and specifications as Franchisor may from time to time prescribe in the Operations Manual or otherwise in writing. Without limiting the foregoing, Franchisee, shall, at Franchisee's expense:

(a) maintain in sufficient supply, and use and/or sell at all times, only such menu items, ingredients, products, materials, supplies, and paper goods as conform to Franchisor's standards and specifications, and shall not deviate therefrom by the use or offer of nonconforming items, unless approved by Franchisor in writing.

(b) sell or offer for sale only such menu items, products, and services as have been expressly approved for sale in writing by Franchisor from time to time; sell or offer for sale all types of menu items, products, and services specified by Franchisor from time to time; refrain from any deviation from Franchisor's standards and specifications relating to those menu items, products and services without Franchisor's prior written consent; and discontinue selling and offering for sale any menu items, products, or services which Franchisor may, at its option, disapprove in writing at any time.

(c) permit Franchisor or its agents, at any reasonable time, to remove samples of food or non-food items from Franchisee's inventory, or from the Restaurant, without payment therefor, in amounts reasonably necessary for testing by Franchisor or an independent laboratory to determine whether said samples meet Franchisor's then current standards and specifications. In addition to any other remedies it may have under this Agreement, Franchisor may require Franchisee to bear the cost of such testing if the supplier of the item has not previously been approved by Franchisor or if the sample fails to conform with Franchisor's specifications.

(d) at Franchisee's expense, purchase, install (as applicable) and use in the operation of the Restaurant all Operating Assets that Franchisor periodically specifies; and refrain from installing or permitting to be installed on or about the Restaurant premises and from using any furniture, fixtures, furnishings, equipment, décor, signs, games, vending machines, or other items not previously approved by Franchisor. Franchisee must (i) adopt and follow Franchisor's fiscal year and periods for accounting purposes, (ii) adopt and follow the accounting principles, policies and practices Franchisor prescribes, including use of Franchisor's standard chart of accounts, (iii) acquire, install and use the Information Systems Franchisor specifies from time to time, (iv) obtain and at all times utilize the services of a credit card processor approved by Franchisor, (v) install and continually maintain a primary and backup internet connection approved by Franchisor that facilitates communication between Franchisor's computer system and Franchisee's Information Systems, and (vi) furnish Franchisor the primary and backup communication details (IP Address, email address, web address and telephone number), as originally assigned and as changed from time to time in order to maintain connectivity.

(e) sell or offer for sale products and services only at the Restaurant's premises and refrain from off-premises sales or catering and from selling any products or services at wholesale unless expressly authorized by Franchisor in writing.

(f) participate in all national or regional promotions and offerings as directed by Franchisor and comply with Franchisor's maximum, minimum or other pricing requirements for products and services that the Restaurant offers, including, without limitation, requirements for promotions, special offers and discounts in which some or all Bonefish Grill restaurants participate, in each case to the maximum extent the law allows. In addition, Franchisor may from time to time offer guidance with respect to the selling price for such goods, products and services, and may run advertising and promotions stating a specific selling price for goods, products or services. If Franchisee elects to sell any or all its products or merchandise at any price recommended by Franchisor, Franchisee acknowledges that Franchisor has made no guarantee or warranty that offering such products or merchandise at the recommended price will enhance Franchisee's sales or profits. In all cases, Franchisor reserves all rights available under then applicable law to condition participation in special or voluntary programs and offerings on Franchisee's adherence to Franchisor's requirements, including with respect to pricing standards.

(g) honor at face value Stored Value Cards (including Stored Value Cards sold or distributed by third parties) and participate in other promotions in the manner that Franchisor periodically specifies and, in the case of Stored Value Cards sold or distributed by third parties, accept from Franchisor or the third-party distributor as full reimbursement the face amount of the Stored Value Card reduced by the fee paid or discount given by Franchisor to the third-party distributor.

(h) comply with the terms and conditions of the sale and delivery of, and the terms and methods of payment for, products and services that Franchisee obtains from Franchisor and affiliated and unaffiliated suppliers, as Franchisor periodically modifies them.

(i) participate in market research and test programs that Franchisor periodically requires or approves concerning various aspects of the System, including, without limitation, new or updated procedures, systems, equipment, signs, trade dress, supplies, marketing materials and strategies, merchandising strategies, products and/or services.

(j) participate in all customer loyalty and reward programs that Franchisor may from time to time establish or designate.

(k) implement and comply with all food safety and quality assurance standards and programs (including, but not limited to, food safety audits), and guest satisfaction and “mystery shopper” programs that Franchisor may from time to time establish or designate.

(l) implement and comply with all employee training certification requirements that Franchisor may from time to time establish or designate.

(m) adhere to Franchisor’s then current specifications with respect to any voucher programs such as Groupon, Living Social or other similar offerings, including with respect to the calculation of Net Sales based on the sale and redemption of vouchers and similar certificates.

(n) comply at all times with applicable and then-current Payment Card Industry Data Security Standards (“**PCI DSS**”) and other standards Franchisor may specify to protect data from unauthorized access or disclosure. Franchisee shall submit PCI compliance reports to Franchisor in the manner and frequency Franchisor specifies. Franchisee acknowledges that (i) compliance with PCI DSS is a minimum requirement; (ii) compliance does not guarantee that no security breach will occur; and (iii) any losses or expenses incurred by Franchisor as a result of a security breach due to Franchisee’s failure to comply with the requirements of this Section will be subject to indemnification under **Section 16.4**. Franchisee shall notify Franchisor immediately if Franchisee is notified of a security breach related to the Restaurant and shall cooperate fully with Franchisor regarding media statements (if any) and other items related to managing the incident from a Proprietary Mark and System protection standpoint. Franchisee’s failure to comply with this Section will be a material default under this Agreement.

(o) participate in, and pay all associated pro-rata costs for, any online, telephone or other help desk and related support programs that Franchisor implements from time to time.

Franchisee acknowledges that Franchisor’s periodic modification of the System, the Operations Manual and other methods, standards and specifications may obligate Franchisee to invest additional capital in the Restaurant and incur higher operating costs, and Franchisee agrees to comply with those obligations within the time period Franchisor specifies. Although Franchisor retains the right to establish and periodically modify methods, standards and specifications that Franchisee has agreed to follow, Franchisee retains the responsibility for the day-to-day management and operation of the Restaurant and implementing and maintaining those standards at the Restaurant.

Because complete and detailed uniformity under many varying conditions might not be possible or practical, Franchisor reserves the right to vary the System and/or Franchisor’s methods, standards and specifications for any Bonefish Grill restaurant or group of Bonefish Grill restaurants based upon the peculiarities of any conditions or factors that Franchisor considers important to its operations. Franchisee has no right to require Franchisor to grant Franchisee a similar variation or accommodation.

In no case does the System include any personnel policies or procedures or security-related policies or procedures that Franchisor (at its option) may make available to Franchisee in the Operations Manual or

otherwise for Franchisee's optional use. Franchisee will determine to what extent, if any, these policies and procedures might apply to Franchisee's operations at the Restaurant.

Section 6.11 Suppliers. Franchisee shall purchase those Operating Assets, food items, ingredients, supplies, materials, information technology software, hardware and services and other products and services used or offered for sale at the Restaurant that Franchisor periodically classifies as source-restricted in the Operations Manual or otherwise in writing (collectively hereinafter "Source-Restricted Items") solely from suppliers (including manufacturers, distributors and other sources), who may include or be limited to Franchisor or its Affiliates, who demonstrate, to the continuing reasonable satisfaction of Franchisor, the ability to meet Franchisor's then current standards and specifications for such items, and the adequate quality controls and capacity to supply Franchisee's needs promptly and reliably; and who have been approved in writing by Franchisor prior to any purchases by Franchisee from any such supplier; and who have not thereafter been disapproved. If Franchisee desires to purchase any Source-Restricted Item from an unapproved supplier, Franchisee shall submit to Franchisor a written request for such approval, or shall request the supplier itself to do so. Franchisee shall not purchase any Source-Restricted Item from any supplier until and unless such supplier has been approved in writing by Franchisor. Franchisor shall have the right to require that its representatives be permitted to inspect the supplier's facilities, including without limitation, distribution points and any third-party stocking facilities and that samples from the supplier be delivered either to Franchisor or to an independent laboratory designated by Franchisor for testing. Franchisee or the supplier shall pay Franchisor a charge not to exceed the reasonable cost of the inspection and the actual cost of the test. Franchisor reserves the right, at its option, to re-inspect from time to time the facilities and products of any such approved supplier and to revoke its approval upon the supplier's failure to continue to meet any of Franchisor's then current criteria. Approval may be conditioned upon, without limitation, the supplier's compliance with Franchisor's food safety, quality assurance and animal well-being and humane handling standards, as applicable.

Nothing in the foregoing shall be construed to require Franchisor to approve any particular supplier. Franchisor may limit the number of approved suppliers with whom Franchisee may deal, designate sources that Franchisee must use, and/or refuse any of Franchisee's requests for any reason, including, without limitation, that Franchisor has already designated an exclusive source (which might be Franchisor or its Affiliate) for a particular Source-Restricted Item or if Franchisor believes that doing so is in the best interests of the Bonefish Grill restaurant network. Franchisor reserves the right to develop software or technology services, either independently or in conjunction with one or more third-party providers. Franchisor may require you to use that software or technology services and to pay Franchisor, its Affiliates or vendors fees for any such software or technology developed.

Franchisor reserves the right to create a purchasing cooperative or other form of group purchasing arrangement for the Bonefish Grill restaurant network and/or other restaurant concepts that may be owned or operated by Franchisor and its Affiliates from time to time, and Franchisee will join and participate in any such purchasing cooperative or other form of group purchasing arrangement in accordance with Franchisor's requirements.

Franchisor and/or its Affiliates may derive revenue based on Franchisee's purchases and leases, including, without limitation, from charging Franchisee for products and services that Franchisor or its Affiliates provide to Franchisee and from promotional allowances, volume discounts and other payments made to Franchisor and its Affiliates by suppliers that Franchisor designates, approves or recommends for some or all Bonefish Grill restaurant franchisees. Franchisor and its Affiliates may use all amounts received from suppliers, whether or not based on Franchisee's and other franchisees' prospective or actual dealings with them, without restriction for any purposes that Franchisor and its Affiliates deem appropriate.

Section 6.12 Secret Recipes and Specifications. Franchisor may develop for use in the System certain products which are confidential secret recipes or specifications and which are trade secrets of Franchisor. Franchisee agrees that in the event such products become a part of the System, Franchisee shall use only Franchisor's secret recipe products and, if required by Franchisor (and without limiting Franchisor's rights or Franchisee's obligations under **Section 6.11** hereof), shall purchase from Franchisor or from a source designated by Franchisor all of Franchisee's requirements of such products.

Section 6.13 Key Suppliers. Franchisor may designate one or more suppliers, including manufacturers, distributors or other suppliers, as key suppliers of one or more designated products if Franchisor, in its sole discretion, determines that limiting use to such key supplier is in the best interest of the Bonfish Grill system. In the event Franchisor designates one or more key suppliers, Franchisee shall use only such key suppliers for the designated products and (without limiting Franchisor's rights or Franchisee's obligations under **Section 6.11** hereof) shall purchase from such key suppliers all of Franchisee's requirements of such designated products.

Section 6.14 Trademarked Materials. Franchisee shall require all advertising and promotional materials, signs, decorations, paper goods (including, without limitation, disposable food containers, napkins, menus, and all forms and stationery used in the Restaurant), and other items which may be designated by Franchisor to bear the Proprietary Marks in the form, color, location, and manner periodically prescribed by Franchisor.

Section 6.15 Maintenance of Premises. Franchisee shall maintain the Restaurant in a high degree of sanitation, repair, and condition, and shall make such additions, alterations, repairs, and replacements thereto as may be required for that purpose, including, without limitation, periodic repainting or replacement of obsolete signs, furnishings, equipment, and décor as Franchisor may reasonably direct.

Section 6.16 Required Improvements. Upon Franchisor's request, Franchisee shall make all improvements and alterations that Franchisor may reasonably determine to be necessary for the Restaurant to conform with the System image as it may be prescribed by Franchisor at that time. Franchisee shall undertake and complete such improvements and alterations within reasonable times specified by Franchisor. Without limitation of the foregoing, Franchisee will in all cases make any capital improvements required by this Section on or after the seventh anniversary of the actual Opening Date of the Restaurant and in intervals of seven years thereafter (unless at such time there remains less than five years remaining in the term). In addition to the foregoing, Franchisee shall make such additional capital improvements at lesser intervals if a majority of the Restaurants then operated by Franchisor or its Affiliates have made or are utilizing commercially reasonable efforts to make such improvements or modifications.

Section 6.17 Right of Access. Franchisee grants Franchisor and its agents and representatives the right to enter upon the Restaurant premises at any time for the purpose of conducting inspections; shall cooperate with Franchisor and its agents and representatives in such inspections by rendering such assistance as they may reasonably request; and, upon notice from Franchisor or its agents and without limiting Franchisor's other rights under this Agreement, shall take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection. Should Franchisee, for any reason, fail to correct such deficiencies within a reasonable time as determined by Franchisor, Franchisor shall have the right and authority (without, however, any obligation to do so) to correct such deficiencies and to charge Franchisee a reasonable fee for Franchisor's expenses in so acting, payable by Franchisee immediately upon demand. Franchisee acknowledges that Franchisor may electronically poll Franchisee's Restaurant's Information Systems to obtain Net Sales data, as well as other financial and operating information (including but not limited to Customer Data), which shall be available to Franchisor twenty-four hours every day. Franchisee agrees to maintain continual data network access to Franchisee's Restaurant's Information Systems for use by Franchisor. Franchisor will keep Franchisee's sales and financial

information confidential unless the information is: (i) requested by tax authorities; (ii) used as part of a legal proceeding; or (iii) grouped with similar information from other Bonefish Grill restaurants to produce shared results like high-low ranges or average sales or expenses on a system-wide or regional basis.

Section 6.18 Taxes and Other Indebtedness.

(a) Franchisee recognizes that the failure to make payments, or repeated delays in making prompt payments to suppliers, will result in a loss of credit rating or standing which will be detrimental to the goodwill associated with the Proprietary Marks and the System. Franchisee shall promptly pay when due all taxes levied or assessed, including, without limitation, payroll, unemployment and sales taxes, and all accounts and other indebtedness of every kind, incurred in the operation of the Restaurant.

(b) If any amount to be paid or reimbursed under this Agreement to Franchisor (or its Affiliates) is subject to any deductions or withholdings for any present or future taxes imposed by any competent governmental authority, then Franchisee shall pay or reimburse an additional amount to Franchisor (or its Affiliates) as is necessary so that the net amount actually received by Franchisor after such deduction, payment or withholding will equal the full amount stated to be payable or reimbursable under this Agreement.

(c) In the event of any bona fide dispute as to Franchisee's liability for taxes assessed or other indebtedness, Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law; however, Franchisee must pay all uncontested amounts when due. In no event shall Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, to occur against the premises of the Restaurant or any assets owned or leased by Franchisee.

Section 6.19 Compliance with Law. Franchisee shall comply with all federal, state, and local laws, rules, and regulations, and shall timely obtain any and all permits, certificates, and licenses necessary for the full and proper conduct of the Restaurant, including, without limitation, licenses to do business, fictitious name registrations, sales tax permits, fire clearances and liquor licenses.

Section 6.20 Required Notice to Franchisor. Franchisee shall notify Franchisor in writing within five (5) days of the commencement of any action, suit, or proceeding, or of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, which may adversely affect the operation or financial condition of Franchisee or the Restaurant.

Section 6.21 Liens and Encumbrances. Franchisee shall grant no lien, encumbrance or security interest in the Restaurant or in any of its assets unless the secured party agrees that in the event of any default by Franchisee under any documents related to the lien, encumbrance or security interest, Franchisor shall have the right and option, but not the obligation, to be substituted as obligor to the secured party and to cure any default of Franchisee.

ARTICLE VII
ADDITIONAL COVENANTS OF FRANCHISEE

Section 7.1 Best Efforts. Except as provided in **Article XIII** hereof, Franchisee may not delegate or assign any of its rights or obligations under this Agreement or any aspect of the management and operation of the Restaurant. Franchisee agrees at all times to faithfully and diligently perform its obligations and fully exploit the rights granted under this Agreement.

Section 7.2 Restriction on Debt. Franchisee represents, warrants and covenants that with respect to all funds received by Franchisee (whether before or after signing this Agreement) from any Owner, such Owner did not borrow such funds or otherwise incur any debt to obtain such funds, except as specifically permitted in the following sentence. Neither Franchisee nor any Owner shall, without the prior written consent of Franchisor, which consent may be granted or denied at Franchisor's sole option, directly or indirectly, borrow any money or incur any debt or liability (other than lease obligations for the Restaurant land and building and trade payables in the ordinary course of business) to establish, operate or maintain the Restaurant, except that Franchisee shall be allowed to borrow, in connection with the opening of the Restaurant, an amount equal to the lesser of: (a) Six Hundred Thousand Dollars (\$600,000), or (b) forty percent (40%) of the cost of the leasehold improvements, furniture, fixtures and kitchen equipment required for the opening of the Restaurant; provided, however, such borrowing shall have a repayment term of five (5) years from the date of the opening of the Restaurant. Franchisee shall not extend, renew, refinance, modify or amend any debt or liability permitted by this **Section 7.2** except with the prior written consent of Franchisor, which consent may be granted or denied in Franchisor's sole judgment; provided, however, such consent shall not be required if the debt or liability as extended, renewed, refinanced, modified or amended would be permitted under this **Section 7.2**.

Section 7.3 Confidential Information. Franchisor and its Affiliates possess (and will continue to develop and acquire) certain confidential information, some of which constitutes trade secrets under applicable law, relating to the development and operation of Bonefish Grill restaurants (hereinafter the "**Confidential Information**"), which includes, without limitation:

- (a) site selection and market development plans, standards and criteria;
- (b) layouts, designs, and other plans and specifications for Bonefish Grill restaurants;
- (c) methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, and knowledge and experience used in developing and operating Bonefish Grill restaurants;
- (d) marketing research and promotional, marketing and advertising programs for Bonefish Grill restaurants;
- (e) knowledge of specifications for and suppliers of, and methods of ordering, certain Operating Assets, products, materials and supplies that Bonefish Grill restaurants use and sell;
- (f) knowledge of the operating results and financial performance of Bonefish Grill restaurants other than the Restaurant;
- (g) customer solicitation, communication and retention programs, along with data and information used or generated in connection with those programs;
- (h) all data and all other information generated by, or used or developed in, the operation of the Restaurant and other Bonefish Grill restaurants, including customer names, contact information and related information (hereinafter the "**Customer Data**");
- (i) recipes, food preparation techniques and product and ingredient specifications; and
- (j) any other information that Franchisor reasonably designates as confidential or proprietary.

Nothing in this Agreement or any related agreement will prohibit the confidential disclosure of trade secrets to a federal, state, or local government official, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law. Moreover, nothing in this Agreement or any related agreement will prohibit Franchisee from disclosing a trade secret to Franchisee's legal counsel in the event Franchisee is pursuing a legal action alleging retaliation for disclosing a trade secret to a federal, state, or local government, provided that neither Franchisee nor its legal counsel disclose or use the trade secret inconsistent with the requirements of 18 U.S.C. 1833(b).

Franchisee will not acquire any interest in any Confidential Information, other than the right to use certain Confidential Information as Franchisor specifies in operating the Restaurant during the term of this Agreement and according to the standards and the other terms and conditions of this Agreement. Franchisee acknowledges that its use of any Confidential Information in any other business would constitute an unfair method of competition with Franchisor and its franchisees. Franchisee acknowledges and agrees that the Confidential Information is proprietary, includes Franchisor's and its Affiliates' trade secrets, and is disclosed to Franchisee only on the condition that Franchisee agrees, and it does agree, that Franchisee:

(i) will not use any Confidential Information in any other business or capacity and will keep the Confidential Information absolutely confidential, both during and after the term of this Agreement (afterward for as long as the information is not generally known in the restaurant industry);

(ii) will not make unauthorized copies of any Confidential Information disclosed via electronic medium or in written or other tangible form;

(iii) will adopt and implement all reasonable procedures that Franchisor periodically specifies to prevent unauthorized use or disclosure of Confidential Information; and

(iv) will not sell, trade or otherwise profit in any way from the Confidential Information, except during the term of this Agreement using methods that Franchisor has approved.

"Confidential Information" does not include information, knowledge or know-how which is or becomes generally known in the restaurant industry or which Franchisee knew from previous business experience before Franchisor provided it to Franchisee (directly or indirectly) or before Franchisee began training or operating the Restaurant. If Franchisor includes any matter in Confidential Information, anyone who claims that it is not Confidential Information must prove that the exclusion in this paragraph is applicable.

Section 7.4 Innovations. All ideas, concepts, techniques or materials relating to a Bonefish Grill restaurant (hereinafter "**Innovations**"), whether or not protectable intellectual property and whether created by or for Franchisee or its Owners, employees or contractors, must be promptly disclosed to Franchisor and will be deemed to be Franchisor's sole and exclusive property and works made-for-hire for Franchisor. To the extent any Innovation does not qualify as a "work made-for-hire" for Franchisor, by this paragraph Franchisee assigns ownership of that item, and all related rights to that item, to Franchisor and agrees to sign (and to cause its Owners, employees and contractors to sign) whatever assignment or other documents that Franchisor periodically requests to evidence Franchisor's ownership and to help Franchisor obtain intellectual property rights in the item. Franchisee may not use any Innovation in operating the Restaurant or otherwise without Franchisor's prior approval.

Section 7.5 Competition During Term of Agreement. Franchisee covenants that during the term of this Agreement, neither Franchisee nor any of its Owners shall, either directly or indirectly, for itself, himself or herself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or other entity:

(a) own, maintain, operate, engage in, or have any interest in, any other Full Service Food Business (as defined below), regardless of where such other business is located, nor act as an officer, director, employee, partner, independent contractor, consultant, principal, agent, or proprietor for any such business, nor lend any assistance (financial, managerial or otherwise) to any such business;

(b) divert or attempt to divert any business or customer of the Restaurant to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks or the System; nor

(c) employ or seek to employ at any non-BBI Restaurants any person who is at that time, or within ninety (90) days of such employment or solicitation was, employed at any BBI Restaurant, if such employment or solicitation would reasonably be expected to have a significant adverse effect on any BBI Restaurants operated by Franchisee or its Affiliates. For purposes of this Section, “**BBI Restaurants**” means any Outback Steakhouse®, Bonefish Grill® or Carrabba’s Italian Grill® brand restaurants (and any future franchised concepts owned by Franchisor or its Affiliates) that are operated by Franchisee (or its Affiliates) under franchise agreements with Franchisor (or its Affiliates, as applicable).

In this Agreement, “**Full Service Food Business**” means any restaurant or other business serving prepared food which offers table service, regardless of the type of food served at such business, unless otherwise specifically agreed by Franchisor in writing. For purposes of this Agreement, “**table service**” means that (i) a customer’s order is (or may be) taken at the table by a person and (ii) food is (or may be) delivered to the table by a person.

Section 7.6 Competition After Termination of Agreement. Franchisee covenants that, for a continuous uninterrupted period of two (2) years commencing upon the expiration or termination of this Agreement, regardless of the cause for termination, neither Franchisee nor any of its Owners shall, either directly or indirectly, for itself, himself or herself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or other entity:

(a) own, maintain, operate, engage in, or have any interest in, any Full Service Food Business which is, or is intended to be, located or operating:

(i) at the Restaurant’s premises;

(ii) within a ten (10)-mile radius of the Restaurant’s premises; or

(iii) within a ten (10)-mile radius of any other Bonefish Grill restaurant in operation or under construction on the effective date of expiration or termination; or

(b) act as an officer, director, employee, partner, independent contractor, consultant, principal, agent or proprietor for, nor lend any assistance (financial, managerial or otherwise) to, any Full Service Food Business which is, or is intended to be, located or operating:

- (i) at the Restaurant's premises;
- (ii) within a ten (10)-mile radius of the Restaurant's premises; or
- (iii) within a ten (10)-mile radius of any other Bonefish Grill restaurant in operation or under construction on the effective date of expiration or termination.

Section 7.7 Reduction by Franchisor. Franchisor shall have the right, in its sole judgment, to reduce the scope of any covenant set forth in this **Article VII**, or any portion thereof, without Franchisee's or any other party's consent, effective immediately upon receipt by Franchisee of written notice thereof. Franchisee agrees that it and its Owners shall comply forthwith with any covenant as so modified, which shall be fully enforceable.

Section 7.8 Claims Not a Defense. Franchisee agrees that the existence of any claims it or any Owner may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this **Article VII**. Franchisee agrees to pay all costs and expenses (including, without limitation, reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this **Article VII**.

Section 7.9 Reasonableness of Restrictions; Reformation; Enforcement. Franchisee recognizes and acknowledges that the geographical and time limitations contained in this **Article VII** are reasonable and properly required for the adequate protection of Franchisor and the System. Franchisee acknowledges that Franchisor is the owner of the System and will provide to Franchisee and its personnel training in and Confidential Information concerning the System in reliance on the covenants contained in this **Article VII**. The parties agree that each of the covenants contained in this **Article VII** shall be construed as independent of each other and any other covenant or provision of this Agreement. If any portion of the restrictions contained in this **Article VII** are held to be unreasonable, arbitrary, or against public policy, then the restrictions shall be considered divisible, both as to the time and to the geographical area, with each month of the specified period being deemed a separate period of time and each radius mile of the restricted territory being deemed a separate geographical area, so that the lesser period of time or geographical area shall remain effective so long as the same is not unreasonable, arbitrary, or against public policy. The parties hereto agree that in the event any court of competent jurisdiction determines the specified period or the specified geographical area of the restricted territory to be unreasonable, arbitrary, or against public policy, a lesser time period or geographical area which is determined to be reasonable, nonarbitrary, and not against public policy may be enforced against Franchisee and its Owners. If all or any portion of a covenant in this **Article VII** is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Franchisee and its Owners each expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this **Article VII**.

If Franchisee or any Owner shall violate any of the covenants contained herein and if any court action is instituted by Franchisor to prevent or enjoin such violation, then the period of time during which the covenants of this **Article VII** shall apply, as provided in this Agreement, shall be lengthened by a period of time equal to the period between the date of the breach of the terms or covenants contained in this Agreement and the date on which the decree of the court disposing of the issues upon the merits shall become final and not subject to further appeal.

Franchisee and its Owners each agree that the remedy at law for any breach of the covenants contained in this **Article VII** will be inadequate and would be difficult to ascertain and that a violation of such covenants will cause irreparable injury to Franchisor. Therefore, in the event of the breach or

threatened breach of any such covenants, Franchisor, in addition to any other remedy, shall have the right to obtain an injunction to restrain the applicable party from any threatened or actual activities in violation thereof. Temporary and permanent injunctive relief may be granted in any proceedings which might be brought to enforce any such covenants without the necessity of proof of direct or general damages.

Section 7.10 Franchisee's Personnel. At Franchisor's request, and in addition to Franchisee's obligations to cause the Franchise Principal to sign the Franchise Principal Agreement and the other Owners to sign the Owner/Executive Agreement, Franchisee shall require and obtain execution of Franchisor's then current form of Owner/Executive Agreement or other covenants similar to those set forth in this **Article VII** (including, without limitation, covenants applicable upon the termination of a person's relationship with Franchisee) from any or all of the following persons: (1) all managers of Franchisee and any other personnel employed by Franchisee who have received or will receive training from Franchisor or Confidential Information; and (2) all officers and directors of Franchisee and of any entity that owns (directly or indirectly) more than twenty-five percent (25%) of the Ownership Interests in Franchisee. Every covenant required by this **Section 7.10** shall be in a form satisfactory to Franchisor, including, without limitation, specific identification of Franchisor as a third-party beneficiary of such covenants with the independent right to enforce them.

ARTICLE VIII PROPRIETARY MARKS

Section 8.1 Restriction on Use. Franchisee agrees that:

(a) Franchisee shall use only the Proprietary Marks periodically designated by Franchisor, and shall use them only in the manner approved and permitted by Franchisor from time to time.

(b) Franchisee shall use the Proprietary Marks only for the operation of the Restaurant and only at the location authorized hereunder, or in approved advertising for the Restaurant in accordance with this Agreement.

(c) Unless otherwise authorized or required by Franchisor, Franchisee shall operate and advertise the Restaurant only under the name "BONEFISH GRILL®" without any prefix, suffix or other modifying words, terms, designs or symbols, other than those that Franchisor authorizes Franchisee to use.

(d) Franchisee shall not use any Proprietary Mark, or any part of any Proprietary Mark, as part of any domain name, home page, electronic address, metatag or otherwise in connection with any website or other online presence, except the System Website (defined in **Section 11.5** hereof).

(e) During the term of this Agreement, Franchisee shall identify itself as the owner of the Restaurant in conjunction with any use of the Proprietary Marks, including, but not limited to, uses on invoices, order forms, receipts, and contracts, as well as the display of a notice in such content and form and at such conspicuous locations on the premises of the Restaurant as Franchisor may designate in writing.

(f) Franchisee's right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use of any Proprietary Mark shall constitute an infringement of Franchisor's rights and a breach of this Agreement. Without limiting the

generality of the foregoing, Franchisee shall not use, or authorize any other party to use, the Proprietary Marks in connection with the manufacture of any product.

(g) Franchisee shall not use the Proprietary Marks to incur any obligation or indebtedness on behalf of Franchisor.

(h) Franchisee shall not use the Proprietary Marks as part of its corporate or other legal name.

(i) Franchisee shall comply with Franchisor's instructions in filing and maintaining the requisite trade name or fictitious name registrations, and shall execute any documents periodically deemed necessary by Franchisor or its counsel to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability.

Section 8.2 Ownership of Proprietary Marks. Franchisee acknowledges and agrees that:

(a) Franchisor is the owner of all right, title and interest in and to the Proprietary Marks and the goodwill associated with and symbolized by the Proprietary Marks.

(b) The Proprietary Marks are valid and serve to identify the System, those who are authorized to operate under the System, and/or the products and services that they offer.

(c) Franchisee shall not directly or indirectly contest or assist any other person in contesting the validity of any Proprietary Mark or Franchisor's ownership of or right to use any Proprietary Mark.

(d) Franchisee's use of the Proprietary Marks pursuant to this Agreement does not give Franchisee any ownership interest or other interest in or to the Proprietary Marks, except the license granted by this Agreement.

(e) Any and all goodwill arising from Franchisee's use of the Proprietary Marks shall inure solely and exclusively to Franchisor's benefit, and upon expiration or termination of this Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the System or the Proprietary Marks.

(f) Except as otherwise set forth in **Section 1.2** hereof, the right and license of the Proprietary Marks granted hereunder to Franchisee is nonexclusive, and Franchisor has and retains the rights, among others:

(i) To use the Proprietary Marks itself in connection with selling products and services;

(ii) To grant other licenses for the Proprietary Marks, in addition to those licenses already granted to existing franchisees, if any; and

(iii) To develop and establish other systems using the same or similar Proprietary Marks, or any other marks, and to grant licenses or franchises thereto without providing any rights therein to Franchisee.

Section 8.3 Additional and Substituted Proprietary Marks. Franchisor reserves the right, from time to time in its sole judgment, to add or discontinue use of any Proprietary Marks, and/or substitute

different Proprietary Marks, for use in identifying the System and Bonefish Grill restaurants. Franchisee agrees to comply with Franchisor's directions concerning additional, substitute or discontinued Proprietary Marks within a reasonable time after receiving notice. Franchisor need not reimburse Franchisee for Franchisee's expenses in complying with these directions (such as costs that Franchisee incurs in changing signs or replacing supplies for the Restaurant), for any loss of revenue due to any modified or discontinued Proprietary Mark, or for Franchisee's expenses of promoting a modified or substitute trademark or service mark.

Section 8.4 Notification of Infringements and Claims. Franchisee agrees to notify Franchisor immediately of any actual or apparent infringement of or challenge to Franchisee's use of any Proprietary Mark, or of any person's claim of any rights in any Proprietary Mark (or any identical or confusingly similar trademark) or claim of unfair competition relating to any Proprietary Mark. Franchisee agrees not to communicate with any person other than Franchisor and its attorneys, and Franchisee's attorneys, regarding any infringement, challenge or claim. Franchisor may take the action that it deems appropriate (including no action) and control exclusively any litigation, U.S. Patent and Trademark Office proceeding or other administrative proceeding arising from any infringement, challenge or claim or otherwise concerning any Proprietary Mark. Franchisee agrees to sign any documents and take any other reasonable actions that, in Franchisor's opinion, are necessary or advisable to protect and maintain Franchisor's interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain Franchisor's interests in the Proprietary Marks.

ARTICLE IX OPERATIONS MANUAL

Section 9.1 Compliance with Operations Manual. To protect the reputation and goodwill of Franchisor and to maintain high standards of operation under the Proprietary Marks, Franchisee shall conduct its business in strict accordance with the Operations Manual.

Section 9.2 Confidentiality. Franchisee shall at all times treat the Operations Manual, any other manuals created for or approved for use in the operation of the Restaurant, and the information contained therein, as Confidential Information and subject to the covenants of **Section 7.3** hereof, and shall use all reasonable efforts to maintain such information as secret and confidential. Franchisee shall not at any time copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, nor otherwise make the same available to any unauthorized person.

Section 9.3 Ownership. The Operations Manual shall at all times remain the sole property of Franchisor and shall at all times be kept in a secure place on the Restaurant premises.

Section 9.4 Revisions. Franchisor may from time to time revise the contents of the Operations Manual, and Franchisee expressly agrees to comply with each new or changed standard.

Section 9.5 Maintenance. Franchisee shall at all times insure that the Operations Manual is kept current and up to date. In the event of any dispute as to the contents of the Operations Manual, the terms of the master copy of the Operations Manual maintained by Franchisor at Franchisor's principal office shall be controlling.

Section 9.6 Operations Manual on Website. At Franchisor's option, Franchisor may post the Operations Manual on a restricted website to which Franchisee will have password access. If Franchisor does so, Franchisee agrees to periodically monitor that website for any updates to the Operations Manual or System. Any passwords or other digital identifications necessary to access the Operations Manual on such a website will be deemed to be part of Confidential Information.

ARTICLE X ACCOUNTING AND RECORDS

Section 10.1 Maintenance of Records. Franchisee shall maintain during the term of this Agreement, and shall preserve for at least five (5) years from the dates of their preparation, full, complete, and accurate books, records, and accounts prepared in accordance with generally accepted accounting principles and in the form and manner prescribed by Franchisor from time to time in the Operations Manual or otherwise in writing.

Section 10.2 Weekly Reports. Franchisee shall submit to Franchisor no later than 5 P.M. Tampa, Florida time on each Tuesday of each week during the term of this Agreement after the opening of the Restaurant, a sales report in the form and manner (which may be, at Franchisor's option, by electronic means) periodically prescribed by Franchisor accurately reflecting all Net Sales by day for each day during the preceding seven calendar days ending with the immediately preceding Sunday and such other data or information as Franchisor may require.

Section 10.3 Monthly Reports. Franchisee shall submit to Franchisor, no later than the tenth (10th) day of each month during the term of this Agreement after the opening of the Restaurant, a remittance report in the form and manner (which may be, at Franchisor's option, by electronic means) periodically prescribed by Franchisor accurately reflecting all Net Sales during the preceding calendar month, or, if directed by Franchisor, the preceding four or five week period, and such other data or information as Franchisor may periodically require. In addition, and without limiting the foregoing, Franchisee shall submit to Franchisor a monthly and fiscal year-to-date profit and loss statement (which may be unaudited) for Franchisee and the Restaurant, and shall submit to Franchisor copies of all state sales tax returns for the Restaurant.

Section 10.4 Quarterly Reports. Franchisee shall submit to Franchisor, in the form and manner (which may be, at Franchisor's option, by electronic means) periodically prescribed by Franchisor, a quarterly balance sheet (which may be unaudited) within fifteen (15) days after the end of each quarter of the fiscal year of Franchisee. Each such statement shall be signed by Franchisee or by Franchisee's treasurer or chief financial officer attesting that it is true and correct.

Section 10.5 Annual Reports. Franchisee shall submit to Franchisor complete audited annual financial statements of Franchisee prepared by an independent certified public accountant satisfactory to Franchisor, within ninety (90) days after the end of each fiscal year of Franchisee, showing the financial condition and results of operations of Franchisee and the Restaurant during said fiscal year. Such statements shall include, at a minimum, a balance sheet, profit and loss statement and statement of sources and uses of funds.

Section 10.6 Additional Reports. Franchisee shall submit to Franchisor, for review or auditing, such other forms, reports, records, information, and data as Franchisor may reasonably designate, in the form and manner (which may be, at Franchisor's option, by electronic means) periodically required by Franchisor, upon request and as reasonably specified from time to time in the Operations Manual or otherwise in writing.

Section 10.7 Inspection Rights. Franchisor and its designated agents shall have the right at all reasonable times to examine and copy, at Franchisor's expense, the books, records, and tax returns of Franchisee. Franchisor shall also have the right, at any time, to have an independent audit made of the books of Franchisee. If an inspection should reveal that any payments have been understated in any report to Franchisor, then Franchisee shall immediately pay to Franchisor the amount understated upon demand, in addition to interest from the date such amount was due until paid at the rate of eighteen percent (18%)

per annum or the maximum rate permitted by law, whichever is less. If an inspection discloses an understatement in any report of two percent (2%) or more, Franchisee shall, in addition, reimburse Franchisor for any and all costs and expenses connected with the inspection (including, without limitation, travel, lodging and wages expenses and reasonable accounting and legal costs). The foregoing remedies shall be in addition to any other remedies Franchisor may have.

Section 10.8 Right to Modify Reports. Franchisor shall have the right from time to time to modify the time periods to be covered by the reports required by **Sections 10.2, 10.3, 10.4** and **10.5** hereof if desirable to align such reports with Franchisor's fiscal periods.

Section 10.9 Expenses. All reports, forms and other information required by this **Article X** shall be prepared at Franchisee's expense.

ARTICLE XI ADVERTISING AND MARKETING

Section 11.1 Acknowledgment. The parties acknowledge the value of advertising and marketing and the importance of the standardization of advertising and marketing programs to the furtherance of the goodwill and public image of the System and the Bonefish Grill restaurant network.

Section 11.2 Required Advertising. All local advertising, marketing and promotion in any medium shall be conducted in a dignified manner and shall conform to the standards and requirements of Franchisor as set forth in the Operations Manual or otherwise in writing. Franchisee shall obtain Franchisor's prior approval of all advertising, marketing and promotional plans and materials that Franchisee desires to use and that have not been prepared by Franchisor or previously approved by Franchisor within one (1) year. Franchisee shall submit such unapproved plans and materials to Franchisor and Franchisor shall approve or disapprove such plans and materials within ten (10) days from the date of receipt thereof. Franchisee shall not use any plans or materials until they have been approved by Franchisor and shall promptly discontinue use of any advertising, marketing or promotional plans or materials upon notice from Franchisor.

Section 11.3 Multi-Unit Campaigns.

(a) Franchisor has established a national marketing program to advertise and promote Bonefish Grill restaurants, and may from time to time implement other continuing, periodic or temporary national, regional or local marketing programs or campaigns for Bonefish Grill restaurants (collectively "**Multi-Unit Campaigns**"). Franchisee shall contribute a percentage of Franchisee's Net Sales to Franchisor for Multi-Unit Campaigns in the amounts, in the manner and at the times directed by Franchisor, at Franchisor's sole and absolute discretion; provided that such percentage will not exceed, in any calendar year, eight percent (8%) of Franchisee's annual Net Sales in the aggregate when combined with Franchisee's Required Local Marketing Expenditures (described below in **Section 11.4**), and will generally equal the average percentage of Net Sales that Franchisor or its Affiliates spend on such Multi-Unit Campaigns or their equivalent for Company-Owned Restaurants from time to time. As used in this Agreement, the term "**Company-Owned Restaurants**" means domestic Bonefish Grill restaurants operated in the United States by Franchisor or its Affiliates. At Franchisor's option, Franchisee shall accrue funds under this **Section 11.3** for later payment to Franchisor for subsequent Multi-Unit Campaigns. Franchisor will spend amounts paid to Franchisor for Multi-Unit Campaigns on the production, administration, placement and implementation of Multi-Unit Campaigns, including, without limitation, reimbursing Franchisor and its Affiliates for any out-of-pocket costs and expenses they incur in connection with Multi-Unit Campaigns. Franchisor will allocate the cost of Multi-Unit Campaigns

among the Restaurant and other participating Bonefish Grill restaurants (including, without limitation, Company-Owned Restaurants, if applicable) in any manner that Franchisor reasonably deems appropriate. Franchisor shall not be required to establish separate segregated funds for Multi-Unit Campaigns or for any segment of Bonefish Grill restaurants contributing to the Multi-Unit Campaigns. Franchisor will not hold payments for Multi-Unit Campaigns in trust, and Franchisor does not owe Franchisee fiduciary obligations for maintaining, directing or administering the Multi-Unit Campaigns or those payments or for any other reason.

(b) With respect to Multi-Unit Campaigns, Franchisor shall oversee all advertising and promotional programs with the sole and absolute right to approve or disapprove the creative concepts, materials, costs and media used in such programs, and the placement and allocation thereof. Franchisee agrees and acknowledges that the Multi-Unit Campaigns are intended to maximize general public recognition and acceptance of the Proprietary Marks for the benefit of the System, and that Franchisor and its designee undertake no obligation in administering the Multi-Unit Campaigns to make expenditures for Franchisee which are equivalent or proportionate to its contribution, or to ensure that any particular franchisee benefits directly or pro rata from the advertising or promotion conducted under the Multi-Unit Campaigns.

Section 11.4 Required Local Marketing Expenditures. In addition to making contributions to Multi-Unit Campaigns, Franchisor may, at its sole and absolute discretion, require Franchisee to undertake Required Local Marketing Expenditures (as such term is defined below) in an amount that is at least the percentage of the Net Sales of the Restaurant that Franchisor specifies from time to time according to this **Section 11.4**. Required Local Marketing Expenditures are amounts spent by Franchisee on local advertising, marketing and promotions approved by Franchisor for the Restaurant in accordance with this **Article XI**, or with Franchisor's prior written approval, accrued for subsequent expenditure, on a continuing monthly basis. Franchisee shall send Franchisor such periodic reports as Franchisor may request concerning Franchisee's local advertising, marketing and promotional activities and expenses. The Required Local Marketing Expenditures for any given period will be set by Franchisor in advance from time to time along with the Multi-Unit Campaign contribution for such period; but in no case will the combination of the Required Local Marketing Expenditures and the required Multi-Unit Campaign contributions in any calendar year exceed a maximum of eight percent (8%) of the Restaurant's yearly Net Sales. The percentage of Net Sales applicable to the Required Local Marketing Expenditures will generally equal the percentage of Net Sales Franchisor or its Affiliates spend on marketing, promoting or advertising Company-Owned Restaurants over and above their Multi-Unit Campaign contributions or their equivalent; provided that Franchisor reserves the right to require or permit different percentages of Net Sales be spent by franchisees in different regions based on specific advertising and marketing needs in a given region or at a given time, as determined in Franchisor's judgment. Pre-opening promotional and advertising activities in accordance with **Section 6.5** will not count towards the Required Local Marketing Expenditures or the maximum eight percent (8%) of Net Sales that Franchisor may require that Franchisee pay to Multi-Unit Campaigns or expend on Required Local Marketing Expenditures in any given calendar year.

Section 11.5 System Websites and Electronic Advertising. Franchisor or one or more of its designees may establish a website or series of websites for the Bonefish Grill restaurant network to advertise, market and promote Bonefish Grill restaurants and the products and services they offer, the Bonefish Grill restaurant franchise and/or development rights opportunity, and/or for any other purposes that Franchisor determines are appropriate for Bonefish Grill restaurants (collectively hereinafter the "**System Website**"). If Franchisor includes information about the Restaurant on the System Website, Franchisee agrees to give Franchisor the information and materials that Franchisor periodically requests concerning the Restaurant and otherwise participate in the System Website in the manner that Franchisor periodically specifies. By posting or submitting to Franchisor information or materials for the System

Website, Franchisee is representing to Franchisor that the information and materials are accurate and not misleading and do not infringe any third party's rights.

Franchisor shall own all intellectual property and other rights in the System Website and all information it contains, including, without limitation, the domain name or URL for the System Website, the log of "hits" by visitors, and any personal or business data that visitors (including Franchisee and its personnel) supply. Franchisor may implement and periodically modify standards relating to the System Website and, at Franchisor's option, may discontinue the System Website, or any services offered through the System Website, at any time.

All advertising, marketing and promotional materials that Franchisee develops for the Restaurant must contain notices of the URL of the System Website in the manner that Franchisor periodically designates. Franchisee may not develop, maintain or authorize any other website, other online presence or other electronic medium that mentions or describes the Restaurant or displays any of the Proprietary Marks without Franchisor's prior approval. Franchisee may not conduct commerce or directly or indirectly offer or sell any products or services using any website, another electronic means or medium, or otherwise over the Internet.

Franchisor has sole discretion and control over any profiles using or relating to the Proprietary Marks, or that display the Marks, that are maintained on social media outlets, including without limitation Myspace, Facebook, Twitter and Instagram.

Nothing in this **Section 11.5** shall limit Franchisor's right to maintain websites other than the System Website or to offer and sell products and services under the Proprietary Marks from the System Website, another website or otherwise over the Internet without payment or obligation of any kind to Franchisee.

Section 11.6 System-Wide Promotions. Franchisor may from time to time develop and administer advertising and sales promotion programs, including, without limitation, gift card programs and online ticket purchasing programs, designed to promote and enhance the collective success of all Restaurants operating under the System. Franchisee shall participate in all such advertising and sales promotion programs in accordance with the terms and conditions established by Franchisor for each program, which may or may not (at Franchisor's sole discretion) entail such participation counting towards the Required Local Marketing Expenditures or the maximum of eight percent (8%) of Net Sales that Franchisor may require that Franchisee pay to Multi-Unit Campaigns or expend on Required Local Marketing Expenditures in any given calendar year. In all aspects of these programs, including, without limitation, the type, quantity, timing, placement and choice of media, market areas and advertising agencies, the standards and specifications established by Franchisor shall be final and binding upon Franchisee.

ARTICLE XII INSURANCE

Section 12.1 Requirement. Franchisee shall procure, prior to the commencement of any operations under this Agreement or construction of the Restaurant, and shall maintain in full force and effect at all times during the term of this Agreement, at Franchisee's expense, an insurance policy or policies protecting Franchisee and Franchisor, and their respective officers, directors, partners, and employees, against any demand or claim with respect to personal injury, bodily injury, death, advertising injury or property damage, or any loss, liability, or expense whatsoever arising or occurring upon or in connection with the Restaurant.

Section 12.2 Insurers' Required Policies. Such policy or policies shall be in form satisfactory to Franchisor, and shall be written by a responsible carrier or carriers acceptable to Franchisor who are duly licensed by the appropriate state authorities and have a Best Guide rating of not less than A-VII (or such other minimum criteria that Franchisor periodically specifies). Such policy or policies shall include, at a minimum (except as additional coverages and higher policy limits may reasonably be specified by Franchisor from time to time), the following:

(a) Comprehensive general liability insurance, equivalent to ISO 86 form, in the amount of One Million Dollars (\$1,000,000) per occurrence for bodily injury and property damage, Three Hundred Thousand Dollars (\$300,000) fire damage legal liability insurance, Five Thousand Dollars (\$5,000) medical payments liability insurance, One Million Dollars (\$1,000,000) personal and advertising injury liability insurance, Five Million Dollars (\$5,000,000) products aggregate, products aggregate to apply per location, and Five Million Dollars (\$5,000,000) annual aggregate, annual aggregate to apply per location.

(b) Liquor liability insurance in the amount of One Million Dollars (\$1,000,000) each common cause and One Million Dollars (\$1,000,000) annual aggregate, annual aggregate to apply per Restaurant.

(c) Umbrella liability insurance (including general liability, liquor liability, automotive liability and employers liability) in the amount of Ten Million Dollars (\$10,000,000) per occurrence and Ten Million Dollars (\$10,000,000) annual aggregate, annual aggregate to apply per location.

(d) Automobile liability insurance (including, without limitation, non-owned and hired auto) in the amount of One Million Dollars (\$1,000,000) combined single limit.

(e) Worker's compensation insurance as may be required by statute or rule of the state or locality in which the Restaurant is located, and employer's liability insurance with limits of Five Hundred Thousand Dollars (\$500,000) bodily injury by accident each accident, Five Hundred Thousand Dollars (\$500,000) bodily injury by disease policy limit and Five Hundred Thousand Dollars (\$500,000) bodily injury by disease each employee, and stop gap/employer's liability insurance if worker's compensation insurance must be purchased from the state in which the Restaurant is located.

(f) Special form all risk property coverage (including, without limitation, flood, windstorm and earthquake) for the full cost of replacement of the Restaurant building, contents, betterments and improvements and business interruption and all other property in which Franchisee may have an interest with no coinsurance clause and a replacement cost clause attached and maximum deductible/self-insured retentions of not more than \$100,000 per occurrence.

(g) Business income insurance that specifically provides for payment to Franchisor of the monthly royalty fee required by **Section 3.2** hereof equal to the average monthly fees paid during the previous twelve (12) months or such period as the Restaurant has been open for business if less than twelve (12) months.

(h) Cyber liability insurance with limits of at least One Million Dollars (\$1,000,000) per claim and annual aggregate that coordinates with system coverage. The coverage must allow Franchisor to respond to the incident without restriction.

Notwithstanding the coverages and limits specified in this **Section 12.2**, Franchisor may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage at any time to reflect inflation, identification of new risks, changes in law or standards in liability, higher damage awards or other relevant changes in circumstances.

Section 12.3 Construction Insurance. In connection with any construction, renovation, refurbishment, or remodeling of the Restaurant, Franchisee shall maintain Builder's Risk All Risk insurance covering the completed value of the construction and commercial general liability insurance in the amount of One Million Dollars (\$1,000,000) per occurrence bodily injury and property damage, Two Million Dollars (\$2,000,000) per location aggregate and performance and completion bonds in form and amount acceptable to Franchisor.

Section 12.4 Effect of Franchisor's Insurance. Franchisee's obligation to obtain and maintain the foregoing policy or policies in the amounts specified shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of that obligation relieve it of liability under the indemnity provisions set forth in **Section 16.4** hereof.

Section 12.5 Franchisor as Additional Insured. Franchisor and each of its Affiliates, directors, agents and employees that Franchisor periodically specifies shall be named as additional insureds on all liability and property damage insurance policies (except Workers' Compensation policies) and Franchisor shall be named as an additional insured with respect to Franchisor's interest in fees under all-risk property policies, business income insurance policies and Franchisor's interest, if any, in real and/or personal property under liability and property damage insurance policies. All insurance policies shall contain a provision that Franchisor, although named as an insured and/or loss payee, shall nevertheless be entitled to recover under said policies on any loss occasioned to Franchisor or its servants, agents or employees by reason of the negligence of Franchisee or its servants, agents or employees.

Section 12.6 Evidence of Insurance. At least thirty (30) days prior to the time any insurance is first required to be carried by Franchisee, and thereafter at least thirty (30) days prior to the expiration of any such policy, Franchisee shall deliver to Franchisor Certificates of Insurance evidencing the proper coverage with limits not less than those required hereunder. Such certificates, with the exception of Workers' Compensation, shall name Franchisor and each of its Affiliates, directors, agents and employees that Franchisor specifies as additional insureds, and shall expressly provide that any interest of same therein shall not be affected by any breach by Franchisee of any policy provisions for which such certificates evidence coverage. Further, all certificates shall expressly provide that no less than thirty (30) days' prior written notice shall be given Franchisor in the event of material alteration to or cancellation of the coverages evidenced by such certificates.

Section 12.7 Right to Cure. Should Franchisee, for any reason, fail to procure or maintain the insurance required by this Agreement, as such requirements may be revised from time to time by Franchisor in the Operations Manual or otherwise in writing, Franchisor shall have the right and authority (without, however, any obligation to do so) immediately to procure such insurance and to charge same to Franchisee, which charges, together with a reasonable fee for Franchisor's expenses in so acting, shall be payable by Franchisee immediately upon notice. The foregoing remedies shall be in addition to any other remedies Franchisor may have.

ARTICLE XIII TRANSFER OF INTEREST

Section 13.1 Transfer by Franchisor. Franchisor shall have the right to transfer or assign this Agreement and all or any part of its rights or obligations herein to any person or legal entity. Franchisor

may change its ownership or form without restriction. Franchisee expressly and specifically waives any claims, demands, or damages against Franchisor arising from or related to the transfer of the Proprietary Marks (or any variation thereof) or the System from Franchisor to any other party. Upon any such transaction, the transferee shall be solely responsible for all obligations and duties arising subsequent to such transaction, such transaction will constitute a novation, and Franchisor will have no further obligation to Franchisee.

Section 13.2 Transfer by Franchisee.

(a) Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee and its Owners, and that Franchisor has granted this franchise in reliance on Franchisee's (and its Owners') business skill, financial capacity, and character. Accordingly, neither Franchisee nor any Owner shall transfer any direct or indirect interest in this Agreement or the Restaurant (or all or substantially all of its assets), or any Ownership Interest in Franchisee, without the prior written consent of Franchisor and compliance with all terms and provisions of this **Article XIII**; provided, however, that Franchisor's prior written consent shall not be required for a transfer of less than a one percent (1%) interest in a publicly held corporation. A publicly held corporation is a corporation registered under the Securities Exchange Act of 1934. A transfer of the ownership, possession or control of the Restaurant or all or substantially all of its assets may be made (subject to Franchisor's rights in this **Article XIII**) only with a transfer of this Agreement. Any purported transfer, by operation of law or otherwise, not having the written consent of Franchisor required by this **Section 13.2(a)** shall be null and void and shall constitute a breach of this Agreement.

(b) In this Agreement, the term "**transfer**" shall include (without limitation) the following, whether voluntary or involuntary, conditional, direct or indirect: (i) assignment, sale, gift or other disposition; (ii) the grant of a mortgage, charge, pledge, lien or security interest, including, without limitation, the grant of a collateral assignment, excluding only an equipment lease arrangement or financing arrangement for equipment on arm's-length terms; (iii) a merger, consolidation, exchange of shares or other Ownership Interests, issuance of additional Ownership Interests or securities representing or potentially representing Ownership Interests, or redemption of Ownership Interests; (iv) a sale or exchange of voting interests or securities convertible to voting interests, or an agreement granting the right to exercise or control the exercise of the voting rights of any holder of Ownership Interests or to control (directly or indirectly) the operations or affairs of Franchisee; and (v) a management agreement whereby Franchisee delegates any of its obligations under this Agreement or any or all of the management functions with respect to the Restaurant. In addition, a transfer (as defined above) will include, without limitation, any transfer by virtue of divorce; insolvency; dissolution of a business entity; will; intestate succession; declaration of or transfer in trust; or foreclosure, attachment, seizure or otherwise by operation of law. A "**Control Transfer**" is any transfer which, alone or together with other previous, simultaneous or proposed transfers, would have the effect of (x) transferring, in the aggregate, more than twenty-five percent (25%) of the Ownership Interests in Franchisee; or (y) reducing the percentage of the Ownership Interests in Franchisee that the Franchise Principal owns to less than fifty-one percent (51%). Any other transfer which requires Franchisor's prior written consent under **Section 13.2(a)** hereof and is not a Control Transfer is called a "**Non-Control Transfer**."

Section 13.3 Franchisor's Approval of Transfer.

(a) Franchisee shall deliver to Franchisor written notice of any proposed Control Transfer or Non-Control Transfer, with such detail as Franchisor reasonably specifies concerning the proposed transfer, at least thirty (30) days before its intended effective date.

(b) If the proposed transfer is a Non-Control Transfer, then simultaneously with the notice of the proposed transfer, Franchisee also shall pay Franchisor a transfer fee of One Thousand Dollars (\$1,000) to partially cover Franchisor's costs in addressing the proposed Non-Control Transfer. Subject to its other rights in this **Article XIII**, Franchisor shall have fifteen (15) days following delivery of such notice within which to evaluate the proposed transaction and to notify Franchisee of its approval or disapproval (with reasons) of the proposed Non-Control Transfer. Franchisor will not unreasonably withhold its approval of any Non-Control Transfer if the proposed transferee (and its direct and indirect owners) are of good moral character, do not violate the provisions of **Section 7.5(a)** hereof, and otherwise meet Franchisor's then current requirements for owners of non-controlling interests in Bonafish Grill restaurant franchisees. If Franchisor approves the Non-Control Transfer, then any new Owner shall, simultaneously with acquiring its Ownership Interest in Franchisee, sign and deliver to Franchisor its then current form of Owner/Executive Agreement.

(c) If the proposed transfer is a Control Transfer, then Franchisor will not unreasonably withhold its consent to that transfer (subject to its other rights in this **Article XIII**) if all of the following conditions are satisfied:

(i) All of Franchisee's accrued monetary obligations and all other outstanding obligations to Franchisor and its Affiliates shall have been satisfied;

(ii) Franchisee shall be in full compliance with all provisions of this Agreement, any amendment hereof or successor hereto, and any other agreement between Franchisee or the Franchise Principal, on the one hand, and Franchisor or any of its Affiliates, on the other hand;

(iii) The transferor shall have executed a general release, in a form prescribed by Franchisor, of any and all claims against Franchisor and its Affiliates, and their respective officers, directors, owners, agents, and employees;

(iv) Franchisor determines that the purchase price and payment terms will not adversely affect the operation of the Restaurant;

(v) The transferee (and, as applicable, its owners) shall demonstrate to Franchisor's satisfaction that it (and each owner) meets Franchisor's educational, managerial, and business standards; possesses a good moral character, business reputation, and credit rating; has the experience, aptitude and ability to conduct the business franchised herein (as may be evidenced by prior related business experience or otherwise); has adequate financial resources and capital to operate the Restaurant; and do not violate the provisions of **Section 7.5(a)** hereof;

(vi) At Franchisor's option, the transferee (and, as applicable, its owners) shall either (A) enter into one or more written agreements and personal guarantees, in a form satisfactory to Franchisor, assuming and agreeing to discharge all of Franchisee's obligations under this Agreement and all related agreements; or (B) execute (and/or, upon Franchisor's request, shall cause all interested parties to execute) the standard form franchise agreement and all related agreements (including, without limitation, personal guarantees) then being offered to new Bonafish Grill restaurant franchisees for a term ending on the expiration date of this Agreement, which agreements shall supersede this Agreement in all respects and the terms of which agreements may differ from the terms of this Agreement, including, without limitation, a higher percentage royalty rate and

Required Local Marketing Expenditures and different rights in, and/or geographic area comprising, the Territory; provided, however, that the transferee shall not be required to pay an initial franchise fee;

(vii) The transferee, at its expense, shall upgrade the Restaurant to conform to the then current standards and specifications of Bonefish Grill restaurants, and shall complete the upgrading and other requirements within the time specified by Franchisor;

(viii) Franchisee shall remain liable for all of the obligations to Franchisor in connection with the franchised business prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by Franchisor to evidence such liability;

(ix) At the transferee's expense, the transferee, the transferee's managers and the new Franchise Principal shall complete any training programs then in effect upon such terms and conditions as Franchisor may reasonably require;

(x) Franchisee shall reimburse Franchisor for its reasonable costs and expenses associated with the transfer, including, without limitation, legal and accounting fees and salaries of Franchisor's personnel; and

(xi) Franchisee and/or its transferring Owners (if applicable) shall sign a noncompetition undertaking in favor of Franchisor and the transferee that contains, among other things, the restrictions in **Section 7.6** hereof.

Franchisee acknowledges and agrees that each condition which must be met by the transferee is necessary to assure such transferee's full performance of the obligations hereunder.

Section 13.4 Right of First Refusal.

(a) Any party owning any direct or indirect interest in this Agreement, the Restaurant or its assets, or an Ownership Interest in Franchisee, and desiring to accept a bona fide offer to acquire such interest (hereinafter "**Transferor**") shall, within five (5) days of receipt of such offer and prior to acceptance thereof, provide written notice to Franchisor (hereinafter "**Notice of Offer**") of each such offer. The Notice of Offer shall specify the interest to be transferred (hereinafter "**Interest**"), the identity of the offeror, the purchase price and manner of payment, the treatment of any liabilities to which the Interest is subject and shall include copies of all written communications from the offeror or Transferor containing or relating to the offer. The Interest must involve only a direct or indirect interest in this Agreement, the Restaurant or its assets or an Ownership Interest in Franchisee and not any other interests or assets. Transferor shall also provide such other documents and information relating to the offeror and/or the offer as Franchisor thereafter requests.

(b) Upon receipt of a Notice of Offer, Franchisor shall have the right and option to purchase, and Transferor shall be obligated to sell to Franchisor, the Interest upon the same terms and conditions contained in the Notice of Offer. In the event the consideration, terms and/or conditions contained in the Notice of Offer are such that Franchisor may not reasonably be required to furnish the same consideration, terms and/or conditions, Franchisor shall notify Transferor and Franchisor shall have the right to substitute therefor the reasonable cash equivalent. If Franchisor and Transferor cannot agree on the reasonable cash equivalent within fifteen (15) days of receipt of the Notice of Offer, Franchisor and Franchisee shall each appoint an independent, qualified M.A.I. appraiser to determine the reasonable cash equivalent. If the two (2) appraisers so

appointed cannot agree on the reasonable cash equivalent, they shall appoint a third independent, qualified M.A.I. appraiser to determine a third appraisal of the reasonable cash equivalent. The final reasonable cash equivalent shall be the average of the two (2) closest appraisals. The determination of such appraisers shall be final and binding on all parties.

(c) Franchisor may exercise the purchase option granted in (b) above by providing written notice (hereinafter “**Notice of Exercise**”) to Transferor on or before the later of: (i) forty-five (45) days from receipt of the Notice of Offer; (ii) thirty (30) days from the date of receipt of all additional information and documents relating to the offeror and/or the offer requested by Franchisor pursuant to (a) above; or (iii) thirty (30) days from receipt of written determination by the appraiser of reasonable cash equivalent pursuant to (b) above, if applicable.

(d) The closing for any purchase by Franchisor hereunder shall be consummated and closed in Franchisor’s principal office at a mutually agreed upon date and time, provided that such closing shall be held within ninety (90) days from the date of Notice of Exercise. At the closing, Transferor shall execute and deliver to Franchisor such documents, affidavits and instruments as are necessary or appropriate, in the opinion of Franchisor’s counsel, to transfer good and marketable title in the Interest to Franchisor, free and clear of any lien, claim or encumbrance (except as otherwise specified in the Notice of Offer). Transferor shall execute and deliver to Franchisor such representations, warranties and indemnities as are customary or appropriate, in the opinion of Franchisor’s counsel, in connection with the transfer of property of a kind similar to the Interest. Transferor (and its owners) shall sign a noncompetition undertaking in favor of Franchisor that contains, among other things, the restrictions in **Section 7.6** hereof. Franchisor shall deliver the purchase price to Transferor in accordance with the Notice of Offer and/or determination of reasonable cash equivalent. If the Interest includes real property, Transferor shall, at its expense, deliver to Franchisor an owner’s marketability title insurance policy (ALTA FORM B latest revision), issued by a company acceptable to Franchisor’s counsel, insuring Franchisor’s title to the real property for the full amount of the purchase price without any exceptions or exclusions except for those acceptable to Franchisor. Franchisee shall use its best efforts and due diligence to cure any title defects and the closing shall be extended for a reasonable cure period. All costs, fees, document taxes and other expenses incurred in connection with the transfer of the Interest shall be allocated in accordance with the Notice of Offer. Any costs not allocated therein shall be paid by Transferor.

(e) As to any particular Notice of Offer, if Franchisor does not exercise the purchase option within the time limit of (c) above, or if Franchisor, through no fault of Transferor, fails to close the purchase of the Interest within the time limit of (d) above, then as to such particular Notice of Offer only, Transferor shall be free to transfer the Interest solely to the offeror named in the Notice of Offer upon the same terms and conditions contained in the Notice of Offer; provided however,

(i) such transfer shall be subject to Franchisor’s approval and compliance with all other terms and provisions of **Section 13.3** hereof; and

(ii) such transfer shall be consummated and closed on or before the earlier of: (A) ninety (90) days after compliance with and satisfaction of the terms and provisions of **Section 13.3** hereof; or (B) if Franchisor has not exercised its purchase option, ninety (90) days from the expiration date for exercise of the purchase option pursuant to (c) above or notice from Franchisor that it does not intend to exercise its purchase option; or (C) if Franchisor has exercised the purchase option but failed to close through no fault of Transferor, ninety (90) days from the expiration date for closing pursuant to (d) above.

(f) Transferor shall make no transfer of the Interest except to the offeror named in the Notice of Offer, on the same terms and conditions contained in the Notice of Offer and within the time limit specified in subsection (e). Any purported transfer not in strict compliance with all the requirements of the preceding sentence and the other requirements of this **Article XIII** shall be null and void. If Transferor does not close and consummate the transfer of the Interest in strict accordance with the requirements of (e) and (f) hereof, Franchisor's purchase option shall again be exercisable and Transferor shall make no transfer of the Interest until it has again complied with all terms and provisions of this **Section 13.4**, including, without limitation, issuance of a new Notice of Offer. Any modification to an offer shall constitute a new offer for which Franchisor's purchase option shall again be exercisable and Transferor shall make no transfer pursuant to such modified offer until it has again complied with all terms and provisions of this **Section 13.4**, including, without limitation, issuance of a new Notice of Offer.

Section 13.5 Transfer Upon Franchise Principal's Death or Incapacity. Upon the death or incapacity of the Franchise Principal, his or her executor, administrator, or personal representative shall use commercially reasonable efforts to transfer his or her Ownership Interest in Franchisee to a third party approved by Franchisor within nine (9) months after such death or incapacity. All such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to all the conditions of **Section 13.3** hereof. However, in the case of transfer by devise or inheritance, if the Franchise Principal's heirs or beneficiaries are unable to meet the conditions of **Sections 6.3** and **13.3** hereof, the personal representative of the deceased Franchise Principal shall have a reasonable time, not to exceed twelve (12) months from the date of death or incapacity, to transfer the Franchise Principal's Ownership Interest in Franchisee (subject to all of the conditions of this **Article XIII**). If such interest is not transferred within twelve (12) months from the date of death or incapacity, Franchisor may terminate this Agreement.

Section 13.6 Non-Waiver of Claims. Franchisor's consent to any transfer shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferee.

Section 13.7 Offerings by Franchisee. Subject to Franchisor's right of first refusal and other rights under this **Article XIII**, Ownership Interests in Franchisee may be offered for sale only with the prior written consent of Franchisor, which consent may be withheld at Franchisor's sole and absolute discretion and will, in all cases, be subject to Franchisee's satisfaction of the other terms and conditions of this **Article XIII**. All materials required for such offering by federal or state law shall be submitted to Franchisor for review prior to their being filed with any government agency, and any materials to be used in any exempt offering shall be submitted to Franchisor for review prior to their use. No Franchisee offering shall imply (by use of the Proprietary Marks or otherwise) that Franchisor is participating in an underwriting, issuance, or offering of securities, and Franchisor's review of any offering shall be limited solely to the subject of the relationship between Franchisee and Franchisor. Franchisee and the other participants in the offering shall fully indemnify Franchisor in connection with the offering. For each proposed offering, Franchisee shall reimburse Franchisor for its reasonable costs and expenses associated with reviewing the proposed offering, including, without limitation, legal and accounting fees and salaries of Franchisor's personnel. Franchisee shall give Franchisor written notice, and provide all materials relating to the offering, at least thirty (30) days prior to the date of commencement any offering or other transaction covered by this **Section 13.7**. Neither Franchisee nor any of its Owners may issue or sell Franchisee's securities or the securities of any of Franchisee's Affiliates if: (a) such securities would be required to be registered pursuant to the Securities Act of 1933, as amended, or such securities would be owned by more than thirty-five (35) persons; or (b) after such issuance or sale, Franchisee or such Affiliate would be required to comply with the reporting and information requirements of the Securities Exchange Act of 1934, as amended.

**ARTICLE XIV
DEFAULT AND TERMINATION**

Section 14.1 Termination Without Notice. Franchisee shall be in default under this Agreement, and all rights granted herein shall automatically terminate without notice to Franchisee, if: (a) Franchisee shall become insolvent or make a general assignment for the benefit of creditors; (b) a petition in bankruptcy is filed by Franchisee or such a petition is filed against and not opposed by Franchisee; (c) Franchisee is adjudicated a bankrupt or insolvent; (d) a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee or if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; (e) proceedings for a composition with creditors under any state or federal law are instituted by or against Franchisee; (f) a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); (g) Franchisee is dissolved; (h) execution is levied against Franchisee's business or property; (i) suit to foreclose any lien or mortgage against the Restaurant premises or equipment is instituted against Franchisee and not dismissed within thirty (30) days; or (j) the real or personal property of the Restaurant is sold after levy thereupon by any sheriff, marshal, or constable.

Section 14.2 Termination Upon Notice. Franchisee shall be deemed to be in default under this Agreement and Franchisor may, at its option and in addition to all other remedies available to Franchisor, terminate this Agreement, without affording Franchisee any opportunity to cure the default, effective immediately upon receipt of notice by Franchisee, if:

(a) Franchisee fails to meet any of the deadlines for site submission or approval, Lease submission or approval, or developing or opening the Restaurant in **Article IV** hereof;

(b) Franchisee at any time ceases to operate the Restaurant for the required hours of operation or otherwise abandons the Restaurant, or loses the right to possession of the Restaurant premises, or otherwise forfeits the right to do or transact business in the jurisdiction where the Restaurant is located; provided, however, that if, through no fault of Franchisee, the premises are damaged or destroyed by an event such that repairs or reconstruction cannot be completed within ninety (90) days thereafter, then Franchisee shall have thirty (30) days after such event in which to apply for Franchisor's approval to relocate and/or reconstruct the premises, which approval shall not be unreasonably withheld, but which may be conditioned upon Franchisee's compliance with **Article IV** hereof and the payment to Franchisor of an agreed minimum royalty fee during the period the Restaurant is not in operation, such fees, unless otherwise agreed by Franchisor, to be equal to the average monthly royalty fees paid pursuant to **Section 3.2** hereof during the previous twelve (12) months, or such shorter period as the Restaurant has been open for business if less than twelve (12) months;

(c) Franchisee or the Franchise Principal is convicted of or pleads no contest to a felony, a crime involving moral turpitude, or any other crime or offense, or engages in any other conduct, that Franchisor believes is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith, or Franchisor's interest therein;

(d) a threat or danger to public health or safety results from the construction, maintenance, or operation of the Restaurant;

(e) Franchisee fails to maintain an approved Franchise Principal and otherwise satisfy the requirements of **Section 6.3** hereof;

(f) Franchisee fails to maintain an approved Operations Director and otherwise satisfy the requirements of **Section 6.4** hereof;

(g) Franchisee or any Owner purports to transfer any Ownership Interest without Franchisor's prior written consent, or otherwise purports to consummate any transfer without compliance with the terms of **Article XIII** hereof;

(h) Franchisee or any Owner fails to comply with the covenants of **Article VII** hereof or fails to obtain execution of the agreements required under **Section 1.4(e)** or **7.10** hereof;

(i) Franchisee or its agent discloses or divulges the contents of the Operations Manual or other Confidential Information in violation of **Section 7.3** or **9.2** hereof;

(j) an approved transfer is not effected within a reasonable time, as required by **Section 13.5** hereof, following the death or incapacity of the Franchise Principal;

(k) Franchisee knowingly maintains false books or records, or knowingly submits any false reports to Franchisor;

(l) Franchisee misuses or makes any unauthorized use of the Proprietary Marks or otherwise materially impairs the goodwill associated therewith or Franchisor's rights therein;

(m) Franchisee or any of its Owners directly or indirectly engages in any business or markets any service or product under a name or mark which, in Franchisor's opinion, is confusingly similar to the Proprietary Marks;

(n) Franchisee or any Owner borrows money or incurs any debt or liability in violation of **Section 7.2** hereof;

(o) any information submitted by Franchisee (or any of its Owners or representatives) in any franchise application is discovered to have been false, misleading or incomplete in any material respect;

(p) Franchisee fails, refuses, or neglects promptly to pay any monies owing to any authorized vendor of Franchisor when due;

(q) Franchisee, after curing a default pursuant to this **Section 14.2** or **Section 14.3** hereof, commits the same default again, whether or not cured after notice;

(r) Franchisee is in default more than twice in any twelve (12)-month period under this **Section 14.2** or **Section 14.3** hereof for failure substantially to comply with any of the requirements imposed by this Agreement, whether or not cured after notice; or

(s) any other franchise agreement or other agreement between Franchisor or any of its Affiliates, on the one hand, and Franchisee, the Franchise Principal, or any of Franchisee's Affiliates for which the Franchise Principal serves as a franchise principal or in a similar capacity, on the other hand, is terminated before its term expires, regardless of the reason.

Section 14.3 Termination After Failure to Cure. Except as provided in **Section 14.1** and **Section 14.2** hereof, upon any default by Franchisee which is susceptible of being cured, Franchisor may, at its option and in addition to all other remedies available to Franchisor, terminate this Agreement by

giving written notice of default to Franchisee at least thirty (30) days (or such shorter time period as Franchisor may reasonably specify) prior to the effective date of termination; provided, however, that Franchisee may avoid termination by immediately initiating a remedy to cure such default and curing it to Franchisor's satisfaction within the thirty (30) day period (or within such shorter time period as Franchisor may reasonably specify), and by promptly providing proof thereof to Franchisor. If any such default is not cured within the specified time, or such longer period as applicable law may require, Franchisor may, at its option and in addition to all other remedies available to Franchisor, terminate this Agreement effective immediately upon delivery of written notice to Franchisee. Subject to **Sections 14.1** and **14.2** hereof, defaults which are susceptible of cure hereunder may include, but are not limited to, the following illustrative events:

(a) Franchisee fails to comply with any of the requirements imposed by this Agreement or the Operations Manual, as it may from time to time be amended, or fails to carry out the terms of this Agreement in good faith;

(b) Franchisee fails, refuses, or neglects promptly to pay any monies owing to Franchisor or its Affiliates when due, or to submit the financial or other information required by Franchisor under this Agreement;

(c) Franchisee fails to maintain or observe any of the methods, standards or specifications prescribed by Franchisor from time to time in this Agreement, the Operations Manual, or otherwise in writing; and

(d) Franchisee fails, refuses, or neglects to obtain Franchisor's prior written approval or consent as required by this Agreement.

Section 14.4 Liquidated Damages for Deviation from Operations Manual. Franchisee acknowledges the importance of operating the Restaurant in accordance with the System and the standards and requirements set forth from time to time in the Operations Manual. Franchisee further acknowledges that any deviation from those standards and requirements will in some way damage Franchisor, the System and the goodwill associated with the Proprietary Marks, and will also cause Franchisor to incur administrative and management costs to address that deviation. In the case of minor violations of the Operations Manual's requirements that are unlikely to have a material adverse effect on the System, the Proprietary Marks, the Restaurant or any other Bonefish Grill restaurant (hereinafter "**Minor Violations**"), the parties acknowledge that such administrative and management costs are difficult to quantify. Accordingly, the parties agree that in the event of repeated Minor Violations, Franchisee shall pay to Franchisor, as liquidated and agreed-upon damages to compensate Franchisor for the administrative and management costs resulting from such Minor Violations, the following amounts:

Second Minor Violation in calendar year:	\$1,000.00
Third Minor Violation in calendar year:	\$2,000.00
Each additional Minor Violation in calendar year:	\$4,000.00

Liquidated damages under this **Section 14.4** shall be paid to Franchisor within five (5) days of receipt of notice from Franchisor. The imposition of liquidated damages pursuant to this **Section 14.4** shall be at Franchisor's option. Franchisor is not required to impose liquidated damages under this **Section 14.4** and may instead pursue other remedies with respect to any Minor Violation, including, without limitation, seeking other damages, seeking injunctive relief to restrain any subsequent or continuing Minor Violation and/or terminating this Agreement pursuant to this **Article XIV**. If Franchisor imposes liquidated damages

under this **Section 14.4** for any Minor Violation, Franchisor may thereafter terminate this Agreement pursuant to this **Article XIV** for a subsequent Minor Violation.

Section 14.5 Remedies. Upon termination of this Agreement by Franchisor, Franchisor shall have the right to recover from Franchisee all damages and exercise all other remedies available to Franchisor at law or in equity resulting from or arising out of Franchisee's default under this Agreement. All rights and remedies under this Agreement and applicable law shall be cumulative and non-exclusive. Franchisor's and Franchisee's exercise or enforcement of any right or remedy will not preclude its exercise or enforcement of any other right or remedy.

ARTICLE XV OBLIGATIONS UPON TERMINATION OR EXPIRATION

Upon termination or expiration of this Agreement, all rights granted hereunder to Franchisee shall forthwith terminate, and:

Section 15.1 Cessation of Franchise. Franchisee shall immediately cease to operate the Restaurant and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor.

Section 15.2 Use of Intellectual Property. Subject to **Section 15.9(g)** hereof, Franchisee shall immediately and permanently cease to use, in any manner whatsoever, all confidential or distinctive methods, procedures and techniques associated with the System, all Confidential Information, the Proprietary Mark "BONEFISH GRILL®" and all other Proprietary Marks, and all other distinctive forms, slogans, signs, logos, symbols, and devices associated with the System. In particular, Franchisee shall cease to use, without limitation, all signs, advertising materials, displays, stationery, forms, and any other articles which display the Proprietary Marks.

Section 15.3 Assumed Names. Franchisee shall take such action as may be necessary to cancel any fictitious name or equivalent registration which contains the mark BONEFISH GRILL® or any other Proprietary Mark, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within five (5) days after termination or expiration of this Agreement.

Section 15.4 Assignment of Lease and De-Identification. At Franchisor's option, Franchisee shall assign to Franchisor all interest which Franchisee has in the Lease and Franchisor shall assume all obligations under such Lease accruing after the date of assignment. In the event Franchisor does not elect to exercise its option to acquire the Lease, Franchisee shall make such modifications or alterations to the Restaurant's premises (including, without limitation, the removal of all trade dress and changing of the telephone number) immediately upon termination or expiration of this Agreement (subject to **Section 15.9(g)** hereof) as may be necessary to distinguish the appearance of said premises from that of other Bonefish Grill restaurants, and shall make such specific additional changes thereto as Franchisor may reasonably request for that purpose. In the event Franchisee fails or refuses to comply with the requirements of this **Section 15.4**, Franchisor shall have the right to enter upon the Restaurant's premises, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee agrees to pay upon demand.

Section 15.5 Similar Marks. Franchisee agrees, in the event it or its Owners continue to operate or subsequently begin to operate any other business not in violation of the covenants of **Article VII** hereof, that none of them will use any reproduction, counterfeit, copy, or colorable imitation of the Proprietary Marks, either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake, or deception, or which is likely to dilute Franchisor's rights in and to the Proprietary

Marks, and further agrees not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with Franchisor constituting unfair competition.

Section 15.6 Payment to Franchisor. Franchisee shall promptly pay all sums owing to Franchisor and its Affiliates. In the event of termination for any default of Franchisee, such sums shall include (without limitation) all damages, costs, and expenses, including, without limitation, reasonable attorneys' fees, incurred by Franchisor as a result of the default, which obligation shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of the personal property, furnishings, equipment, signs, fixtures, and inventory owned by Franchisee and on the premises operated hereunder at the time of default.

Section 15.7 Costs of Enforcement. Franchisee shall pay to Franchisor all damages, costs, and expenses, including, without limitation, reasonable attorneys' fees, incurred by Franchisor subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement.

Section 15.8 Surrender of Materials. Franchisee shall immediately deliver to Franchisor upon the termination or expiration of this Agreement all manuals, including, without limitation, the Operations Manual, records, files, instructions, correspondence, products, internal memoranda, designs, project files, prospectus reports, call books, notebooks, textbooks, and all other materials related to operating the franchised business or containing any Confidential Information, including, without limitation, brochures, agreements, invoices, price lists, customer and vendor lists, customer correspondence, Customer Data and other customer and vendor information, sales literature, territory printouts and any and all other materials relating to the operation of the franchised business in Franchisee's possession, and all copies, duplications, replications, and derivatives thereof (all of which are acknowledged to be the exclusive property of Franchisor), and shall retain no copy or record of any of the foregoing, except Franchisee's copy of this Agreement and of any correspondence between the parties and any other documents which Franchisee reasonably needs for compliance with any provision of law.

Section 15.9 Option to Purchase or Lease; Management of Restaurant.

(a) In the event of termination or expiration of this Agreement, Franchisor (or its designee) shall have the right and option to purchase, and Franchisee shall be obligated to sell to Franchisor (or its designee), all or any portion of the assets of the Restaurant that are owned by Franchisee or any of its Affiliates, including, without limitation, the Operating Assets, supplies, liquor license, inventory and other tangible personal property of Franchisee used in connection with the operation of the Restaurant that Franchisor specifies, and Franchisor (or its designee) shall have the right and option to purchase or lease, at Franchisor's election, the land, building and other improvements thereon constituting the Restaurant's premises (if owned by Franchisee or any Affiliated Landowner). If the land, building and other improvements constituting the Restaurant's premises are occupied by Franchisee pursuant to a Lease, Franchisor shall have the option to require Franchisee to assign its interest in such Lease to Franchisor as provided in **Section 15.4** hereof or, if the Lease is between Franchisee and an Affiliated Landlord, to purchase or lease such real property from the Affiliated Landlord in accordance with this **Section 15.9**. Franchisee agrees to cause any Affiliated Landlord to comply with the terms of this **Section 15.9**.

(b) To exercise the option granted in (a) above, Franchisor shall give written notice (hereinafter "**Notice of Exercise**") to Franchisee (i) within thirty (30) days from the date of termination or expiration for personal property and (ii) within sixty (60) days from the date of termination or expiration for real property. The Notice of Exercise shall specify the items of property to be purchased or leased, a purchase price and/or rental therefor and manner of payment.

The purchase price and/or rental for the property described in this **Section 15.9** (including, without limitation, the fair market value and fair market rental for that property determined in accordance with this Subsection (b)) will not include any value for the rights granted by this Agreement, goodwill attributable to the Proprietary Marks or the System (or Franchisor's continuing use thereof at the Restaurant following Franchisor's acquisition), Franchisor's brand image or other intellectual property, or participation in the network of Bonefish Grill restaurants.

If Franchisee or the Affiliated Landowner objects to the purchase price or rental specified in the Notice of Exercise, it shall give written notice of objection to Franchisor within ten (10) days of receipt of the Notice of Exercise. Failure to give written notice of objection to Franchisor within the time limit of the preceding sentence shall constitute a waiver and acceptance of the purchase price or rental contained in the Notice or Exercise. In the event of timely notice of objection, Franchisor and Franchisee shall each appoint an independent, qualified M.A.I. appraiser to determine the fair market value or fair market rental of the property for which objection has been made. If the two (2) appraisers as appointed cannot agree on the fair market value or fair market rental, they shall appoint a third independent, qualified M.A.I. appraiser to determine the fair market value or fair market rental. In determining fair market value or fair market rental, the appraisers shall be bound by the conditions and restrictions reflected in this Subsection (b). The final fair market value or fair market rental, as the case may be, shall be the average of the two (2) closest appraisals. The determination of such appraisers shall be final and binding on all parties.

(c) The closing for any purchase or lease by Franchisor pursuant to this Section shall be consummated and closed at Franchisor's principal office at a mutually agreed upon date and time, provided that the closing shall occur on or before the later of: (i) if no real property is being purchased or leased, the later of thirty (30) days from the date of Notice of Exercise or thirty (30) days from receipt of written determination of fair market value by the appraiser; or (ii) if real property is being purchased or leased, the later of ninety (90) days from the date of Notice of Exercise or ninety (90) days from the receipt of written determination of fair market value or fair market rental of the appraisers.

(d) At the closing, Franchisee and/or the Affiliated Landowner shall execute and deliver to Franchisor such documents, affidavits and instruments as are necessary or appropriate, in the opinion of Franchisor's counsel, to transfer good and marketable fee simple or leasehold title, as the case may be, to the property to Franchisor free and clear of any lien, claim or encumbrance. Franchisee or the Affiliated Landowner shall execute and deliver to Franchisor such representations, warranties and indemnities as are customary or appropriate, in the opinion of Franchisor's counsel, in connection with the transfer of property of similar kind. If real property is being transferred, Franchisee or the Affiliated Landowner shall, at its expense, deliver to Franchisor an owner's marketability title insurance policy (ALTA FORM B latest revision), issued by a company acceptable to Franchisor's counsel, insuring Franchisor's title to the real property for the full amount of the purchase price without exception or exclusion except for those acceptable to Franchisor. Franchisee or the Affiliated Landowner shall use its best efforts and due diligence to cure any title defects and the closing shall be extended for a reasonable cure period. Franchisor shall deliver the purchase price to Franchisee or the Affiliated Landowner; provided, Franchisor may set off therefrom any amounts due Franchisor from Franchisee. All costs, stamps, fees and other expenses in connection with the closing and transfer of the property shall be paid by Franchisee or the Affiliated Landowner.

(e) If Franchisor elects to lease the land, building and other improvements constituting the Restaurant's premises from Franchisee or an Affiliate Landlord (other than pursuant to **Section 15.4** hereof), the parties shall execute a written lease providing for monthly rental payments in an

amount determined as provided in (b) above, an initial lease term of five (5) years with three (3) renewal options of five (5) years each at Franchisor's election, and such other terms, provisions, representations and warranties as are normal and customary in leases of such type.

(f) Franchisee shall obtain the written agreement of any Affiliated Landlord to be bound by and comply with the provisions of this **Section 15.9**.

(g) Following expiration or termination of this Agreement, if Franchisor is deciding whether or not to exercise its option under **Section 15.4** hereof or this **Section 15.9**, then Franchisor has the right (but not the obligation), exercisable upon delivery of written notice to Franchisee, to enter the Restaurant's premises and assume the management of the Restaurant itself or appoint a third party (who may be an Affiliate of Franchisor) to manage the Restaurant. All funds from the operation of the Restaurant while Franchisor or its appointee assumes its management will be kept in a separate account, and all of the expenses of the Restaurant will be charged to that account. Franchisor or its appointee may charge Franchisee (in addition to the royalty fee and other amounts due under this Agreement) a management fee equal to ten percent (10%) of the Restaurant's Net Sales during the period of management, plus any direct out-of-pocket costs and expenses, if Franchisor or its appointee assumes the management of the Restaurant under this Subsection. Franchisor or its appointee has a duty to utilize only reasonable efforts and will not be liable to Franchisee for any debts, losses or obligations the Restaurant incurs, or to any of Franchisee's creditors for any products or services the Restaurant purchases, while managing it. Franchisee shall not take any action or fail to take any action that interferes with Franchisor's or its appointee's exclusive right to manage the Restaurant.

Section 15.10 Compliance with Covenants. Franchisee shall comply, and ensure its Owners' compliance, with the covenants contained in **Article VII** hereof and elsewhere in this Agreement which expressly or by their nature survive the expiration or termination of this Agreement.

ARTICLE XVI INDEPENDENT CONTRACTOR AND INDEMNIFICATION

Section 16.1 Relationship of Parties. It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them, that Franchisee is an independent contractor, and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever. Without limiting the forgoing, Franchisee acknowledges and understands that Franchisor will not exercise direct or indirect control over the Restaurant's personnel, except to the extent any indirect control is related to Franchisor's legitimate interest in protecting the quality of products, services, or the Bonafish Grill® brand. Franchisor will not share or co-determine the employment terms and conditions of the Restaurant's employees or affect matters relating to the employment relationship between Franchisee and the Restaurant's employees, such as employee selection, recruitment, training, promotion, termination, hours worked, rates of pay, other benefits, work assigned, discipline, adjustment of grievances/complaints, and working conditions. Franchisor shall not be deemed the employer or joint employer of the Restaurant's employees for any purpose.

Section 16.2 Notice to Public. During the term of this Agreement, Franchisee shall hold itself out to the public as an independent contractor operating the Restaurant pursuant to a franchise from Franchisor. Franchisee agrees to take such action as may be necessary to do so, including, without limitation, exhibiting a notice of that fact in a conspicuous place in the franchised premises, the content of which Franchisor reserves the right to specify.

Section 16.3 Lack of Authority. Nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty, or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name. Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action, nor shall Franchisor be liable by reason of any act or omission of Franchisee in its conduct of the franchised business or for any claim or judgment arising therefrom against Franchisee or Franchisor.

Section 16.4 Indemnification.

(a) Indemnification by Franchisee. Franchisee hereby agrees to indemnify, defend and hold harmless Franchisor and its Affiliates, and its and their respective directors, officers, owners, employees, agents, representatives, successors and assigns (each referred to hereinafter as an "**Indemnified Party**") from and against, and shall reimburse the Indemnified Party for, all costs, including (without limitation) attorney's fees, incurred in connection with any and all Claims (defined below) resulting from, connected with, or arising out of, directly or indirectly (i) Franchisee's operation of the Restaurant including, without limitation, negligence of Franchisee, its agents or employees; (ii) Franchisee's non-compliance or alleged non-compliance with any law, ordinance, rule or regulation, including, without limitation, any allegation that Franchisor or another Indemnified Party is a joint employer or otherwise responsible for Franchisee's acts or omissions relating to Franchisee's employees; or (iii) Franchisee's breach of this Agreement. As used in this **Section 16.4**, the term "**Claim**" shall include (i) all liabilities, losses, damages (including, without limitation, consequential damages), judgments, awards, settlements approved by the Indemnified Party (such approval shall not be unreasonably withheld or delayed), costs and expenses (including, without limitation, interest (including, without limitation, prejudgment interest in any litigated matter), penalties, court costs and reasonable attorneys' fees and expenses); and (ii) all demands, claims, suits, actions, costs of investigation, causes of action, proceedings and assessments, whether or not ultimately determined to be valid.

(b) Notice and Defense. The Indemnified Party shall give notice to Franchisee within fifteen (15) business days after actual receipt of service or summons to appear in any action begun in respect of which indemnity may be sought hereunder. However, failure to give such notice shall not affect Franchisee's duties or obligations under this **Section 16.4**, except to the extent Franchisee is actually prejudiced thereby. Franchisee shall defend such action with counsel chosen by Franchisee and approved by the Indemnified Party (such approval shall not be unreasonably withheld or delayed in such action), unless the Indemnified Party reasonably objects to such assumption on the ground that the Indemnified Party's counsel has advised the Indemnified Party that there may be legal defenses available to the Indemnified Party that are different from or in addition to those available to Franchisee, in which case the Indemnified Party shall have the right to employ separate counsel approved by Franchisee (such approval shall not be unreasonably withheld or delayed) to defend such action for the Indemnified Party. In no event shall Franchisee be liable for the fees and expenses of more than one counsel for any one Indemnified Party in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances unless, in the reasonable opinion of such counsel, there is, under applicable standards of professional conduct, a conflict on any significant issue between the positions of any two or more Indemnified Parties. The parties hereto will (at Franchisee's expense) cooperate and use their best efforts to defend against and respond to any action.

(c) Negligence of Indemnified Parties. Franchisee's obligations under this **Section 16.4** apply to any Claim alleged to be caused by an Indemnified Party's negligence or willful misconduct. However, Franchisee has no obligation to indemnify under this **Section 16.4** if a court

of competent jurisdiction makes a final decision not subject to further appeal that Franchisor, its Affiliates, or any of their respective employees directly engaged in willful misconduct or intentionally caused the property damage or bodily injury that is the subject of the Claim, so long as the Claim is not asserted on the basis of theories of vicarious liability (including, without limitation, agency, apparent agency, or employment) or Franchisor's failure to compel Franchisee to comply with this Agreement, which are Claims for which Franchisor is entitled to indemnification under this **Section 16.4**.

(d) Failure to Defend. If Franchisee, within a reasonable time after notice of any such Claim, fails to defend such Claim actively and in good faith, the Indemnified Party will have the right to undertake the defense, compromise or settlement of such Claim or consent to the entry of a judgment with respect to such Claim, on behalf of and for the account and risk of Franchisee, and Franchisee shall thereafter have no right to challenge the Indemnified Party's defense, compromise, settlement or consent to judgment.

(e) Indemnified Party's Rights. Anything in this **Section 16.4** to the contrary notwithstanding, (i) if there is a reasonable probability that a Claim may materially and adversely affect the Indemnified Party other than as a result of money damages or other money payments, the Indemnified Party shall have the right to defend, compromise or settle such Claim at Franchisee's risk and expense, and (ii) Franchisee shall not, without the written consent of the Indemnified Party and its insurance carrier, as applicable, settle or compromise any Claim or consent to the entry of any judgment which does not include as an unconditional term thereof the giving by the claimant or the plaintiff to the Indemnified Party of a release from all liability in respect of such Claim.

(f) Payment. Franchisee shall promptly pay the Indemnified Party any amount due under this **Section 16.4**, which payment may be accomplished in whole or in part, at the option of the Indemnified Party, by the Indemnified Party's setting off any amount owed to Franchisee by the Indemnified Party. To the extent set-off is made by an Indemnified Party in satisfaction or partial satisfaction of an indemnity obligation under this **Section 16.4** that is disputed by Franchisee, upon a subsequent determination by final judgment not subject to appeal that all or a portion of such indemnity obligation was not owed to the Indemnified Party, the Indemnified Party shall pay Franchisee the amount which was set off and not owed together with interest from the date of set-off until the date of such payment at an annual rate equal to the average annual rate in effect as of the date of the set-off, on those three maturities of United States Treasury obligations having a remaining life, as of such date, closest to the period from the date of the set-off to the date of such judgment. Upon judgment, determination, settlement or compromise of any third-party Claim, Franchisee shall pay promptly on behalf of the Indemnified Party, and/or to the Indemnified Party in reimbursement of any amount theretofore required to be paid by it, the amount so determined by judgment, determination, settlement or compromise and all other Claims of the Indemnified Party with respect thereto, unless in the case of a judgment an appeal is made from the judgment. If Franchisee desires to appeal from an adverse judgment, then Franchisee shall post and pay the cost of the security or bond to stay execution of the judgment pending appeal. Upon the payment in full by Franchisee of such amounts, Franchisee shall succeed to the rights of such Indemnified Party, to the extent not waived in settlement, against the third party who made such third-party Claim.

(g) Survival. The provisions of this **Section 16.4** will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

ARTICLE XVII APPROVALS AND WAIVERS

Section 17.1 Request for Waiver. Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor therefor, and such approval or consent shall be obtained in writing to be binding on Franchisor. However, no interpretation, amendment, termination or waiver of any provision of this Agreement shall be binding upon Franchisor unless in writing and signed by one of its officers. Any waiver Franchisor grants will be without prejudice to any other rights it has, will be subject to its continuing review, and may be revoked at any time and for any reason, effective upon delivery to Franchisee of ten (10) days' prior written notice.

Section 17.2 No Reliance. Franchisor makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee, by providing any waiver, approval, consent, or suggestion to Franchisee in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefor.

Section 17.3 No Waiver by Franchisor. Franchisor shall not be deemed to have waived any right to demand Franchisee's full compliance with this Agreement because of any failure of Franchisor to exercise any right or power reserved to it in this Agreement, or to insist upon compliance by Franchisee with any obligation or condition in this Agreement; any custom or practice of the parties at variance with the terms hereof; Franchisor's waiver of or failure to exercise any right, power or option, whether of the same, similar or different nature, with other Bonefish Grill restaurants; or the existence of franchise agreements for other Bonefish Grill restaurants which contain provisions different from those contained in this Agreement. Waiver by Franchisor of any particular default shall not affect or impair Franchisor's rights with respect to any subsequent default of the same or of a different nature. No delay, omission, or forbearance on the part of Franchisor to exercise any right, option, duty, or power arising out of any breach or default by Franchisee under any of the terms, provisions, covenants, or conditions hereof shall constitute a waiver by Franchisor of its right to enforce any such right, option, duty, or power, nor shall such constitute a waiver by Franchisor of any rights with respect to any subsequent breach or default by Franchisee. Subsequent acceptance by Franchisor of any payments due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, provisions, covenants, or conditions of this Agreement.

Section 17.4 The Exercise of Franchisor's Judgment. Franchisor has the right to operate, develop and change the System in any manner that is not specifically prohibited by this Agreement. Whenever Franchisor has reserved in this Agreement a right to take or to withhold an action, or to grant or decline to grant Franchisee a right to take or omit an action, Franchisor may, except as otherwise specifically provided in this Agreement, make its decision or exercise its rights based on information readily available to Franchisor and its judgment of what is in the best interests of Franchisor and its Affiliates, the Bonefish Grill restaurant network generally, or the System at the time Franchisor's decision is made, without regard to whether it could have made other reasonable or even arguably preferable alternative decisions or whether Franchisor's decision promotes its or its Affiliates' financial or other individual interest. Except where this Agreement expressly obligates Franchisor reasonably to approve or not unreasonably to withhold its approval of any of Franchisee's actions or requests, Franchisor has the absolute right to refuse any request Franchisee makes or to withhold Franchisor's approval of any of Franchisee's proposed, initiated or completed actions that require Franchisor's approval.

**ARTICLE XVIII
MISCELLANEOUS**

Section 18.1 Notices. Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by nationally recognized overnight delivery service (e.g., Federal Express), or mailed by certified or registered mail, return receipt requested, to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to Franchisor: Bonefish Grill, LLC
2202 North West Shore Boulevard, 5th Floor
Tampa, Florida 33607
Attn: Legal Department (Franchise)

Notices to Franchisee: _____

Attn: _____

Any notice by certified or registered mail shall be deemed to have been given on the third business day following the date of postmark. Any notice by a nationally recognized overnight delivery service shall be deemed to have been given on the date of delivery or attempted delivery to recipient as shown by the records of such delivery service.

Section 18.2 Entire Agreement; Amendment. This Agreement, the documents referred to herein, and the recitals and Attachments hereto constitute the entire, full, and complete agreement between Franchisor and Franchisee concerning the subject matter hereof, and supersede all prior agreements, no other representations having induced Franchisee to execute this Agreement. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require Franchisee to waive reliance on any representation that Franchisor made in the most recent disclosure document (including its exhibits and amendments) that Franchisor delivered to Franchisee or its representative. Any policies that Franchisor adopts and implements from time to time to guide it in its decision-making are subject to change, are not a part of this Agreement and are not binding on Franchisor. Except for those permitted to be made unilaterally by Franchisor hereunder, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

Section 18.3 Severability. Except as expressly provided to the contrary herein, each portion, section, part, term, and/or provision of this Agreement shall be considered severable, and if, for any reason, any section, part, term, and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, and/or provisions of this Agreement as may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties hereto, and said invalid portions, sections, parts, terms, and/or provisions shall be deemed not to be a part of this Agreement.

Section 18.4 No Third-Party Beneficiary. Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisee, Franchisor, Franchisor's officers, directors, and employees, and such of Franchisee's and Franchisor's respective successors and assigns as may be contemplated (and, as to Franchisee, permitted) by **Article XIII** hereof, any rights or remedies under or by reason of this Agreement.

Section 18.5 Maximum Duty Imposed on Franchisee. Franchisee expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

Section 18.6 Headings. All headings and captions in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

Section 18.7 Construction. All references herein to the masculine, neuter, or singular shall be construed to include the masculine, feminine, neuter, or plural, where applicable. Time is of the essence as to all obligations under this Agreement. All references to days shall mean calendar days unless otherwise specified.

Section 18.8 Duplicate Originals. This Agreement may be executed in one or more copies, and each copy so executed shall be deemed an original.

Section 18.9 Governing Law. This Agreement takes effect upon its acceptance and execution by Franchisor in Florida, and shall be governed by, interpreted and construed under the laws of the state of Florida, which laws shall be applied without giving effect to the principles of comity or conflicts of laws thereof, and which laws shall prevail in the event of any conflict of law. However, any law regulating the offer or sale of franchises, business opportunities or similar interests, or governing the relationship between a franchisor and a franchisee or any similar relationship, will not apply unless its jurisdictional requirements are met independently without reference to this **Section 18.9**.

Section 18.10 Jurisdiction and Venue. The parties agree that any action brought by either party against the other in any court, whether federal or state, shall be brought exclusively within the State of Florida in the judicial circuit in which Franchisor has its principal place of business. Each party hereby agrees to submit to the personal jurisdiction of such courts, and hereby waives all questions of personal jurisdiction or venue for the purpose of carrying out this provision, including, without limitation, the claim or defense therein that such courts constitute an inconvenient forum.

Section 18.11 Equitable Relief. Nothing herein contained shall bar Franchisor's right to obtain injunctive relief against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions, in any federal or state court in the state where Franchisee resides or the Restaurant is located or in any other court of competent jurisdiction, notwithstanding **Section 18.10** hereof.

Section 18.12 Parties Bound. This agreement shall be binding upon the parties hereto and their respective successors, permitted assigns, heirs, personal representatives and administrators.

Section 18.13 Enforcement. In the event it is necessary for any party to retain legal counsel or institute legal proceedings to enforce the terms of this Agreement, including, without limitation, obligations upon expiration or termination, the prevailing party shall be entitled to receive from the non-prevailing party, in addition to all other remedies, all costs of such enforcement including, without limitation, attorney's fees and court costs, and including appellate proceedings.

Section 18.14 Franchisee May Not Withhold Payments. Franchisee agrees not to withhold payment of any royalty fees or other amounts owed to Franchisor or its Affiliates on the grounds of

Franchisor's or their alleged nonperformance of any of its or their obligations under this Agreement or any other agreement.

Section 18.15 WAIVER OF JURY TRIAL. ALL PARTIES TO THIS AGREEMENT KNOW AND UNDERSTAND THAT THEY HAVE A CONSTITUTIONAL RIGHT TO A JURY TRIAL. THE PARTIES ACKNOWLEDGE THAT ANY DISPUTE OR CONTROVERSY THAT MAY ARISE OUT OF THIS AGREEMENT OR THE RELATIONSHIP OF THE PARTIES HERETO 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 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.

Section 18.16 Waiver of Punitive Damages. EXCEPT FOR THE INDEMNIFICATION OBLIGATIONS UNDER SECTION 16.4 HEREOF AND CLAIMS BASED ON UNAUTHORIZED USE OF THE PROPRIETARY MARKS OR UNAUTHORIZED USE OR DISCLOSURE OF ANY CONFIDENTIAL INFORMATION, FRANCHISOR AND FRANCHISEE (AND ITS OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, AND TREBLE AND OTHER FORMS OF MULTIPLE DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN FRANCHISOR AND FRANCHISEE (AND/OR ITS OWNERS), THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF THE DIRECT OR GENERAL DAMAGES IT SUSTAINS.

Section 18.17 Private Disputes. Any litigation arising out of or related to this Agreement will be conducted on an individual basis only and not a class-wide, multiple plaintiff or similar basis. No litigation will be consolidated with any other litigation involving any other person, except for disputes involving Affiliates of the parties to this Agreement.

Section 18.18 Terrorist and Money Laundering Activities. Franchisee represents and warrants to Franchisor that neither Franchisee, nor any of Franchisee's Principals, nor any of their respective Affiliates is identified, either by name or an alias, pseudonym or nickname, on the lists of "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S. Treasury Department's Office of Foreign Assets Control (texts currently available at www.treas.gov/offices/enforcement/ofac/). Further, Franchisee represents and warrants that neither Franchisee nor any of Franchisee's Principals or their respective Affiliates referred to above has violated, and each of them agrees not to violate, any law prohibiting corrupt business practices, money laundering or the aid or support of persons who conspire to commit acts of terror

against any person or government, including acts prohibited by the U.S. Patriot Act (text currently available at <http://www.epic.org/privacy/terrorism/hr3162.html>), U.S. Executive Order 13224 (text currently available at <http://www.treas.gov/offices/enforcement/ofac/legal/eo/13224.pdf>), or any similar law. The foregoing constitute continuing representations and warranties, and Franchisee shall immediately notify Franchisor in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate or misleading.

Section 18.19 Definition of Affiliate. As used in this Agreement, “**Affiliate**” means, with respect to a specified entity, an entity that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with the entity specified.

ARTICLE XIX ACKNOWLEDGEMENTS

To induce Franchisor to sign this Agreement and grant Franchisee the rights under this Agreement, Franchisee represents, warrants and acknowledges that:

(a) Franchisee has independently investigated the Bonefish Grill restaurant franchise opportunity, including, without limitation, the current and potential market conditions and competitive factors and risks, and recognizes that, like any other business, the nature of a Bonefish Grill restaurant’s business will evolve and change over time.

(b) an investment in a Bonefish Grill restaurant involves business risks that could result in the loss of a significant portion or all of Franchisee’s investment.

(c) Franchisee’s and the Franchise Principal’s, Operations Director’s and Proprietor’s business abilities and efforts are vital to the Restaurant’s success.

(d) retaining customers for the Restaurant will require a high level of customer service and strict adherence to the System and Franchisor’s standards, and Franchisee is committed to maintaining Franchisor’s standards.

(e) except as set forth in Franchisor’s most recent franchise disclosure document provided to Franchisee or its representative, Franchisee has not received from Franchisor, and is not relying upon, and Franchisor expressly disclaims making, any representation, warranty or guaranty, express or implied, as to the actual or potential volume, sales, income or profits of the Restaurant or any other Bonefish Grill restaurant.

(f) any information Franchisee has acquired from other Bonefish Grill restaurant owners, including, without limitation, information regarding their sales, profits or cash flows, is not information obtained from Franchisor, and Franchisor makes no representation about that information’s accuracy.

(g) Franchisee has no knowledge of any representations made about the Bonefish Grill restaurant franchise opportunity by Franchisor, its Affiliates or any of their respective officers, directors, owners or agents that are contrary to the statements made in Franchisor’s most recent franchise disclosure document provided to Franchisee or its representative or to the terms and conditions of this Agreement.

(h) in all of their dealings with Franchisee, Franchisor's officers, directors, employees and agents act only in a representative, and not in an individual, capacity and that business dealings between Franchisee and them as a result of this Agreement are only between Franchisee and Franchisor.

(i) it is relying solely on Franchisor, and not on any Affiliates of Franchisor, with regard to Franchisor's financial and other obligations under this Agreement, and no employee or other person speaking on behalf of, or otherwise representing, Franchisor has made any statement or promise to the effect that Franchisor's Affiliates guarantee Franchisor's performance or financially back Franchisor.

(j) all statements Franchisee, the Franchise Principal and Franchisee's other personnel have made and all materials (including, without limitation, ownership information and descriptions of Franchisee's and/or its Affiliates' ownership structure(s)) they have given Franchisor in acquiring the rights under this Agreement are accurate and complete and that they have made no misrepresentations or material omissions in obtaining those rights.

(k) Franchisee and the Franchise Principal have read this Agreement and Franchisor's most recent franchise disclosure document and understand and accept that the terms and covenants in this Agreement are reasonable and necessary for Franchisor to maintain its high standards of quality and service, and to protect and preserve the goodwill of the Proprietary Marks.

(l) Franchisee has independently evaluated this opportunity, including, without limitation, by using its own business professionals and advisors, and has relied solely upon those evaluations in deciding to enter into this Agreement.

(m) Franchisee has been afforded an opportunity to ask any questions it has and to review any appropriate materials of interest to Franchisee concerning the Bonefish Grill restaurant franchise opportunity.

(n) Franchisee has a net worth that is sufficient to make the investment in the Bonefish Grill restaurant franchise opportunity represented by this Agreement, and Franchisee will have sufficient funds to meet all of Franchisee's obligations under this Agreement.

(o) any statements, oral or written, by Franchisor or its agents before the execution of this Agreement were for informational purposes only and do not constitute any representation or warranty by Franchisor, and Franchisor's only representations, warranties, and obligations are those specifically set forth in this Agreement or in the most recent franchise disclosure document (including its exhibits and amendments) that Franchisor delivered to Franchisee or its representative. Franchisee must not rely on, and the parties do not intend to be bound by, any statement or representation not contained in this Agreement or such disclosure document

(p) Franchisee acknowledges that it received a complete copy of this Agreement and all related Attachments and agreements at least seven (7) calendar days prior to the date on which this Agreement was executed. Franchisee further acknowledges that it has received the Franchise Disclosure Document required by the Trade Regulation Rule of the Federal Trade Commission entitled "Disclosure Requirements and Prohibitions Concerning Franchising" at least fourteen (14) calendar days prior to the date on which this Agreement was executed.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Agreement on _____, 20 __, but to be effective as of _____.

FRANCHISOR:

BONEFISH GRILL, LLC, a Florida limited liability company

By: _____
Print Name: _____
Title: _____

FRANCHISEE:

a(n) _____

By: _____
Print Name: _____
Title: _____

[Signature page to Bonefish Grill® Restaurant Franchise Agreement]

**ATTACHMENT A
TO THE
BONEFISH GRILL RESTAURANT
FRANCHISE AGREEMENT**

BASIC TERMS

1. The location approved by Franchisor for the Restaurant franchised under the attached Franchise Agreement shall be: _____.
2. The Franchise Principal is _____.
3. If the Restaurant's location is not determined on the Effective Date, then the Target Area referenced in **Section 4.1** hereof shall be: _____.

FRANCHISOR:

BONEFISH GRILL, LLC, a Florida limited liability company

By: _____
Print Name: _____
Title: _____

FRANCHISEE:

a(n) _____

By: _____
Print Name: _____
Title: _____

**ATTACHMENT B
TO THE
BONEFISH GRILL RESTAURANT
FRANCHISE AGREEMENT**

See attached Franchise Principal Agreement.

FRANCHISE PRINCIPAL AGREEMENT

THIS FRANCHISE PRINCIPAL AGREEMENT (“Agreement”) is made and entered into as of _____, by and between **Bonefish Grill, LLC**, a Florida limited liability company, having its principal office at 2202 North West Shore Boulevard, 5th Floor, Tampa, Florida 33607 (hereinafter “**Franchisor**”), and _____ (hereinafter “**Franchise Principal**”).

W I T N E S S E T H:

WHEREAS, Franchisor is signing that certain Franchise Agreement dated as of _____, 20__ (the “**Franchise Agreement**”) with _____ (“**Franchisee**”) for the operation of a Bonefish Grill restaurant (all initial capitalized terms used but not defined in this Agreement shall have the meanings set forth in the Franchise Agreement); and

WHEREAS, Franchise Principal owns (directly or indirectly) at least fifty-one percent (51%) of the Ownership Interests in Franchisee and is the chief executive officer of Franchisee; and

WHEREAS, Franchisor is unwilling to enter into the Franchise Agreement and grant the rights described in the Franchise Agreement to Franchisee unless Franchise Principal agrees to be bound by the terms of this Agreement; and

WHEREAS, Franchise Principal acknowledges the significant benefit he or she will receive from Franchisor’s entering into the Franchise Agreement with Franchisee; and

WHEREAS, in order to induce Franchisor to enter into the Franchise Agreement with Franchisee, Franchise Principal desires to be bound by the terms of this Agreement.

NOW, THEREFORE, in consideration of Franchisor’s entry into the Franchise Agreement and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. Qualifications of Franchise Principal. Franchise Principal represents and warrants to Franchisor that he or she currently meets, and agrees that at all times during the term of this Agreement he or she shall continue to meet, the qualifications in Section 6.3 of the Franchise Agreement.
2. Guarantee and Assumption of Obligations. Franchise Principal personally and unconditionally (a) guarantees to Franchisor and its successors and assigns, for the term of the Franchise Agreement (including, without limitation, any extensions) and afterward as provided in the Franchise Agreement, that Franchisee will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Franchise Agreement (including, without limitation, any amendments or modifications of the Franchise Agreement) and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Franchise Agreement (including, without limitation, any amendments or modifications of the Franchise Agreement) that applies to Franchisee or the Franchise Principal as if Franchise Principal were Franchisee thereunder, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including, without limitation, the non-competition, confidentiality and transfer requirements.

Without limiting the generality of the foregoing, Franchise Principal acknowledges that the provisions of **Article VII** of the Franchise Agreement apply to Franchise Principal in his or her individual capacity and restrict (among other things) his or her ability to own interests in and perform services for any other Food Service Business (during the term of the Franchise Agreement) or Casual Dining Business (upon

expiration or termination of the Franchise Agreement or Franchise Principal's association with Franchisee). Franchise Principal further agrees that the restrictions imposed on Franchise Principal pursuant to Sections 7.3, 7.6 to 7.9, 15.2, 15.5, 15.8 and 15.10 of the Franchise Agreement shall apply not only following the expiration or termination of the Franchise Agreement, but also following the expiration or termination of Franchise Principal's relationship with Franchisee.

3. Liability of Franchise Principal. Franchise Principal agrees that: (a) his or her direct and immediate liability under this Agreement will be joint and several, both with Franchisee and among other guarantors (if any); (b) he or she will render any payment or performance required under the Franchise Agreement upon demand if Franchisee fails or refuses punctually to do so; (c) this liability will not be contingent or conditioned upon Franchisor's pursuit of any remedies against Franchisee or any other person; (d) this liability will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence that Franchisor may from time to time grant to Franchisee or any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims (including, without limitation, the release of other guarantors, if any), none of which will in any way modify or amend this Agreement, which will be continuing and irrevocable during and after the term of the Franchise Agreement (including, without limitation, any extensions) for so long as any performance is or might be owed under the Franchise Agreement by Franchisee or any of its guarantors and for so long as Franchisor has any cause of action against Franchisee or any of its guarantors; (e) this Agreement will continue in full force and effect for (and as to) any extension or modification of the Franchise Agreement and despite the transfer of any direct or indirect interest in the Franchise Agreement or Franchisee, and Franchise Principal waives notice of any and all renewals, extensions, modifications, amendments or transfers; and (f) nothing in this Agreement will require Franchise Principal's consent in his or her individual capacity to any amendment or modification to the Franchise Agreement to which Franchisor and Franchisee may otherwise agree, or to any waiver that Franchisee grants to Franchisor under the Franchise Agreement, and Franchise Principal's liabilities and obligations under this Agreement shall continue in full force and effect and apply after giving effect to those amendments, modifications and waivers.

4. Waivers and Acknowledgements. Franchise Principal hereby waives: (a) all rights to payments and claims for reimbursement or subrogation that he or she might have against Franchisee arising as a result of Franchise Principal's execution of and performance under this Agreement; and (b) acceptance and notice of acceptance by Franchisor of his or her undertakings under this Agreement, notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed, and any other notices to which he or she may be entitled. Franchise Principal acknowledges that the obligations hereunder survive the termination of the Franchise Agreement. Franchise Principal further acknowledges that he or she signed the Franchise Agreement on behalf of Franchisee, has reviewed the Franchise Agreement in detail and is familiar with its terms.

5. Entire Agreement; Amendment. This Agreement, the documents referred to herein (including, without limitation, the Franchise Agreement), and the recitals hereto constitute the entire, full, and complete agreement between Franchisor and Franchise Principal concerning the subject matter hereof, and supersede all prior agreements, no other representations having induced Franchise Principal to execute this Agreement. Except for those permitted to be made unilaterally by Franchisor under this Agreement or the Franchise Agreement, and subject to Sections 3(e) and 3(f) hereof, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

6. Governing Law. This Agreement takes effect upon its acceptance and execution by Franchisor in Florida, and shall be governed by, interpreted and construed under the laws of the state of

Florida, which laws shall be applied without giving effect to the principles of comity or conflicts of laws thereof, and which laws shall prevail in the event of any conflict of law. However, any law regulating the offer or sale of franchises, business opportunities or similar interests, or governing the relationship between a franchisor and a franchisee or any similar relationship, will not apply unless its jurisdictional requirements are met independently without reference to this Section 6.

7. Jurisdiction and Venue. The parties agree that any action brought by either party against the other in any court, whether federal or state, shall be brought exclusively within the State of Florida in the judicial circuit in which Franchisor has its principal place of business. Each party hereby agrees to submit to the personal jurisdiction of such courts, and hereby waives all questions of personal jurisdiction or venue for the purpose of carrying out this provision, including, without limitation, the claim or defense therein that such courts constitute an inconvenient forum.

8. Equitable Relief. Nothing herein contained shall bar Franchisor's right to obtain injunctive relief against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions, in any federal or state court in the state where Franchise Principal resides or the Restaurant is located or in any other court of competent jurisdiction, notwithstanding Section 7 hereof.

9. Parties Bound. This agreement shall be binding upon the parties hereto and their respective successors, permitted assigns, heirs, personal representatives and administrators.

10. Legal Fees. In the event it is necessary for any party to retain legal counsel or institute legal proceedings to enforce the terms of this Agreement, including, without limitation, obligations upon expiration or termination, the prevailing party shall be entitled to receive from the non-prevailing party, in addition to all other remedies, all costs of such enforcement including, without limitation, attorney's fees and court costs, and including appellate proceedings. If Franchisor is required to engage legal counsel in connection with any failure by Franchise Principal to comply with this Agreement, Franchise Principal shall reimburse Franchisor for any of the above-listed costs and expenses Franchisor incurs even if Franchisor does not commence a judicial proceeding.

11. WAIVER OF JURY TRIAL. ALL PARTIES TO THIS AGREEMENT KNOW AND UNDERSTAND THAT THEY HAVE A CONSTITUTIONAL RIGHT TO A JURY TRIAL. THE PARTIES ACKNOWLEDGE THAT ANY DISPUTE OR CONTROVERSY THAT MAY ARISE OUT OF THIS AGREEMENT OR THE RELATIONSHIP OF THE PARTIES HERETO 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 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.

12. Waiver of Punitive Damages. EXCEPT FOR THE INDEMNIFICATION OBLIGATIONS UNDER **SECTION 16.4** OF THE FRANCHISE AGREEMENT AND CLAIMS BASED ON UNAUTHORIZED USE OF THE PROPRIETARY MARKS OR UNAUTHORIZED USE OR DISCLOSURE OF ANY CONFIDENTIAL INFORMATION, FRANCHISOR AND FRANCHISE PRINCIPAL WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, AND TREBLE AND OTHER FORMS OF MULTIPLE DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN FRANCHISOR AND FRANCHISE PRINCIPAL, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF THE DIRECT OR GENERAL DAMAGES IT SUSTAINS.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have executed this Franchise Principal Agreement effective as of the date and year first above written, regardless of the actual date of signature.

FRANCHISOR:

BONEFISH GRILL, LLC, a Florida limited liability company

By: _____
Print Name: _____
Title: _____

WITNESSES:

(Sign) (Date)

(Print Name)

(Sign) (Date)

(Print Name)

FRANCHISE PRINCIPAL:

(Signature)

(Print Name)

(Date)

[SIGNATURE PAGE TO FRANCHISE PRINCIPAL AGREEMENT]

**ATTACHMENT C
TO THE
BONEFISH GRILL RESTAURANT
FRANCHISE AGREEMENT**

See attached Owner/Executive Agreement.

OWNER/EXECUTIVE AGREEMENT

THIS OWNER/EXECUTIVE AGREEMENT (“Agreement”) is made and entered into as of _____, by and among **Bonefish Grill, LLC**, a Florida limited liability company, having its principal office at 2202 North West Shore Boulevard, 5th Floor, Tampa, Florida 33607 (hereinafter “**Franchisor**”), _____, a(n) _____ having its principal office at _____ (hereinafter “**Franchisee**”), and _____ (hereinafter “**Owner/Executive**”).

W I T N E S S E T H:

WHEREAS, Franchisor is signing or already has signed that certain Franchise Agreement dated as of _____, 20__ (the “**Franchise Agreement**”) with Franchisee for Franchisee’s operation of a Bonefish Grill restaurant (the “**Restaurant**”) (all initial capitalized terms used but not defined in this Agreement shall have the meanings set forth in the Franchise Agreement); and

WHEREAS, Owner/Executive is or desires to become (a) an Owner of Franchisee (but not the Franchise Principal); and/or (b) an executive officer or employee of Franchisee who is receiving access to certain Confidential Information (hereinafter an “**Executive**”); and

WHEREAS, pursuant to the Franchise Agreement, Franchisee is not permitted to allow Owner/Executive to become an Owner and/or an Executive, and otherwise begin or continue in a relationship with Franchisee, unless Owner/Executive agrees to be bound by the terms of this Agreement; and

WHEREAS, Owner/Executive acknowledges the significant benefit he or she will receive from becoming an Owner and/or an Executive and otherwise from beginning or continuing in a relationship with Franchisee, and that such benefit derives from Franchisee’s rights under the Franchise Agreement; and

WHEREAS, as a condition to Franchisor’s entering into and/or Franchisee’s continuing performance under the Franchise Agreement, and in order to induce Franchisee to allow Owner/Executive to become an Owner and/or an Executive, and otherwise begin or continue in a relationship with Franchisee, Owner/Executive desires to be bound by the terms of this Agreement.

NOW, THEREFORE, in consideration of Owner/Executive’s becoming an Owner and/or Executive, and otherwise beginning or continuing in a relationship with Franchisee, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. Assumption of Non-Monetary Obligations. Owner/Executive personally and unconditionally agrees to be personally bound by, and personally liable for the breach of, **Sections 7.2 to 7.9, 8.2, 9.2, 15.2, 15.5, 15.8, and 15.10** of the Franchise Agreement (including, without limitation, any amendments or modifications of those provisions) as if Owner/Executive were Franchisee thereunder. However, notwithstanding **Section 7.5(a)** of the Franchise Agreement, if Owner/Executive is not the Operations Director at the Restaurant, then the restrictions in **Section 7.5(a)** of the Franchise Agreement shall apply only with respect to the Casual Dining Business, and shall not apply to that part of the Food Service Business which is not part of the Casual Dining Business. Owner/Executive further agrees that the restrictions imposed on Owner/Executive pursuant to **Sections 7.3, 7.6 to 7.9, 15.2, 15.5, 15.8, and 15.10** of the Franchise Agreement shall apply not only following the expiration or termination of the Franchise Agreement, but also following the expiration or termination of Owner/Executive’s relationship with Franchisee. Owner/Executive acknowledges that he or she has reviewed the provisions of the Franchise

Agreement referenced in and applicable to him or her pursuant to this Agreement and is familiar with those provisions.

2. Restrictions on Transfer. Owner/Executive, if he or she is an Owner, agrees to comply with the restrictions concerning the transfer of the direct and indirect Ownership Interests in Franchisee that he or she owns or controls pursuant to **Article XIII** of the Franchise Agreement, including, without limitation, the right of first refusal pursuant to **Section 13.4** of the Franchise Agreement.

3. Enforcement by Franchisee. Owner/Executive acknowledges that the Franchise Agreement requires Franchisee to enter into this Agreement with Owner/Executive and that Owner/Executive's obligations under this Agreement are intended to benefit both Franchisor and Franchisee. Therefore, Owner/Executive agrees that unless Franchisor specifies otherwise, either Franchisor or Franchisee has the right to enforce Owner/Executive's obligations under this Agreement.

4. Authority of Franchise Principal. Notwithstanding any contrary provision of any of Franchisee's governing documents, if Owner/Executive is an Owner, he or she agrees that with respect to any and all transactions between Franchisor and Franchisee, including, but not limited to, the sale to Franchisor of all or any part of the assets of Franchisee (including, without limitation, the Restaurant), the Franchise Principal shall have the exclusive right and authority to act on behalf of Franchisee and to legally bind Franchisee, and the consent of Owner/Executive or any other Owner shall not be required for any such transaction.

5. Amendments to Franchise Agreement. Owner/Executive agrees that this Agreement will continue in full force and effect for (and as to) any extension or modification of the Franchise Agreement and despite the transfer of any direct or indirect interest in the Franchise Agreement or Franchisee, and Owner/Executive waives notice of any and all renewals, extensions, modifications, amendments or transfers. Nothing in this Agreement will require Owner/Executive's consent to any amendment or modification to the Franchise Agreement to which Franchisor and Franchisee may otherwise agree, or to any waiver that Franchisee grants to Franchisor under the Franchise Agreement, and Owner/Executive's liabilities and obligations under this Agreement shall continue in full force and effect and continue after giving effect to those amendments, modifications and waivers.

6. Entire Agreement; Amendment. This Agreement, the documents referred to herein (including, without limitation, the Franchise Agreement), and the recitals hereto constitute the entire, full, and complete agreement among Franchisor, Franchisee and Owner/Executive concerning the subject matter hereof, and supersede all prior agreements, no other representations having induced Owner/Executive to execute this Agreement. Except for those permitted to be made unilaterally by Franchisor under this Agreement or the Franchise Agreement, and subject to Section 5 hereof, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

7. Governing Law. This Agreement takes effect upon its acceptance and execution by Franchisor in Florida, and shall be governed by, interpreted and construed under the laws of the state of Florida, which laws shall be applied without giving effect to the principles of comity or conflicts of laws thereof, and which laws shall prevail in the event of any conflict of law. However, any law regulating the offer or sale of franchises, business opportunities or similar interests, or governing the relationship between a franchisor and a franchisee or any similar relationship, will not apply unless its jurisdictional requirements are met independently without reference to this Section 7.

8. Jurisdiction and Venue. The parties agree that any action brought by any party against the other in any court, whether federal or state, shall be brought exclusively within the State of Florida in the

judicial circuit in which Franchisor has its principal place of business. Each party hereby agrees to submit to the personal jurisdiction of such courts, and hereby waives all questions of personal jurisdiction or venue for the purpose of carrying out this provision, including, without limitation, the claim or defense therein that such courts constitute an inconvenient forum.

9. Equitable Relief. Nothing herein contained shall bar Franchisor's or Franchisee's right to obtain injunctive relief against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions, in any federal or state court in the state where Owner/Executive resides or the Restaurant is located or in any other court of competent jurisdiction, notwithstanding Section 8 hereof.

10. Parties Bound. This agreement shall be binding upon the parties hereto and their respective successors, permitted assigns, heirs, personal representatives and administrators.

11. Enforcement. In the event it is necessary for Franchisor or Franchisee to retain legal counsel or institute legal proceedings to enforce the terms of this Agreement, including, without limitation, obligations upon expiration or termination, the prevailing party shall be entitled to receive from the non-prevailing party, in addition to all other remedies, all costs of such enforcement including, without limitation, attorney's fees and court costs, and including appellate proceedings. If Franchisor or Franchisee is required to engage legal counsel in connection with any failure by Owner/Executive to comply with this Agreement, Owner/Executive shall reimburse Franchisor and/or Franchisee (as applicable) for any of the above-listed costs and expenses Franchisor incurs even if Franchisor does not commence a judicial proceeding.

12. WAIVER OF JURY TRIAL. ALL PARTIES TO THIS AGREEMENT KNOW AND UNDERSTAND THAT THEY HAVE A CONSTITUTIONAL RIGHT TO A JURY TRIAL. THE PARTIES ACKNOWLEDGE THAT ANY DISPUTE OR CONTROVERSY THAT MAY ARISE OUT OF THIS AGREEMENT OR THE RELATIONSHIP OF THE PARTIES HERETO 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 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.

13. Waiver of Punitive Damages. EXCEPT FOR CLAIMS BASED ON UNAUTHORIZED USE OF THE PROPRIETARY MARKS OR UNAUTHORIZED USE OR DISCLOSURE OF ANY CONFIDENTIAL INFORMATION, FRANCHISOR, FRANCHISEE AND OWNER/EXECUTIVE

WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, AND TREBLE AND OTHER FORMS OF MULTIPLE DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE AMONG THE, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF THE DIRECT OR GENERAL DAMAGES IT SUSTAINS.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have executed this Owner/Executive Agreement effective as of the date and year first above written, regardless of the actual date of signature.

FRANCHISOR:

BONEFISH GRILL, LLC, a Florida limited liability company

By: _____
Print Name: _____
Title: _____

FRANCHISEE:

a(n) _____

By: _____
Print Name: _____
Title: _____

WITNESSES:

Sign: _____
Print: _____
Date: _____

Sign: _____
Print: _____
Date: _____

OWNER/EXECUTIVE:

(Signature)

(Print Name)

[SIGNATURE PAGE TO OWNER/EXECUTIVE AGREEMENT]

**ATTACHMENT D
TO THE
BONEFISH GRILL RESTAURANT
FRANCHISE AGREEMENT**

See attached Collateral Assignment of Lease.

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, _____ (“**Assignor**”) hereby assigns, transfers and sets over unto **Bonefish Grill, LLC**, a Florida limited liability company (“**Assignee**”), all of Assignor’s right, title and interest as tenant in, to and under that certain lease, a copy of which is attached hereto as Exhibit A (the “**Lease**”), respecting premises commonly known as _____ (the “**Premises**”). This Assignment is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the Lease unless and until Assignee takes possession of the Premises and assumes certain obligations of Assignor under the Lease pursuant to the terms hereof.

Assignor represents and warrants to Assignee that Assignor has full power and authority to so assign the Lease and its interest therein, and has not previously assigned or transferred, and is not obligated to assign or transfer, any of its interest in the Lease or the Premises.

Upon the occurrence of any of the following:

(a) a default by Assignor under the Lease, the BONEFISH GRILL® restaurant franchise agreement between Assignee and Assignor (the “**Franchise Agreement**”), or any document or instrument securing or relating to the Franchise Agreement, or

(b) the expiration (without renewal), cancellation or termination of the Franchise Agreement by Assignor or Assignee for any reason other than a default by Assignee,

Assignee shall have the right (but not the obligation), exercisable upon delivery of written notice to Assignor and the lessor under the Lease, and is hereby empowered, to take possession of the Premises, expel Assignor from the Premises, and acquire all of Assignor’s right, title and interest as tenant in, to and under the Lease. In such event, Assignor shall have no further right, title or interest in the Lease or the Premises, and except as expressly set forth in the Consent and Agreement of Lessor (which forms a part of this Collateral Assignment), shall remain solely liable to the lessor under the Lease for all rents, charges and other obligations owed under the Lease prior to the date upon which Assignee assumes possession of the Premises. For the avoidance of doubt, the events described in Subsections (a) and (b) above shall not, by themselves, result in Assignee’s assuming the Lease, unless Assignee provides written notice to Assignor and the lessor under the Lease exercising its rights hereunder.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Throughout the term of the Franchise Agreement (and any extensions, amendments and renewals thereof), Assignor agrees that it shall exercise all rights and options to extend the term of or renew the Lease (each a “**Renewal Option**”) not less than thirty (30) days prior to the last day upon which such Renewal Option must be exercised, unless Assignee otherwise agrees in writing. Assignor shall send Assignee a copy of the notice of exercise concurrently with Assignor’s exercise of each Renewal Option. If Assignee does not otherwise agree in writing to Assignor’s refusal to exercise any Renewal Option, and if Assignor fails to exercise such Renewal Option, Assignor hereby appoints Assignee as its true and lawful attorney-in-fact to exercise such Renewal Option in the name, place and stead of Assignor for the sole purpose of effecting such extension or renewal, provided that Assignee shall have no obligation to exercise such Renewal Option.

This Assignment shall inure to the benefit of Assignee and its successors and assigns and shall be binding upon Assignor and its heirs, personal representatives, officers, partners, successors and assigns.

IN WITNESS WHEREOF, the parties have executed this Assignment as of the date set forth below.

Dated: _____, 20__

ASSIGNEE:

BONEFISH GRILL, LLC, a Florida limited liability company

By: _____
Print Name: _____
Title: _____

ASSIGNOR:

a(n) _____

By: _____
Print Name: _____
Title: _____

Notary for Assignor:

STATE OF _____)
) SS
COUNTY OF _____)

I HEREBY CERTIFY that on this _____ day of _____, 20____, before me, the subscriber, a Notary Public of the State of _____, personally appeared _____, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument and acknowledged that he/she executed the same for the purposes therein contained.

AS WITNESS my hand and notarial seal.

Notary Public

My Commission Expires: _____, 20____

Notary for Assignee:

STATE OF _____)
) SS
COUNTY OF _____)

I HEREBY CERTIFY that on this _____ day of _____, 20____, before me, the subscriber, a Notary Public of the State of _____, personally appeared _____, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument and acknowledged that he/she executed the same for the purposes therein contained.

AS WITNESS my hand and notarial seal.

Notary Public

My Commission Expires: _____, 20____

CONSENT AND AGREEMENT OF LESSOR

The undersigned Lessor under the “Lease” attached as Exhibit A hereby:

1. Agrees to notify Assignee in writing of and upon the failure of Assignor to cure any default by Assignor under the Lease;

2. Agrees that Assignee shall have the right, but shall not be obligated, to cure any default by Assignor under the Lease within thirty (30) days after delivery by Lessor of notice thereof in accordance with paragraph (1) above;

3. Consents to the foregoing Collateral Assignment of Lease and agrees that if Assignee takes possession of the premises demised by the Lease pursuant to the Collateral Assignment, Lessor shall recognize Assignee as tenant under the Lease from and after the date upon which Assignee assumes possession and provides notice thereof to Lessor. As a condition to exercising its right to take possession of the Premises and assume the Lease, Assignee shall pay to Lessor, within fifteen (15) days after taking possession, the past due base rent under the Lease that remains unpaid as of such date and any past due percentage rent, late charges, interest, common area maintenance charges or other past due amounts owed under the Lease. Except as described in the preceding sentence, Assignee shall not be liable for any past due rents or other liabilities or obligations of Assignor under or in connection with the Lease prior to such date; and

4. Agrees that, provided there are then no existing defaults under the Lease, Assignee may further assign the Lease to any person or business entity who shall agree to assume the tenant’s obligations under the Lease and, upon such assignment, Assignee shall have no further liability or obligation under the Lease as assignee, tenant or otherwise.

DATED: _____

LESSOR:

a(n) _____

By: _____

Print Name: _____

Title: _____

EXHIBIT A
to the
COLLATERAL ASSIGNMENT OF LEASE
LEASE

**ATTACHMENT E
TO THE
BONEFISH GRILL RESTAURANT
FRANCHISE AGREEMENT**

See attached Principal Owners' Statement.

PRINCIPAL OWNERS' STATEMENT

THIS PRINCIPAL OWNERS' STATEMENT (this "**Statement**") is made and entered into this _____ day of _____, 20____, by _____, a(n) _____ having its principal office at _____ (hereinafter "**Franchisee**"), in favor of **BONEFISH GRILL, LLC**, a Florida limited liability company, having its principal office at 2202 North West Shore Boulevard, 5th Floor, Tampa, Florida 33607 (hereinafter "**Franchisor**").

This form must be completed periodically by Franchisee at the request of Franchisor if Franchisee has multiple owners or if Franchisee is owned by a business entity (like a corporation, partnership or limited liability company). Franchisor is relying on the truth and accuracy of this form in awarding a franchise to Franchisee.

1. Name of Franchisee. The entity name of Franchisee is _____.

2. Form of Franchisee. Franchisee is a business entity and is a:

- a. General Partnership
- b. Corporation
- c. Limited Liability Limited Partnership
- d. Limited Partnership
- e. Limited Liability Company
- f. Other: _____

3. State of Organization/Incorporation. Franchisee is organized under the laws of the state of _____.

4. Date of Organization/Incorporation. Franchisee was organized on _____.

5. Business Entity. Franchisee has not conducted business under any name other than the corporate name or its legal name under its organizational documents.

6. Ownership of Entity. The following list includes the full name and mailing address of each person or entity that holds an equity or membership interest in Franchisee.

No.	Investor Name	Interest Type	Ownership Interest
1.			
2.			
3.			
4.			
		TOTAL	100.0%

7. Management of Entity. The following is a list of all persons who have management rights and powers (e.g., officers, managers, partners, etc.) and their positions:

No.	Name	Title	Management Responsibility
1.			
2.			

3.			
4.			

8. Governing Documents. Attached are copies of the documents and contracts governing the ownership, management and other significant aspects of the business entity of Franchisee (e.g., articles of incorporation or organization, partnership or shareholder agreements, by-laws, etc.).

9. Franchise Principal. The Franchise Principal shall be _____, an individual residing in _____ and having a principal business address of _____.

FRANCHISEE:

a(n) _____

By: _____
Print Name: _____
Title: _____

[SIGNATURE PAGE TO PRINCIPAL OWNERS' STATEMENT]

**ATTACHMENT F
TO THE
BONEFISH GRILL RESTAURANT
FRANCHISE AGREEMENT**

See attached Acknowledgment and Release of Claims.

**BONEFISH GRILL® RESTAURANT
ACKNOWLEDGMENT AND RELEASE OF CLAIMS**

THIS BONEFISH GRILL® RESTAURANT ACKNOWLEDGMENT AND RELEASE OF CLAIMS (this “**Release**”) is executed effective as of _____, by and among **Bonefish Grill, LLC**, a Florida limited liability company, having its principal office at 2202 North West Shore Boulevard, 5th Floor, Tampa, Florida 33607 (“**Franchisor**”), _____, a(n) _____ having its principal business address at _____ (“**Franchisee**”), and each of the undersigned owners of Franchisee (each a “**Principal**” and collectively the “**Principals**”).

WITNESSETH:

This Release is made and entered into under the following circumstances:

WHEREAS, Franchisor (or its predecessor) and Franchisee entered into a Bonefish Grill® Restaurant Franchise Agreement dated effective as of _____ (the “**Original Agreement**”).

WHEREAS, the Original Agreement gave Franchisee the right to operate a single Bonefish Grill restaurant located at _____ (Restaurant No. _____) (the “**Restaurant**”) for a term expiring on the close of business on _____.

WHEREAS, the Original Agreement granted Franchisee the right of renewal for one (1) additional consecutive term of twenty (20) years, subject to certain terms and conditions.

WHEREAS, Franchisee has exercised that right of renewal and, as such, Franchisor and Franchisee have entered into that certain successor Franchise Agreement dated effective as of _____ (the “**Renewal Agreement**”). Any capitalized terms used herein without definition have the meaning ascribed to such terms in the Renewal Agreement.

WHEREAS, Franchisor is willing to enter into the Renewal Agreement subject to Franchisee and Principal(s) entering into this Release.

NOW, THEREFORE, in consideration of the foregoing recitals, and of the premises, covenants, terms and conditions contained herein, the parties hereto agree as follows:

OPERATIVE PROVISIONS:

1. Release of Franchisor. Principal(s) and Franchisee and all persons and entities claiming by, through or under each of them, including his/her or its officers, employees, directors, shareholders, members, partners, attorneys, agents, successors, heirs, administrators and executors, do hereby release, acquit and forever discharge Franchisor, each of its affiliates and their present and former officers, directors, shareholders, partners, agents, servants, representatives, affiliates, parents, subsidiaries, employees, contractors, successors and assigns (the “**Franchisor Parties**”) from any and all obligations, claims, debts, damages, judgments, executions, demands, covenants, contracts, promises, agreements, liabilities, costs, attorneys’ fees, actions or causes of action whatsoever, whether known or unknown, arising contemporaneously with or prior to the date of this Release or on account of or arising out of any matter, cause or event occurring contemporaneously with or prior to the date of this Release, including, but not limited to, any claims relating to the Original Agreement, negotiation of the Renewal Agreement, operation of the Restaurant and claims relating to the calculation or allocation of royalties or other fees; provided,

however, that nothing in this Release is intended to release Franchisor from its obligations under the Renewal Agreement.

2. Release of Unknown Claims. This Release extends to and includes any and all claims, liabilities, injuries, damages, and causes of action that Franchisee or Principal(s) do not presently anticipate, know, or suspect to exist, but that may develop, accrue or be discovered in the future. Franchisee and Principal(s), jointly and severally, represent and warrant that they have considered the possibility that claims, liabilities, injuries, damages and causes of action that they do not presently know or suspect exist in their favor may develop, accrue or be discovered in the future, and that they voluntarily assume that risk as part of the consideration received for this Release.

3. Limitation of Claims. Each of the undersigned covenants and agrees not to make, assert or maintain any claim, demand, action or cause of action that is discharged by this Release against any Franchisor Party. The undersigned, jointly and severally, agree to indemnify, defend and hold each Franchisor Party harmless against any claim, demand, damage, liability, action, cause of action, cost, or expense, including attorneys' fees, resulting from a breach of the covenant contained in this paragraph.

4. Non-Waiver. Principal(s) and Franchisee acknowledge and agree that Franchisor's execution of the Renewal Agreement shall in no way be construed to act as a waiver or release of any claims which Franchisor may have against Franchisee or Principal(s), nor shall it be deemed a waiver of Franchisor's rights to demand exact compliance with any terms of any agreement between Franchisor and Franchisee, including, but not limited to the Original Agreement.

5. Jurisdiction and Venue; Choice of Law. The parties agree that any action brought by either party against the other in any court, whether federal or state, shall be brought exclusively within the State of Florida in the judicial circuit in which Franchisor has its principal place of business. Each party hereby agrees to submit to the personal jurisdiction of such courts, and hereby waives all questions of personal jurisdiction or venue for the purpose of carrying out this provision, including, without limitation, the claim or defense therein that such courts constitute an inconvenient forum. This Release shall be governed by, interpreted and construed under the laws of the state of Florida, which laws shall be applied without giving effect to the principles of comity or conflicts of laws thereof, and which laws shall prevail in the event of any conflict of law.

6. AGREEMENT TO BE BOUND. PRINCIPAL(S) AND FRANCHISEE HAVE READ THIS RELEASE AND UNDERSTAND ALL OF ITS TERMS. EACH HAS SIGNED IT VOLUNTARILY AND WITH FULL KNOWLEDGE OF ITS SIGNIFICANCE.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned have executed this Release to be effective as of the date first written above, regardless of the actual date of signature.

FRANCHISOR:

BONEFISH GRILL, LLC, a Florida limited liability company

By: _____
Print Name: _____
Title: _____

WITNESSES:

Sign: _____
Print Name: _____
Date: _____

Sign: _____
Print Name: _____
Date: _____

FRANCHISEE:

_____ a(n) _____

By: _____
Print Name: _____
Title: _____

WITNESSES:

Sign: _____
Print Name: _____
Date: _____

Sign: _____
Print Name: _____
Date: _____

PRINCIPAL(S):

_____ (Signature) _____ (Date)

_____ (Print Name)

_____ (Signature) _____ (Date)

_____ (Print Name)

[SIGNATURE PAGE TO ACKNOWLEDGMENT AND RELEASE OF CLAIMS]

EXHIBIT B-2 TO THE DISCLOSURE DOCUMENT

**FORM OF
DEVELOPMENT RIGHTS RIDER TO FRANCHISE AGREEMENT**

**DEVELOPMENT RIGHTS RIDER
TO BONEFISH GRILL® RESTAURANT
FRANCHISE AGREEMENT**

1. **Background.** This Development Rights Rider (the “**Rider**”) is made between **BONEFISH GRILL, LLC**, a Florida limited liability company (“**we,**” “**us,**” or “**our**”) and _____ (“**you**” or “**your**”). This Rider is attached to, and intended to be a part of, the Franchise Agreement that we and you have signed concurrently with signing this Rider for the operation of a Bonefish Grill® restaurant located at _____ (the “**Franchise Agreement**”). We and you are signing this Rider because you want the right to develop additional Bonefish Grill® restaurants (besides the Restaurant covered by the Franchise Agreement) within a certain geographic area over a certain time period, and we are willing to grant you those development rights if you comply with this Rider. Capitalized terms used but not defined in this Rider will have the meaning attributed to them in the Franchise Agreement.

2. **Grant of Development Rights.**

(a) Subject to your strict compliance with this Rider, we grant you the right to develop _____ (____) Bonefish Grill restaurants (including the Restaurant that is the subject of the Franchise Agreement), according to the mandatory development schedule described in **Exhibit A** to this Rider (the “**Development Schedule**”), within the geographic area described in **Exhibit B** to this Rider (the “**Development Area**”).

(b) If you (and, to the extent applicable and with our approval, your Affiliates) are fully complying with all of your obligations under this Rider, the Franchise Agreement, and all other franchise agreements then in effect between us or our Affiliates, on the one hand, and you or your Affiliates, on the other hand, then, during this Rider’s term only, we (and our Affiliates) will not establish, or grant to others the right to establish, full-service Bonefish Grill restaurants the physical premises of which are located within the Development Area. Notwithstanding the foregoing, we expressly reserve the right to establish, and to grant rights to others to establish, within or outside the Development Area: (i) full-service Bonefish Grill restaurants at Non-Traditional Locations and/or (ii) Alternative Segment Bonefish Grill restaurants. Furthermore, we reserve all rights set forth in **Section 1.3** of the Franchise Agreement, which are incorporated herein by reference.

(c) Except for the restaurant location restriction above, there are no restrictions that this Rider imposes on our (and our Affiliates’) activities within the Development Area during this Rider’s term. You acknowledge and agree that we and our Affiliates have the right to engage, and grant to others the right to engage, in any other activities of any nature whatsoever within the Development Area. After this Rider expires or is terminated (regardless of the reason for termination), we and our Affiliates have the right to establish, and grant to others the right to establish, full-service Bonefish Grill restaurants the physical premises of which are located within the Development Area and continue to engage, and grant to others the right to engage, in any activities that we (and they) desire within the Development Area without any restrictions whatsoever, except we will not establish, or grant others the right to establish, a full-service Bonefish Grill restaurant located within a Territory granted to you under a franchise agreement with us (subject to our reserved rights as provided in **Section 2(b)** above).

(d) YOU ACKNOWLEDGE AND AGREE THAT TIME IS OF THE ESSENCE UNDER THIS RIDER AND THAT YOUR RIGHTS UNDER THIS RIDER ARE SUBJECT TO TERMINATION (WITHOUT OPPORTUNITY TO CURE) IF YOU DO NOT COMPLY STRICTLY

WITH THE DEVELOPMENT OBLIGATIONS PROVIDED IN THE DEVELOPMENT SCHEDULE. WE MAY ENFORCE THIS RIDER STRICTLY.

3. **Development Obligations.**

(a) To maintain your rights under this Rider, you (and/or Affiliated entities we approve) must sign franchise agreements for and have open and operating the agreed-upon number of Bonefish Grill restaurants in the Development Area by the dates specified in the Development Schedule. You (and/or your approved Affiliate) will operate each Bonefish Grill restaurant under a separate franchise agreement with us. The franchise agreement (and related documents) that you (and your Owners) must sign for each additional Bonefish Grill restaurant will be our then-current form of franchise agreement (and related documents), any and all of the terms of which may differ materially from the terms contained in the current Franchise Agreement (and related documents). However, despite any contrary provision contained in the Franchise Agreement or any future franchise agreements, the Bonefish Grill restaurants that you develop pursuant to this Rider must be open and operating by the dates specified in the Development Schedule.

(b) To retain your rights under this Rider, each of your Bonefish Grill restaurants must operate continuously throughout this Rider's term in compliance with the applicable franchise agreement. A Bonefish Grill restaurant which is permanently closed with our prior written approval will be deemed open and in operation for purposes of complying with your development obligation as long as a substitute Bonefish Grill restaurant is open and in operation at an approved site within the Development Area within three (3) months from the date of such closing, relocation notwithstanding. Such replacement restaurant will not otherwise count toward your development obligation. If, in our sole discretion, we agree to grant you a longer period for the relocation, we may require that you pay us a minimum royalty fee and Multi-Unit Campaign contribution during the period the Bonefish Grill restaurant is not in operation, such fees (unless otherwise agreed in writing by Franchisor) to be equal to the average monthly royalty fees and Multi-Unit Campaign contributions paid under the applicable franchise agreement during the prior twelve (12) month period (or such shorter period as the Bonefish Grill restaurant has been open for business, if less than twelve (12) months).

(c) You recognize and acknowledge that this Rider requires you to open Bonefish Grill restaurants in the future pursuant to the Development Schedule. You further acknowledge that the estimated expenses and investment requirements set forth in our Franchise Disclosure Document are subject to increase over time, and that future Bonefish Grill restaurants likely will involve greater initial investment and operating capital requirements than those stated in the Franchise Disclosure Document provided to you prior to the execution of this Rider. You are obligated to execute all franchise agreements (and related agreements) and open the Bonefish Grill restaurants for business by the dates set forth in the Development Schedule, regardless of (i) the requirement of a greater investment; (ii) the financial condition or performance of your prior Bonefish Grill restaurants; or (iii) any other circumstances, financial or otherwise. The foregoing shall not be interpreted as imposing any obligation upon us to execute the franchise agreements under this Rider if you have not complied with each and every condition necessary to develop the Bonefish Grill restaurants. We reserve the right to delay the development of additional Bonefish Grill restaurants in accordance with **Section 6** below.

4. **No Subfranchising Rights.** This Rider does not give you any right to franchise, license, subfranchise, or sublicense others to operate Bonefish Grill restaurants. Only you (and/or Affiliated entities that we approve) may develop, open, and operate Bonefish Grill restaurants pursuant to this Rider. This Rider also does not give you (or your Affiliates) any independent right to use the Bonefish Grill® trademark or any of our other Proprietary Marks. The right to use our Proprietary Marks is granted only under a franchise agreement signed directly with us. This Rider only grants you development rights if

you comply with its terms. You shall exercise such development rights by executing a separate franchise agreement for each Bonefish Grill restaurant that you develop under this Rider, in accordance with **Section 6** hereof.

5. **Development Fee.**

(a) As consideration for the development rights we grant you in this Rider, you must pay us, at the same time you sign this Rider, a total of _____ Dollars (\$_____) (the “**Development Fee**”), which equals (a) the Forty Thousand Dollar (\$40,000) initial franchise fee due under the Franchise Agreement, plus (b) a deposit of Ten Thousand Dollars (\$10,000) for each additional Bonefish Grill restaurant you agree to develop under the Development Schedule. Our initial franchise fee for each Bonefish Grill restaurant you develop pursuant to this Rider is Forty Thousand Dollars (\$40,000). The Development Fee is consideration for the rights we grant you in this Rider and for reserving the Development Area for you to the exclusion of others, is fully earned by us when we and you sign this Rider, and is not refundable under any circumstances, even if you do not comply or attempt to comply with the Development Schedule and we then terminate this Rider for that reason.

(b) While the Development Fee is not refundable under any circumstances, when you (or your approved Affiliate) sign the franchise agreement for each additional Bonefish Grill restaurant to be developed, we will apply Ten Thousand Dollars (\$10,000) of the Development Fee toward the initial franchise fee due for that Bonefish Grill restaurant (leaving a balance due of Thirty Thousand Dollars (\$30,000)). The balance of due for each initial franchise fee shall be paid in accordance with **Section 3.1** of the applicable franchise agreement.

6. **Grant of Franchises.**

(a) You must submit to us a separate site approval request for each Bonefish Grill restaurant you wish to develop pursuant to this Rider. You agree to give us all information and materials we request in order to assess each proposed site. In connection with your site selection activities, we will furnish the assistance described in **Article IV** of the Franchise Agreement. However, we will not conduct site selection activities for you. We agree to use reasonable efforts to review and accept (or not accept) sites you propose within thirty (30) days after we receive all requested materials and information.

(b) You acknowledge and agree that (i) you are solely responsible for selecting a suitable site for each Bonefish Grill restaurant that you develop pursuant to this Rider; (ii) in granting you the development rights under this Rider, we are relying on your knowledge of the real estate market in the Development Area and your ability to locate and access sites; and (iii) our acceptance of a site does not constitute our representation, promise, warranty or guaranty that a Bonefish Grill restaurant will be profitable or otherwise successful at the accepted site. Similarly, our acceptance of one or more sites, and our rejection of other sites, is not a representation or a promise that an accepted site will have a higher sales volume or be more profitable than a site which we did not accept.

(c) The Development Schedule contains the cumulative number of Bonefish Grill restaurants that you must develop and have open and operating by the specified deadlines. Our acceptance of any site and/or execution of a franchise agreement shall not waive, extend or modify the Development Schedule. You acknowledge and agree that we may refuse to accept any site, and specifically that we may, in our sole discretion, refuse to review any site submitted by you, if you are not at the time of the submission of the site approval request, in good standing under the Franchise Agreement and all other franchise agreements between us and you (or your Affiliates) and current in payment of all sums due to us or our Affiliates. Our refusal to review or accept any site shall not waive, extend, or modify the Development Schedule.

(d) Subject to **Section 6(c)** above, we will not unreasonably withhold acceptance of a proposed site if the site meets our then-current site criteria. We have the absolute right not to accept any site not meeting these criteria. No site shall be deemed approved unless you have received a written acceptance letter (“**Site Acceptance Letter**”) from us.

(e) If we accept a proposed site, you agree, within the time period we specify (but no later than the date specified in the Development Schedule), to sign a separate franchise agreement (and related documents) for the Bonefish Grill restaurant. If you do not do so, or cannot obtain lawful possession of the proposed site, we may withdraw our acceptance of the proposed site. After you (and your Owners) sign the franchise agreement (and related documents, including, without limitation, the Franchise Principal Agreement and Owner/Executive Agreement), its terms and conditions will control your development and operation of that Bonefish Grill restaurant (except the required opening date will be governed exclusively by this Rider). You agree that you will not make any binding commitments to purchase, lease, or occupy a site until we have accepted the site in writing by sending you a Site Acceptance Letter.

(f) You acknowledge and agree that, in order to preserve and enhance the reputation and goodwill of all Bonefish Grill restaurants and the Proprietary Marks, all Bonefish Grill restaurants must be properly developed and operated in accordance with our standards and specifications. Accordingly, we may delay your development of additional Bonefish Grill restaurants pursuant to this Rider for the time period we deem best if we reasonably believe, when you submit your site approval request for an additional restaurant, that you are not financially, operationally, managerially, or otherwise prepared to develop, open and/or operate the additional Bonefish Grill restaurant in substantial compliance with our standards and specifications. To this end, you agree to promptly furnish to us such financial statements and other information regarding you (and your Affiliates) and your existing and proposed Bonefish Grill restaurants (including, without limitation, investment and financing plans for the proposed Bonefish Grill restaurant) as we request. We may delay additional development for the time period we deem best as long as the delay will not, in our reasonable opinion, cause you to breach your development obligations under the Development Schedule (unless we are willing to extend the Development Schedule proportionately to account for the delay).

7. **Operations Director.** If you and your Affiliates own and operate three (3) or more Bonefish Grill restaurants, you hire or appoint a full-time Operations Director to oversee the operations of your Bonefish Grill restaurants and each restaurant’s managing partner (“**Proprietor**”). You must identify the proposed Operations Director candidate in writing for our prior approval, which will not be unreasonably withheld, provided the candidate satisfies our then-current qualifications and criteria. The Operations Director must attend and successfully complete, prior to assuming his/her position, our then-current management training program (either the full management training program or a modified version of the training program to meet the specific needs of the trainee, as deemed appropriate by us, in our sole discretion). The Operations Director may not also be a restaurant-level manager performing the duties typical of a Proprietor for a single Bonefish Grill restaurant. The Operations Director must attend periodic conferences, seminars and meetings as specified by us from time to time. You will be solely responsible for any and all expenses of your Operations Director(s) in connection with their attendance and participation in such conferences, seminars and meetings, including, without limitation, transportation, lodging, meals and wages. You agree to comply with our guidelines for determining the maximum number of restaurants an Operations Director may supervise, as set forth in the Operations Manual or otherwise in writing.

8. **Term.** This Rider's term begins on the Effective Date of the Franchise Agreement and ends when (a) the final Bonefish Grill restaurant to be developed under the Development Schedule has opened (or, if earlier, must have opened) for business; or (b) this Rider is otherwise terminated in accordance with **Section 9** below.

9. **Termination.**

(a) We may terminate this Rider and your right to develop Bonefish Grill restaurants within the Development Area, effective upon delivery of written notice of termination to you, if:

(i) you fail to comply with the Development Schedule or any other obligation under this Rider, which defaults you have no right to cure;

(ii) the Franchise Agreement is terminated by us in compliance with its terms or by you for any reason; or

(iii) any other franchise agreement between us and you (or your Affiliate) for a Bonefish Grill restaurant is terminated by us in compliance with its terms or by you (or your Affiliate) (for any reason).

(b) No portion of the Development Fee is refundable upon a termination of this Rider or under any other circumstances.

(c) If we terminate this Rider because you fail to satisfy your development obligations under the Development Schedule, we will keep the Development Fee (which is not refundable) but otherwise will not seek to recover damages from you due solely to your failure to comply with the Development Schedule.

(d) A termination of this Rider is not deemed to be the termination of any franchise rights (even though this Rider is attached to the Franchise Agreement) because this Rider grants you no separate franchise rights. Franchise rights arise only under franchise agreements signed directly with us. A termination of this Rider does not affect any franchise rights granted under any then-effective individual franchise agreements.

(e) Notwithstanding the foregoing, you acknowledge and agree that the deadlines for opening each Bonefish Grill restaurant pursuant to this Rider are also intended to be the deadlines for such Bonefish Grill restaurant under the applicable franchise agreement. Thus, your failure to comply with the deadlines set forth in the Development Schedule will also constitute a material default under the applicable franchise agreement and allow us to terminate the franchise agreement for such Bonefish Grill restaurant concurrently with the termination of this Rider.

10. **Post-Term Restrictive Covenants.** Notwithstanding any contrary provision in the Franchise Agreement, you covenant that, for a continuous uninterrupted period of two (2) years commencing upon the expiration or termination of this Rider, regardless of the cause for termination, neither you nor any of your Owners will have any direct or indirect interest (*e.g.*, through a spouse or child) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, principal, representative, agent, lender or otherwise, in any Full Service Food Business (as defined in the Franchise Agreement) located or operating (i) within the Development Area or (ii) within a ten (10) mile radius of any other Bonefish Grill restaurant in operation or under construction on the effective date of expiration or termination of this Rider.

11. **Grant of Additional Development Rights.**

(a) Upon the expiration or termination of this Rider, your development rights with respect to the Development Area will automatically end, and you will not have the right to renew or extend the term of this Rider. If you wish to acquire additional development rights with respect to the Development Area following the expiration (but not the termination) of this Rider (if you have fully and timely complied with all of your development obligations), then you must notify us in writing at least ninety (90) days prior to the expiration of this Rider. Upon receipt of such notice, we will have the right to evaluate the prospects for the establishment of additional Bonefish Grill restaurants within the Development Area.

(b) If we determine that the Development Area can support the development of additional Bonefish Grill restaurants at that time, and provided you meet all of our then-current requirements for developers, then we will give you written notice of our proposal for the development of additional Bonefish Grill restaurants within the Development Area, and you will have thirty (30) days to:

(i) accept in writing our proposal to develop, own and operate additional Bonefish Grill restaurants within the Development Area;

(ii) sign our then-current form of development rights rider (or area development agreement) incorporating the terms of such proposal;

(iii) sign (concurrent with the execution of the development rights rider/area development agreement) our then-current form of franchise agreement (and ancillary agreements) for the first additional Bonefish Grill restaurant to be developed); and

(iv) pay the applicable development fee.

Your failure to return these items to us within thirty (30) days after your receipt of our written proposal will be deemed your election not to acquire such additional development rights. We (and our Affiliates) will then have the absolute right to open and operate, and to grant others the right to open and operate, Bonefish Grill restaurants in the Development Area at any time after this Rider has expired (except that no full-service Bonefish Grill restaurants will be located within any Territory granted to you under an effective franchise agreement, subject to our reserved rights set forth in the applicable franchise agreement).

12. **Assignment.** Your development rights under this Rider are personal in nature and not transferable by assignment, will, operation of law, or otherwise. This means that we will not under any circumstances allow the development rights to be transferred. A transfer of the development rights would be deemed to occur (and would be prohibited) if there is an assignment of the Franchise Agreement, a transfer of a controlling ownership interest in you, a transfer of this Rider separate and apart from the Franchise Agreement, or any other event attempting to assign the development rights. An assignment of only a non-controlling ownership interest in you is permitted (and would not be deemed to be a transfer of your development rights) to the extent permitted by the terms and conditions of the Franchise Agreement.

13. **Rider to Control.** Except as provided in this Rider, the Franchise Agreement remains in full force and effect as originally written. If there is any inconsistency between the Franchise Agreement (or any future franchise agreement) and this Rider, the terms of this Rider will control.

14. **Counterparts.** This Rider may be executed in multiple counterparts and by facsimile or electronically scanned (PDF) signature, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Rider on _____, 20 ____, but to be effective as of the Effective Date of the Franchise Agreement.

FRANCHISOR:

BONEFISH GRILL, LLC, a Florida limited liability company

By: _____

Print Name: _____

Title: _____

FRANCHISEE:

a(n) _____

By: _____

Print Name: _____

Title: _____

[SIGNATURE PAGE TO DEVELOPMENT RIGHTS RIDER]

EXHIBIT A
TO DEVELOPMENT RIGHTS RIDER

You agree to develop and open _____ () Bonefish Grill® restaurants in the Development Area, including the Restaurant that is the subject of the Franchise Agreement, in accordance with the following Development Schedule:

Restaurant Number	Date by which Franchise Agreement Must Be Signed	Date by which Restaurant Must Be Opened	Cumulative Number of Restaurants to be Open and Operating in the Development Area No Later than the Opening Dates (in previous column)
1	Concurrently with this Rider	___ months from date of Development Rights Rider	

FRANCHISOR:

BONEFISH GRILL, LLC, a Florida limited liability company

By: _____
Print Name: _____
Title: _____

FRANCHISEE:

a(n) _____

By: _____
Print Name: _____
Title: _____

EXHIBIT B
TO DEVELOPMENT RIGHTS RIDER

The Development Area, as contemplated in **Section 2** of the Rider, shall consist of the following geographic area:

Check box if map is attached. (In the event of any conflict between the map and the written description, the written description will control.)

FRANCHISOR:

BONEFISH GRILL, LLC, a Florida limited liability company

By: _____
Print Name: _____
Title: _____

FRANCHISEE:

a(n) _____

By: _____
Print Name: _____
Title: _____

EXHIBIT C TO THE DISCLOSURE DOCUMENT

**OPERATIONS MANUAL
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EXHIBIT D-1 TO THE DISCLOSURE DOCUMENT

**LIST OF FRANCHISEES AND FRANCHISED BONEFISH GRILL RESTAURANTS IN THE
UNITED STATES**

Bonefish Grill®
Current Franchisees

FLORIDA	
<u>Ft. Lauderdale Airport, FL (7030)</u> Delaware North Companies Travel Hospitality Services, Inc. 100 Terminal Drive, Terminal 3 Ft. Lauderdale, FL 33315(954) 683-6036	
WASHINGTON	
<u>Richland, WA (1103)</u> Evergreen Restaurant LLC 1103 133 Gage Boulevard Richland, WA 99301 (509) 628-9296	<u>Marysville, WA (1150)</u> Evergreen Restaurant LLC 4650 2537 172 nd Street NE Marysville, WA 98271 (360) 657-5629
<u>Spokane, WA (1151)</u> Evergreen Restaurant LLC 4616 4750 North Division Street Spokane, WA 99207 (509) 960-8978	

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

EXHIBIT D-2 TO THE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM

LIST OF FORMER FRANCHISEES

The following franchisee(s) left the system during the last fiscal year (December 25, 2022 to December 31, 2023) or have not communicated with us within ten weeks of this disclosure document's issuance date:

Birmingham, AL (7201)

BBF No. 1, LLC
3430 Galleria Circle
Hoover, AL 35244
(205) 985-9545

Boise, ID (7301)

Evergreen Restaurant LLC 7301
855 Broad Street, Suite 260
Boise, ID 83702
(208) 433-1234

Memphis, TN (0801)

TBF No. 1, LLC
1250 North Germantown Parkway, #118
Cordova, TN 38016
(901) 753-2220

Bothell, WA (1102)

Evergreen Restaurant LLC 1102
22616 Bothell-Everett Highway
Bothell WA 98021
(425) 485-0305

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

EXHIBIT E TO THE DISCLOSURE DOCUMENT

**LIST OF
STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS**

STATE ADMINISTRATORS

CALIFORNIA

Commissioner
Department of Financial Protection & Innovation
320 West 4th Street, Suite 750
Los Angeles, CA 90013-2344
(866) 275-2677

One Sansome Street, Suite 600
San Francisco, California 94101-4428
(415) 972-8565

HAWAII

Commissioner of Securities
Department of Commerce & Consumer Affairs
Business Registration Division
Securities Compliance Branch
King Kalakaua Building
335 Merchant Street, Room 205
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS

Office of the Attorney General
Franchise Bureau
500 South Second Street
Springfield, Illinois 62701
(217) 782-4465

INDIANA

Secretary of State
Securities Division, Franchise Section
302 West Washington, Room E-111
Indianapolis, Indiana 46204
(317) 232-6681

MARYLAND

Office of the Attorney General
Division of Securities
200 St. Paul Place
Baltimore, Maryland 21202-2020
(410) 576-6360

MICHIGAN

Michigan Office of Attorney General
Consumer Protection Div., Franchise Section
525 West Ottawa Street
G. Mennen Williams Building, 1st Floor

Lansing, Michigan 48909
(517) 335-7567

MINNESOTA

Commissioner of Commerce
Department of Commerce - Securities Division
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1638

NEBRASKA

Nebraska Department of Banking and Finance
Bureau of Securities
1526 K St #300
P.O. Box 95006
Lincoln, Nebraska 68509-5006
(402) 471-3445

NEW YORK

New York Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, New York 10005
(212) 416-8285

NORTH DAKOTA

North Dakota Securities Department
600 East Boulevard Avenue
State Capitol, 14th Floor, Dept 414
Bismarck, North Dakota 58505-0510
(701) 328-4712

OREGON

Director
Department of Consumer and Business Services
Financial Regulation Division
350 Winter St. NE
PO Box 14480
Salem, Oregon 97309-0405
(503) 378-4140

RHODE ISLAND

Department of Business Regulation
Securities Division
1511 Pontiac Avenue
John O. Pasture Complex – Building 69-1
Cranston, Rhode Island 02920

(401) 462-9527

SOUTH DAKOTA

Department of Labor and Regulation
Division of Insurance – Securities Regulation
124 South Euclid, 2nd Floor
Pierre, South Dakota 57501
(605) 773 4823

TEXAS

Registrations Unit
Secretary of State
P.O. Box 13193
Austin, Texas 78711-3193
(512) 475-0775

VIRGINIA

State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, Virginia 23219

(804) 371-9051

WASHINGTON

Department of Financial Institutions
Securities Division
150 Israel Road, S.W.
Tumwater, Washington 98501-6456
(360) 902-8760

WISCONSIN

Division of Securities
Department of Financial Institutions
P.O. Box 1768
Madison, Wisconsin 53701-1768
or
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-0448

AGENTS FOR SERVICE OF PROCESS

CALIFORNIA

Commissioner Department of Financial Protection & Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013
(866) 275-2677

2101 Arena Blvd.
Sacramento, CA 95834
(866) 275-2677

HAWAII

Commissioner of Securities of the State of Hawaii
Department of Commerce & Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

INDIANA

Indiana Secretary of State
Securities Division, Franchise Section
302 West Washington, Room E-111
Indianapolis, Indiana 46204
(317) 232-6681

MARYLAND

Maryland Securities Commissioner
Office of the Attorney General
Maryland Division of Securities
200 St. Paul Place
Baltimore, Maryland 21202-2020
(410) 576-6360

MICHIGAN

Michigan Attorney General's Office
Consumer Protection Division, Franchise Section
G. Mennen Williams Building, 1st Floor
525 W. Ottawa Street

Lansing, Michigan 48933
(517) 335-7567

MINNESOTA

Commissioner of Commerce
Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1638

NEW YORK

Attn: New York Secretary of State
New York Department of State
Division of Corporations
One Commerce Plaza, 6th Floor
99 Washington Avenue
Albany, New York 12231-0001
(518) 473-2492

NORTH DAKOTA

Securities Commissioner
600 East Boulevard Avenue
State Capitol, Fifth Floor, Dept 414
Bismarck, North Dakota 58505-0510
(701) 328-4712

OREGON

Director
Department of Consumer and Business Services
Financial Regulation Division
350 Winter St. NE
PO Box 14480
Salem, Oregon 97309-0405
(503) 378-4140

RHODE ISLAND

Director of Department of Business Regulation
Securities Division
1511 Pontiac Avenue
John O. Pasture Complex – Building 69-1
Cranston, Rhode Island 02920
(401) 462-9527

SOUTH DAKOTA

Division of Insurance
Director of Division of Securities

124 South Euclid, 2nd Floor
Pierre, South Dakota 57501-2017
(605) 773 4823

VIRGINIA

Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219
(804) 371-9733

WASHINGTON

Director of Financial Institutions
Securities Division
150 Israel Road, S.W.
Tumwater, Washington 98501-6456
(360) 902-8760

WISCONSIN

Division of Securities
PO Box 1768
Madison, Wisconsin 53701-1768

EXHIBIT F TO THE DISCLOSURE DOCUMENT

STATE SPECIFIC ADDENDA AND RIDERS

**ADDITIONAL DISCLOSURES FOR THE
BONEFISH GRILL, LLC
DISCLOSURE DOCUMENT**

The following are additional disclosures for the Franchise Disclosure Document of Bonefish Grill, LLC required by various state franchise laws. Each provision of these additional disclosures will only apply to you if the applicable state franchise registration and disclosure law applies to you.

CALIFORNIA

1. Item 3 is amended to reflect that:

Neither we nor any person identified in Item 2 of the Disclosure Document is subject to any current effective order of any national securities association or national securities exchange as defined in the Securities Exchange Act of 1934, U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

2. Item 6 is amended to reflect that 10% per annum is the highest interest rate allowed in California.

3. Item 17 is amended by the addition of the following language:

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

The Franchise Agreement contains covenants not to compete which extend beyond expiration or termination of the Agreement. These provisions may not be enforceable under California law.

Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the Commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

If the Franchise Agreement contains a liquidated damages clause, under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The Franchise Agreement requires the application of the laws of Florida. This provision may be unenforceable under California Law.

You must sign a general release if you renew or transfer your franchise. California Corporations Code Sec. 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). California Business and Professions Code Sec. 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

The Franchise Agreement contains a provision requiring litigation to occur in Florida. This provision may not be enforceable under California Law.

4. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.
5. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.
6. REGISTRATION OF THIS DISCLOSURE DOCUMENT DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION.
7. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

HAWAII

Cover Page, Additional Disclosures:

THE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THE STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

The name and address of Franchisor's agent in this state authorized to receive service of process is Commissioner of Securities, Department of Commerce and Consumer Affairs, 335 Merchant Street, Room 203, Honolulu, Hawaii 96813.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

MARYLAND

Item 5 is amended to include the following paragraph under "**Franchise Agreement**":

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has requested a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

Item 5 is amended to include the following paragraph under "**Development Rights Rider**":

In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement or Development Rights Rider opens.

Item 17, under the Summary column of parts (c) and (m), is amended to include the following paragraph:

A general release required as a condition of renewal, sale and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Item 17, under the Summary column of part (h), is amended to include the following sentence:

A provision in the Franchise Agreement that provides for termination on your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

Item 17, under the Summary column of part (v), is modified to include the words "A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law."

Item 17 is amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

MINNESOTA

Renewal, Termination, Transfer and Dispute Resolution. The following paragraphs are added at the end of the chart in Item 17 of the disclosure document:

“With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that you be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the franchise agreement.”

“Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.”

“Any release as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by applicable law with respect to claims arising under Minn. Rule 2860.4400D.”

Trademarks. The following is added to Item 13 of the disclosure document:

“We will protect your right to use the trademarks, service marks, trade names, logos, or other commercial symbols or will indemnify you from any loss, costs, or expenses arising out of a claim, suit, or demand regarding the use of the marks to the extent required by Minnesota law.”

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

NEW YORK

The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

Item 3, “Litigation,” additional disclosure:

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark:

- a. Has any administrative, criminal, or material civil action pending against that person alleging a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations. There are no pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchises and the size, nature or financial condition of the System or its business operations.
- b. Has been convicted of a felony or pleaded *nolo contendere* to a felony charge or, within the ten-year period immediately preceding the date of this disclosure document, has been convicted of or pleaded *nolo contendere* to a misdemeanor charge or has been the subject of a civil action alleging violation of a franchise, antifraud or securities law, fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.
- c. Is subject to a currently effective injunctive or restrictive order or decree relating to the franchise or under any federal, state, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange (as defined in the Securities and Exchange Act of 1934) suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

Item 4, “Bankruptcy”, additional disclosure:

Except as described in this Item, neither we, our affiliates, our predecessors, officers, or general partners, during the ten year period immediately before the date of the disclosure document: (a) filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or any foreign bankruptcy laws; (b) obtained a discharge of its debts under the U.S. Bankruptcy Code or any foreign bankruptcy laws; or (c) was a principal officer of a company or general partner of a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or any foreign bankruptcy laws, or that obtained a discharge of its debts under the U.S. Bankruptcy Code or any foreign bankruptcy laws during or within one year after the officer or general partner held this position in the company or partnership.

Item 17, “Renewal, Termination, Assignment and Choice of Law”, revised disclosures:

- a. The following sentence is added to item “d”:

“You may also terminate the Franchise Agreement or Area Development Agreement on any grounds available by law.”

- b. The following sentence is added to item “j”:

“However, no assignment will be made by franchisor except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under the Franchise Agreement or Area Development Agreement.”

- c. The following sentence is added to items “v” and “w”:

“The foregoing choice of law should not be considered a waiver of any right conferred upon you by the General Business Law of the State of New York, Article 33.”

Item 17, “Renewal, Termination, Transfer and Dispute Resolution,” additional disclosures:

The New York General Business Law, Article 33, Sections 680 through 695, may supersede any provision of the Franchise Agreement or Area Development Agreement inconsistent with that law.

You must sign a general release when you transfer area development rights, or when you renew or transfer a franchise. This provision may not be enforceable under New York law.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

STATEMENT OF DISCLOSURE DOCUMENT ACCURACY

THE FRANCHISOR REPRESENTS THAT THIS DISCLOSURE DOCUMENT DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, Item 17 of the Franchise Disclosure Document for use in the Commonwealth of Virginia is amended as follows:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the Franchise Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

WASHINGTON

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act, such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

Liquidated damages due to us based on a premature termination of the Franchise Agreement, or related to an improper transfer of the Franchise Agreement, are limited to an amount equal to the Royalty Fees we would have received during the lesser of 24 months or the remainder of the term.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**THE FOLLOWING PAGES IN THIS EXHIBIT
ARE STATE-SPECIFIC RIDERS TO THE
FRANCHISE AGREEMENT**

**RIDER TO THE
BONEFISH GRILL® RESTAURANT FRANCHISE AGREEMENT
FOR THE STATE OF MARYLAND**

The Bonefish Grill® Restaurant Franchise Agreement between _____ (“**Franchisee**” or “**You**”) and Bonefish Grill, LLC (“**Franchisor**”) dated _____ (the “**Agreement**”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “**Amendment**”):

MARYLAND LAW MODIFICATIONS

1. All initial fees and payments owed by Franchisee to Franchisor under the Agreement shall be deferred until Franchisor completes its pre-opening obligations under the Agreement. All such deferred initial fees and payments shall be due and payable to Franchisor upon the opening of the Restaurant.

2. If the parties sign a Development Rights Rider, all Development Fees and initial payments by Franchisee under the Development Rights Rider shall be deferred until the first Restaurant under the Development Rights Rider opens. All deferred Development Fees and initial payments shall be due and payable upon the opening of the first Restaurant.

3. The Maryland Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Maryland law, including the Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. §§ 14-201 - 14-233 (1994). To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. Franchisee is required in this Agreement to execute a release of claims and/or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act. Such release shall exclude claims arising under the Maryland Franchise Registration and Disclosure Law, and such acknowledgments shall be void with respect to claims under the Law.
- b. This Agreement requires litigation to be conducted in a forum other than the State of Maryland. The requirement shall not be interpreted to limit any rights Franchisee may have under Sec. 14-216 (c)(25) of the Maryland Franchise Registration and Disclosure Law to bring suit in the state of Maryland.
- c. The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
- d. This Agreement is hereby amended to reflect that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.
- e. Section 14-226 of the Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a prospective franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise. This Agreement requires prospective franchisees to disclaim the occurrence and/or acknowledge the non-occurrence

of acts that would constitute a violation of the Franchise Law. All representations in this Agreement requiring prospective franchisees to assent to any release, estoppel or waiver of liability are not intended to and shall not act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law resulting from the offer or sale of the franchise.

4. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

5. As to any state law described in this Amendment that declares void or unenforceable any provision contained in the Agreement, Franchisor reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that you have initiated.

6. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties hereto have signed this Amendment. Upon execution and delivery of this Amendment by both parties, the effective date shall be the date first above written.

FRANCHISOR

BONEFISH GRILL, LLC,
a Florida limited liability company

By: _____
Print Name: _____
Its: _____

FRANCHISEE

a(n) _____

By: _____
Print Name: _____
Its: _____

**RIDER TO THE
BONEFISH GRILL® RESTAURANT
FRANCHISE AGREEMENT
FOR THE STATE OF MINNESOTA**

The Bonefish Grill® Restaurant Franchise Agreement between _____ (“**Franchisee**” or “**You**”) and Bonefish Grill, LLC (“**Franchisor**”) dated _____ (the “**Agreement**”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “**Amendment**”):

MINNESOTA LAW MODIFICATIONS

1. The Minnesota Commissioner of Commerce requires that certain provisions contained in franchise documents be amended to be consistent with Minnesota law, including the Minnesota Franchise Act, Minn. Stat. §§ 80C.01 et seq. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. Releases. The first sentence of Section 2.2(g) and the first sentence of Section 13.3(c)(iii) of the Agreement are amended by adding the following:

, provided, however, that any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchise Law.

- b. Termination. The following language is added to the Agreement as new Section 14.6:

With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice of non-renewal of the Franchise Agreement.

- c. Governing Law. The following language is added to the end of Section 18.9:

Nothing in this Agreement shall abrogate or reduce any of your rights under Minnesota Statutes Chapter 80C or your right to any procedure, forum or remedies that the laws of the jurisdiction provide.

- d. Jurisdiction and Venue. The following language is added to the end of Section 18.10:

Minn. Stat. Sec. 80C.21 and Minn. Rules 2860.4400J prohibit us, except in certain specified cases, from requiring litigation to be conducted outside Minnesota. Nothing in this Agreement shall abrogate or reduce any of your rights under Minnesota Statutes Chapter 80C or your rights to any procedure, forum, or remedies that the laws of the jurisdiction provide.

- e. Waiver of Jury Trial. If and then only to the extent required by the Minnesota Franchise Law, Section 18.15 of the Agreement is deleted.

- f. Trademarks. The following language is added to the end of Section 8.4:

We will protect your right to use the trademarks, service marks, trade names, logos, or other commercial symbols or will indemnify you from any loss, costs, or expenses arising out of a claim, suit, or demand regarding the use of the marks to the extent required by Minnesota law.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Minnesota law applicable to the provision are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

3. As to any state law described in this Amendment that declares void or unenforceable any provision contained in the Franchise Agreement, Franchisor reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that you have initiated.

4. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Agreement on the day and year first above written.

FRANCHISOR:

BONEFISH GRILL, LLC,
a Florida limited liability company

By: _____

Print Name: _____

Title: _____

Date: _____

FRANCHISEE:

a(n) _____

By: _____

Print Name: _____

Title: _____

Date: _____

**AMENDMENT TO THE
BONEFISH GRILL® RESTAURANT
FRANCHISE AGREEMENT
FOR THE STATE OF NEW YORK**

The Bonefish Grill® Restaurant Franchise Agreement between _____ (“**Franchisee**” or “**You**”) and Bonefish Grill, LLC (“**Franchisor**”) dated _____ (the “**Agreement**”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “**Amendment**”):

NEW YORK LAW MODIFICATIONS

1. The New York Department of Law requires that certain provisions contained in franchise documents be amended to be consistent with New York law, including the General Business Law, Article 33, Sections 680 through 695. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. Release. Sections 2.2(g), Section 13.3(c)(iii) and Attachment F of the Agreement, are amended to add the following language immediately following the requirement that you sign a release:

Provided, however, that all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder will remain in force; it being the intent of this provision that the non-waiver provisions of GBL, Section 687.4 and 687.5 be satisfied.

- b. Transfer by Franchisor. Section 13.1 is amended by adding the following:

Franchisor will not transfer or assign its rights under the Franchise Agreement except to a transferee or assignee who in Franchisor’s good faith judgment is willing and able to assume our obligations under the Agreement.

- c. Termination: The following language is added to the Agreement as new Section 14.6:

Notwithstanding the foregoing, you may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

- d. Governing Law. The following language is added to the end of Section 18.9

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

- e. Acknowledgements. Section 19 is deleted in its entirety. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the

franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the New York General Business Law, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this New York Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

FRANCHISOR:

BONEFISH GRILL, LLC, a Florida limited liability company

By: _____

Print Name: _____

Title: _____

Date: _____

FRANCHISEE:

a(n) _____

By: _____

Print Name: _____

Title: _____

Date: _____

**RIDER TO THE
BONEFISH GRILL® RESTAURANT
FRANCHISE AGREEMENT
FOR THE STATE OF WASHINGTON**

The Bonefish Grill® Restaurant Franchise Agreement between _____ (“**Franchisee**” or “**You**”) and Bonefish Grill, LLC (“**Franchisor**”) dated _____ (the “**Agreement**”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “**Amendment**”):

WASHINGTON LAW MODIFICATIONS

1. The Director of the Washington Department of Financial Institutions requires that certain provisions contained in franchise documents be amended to be consistent with Washington law, including the Washington Franchise Investment Protection Act, WA Rev. Code §§ 19.100.010 to 19.100.940 (1991). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. Washington Franchise Investment Protection Act provides rights to You concerning nonrenewal and termination of the Agreement. If the Agreement contains a provision that is inconsistent with the Act, the Act shall control.

b. If Franchisee is required in the Agreement to execute a release of claims, such release shall exclude claims arising under the Washington Franchise Investment Protection Act or any rule or order thereunder; except when the release is executed under a negotiated settlement after the Agreement is in effect and where the parties are represented by independent counsel. If there are provisions in the Agreement that unreasonably restrict or limit the statute of limitations period for claims brought under the Act, or other rights or remedies under the Act, those provisions may be unenforceable.

c. If the Agreement requires litigation, arbitration or mediation to be conducted in a forum other than the State of Washington, the requirement may be unenforceable under Washington law. Arbitration or mediation involving a franchise purchased in the State of Washington, must either be held in the State of Washington or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

d. If the Agreement requires that it be governed by a state’s law, other than the State of Washington, and there is a conflict between the law and the Washington Franchise Investment Protection Act, the Washington Franchise Investment Protection Act shall control.

e. If the Agreement includes a noncompetition covenant, it is not enforceable against an employee, including an employee of a franchisee, unless the employee’s earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee unless the independent contractor’s earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

f. If the Agreement restricts, restrains, or prohibits a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor, any such provisions contained in the Agreement or elsewhere are void and unenforceable in Washington.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Washington law applicable to the provision are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

3. As to any state law described in this Amendment that declares void or unenforceable any provision contained in the Franchise Agreement, Franchisor reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that you have initiated.

4. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Agreement on the day and year first above written.

FRANCHISOR:

BONEFISH GRILL, LLC, a Florida limited liability company

By: _____

Print Name: _____

Title: _____

Date: _____

FRANCHISEE:

a(n) _____

By: _____

Print Name: _____

Title: _____

Date: _____

EXHIBIT G TO THE DISCLOSURE DOCUMENT

FORM OF SUCCESSOR FRANCHISE RIDER TO FRANCHISE AGREEMENT (RENEWAL)

**SUCCESSOR FRANCHISE RIDER TO
BONEFISH GRILL® RESTAURANT
FRANCHISE AGREEMENT (RENEWAL)**

THIS SUCCESSOR FRANCHISE RIDER (this “**Rider**”) is between **BONEFISH GRILL, LLC**, a Florida limited liability company having its principal office at 2202 North West Shore Boulevard, 5th Floor, Tampa, Florida 33607 (“**Franchisor**”), and _____, a(n) _____ having its principal office at _____ (“**Franchisee**”). This Rider will be deemed effective as of _____, _____, regardless of the actual date of signature.

RECITALS:

This Rider is made and entered into under the following circumstances:

WHEREAS, Franchisor (or its predecessor) and Franchisee entered into a Bonefish Grill® Restaurant Franchise Agreement dated _____ (the “**Expiring Franchise Agreement**”);

WHEREAS, the Expiring Franchise Agreement gave Franchisee the right to operate a single Bonefish Grill® restaurant located at _____ (Restaurant No. _____) (the “**Restaurant**”) for a term expiring at the close of business on _____, _____;

WHEREAS, the Expiring Franchise Agreement granted Franchisee a right of renewal for one (1) additional consecutive term of twenty (20) years, subject to certain terms and conditions.

WHEREAS, Franchisor and Franchisee are signing this Rider because the Expiring Franchise Agreement has or will shortly expire, and Franchisor has agreed to grant Franchisee a successor franchise for the Restaurant by signing the Successor Franchise Agreement (as defined below);

WHEREAS, simultaneously with signing this Rider, Franchisor and Franchisee are signing Franchisor’s current form of Franchise Agreement (the “**Successor Franchise Agreement**”) to govern Franchisee’s continued operation of its Bonefish Grill® Restaurant. Any capitalized terms used herein without definition have the meaning ascribed to such terms in the Successor Franchise Agreement; and

WHEREAS, this Rider modifies certain provisions of the Successor Franchise Agreement that do not apply to Franchisee’s operation of the Restaurant during the successor franchise term.

NOW, THEREFORE, in consideration of the foregoing recitals, and of the premises, covenants, terms and conditions contained herein, the parties hereto agree to amend the Successor Franchise Agreement as follows:

OPERATIVE PROVISIONS:

1. **Expiration of Expiring Franchise Agreement.** The Expiring Franchise Agreement’s term expires (or expired) on the day before the Effective Date. Franchisee has no further rights under the Expiring Franchise Agreement following the Effective Date.

2. **Renewal Term.** To reflect that the Successor Franchise Agreement is a result of Franchisee exercising its renewal rights and that the Restaurant was previously opened for business, **Section 2.1** is hereby deleted in its entirety and the following substituted therefore:

Section 2.1 Renewal Term. The term of this Agreement shall commence on the date of this Agreement and expire, unless sooner terminated:

(a) if the real property on which the Restaurant is located is owned by Franchisee, its Affiliate, the Franchise Principal or any other person or entity who also owns, directly or indirectly, more than ten percent (10%) of the Ownership Interests in Franchisee (hereinafter “**Affiliated Landowner**”), the close of business on _____, the date that is the fortieth (40th) anniversary of the date the Restaurant first opened for business (the “**Opening Date**”); or

(b) otherwise, if the real property on which the Restaurant is located is not owned by an Affiliated Landowner, on the earlier of (i) the close of business on _____, the date that is the fortieth (40th) anniversary of the Opening Date; or (ii) upon expiration of the Lease (defined in **Section 4.3** hereof), provided Franchisee has exercised all renewal rights and options available to Franchisee under the Lease as of such date.

3. **No Additional Renewal Terms**. To reflect that Franchisee has exercised the only renewal term available to it and that Franchisee has no additional rights of renewal, **Section 2.2** is hereby deleted in its entirety and the following substituted therefore:

Section 2.2 Renewal. When this Agreement expires (unless it is terminated sooner), Franchisee shall have no option to acquire a renewal franchise, and Franchisee shall have no continued right to operate the Restaurant under the Proprietary Marks and other aspects of the System.

4. **Renewal Franchise Fee**. To reflect that the Successor Franchise Agreement is a result of Franchisee exercising its renewal rights and that Franchisee has no obligation to pay an Initial Franchisee Fee, but must instead pay a renewal franchise fee, **Section 3.1** is hereby deleted in its entirety and the following substituted therefore:

Section 3.1 No Initial Franchise Fee; Renewal Fee. Franchisee is not required to pay to Franchisor an initial franchise fee. However, for the successor (renewal) franchise rights granted upon execution of this Agreement, Franchisee shall pay to Franchisor Twenty Thousand Dollars (\$20,000) simultaneously with signing this Agreement. Upon signing this Agreement, the renewal franchise fee of Twenty Thousand Dollars (\$20,000) shall be deemed fully earned and non-refundable in consideration for administrative and other expenses incurred by Franchisor in granting this franchise and for Franchisor’s lost or deferred opportunity to franchise to others.

5. **Pre-Opening Obligations**. Since the Restaurant is already open and operating, Franchisor’s obligations under **Section 5.1** (Initial Training), **Section 5.2** (Plans and Specifications) and **Section 5.3** (Pre-Opening Assistance) of the Successor Franchise Agreement are excused. Likewise, all provisions of **Article IV** (Site Selection, Lease, Development and Opening of Restaurant) that contemplate the opening of a new Bonefish Grill® restaurant are hereby waived.

6. **Opening**. To reflect that the Restaurant is already open for business and that Franchisee has performed its pre-opening obligations, **Section 6.2** (Opening) and **Section 6.5** (Pre-Opening) of the Successor Franchise Agreement are hereby deleted in their entirety.

7. **Termination**. Since the Restaurant is already open and operating, **Section 14.2(a)** of the Successor Franchise Agreement is hereby deleted in its entirety.

8. **Rider to Control**. Except as provided in this Rider, the Successor Franchise Agreement remains in full force and effect as originally written. If there is any inconsistency between the Successor Franchise Agreement and this Rider, the terms of this Rider shall control.

9. **Counterparts**. This Rider may be executed in multiple counterparts and by facsimile or electronically scanned (PDF) signatures, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

[Signature page follows]

IN WITNESS WHEREOF, the undersigned have executed this Rider on _____,
but to be effective as of the date first written above.

FRANCHISOR:

BONEFISH GRILL, LLC,
a Florida limited liability company

By: _____

Print Name: _____

Title: _____

Date: _____

FRANCHISEE:

a(n) _____

By: _____

Print Name: _____

Title: _____

Date: _____

[Signature page to Successor Franchise Rider to Franchise Agreement (Renewal)]

EXHIBIT H TO THE DISCLOSURE DOCUMENT

IT HELP DESK SUPPORT AGREEMENT

HELP DESK SUPPORT AGREEMENT

This Help Desk Support Agreement (this “*Agreement*”) is entered into for each Franchisee as of the date set forth opposite such Franchisee’s name on Exhibit A attached hereto (the “*Effective Date*”) by and between **Bloomin’ Brands, Inc.**, a Delaware corporation with its principal place of business at 2202 N. West Shore Blvd., Suite 500, Tampa, FL 33607 and its affiliates (collectively, “*BBI*”), _____ (“*Franchisee Principal*”) with a business address of _____, and the entities set forth on Exhibit A attached hereto (hereafter referred to individually as “*Franchisee*” and collectively as “*Franchisees*”). This Help Desk Support Agreement supersedes any previously executed agreement regarding help desk support.

RECITALS

A. Each Franchisee owns and operates a restaurant as a franchisee of a wholly owned subsidiary of BBI pursuant to a franchise agreement between the Franchisee and such BBI subsidiary (“*Franchise Agreement*”).

B. Each Franchisee restaurant location desires to utilize BBI’s information technology (“*IT*”) help desk services to support Franchisee’s information technology system for such restaurant locations on the terms and conditions contained herein.

Now, Therefore, the parties agree as follows:

1. SERVICES; EQUIPMENT; SECURITY.

1.1 Services. During the Term of this Agreement, BBI will provide Franchisee restaurant location(s) [“*Location(s)*”] set forth on Exhibit A with such IT help desk support services and Optional Services, if any (collectively, “*Services*”), as are described on the Service Level Agreement attached hereto as Exhibit B. The terms and conditions of this Agreement shall apply to each Franchisee Location receiving Services hereunder.

1.2 Equipment. Franchisee agrees and acknowledges that it is solely responsible for all costs associated with the purchase, maintenance and replacement of all hardware and software required (collectively, “*Equipment*”) for each Franchisee Location. All network Equipment will be procured and configured by BBI. BBI will invoice Franchisee

for the amounts incurred for Equipment purchased without mark-up, plus any incremental costs for configuration services performed by BBI on such Equipment. Payment terms are as set forth in Section 3. Franchisee will not have configuration access to any of the network Equipment and BBI may implement configuration changes as required to maintain consistency across the enterprise. Franchisee may not connect any device to a Location’s internal local area network without the express prior written approval of BBI.

1.3 Scope of Service Limitation; Security. Franchisee agrees and acknowledges that (a) the Services provided hereunder are in no way intended to meet applicable security standards set by governmental and regulatory authorities, compliance with which Franchisee is solely responsible; (b) Franchisee is solely responsible for its compliance with applicable Payment Card Industry (“*PCI*”) PCI standards; (c) the Services do not include any services related to payroll, finance or human resources solutions, for which Franchisee is solely responsible; and (d) Franchisee is solely responsible for the protection and security of any content, data and information used, transmitted or disclosed in the operation of its business and via the use of the Services, including but not limited to compliance with PCI standards and encryption and protection of all personally identifiable information, credit card information and any confidential information of Franchisee, its customers, personnel and any other third party.

2. COMPLIANCE.

2.1 Compliance. Franchisee agrees to comply with the requirements of any law, statute, treaty, rule, directive, regulation, tariff, order, decree, judgment and other governmental act of any federal, state, county or local governmental entity, regulatory agency or arbitrator (collectively, “*Laws*”) with jurisdiction over Franchisee, Franchisee’s affiliates and their employees or their activities in connection with the operation of Franchisee’s business, its use of the Services, or Franchisee’s performance of its obligations under this Agreement.

3. FEES AND PAYMENT.

3.1 Fees. Franchisee shall pay, when due, to BBI the fees and charges invoiced to BBI for Equipment and Services provided to Franchisee Location(s) ("**Fees**") as are described in Exhibit B hereto. Unless a different billing cycle is agreed to by the parties, Franchisee shall be invoiced monthly in advance on or around the first day of each month for all Fees relating to access and use of the Services. Any Fees relating to any Equipment purchased for a Location shall be invoiced to Franchisee as they are incurred. All payments will be made by Franchisee to BBI within thirty (30) days of the invoice date. Fees for Equipment and Services described in Exhibit B are exclusive of taxes and expenses. All Fees due under this Agreement are non-cancelable and the sums paid nonrefundable. BBI reserves the right to suspend the Service or terminate this Agreement in the case any Fees payable under this Agreement have not been paid within ten (10) days after receiving notice of default from BBI. Any such suspension or termination is without prejudice to any other rights and remedies available to BBI. BBI may modify the Fees due hereunder upon written notice to Franchisee, the effective date of which shall be the first day of the Renewal Term immediately following the notice.

3.2 Taxes. Franchisee agrees to timely pay all sales, use, excise, value added tax and similar taxes that are imposed by applicable law that BBI must pay based on the Equipment and Services provided to Franchisee, except for taxes based on BBI's income.

3.3 Interest Charges. Any fees or charges not paid in full when due shall bear daily interest at the rate equal to one and a half percent (1 1/2%) above the prime rate.

4. TERM AND TERMINATION.

4.1 Term. Unless earlier terminated as provided herein, this Agreement shall commence on the Effective Date and remain in effect for a period of twelve (12) months (the "**Initial Term**"), and shall automatically renew for successive twelve (12) month periods (each a "**Renewal Term**") thereafter. The Initial Term and each Renewal Term shall be collectively referred to as the "**Term**".

4.2 Termination for Cause. This Agreement may be terminated at any time during the Term by either party upon the material breach by the other party of any of such other party's obligations hereunder, which material breach has not been cured within ten (10) days after the breaching party has received written notice thereof.

4.3 Termination Without Cause. This Agreement may be terminated by BBI without cause upon sixty days (60) prior written notice to Franchisee.

4.4 Suspension of Service. BBI may suspend Service immediately, without notice, if in the reasonable opinion of BBI, suspension of Services is necessary to prevent or protect against fraud or otherwise protect BBI's personnel, customers, facilities or services.

4.5 Termination of Franchise Agreement. This Agreement may be terminated by BBI immediately upon written notice to Franchisee Principal and Franchisee if the Franchise Agreement terminates.

4.6 Effect of Termination. Upon termination of this Agreement for any reason: (a) any amounts owed to BBI under this Agreement before such termination will be immediately due and payable, and (b) all access rights to the Services granted herein shall immediately terminate.

5. DISCLAIMER OF WARRANTY.

5.1 BBI DOES NOT WARRANT OR PROVIDE ANY GUARANTEES WITH RESPECT TO THE EQUIPMENT AND FRANCHISEE AGREES TO LOOK SOLELY TO THE MANUFACTURER OF THE EQUIPMENT FOR ANY WARRANTY OR OTHER CLAIMS RELATED TO THE EQUIPMENT. THE SERVICES ARE PROVIDED "AS IS" AND "AS AVAILABLE" WITHOUT REPRESENTATIONS OR WARRANTIES OF ANY KIND. BBI DOES NOT WARRANT OR PROVIDE ANY GUARANTEE THAT THE SERVICES WILL BE PROVIDED ERROR-FREE, UNINTERRUPTED, SECURE, OR VIRUS-FREE, OR THAT BBI WILL CORRECT ALL OR ANY SERVICE ERRORS. IN PROVIDING SERVICES TO FRANCHISEE HEREUNDER, BBI DOES NOT WARRANT OR

PROVIDE ANY GUARANTEE THAT A FRANCHISEE'S INFORMATION TECHNOLOGY HARDWARE AND SOFTWARE OR THE SYSTEMS CREATED THEREBY MEET THE MINIMUM DATA SECURITY STANDARDS OF ANY GOVERNMENTAL OR REGULATORY AUTHORITY. BBI MAKES NO WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED, WARRANTIES OF MERCHANTABILITY, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT, OR ANY IMPLIED WARRANTIES ARISING OUT OF COURSE OF PERFORMANCE, COURSE OF DEALING OR USAGE OF TRADE.

6. LIMITATION OF LIABILITY.

6.1 IN NO EVENT WILL BBI BE LIABLE TO FRANCHISEE PRINCIPAL, FRANCHISEE OR ANY THIRD PARTY FOR ANY INDIRECT, INCIDENTAL, SPECIAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES (INCLUDING, WITHOUT LIMITATION, DAMAGES FOR LOSS OF BUSINESS/PROFITS OR REVENUE, DATA, HARDWARE, OR GOOD WILL). BBI'S MAXIMUM LIABILITY FOR ANY DAMAGES ARISING OUT OF OR RELATED TO THIS AGREEMENT (INCLUDING FROM USE OR INABILITY TO USE THE EQUIPMENT AND SERVICES, INABILITY TO USE ANY DATA OR INFORMATION, AND/OR LOSS OF DATA), WHETHER IN CONTRACT OR TORT, OR OTHERWISE, SHALL IN NO EVENT EXCEED, IN THE AGGREGATE, THE TOTAL AMOUNT ACTUALLY PAID TO BBI BY FRANCHISEE FOR THE EQUIPMENT AND/OR SERVICES THAT ARE THE SUBJECT OF THE CLAIM IN THE SIX (6) MONTH PERIOD IMMEDIATELY PRECEDING THE EVENT GIVING RISE TO SUCH CLAIM.

7. INDEMNIFICATION.

7.1 Franchisee agrees to indemnify, hold harmless and defend BBI, its affiliates and their respective officers, directors, employees, agents, successors and assigns ("*BBI Indemnified Parties*"), from and against any and all claims, demands, judgments, liabilities, damages, losses, expenses and costs (including, but not limited to, court costs and reasonable attorney fees) incurred by the BBI

Indemnified Parties that arise from (a) Franchisee's payroll, finance or human resources decisions and practices, and (b) breach of Franchisee's security and compliance obligations pursuant to Sections 1.3 and 2.1 hereof.

8. CONFIDENTIALITY.

8.1 To effectuate this Agreement, it will be necessary for Franchisee to disclose to BBI and BBI to disclose to Franchisee certain proprietary or confidential technical or business information in written, graphic, oral or other tangible or intangible forms (the "*Confidential Information*"). In order to protect such Confidential Information from improper disclosure and use, BBI and Franchisee agree (a) that all information exchanged between the parties in furtherance of this Agreement, shall be deemed the Confidential Information of the disclosing party for purposes of this Agreement; (b) that all Confidential Information shall be and shall remain the exclusive property of the disclosing party; (c) that the parties shall not disclose such Confidential Information to any person or entity, other than affiliates and subcontractors and their employees who have a need to know such information in furtherance of the objectives of this Agreement, without the prior written approval of the disclosing party; (d) to keep such Confidential Information confidential and to use at least the same level of care to prevent disclosure or unauthorized use of the received Confidential Information as the recipient exercises in protecting its own Confidential Information of a similar nature; (e) to return promptly any copies of such Confidential Information to the disclosing party at its request, provided that the recipient may retain a single copy of the received information exclusively as an archival record of the disclosure and for no other purpose; and (f) to use such Confidential Information only for the purposes of this Agreement and for other purposes only upon such terms as may be agreed upon between the parties in writing. If pursuant to the provision of Services hereunder BBI is granted or obtains access to any Franchisee content, BBI will limit access and use solely to conduct such investigation and BBI will take necessary and reasonable steps to treat such accessed content as Confidential Information, as defined herein.

8.2 The obligations set forth in Section 8.1 shall not apply to any information that (a) was legally in the recipient's possession prior to receipt from the disclosing party; (b) was received in good faith without restriction from a third party free to disclose it without obligation to the disclosing party; (c) now is or later becomes publicly known through no breach of a confidentiality obligation by the recipient; (d) was independently developed by the recipient without reference to or direct reliance upon any of the Confidential Information received; or (e) is required to be disclosed pursuant to a subpoena or other process issued by a court or administrative agency having appropriate jurisdiction, provided that the party receiving the subpoena or other process, unless expressly prohibited by law, shall give sufficient prior notice to the other to permit the other to seek a protective order or an exemption from such disclosure requirement. The obligation of confidentiality and use with respect to Confidential Information shall survive any termination of this Agreement for a period of three (3) years from the termination of this Agreement.

9. GENERAL PROVISIONS.

9.1 Authority of Franchisee Principal. Franchisee Principal represents and warrants that he/she is duly authorized to execute this Agreement on behalf of the Franchisees.

9.2 Independent Contractors. Nothing contained in this Agreement shall be construed to create or imply a partnership, joint venture, principal/agent or employment relationship among the parties. No party shall take any action or permit any action to be taken on its behalf which purports to be done in the name of or on behalf of another party and shall have no power or authority to bind another party or to assume or create any obligation, express or implied, on another party's behalf.

9.3 Assignment. Franchisee shall not assign, delegate, or subcontract any portion of its rights, duties, or obligations under this Agreement without the prior written consent of BBI and any attempt to do so shall be void. BBI may assign this Agreement, including its rights and duties hereunder, without the prior consent of Franchisee.

9.4 Entire Agreement; Waiver. This Agreement, including Exhibits A and B attached hereto, sets forth the entire understanding and agreement of the parties, and supersedes any and all prior or contemporaneous oral or written agreements or understandings between the parties, as to the subject matter of this Agreement. This Agreement may be amended, modified or changed only by a writing signed by all parties. The waiver of a breach of any provision of this Agreement will not operate or be interpreted as a waiver of any other or subsequent breach.

9.5 Governing Law. This Agreement will for all purposes be solely and exclusively governed, construed and enforced in accordance with the laws of the State of Florida (without regard to the conflicts of law provisions thereof). Franchisee and Franchisee Principal agree that the exclusive venue for any dispute arising out of this Agreement shall be a federal or state court in Hillsborough County, Florida.

9.6 Notice. Any notice under this Agreement will be in writing and delivered by personal delivery, overnight courier, confirmed facsimile, confirmed email, or certified or registered mail, return receipt requested, and will be deemed given upon personal delivery, one (1) day after deposit with an overnight courier, five (5) days after deposit in the U.S. mail, or upon confirmation of receipt of facsimile. All notices hereunder shall be delivered to addresses set forth above or in Exhibit A, provided that any party may, by notice to the other parties, change the address or fax number to which such notices are to be given.

9.7 Severability. If any provision herein is held to be invalid or unenforceable for any reason, the remaining provisions will continue in full force without being impaired or invalidated in any way. The parties agree to replace any invalid provision with a valid provision that most closely approximates the intent and economic effect of the invalid provision.

9.8 Survival. The following Sections shall survive the termination or expiration of this Agreement: 1.3, 5, 6, 7, 8 and 9.

[Signature pages follow]

Franchisee Principal and authorized representatives of Franchisee and BBI have read the foregoing and agree and accept such terms as of the Effective Date.

“BBI”

BLOOMIN’ BRANDS, INC.,
a Delaware corporation,

By: _____

Its: _____

“FRANCHISEE PRINCIPAL”

Sign: _____

Print: _____

“FRANCHISEES” — signatures appear on following page(s).

**FRANCHISEE SIGNATURE PAGE(S)
TO THE
HELP DESK SUPPORT AGREEMENT**

EFFECTIVE DATE:

LOCATION: _____

STORE NO.: _____

Date: _____

[insert franchisee entity name],
a(n) _____

By: _____

Print Name: _____

Title: _____

LOCATION: _____

STORE NO.: _____

Date: _____

[insert franchisee entity name],
a(n) _____

By: _____

Print Name: _____

Title: _____

LOCATION: _____

STORE NO.: _____

Date: _____

[insert franchisee entity name],
a(n) _____

By: _____

Print Name: _____

Title: _____

LOCATION: _____

STORE NO.: _____

Date: _____

[insert franchisee entity name],
a(n) _____

By: _____

Print Name: _____

Title: _____

EXHIBIT A

FRANCHISEES

No.	Franchisee	Store No.	Brand	Location	Effective Date
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

[END OF EXHIBIT A]

EXHIBIT B
BBI HELP DESK
SERVICE LEVEL AGREEMENT (“SLA”)

SCOPE:

Technology support services are provided through the BBI Department of Information Technology Help Desk Unit. The Services to be provided consist of primary (first level) help desk support. In order to provide optimal first level support service to all BBI and Franchisee restaurants, all Service requests must be made to the BBI IT Help Desk as described herein.

HELP DESK SERVICES:

- I. The BBI IT Help Desk will provide the following Services to Franchisee callers seeking assistance:
 - A. End-to-End support/problem determination for BBI’s standardized software and hardware located within a Franchisee restaurant location, including the following:
 1. All restaurant technical problems will be recorded.
 2. Problems will be resolved or assigned to the appropriate specialist.
 3. Problems will be monitored.
 4. Users will be notified of commitment times and any problems that occur in meeting the established commitment.
 5. Problem resolution will be documented and available in report status.
 6. Monthly reports will be provided (upon request).
 - B. A single point of contact within the BBI IT Department for:
 1. Orders for new restaurant IT equipment.
 2. Equipment moves, adds, and changes (equipment does NOT include personal computers, but does includes restaurant printers and restaurant telephones).
- II. The BBI IT Help Desk will **NOT** provide Services to Franchisee for following systems or requests:
 - A. Personal devices within the restaurant environment, either BOH or FOH
 - B. Data-polling, e.g., getting labor or sales data from the restaurant to the Franchisee home-office
 - C. Payroll solutions, Human Resources and Training
 - D. Finance solutions
 - E. Any ‘external’ inventory solutions
 - F. Any ‘reporting’ solutions other than those within the restaurant environment

G. All home-office technology solutions owned/operated by the Franchisee

III. Optional Services

Should BBI elect to offer services to Franchisees that are not otherwise provided hereunder (“**Optional Services**”), and Franchisee elects to receive such Optional Services, the parties will execute an amendment to this Exhibit B to include a description of such Optional Services, associated fees and any additional term deemed necessary.

IV. Hours of Operation

Services will be provided between the hours of 7:00 a.m. and 3:00 a.m. Eastern Time (next morning), 7 days a week, 363 days a year (the BBI Help Desk is closed Thanksgiving and Christmas Day). Any request received outside of business hours will be returned the following business day based on priority.

V. Method for Requesting Assistance/Service

The telephone number (1-800-555-5808) is available to take Service call requests. Alternatively, an email can be sent to BBISupport@bloominbrands.com. When phone lines are busy, calls will be forwarded to voice mail, where a message can be left. The Help Desk guarantees a return call within sixty (60) minutes of a voice mail message detailing a critical issue.

VI. Setting Priority Levels for Support

The Help Desk will make every reasonable effort to resolve issues at the time of the service call. This will be the initial method for resolving issues before assigning a priority level. Help Desk staff will log and assign priorities for all requests not resolved at the time of the call, based on specific definitions. Requests will be handled according to the priority assigned to them. The following table describes the priority levels assigned to requests for hardware/software problem resolution with associated response and completion time goals:

Priority	Definition	Response Time
Critical	Entire system down, operations halted	Within 1 hour
High	Issues affecting a portion of front-of-house hardware, but system still operable	Within 12 hours
Medium	General issues not involving front-of-house hardware or daily operations	1 business day
Low	Password resets, how-to issues, and other miscellaneous non-operationally impacting	2 business days

VII. Remote Desktop Access

Depending on the availability of technical resources, Help Desk staff will make every reasonable effort to resolve issues at the time of the service call by using remote access tools. This will allow a support analyst to access the caller's desktop remotely for the purpose of expediting the resolution of the call. The caller can view the activity on the local monitor as it occurs. The support analyst will request and receive the caller's consent before accessing the machine remotely. If consent is not provided, the Service request will be assigned the appropriate level of priority.

VIII. Hardware and Software Standards

The Help Desk will provide support only for standardized and BBI approved hardware and software. A list of approved hardware and software is updated regularly and will be provided to Franchisee upon request.

IX. Reporting

The IT Help Desk will provide reports to Franchisee upon request, but no more than once monthly, containing information on actual performance achieved, compared to service levels agreed upon. Information will be reported on both open and closed Service requests.

X. Purchasing Approval

A. The individuals within the Franchise who have the authority to place orders with the BBI IT Help Desk for service or equipment that may generate billed back charges are identified below [*insert names and job title*]:

Any changes to the individuals identified above shall be communicated to BBI in writing pursuant to the notice provision of the Agreement.

B. When software or hardware orders are placed with the IT Help Desk, it will be the above-named contact's responsibility to provide purchase order information that can then be referenced on the applicable order(s). The IT Help Desk will work with such individual to place and confirm components on orders. If the IT Help Desk is not provided with the correct authorization, the order will be placed on hold awaiting this authorization.

C. The clock for response time for the IT Help Desk will be suspended during this wait and will restart only after this information is provided.

XI. Franchisee Responsibilities

In order to facilitate the support process, callers requesting support are requested to:

1. Provide detailed information regarding service requests;
2. Make every effort to be available to communicate with a support analyst if and when required;
3. Provide consent for a support analyst to access the computer remotely when requested;
4. Notify the help desk in advance of any pre-determined required assistance;
5. Check the IT website frequently for information and links to self-help assistance.

XII. Fees

Franchisee agrees to pay BBI for the Services described in Section I hereof, during the Term, the amount of \$55.00 per month per Franchisee Location, as well as applicable fees for Optional Services, if any, payable as described in the Agreement. Fees relating to any Equipment purchased for a Location shall be invoiced to Franchisee as they are incurred.

[END OF EXHIBIT B]

BONEFISH GRILL, LLC
STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	December 14, 2023 (Exemption)
Maryland	February 20, 2024 (Exemption)
Michigan	December 21, 2023
Washington	November 3, 2023 (Exemption)

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If we offer you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or ten business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least ten business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If we do not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit F.

The franchisor is Bonefish Grill, LLC, located at 2202 North West Shore Boulevard, 5th Floor, Tampa, Florida 33607. Its telephone number is (813) 282-1225.

Issuance date: April 26, 2024 (with the effective dates in franchise registration states as noted on the State Effective Dates page of this disclosure document)

The name, principal business address, and telephone number of each franchise seller offering the franchise are as follows: Mark Graff, Diane Hartzel, Annette Rodriguez and Jackie Vanella, 2202 North West Shore Boulevard, 5th Floor, Tampa, Florida 33607, (813) 282-1225, and _____.

We authorize the respective state agencies identified on Exhibit E to receive service of process for us in the particular state.

I received a disclosure document from Bonefish Grill, LLC dated as of April 26, 2024, which included the following Exhibits:

- A Financial Statements and Guarantee
- B-1 Form of Franchise Agreement
- B-2 Form of Development Rights Rider to Franchise Agreement
- C Operations Manual Table of Contents
- D-1 List of Franchisees and Franchise Restaurants in the United States
- D-2 List of Franchisees Who Have Left the System
- E List of State Agencies/Agents for Service of Process
- F State Specific Addenda and Riders
- G Form of Successor Franchise Rider to Franchise Agreement (Renewal)
- H IT Help Desk Support Agreement

Date

(Keep this copy for your records)

Prospective Franchisee:

Signature: _____

Print Name: _____

Company: _____

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If we offer you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

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- H IT Help Desk Support Agreement

Date

(Date, Sign and Return to Us)

Prospective Franchisee:

Signature: _____

Print Name: _____

Company: _____

Exhibit B-1

**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 31, 2023

or

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

For the transition period from _____ to _____

Commission File Number: 001-35625



BLOOMIN' BRANDS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(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.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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 \$2.2 billion.

As of February 23, 2024, 87,058,234 shares of common stock of the registrant were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement for its 2024 Annual Meeting of Stockholders are incorporated by reference into Part III, Items 10-14 of this Annual Report on Form 10-K.

INDEX TO ANNUAL REPORT ON FORM 10-K
For Fiscal Year 2023

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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 (the "Securities Act"), 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) Minimum wage increases, additional mandated employee benefits and fluctuations in the cost and availability of employees;
- (iii) Our ability to recruit and retain high-quality leadership, restaurant-level management and team members;
- (iv) Economic and geopolitical conditions and their effects on consumer confidence and discretionary spending, consumer traffic, the cost and availability of credit and interest rates;
- (v) Our ability to compete in the highly competitive restaurant industry with many well-established competitors and new market entrants;
- (vi) Our ability to protect our information technology systems from interruption or security breach, including cybersecurity threats, and to protect consumer data and personal employee information;
- (vii) Fluctuations in the price and availability of commodities, including supplier freight charges and restaurant distribution expenses, and other impacts of inflation and our dependence on a limited number of suppliers and distributors to meet our beef, pork, chicken and other major product supply needs;
- (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;

BLOOMIN' BRANDS, INC.

- (ix) The effects of international economic, political and social conditions and legal systems on our foreign operations and on foreign currency exchange rates;
- (x) Our ability to comply with new corporate citizenship and sustainability reporting requirements and investor expectations or our failure to achieve any goals, targets or objectives that we establish with respect to corporate citizenship and sustainability matters;
- (xi) Our ability to effectively respond to changes in patterns of consumer traffic, including by maintaining relationships with third party delivery apps and services, consumer tastes and dietary habits;
- (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 implement our remodeling, relocation and expansion plans, due to uncertainty in locating and acquiring attractive sites on acceptable terms, obtaining required permits and approvals, recruiting and training necessary personnel, obtaining adequate financing and estimating the performance of newly opened, remodeled or relocated restaurants, and our cost savings plans to enable reinvestment in our business, due to uncertainty with respect to macroeconomic conditions and the efficiency that may be added by the actions we take;
- (xiv) Seasonal and periodic fluctuations in our results and the effects of significant adverse weather conditions and other disasters or unforeseen events;
- (xv) 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
- (xvi) 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.

MARKETS

As of December 31, 2023, we owned and operated 1,189 restaurants and franchised 291 restaurants across 47 states, Guam and 13 countries.

Our Segments

We consider each of 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 31, 2023:

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 31, 2023, in our U.S. segment, we owned and operated 998 restaurants and franchised 152 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 grilled steaks, chops, 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 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 fresh juices, edible garnishes and house infusions, Bonefish Grill also features a distinct list of wines, the perfect match for any food pairing.

BLOOMIN' BRANDS, INC.

Fleming's Prime Steakhouse & Wine Bar - Fleming's Prime Steakhouse & Wine Bar is a contemporary interpretation of the classic American steakhouse, boasting culinary mastery, signature style and unrivaled attentive service to create memorable dining experiences for guests. Fleming's Prime Steakhouse & Wine Bar offers an impressive range of USDA Prime steaks, premium seafood entrées, storied wines and fresh hand-crafted cocktails.

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 31, 2023, in our international segment, we owned and operated 191 restaurants and franchised 139 restaurants across 13 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 cuts of beef.

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 U.S. Outback Steakhouse utilizing a smaller-scaled "Joey" design. The Joey was designed to increase return on investment through a reduced restaurant footprint with a more efficient layout. Our current Joey design consists of a freestanding building with approximately 5,000 square feet and seating for approximately 190 guests. We opened six Outback Steakhouse restaurants during 2023 and plan to open approximately 15 additional locations throughout 2024.

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. All Outback Steakhouse restaurants opened in Brazil since the beginning of 2021 were built utilizing the Joey design. Our current Joey design in Brazil consists of an in-line strip mall space with approximately 4,800 square feet and seating for approximately 190 guests.

Remodeling - We regularly remodel restaurants across all of our concepts to maintain the relevance of our restaurants' ambience, focused on driving additional traffic to our restaurants. During 2023, we completed more than 100 restaurant remodels.

Beginning in 2022, the remodel of our Outback Steakhouse restaurants included the installation of advanced grills and ovens. We completed the rollout of this equipment to substantially all Outback Steakhouse restaurants during 2023. These investments have improved our cooking consistency, meal pacing and guest satisfaction while also providing a cost-saving opportunity for our Company.

BLOOMIN' BRANDS, INC.

System-wide Restaurant Summary - Following is a system-wide rollforward of our restaurants in operation during 2023:

Number of restaurants:	DECEMBER 25, 2022	2023 ACTIVITY		DECEMBER 31, 2023	U.S. STATE COUNT
		OPENINGS	CLOSURES		
U.S.					
Outback Steakhouse					
Company-owned	566	6	(10)	562	
Franchised	127	—	(1)	126	
Total	693	6	(11)	688	46
Carrabba's Italian Grill					
Company-owned	199	—	(1)	198	
Franchised	19	—	—	19	
Total	218	—	(1)	217	29
Bonefish Grill					
Company-owned	173	—	(3)	170	
Franchised	7	1	(2)	6	
Total	180	1	(5)	176	30
Fleming's Prime Steakhouse & Wine Bar					
Company-owned	65	—	(1)	64	25
Aussie Grill					
Company-owned	7	—	(3)	4	
Franchised	—	1	—	1	
Total	7	1	(3)	5	1
U.S. total (1)	1,163	8	(21)	1,150	
International					
Company-owned					
Outback Steakhouse - Brazil (2)	139	16	—	155	
Other (2)(3)	36	2	(2)	36	
Franchised					
Outback Steakhouse - South Korea (1)	86	16	(10)	92	
Other (3)	47	4	(4)	47	
International total	308	38	(16)	330	
System-wide total	1,471	46	(37)	1,480	
System-wide total - Company-owned	1,185	24	(20)	1,189	
System-wide total - Franchised	286	22	(17)	291	

- (1) Excludes 36 and five off-premises only kitchens as of December 25, 2022 and December 31, 2023, respectively. One location was Company-owned in the U.S and all others were franchised in South Korea as of December 25, 2022 and December 31, 2023.
- (2) The restaurant counts for Brazil, including Abbraccio and Aussie Grill restaurants within International Company-owned Other, are reported as of November 30, 2022 and 2023, respectively, to correspond with the balance sheet dates of this subsidiary.
- (3) International Company-owned Other included four and two Aussie Grill locations as of December 25, 2022 and December 31, 2023, respectively. International Franchised Other included four Aussie Grill locations as of December 25, 2022 and December 31, 2023.

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. Further, 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

BLOOMIN' BRANDS, INC.

alternatives than our restaurants. Internationally, we face competition due to 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.

Following is a summary of sales by occasion, sales mix by product type and average check per person for Company-owned restaurants during 2023:

	U.S.				INTERNATIONAL
	Outback Steakhouse	Carrabba's Italian Grill	Bonefish Grill	Fleming's Prime Steakhouse & Wine Bar	Outback Steakhouse Brazil
Occasion:					
In-restaurant sales	74 %	67 %	84 %	95 %	86 %
Off-premises sales	26 %	33 %	16 %	5 %	14 %
	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>
Sales mix by product type:					
Food & non-alcoholic beverage	92 %	90 %	81 %	79 %	92 %
Alcoholic beverage	8 %	10 %	19 %	21 %	8 %
	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>
Average check per person (\$USD)	\$ 28	\$ 25	\$ 34	\$ 100	\$ 13
Average check per person (R\$)					R\$ 64

Unaffiliated Franchise Program - Our unaffiliated franchise agreements grant third parties the right 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. 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)	2.75% - 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.

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

Effective December 31, 2023, we entered into an Amended & Restated Holistic Agreement (the "2023 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 78 Outback Steakhouse restaurants in the western United States. Under the terms of the 2023 Resolution Agreement, advertising fees are reduced to 2.25% of gross sales

until December 27, 2026 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.

Out West also entered into a forbearance agreement with its lenders that, in conjunction with the 2023 Resolution Agreement, provides, among other things, for a pre-determined calculation of available monthly cash (after payment of operating expenses, including rents, royalties, national advertising fees and local marketing expenditures) that Out West may use for capital expenditures and to settle its obligations due to its lenders.

See Note 3 - *Revenue Recognition* of the Notes to Consolidated Financial Statements for further details regarding the 2023 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” approach focuses on the initial purchase price, coupled with the cost structure underlying the procurement and order fulfillment process. We also regularly monitor commodity markets and trends to execute product purchases at the most advantageous times.

We have a distribution program that includes food, non-alcoholic beverage, smallwares and packaging goods in all major markets. Where applicable, this program is managed by custom distribution companies that only provide products approved for our system. These customized relationships enable our staff to effectively manage and prioritize our supply chain.

Beef and pork represent the majority of purchased proteins in the U.S. and Brazil, respectively. In 2023, our U.S. restaurants purchased beef raw materials primarily from four U.S. beef suppliers and our restaurants in Brazil purchased pork raw materials primarily from four pork suppliers in Brazil. Due to the nature of our industry, we expect to continue purchasing a substantial amount of beef and pork 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 pandemics, macroeconomic conditions, 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.

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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 leverage our online ordering infrastructure to facilitate off-premises dining systems. Additionally, we developed systems to support our customer loyalty program with a focus on increasing traffic to our restaurants. In past years, we made investments in a supply chain management system to improve inventory forecasting and replenishment in our restaurants, which helps us manage food quality and cost, and reduce food waste.

Our integrated point-of-sale system allows us to transact business in our U.S. 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 system to ensure network security and safeguard against data loss. See Item 1C. *Cybersecurity* and Item 1A. *Risk Factors* for additional discussion of our cybersecurity 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. We focus on data segmentation and personalization, customer relationship management and digital advertising to be more efficient and relevant with our advertising expenditures. Additionally, in our company-owned international markets, we have teams that engage local agencies to tailor advertising to each market and develop relevant and timely promotions based on local consumer demand.

During 2023, Outback brought back the “No Rules, Just Right” platform, which includes highlighting our great menu and everyday value that we offer to our guests. “No Rules, Just Right” is more than a marketing platform, it is an attitude, aimed at re-energizing our restaurants with new food offerings, exceptional service and most importantly, ties back to our past.

Our multi-branded U.S. 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. For our Outback Steakhouse and Carrabba's Italian Grill brands, Market Vice Presidents oversee multiple Area Operating Partner regions.

In addition to base salary, Restaurant Managing Partners and Chef Partners (“Restaurant Partners”), Area Operating Partners, and Market Vice Presidents 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.

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[®], Outback Steakhouse[®], Carrabba's Italian Grill[®], Bonefish Grill[®] and Fleming's Prime Steakhouse & Wine Bar[®] service marks and our Bloomin' Onion[®] 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

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adversely affect us. Our policy is to, whenever possible, pursue registration of our marks in countries where we 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 had an impact on consumer behaviors and customer traffic that resulted 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.

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 and environmental and fire agencies in the state, municipality or country in which the restaurant is located.

U.S. - 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, for carry-out or delivery and on Sundays. We also offer 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, paid leave, safety standards, 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 labor, food safety, data privacy, anti-corruption/anti-bribery and information security.

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 31, 2023, we employed approximately 87,000 Team Members, of which approximately 750 are corporate personnel, including more than 250 in international markets.

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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 several 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 31, 2023	
	WOMEN	PEOPLE OF COLOR (1)
Restaurant Support Center	61%	23%
Operations Leadership (2)	40%	32%
Hourly Team Members	52%	50%

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

(2) Includes restaurant management, Chef Partners, Restaurant Managing Partners, Area Operating Partners, Regional Vice Presidents and Market Vice Presidents.

In addition to gender, racial and ethnic diversity, our U.S Team Members are also diverse in age, comprised of five generations: Traditionalists, Baby Boomers, Generation X, Millennials and Generation Z.

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 at 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 non-profit organizations, especially in the Tampa Bay area of Florida, home to our Restaurant Support Center (“RSC”).

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 utilize a comprehensive total rewards survey, the insights from which we are using to define our Value of Employment strategy. 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. During 2023, approximately 91% of promotions to our Manager in Training program and to Restaurant Managing Partner were internal, which consisted of 42% women and 29% people of color.

We regularly monitor and evaluate turnover and attrition metrics throughout our management teams. During 2023, our turnover rates for U.S. hourly restaurant Team Members and U.S. restaurant management were 91% and 22%, respectively.

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. We provide annual training to our Restaurant Partners, Area Operating Partners, Market Vice Presidents and RSC Team Members on our Code of Conduct, Preventing Discrimination and Harassment and Anti-Bribery and Anti-Corruption. All field-level employees are also provided Preventing Discrimination and Harassment training. In addition, we maintain an Ethics and Compliance Hotline (the “Hotline”), which includes an 800 number and an online form where our Team Members can report any workplace concerns, with the option to report anonymously. The Hotline is accessible via several languages, 24 hours a day, seven days a week. We also developed an informational poster for our U.S. restaurants, in English and Spanish, which provides the phone number, the web address for the reporting form and a QR code to make it easy for our Team Members to report concerns.

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Finally, we continue to support a hybrid work environment in the RSC. We are investing in a cultural refresh in response to employees returning to the office and have renewed our RSC Principles & Beliefs to invigorate connection and inclusivity between the corporate and field teams.

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 Team Members are trained, understand their role in inclusivity and are held accountable in making our restaurants a place where everyone is valued for who they are and what they bring to the table.

We continually assess our overall racial and gender diversity at Bloomin' Brands as we strive to reflect the diversity of the communities we serve. Year over year, we have seen improvements in diverse representation among our restaurant management teams and RSC, including an increase of approximately 2% in representation of women within our Operational Leadership and people of color at the RSC, respectively, while recognizing there is more work to be done.

During 2023, our Executive Leadership Team ("ELT") continued engaging in sessions curated and facilitated by a diversity consulting firm in partnership with our internal Inclusive Leadership Team. In these sessions, ELT members participated in deep, enriching dialogue around potential gaps in our organization and industry and their individual and collective responsibility for sustaining change.

While engaged in deep work with our executive team, we also continued listening, sharing and storytelling to inspire awareness, understanding and change across the organization. Each concept held monthly Courageous Conversations and we hosted virtual calls open to the entire company bimonthly to learn about and discuss important topics aligned to the mission and objectives of our five Employee Resource Groups:

- Women's Interests Network (WIN): Committed to accelerating the advancement of women at Bloomin' Brands through mentorship, education, experience and information sharing;
- Black Interests Group (BIG): Focused on elevating and amplifying Black talent through strong networks and mentorship;
- BELONG: Fostering an environment for Our People to thrive while celebrating understanding, acceptance and involvement of the LGBTQ+ community and their allies;
- ¡Adelante!: Aimed at accelerating and celebrating the Hispanic and Latin Community at Bloomin' Brands; and
- Bloomin' Balance: Inspiring our Team Members to lead happy, healthy and fulfilled lives through total and balanced wellness.

From our participation at the Women's Foodservice Forum annual conference to memorable heritage month programs and active community involvement (for example, Juneteenth service activities, Pride sponsorships and engagement, walks and runs for special health-focused causes), our Employee Resource Groups have been instrumental in providing support, a sense of community and both personal and professional development for our Team Members.

As we aim to attract and cultivate relationships with the next generation of talent in our workforce, we have been intentional about being visible and building brand awareness at a number of Florida colleges and universities, including Florida A&M University (a historically Black university), Florida International University (minority/Hispanic serving institution), the University of Central Florida and the University of South Florida. Among the support, we provide future industry leaders with financial support through endowed scholarships to help offset students' costs of higher education as they pursue degrees and certifications that align with the work we do in hospitality.

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We support words with actions by being good stewards of our communities and engaging with organizations dedicated to cultivating more diverse and inclusive communities, including:

- National Urban League
- Woman's Foodservice Forum
- Multicultural Foodservice & Hospitality Alliance
- National Diversity Council
- Autism Speaks
- Habitat for Humanity
- Big Brothers, Big Sisters
- Boys & Girls Clubs
- Feeding America (Tampa Bay)
- Meals on Wheels
- Harvest Food Donation

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.

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 our 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.
- An employee assistance program provided at no cost to all Team Members and their family members which includes virtual therapy sessions, free counseling and tools and resources in order to improve mental health and the well-being of our Team Members.
- All salaried Team Members are eligible to participate in company sponsored retirement plans with access to financial wellness resources. Eligible Team Members participating in the 401(k) receive matching contributions.
- Employee discounts when dining at any one of our brands.
- All levels of the organization, including hourly Team Members that meet certain service criteria, can qualify for paid time off for the purpose of rest, relaxation and planned time away from the workplace.

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 \$2.2 million to the benefit of over 1,500 Team Members who applied for support, including Team Members impacted by hurricanes and other natural disasters.

We are inspired by the generosity of our Team Members and encourage them to give back to their communities. To facilitate this community engagement, field Team Members volunteer within their communities and RSC Team Members participate in an annual Community Service Day. In 2023, its 15th year, Team Members volunteered over 800 hours of service at 16 non-profit organizations in the Tampa Bay area.

In addition, during 2022 we implemented an annual matching gift and volunteer grant program for eligible 501(c)(3) non-profit organizations and provided a limited dollar-for-dollar match or grant for full-time RSC Team Members who made a personal charitable donation or volunteered for a minimum of ten hours during non-working hours.

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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 23, 2024:

NAME	AGE	POSITION
David Deno	66	Chief Executive Officer
Christopher Meyer	52	Executive Vice President, Chief Financial Officer
Lisette Gonzalez	50	Executive Vice President, Chief Supply Chain and Operations Excellence Officer
Mark Graff	44	Executive Vice President, President of Bonefish Grill and Fine Dining
W. Michael Healy	49	Executive Vice President, Global Business Development and Strategy
Kelly Lefferts	57	Executive Vice President, Chief Legal Officer and Secretary
Brett Patterson	55	Executive Vice President, President of Outback Steakhouse
Gregg Scarlett	62	Executive Vice President, Chief Operating Officer, Casual Dining Restaurants
Astrid Isaacs	47	Senior Vice President, Chief Technology Officer
Philip Pace	49	Senior Vice President, Chief Accounting Officer
Suzann Trevisan	52	Senior Vice President, Chief Human Resources Officer

David 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.

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. In February 2024, Mr. Meyer notified the Company of his intention to retire from the Company in 2024, as disclosed in the Form 8-K filed with the Securities and Exchange Commission ("SEC") on February 23, 2024.

Lisette Gonzalez has served as Executive Vice President, Chief Supply Chain and Operations Excellence Officer since October 2023. Ms. Gonzalez served as Senior Vice President, Global Supply Chain Officer from April 2021 to October 2023; Vice President, Global Supply Planning and Forecasting from April 2019 to April 2021; and Vice President, Supply Planning and Forecasting from September 2014 to April 2019.

Mark Graff has served as Executive Vice President, President of Bonefish Grill and Fine Dining since November 2023. Mr. Graff served as Senior Vice President, Development from April 2023 to November 2023; Senior Vice President, Development, Financial Planning & Analysis and Investor Relations from May 2021 to April 2023; Group Vice President, Corporate Finance and Investor Relations from February 2019 to May 2021; and Vice President, Corporate Finance and Investor Relations from February 2016 to February 2019. He also served as Treasurer from February 2019 to November 2020. Mr. Graff joined the Company in 2012 and has held roles as Senior Director of Corporate Planning and Director of International Business Development.

W. Michael Healy has served as Executive Vice President, Global Business Development and Strategy since November 2023. Mr. Healy served as Senior Vice President, President of Bonefish Grill from November 2021 to November 2023; Senior Vice President, Field Operations and Innovation from April 2021 to November 2021; Senior Vice President, Global Supply Chain Officer from February 2019 to April 2021; Group Vice President, Finance for Outback Steakhouse from May 2015 to February 2019; and Vice President, Development and Strategic Analytics from April 2012 to May 2015. Mr. Healy joined the Company in 2009 as Director of Sales Forecasting and Analysis.

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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.

Brett Patterson has served as Executive Vice President, President of Outback Steakhouse since November 2023. Mr. Patterson served as Senior Vice President, President of Outback Steakhouse from February 2020 to November 2023 and Group Vice President, Outback Operations from August 2017 to February 2020.

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. Mr. Scarlett will be leaving the Company on March 15, 2024, as disclosed in the Form 8-K filed with the SEC on October 3, 2023.

Astrid Isaacs has served as Senior Vice President, Chief Technology Officer since November 2021. From July 2020 to November 2021, she was Vice President, Digital and Consumer Technology for Subway. Prior to that, she served as our Vice President, Restaurant Technology from February 2020 to July 2020 and Director, International Information Technology from June 2015 to February 2020.

Philip Pace has served as Senior Vice President, Chief Accounting Officer since July 2022. Mr. Pace previously served as Group Vice President and Controller from October 2015 to July 2022 and Vice President, Corporate Controller from July 2013 to October 2015.

Suzann Trevisan has served as Senior Vice President, Chief Human Resources Officer since September 2022. Prior to joining Bloomin' Brands, Ms. Trevisan held a number of leadership positions with Owens Corning, including Vice President of Human Resources for the composites business from March 2018 to August 2022 and Vice President of Human Resources, Centers of Excellence from June 2015 to March 2018.

Additional Information - We make available, free of charge, through our internet website 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 SEC. Our reports and other materials filed with the SEC are also available at www.sec.gov. The reference to website addresses in this Report 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. There is also the risk of allergen cross contamination in our restaurants despite precautionary measures to minimize the risk. 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.

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

We and our vendors are subject to various employment and labor laws and regulations governing relationships with employees throughout the world and changes to laws and regulations may affect operating costs. These laws and regulations relate to matters including employment discrimination, pay transparency, minimum wage requirements, scheduling, 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 relationships with employees, including minimum wage increases, regulations relating to union organizing rights and activities, the employment status of third-party delivery drivers, mandated benefits or other requirements that impose additional obligations on us, 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, there have been in the past, and may be in the future, legislative efforts to significantly increase the federal minimum wage, 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, several U.S. jurisdictions have implemented fair workweek or "secure scheduling" legislation, which impose complex requirements related to scheduling for certain restaurant and retail employees, and additional jurisdictions are considering similar legislation. Several jurisdictions also have implemented sick pay/paid time off legislation, which requires employers to provide paid time off to employees, and "just cause" termination legislation, which restricts companies' abilities to terminate employees unless they can prove "just cause" or a "bona fide economic reason" for the termination. We also 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.

Failure to recruit, train and retain high-quality leadership, restaurant-level management and hourly 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. The tight labor market in the United States has further strained and could continue to strain our ability to keep our restaurants fully staffed. 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, continued economic downturn or recession, or slowing or stalled recovery therefrom, unemployment levels, consumer income levels, financial market volatility, credit conditions and availability, consumer debt levels, inflation, increased energy prices, weakness in the housing market, stock market performance, rising interests rates, tariffs and trade barriers, pandemics or public health concerns, population growth, changes in government and central bank monetary policies, 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. Further, it is difficult to predict what impact, if any, the U.S. presidential and congressional elections and their outcomes could have on consumer confidence and discretionary spending. In addition, the effects on the global economy from the ongoing conflicts in Israel and Ukraine, particularly if they escalate or broaden, are uncertain. Terrorist attacks, heightened security requirements, attacks of critical infrastructure, protests, demonstrations, riots, civil disturbance, disobedience, insurrection, customer intimidation, mass shootings 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, economic and monetary 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.

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.

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, or artificial intelligence to develop new customer insights. 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, “ghost” or “dark” kitchens where meals are prepared at a separate takeaway premises rather than a restaurant, and the trend towards convergence in grocery, deli, delivery, retail and restaurant services. Further, if this competitive environment and the breadth of alternatives results in a decline in casual dining customer traffic, it could make our financial operations dependent on our ability to increase our market share within the hyper-competitive casual dining segment. 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.

Cybersecurity 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 cybersecurity 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 cybersecurity 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, payroll and human resource 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, hacking, “phishing” attacks, social engineering, malware, ransomware, viruses, worms and other attacks or disruptive problems, which have increased in sophistication, frequency and duration in recent years. In addition, the rapid

evolution and increased adoption of artificial intelligence technologies may increase our cybersecurity risks, including generative artificial intelligence augmenting threat actors' technological sophistication to enhance existing or create new malware. We have been, and 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. Like other restaurants and retailers, we are also susceptible to claims for purportedly fraudulent transactions arising out of actual or alleged theft of credit or debit card information. 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.

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 distract management from running the business. Responses to cybersecurity also have the potential of incurring significant remediation costs, to the extent such costs are not covered by our applicable insurance policies. As cybersecurity risks 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.

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 private right of action to California residents related to data breaches and imposes disclosure and other requirements on companies with respect to their data collection, use and sharing practices as they relate to California residents. Other states and countries in which we operate have enacted, or are proposing to enact, similar laws or the laws expanding existing privacy rights. New areas of litigation related to privacy rights continue to emerge. Compliance with newly developed laws and regulations, which are subject to change and uncertain interpretations, may cause us to incur substantial costs.

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 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, utilities, insurance, health care, labor, marketing and real estate over which we have little control. We have experienced and continue to experience the impact of inflation and fluctuations in costs on our operating expenses and anticipate the inflationary conditions will continue in the near future. We are anticipating 3% to 4% commodity inflation for 2024, but there can be no assurance that our expectations will be accurate or that we will be able to efficiently pass through any 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. In response, customers may be less willing to patronize our restaurants in favor of our competitors or lower-priced alternatives. Prices may also be affected by supply, market changes, increased competition, changes in laws, shortages or interruptions in supply due to weather, disease or other conditions beyond our control, labor shortages or other reasons. 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 and pork. 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 2023, we purchased: (i) more than 95% of our U.S. beef raw materials from four beef suppliers that represent a significant portion of the total beef marketplace in the U.S. and (ii) more than 80% of our Brazil pork raw materials from four pork suppliers that represent more than 45% of the total pork marketplace in Brazil. Our dependence on a small number of suppliers subjects us to the risks of ingredient shortage, supply interruption, animal disease outbreak, and price volatility. An external disruption or an internal dispute could force us to sever ties with our suppliers, and we

may not be able to find a suitable replacement in a timely or cost-efficient manner. Beef and pork are a significant cost to us, and we may also incur higher costs to secure adequate suppliers or make substantial changes to our menu offerings, at the risk of material adverse harm to our business. Due to the nature of our industry, we expect to continue to purchase a substantial amount of our beef and pork 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, armed conflict, sanctions, 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 recent years, climate-related issues, including drought and flooding in our key supplier region, have led to volatility in the prices of our ingredients, such as produce and meats. 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, 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.

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, cybersecurity threats, 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

BLOOMIN' BRANDS, INC.

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 operating partners.

Local or regional events or conditions in our international markets could disrupt our business operations and affect our results. In recent years, there were protests in cities throughout the United States as well as globally, including in Hong Kong and Brazil, 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, Hong Kong and 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.

If we fail to adequately address corporate citizenship and sustainability matters, it could have an adverse effect on our business, financial condition, and operating results and may damage our reputation.

In recent years, there has been an increasing focus from certain investors, customers, consumers, employees, state, federal and international governments and agencies, and other stakeholders concerning corporate citizenship and sustainability matters, including practices and disclosures related to environmental stewardship; social responsibility; diversity, equity and inclusion; and workplace rights. Companies across all industries are facing increasing scrutiny relating to their corporate citizenship and sustainability practices. We are also subject to corporate citizenship and sustainability disclosure rules and regulations and institutional investor voting policies that seek this information, making it more accessible for scrutiny. Changing consumer preferences may result in increased demands regarding our products and supply chain and their respective environmental and social impact, including on sustainability. These demands could require additional transparency, due diligence, and reporting and could cause us to incur additional costs or to make changes to our operations to comply with such demands. We may also determine that certain changes are required in anticipation of further evolution of consumer preferences and demands. Increased focus and activism related to corporate citizenship and sustainability may also result in investors reconsidering their investment decisions as a result of their assessment of a company's corporate citizenship and sustainability practices. Any failure or perceived failure by us to adequately address stakeholder expectations regarding corporate citizenship, including diversity, equity and inclusion, employee health, safety and welfare, and workplace rights, among others, may damage our reputation and adversely affect our business and results of operations. Further, concern over climate change and other environmental sustainability matters, has and may in the future result in new or increased legal and federal and state regulatory requirements to provide extensive disclosure regarding and to reduce or mitigate impacts to the environment, including greenhouse gas emissions, alternative energy policies, water consumption, packaging and waste management, responsible sourcing and other sustainability initiatives. For example, state, federal and international regulations on sustainability matters, including the recently enacted Climate Corporate Data Accountability Act and the Climate-Related Financial Risk Act in California and the SEC's climate change rule proposals, have been or are expected to be implemented that will require reporting and third-party assurance on greenhouse gas emissions and other environmental matters.

If we fail to achieve goals, targets, or objectives we may set with respect to corporate citizenship and sustainability matters, if we do not meet or comply with new regulations or evolving consumer, investor, industry, or stakeholder expectations and standards, including those related to reporting, or if we are perceived to have not responded appropriately to the growing concern for corporate citizenship and sustainability matters, we may face legal or regulatory actions, the imposition of fines, penalties, or other sanctions, adverse publicity, and decreased demand

from consumers, or the price of our common stock could decline, any of which could materially harm our reputation or have a material adverse effect on our business, financial condition, or operating results.

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, whether issued by government agencies, research institutions, or advocacy organizations, may impact consumer choice and cause consumers to select foods other than those that are offered by our restaurants. Consumer preference on sourcing, or in response to environmental and animal welfare concerns may also cause some groups of consumers to select foods other than those that are offered by our restaurants. Our business may be negatively impacted by customer preferences regarding third-party delivery apps and services with which we engage, particularly if the availability, performance and reliability of the apps or services adversely impact customer satisfaction. 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.

Changes in tax laws, uncertainty in the judicial interpretation of those 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, an "ownership change" as defined under Section 382 of the Internal Revenue Code, changes in U.S. or foreign tax laws, including the proposed 15% global minimum tax under the Organization for Economic Co-operation and Development ("OECD") Pillar Two ("Pillar Two"), Global Anti-Base Erosion rules, uncertainty in the interpretation of tax laws, comprehensive tax reform measures or other legislative changes, and the outcome of income tax audits and tax litigation, such as in Brazil. Further, differences in interpretations of Pillar Two and other rules by multiple jurisdictions may cause increased complexities as to compliance and increased audit controversy with tax authorities in jurisdictions where we operate. Although we believe our tax estimates are reasonable, the final determination of tax audits and tax litigation could be materially different from our historical income tax provisions and accruals. These results could have a material effect on our results of operations or cash flows in the period or periods for which these determinations are 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, sanitation, hazardous material, building, zoning, land use, traffic, 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 11% 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 a widespread illness or a pandemic, 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. We are subject to laws relating to information security, cashless payments and consumer credit, protection and fraud. Compliance with these laws and regulations can be costly, and any failure or perceived failure to comply with these laws or any breach of our systems could harm our reputation or lead to litigation, which could adversely affect our financial condition.

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 2024 development schedule calls for the construction of approximately 40 to 45 new system-wide locations, with approximately 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 selection of suitable locations for new or relocated restaurants, 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. Governmental regulations or other health guidelines concerning the operations of restaurants, including due to public health emergencies, may also cause disruptions in our plans.

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.

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, improvements in kitchen equipment and integrating restaurant information systems across our brands. 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. In addition, these measures may not be sustainable or may be detrimental to continued operations. Failure to achieve such desired savings or other negative effects from cost-saving measures could adversely affect our results of operations and financial condition and curtail investment in growth opportunities.

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 are 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.

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. As small businesses, some of our franchise operators may be negatively and disproportionately impacted by strategic initiatives, capital requirements, inflation, increased interest rates, labor costs, employee relations issues, or other causes. 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.

Significant adverse weather conditions and other disasters or unforeseen events and our ability to execute, or success in executing, a comprehensive business recovery plan at our restaurant support center for these events could negatively impact our results of operations and have a material adverse impact on our business.

Adverse weather conditions and natural disasters and other unforeseen events, such as winter storms, severe temperatures, thunderstorms, floods, drought, fires, 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. These events may result in lost restaurant sales, as well as property damage, lost products, interruptions in supply, and increased costs, 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 franchises, and results of operations in recent years. Although

we cannot predict when or where we will be negatively impacted by widespread illnesses or pandemics, 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.

Many of our corporate systems and processes and corporate support for our restaurant operations are centralized at one location in Tampa, Florida. We have disaster recovery procedures and business continuity plans in place to address crisis-level events, including hurricanes and other natural disasters, and back up and off-site locations for recovery of electronic and other forms of data and information, and the ability to manage our business remotely. However, if we are unable to fully implement our disaster recovery plans, we may experience delays in recovery of data, inability to perform vital corporate functions, tardiness in required reporting and compliance, failures to adequately support field operations and other breakdowns in normal communication and operating procedures that could have a material adverse effect on our financial condition, results of operations and exposure to administrative and other legal claims. In addition, these threats are constantly evolving, which increases the difficulty of accurately and timely predicting, planning for and protecting against the threat. As a result, our disaster recovery procedures and business continuity plans may not adequately address all threats we face or protect us from loss.

The United States and other countries have experienced, or may experience in the future, outbreaks of viruses or other diseases, including the COVID-19 pandemic. If a regional or global health pandemic occurs, depending upon its location, duration and severity, our business could be severely affected. In the event a health pandemic occurs, customers might avoid public places, and local, regional or national governments might limit or ban public gatherings to halt or delay the spread of disease. Jurisdictions in which we have restaurants may impose mandatory closures or impose restrictions on operations. If a virus is transmitted by human contact or respiratory transmission, our employees or guests could become infected, or could choose, or be advised, to avoid gathering in public places, any of which would adversely affect our restaurant guest traffic or our ability to perform functions at the corporate level. A regional or global health pandemic might also adversely affect our business by disrupting or delaying production and delivery of materials and products in our supply chain and by causing staffing shortages in our stores.

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 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, personal injury, discrimination, "dram shop" statute liability, promotional advertising and other operational issues common to the food service industry, as well as environmental, data privacy, 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 or diversion of management attention due to any resulting lawsuits, any substantial settlement payment or damage award against us and any damage to our reputation 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 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 31, 2023, our total net indebtedness was \$780.7 million and we had \$599.2 million in available unused borrowing capacity under our revolving credit facility, net of undrawn letters of credit of \$19.8 million.

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. Further, turmoil in global credit markets could adversely impact the availability and cost of credit. 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 above certain thresholds, 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 above certain thresholds 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 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.

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. Unforeseen events could make 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 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 errors 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 a 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 interpretations 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, cybersecurity 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.

Item 1C. Cybersecurity

Risk Management and Strategy

We maintain a risk-based, defense-in-depth approach to cybersecurity and data protection. We assess industry best practices and standards and endeavor to leverage them in our efforts to manage cybersecurity risk. We dedicate resources and apply security controls where we believe they would be most effective to predict, prevent, detect and respond to potential security threats to our highest value information assets, which we consider to be point-of-sale systems, financial systems and confidential, personal and private customer and employee information. We use multiple safeguards to protect our internal networks and systems, including, among others, firewalls, email protection and web filtering, endpoint detection and response software, controlled access to our data and systems,

segmenting our card data environment, vulnerability management and patching, and performing regular penetration testing. A risk assessment, based on the National Institute of Standards and Technology Framework, is conducted and maintained throughout the system development lifecycle and is reviewed at least annually.

We have implemented controls designed to identify and mitigate cybersecurity threats associated with our use of third-party service providers. Such providers are subject to security risk assessments at the time of onboarding, contract renewal and upon detection of an increase in risk profile. We use a variety of inputs in such risk assessments, including information supplied by providers and third parties. In addition, we require our providers to meet appropriate security requirements, controls and responsibilities, and we investigate security incidents that have impacted our third-party providers, as appropriate.

As part of our information security training program, employees and contractors participate in various cybersecurity awareness activities, including formal training exercises and simulated phishing events. We also contract with third-party cybersecurity firms to conduct simulated cyberattacks and perform regular penetration testing to assess the effectiveness of our security measures. We have also engaged with external subject matter experts to assess access management, information technology asset management and our cybersecurity policies.

We have company-wide business continuity and disaster recovery plans used to prepare for multiple events, including a potential disruption in the technology on which we rely. We maintain incident response plans and playbooks to prepare for various contingencies and types of incidents. The cybersecurity incident response plan ("IRP") includes immediate actions to mitigate and contain the short-term impact of an incident, and long-term strategies for remediation and prevention of future incidents. The IRP also includes policies that dictate escalation procedures and remediation plans based on the severity level of an incident. As part of our IRP, we consider engaging third-party cybersecurity firms to assist in the event of a significant incident. We also conduct tabletop exercises to enhance incident response preparedness.

We, like others in our industry, experience cybersecurity incidents and attempts to access our systems. In the event we experience an incident, we classify it based on its significance and track remediation actions and outcomes. Although we do not believe we have been materially affected by cybersecurity incidents or threats in the past, we cannot provide any assurance that we will not experience a material incident in the future. As described above, we utilize a risk-based approach to manage cybersecurity risk and it is possible we may not implement appropriate controls if we do not recognize or underestimate a particular risk. In addition, security controls, no matter how well designed or implemented, may only mitigate and not fully eliminate risks. See Item 1A. *Risk Factors* for additional discussion of our cybersecurity risks.

Governance

Our Board of Directors (our "Board") has charged the Audit Committee with oversight of the Company's identification, assessment and management of cybersecurity and data privacy risks. As part of its oversight of our enterprise risk management program, the Audit Committee periodically reviews and prioritizes key risks facing our Company, including cybersecurity risk. The Audit Committee receives quarterly updates from our head of information security and our Chief Technology Officer ("CTO") regarding our cybersecurity program and actions taken to manage cybersecurity risk, which include risk identification and management strategies, consumer data protection, security programs, ongoing risk mitigation activities and results of third-party assessments and testing.

We maintain a dedicated cybersecurity department, which consists exclusively of Company employees, within our broader information technology department. Functions within this department range from new information technology solution design and implementation, vulnerability management, phishing awareness, threat detection, Payment Card Industry compliance and incident response. Primary responsibility for assessing, monitoring and managing our cybersecurity risks rests with the head of information security, who has over 25 years of experience in the field of cybersecurity, including prior service in the military in cybersecurity roles, and relevant industry certifications commensurate with his role. Our head of information security reports directly to the CTO who has over 20 years of restaurant technology experience.

BLOOMIN' BRANDS, INC.

Our CTO receives status reports from our cybersecurity department regularly and reports to our Chief Executive Officer, who receives updates on incidents, trends, projects and other relevant information regularly. In addition, as part of our incident response planning, we maintain cross-functional response teams to be prepared to respond to an incident.

Item 2. Properties

We had 1,480 system-wide restaurants located across 47 states, Guam and 13 countries as of December 31, 2023. The following is a summary of our restaurant locations by country and territory as of December 31, 2023:

COMPANY-OWNED		FRANCHISED	
United States (1)	998	United States	152
International:		International:	
Brazil (2)	172	Argentina	3
China (Mainland)	1	Australia	8
Hong Kong	18	Canada	3
Total international Company-owned	<u>191</u>	Costa Rica	2
		Dominican Republic	1
		Guam	1
		Total international franchised	<u>139</u>
Total Company-owned	<u><u>1,189</u></u>	Total franchised	<u><u>291</u></u>

- (1) Restaurant property counts exclude one and four off-premises only kitchens from Company-owned United States and franchised South Korea totals, respectively.
(2) The count for Brazil is reported as of November 30, 2023 to correspond with the balance sheet date of this subsidiary.

We lease substantially all of our restaurant properties from third parties. As of December 31, 2023, our Company-owned restaurants were located on the following sites by segment:

	U.S.	INTERNATIONAL	TOTAL	PERCENTAGE OF TOTAL
Company-owned sites	25	—	25	2 %
Leased sites:				
Land, ground and building leases	692	1	693	58 %
Space and in-line leases	281	190	471	40 %
Total Company-owned restaurant sites	<u><u>998</u></u>	<u><u>191</u></u>	<u><u>1,189</u></u>	<u><u>100 %</u></u>

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 21 - *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 - In February 2022, our Board reinstated quarterly dividends after a temporary suspension during the COVID-19 pandemic. 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 23, 2024, there were 113 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 31, 2023:

(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	3,174	\$ 21.04	6,925

- (1) Includes 1,449 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. See Note 6 - *Stock-based and Deferred Compensation Plans* of the Notes to Consolidated Financial Statements for details regarding the plan.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers - The following table provides information regarding our purchases of common stock during the fourteen weeks ended December 31, 2023:

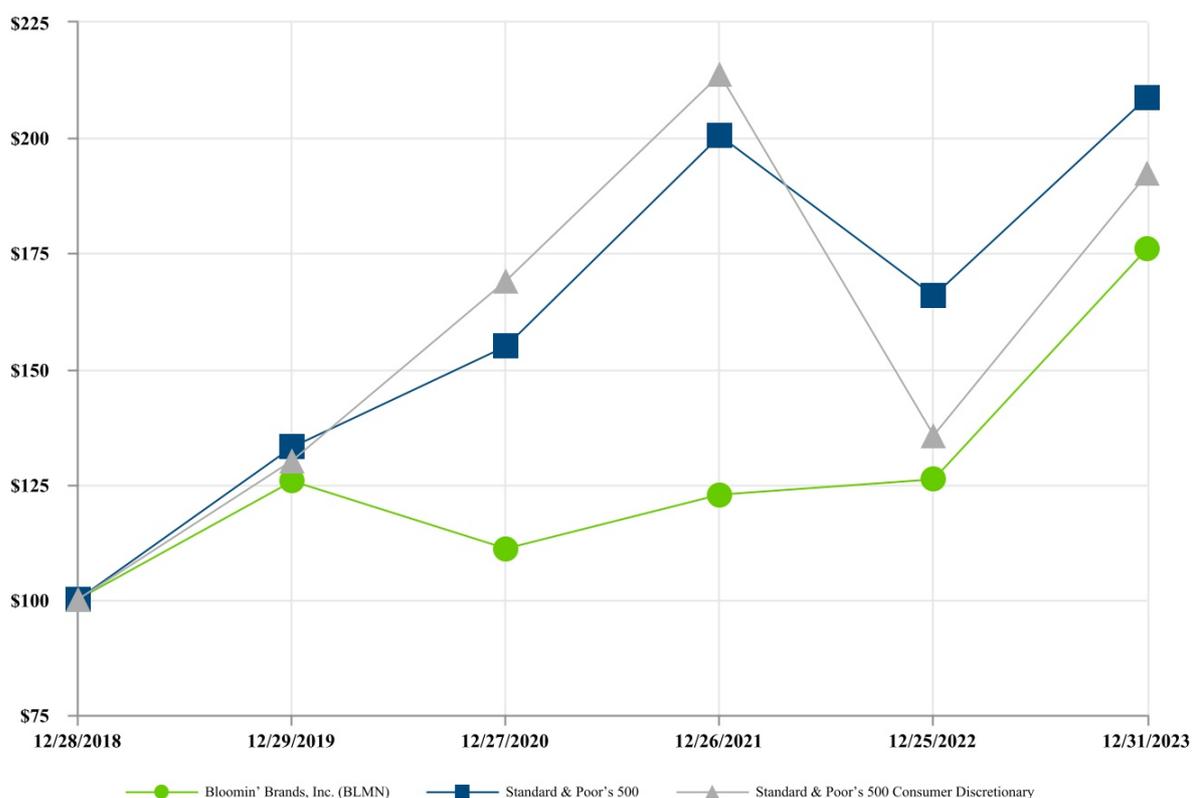
REPORTING PERIOD	TOTAL NUMBER OF SHARES PURCHASED	AVERAGE PRICE PAID PER SHARE	TOTAL NUMBER OF SHARES PURCHASED AS PART OF PUBLICLY ANNOUNCED PLANS OR PROGRAMS	APPROXIMATE DOLLAR VALUE OF SHARES THAT MAY YET BE PURCHASED UNDER THE PLANS OR PROGRAMS (1)
September 25, 2023 through October 22, 2023	269,131	\$ 23.78	269,131	\$ 81,461,316
October 23, 2023 through November 19, 2023	137,044	\$ 23.35	137,044	\$ 78,261,379
November 20, 2023 through December 31, 2023	329,103	\$ 25.10	329,103	\$ 70,000,707
Total	<u>735,278</u>		<u>735,278</u>	

- (1) On February 7, 2023, our Board approved a share repurchase authorization of up to \$125.0 million of our outstanding common stock as announced in our press release issued February 16, 2023 (the "2023 Share Repurchase Program"). Subsequent to December 31, 2023, we repurchased \$12.5 million of our common stock authorized under the 2023 Share Repurchase Program under a Rule 10b5-1 plan. In February 2024, our Board canceled the remaining \$57.5 million of authorization under the 2023 Share Repurchase Program and approved a new \$350.0 million authorization (the "2024 Share Repurchase Program"), as announced in our press release issued on February 23, 2024. The 2024 Share Repurchase Program will expire on August 13, 2025.

BLOOMIN' BRANDS, INC.

Stock Performance Graph - The following graph depicts total return to stockholders from December 28, 2018 through December 31, 2023, relative to the performance of the Standard & Poor's 500 index and the Standard & Poor's 500 Consumer Discretionary index, a peer group. The graph assumes an investment of \$100 in our common stock and in each index on December 28, 2018 (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 500 Consumer Discretionary
(Performance Results Through December 31, 2023)**



	DECEMBER 28, 2018	DECEMBER 29, 2019	DECEMBER 27, 2020	DECEMBER 26, 2021	DECEMBER 25, 2022	DECEMBER 31, 2023
Bloomin' Brands, Inc. (BLMN)	\$ 100.00	\$ 125.64	\$ 111.01	\$ 122.72	\$ 125.90	\$ 175.91
Standard & Poor's 500	\$ 100.00	\$ 132.96	\$ 154.75	\$ 200.27	\$ 165.59	\$ 208.83
Standard & Poor's 500 Consumer Discretionary	\$ 100.00	\$ 130.08	\$ 169.06	\$ 213.64	\$ 135.43	\$ 192.23

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 2021, see our Annual Report on Form 10-K for the year ended December 25, 2022, filed with the SEC on February 22, 2023.

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 31, 2023, we owned and operated 1,189 restaurants and franchised 291 restaurants across 47 states, Guam and 13 countries. We have four founder-inspired concepts: Outback Steakhouse, Carrabba's Italian Grill, Bonefish Grill and Fleming's Prime Steakhouse & Wine Bar.

Financial Overview - Our financial overview for 2023 includes the following:

- U.S. combined and Outback Steakhouse comparable restaurant sales of 1.4% and 1.1%, respectively;
- Increase in Total revenues of 5.8% as compared to 2022;
- Operating income and restaurant-level operating margins of 7.0% and 16.2%, respectively, as compared to 7.5% and 15.6%, respectively for 2022;
- Operating income of \$325.1 million as compared to \$330.4 million in 2022; and
- Diluted earnings per share of \$2.56 as compared to \$1.03 in 2022.

Business Strategies - In 2024, our key business strategies include:

- *Enhance the Customer Experience to Drive Sustainable Healthy Sales Growth.* We plan to continue to make investments to enhance our core guest experience, upgrade kitchen equipment and technology, 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 dividends and share repurchases.
- *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 continue to pursue U.S. fill-in opportunities for Outback Steakhouse, Fleming's Prime Steakhouse & Wine Bar and Carrabba's Italian Grill across key southern states such as North Carolina, Florida and Texas as well as California. We will also focus on 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.

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

Macroeconomic Conditions - The combination of macroeconomic and other factors have put considerable pressure on the casual dining industry. The ongoing impacts of inflation, rising interest rates, reduced disposable consumer income, access to credit, other national, regional and local regulatory and economic conditions and consumer confidence have had a negative effect on discretionary consumer spending.

Should the macroeconomic and other conditions persist, we will continue to face increased pressure with respect to our pricing, traffic levels and commodity costs. We believe that in this environment, we need to maintain our focus on value and innovation as well as refreshing our restaurant base through remodels and new restaurant development to continue to drive sales.

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

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

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

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

Restaurant-level operating margin excludes various expenses, as discussed above, that are essential to support the operations of our restaurants and may materially impact our Consolidated Statements of Operations and Comprehensive Income. As a result, restaurant-level operating margin is not indicative of our consolidated results of operations and is presented exclusively as a supplement to, and not a substitute

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

for, Net income or Income from operations. In addition, our presentation of restaurant-level operating margin may not be comparable to similarly titled measures used by other companies in our industry.

- *Adjusted restaurant-level operating margin, Adjusted income from operations, Adjusted net income and Adjusted diluted earnings per share*—non-GAAP financial measures utilized to evaluate our operating performance, 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 restaurants in operation as of the periods indicated:

Number of restaurants (at end of the period):	DECEMBER 31, 2023	DECEMBER 25, 2022
U.S.		
Outback Steakhouse		
Company-owned	562	566
Franchised	126	127
Total	688	693
Carrabba's Italian Grill		
Company-owned	198	199
Franchised	19	19
Total	217	218
Bonefish Grill		
Company-owned	170	173
Franchised	6	7
Total	176	180
Fleming's Prime Steakhouse & Wine Bar		
Company-owned	64	65
Aussie Grill		
Company-owned	4	7
Franchised	1	—
Total	5	7
U.S. total (1)	1,150	1,163
International		
Company-owned		
Outback Steakhouse - Brazil (2)	155	139
Other (2)(3)	36	36
Franchised		
Outback Steakhouse - South Korea (1)	92	86
Other (3)	47	47
International total	330	308
System-wide total	1,480	1,471
System-wide total - Company-owned	1,189	1,185
System-wide total - Franchised	291	286

- (1) Excludes five and 36 off-premises only kitchens as of December 31, 2023 and December 25, 2022, respectively. One location was Company-owned in the U.S and all others were franchised in South Korea as of December 31, 2023 and December 25, 2022.
- (2) The restaurant counts for Brazil, including Abbraccio and Aussie Grill restaurants within International Company-owned Other, are reported as of November 30, 2023 and 2022, respectively, to correspond with the balance sheet dates of this subsidiary.
- (3) International Company-owned Other included two and four Aussie Grill locations as of December 31, 2023 and December 25, 2022, respectively. International Franchised Other included four Aussie Grill locations as of December 31, 2023 and December 25, 2022.

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

Results of Operations

REVENUES

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

(dollars in millions)	FISCAL YEAR	
	2023	
For fiscal year 2022	\$	4,352.7
Change from:		
Comparable restaurant sales		81.8
Restaurant openings		64.9
Effect of foreign currency translation		34.3
Brazil value added tax exemptions (1)		22.5
Restaurant closures		(31.5)
For fiscal year 2023 (comparable 52-week presentation) (2)		4,524.7
53rd week restaurant sales (3)		82.7
For fiscal year 2023 (as reported)	\$	4,607.4

- (1) Fiscal years 2023 and 2022, include \$30.2 million and \$7.7 million, respectively, of value added tax exemptions resulting from the Brazil tax legislation. Beginning in the fourth quarter of 2023, we are once again subject to the value added taxes for which we were previously exempt. See Note 20 - *Income Taxes* of the Notes to Consolidated Financial Statements for details regarding value added tax exemptions in connection with Brazil tax legislation.
- (2) Includes \$101.9 million of restaurant sales generated by restaurants closed, primarily in February 2024, in connection with the 2023 Closure Initiative, as defined below. See Note 4 - *Impairments and Exit Costs* of the Notes to Consolidated Financial Statements for additional details regarding the 2023 Closure Initiative.
- (3) Includes restaurant sales from December 25, 2023 through December 31, 2023, which represents the 53rd week of fiscal year 2023.

The increase in Restaurant sales in 2023 as compared to 2022 was primarily due to: (i) restaurant sales during the 53rd week of 2023, (ii) higher comparable restaurant sales, (iii) the opening of 66 new restaurants not included in our comparable restaurant sales base, (iv) the effect of foreign currency translation of the Brazilian Real relative to the U.S. dollar and (v) value added tax exemptions in Brazil. The increase in Restaurant sales was partially offset by the closure of 35 restaurants since December 26, 2021.

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Average Restaurant Unit Volumes and Operating Weeks

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

(dollars in thousands)	FISCAL YEAR	
	2023	2022
Average restaurant unit volumes:		
U.S.		
Outback Steakhouse	\$ 4,094	\$ 3,949
Carrabba's Italian Grill	\$ 3,631	\$ 3,406
Bonefish Grill	\$ 3,339	\$ 3,213
Fleming's Prime Steakhouse & Wine Bar	\$ 5,935	\$ 5,845
International		
Outback Steakhouse - Brazil (1)	\$ 3,213	\$ 3,067
Operating weeks:		
U.S.		
Outback Steakhouse	29,771	29,308
Carrabba's Italian Grill	10,537	10,328
Bonefish Grill	9,056	9,056
Fleming's Prime Steakhouse & Wine Bar	3,418	3,331
International		
Outback Steakhouse - Brazil	7,670	6,775

(1) Translated at average exchange rates of 5.02 and 5.19 for 2023 and 2022, respectively. Excludes the benefit of the Brazil value added tax exemptions discussed in Note 20 - *Income Taxes* of the Notes to Consolidated Financial Statements.

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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	
	2023 (1)	2022
Year over year percentage change:		
Comparable restaurant sales (restaurants open 18 months or more):		
U.S. (2)		
Outback Steakhouse	1.1 %	2.8 %
Carrabba's Italian Grill	3.9 %	3.4 %
Bonefish Grill	0.8 %	4.5 %
Fleming's Prime Steakhouse & Wine Bar	(0.7)%	12.0 %
Combined U.S.	1.4 %	4.0 %
International		
Outback Steakhouse - Brazil (3)	5.5 %	38.3 %
Traffic:		
U.S.		
Outback Steakhouse	(4.3)%	(6.3)%
Carrabba's Italian Grill	0.3 %	(4.3)%
Bonefish Grill	(3.3)%	(4.2)%
Fleming's Prime Steakhouse & Wine Bar	(2.0)%	3.0 %
Combined U.S.	(3.1)%	(5.3)%
International		
Outback Steakhouse - Brazil (3)	(1.1)%	23.6 %
Average check per person (4):		
U.S.		
Outback Steakhouse	5.4 %	9.1 %
Carrabba's Italian Grill	3.6 %	7.7 %
Bonefish Grill	4.1 %	8.7 %
Fleming's Prime Steakhouse & Wine Bar	1.3 %	9.0 %
Combined U.S.	4.5 %	9.3 %
International		
Outback Steakhouse - Brazil (3)	6.5 %	14.6 %

(1) For 2023, comparable restaurant sales, traffic and average check per person compare the 53 weeks from December 26, 2022 through December 31, 2023 to the 53 weeks from December 27, 2021 through January 1, 2023.

(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 and the benefit of the Brazil value added tax exemptions discussed in Note 20 - *Income Taxes* of the Notes to Consolidated Financial Statements. Includes trading day impact from calendar period reporting.

(4) Includes the impact of menu pricing changes, product mix and discounts.

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COSTS AND EXPENSES

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

	FISCAL YEAR	
	2023	2022
Revenues		
Restaurant sales	98.6 %	98.6 %
Franchise and other revenues	1.4	1.4
Total revenues	100.0	100.0
Costs and expenses		
Food and beverage (1)	30.6	31.8
Labor and other related (1)	28.8	28.2
Other restaurant operating (1)	24.4	24.5
Depreciation and amortization	4.1	3.8
General and administrative	5.6	5.3
Provision for impaired assets and restaurant closings	0.7	0.1
Total costs and expenses	93.0	92.5
Income from operations	7.0	7.5
Loss on extinguishment and modification of debt	—	(2.5)
Loss on fair value adjustment of derivatives, net	—	(0.4)
Interest expense, net	(1.2)	(1.2)
Income before provision for income taxes	5.8	3.4
Provision for income taxes	0.4	0.9
Net income	5.4	2.5
Less: net income attributable to noncontrolling interests	0.1	0.2
Net income attributable to Bloomin' Brands	5.3 %	2.3 %

(1) As a percentage of Restaurant sales.

Fiscal year 2023 as compared to fiscal year 2022

Food and beverage cost decreased as a percentage of Restaurant sales due to 2.0% from increases in average check per person, primarily driven by an increase in menu pricing, and 0.6% from certain cost saving and productivity initiatives, partially offset by an increase of 1.3% from commodity inflation. See Item 7A. *Quantitative and Qualitative Disclosures about Market Risk* for discussion of our commodity inflation expectations for 2024.

Labor and other related expense increased as a percentage of Restaurant sales primarily due to 1.6% from higher hourly and field management labor costs, primarily due to wage rate inflation, partially offset by decreases of 0.9% from an increase in average check per person and 0.2% from certain cost saving and productivity initiatives.

Other restaurant operating expense decreased as a percentage of Restaurant sales primarily due to: (i) 0.7% from an increase in average check per person, (ii) 0.3% from certain cost saving and productivity initiatives and (iii) 0.2% from the favorable settlement of certain collective action wage and hour lawsuits. These decreases were partially offset by increases of 0.9% from higher operating expenses, including utilities, primarily due to inflation, and 0.4% from higher advertising expense.

Depreciation and amortization expense increased primarily due to technology projects and restaurant development.

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General and administrative expense increased primarily due to: (i) legal and professional fees, (ii) compensation and related expenses, (iii) travel expenses and (iv) incentive compensation, partially offset by a decrease in employee stock-based compensation.

Provision for impaired assets and restaurant closings increased primarily due to asset impairment and closure charges during the fourteen weeks ended December 31, 2023 of \$33.3 million and \$0.9 million within the U.S. and international segments, respectively, in connection with the closure of three U.S. and two international Aussie Grill restaurants and the decision to close 36 predominantly older, underperforming U.S. restaurants (the "2023 Closure Initiative"). See Note 4 - *Impairments and Exit Costs* for additional details regarding the 2023 Closure Initiative. We expect to incur an additional \$8 million to \$11 million of severance and closure costs in connection with the 2023 Closure Initiative during the thirteen weeks ended March 31, 2024.

Income from operations during 2023 includes a net operating margin increase of approximately 0.2% attributable to Brazil value added tax exemptions (PIS and COFINS) provided by Brazil tax legislation. See Note 20 - *Income Taxes* of the Notes to Consolidated Financial Statements for further discussion regarding Brazil tax legislation.

Loss on extinguishment and modification of debt and Loss on fair value adjustment of derivatives, net during 2022 were in connection with the repurchase of \$125.0 million of the outstanding convertible senior notes due in 2025 (the "2025 Notes") (the "2025 Notes Partial Repurchase"), which is described in further detail within Note 13 - *Convertible Senior Notes* of the Notes to Consolidated Financial Statements.

Interest expense, net was flat primarily due to: (i) the lapping of terminated interest rate swap amortization during 2022, (ii) the 2025 Notes Partial Repurchase in May 2022 and (iii) the repayment of Term Loan A in April 2022. These decreases were offset by an increase in interest expense from higher balances and interest rates on our revolving credit facility.

Provision for income taxes includes a decrease in the effective income tax rate primarily due to the non-deductible losses associated with the 2025 Notes Partial Repurchase recorded during 2022 and the 2023 benefits of Brazil tax legislation, which includes a temporary reduction in the Brazilian income tax rate from 34% to 0%.

We have a blended federal and state statutory rate of approximately 26%. The effective income tax rate in 2023 was lower than the blended federal and state statutory rate primarily due to the benefit of FICA tax credits on certain tipped wages and benefits of Brazil tax legislation, which includes a temporary reduction in the Brazilian income tax rate from 34% to 0%. The effective income tax rate in 2022 was higher than the blended federal and state statutory rate primarily due to the non-deductible losses associated with the 2025 Notes Partial Repurchase recorded during 2022, partially offset by the benefit of FICA tax credits on certain tipped wages.

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

See Note 20 - *Income Taxes* of the Notes to Consolidated Financial Statements for further discussion regarding Brazil tax legislation.

Segments

We consider each of 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. We aggregate our operating segments into two reportable segments, U.S. and international. The

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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 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, a portion of insurance expenses and certain bonus expenses.

Refer to Note 22 - *Segment Reporting* of the Notes to Consolidated Financial Statements for reconciliations of segment income from operations to the consolidated operating results.

Summary financial data - Following is a summary of financial data by segment for the periods indicated:

(dollars in thousands)	U.S.		INTERNATIONAL	
	FISCAL YEAR		FISCAL YEAR	
	2023	2022	2023	2022
Revenues				
Restaurant sales	\$ 4,005,053	\$ 3,863,016	\$ 602,355	\$ 489,679
Franchise and other revenues	48,546	48,854	15,516	14,959
Total revenues	\$ 4,053,599	\$ 3,911,870	\$ 617,871	\$ 504,638
Income from operations	\$ 377,534	\$ 407,860	\$ 83,948	\$ 57,333
Operating income margin	9.3 %	10.4 %	13.6 %	11.4 %
Restaurant-level operating income	\$ 618,434	\$ 595,997	\$ 123,583	\$ 90,663
Restaurant-level operating margin	15.4 %	15.4 %	20.5 %	18.5 %

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

(dollars in millions)	U.S.		INTERNATIONAL	
	FISCAL YEAR		FISCAL YEAR	
	2023	2022	2023	2022
For fiscal year 2022	\$ 3,863.0		For fiscal year 2022	\$ 489.7
Change from:			Change from:	
Comparable restaurant sales	63.1		Restaurant openings (1)	37.7
Restaurant openings (1)	27.2		Effect of foreign currency translation	34.3
Restaurant closures (2)	(31.0)		Brazil value added tax exemptions (3)	22.5
For fiscal year 2023 (comparable 52-week presentation) (4)	3,922.3		Comparable restaurant sales	18.7
53rd week restaurant sales (5)	82.7		Restaurant closures (2)	(0.5)
For fiscal year 2023 (as reported)	\$ 4,005.0		For fiscal year 2023	\$ 602.4

- (1) Includes restaurant sales from 19 and 47 new U.S. and international restaurants, respectively, not included in our comparable restaurant sales base.
- (2) Includes the restaurant sales impact from the closure of 32 and three U.S. and international restaurants, respectively, since December 26, 2021.
- (3) Fiscal years 2023 and 2022 include \$30.2 million and \$7.7 million, respectively, of value added tax exemptions resulting from the Brazil tax legislation. Beginning in the fourth quarter of 2023, we are once again subject to the value added taxes for which we were previously exempt under the Brazil tax legislation. See Note 20 - *Income Taxes* of the Notes to Consolidated Financial Statements for details regarding value added tax exemptions in connection with the Brazil tax legislation.
- (4) Includes \$99.2 million of restaurant sales generated by restaurants closed, primarily in February 2024, in connection with the 2023 Closure Initiative. See Note 4 - *Impairments and Exit Costs* of the Notes to Consolidated Financial Statements for additional details regarding the 2023 Closure Initiative.
- (5) Includes restaurant sales from December 25, 2023 through December 31, 2023, which represents the 53rd week of fiscal year 2023.

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Income from operations

U.S. - The decrease in U.S. Income from operations generated during 2023 as compared to 2022 was primarily due to: (i) higher labor costs, primarily due to wage rate inflation, (ii) commodity inflation, (iii) higher operating expenses, including utilities, primarily due to inflation, (iv) higher impairment charges and restaurant closure costs and (v) higher depreciation and advertising expense. These decreases were partially offset by an increase in average check per person and certain cost saving and productivity initiatives.

International - The increase in international Income from operations generated during 2023 as compared to 2022 was primarily due to value added tax exemptions in Brazil and an increase in restaurant sales, primarily driven by an increase in average check per person and the recovery of in-restaurant dining. These increases were partially offset by decreases primarily due to higher operating and labor costs, primarily due to inflation, and higher advertising expense.

Non-GAAP Financial Measures

In addition to the results provided in accordance with generally accepted accounting principles ("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) Restaurant-level operating income, adjusted restaurant-level operating income and their corresponding margins, (ii) Adjusted income from operations and the corresponding margin, (iii) Adjusted net income, (iv) Adjusted diluted earnings per share and (v) system-wide sales.

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 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.

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Consolidated Restaurant-level Operating Income and Adjusted Restaurant-level Operating Income and Corresponding Margins Non-GAAP Reconciliations - Restaurant-level operating margin is calculated as Restaurant sales after deduction of the main restaurant-level operating costs, which includes Food and beverage cost, Labor and other related expense and Other restaurant operating expense. Adjusted restaurant-level operating margin is Restaurant-level operating margin adjusted for certain items. The following table reconciles consolidated Income from operations and the corresponding margin to restaurant-level operating income and adjusted restaurant-level operating income and the corresponding margins for the periods indicated:

<i>Consolidated</i> (dollars in thousands)	FISCAL YEAR	
	2023	2022
Income from operations	\$ 325,144	\$ 330,421
<i>Operating income margin</i>	7.0 %	7.5 %
Less:		
Franchise and other revenues	64,062	63,813
Plus:		
Depreciation and amortization	191,171	169,617
General and administrative	260,470	234,752
Provision for impaired assets and restaurant closings	33,574	5,964
Restaurant-level operating income	<u>\$ 746,297</u>	<u>\$ 676,941</u>
<i>Restaurant-level operating margin</i>	16.2 %	15.6 %
Adjustments:		
Legal and other matters (1)	(3,650)	5,900
Asset impairments and closing costs (2)	(2,450)	—
Partner compensation (3)	1,894	—
Total restaurant-level operating income adjustments	<u>(4,206)</u>	<u>5,900</u>
Adjusted restaurant-level operating income	<u>\$ 742,091</u>	<u>\$ 682,841</u>
<i>Adjusted restaurant-level operating margin</i>	16.1 %	15.7 %

(1) Reflects changes in legal reserves in connection with certain collective action wage and hour lawsuits.

(2) Lease remeasurement gains in connection with the 2023 Closure Initiative. See Note 4 - *Impairments and Exit Costs* of the Notes to Consolidated Financial Statements for additional details regarding the 2023 Closure Initiative.

(3) Costs incurred in connection with the transition to a new partner compensation program.

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Segment Restaurant-level and Adjusted Restaurant-level Operating Income and Corresponding Margins Non-GAAP Reconciliations - The following tables reconcile segment Income from operations and the corresponding margin to segment restaurant-level operating income and adjusted restaurant-level operating income and the corresponding margins for the periods indicated:

U.S. (dollars in thousands)	FISCAL YEAR	
	2023	2022
Income from operations	\$ 377,534	\$ 407,860
<i>Operating income margin</i>	9.3 %	10.4 %
Less:		
Franchise and other revenues	48,546	48,854
Plus:		
Depreciation and amortization	157,878	139,170
General and administrative	98,899	93,401
Provision for impaired assets and restaurant closings	32,669	4,420
Restaurant-level operating income	<u>\$ 618,434</u>	<u>\$ 595,997</u>
<i>Restaurant-level operating margin</i>	15.4 %	15.4 %
Adjustments:		
Asset impairments and closing costs (1)	(2,450)	—
Partner compensation (2)	1,894	—
Total restaurant-level operating income adjustments	<u>(556)</u>	<u>—</u>
Adjusted restaurant-level operating income	<u>\$ 617,878</u>	<u>\$ 595,997</u>
<i>Adjusted restaurant-level operating margin</i>	15.4 %	15.4 %

(1) Lease remeasurement gains in connection with the 2023 Closure Initiative.

(2) Costs incurred in connection with the transition to a new partner compensation program.

International (dollars in thousands)	FISCAL YEAR	
	2023	2022
Income from operations	\$ 83,948	\$ 57,333
<i>Operating income margin</i>	13.6 %	11.4 %
Less:		
Franchise and other revenues	15,516	14,959
Plus:		
Depreciation and amortization	25,430	23,397
General and administrative	28,816	23,355
Provision for impaired assets and restaurant closings	905	1,537
Restaurant-level operating income	<u>\$ 123,583</u>	<u>\$ 90,663</u>
<i>Restaurant-level operating margin</i>	20.5 %	18.5 %
Total restaurant-level operating income adjustments	<u>—</u>	<u>—</u>
Adjusted restaurant-level operating income	<u>\$ 123,583</u>	<u>\$ 90,663</u>
<i>Adjusted restaurant-level operating margin</i>	20.5 %	18.5 %

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Adjusted Restaurant-level Operating Margin Non-GAAP Reconciliations (continued) - 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			
	2023		2022	
	REPORTED	ADJUSTED (1)	REPORTED	ADJUSTED (1)
Restaurant sales	100.0 %	100.0 %	100.0 %	100.0 %
Food and beverage	30.6 %	30.6 %	31.8 %	31.8 %
Labor and other related	28.8 %	28.7 %	28.2 %	28.2 %
Other restaurant operating	24.4 %	24.6 %	24.5 %	24.3 %
Restaurant-level operating margin	16.2 %	16.1 %	15.6 %	15.7 %

(1) See the *Consolidated Restaurant-level Operating Income and Adjusted Restaurant-level Operating Income and Corresponding Margins Non-GAAP Reconciliations* table above for details regarding restaurant-level operating margin adjustments. For 2023, restaurant-level operating margin adjustments of \$1.9 million and (\$6.1) million were recorded within Labor and other related expense and Other restaurant operating expense, respectively. For 2022, all restaurant-level operating margin adjustments were recorded within Other restaurant operating expense.

Adjusted Income from Operations Non-GAAP Reconciliations - The following table reconciles Income from operations and the corresponding margin to adjusted income from operations and the corresponding margin for the periods indicated:

(dollars in thousands)	FISCAL YEAR	
	2023	2022
Income from operations	\$ 325,144	\$ 330,421
Operating income margin	7.0 %	7.5 %
Adjustments:		
Total restaurant-level operating income adjustments (1)	(4,206)	5,900
Asset impairments and closing costs (2)	28,236	—
Other (3)	7,546	—
Total income from operations adjustments	31,576	5,900
Adjusted income from operations	\$ 356,720	\$ 336,321
Adjusted operating income margin	7.6 %	7.6 %

(1) See the *Consolidated Restaurant-level Operating Income and Adjusted Restaurant-level Operating Income and Corresponding Margins Non-GAAP Reconciliations* table above for details regarding restaurant-level operating income adjustments.

(2) Includes asset impairment, closure costs and severance in connection with the 2023 Closure Initiative. Also includes a lease termination gain, net of related asset impairment charges, of \$6.7 million related to the closure of one restaurant.

(3) Primarily includes professional fees, severance and other costs not correlated to our core operating performance during the period.

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Adjusted Net Income and Adjusted Diluted Earnings Per Share Non-GAAP Reconciliations - The following table reconciles Net income attributable to Bloomin' Brands to adjusted net income and adjusted diluted earnings per share for the periods indicated:

(in thousands, except per share data)	FISCAL YEAR	
	2023	2022
Net income attributable to Bloomin' Brands	\$ 247,386	\$ 101,907
Adjustments:		
Income from operations adjustments (1)	31,576	5,900
Loss on extinguishment and modification of debt (2)	—	107,630
Loss on fair value adjustment of derivatives, net (2)	—	17,685
Total adjustments, before income taxes	31,576	131,215
Adjustment to provision for income taxes (3)	(10,801)	(263)
Net adjustments	20,775	130,952
Adjusted net income	\$ 268,161	\$ 232,859
Diluted earnings per share	\$ 2.56	\$ 1.03
Adjusted diluted earnings per share (4)	\$ 2.93	\$ 2.52
Diluted weighted average common shares outstanding	96,453	98,512
Adjusted diluted weighted average common shares outstanding (4)	91,386	92,423

- (1) See the *Adjusted Income from Operations Non-GAAP Reconciliations* table above for details regarding Income from operations adjustments.
- (2) Includes losses primarily in connection with the 2025 Notes Partial Repurchase, including settlements of the related convertible senior note hedges and warrants. See Note 13 - *Convertible Senior Notes* of the Notes to Consolidated Financial Statements for additional details.
- (3) Includes the tax effects of non-GAAP adjustments determined based on the nature of the underlying non-GAAP adjustments and their relevant jurisdictional tax rates for all periods presented. For 2023, also includes a \$2.9 million adjustment related to a Brazil federal income tax exemption on certain state value added tax benefits. For 2022, the primary difference between GAAP and adjusted effective income tax rates relates to certain non-deductible losses and other tax costs associated with the 2025 Notes Partial Repurchase.
- (4) Adjusted diluted weighted average common shares outstanding was calculated excluding the dilutive effect of 5,067 and 6,089 shares for 2023 and 2022, respectively, to be issued upon conversion of the 2025 Notes to satisfy the amount in excess of the principal since our convertible note hedge offsets the dilutive impact of the shares underlying the 2025 Notes.

System-Wide Sales - System-wide sales is a non-GAAP financial measure that includes sales of all restaurants operating under our brand names, whether we own them or not. Management uses this information to make decisions about future plans for the development of additional restaurants and new concepts, as well as evaluation of current operations. System-wide sales comprise sales of Company-owned and franchised restaurants. For a summary of sales of Company-owned restaurants, refer to Note 3 - *Revenue Recognition* of the Notes to Consolidated Financial Statements.

The following table provides a summary of sales of franchised restaurants for the periods indicated, which are not included in our consolidated financial results. Franchise sales within this table do not represent our sales and are

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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	
	2023	2022
U.S.		
Outback Steakhouse	\$ 514	\$ 494
Carrabba's Italian Grill	48	49
Bonefish Grill	10	11
U.S. total	572	554
International		
Outback Steakhouse - South Korea	354	296
Other (1)	104	114
International total	458	410
Total franchise sales	\$ 1,030	\$ 964

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

Liquidity and Capital Resources

Cash and Cash Equivalents

As of December 31, 2023, we had \$111.5 million in cash and cash equivalents, of which \$36.3 million was held by foreign affiliates. The international jurisdictions in which we have significant cash do not have any known restrictions that would prohibit repatriation.

As of December 31, 2023, we had aggregate undistributed foreign earnings of approximately \$42.6 million that may be repatriated to the U.S. without additional material U.S. federal income tax. These amounts are not considered indefinitely reinvested in our foreign subsidiaries.

Borrowing Capacity and Debt Service

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

(dollars in thousands)	SENIOR SECURED CREDIT FACILITY				TOTAL CREDIT FACILITIES
	TERM LOAN A	REVOLVING FACILITY	2025 NOTES	2029 NOTES	
Balance as of December 26, 2021	\$ 195,000	\$ 80,000	\$ 230,000	\$ 300,000	\$ 805,000
2022 new debt	—	1,239,500	—	—	1,239,500
2022 payments	(195,000)	(889,500)	(125,000)	—	(1,209,500)
Balance as of December 25, 2022	—	430,000	105,000	300,000	835,000
2023 new debt	—	1,079,000	—	—	1,079,000
2023 payments	—	(1,128,000)	(214)	—	(1,128,214)
Balance as of December 31, 2023	\$ —	\$ 381,000	\$ 104,786	\$ 300,000	\$ 785,786
Interest rates, as of December 31, 2023 (1)		6.96 %	5.00 %	5.13 %	
Principal maturity date		April 2026	May 2025	April 2029	

(1) Interest rate for revolving credit facility represents the weighted average interest rate as of December 31, 2023.

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

As of December 31, 2023, we had \$599.2 million in available unused borrowing capacity under our revolving credit facility, net of letters of credit of \$19.8 million.

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

Our Amended Credit Agreement contains various financial and non-financial covenants. A violation of these covenants could negatively impact our liquidity by restricting our ability to borrow under the revolving credit facility and cause an acceleration of the amounts due under the credit facilities.

See Note 12 - *Long-term Debt, Net* of the notes to Consolidated Financial Statements for additional details regarding the Amended Credit Agreement.

As of December 31, 2023 and December 25, 2022, we were in compliance with our debt covenants. We believe that we will remain in compliance with our debt covenants during the next 12 months and beyond.

2025 Notes Partial Repurchase - On May 25, 2022, we and certain holders (the "Noteholders") entered into exchange agreements in which the Noteholders agreed to exchange \$125.0 million in aggregate principal amount of the 2025 Notes for \$196.9 million in cash, plus accrued interest, and approximately 2.3 million shares of our common stock. In connection with the 2025 Notes Partial Repurchase, we entered into partial unwind agreements with certain financial institutions relating to a portion of the convertible note hedge transactions (the "Note Hedge Early Termination Agreements") and a portion of the Warrant Transactions (the "Warrant Early Termination Agreements") that were previously entered into by the Company in connection with the issuance of the 2025 Notes. Upon settlement, we received \$131.9 million for the Note Hedge Early Termination Agreements and paid \$114.8 million for the Warrant Early Termination Agreements.

See Note 13 - *Convertible Senior Notes* of the Notes to Consolidated Financial Statements for additional details regarding the 2025 Notes Partial Repurchase and related Note Hedge Early Termination Agreements and Warrant Early Termination Agreements.

Use of Cash

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

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

Capital Expenditures - We estimate that our capital expenditures will total approximately \$270 million to \$290 million in 2024. 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.

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

Brazil Judicial Deposit - During the first half of 2024, we anticipate making a judicial deposit of approximately \$45.0 million to \$50.0 million in connection with our appeal of an unfavorable court ruling related to our ongoing litigation regarding our eligibility for tax exemptions under the Brazil tax legislation. The judicial deposit includes the disputed amounts through December 31, 2023 and will be recorded in Other assets, net, on our Consolidated Balance Sheet. We believe that we will more likely than not prevail in this appeal and accordingly, have not recorded any expense or liability for the disputed amounts.

See Note 20 - *Income Taxes* of the Notes to Consolidated Financial Statements for further information regarding the Brazil tax legislation and related litigation.

Dividends and Share Repurchases - During 2023 and 2022, we declared and paid quarterly cash dividends of \$0.24 and \$0.14 per share, respectively.

In February 2024, our Board declared a quarterly cash dividend of \$0.24 per share, payable on March 20, 2024. Future dividend payments are dependent on our earnings, financial condition, capital expenditure requirements, surplus and other factors that our Board considers relevant, as well as continued compliance with the financial covenants in our debt agreements.

Following is a summary of our share repurchase programs active during the periods presented as of December 31, 2023 (dollars in thousands):

SHARE REPURCHASE PROGRAM	BOARD APPROVAL DATE	AUTHORIZED	REPURCHASED	CANCELLED OR EXPIRED	REMAINING
2022	February 8, 2022	\$ 125,000	\$ 125,000	\$ —	\$ —
2023 (1)	February 7, 2023	\$ 125,000	\$ 54,999	\$ —	\$ 70,001
Total share repurchase programs			\$ 179,999		

(1) Subsequent to December 31, 2023, we repurchased \$12.5 million of our common stock authorized under the 2023 Share Repurchase Program under a Rule 10b5-1 plan.

In February 2024, our Board canceled the remaining \$57.5 million of authorization under the 2023 Share Repurchase Program and approved a new \$350.0 million authorization. The 2024 Share Repurchase Program includes capacity above our normal share repurchases activity to provide flexibility in retiring our 2025 Notes at or prior to their May 2025 maturity. The 2024 Share Repurchase Program will expire on August 13, 2025.

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

(dollars in thousands)	DIVIDENDS PAID	SHARE REPURCHASES (1)	TOTAL
Fiscal year 2023	\$ 83,742	\$ 70,000	\$ 153,742
Fiscal year 2022	49,736	109,999	159,735
Total	\$ 133,478	\$ 179,999	\$ 313,477

(1) Excludes \$0.1 million of excise tax on share repurchases for fiscal year 2023.

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.

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

Material Cash Requirements - The following table presents current and long-term material cash requirements as of December 31, 2023:

(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)	\$ 1,343,420	\$ 183,370	\$ 341,252	\$ 259,118	\$ 559,680
Long-term debt:					
Principal (2)	785,786	—	485,786	—	300,000
Interest (3)	151,624	47,735	68,655	30,750	4,484
Purchase obligations (4)	196,809	186,992	9,488	329	—
Other obligations (5)	57,111	9,595	7,091	3,611	36,814
Total	\$ 2,534,750	\$ 427,692	\$ 912,272	\$ 293,808	\$ 900,978

- (1) Amounts represent undiscounted future minimum rental commitments under non-cancelable operating leases. Excludes \$945.4 million related to operating lease renewal options that are reasonably certain of exercise.
- (2) Includes Senior Secured Credit Facility, 2029 Notes and 2025 Notes. Amounts are not reduced by unamortized debt issuance costs totaling \$5.1 million.
- (3) Projected future interest payments on long-term debt are based on interest rates in effect as of December 31, 2023.
- (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, fixtures and equipment and technology.
- (5) Includes other long-term liabilities, primarily consisting of deferred compensation obligations, deposits, undiscounted finance leases and other accrued obligations. Unrecognized tax benefits are excluded from this table since it is not possible to estimate when these future payments may occur.

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	
	2023	2022
Net cash provided by operating activities	\$ 532,421	\$ 390,922
Net cash used in investing activities	(317,106)	(201,138)
Net cash used in financing activities	(187,125)	(195,501)
Effect of exchange rate changes on cash and cash equivalents	1,448	1,395
Net increase (decrease) in cash, cash equivalents and restricted cash	\$ 29,638	\$ (4,322)

Operating activities - The increase in net cash provided by operating activities during 2023 as compared to 2022 was primarily due to: (i) higher operational receipts, net of payments, (ii) decreased employee compensation payments and (iii) lower tax payments. These increases were partially offset by higher rent and interest payments.

Investing activities - The increase in net cash used in investing activities during 2023 as compared to 2022 was primarily due to higher capital expenditures and a decrease in cash withdrawn from Company-owned life insurance policies.

Financing activities - The decrease in net cash used in financing activities during 2023 as compared to 2022 was primarily due to: (i) a decrease in repurchases of common stock, (ii) higher net proceeds from share-based compensation and (iii) partner equity plan payments during 2022. These decreases were partially offset by higher payments of cash dividends on our common stock and increased repayments on our debt.

BLOOMIN' BRANDS, INC.
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FINANCIAL CONDITION AND RESULTS OF OPERATIONS - Continued

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 31, 2023	DECEMBER 25, 2022
Current assets	\$ 343,314	\$ 346,577
Current liabilities	1,002,335	978,867
Working capital (deficit)	\$ (659,021)	\$ (632,290)

Working capital (deficit) includes: (i) Unearned revenue primarily from unredeemed gift cards of \$381.9 million and \$394.2 million as of December 31, 2023 and December 25, 2022, respectively, and (ii) current operating lease liabilities of \$175.4 million and \$183.5 million as of December 31, 2023 and December 25, 2022, respectively, with the corresponding operating right-of-use assets recorded as non-current on our Consolidated Balance Sheets. We have, and in the future may continue to have, negative working capital balances (as is common for many restaurant companies). We operate successfully with negative working capital because cash collected on restaurant sales is typically received before payment is due on our current liabilities, and our inventory turnover rates require relatively low investment in inventories. Additionally, ongoing cash flows from restaurant operations and gift card sales are typically used to service debt obligations and to make capital expenditures.

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.

Based on a review of operating results for each of our restaurants, given the current operating environment, the amount of net book value associated with lower performing restaurants that would be deemed at risk for impairment is not material to our consolidated financial statements.

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

Goodwill and Indefinite-Lived Intangible Assets - Goodwill and indefinite-lived intangible assets are not subject to amortization and 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, macroeconomic 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. Any adverse change in these factors could have a significant impact on the recoverability of assets and could have a material impact on our consolidated financial statements.

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, a quantitative approach, using 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 this assessment 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 and discount rates, changes in our operating performance and changes in our business strategies.

We estimate the fair value of trade names using the relief-from-royalty method, which requires assumptions related to projected sales for each reporting unit, assumed market royalty rates applicable to the trade names, and discount rates.

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 impairment.

The carrying value of goodwill and trade names as of December 31, 2023 was \$276.3 million and \$414.7 million, respectively. We performed our annual impairment test in the second quarter of 2023 by utilizing the quantitative approach and determined that the excess of fair value over carrying value of our reporting units was substantial.

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 impairment of a portion or all of our goodwill or other intangible assets.

Leases - We use judgment at lease inception 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 new leases 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.

BLOOMIN' BRANDS, INC.
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FINANCIAL CONDITION AND RESULTS OF OPERATIONS - Continued

At the inception of each lease, we evaluate the property and the lease to determine whether the lease is an operating lease or a finance 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. Determination of the reasonably certain lease term impacts the period in which buildings are depreciated. These judgments may produce materially different amounts of rent and depreciation 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 and incurred but not reported claims at the anticipated cost below our specified retention levels or per-claim deductible amounts. Our liability for insurance claims was \$45.9 million and \$49.1 million as of December 31, 2023 and December 25, 2022, 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.

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 31, 2023, would have affected net earnings by \$0.5 million in 2023.

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 31, 2023, 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 and litigation, 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 31, 2023, we had \$16.7 million of unrecognized tax benefits, including accrued interest and penalties, that if recognized, would impact our effective income tax rate.

BLOOMIN' BRANDS, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
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Recently Issued Financial Accounting Standards

For a description of recently issued Financial Accounting Standards that we adopted in 2023 and, that are applicable to us and likely to have material effect on our consolidated financial statements, but have not yet been adopted, see Note 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, interest rates and foreign currency exchange rates.

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 31, 2023, approximately 70% of our estimated 2024 annual food purchases are covered by fixed contracts, most of which are scheduled to expire during 2024.

During 2023, we experienced 4.3% commodity inflation in the U.S. and anticipate 3% to 4% commodity inflation for 2024. Extreme changes in commodity prices or long-term changes could affect our financial results adversely. 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 and Brazil pork supplies are 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 21 - *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. During 2023, we experienced 5.3% labor cost inflation in the U.S.

Interest Rate Risk

Our interest rate risk management objective is to limit the impact of interest rate changes on earnings and cash flows by targeting an appropriate mix of variable and fixed-rate debt. We manage our exposure to market risk through regular operating and financing activities, using a combination of fixed-rate and variable-rate debt, and when deemed appropriate, through the use of derivative financial instruments. The amount of variable-rate debt fluctuates during the year based on our working capital requirements. As of December 31, 2023, our interest rate risk was primarily from variable interest rate changes on our revolving credit facility, which had an outstanding balance of \$381.0 million.

We periodically evaluate financial instruments to hedge our exposure to variable interest rates. 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 with an aggregate notional amount of \$200.0 million, with \$100.0 million maturing on December 31, 2024 and \$100.0 million maturing on December 31, 2025. See Note 16 - *Derivative Instruments and Hedging Activities* of the Notes to Consolidated Financial Statements for further information.

BLOOMIN' BRANDS, INC.

We utilize valuation models to estimate the effects of changing interest rates. The following table summarizes the changes to fair value and interest expense under a shock scenario. This analysis assumes that interest rates change suddenly, as an interest rate “shock”, and continue to increase or decrease at a consistent level above or below the SOFR curve.

(dollars in thousands)	DECEMBER 31, 2023	
	INCREASE	DECREASE
Change in fair value (1):		
Interest rate swap	\$ 5,230	\$ (5,427)
Change in annual interest expense (1):		
Variable rate debt	\$ 3,620	\$ (3,620)

(1) The potential change from a hypothetical 200 basis point increase (decrease) in short-term interest rates.

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 2023, 13.2% 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 and Net income for our foreign entities by \$67.0 million and \$8.5 million, respectively.

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.

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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 31, 2023 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 31, 2023.

The effectiveness of our internal control over financial reporting as of December 31, 2023 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 31, 2023 and December 25, 2022, and the related consolidated statements of operations and comprehensive income, of changes in stockholders' equity and of cash flows for each of the three years in the period ended December 31, 2023, 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 31, 2023, 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 31, 2023 and December 25, 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023 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 31, 2023, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Change in Accounting Principle

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.

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 21 to the consolidated financial statements, the Company's consolidated discounted insurance reserves balance was \$45.9 million as of December 31, 2023. 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 28, 2024

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 31, 2023	DECEMBER 25, 2022
ASSETS		
Current assets		
Cash and cash equivalents	\$ 111,519	\$ 84,735
Restricted cash and cash equivalents	2,854	—
Inventories	75,939	78,124
Other current assets, net	153,002	183,718
Total current assets	343,314	346,577
Property, fixtures and equipment, net	1,031,922	914,142
Operating lease right-of-use assets	1,084,951	1,103,083
Goodwill	276,317	273,032
Intangible assets, net	442,985	448,326
Deferred income tax assets, net	159,405	153,118
Other assets, net	85,187	82,147
Total assets	\$ 3,424,081	\$ 3,320,425
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 189,202	\$ 183,715
Current operating lease liabilities	175,442	183,510
Accrued and other current liabilities	255,814	217,427
Unearned revenue	381,877	394,215
Total current liabilities	1,002,335	978,867
Non-current operating lease liabilities	1,131,639	1,148,607
Long-term debt, net	780,719	828,507
Other long-term liabilities, net	97,385	90,535
Total liabilities	3,012,078	3,046,516
Commitments and contingencies (Note 21)		
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 31, 2023 and December 25, 2022	—	—
Common stock, \$0.01 par value, 475,000,000 shares authorized; 86,968,536 and 87,696,200 shares issued and outstanding as of December 31, 2023 and December 25, 2022, respectively	870	877
Additional paid-in capital	1,115,387	1,161,912
Accumulated deficit	(528,831)	(706,109)
Accumulated other comprehensive loss	(178,304)	(185,311)
Total Bloomin' Brands stockholders' equity	409,122	271,369
Noncontrolling interests	2,881	2,540
Total stockholders' equity	412,003	273,909
Total liabilities and stockholders' equity	\$ 3,424,081	\$ 3,320,425

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

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

	FISCAL YEAR		
	2023	2022	2021
Revenues			
Restaurant sales	\$ 4,607,408	\$ 4,352,695	\$ 4,061,093
Franchise and other revenues	64,062	63,813	61,292
Total revenues	<u>4,671,470</u>	<u>4,416,508</u>	<u>4,122,385</u>
Costs and expenses			
Food and beverage	1,409,649	1,383,632	1,229,689
Labor and other related	1,325,339	1,226,460	1,154,623
Other restaurant operating	1,126,123	1,065,662	1,006,371
Depreciation and amortization	191,171	169,617	163,391
General and administrative	260,470	234,752	245,616
Provision for impaired assets and restaurant closings	33,574	5,964	13,737
Total costs and expenses	<u>4,346,326</u>	<u>4,086,087</u>	<u>3,813,427</u>
Income from operations	325,144	330,421	308,958
Loss on extinguishment and modification of debt	—	(107,630)	(2,073)
Loss on fair value adjustment of derivatives, net	—	(17,685)	—
Interest expense, net	(52,169)	(53,199)	(57,588)
Income before provision for income taxes	272,975	151,907	249,297
Provision for income taxes	18,561	42,704	26,384
Net income	254,414	109,203	222,913
Less: net income attributable to noncontrolling interests	7,028	7,296	7,358
Net income attributable to Bloomin' Brands	<u>\$ 247,386</u>	<u>\$ 101,907</u>	<u>\$ 215,555</u>
Net income	\$ 254,414	\$ 109,203	\$ 222,913
Other comprehensive income:			
Foreign currency translation adjustment	7,622	10,169	(6,597)
Net (loss) gain on derivatives, including the impact of terminated swap agreements, net of tax	(615)	10,509	12,054
Comprehensive income	261,421	129,881	228,370
Less: comprehensive income attributable to noncontrolling interests	7,028	7,296	7,358
Comprehensive income attributable to Bloomin' Brands	<u>\$ 254,393</u>	<u>\$ 122,585</u>	<u>\$ 221,012</u>
Earnings per share:			
Basic	\$ 2.84	\$ 1.15	\$ 2.42
Diluted	<u>\$ 2.56</u>	<u>\$ 1.03</u>	<u>\$ 2.00</u>
Weighted average common shares outstanding:			
Basic	87,230	88,846	88,981
Diluted	<u>96,453</u>	<u>98,512</u>	<u>107,803</u>
Cash dividends declared per common share	<u>\$ 0.96</u>	<u>\$ 0.56</u>	<u>\$ —</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 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	
Net income	—	—	—	101,907	—	7,296	109,203	
Other comprehensive income, net of tax	—	—	—	100	20,678	—	20,778	
Cash dividends declared, \$0.56 per common share	—	—	(49,736)	—	—	—	(49,736)	
Repurchase and retirement of common stock	(5,429)	(54)	—	(109,945)	—	—	(109,999)	
Stock-based compensation	—	—	16,514	—	—	—	16,514	
Common stock issued under stock plans (1)	1,559	15	12,940	—	—	—	12,955	
Purchase of noncontrolling interests, net of tax of \$489	—	—	(1,415)	—	—	(3,400)	(4,815)	
Distributions to noncontrolling interests	—	—	—	—	—	(9,127)	(9,127)	
Contributions from noncontrolling interests	—	—	—	—	—	1,382	1,382	
Retirement of convertible senior note hedges	—	—	112,956	—	—	—	112,956	
Retirement of warrants	—	—	(97,617)	—	—	—	(97,617)	
Issuance of common stock from repurchase of convertible senior notes	2,313	23	48,542	—	—	—	48,565	
Balance, December 25, 2022	87,696	\$ 877	\$ 1,161,912	\$ (706,109)	\$ (185,311)	\$ 2,540	\$ 273,909	

(CONTINUED...)

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

	BLOOMIN' BRANDS							TOTAL
	COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	ACCUM- ULATED DEFICIT	ACCUMULATED OTHER COMPREHENSIVE LOSS	NON- CONTROLLING INTERESTS		
	SHARES	AMOUNT						
Balance, December 25, 2022	87,696	\$ 877	\$ 1,161,912	\$ (706,109)	\$ (185,311)	\$ 2,540	\$ 273,909	
Net income	—	—	—	247,386	—	7,028	254,414	
Other comprehensive income, net of tax	—	—	—	—	7,007	—	7,007	
Cash dividends declared, \$0.96 per common share	—	—	(83,742)	—	—	—	(83,742)	
Repurchase and retirement of common stock, including excise tax of \$136	(2,807)	(28)	—	(70,108)	—	—	(70,136)	
Stock-based compensation	—	—	11,911	—	—	—	11,911	
Common stock issued under stock plans (1)	2,080	21	25,306	—	—	—	25,327	
Distributions to noncontrolling interests	—	—	—	—	—	(8,684)	(8,684)	
Contributions from noncontrolling interests	—	—	—	—	—	1,997	1,997	
Balance, December 31, 2023	86,969	\$ 870	\$ 1,115,387	\$ (528,831)	\$ (178,304)	\$ 2,881	\$ 412,003	

(1) Net of 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
(DOLLARS IN THOUSANDS)

	FISCAL YEAR		
	2023	2022	2021
Cash flows provided by operating activities:			
Net income	\$ 254,414	\$ 109,203	\$ 222,913
Adjustments to reconcile Net income to cash provided by operating activities:			
Depreciation and amortization	191,171	169,617	163,391
Amortization of debt discounts and issuance costs	3,115	3,538	4,494
Amortization of deferred gift card sales commissions	23,695	24,091	26,012
Provision for impaired assets and restaurant closings	33,574	5,964	13,737
Non-cash interest expense from terminated interest rate swaps	—	12,215	6,160
Non-cash operating lease costs	84,104	83,254	78,272
(Benefit) provision for expected credit losses and contingent lease liabilities	(864)	(1,117)	946
Stock-based compensation expense	11,911	16,514	24,405
Deferred income tax (benefit) expense	(7,823)	13,748	(3,346)
Loss on extinguishment and modification of debt	—	107,630	2,073
Loss on fair value adjustment of derivatives, net	—	17,685	—
Other, net	(2,933)	3,186	(1,879)
Change in assets and liabilities:			
Decrease (increase) in inventories	2,361	1,036	(18,210)
Decrease (increase) in other current assets	9,572	(40,370)	(58,397)
Increase in other assets	(1,177)	(6,670)	(2,073)
Decrease in operating right-of-use assets, net	—	277	160
Increase (decrease) in accounts payable and accrued and other current liabilities	26,688	(40,679)	25,619
(Decrease) increase in unearned revenue	(12,401)	(4,638)	17,225
Decrease in operating lease liabilities	(93,576)	(82,540)	(90,387)
Increase (decrease) in other long-term liabilities	10,590	(1,022)	(8,660)
Net cash provided by operating activities	<u>532,421</u>	<u>390,922</u>	<u>402,455</u>
Cash flows used in investing activities:			
Proceeds from disposal of property, fixtures and equipment	2,515	1,634	9,322
Proceeds received from company-owned life insurance	3,460	16,092	9,270
Capital expenditures	(324,255)	(219,691)	(122,830)
Other investments, net	1,174	827	(507)
Net cash used in investing activities	<u>\$ (317,106)</u>	<u>\$ (201,138)</u>	<u>\$ (104,745)</u>

(CONTINUED...)

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

	FISCAL YEAR		
	2023	2022	2021
Cash flows used in financing activities:			
Proceeds from issuance of long-term debt	\$ —	\$ —	\$ 200,000
Repayments of long-term debt and finance lease obligations	(1,862)	(196,447)	(431,166)
Proceeds from borrowings on revolving credit facilities	1,079,000	1,239,500	470,000
Repayments of borrowings on revolving credit facilities	(1,128,000)	(889,500)	(837,000)
Financing fees	—	(1,205)	(5,868)
Proceeds from issuance of senior notes	—	—	300,000
Issuance costs related to senior notes	—	—	(5,546)
Principal settlements and repurchase of convertible senior notes	(214)	(196,919)	—
Proceeds from retirement of convertible senior note hedges	—	131,869	—
Payments for retirement of warrants	—	(114,825)	—
Proceeds from share-based compensation, net	25,327	12,955	9,850
Distributions to noncontrolling interests	(8,684)	(9,127)	(9,123)
Contributions from noncontrolling interests	1,997	1,382	1,347
Purchase of noncontrolling interests	(100)	(5,004)	(3)
Payments for partner equity plan	—	(9,292)	(9,910)
Repurchase of common stock	(70,847)	(109,152)	—
Cash dividends paid on common stock	(83,742)	(49,736)	—
Net cash used in financing activities	<u>(187,125)</u>	<u>(195,501)</u>	<u>(317,419)</u>
Effect of exchange rate changes on cash and cash equivalents	1,448	1,395	(1,642)
Net increase (decrease) in cash, cash equivalents and restricted cash	29,638	(4,322)	(21,351)
Cash, cash equivalents and restricted cash as of the beginning of the period	84,735	89,057	110,408
Cash, cash equivalents and restricted cash as of the end of the period	<u>\$ 114,373</u>	<u>\$ 84,735</u>	<u>\$ 89,057</u>
Supplemental disclosures of cash flow information:			
Cash paid for interest	\$ 50,931	\$ 39,126	\$ 47,036
Cash paid for income taxes, net of refunds	\$ 27,750	\$ 35,450	\$ 36,336
Supplemental disclosures of non-cash investing and financing activities:			
Leased assets obtained in exchange for new operating lease liabilities	\$ 74,539	\$ 54,271	\$ 43,363
Leased assets obtained in exchange for new finance lease liabilities	\$ 6,480	\$ 4,066	\$ 1,238
Increase in liabilities from the acquisition of property, fixtures and equipment	\$ 3,428	\$ 12,762	\$ 2,344

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

BLOOMIN' BRANDS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Description of the 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 31, 2023.

During 2021, the recovery of in-restaurant dining from the COVID-19 pandemic ("COVID-19") continued while the Company retained a significant portion of the incremental off-premises volume it achieved during 2020. Internationally, COVID-19-related capacity constraints continued in 2021 during periods of increased case counts and new variants until the middle of 2022 when in-restaurant dining was operating without COVID-19-related capacity constraints.

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 291 restaurants as of December 31, 2023, 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 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. Fiscal year 2023 consisted of 53 weeks and fiscal years 2022 and 2021 consisted of 52 weeks. The additional operating week of 2023 resulted in increases of \$83.5 million of Total revenues and \$0.15 of GAAP diluted earnings per share in the Consolidated Statements of Operations and Comprehensive Income.

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 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 \$56.2 million and \$41.5 million, as

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

of December 31, 2023 and December 25, 2022, respectively, for amounts in transit from credit card companies since settlement is reasonably assured.

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.

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 7 - *Other Current Assets, Net* for disclosure of trade receivables by category as of December 31, 2023 and December 25, 2022.

Financial instruments that potentially subject the Company to concentrations of counterparty risk are cash and cash equivalents 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 16 - *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 19 - *Allowance for Expected Credit Losses* for a discussion of the Company's allowance for expected credit losses.

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

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 21 - *Commitments and Contingencies* for a discussion of the Company's contingent lease liabilities.

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

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	2 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.

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 over the reasonably certain lease term. Internal costs of \$5.4 million, \$4.1 million and \$3.7 million were capitalized during 2023, 2022 and 2021, respectively.

For 2023 and 2022, computer equipment and software costs of \$12.4 million and \$9.2 million, respectively, were capitalized. As of December 31, 2023 and December 25, 2022, there was \$14.3 million and \$10.1 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 calculated fair value, with any excess of carrying value over fair value deemed to be an impairment.

Definite-lived intangible assets, which consist 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 and discounted cash flows model, respectively, 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 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.

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

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.

Unrealized gains or losses on the Company's interest rate swaps are reclassified to Interest expense, net as interest payments are made on the hedged portion of the Company's revolving credit facility. The Company has elected to record cash flows from interest rate swaps within operating activities, the same category as the items being hedged, in its Consolidated Statements of Cash Flows.

The Company may enter into derivative contracts that are intended to economically hedge certain of its risks, 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 \$3.1 million, \$3.5 million and \$4.5 million to Interest expense, net for 2023, 2022 and 2021, 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. Liquor licenses are reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may not be recoverable.

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 - 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, including broker commissions and excises taxes, is recorded to Accumulated deficit. All shares of common stock acquired through share repurchase programs are retired and restored to authorized but unissued shares of common stock. The Company has elected to record excise taxes in connection with share repurchases within operating activities in its Consolidated Statements of Cash Flows.

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

BLOOMIN' BRANDS, INC.
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Consolidated Statements of Operations and Comprehensive Income. Royalties, which are generally a percentage of net sales of the franchisee, are recognized as revenue in the period in 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 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. 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 3 - *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 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 11 years as of December 31, 2023.

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 fair value of the reward is recorded as deferred revenue. Each reward must be redeemed within specified time limits of earning such reward. Revenue is recorded upon redemption and breakage for unredeemed rewards is recorded proportional to historical redemption patterns. 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.

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 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.

Upon the 2019 adoption of ASC Topic 842 - *Leases*, the Company elected the practical expedient to not separate U.S. lease and non-lease components for real estate leases entered into after adoption. Additionally, for certain equipment leases, the Company applies a portfolio approach to account for the lease assets and liabilities. Leases

BLOOMIN' BRANDS, INC.
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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.

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. Operating lease rent expense for open Company-owned restaurants is recorded in Other restaurant operating expense in the Company's Consolidated Statements of Operations and Comprehensive Income. 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.

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.

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 cost or Other restaurant operating expense when recognized in the Company's Consolidated Statements of Operations and Comprehensive Income.

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.

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 \$115.6 million, \$94.0 million and \$59.7 million for 2023, 2022 and 2021, respectively, was recorded in Other restaurant operating expense in the Company's Consolidated Statements of Operations and Comprehensive Income.

Legal Costs - Settlement costs for employment litigation are recorded to Other restaurant operating expense 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.

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

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. R&D primarily consists of payroll and benefit costs. R&D was \$3.5 million, \$2.7 million and \$2.6 million for 2023, 2022 and 2021, respectively.

Partner Compensation - In addition to base salary, field-level operators and multi-unit supervisors receive performance-based bonuses for providing management and supervisory services to their restaurants, certain of which may be based on their restaurants' monthly operating results or cash flows. The Company accrues for these obligations using current and historical restaurant performance information. Most field-level compensation is recorded in Labor and other related expense, with compensation for multi-unit supervisors recorded in General and administrative expense in the Company's Consolidated Statements of Operations and Comprehensive Income.

Many of the Company's international operators 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.

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.

Performance-based share units ("PSUs") issued by the Company include 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 per Share - The Company computes basic earnings 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, PSUs and warrants, measured using the treasury stock method, and the Company's convertible senior notes, measured using the if-converted method. PSUs are considered dilutive when the related performance criterion has been met.

The Company has provided the trustee of the Company's convertible senior notes due 2025 (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.

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.

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 within 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.

BLOOMIN' BRANDS, INC.
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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 are recorded as a reduction of Deferred income tax assets, net and within Other long-term liabilities, net, with related interest and penalties recorded in Other long-term liabilities, net, on the Company's Consolidated Balance Sheets. Interest and penalties recognized on liabilities for unrecognized tax benefits are included in Provision for income taxes.

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 the diluted earnings per share impact of the 2025 Notes. 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 (dollars 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 2025 Notes are reflected entirely as a liability since the embedded conversion feature is no longer separately presented within stockholders' equity.

Recently Issued Financial Accounting Standards Not Yet Adopted - In November 2023, the Financial Accounting Standards Board ("FASB") issued ASU No. 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures," ("ASU No. 2023-07") which requires disclosure of significant segment expenses regularly provided to the Company's chief operating decision-maker ("CODM"). ASU No. 2023-07 also allows for multiple measures of segment profit (loss) if the CODM utilizes such measures to allocate resources or assess performance. ASU No. 2023-07 is effective for the Company beginning with the 2024 Form 10-K, with early adoption permitted. The Company is currently evaluating the impact ASU No. 2023-07 will have on its disclosures.

In December 2023, the FASB issued ASU No. 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures," ("ASU No. 2023-09") which expands existing income tax disclosures, including disaggregation of the Company's effective income tax rate reconciliation table and income taxes paid disclosures. ASU No. 2023-09 is effective for the Company beginning with the 2025 Form 10-K, with early adoption permitted. The Company is currently evaluating the impact ASU No. 2023-09 will have on its disclosures.

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

Reclassifications - The Company reclassified certain items in the accompanying consolidated financial statements for prior periods to be comparable with the classification for the current period, including, but not limited to: (i) finance lease liabilities presented within other liabilities that were formerly presented within long-term debt, (ii) the separate presentation of current operating lease liabilities on the face of the Consolidated Balance Sheets, (iii) amounts previously reported in Other (expense) income, net, on the face the Consolidated Statements of Operations and Comprehensive Income were combined with Interest expense, net and (iv) the combined presentation of the

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

Other comprehensive income impact of interest rate swaps on the face of the Consolidated Statements of Operations and Comprehensive Income. These reclassifications had no effect on previously reported net income.

3. Revenue Recognition

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					
	2023		2022		2021	
	RESTAURANT SALES	FRANCHISE REVENUES	RESTAURANT SALES	FRANCHISE REVENUES	RESTAURANT SALES	FRANCHISE REVENUES
U.S.						
Outback Steakhouse	\$ 2,316,449	\$ 32,289	\$ 2,240,432	\$ 31,418	\$ 2,175,909	\$ 29,725
Carrabba's Italian Grill	721,946	3,036	676,467	2,938	653,231	2,439
Bonefish Grill	570,578	505	559,583	662	544,068	641
Fleming's Prime Steakhouse & Wine Bar	382,729	—	374,388	—	332,607	—
Other	13,351	78	12,146	49	9,033	9
U.S. total	<u>4,005,053</u>	<u>35,908</u>	<u>3,863,016</u>	<u>35,067</u>	<u>3,714,848</u>	<u>32,814</u>
International						
Outback Steakhouse - Brazil (1)	501,128	—	405,866	—	258,997	—
Other (1)(2)	101,227	15,163	83,813	14,620	87,248	12,706
International total	<u>602,355</u>	<u>15,163</u>	<u>489,679</u>	<u>14,620</u>	<u>346,245</u>	<u>12,706</u>
Total	<u>\$ 4,607,408</u>	<u>\$ 51,071</u>	<u>\$ 4,352,695</u>	<u>\$ 49,687</u>	<u>\$ 4,061,093</u>	<u>\$ 45,520</u>

- (1) Restaurant sales in Brazil includes \$30.2 million and \$7.7 million during 2023 and 2022, respectively, in connection with value added tax exemptions resulting from tax legislation. See Note 20 - *Income Taxes* for details regarding the Brazil tax legislation.
- (2) Includes Restaurant sales for Company-owned Outback Steakhouse restaurants outside of Brazil and Abbraccio restaurants in Brazil. Franchise revenues primarily include revenues from franchised Outback Steakhouse restaurants.

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 31, 2023	DECEMBER 25, 2022
Other current assets, net		
Deferred gift card sales commissions	\$ 18,081	\$ 17,755
Unearned revenue		
Deferred gift card revenue	\$ 374,274	\$ 386,495
Deferred loyalty revenue	5,664	5,628
Deferred franchise fees - current	473	460
Other	1,466	1,632
Total Unearned revenue	<u>\$ 381,877</u>	<u>\$ 394,215</u>
Other long-term liabilities, net		
Deferred franchise fees - non-current	\$ 4,036	\$ 4,126

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

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

(dollars in thousands)	FISCAL YEAR		
	2023	2022	2021
Balance, beginning of the period	\$ 17,755	\$ 17,793	\$ 19,300
Deferred gift card sales commissions amortization	(23,695)	(24,091)	(26,012)
Deferred gift card sales commissions capitalization	26,706	26,743	26,625
Other	(2,685)	(2,690)	(2,120)
Balance, end of the period	<u>\$ 18,081</u>	<u>\$ 17,755</u>	<u>\$ 17,793</u>

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

(dollars in thousands)	FISCAL YEAR		
	2023	2022	2021
Balance, beginning of the period	\$ 386,495	\$ 387,945	\$ 373,048
Gift card sales	328,307	326,603	330,841
Gift card redemptions	(321,057)	(310,017)	(298,397)
Gift card breakage	(19,471)	(18,036)	(17,547)
Balance, end of the period	<u>\$ 374,274</u>	<u>\$ 386,495</u>	<u>\$ 387,945</u>

Franchisee Deferred Payment Agreement - Effective December 31, 2023, the Company entered into an Amended & Restated Holistic Resolution Agreement (the "2023 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 operate 78 franchised Outback Steakhouse restaurants in the western United States, primarily in California. The 2023 Resolution Agreement ends on December 27, 2026 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. The 2023 Resolution Agreement amends and supersedes the original Holistic Resolution Agreement dated December 27, 2020 (the "Original Resolution Agreement"). The terms of the 2023 Resolution Agreement are materially consistent with the Original Resolution Agreement and include similar agreements between Out West and its lenders prioritizing rents, royalties, national advertising fees and local marketing expenditures, and provides a mechanism to settle its obligations with its lenders and provide for capital expenditures, within certain limitations.

4. Impairments and Exit Costs

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

(dollars in thousands)	FISCAL YEAR		
	2023	2022	2021
Impairment losses			
U.S.	\$ 39,812	\$ 3,942	\$ 11,945
International	600	1,537	1,186
Corporate	—	7	270
Total impairment losses	<u>40,412</u>	<u>5,486</u>	<u>13,401</u>
Restaurant closure (benefit) charges			
U.S.	(7,143)	478	422
International	305	—	(86)
Total restaurant closure (benefit) charges	<u>(6,838)</u>	<u>478</u>	<u>336</u>
Provision for impaired assets and restaurant closings	<u>\$ 33,574</u>	<u>\$ 5,964</u>	<u>\$ 13,737</u>

BLOOMIN' BRANDS, INC.
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2023 Closure Initiative - During the fourteen weeks ended December 31, 2023, the Company recognized asset impairments and closure charges in connection with the closure of three U.S. and two international Aussie Grill restaurants and the decision to close 36 predominantly older, underperforming U.S. restaurants (the "2023 Closure Initiative"). All remaining restaurant closures under the 2023 Closure Initiative were completed in February 2024, with an estimated \$8 million to \$11 million of related severance and closure charges to be recorded during the thirteen weeks ended March 31, 2024. Following is a summary of the 2023 Closure Initiative charges recognized in the Consolidated Statements of Operations and Comprehensive Income for the periods indicated (dollars in thousands):

DESCRIPTION	CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME CLASSIFICATION	FOURTEEN WEEKS AND FISCAL YEAR ENDED DECEMBER 31, 2023
Property, fixtures and equipment impairments	Provision for impaired assets and restaurant closings	\$ 23,934
Lease right-of-use asset impairments and closure charges	Provision for impaired assets and restaurant closings	10,266
Severance and other expenses	General and administrative	622
Lease remeasurement gains	Other restaurant operating	(2,450)
		\$ 32,372

During 2023, the Company recognized a lease termination gain of \$6.7 million, net of related asset impairments, in connection with the closure of one U.S. restaurant.

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

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

(dollars in thousands)	FISCAL YEAR 2023
Balance, beginning of the period	\$ 5,476
Additions	3,340
Cash payments	(1,142)
Accretion	317
Adjustments	(1,737)
Balance, end of the period	\$ 6,254

5. Earnings Per Share

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 of average market price of the Company's common stock exceeding conversion price is to be settled 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.

In connection with the offering of the 2025 Notes, the Company entered into the Convertible Note Hedge Transactions and Warrant Transactions described in Note 13 - *Convertible Senior Notes*. However, the Convertible Note Hedge Transactions are not considered when calculating dilutive shares given their antidilutive 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 strike price of the Warrant Transactions. See Note 13 - *Convertible Senior Notes* for additional information regarding the 2025 Notes, Convertible Note Hedge Transactions and Warrant Transactions.

BLOOMIN' BRANDS, INC.
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The following table presents the computation of basic and diluted earnings per share for the periods indicated:

(in thousands, except per share data)	FISCAL YEAR		
	2023	2022	2021
Net income attributable to Bloomin' Brands	\$ 247,386	\$ 101,907	\$ 215,555
Convertible senior notes if-converted method interest adjustment, net of tax (1)	—	—	345
Diluted net income attributable to Bloomin' Brands	\$ 247,386	\$ 101,907	\$ 215,900
Basic weighted average common shares outstanding	87,230	88,846	88,981
Effect of dilutive securities:			
Stock options	381	261	779
Nonvested restricted stock units	203	182	355
Nonvested performance-based share units	183	180	61
Convertible senior notes (1)(2)	5,067	6,089	11,377
Warrants (2)	3,389	2,954	6,250
Diluted weighted average common shares outstanding	96,453	98,512	107,803
Basic earnings per share	\$ 2.84	\$ 1.15	\$ 2.42
Diluted earnings per share	\$ 2.56	\$ 1.03	\$ 2.00

- (1) Adjustment for interest related to the 2025 Notes weighted for the portion of the period prior to the Company's election under the 2025 Notes indenture to settle the principal portion of the 2025 Notes in cash. Effective with the Company's election, there will be no further numerator adjustments for interest or denominator adjustments for shares required to settle the principal portion.
- (2) During 2022, the Company repurchased \$125.0 million of the 2025 Notes and settled the corresponding portion of the related warrants. See Note 13 - *Convertible Senior Notes* for additional details.

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

(shares in thousands)	FISCAL YEAR		
	2023	2022	2021
Stock options	521	1,849	751
Nonvested restricted stock units	35	192	128
Nonvested performance-based share units	368	461	377

6. Stock-based and Deferred Compensation Plans

Stock-based Compensation Plans

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

(dollars in thousands)	FISCAL YEAR		
	2023	2022	2021
Performance-based share units (1)	\$ 3,089	\$ 8,176	\$ 13,821
Restricted stock units	7,910	7,687	8,184
Stock options	835	503	2,286
Total stock-based compensation expense, net of capitalized expense	\$ 11,834	\$ 16,366	\$ 24,291

- (1) For 2023 and 2022, includes a cumulative life-to-date adjustment to decrease expense for PSUs granted in fiscal years 2022 and 2020, respectively, based on revised Company projections of performance criteria set forth in the award agreements. For 2021, includes a cumulative life-to-date adjustment to increase expense for PSUs granted in fiscal years 2019, 2020 and 2021 based on Company performance against criteria set forth in the award agreements.

BLOOMIN' BRANDS, INC.
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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. Compensation expense for PSUs is recognized over the vesting period when it is probable the performance criteria will be achieved.

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

(in thousands, except per unit data)	PERFORMANCE- BASED SHARE UNITS	WEIGHTED AVERAGE GRANT DATE FAIR VALUE PER UNIT	AGGREGATE INTRINSIC VALUE (1)
Outstanding as of December 25, 2022	874	\$ 24.83	\$ 18,323
Granted	301	\$ 29.01	
Performance adjustment (2)	154	\$ 19.84	
Vested	(470)	\$ 19.84	
Forfeited	(41)	\$ 26.48	
Outstanding as of December 31, 2023	818	\$ 26.92	\$ 23,026
Expected to vest as of December 31, 2023 (3)	765		\$ 21,410

- (1) Based on the \$20.96 and \$28.15 share price of the Company's common stock on December 23, 2022 and December 29, 2023, the last trading day of 2022 and 2023, respectively.
- (2) Represents adjustment to 148% payout for PSUs granted during 2020.
- (3) Estimated number of units to be issued upon the vesting of outstanding PSUs based on Company performance projections of performance criteria set forth in the 2021, 2022 and 2023 PSU award agreements.

The Company grants PSUs subject to final payout modification by a Relative TSR modifier. This Relative TSR modifier can adjust the final payout outcome by 75%, 100% or 125% of the achieved performance metric, with the overall payout capped at 200% of the annual target grant. These PSUs have a three-year cliff vesting period and their fair value was estimated using the Monte Carlo simulation model. The Monte Carlo simulation model utilizes multiple input variables to estimate the probability that the market conditions will be achieved and is applied to the closing 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 periods indicated:

	FISCAL YEAR		
	2023	2022	2021
Assumptions:			
Risk-free interest rate (1)	4.26 %	1.64 %	0.20 %
Dividend yield (2)	3.47 %	2.31 %	— %
Volatility (3)	51.02 %	49.11 %	48.45 %
Grant date fair value per unit (4)	\$ 29.01	\$ 26.10	\$ 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) Dividend yield is the level of dividends expected to be paid on the Company's common stock over the expected term.
- (3) Based on the historical volatility of the Company's stock over the last seven years.
- (4) Represents a premium above the grant date per share value of the Company's common stock for the Relative TSR modifier of 2.7%, 7.9% and 14.3% for grants during 2023, 2022 and 2021, respectively.

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

The following represents PSU compensation information for the periods indicated:

(dollars in thousands)	FISCAL YEAR		
	2023	2022	2021
Intrinsic value for PSUs vested	\$ 12,908	\$ 7,626	\$ 3,768
Grant date fair value of PSUs vested	\$ 9,332	\$ 6,646	\$ 3,401
Tax benefits for PSU compensation expense	\$ 745	\$ 348	\$ 134
Unrecognized PSU expense	\$ 6,520		
Remaining weighted average vesting period	1.2 years		

Restricted Stock Units ("RSUs") - RSUs generally vest over a period of three years in an equal number of shares each year. Following is a summary of the Company's RSU activity:

(in thousands, except per unit data)	RESTRICTED STOCK UNITS	WEIGHTED AVERAGE GRANT DATE FAIR VALUE PER UNIT	AGGREGATE INTRINSIC VALUE (1)
Outstanding as of December 25, 2022	657	\$ 21.72	\$ 13,776
Granted	406	\$ 24.18	
Vested	(393)	\$ 21.02	
Forfeited	(39)	\$ 24.15	
Outstanding as of December 31, 2023 (2)	631	\$ 23.58	\$ 17,757

(1) Based on the \$20.96 and \$28.15 share price of the Company's common stock on December 23, 2022 and December 29, 2023, the last trading day of 2022 and 2023, respectively.

(2) All RSUs outstanding as of December 31, 2023 are expected to vest.

The following represents RSU compensation information for the periods indicated:

(dollars in thousands, except grant date fair value data)	FISCAL YEAR		
	2023	2022	2021
Weighted average grant date fair value for RSUs granted (1)	\$ 24.18	\$ 21.59	\$ 25.93
Intrinsic value of RSUs vested	\$ 10,275	\$ 9,070	\$ 13,482
Grant date fair value of RSUs vested	\$ 8,257	\$ 8,025	\$ 9,434
Tax benefits for RSU compensation expense	\$ 1,528	\$ 1,113	\$ 1,592
Unrecognized RSU expense	\$ 9,315		
Remaining weighted average vesting period	1.9 years		

(1) The weighted average dividend yield was 3.63% and 2.43% for 2023 and 2022, respectively. There were no dividends in 2021.

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.

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

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

(in thousands, except exercise price and contractual life data)	OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE (YEARS)	AGGREGATE INTRINSIC VALUE
Outstanding as of December 25, 2022	3,188	\$ 21.43	4.0	\$ 3,337
Exercised	(1,455)	\$ 21.86		
Forfeited or expired	(8)	\$ 25.35		
Outstanding and exercisable as of December 31, 2023 (1)	<u>1,725</u>	\$ 21.04	3.2	\$ 12,263

(1) No stock options were granted during 2023.

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

(dollars in thousands)	FISCAL YEAR		
	2023	2022	2021
Intrinsic value of options exercised	\$ 6,200	\$ 6,367	\$ 8,419
Cash received from option exercises, net of tax withholding	\$ 31,778	\$ 17,888	\$ 14,951
Grant date fair value of stock options vested	\$ 1,037	\$ 7,645	\$ 19,246
Tax benefits for stock option compensation expense	\$ 757	\$ 1,495	\$ 1,942

As of December 31, 2023, the maximum number of shares of common stock available for issuance for equity instruments pursuant to the 2020 Omnibus Incentive Compensation Plan was 6,925,256.

Deferred Compensation Plans

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 \$5.6 million, \$5.6 million and \$6.1 million for the 401(k) Plan for 2023, 2022 and 2021, 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.

7. Other Current Assets, Net

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

(dollars in thousands)	DECEMBER 31, 2023	DECEMBER 25, 2022
Prepaid expenses	\$ 26,674	\$ 29,343
Accounts receivable - gift cards, net (1)	67,424	85,606
Accounts receivable - vendors, net (1)	13,648	25,385
Accounts receivable - franchisees, net (1)	3,671	2,550
Accounts receivable - other, net (1)	18,100	18,408
Deferred gift card sales commissions	18,081	17,755
Other current assets, net	5,404	4,671
	<u>\$ 153,002</u>	<u>\$ 183,718</u>

(1) See Note 19 - *Allowance for Expected Credit Losses* for a rollforward of the related allowance for expected credit losses.

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

8. Property, Fixtures and Equipment, Net

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

(dollars in thousands)	DECEMBER 31, 2023	DECEMBER 25, 2022
Land	\$ 34,654	\$ 37,596
Buildings	1,269,214	1,223,403
Furniture and fixtures	526,192	489,895
Equipment	830,644	739,136
Construction in progress	78,949	41,723
Less: accumulated depreciation	(1,707,731)	(1,617,611)
	<u>\$ 1,031,922</u>	<u>\$ 914,142</u>

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

(dollars in thousands)	FISCAL YEAR		
	2023	2022	2021
Depreciation expense	\$ 185,187	\$ 163,445	\$ 157,386
Repair and maintenance expense	\$ 125,492	\$ 116,318	\$ 104,209

9. Goodwill and Intangible Assets, Net

Goodwill - The following table is a rollforward of goodwill for the periods indicated:

(dollars in thousands)	U.S.	INTERNATIONAL	CONSOLIDATED
Balance as of December 26, 2021	\$ 170,657	\$ 97,787	\$ 268,444
Translation adjustments	—	4,588	4,588
Balance as of December 25, 2022	<u>170,657</u>	<u>102,375</u>	<u>273,032</u>
Translation adjustments	—	3,285	3,285
Balance as of December 31, 2023	<u>\$ 170,657</u>	<u>\$ 105,660</u>	<u>\$ 276,317</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 31, 2023		DECEMBER 25, 2022		DECEMBER 26, 2021	
	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	225,543	(119,883)	222,258	(119,883)	217,670	(119,883)
Total goodwill	<u>\$ 1,064,370</u>	<u>\$ (788,053)</u>	<u>\$ 1,061,085</u>	<u>\$ (788,053)</u>	<u>\$ 1,056,497</u>	<u>\$ (788,053)</u>

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 2023 assessment was quantitative and the 2022 and 2021 assessments were qualitative. As a result of these assessments, the Company did not record any goodwill asset impairment charges during 2023, 2022 or 2021.

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

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 31, 2023			DECEMBER 25, 2022		
		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	5	81,952	\$ (63,752)	18,200	81,952	\$ (59,675)	22,277
Reacquired franchise rights (1)	8	36,506	(26,437)	10,069	34,602	(23,269)	11,333
Total intangible assets	6	\$ 533,174	\$ (90,189)	\$ 442,985	\$ 531,270	\$ (82,944)	\$ 448,326

(1) Included within Outback Steakhouse - Brazil.

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

The following table presents goodwill, trade names and trademarks balances by reporting unit as of the periods indicated:

(dollars in thousands)	DECEMBER 31, 2023			DECEMBER 25, 2022		
	GOODWILL	TRADE NAMES	TRADEMARKS	GOODWILL	TRADE NAMES	TRADEMARKS
Outback Steakhouse	\$ 123,188	\$ 287,000	\$ —	\$ 123,188	\$ 287,000	\$ —
Carrabba's Italian Grill	18,826	69,000	—	18,826	69,000	—
Bonefish Grill	28,188	—	9,788	28,188	—	12,618
Fleming's Prime Steakhouse & Wine Bar	455	—	8,412	455	—	9,407
U.S. total	170,657	356,000	18,200	170,657	356,000	22,025
Outback Steakhouse - Brazil	62,994	—	—	59,709	—	252
International - Franchise	42,666	58,716	—	42,666	58,716	—
International total	105,660	58,716	—	102,375	58,716	252
Total	\$ 276,317	\$ 414,716	\$ 18,200	\$ 273,032	\$ 414,716	\$ 22,277

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 and reacquired franchise rights for the periods indicated:

(dollars in thousands)	FISCAL YEAR		
	2023	2022	2021
Amortization expense	\$ 5,984	\$ 6,172	\$ 6,005

The following table presents expected annual amortization of intangible assets as of December 31, 2023:

(dollars in thousands)	
2024	\$ 5,738
2025	\$ 5,470
2026	\$ 5,374
2027	\$ 3,624
2028	\$ 2,076

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

10. Other Assets, Net

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

(dollars in thousands)	DECEMBER 31, 2023	DECEMBER 25, 2022
Company-owned life insurance	\$ 28,018	\$ 27,789
Deferred debt issuance costs - revolving credit facility (1)	3,813	5,505
Liquor licenses	23,125	23,454
Other assets	30,231	25,399
	<u>\$ 85,187</u>	<u>\$ 82,147</u>

(1) Net of accumulated amortization of \$11.7 million and \$10.1 million as of December 31, 2023 and December 25, 2022, respectively.

11. Accrued and Other Current Liabilities

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

(dollars in thousands)	DECEMBER 31, 2023	DECEMBER 25, 2022
Accrued payroll and other compensation	\$ 98,903	\$ 84,075
Accrued insurance	19,310	20,932
Other current liabilities (1)	137,601	112,420
	<u>\$ 255,814</u>	<u>\$ 217,427</u>

(1) During 2023, other current liabilities increased primarily due to increased accrued advertising expense.

12. Long-term Debt, Net

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

(dollars in thousands)	DECEMBER 31, 2023		DECEMBER 25, 2022	
	OUTSTANDING BALANCE	INTEREST RATE	OUTSTANDING BALANCE	INTEREST RATE
Senior secured credit facility - revolving credit facility (1)	\$ 381,000	6.96 %	\$ 430,000	5.79 %
2025 Notes	104,786	5.00 %	105,000	5.00 %
2029 Notes	300,000	5.13 %	300,000	5.13 %
Less: unamortized debt discount and issuance costs	(5,067)		(6,493)	
Long-term debt, net	<u>\$ 780,719</u>		<u>\$ 828,507</u>	

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

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

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.

On April 26, 2022, the Company and OSI entered into the First Amendment to the Second Amended and Restated Credit Agreement and Incremental Amendment (the "Amended Credit Agreement"), which included an increase of the Company's existing revolving credit facility from \$800.0 million to \$1.0 billion and a transition from the London Inter-Bank Offered Rate ("LIBOR") to the Secured Overnight Financing Rate ("SOFR") as the benchmark rate for purposes of calculating interest under the Senior Secured Credit Facility. At closing, an incremental

BLOOMIN' BRANDS, INC.
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\$192.5 million was drawn on the revolving credit facility to fully repay the outstanding balance of Term loan A. The total indebtedness of the Company remained unchanged as a result of the Amended Credit Agreement.

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

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

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

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

The commitments under the Senior Secured Credit Facility may be increased in an aggregate principal amount of up to: (i) \$225.0 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, as defined in the Amended 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 Amended 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 above certain thresholds and other restricted payments; make certain investments; acquire certain assets; effect mergers and similar transactions; and effect certain other transactions with affiliates.

The Amended Credit Agreement requires a Total Net Leverage Ratio ("TNLR") not to exceed 4.50 to 1.00. 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 Amended Credit Agreement).

As of December 31, 2023 and December 25, 2022, the Company was in compliance with its debt covenants.

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 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 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

BLOOMIN' BRANDS, INC.
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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 above certain thresholds, 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 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.

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 31, 2023
2024	\$ —
2025	104,786
2026	381,000
2027	—
2028	—
Thereafter	300,000
Total payments	<u>785,786</u>
Less: unamortized debt discount and issuance costs	(5,067)
Total principal payments	<u>\$ 780,719</u>

13. 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, 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.

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

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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 are redeemable by the Company, in whole or in part, at the Company's option at any time, and from time to time, on or before the 40th 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 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 31, 2023, holders of the 2025 Notes are eligible to convert their 2025 Notes during the first quarter of 2024. 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.

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

In connection with dividends paid during 2023, the conversion rate for the remaining 2025 Notes decreased to approximately \$11.14 per share, which represents 89.730 shares of common stock per \$1,000 principal amount of the 2025 Notes, or a total of approximately 9.402 million shares.

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

(dollars in thousands)	DECEMBER 31, 2023	DECEMBER 25, 2022
Principal	\$ 104,786	\$ 105,000
Less: unamortized debt issuance costs	(1,138)	(1,939)
Net carrying amount	<u>\$ 103,648</u>	<u>\$ 103,061</u>

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

(dollars in thousands)	FISCAL YEAR		
	2023	2022	2021
Coupon interest	\$ 5,242	\$ 8,080	\$ 11,500
Debt issuance cost amortization	798	1,156	1,557
Total interest expense (1)	<u>\$ 6,040</u>	<u>\$ 9,236</u>	<u>\$ 13,057</u>

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

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 was initially \$16.64 per share and is subject to certain adjustments under the terms of the Warrant Transactions.

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

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

The remaining Warrant Transactions have a dilutive effect on the Company's common stock to the extent that the price of its common stock exceeds the strike price of the Warrant Transactions. In connection with dividends paid during 2023, the strike price for the remaining Warrant Transactions decreased to \$15.60.

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

14. Other Long-term Liabilities, Net

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

(dollars in thousands)	DECEMBER 31, 2023	DECEMBER 25, 2022
Accrued insurance liability	\$ 26,616	\$ 28,133
Deferred compensation obligations	34,800	31,608
Other long-term liabilities	35,969	30,794
	<u>\$ 97,385</u>	<u>\$ 90,535</u>

15. Stockholders' Equity

Share Repurchases - On February 7, 2023, the Company's Board of Directors (the "Board") approved a share repurchase program (the "2023 Share Repurchase Program") under which the Company is authorized to repurchase up to \$125.0 million of its outstanding common stock. The 2023 Share Repurchase Program will expire on August 7, 2024. As of December 31, 2023, \$70.0 million remained available for repurchase under the 2023 Share Repurchase Program.

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

(in thousands, except per share data)	NUMBER OF SHARES	AVERAGE REPURCHASE PRICE PER SHARE	AMOUNT
First fiscal quarter	863	\$ 23.92	\$ 20,645
Second fiscal quarter	619	\$ 25.11	15,539
Third fiscal quarter	590	\$ 27.03	15,956
Fourth fiscal quarter	735	\$ 24.29	17,860
Total common stock repurchases (1)	<u>2,807</u>	<u>\$ 24.93</u>	<u>\$ 70,000</u>

(1) Excludes \$0.1 million of excise tax on share repurchases. Subsequent to December 31, 2023, the Company repurchased 473 thousand shares of its common stock for \$12.5 million under the 2023 Share Repurchase Program under a Rule 10b5-1 plan.

In February 2024, the Company's Board canceled the remaining \$57.5 million of authorization under the 2023 Share Repurchase Program and approved a new \$350.0 million authorization (the "2024 Share Repurchase Program"). The 2024 Share Repurchase Program includes capacity above the Company's normal repurchase activity to provide flexibility in retiring the 2025 Notes at or prior to their May 2025 maturity. The 2024 Share Repurchase Program will expire on August 13, 2025.

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

(dollars in thousands, except per share data)	DIVIDENDS PER SHARE		AMOUNT	
	FISCAL YEAR		FISCAL YEAR	
	2023	2022	2023	2022
First fiscal quarter	\$ 0.24	\$ 0.14	\$ 21,014	\$ 12,559
Second fiscal quarter	0.24	0.14	20,990	12,418
Third fiscal quarter	0.24	0.14	20,901	12,475
Fourth fiscal quarter	0.24	0.14	20,837	12,284
Total cash dividends declared and paid	<u>\$ 0.96</u>	<u>\$ 0.56</u>	<u>\$ 83,742</u>	<u>\$ 49,736</u>

In February 2024, the Board declared a quarterly cash dividend of \$0.24 per share, payable on March 20, 2024 to shareholders of record at the close of business on March 6, 2024.

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

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

(dollars in thousands)	DECEMBER 31, 2023	DECEMBER 25, 2022
Foreign currency translation adjustment	\$ (177,689)	\$ (185,311)
Unrealized loss on derivatives, net of tax	(615)	—
Accumulated other comprehensive loss	<u>\$ (178,304)</u>	<u>\$ (185,311)</u>

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

(dollars in thousands)	FISCAL YEAR		
	2023	2022	2021
Foreign currency translation adjustment	\$ 7,622	\$ 10,169	\$ (6,597)
Change in fair value of derivatives, net of tax	(606)	573	86
Reclassification realized in Net income, net of tax (1)	(9)	954	7,392
Impact of terminated interest rate swaps included in Net income, net of tax (1)	—	8,982	4,576
(Loss) gain on derivatives, net of tax	(615)	10,509	12,054
Other comprehensive income attributable to Bloomin' Brands	<u>\$ 7,007</u>	<u>\$ 20,678</u>	<u>\$ 5,457</u>

(1) See Note 16 - *Derivative Instruments and Hedging Activities* for the tax impact of reclassifications and the terminated swaps.

16. 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 had an aggregate notional amount of \$550.0 million and matured on November 30, 2022. Under the terms of the 2018 Swap Agreements, the Company paid a weighted average fixed rate of 3.04% on the notional amount and received payments from the counterparties based on the one-month LIBOR rate.

During 2021 and 2022, Company terminated its 2018 Swap Agreements for aggregate payments of approximately \$18.3 million, excluding accrued interest. Following these terminations, unrealized losses related to the terminated swap agreements included in AOCL were amortized on a straight-line basis to Interest expense, net over the remaining original term of the terminated swaps.

On December 5, 2023, OSI entered into six interest rate swap agreements with five counterparties (the "2023 Swap Transactions") to manage its exposure to fluctuations in variable interest rates. The 2023 Swap Transactions have an aggregate notional amount of \$200.0 million and include one and two-year tenors with the following terms:

NOTIONAL AMOUNT	WEIGHTED AVERAGE FIXED INTEREST RATE (1)	EFFECTIVE DATE	TERMINATION DATE
\$ 100,000,000	4.92%	December 29, 2023	December 31, 2024
\$ 100,000,000	4.34%	December 29, 2023	December 31, 2025

(1) The weighted averaged fixed interest rate excludes the term SOFR adjustment and interest rate spread described below.

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

In connection with the 2023 Swap Transactions, the Company effectively converted \$200 million of its outstanding indebtedness from the SOFR, plus a term SOFR adjustment of 0.10% and a spread of 150 to 250 basis points to the weighted average fixed interest rates within the table above, plus a term SOFR adjustment of 0.10% and a spread of 150 to 250 basis points. The 2023 Swap Transactions have an embedded floor of minus 0.10%.

The 2023 Swap Transactions were designated and qualified as cash flow hedges, recognized on the Company's Consolidated Balance Sheet at fair value as of December 31, 2023 and classified based on the instruments' maturity dates. As of December 31, 2023, the Company estimated \$0.1 million of interest income will be reclassified to Interest expense, net over the next 12 months related to the 2023 Swap Transactions.

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

(dollars in thousands)	DECEMBER 31, 2023	CONSOLIDATED BALANCE SHEET CLASSIFICATION
Interest rate swaps - asset (1)	\$ 320	Other current assets, net
Interest rate swaps - liability	\$ 253	Accrued and other current liabilities
Interest rate swaps - liability	893	Other long-term liabilities, net
Total fair value of derivative instruments - liability (1)	<u>\$ 1,146</u>	

(1) See Note 18 - *Fair Value Measurements* for fair value discussion of the interest rate swaps.

The Company's interest rate swaps are subject to master netting arrangements. As of December 31, 2023, the Company elected not to offset derivative positions in the balance sheet with the same counterparty under the same agreement.

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

(dollars in thousands)	FISCAL YEAR	
	2022	2021
Interest rate swap agreements:		
Interest rate swap expense recognized in Interest expense, net	\$ (1,284)	\$ (9,951)
Income tax benefit recognized in Provision for income taxes	330	2,559
Net effects of interest rate swap agreements	<u>\$ (954)</u>	<u>\$ (7,392)</u>
Terminated interest rate swap agreements:		
Terminated interest rate swap expense recognized in Interest expense, net	\$ (12,115)	\$ (6,160)
Income tax benefit recognized in Provision for income taxes	3,133	1,584
Net effects of terminated interest rate swap agreements	<u>\$ (8,982)</u>	<u>\$ (4,576)</u>
Total net effects on Net income	<u>\$ (9,936)</u>	<u>\$ (11,968)</u>

By utilizing the interest rate swaps, the Company was exposed to credit-related losses in the event that the counterparty failed to perform under the terms of the derivative contract. To mitigate this risk, the Company entered into derivative contracts with major financial institutions based upon credit ratings and other factors. The Company continually assessed the creditworthiness of its counterparties. As of December 31, 2023, all counterparties to the interest rate swaps 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.

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

As of December 31, 2023, 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 \$0.8 million. As of December 31, 2023, the Company has not posted any collateral related to these agreements. If the Company had breached any of these provisions as of December 31, 2023, it could have been required to settle its obligations under the agreements at their termination value of \$0.8 million.

17. 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 31, 2023		DECEMBER 25, 2022	
Operating lease right-of-use assets	Operating lease right-of-use assets	\$	1,084,951	\$	1,103,083
Finance lease right-of-use assets (1)	Property, fixtures and equipment, net		9,941		4,679
Total lease assets, net		\$	1,094,892	\$	1,107,762
Current operating lease liabilities	Current operating lease liabilities	\$	175,442	\$	183,510
Current finance lease liabilities	Accrued and other current liabilities		3,197		1,636
Non-current operating lease liabilities (2)	Non-current operating lease liabilities		1,131,639		1,148,379
Non-current finance lease liabilities	Other long-term liabilities, net		7,414		3,149
Total lease liabilities		\$	1,317,692	\$	1,336,674

(1) Net of accumulated amortization of \$4.7 million and \$3.6 million as December 31, 2023 and December 25, 2022, respectively.

(2) For 2022, excludes immaterial COVID-19-related deferred rent accruals.

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

(dollars in thousands)	CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME CLASSIFICATION	FISCAL YEAR		
		2023	2022	2021
Operating lease cost (1)	Other restaurant operating	\$ 182,361	\$ 182,091	\$ 178,733
Variable lease cost (2)	Other restaurant operating	7,467	6,508	4,350
Finance lease costs:				
Amortization of leased assets	Depreciation and amortization	2,252	1,420	1,079
Interest on lease liabilities	Interest expense, net	694	172	129
Sublease revenue	Franchise and other revenues	(7,665)	(9,016)	(9,396)
Lease costs, net		\$ 185,109	\$ 181,175	\$ 174,895

(1) Excludes rent expense for office facilities and Company-owned closed or subleased properties of \$12.3 million, \$12.2 million and \$12.9 million for 2023, 2022 and 2021, respectively, which is included in General and administrative expense. Also excludes certain immaterial supply chain related rent expense included in Food and beverage costs for 2021.

(2) Includes COVID-19-related rent abatements in 2021.

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

As of December 31, 2023, future minimum lease payments and sublease revenues under non-cancelable leases are as follows:

(dollars in thousands)	OPERATING LEASES	FINANCE LEASES	SUBLEASE REVENUES
2024 (1)	\$ 182,732	\$ 3,311	\$ (5,893)
2025	185,309	1,859	(5,421)
2026	183,345	1,392	(5,356)
2027	174,157	1,275	(5,362)
2028	166,173	697	(5,416)
Thereafter	1,397,122	7,393	(33,888)
Total minimum lease payments (receipts) (2)	<u>2,288,838</u>	<u>15,927</u>	<u>\$ (61,336)</u>
Less: Interest	(981,757)	(5,316)	
Present value of future lease payments	<u>\$ 1,307,081</u>	<u>\$ 10,611</u>	

(1) Net of operating lease prepaid rent of \$15.2 million.

(2) Includes \$945.4 million related to operating lease renewal options that are reasonably certain of exercise and excludes \$216.7 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 31, 2023	DECEMBER 25, 2022
Weighted average remaining lease term (1):		
Operating leases	13.1 years	13.2 years
Finance leases	9.5 years	5.4 years
Weighted average discount rate (2):		
Operating leases	8.50 %	8.44 %
Finance leases	8.11 %	6.63 %

(1) Includes lease renewal options that are reasonably certain of exercise.

(2) Based on the Company's incremental borrowing rate at lease commencement or lease remeasurement.

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

(dollars in thousands)	FISCAL YEAR		
	2023	2022	2021
Cash flows from operating activities:			
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 197,394	\$ 193,822	\$ 205,253

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

18. 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 31, 2023			DECEMBER 25, 2022	
	TOTAL	LEVEL 1	LEVEL 2	TOTAL	LEVEL 1
Assets:					
Cash equivalents:					
Fixed income funds	\$ 12,837	\$ 12,837	\$ —	\$ 3,301	\$ 3,301
Money market funds	11,083	11,083	—	4,786	4,786
Restricted cash equivalents:					
Money market funds	2,854	2,854	—	—	—
Other current assets, net:					
Derivative instruments - interest rate swaps	320	—	320	—	—
Total asset recurring fair value measurements	\$ 27,094	\$ 26,774	\$ 320	\$ 8,087	\$ 8,087
Liabilities:					
Accrued and other current liabilities:					
Derivative instruments - interest rate swaps	\$ 253	\$ —	\$ 253	\$ —	\$ —
Other long-term liabilities:					
Derivative instruments - interest rate swaps	893	—	893	—	—
Total liability recurring fair value measurements	\$ 1,146	\$ —	\$ 1,146	\$ —	\$ —

Fair value of each class of financial instruments 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 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 considered its own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. As of December 31, 2023, the Company determined that the credit valuation adjustments were 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)	2023		2022		2021	
	REMAINING CARRYING VALUE	TOTAL IMPAIRMENT	REMAINING CARRYING VALUE	TOTAL IMPAIRMENT	REMAINING CARRYING VALUE	TOTAL IMPAIRMENT
Operating lease right-of-use assets (1)	\$ 4,057	\$ 10,210	\$ 2,219	\$ 1,233	\$ 8,647	\$ 3,950
Property, fixtures and equipment (2)	4,623	30,202	2,807	4,253	11,647	8,445
Goodwill and other assets (3)	—	—	—	—	—	1,006
	<u>\$ 8,680</u>	<u>\$ 40,412</u>	<u>\$ 5,026</u>	<u>\$ 5,486</u>	<u>\$ 20,294</u>	<u>\$ 13,401</u>

- (1) Carrying values measured using discounted cash flow models (Level 3). Refer to Note 4 - *Impairments and Exit Costs* for a more detailed discussion of impairments.
- (2) Carrying values measured using Level 2 inputs to estimate fair value totaled \$1.2 million and \$1.4 million for 2023 and 2021, 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 4 - *Impairments and Exit Costs* for a more detailed discussion of impairments.
- (3) Other assets were generally measured using the quoted market value of comparable assets (Level 2).

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

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

(dollars in thousands)	DECEMBER 31, 2023		DECEMBER 25, 2022	
	CARRYING VALUE	FAIR VALUE LEVEL 2	CARRYING VALUE	FAIR VALUE LEVEL 2
Senior secured credit facility - revolving credit facility	\$ 381,000	\$ 381,000	\$ 430,000	\$ 430,000
2025 Notes	\$ 104,786	\$ 265,896	\$ 105,000	\$ 198,843
2029 Notes	\$ 300,000	\$ 277,809	\$ 300,000	\$ 260,265

19. 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		
	2023	2022	2021
Allowance for expected credit losses, beginning of the period	\$ 5,451	\$ 4,050	\$ 4,095
Provision for expected credit losses	—	1,547	64
Charge-off of accounts	(147)	(146)	(109)
Allowance for expected credit losses, end of the period	<u>\$ 5,304</u>	<u>\$ 5,451</u>	<u>\$ 4,050</u>

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 21 - *Commitments and Contingencies* for details regarding these lease guarantees.

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20. Income Taxes

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

(dollars in thousands)	FISCAL YEAR		
	2023	2022	2021
Domestic	\$ 235,357	\$ 134,465	\$ 258,202
Foreign	37,618	17,442	(8,905)
Income before provision for income taxes	<u>\$ 272,975</u>	<u>\$ 151,907</u>	<u>\$ 249,297</u>

Provision for income taxes consisted of the following for the periods indicated:

(dollars in thousands)	FISCAL YEAR		
	2023	2022	2021
Current provision (benefit):			
Federal	\$ 17,514	\$ 13,026	\$ 16,951
State	10,788	10,576	10,917
Foreign	(1,918)	5,354	1,862
	<u>26,384</u>	<u>28,956</u>	<u>29,730</u>
Deferred (benefit) provision:			
Federal	(2,787)	5,172	(2,057)
State	944	3,470	1,194
Foreign	(5,980)	5,106	(2,483)
	<u>(7,823)</u>	<u>13,748</u>	<u>(3,346)</u>
Provision for income taxes	<u>\$ 18,561</u>	<u>\$ 42,704</u>	<u>\$ 26,384</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		
	2023	2022	2021
Income taxes at federal statutory rate	21.0 %	21.0 %	21.0 %
State and local income taxes, net of federal benefit	3.4	7.3	3.8
Employment-related credits, net	(13.5)	(22.4)	(13.2)
Brazil tax legislation	(7.7)	0.2	—
Income tax exemption on certain Brazil state value added tax benefits	(1.8)	—	—
Net changes in deferred tax valuation allowances	(0.8)	(2.8)	(0.7)
Non-deductible loss on 2025 Notes Partial Repurchase	—	18.0	—
Non-deductible expenses	2.7	2.8	2.3
Foreign tax rate differential	2.1	2.3	(0.2)
U.S. tax on foreign earnings - GILTI	1.8	1.6	—
Tax settlements and related adjustments	0.1	(0.1)	(1.7)
Other, net	(0.5)	0.2	(0.7)
Total	<u>6.8 %</u>	<u>28.1 %</u>	<u>10.6 %</u>

The net decrease in the effective income tax rate in 2023 as compared to 2022 was primarily a result of the 2022 non-deductible losses associated with the 2025 Notes Partial Repurchase and the 2023 benefits of Brazil tax legislation, which includes a temporary reduction in the Brazilian income tax rate from 34% to 0%.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued

The net increase in the effective income tax rate in 2022 as compared to 2021 was primarily due to the non-deductible losses associated with the 2025 Notes Partial Repurchase recorded during 2022.

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

The Company has a blended federal and state statutory rate of approximately 26%. The effective income tax rate for 2023 was lower than the blended federal and state statutory rate primarily due to the benefit of FICA tax credits on certain tipped wages and benefits of Brazil tax legislation, which includes a temporary reduction in the Brazilian income tax rate from 34% to 0%.

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 31, 2023	DECEMBER 25, 2022
Deferred income tax assets:		
Operating lease liabilities	\$ 339,783	\$ 346,482
Insurance reserves	14,184	15,695
Unearned revenue	55,746	52,366
Deferred compensation	12,210	14,726
Net operating loss carryforwards	12,729	14,277
Federal tax credit carryforwards	177,775	165,411
Other, net (1)	14,334	12,248
Gross deferred income tax assets	626,761	621,205
Less: valuation allowance	(10,583)	(12,664)
Deferred income tax assets, net of valuation allowance	616,178	608,541
Deferred income tax liabilities:		
Less: operating lease right-of-use asset basis differences	(277,376)	(284,701)
Less: property, fixtures and equipment basis differences	(66,370)	(63,344)
Less: intangible asset basis differences	(113,027)	(109,162)
Deferred income tax assets, net	\$ 159,405	\$ 151,334
Reported as:		
Deferred income tax assets	\$ 159,405	\$ 153,118
Deferred income tax liabilities (included in Other long-term liabilities, net)	—	(1,784)
Net deferred tax assets	\$ 159,405	\$ 151,334

(1) As of December 31, 2023 and December 25, 2022, the Company maintained deferred tax liabilities for state income taxes on historical foreign earnings of \$0.5 million and \$0.3 million, respectively.

As of December 31, 2023, valuation allowances against deferred tax assets in the U.S. and in certain foreign jurisdictions totaled \$0.4 million and \$10.2 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 2023 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.

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

BLOOMIN' BRANDS, INC.
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Brazilian subsidiary due to the uncertainty regarding the restaurant industry's eligibility for the exemptions under this legislation.

The benefits of the Brazil tax legislation include an increase in revenues as a result of not being required to remit certain PIS and COFINS during the exemption period. The increase in revenues is partially offset by higher costs in several financial statement line items that were previously reduced by PIS and COFINS tax credits that were generated during the exemption period. Benefits of this legislation also initially included a reduction in the Brazilian income tax rate from 34% to 0% for a period of five years on certain income earned in Brazil. Benefits began in the thirteen weeks ended December 25, 2022. The tax benefit attributable to the Brazil tax legislation, including both income tax and PIS and COFINS, was approximately \$23.6 million for the year ended December 31, 2023. The benefit of the Brazil tax legislation on GAAP diluted earnings per share was approximately \$0.25 for the year ended December 31, 2023.

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

On January 24, 2024, the Company's Brazilian subsidiary received an unfavorable second level court ruling related to its ongoing litigation regarding its eligibility for tax exemptions under the Brazil tax legislation. The Company will appeal this ruling and in connection with the appeal anticipates making a cash judicial deposit of approximately \$45.0 million to \$50.0 million during the first half of 2024, which includes the disputed amounts through December 31, 2023. The judicial deposit will be recorded in Other assets, net, on the Company's Consolidated Balance Sheet. The Company believes that it will more likely than not prevail in this appeal and accordingly has not recorded any expense or liability for the disputed amounts.

Undistributed Earnings - As of December 31, 2023, the Company had aggregate undistributed foreign earnings of approximately \$42.6 million. These earnings may be repatriated to the U.S. without additional material U.S. federal income tax. These amounts are not 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.

Tax Carryforwards - The amount and expiration dates of tax loss carryforwards and credit carryforwards as of December 31, 2023 are as follows:

(dollars in thousands)	EXPIRATION DATE	AMOUNT
Federal tax credit carryforwards	2026 - 2043	\$ 190,169
Foreign loss carryforwards	2024 - Indefinite	\$ 55,794
Foreign credit carryforwards	Indefinite	\$ 864

As of December 31, 2023, the Company had \$188.3 million in general business tax credit carryforwards, which have a 20-year carryforward period and are utilized on a first-in, first-out basis. The Company 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 31, 2023 and December 25, 2022, the liability for unrecognized tax benefits was \$17.2 million and \$18.3 million, respectively. Of the total amount of unrecognized tax benefits, including accrued interest and penalties, \$16.7 million and \$17.9 million, respectively, if recognized, would impact the Company's effective income tax rate.

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

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

(dollars in thousands)	FISCAL YEAR		
	2023	2022	2021
Balance, beginning of the period	\$ 18,258	\$ 19,238	\$ 25,524
Additions for tax positions taken during a prior period	42	114	166
Reductions for tax positions taken during a prior period	(601)	(401)	(4,209)
Additions for tax positions taken during the current period	1,507	1,100	1,292
Settlements with taxing authorities	—	(375)	(2,674)
Lapses in the applicable statutes of limitations	(2,037)	(1,424)	(854)
Translation adjustments	3	6	(7)
Balance, end of the period	<u>\$ 17,172</u>	<u>\$ 18,258</u>	<u>\$ 19,238</u>

The Company had approximately \$0.5 million and \$0.8 million accrued for the payment of interest and penalties as of December 31, 2023 and December 25, 2022, respectively. The Company recognized immaterial interest and penalties related to uncertain tax positions in the Provision 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 \$0.5 million to \$1.0 million within the next 12 months.

Open Tax Years - Following is a summary of the open audit years by jurisdiction as of December 31, 2023:

	OPEN AUDIT YEARS
United States - federal	2007 - 2022
United States - state	2009 - 2022
Foreign	2015 - 2022

21. 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 31, 2023, the undiscounted payments the Company could be required to make in the event of non-payment by the primary lessees was approximately \$19.7 million. The present value of these potential payments discounted at the Company's incremental borrowing rate as of December 31, 2023 was approximately \$15.0 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 31, 2023 and December 25, 2022, the Company's recorded contingent lease liability was \$5.3 million and \$6.2 million, respectively.

Purchase Obligations - Purchase obligations were \$196.8 million and \$226.6 million as of December 31, 2023 and December 25, 2022, respectively. These purchase obligations are primarily due within three years, however commitments with various vendors extend through December 2030. Outstanding commitments consist primarily of inventory, fixtures and equipment and technology. In 2023, the Company purchased: (i) more than 95% of its U.S. beef raw materials from four beef suppliers that represent a significant portion of the total beef marketplace in the U.S and (ii) more than 80% of its Brazil pork raw materials from four pork suppliers that represent more than 45% of the total pork marketplace in Brazil.

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

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. The Company evaluates, on a quarterly basis, developments in legal proceedings that could cause an increase or decrease in the amount of the reserve that has been previously recorded, or a revision to the disclosed estimated range of possible losses, as applicable.

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

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

In recent years, certain subsidiaries of the Company were named in collective actions alleging violations of the Fair Labor Standards Act and state wage and hour laws. For these and other matters, the Company recorded reserves of \$13.3 million and \$15.1 million for certain of its outstanding legal proceedings as of December 31, 2023 and December 25, 2022, respectively, within Accrued and other current liabilities on its Consolidated Balance Sheets. While the Company believes that additional losses beyond these accruals are reasonably possible, it cannot estimate a possible loss contingency or range of reasonably possible loss contingencies beyond these accruals. During 2023, 2022 and 2021, the Company recognized (\$0.2) million, \$9.4 million and \$5.4 million, respectively, in Other restaurant operating expense in the Company's Consolidated Statements of Operations and Comprehensive Income for certain legal reserves and settlements.

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 during 2021.

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

Insurance - As of December 31, 2023, the future undiscounted payments the Company expects for workers' compensation, general liability and health insurance claims are as follows:

(dollars in thousands)

2024	\$	19,689
2025		11,105
2026		7,546
2027		4,154
2028		2,285
Thereafter		7,715
	<u>\$</u>	<u>52,494</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 31, 2023	DECEMBER 25, 2022
Undiscounted reserves	\$ 52,494	\$ 55,364
Discount (1)	(6,568)	(6,299)
Discounted reserves	<u>\$ 45,926</u>	<u>\$ 49,065</u>
Discounted reserves recognized on the Company's Consolidated Balance Sheets:		
Accrued and other current liabilities	\$ 19,310	\$ 20,932
Other long-term liabilities, net	26,616	28,133
	<u>\$ 45,926</u>	<u>\$ 49,065</u>

(1) Discount rates of 5.13% and 4.47% were used for December 31, 2023 and December 25, 2022, respectively.

22. Segment Reporting

The Company considers each of 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 CODM. The Company aggregates its operating segments into two reportable segments, U.S. and international. The U.S. segment includes all restaurants operating in the U.S. while restaurants operating outside the U.S. are included in the international segment.

The following is a summary of reporting segments:

REPORTABLE SEGMENT (1)	CONCEPT	GEOGRAPHIC LOCATION
U.S.	Outback Steakhouse Carrabba's Italian Grill Bonefish Grill Fleming's Prime Steakhouse & Wine Bar	United States of America
International	Outback Steakhouse 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 from operations for U.S. and international are certain legal and corporate costs not directly

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

related to the performance of the segments, most stock-based compensation expenses, a portion of insurance expenses and certain bonus expenses.

The following table details Total revenues by segment and major geographic area for the periods indicated:

(dollars in thousands)	FISCAL YEAR		
	2023	2022	2021
U.S.	\$ 4,053,599	\$ 3,911,870	\$ 3,759,981
International (1)			
Brazil	529,670	448,411	297,167
Other	88,201	56,227	65,237
Total revenues	<u>\$ 4,671,470</u>	<u>\$ 4,416,508</u>	<u>\$ 4,122,385</u>

(1) International revenues are defined as revenues generated from restaurant sales originating in a country other than the U.S.

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

(dollars in thousands)	FISCAL YEAR		
	2023	2022	2021
Depreciation and amortization			
U.S.	\$ 157,878	\$ 139,170	\$ 134,243
International	25,430	23,397	22,649
Corporate	7,863	7,050	6,499
Total depreciation and amortization	<u>\$ 191,171</u>	<u>\$ 169,617</u>	<u>\$ 163,391</u>

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

(dollars in thousands)	FISCAL YEAR		
	2023	2022	2021
Segment income from operations			
U.S.	\$ 377,534	\$ 407,860	\$ 443,887
International	83,948	57,333	16,657
Total segment income from operations	461,482	465,193	460,544
Unallocated corporate operating expense	(136,338)	(134,772)	(151,586)
Total income from operations	325,144	330,421	308,958
Loss on extinguishment and modification of debt	—	(107,630)	(2,073)
Loss on fair value adjustment of derivatives, net	—	(17,685)	—
Interest expense, net	(52,169)	(53,199)	(57,588)
Income before provision for income taxes	<u>\$ 272,975</u>	<u>\$ 151,907</u>	<u>\$ 249,297</u>

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

(dollars in thousands)	FISCAL YEAR		
	2023	2022	2021
Capital expenditures			
U.S.	\$ 276,660	\$ 196,163	\$ 103,303
International	45,542	28,647	14,074
Corporate	11,961	11,709	9,035
Total capital expenditures	<u>\$ 334,163</u>	<u>\$ 236,519</u>	<u>\$ 126,412</u>

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

The following table sets forth Total assets by segment as of the periods indicated:

(dollars in thousands)	DECEMBER 31, 2023	DECEMBER 25, 2022
Assets		
U.S.	\$ 2,703,751	\$ 2,669,953
International	457,692	400,052
Corporate	262,638	250,420
Total assets	<u>\$ 3,424,081</u>	<u>\$ 3,320,425</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 31, 2023	DECEMBER 25, 2022
U.S.	\$ 980,731	\$ 891,379
International		
Brazil	128,854	93,972
Other	7,524	10,938
Total long-lived assets	<u>\$ 1,117,109</u>	<u>\$ 996,289</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 defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this Report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2023.

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 (as defined in Rule 13a-15(f) under the Exchange Act) during our most recent quarter ended December 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

Rule 10b5-1 Trading Plans - During the fourteen weeks ended December 31, 2023, none of the Company's directors or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement."

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” in our definitive Proxy Statement for the 2024 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 Exchange Act will be included under the caption “Ownership of Securities—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, 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 and Audit Committee Financial Expert 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, except for the information under the caption “Pay vs. Performance”, 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 31, 2023 and December 25, 2022
- Consolidated Statements of Operations and Comprehensive Income – Fiscal years 2023, 2022 and 2021
- Consolidated Statements of Changes in Stockholders' Equity – Fiscal years 2023, 2022 and 2021
- Consolidated Statements of Cash Flows – Fiscal years 2023, 2022 and 2021
- 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	Fifth Amended and Restated Certificate of Incorporation of Bloomin' Brands, Inc.	April 19, 2023, Form 8-K, Exhibit 3.1
3.2	Fourth Amended and Restated Bylaws of Bloomin' Brands, Inc.	April 19, 2023, Form 8-K, Exhibit 3.2
4.1	Form of Common Stock Certificate	Amendment No. 4 to Registration Statement on Form S-1, File No. 333-180615, filed on July 18, 2012, Exhibit 4.1
4.2	Description of Common Stock	March 26, 2023, Form 10-Q, Exhibit 4.1
4.3	Indenture, dated as of May 8, 2020, between Bloomin' Brands, Inc. and Wells Fargo Bank, National Association	May 11, 2020, Form 8-K, Exhibit 4.1
4.4	Form of 5.00% Convertible Senior Notes due 2025	May 11, 2020, Form 8-K, Included as Exhibit A to Exhibit 4.1
4.5	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	April 20, 2021, Form 8-K, Exhibit 4.1
4.6	Form of 5.125% Senior Notes due 2029	April 20, 2021, Form 8-K, Included as Exhibit A to Exhibit 4.1
10.1	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	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	First Amendment to the Second Amended and Restated Credit Agreement and Incremental Amendment, dated April 26, 2022, 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	April 29, 2022, Form 8-K, Exhibit 10.1
10.3	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.	June 27, 2021, Form 10-Q, Exhibit 10.2
10.4	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.	Registration Statement on Form S-1, File No. 333-180615, filed on April 6, 2012, Exhibit 10.8
10.5*	OSI Restaurant Partners, LLC HCE Deferred Compensation Plan effective October 1, 2007, as Amended	Filed herewith
10.6*	Bloomin' Brands, Inc. 2012 Incentive Award Plan	Amendment No. 4 to Registration Statement on Form S-1, File No. 333-180615, filed on July 18, 2012, Exhibit 10.2
10.7*	Form of Nonqualified Stock Option Award Agreement for options granted under the Bloomin' Brands, Inc. 2012 Incentive Award Plan	December 7, 2012, Form 8-K, Exhibit 10.2
10.8*	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	Amendment No. 4 to Registration Statement on Form S-1, File No. 333-180615, filed on July 18, 2012, Exhibit 10.39
10.9*	Bloomin' Brands, Inc. 2016 Omnibus Incentive Compensation Plan	March 11, 2016, Definitive Proxy Statement
10.10*	Form of Nonqualified Stock Option Award Agreement for options granted to executive management under the Bloomin' Brands, Inc. 2016 Omnibus Incentive Compensation Plan	June 26, 2016, Form 10-Q, Exhibit 10.2
10.11*	Form of Restricted Stock Unit Award Agreement for restricted stock granted to directors under the Bloomin' Brands, Inc. 2016 Omnibus Incentive Compensation Plan	June 26, 2016, Form 10-Q, Exhibit 10.3
10.12*	Form of Restricted Stock Unit Award Agreement for restricted stock granted to executive management under the Bloomin' Brands, Inc. 2016 Omnibus Incentive Compensation Plan	June 26, 2016, Form 10-Q, Exhibit 10.4
10.13*	Form of Performance Award Agreement for performance units granted under the Bloomin' Brands, Inc. 2016 Omnibus Incentive Compensation Plan	June 26, 2016, Form 10-Q, Exhibit 10.5
10.14*	Form of Restricted Cash Award Agreement for cash awards granted under the Bloomin' Brands, Inc. 2016 Omnibus Incentive Compensation Plan	March 26, 2017, Form 10-Q, Exhibit 10.1
10.15*	Bloomin' Brands, Inc. 2020 Omnibus Incentive Compensation Plan	April 9, 2020, Definitive Proxy Statement

BLOOMIN' BRANDS, INC.

EXHIBIT NUMBER	DESCRIPTION OF EXHIBITS	FILINGS REFERENCED FOR INCORPORATION BY REFERENCE
10.16*	Form of Restricted Stock Unit Award Agreement for restricted stock granted to directors under the Bloomin' Brands, Inc. 2020 Omnibus Incentive Compensation Plan	May 29, 2020, Form 8-K, Exhibit 10.2
10.17*	Form of Nonqualified Stock Option Award Agreement for options granted to executive management under the Bloomin' Brands, Inc. 2020 Omnibus Incentive Compensation Plan	May 29, 2020, Form 8-K, Exhibit 10.3
10.18*	Form of Restricted Stock Unit Award Agreement for restricted stock granted to executive management under the Bloomin' Brands, Inc. 2020 Omnibus Incentive Compensation Plan	May 29, 2020, Form 8-K, Exhibit 10.4
10.19*	Form of Performance Award Agreement for performance units granted to executive management under the Bloomin' Brands, Inc. 2020 Omnibus Incentive Compensation Plan	May 29, 2020, Form 8-K, Exhibit 10.5
10.20*	Form of Restricted Cash Award Agreement for cash awards granted to executive management under the Bloomin' Brands, Inc. 2020 Omnibus Incentive Compensation Plan	May 29, 2020, Form 8-K, Exhibit 10.6
10.21*	Amended Form of Performance Award Agreement for performance units granted to executive management under the Bloomin' Brands, Inc. 2020 Omnibus Incentive Compensation Plan	December 27, 2020, Form 10-K, Exhibit 10.48
10.22*	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	December 27, 2020, Form 10-K, Exhibit 10.49
10.23*	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	December 27, 2020, Form 10-K, Exhibit 10.50
10.24*	Bloomin' Brands, Inc. Executive Change in Control Plan, effective December 6, 2012	December 7, 2012, Form 8-K, Exhibit 10.1
10.25*	Amended and Restated Officer Employment Agreement, effective April 1, 2019, by and between David J. Deno and Bloomin' Brands, Inc.	March 31, 2019, Form 10-Q, Exhibit 10.3
10.26*	Employment Offer Letter Agreement, dated as of March 7, 2019, between Bloomin' Brands, Inc. and Christopher Meyer	March 31, 2019, Form 10-Q, Exhibit 10.4
10.27*	Employment Offer Letter Agreement, dated as of May 1, 2019, between Kelly Lefferts and Bloomin' Brands, Inc.	June 30, 2019, Form 10-Q, Exhibit 10.4
10.28*	Employment Offer Letter Agreement, dated as of February 14, 2020, between Bloomin' Brands, Inc. and Gregg Scarlett	December 29, 2019, Form 10-K, Exhibit 10.40
10.29*	Amendment to Officer Employment Agreement, dated as of April 6, 2020, between Bloomin' Brands, Inc. and David J. Deno	March 29, 2020, Form 10-Q, Exhibit 10.4
10.30*	Second Amendment to Officer Employment Agreement, dated as of February 21, 2022, between Bloomin' Brands, Inc. and David J. Deno	December 26, 2021, Form 10-K, Exhibit 10.48
10.31*	Employment Offer Letter Agreement, dated as of April 14, 2021, between Patrick Murtha and Bloomin' Brands, Inc.	December 26, 2021, Form 10-K, Exhibit 10.47
10.32	Form of Convertible Note Hedge Transactions confirmation	May 11, 2020, Form 8-K, Exhibit 10.1

BLOOMIN' BRANDS, INC.

EXHIBIT NUMBER	DESCRIPTION OF EXHIBITS	FILINGS REFERENCED FOR INCORPORATION BY REFERENCE
10.33	Form of Warrant Transactions confirmation	May 11, 2020, Form 8-K, Exhibit 10.2
10.34	Form of Agreement, dated as of January 2, 2024, by and between Bloomin' Brands, Inc. and Starboard	January 2, 2024, Form 8-K, Exhibit 10.1
10.35*	Employment Offer Letter Agreement, dated as of October 31, 2023, between Bloomin' Brands, Inc. and Brett Patterson	Filed herewith
10.36*	Position and Retention Letter, effective March 15, 2024, by and between Gregg Scarlett and Bloomin' Brands, Inc.	Filed herewith
21.1	List of Subsidiaries	Filed herewith
23.1	Consent of PricewaterhouseCoopers LLP	Filed herewith
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (1)	Furnished herewith
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (1)	Furnished herewith
97.1	Bloomin' Brands, Inc. Compensation Recovery Policy	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.

(1) These certifications are not deemed to be "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section. These certifications will not be deemed to be incorporated by reference into any filing under the Exchange 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 28, 2024

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 28, 2024
<u>/s/ Christopher Meyer</u> Christopher Meyer	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	February 28, 2024
<u>/s/ Philip Pace</u> Philip Pace	Senior Vice President, Chief Accounting Officer (Principal Accounting Officer)	February 28, 2024
<u>/s/ R. Michael Mohan</u> R. Michael Mohan	Chairman of the Board and Director	February 28, 2024
<u>/s/ David R. Fitzjohn</u> David R. Fitzjohn	Director	February 28, 2024
<u>/s/ David George</u> David George	Director	February 28, 2024
<u>/s/ Lawrence Jackson</u> Lawrence Jackson	Director	February 28, 2024
<u>/s/ Julie Kunkel</u> Julie Kunkel	Director	February 28, 2024
<u>/s/ Rohit Lal</u> Rohit Lal	Director	February 28, 2024
<u>/s/ Tara Walpert Levy</u> Tara Walpert Levy	Director	February 28, 2024
<u>/s/ John J. Mahoney</u> John J. Mahoney	Director	February 28, 2024
<u>/s/ Melanie Marein-Efron</u> Melanie Marein-Efron	Director	February 28, 2024
<u>/s/ Jonathan Sagal</u> Jonathan Sagal	Director	February 28, 2024

**OSI RESTAURANT PARTNERS, LLC
HCE DEFERRED COMPENSATION PLAN**

OSI Restaurant Partners, LLC, a Delaware limited liability company, on behalf of itself and its Subsidiaries (the “Company”), hereby establishes this HCE Deferred Compensation Plan (the “Plan”), effective October 1, 2007, for the purpose of attracting, retaining and rewarding high quality executives and promoting in its key executives increased efficiency and an interest in the successful operation of the Company. The benefits provided under the Plan shall be provided in consideration for services to be performed after the effective date of the Plan, but prior to the executive’s retirement. The Plan is intended and shall be interpreted to comply in all respects with Internal Revenue Code (“Code”) Section 409A and those provisions of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), applicable to an unfunded plan maintained primarily to provide deferred compensation benefits for a select group of “management or highly compensated employees.”

**ARTICLE 1
Definitions**

1.1 *Account(s)* shall mean the bookkeeping account or accounts established for a particular Participant pursuant to Article 3 of the Plan.

1.2 *Administrator* shall mean the person or persons appointed by the Company to administer the Plan pursuant to Article 8 of the Plan.

1.3 *Base Salary* shall mean the Participant’s base annual salary excluding incentive and discretionary bonuses and other non-regular forms of compensation, before reductions for contributions to or deferrals under any pension, deferred compensation or benefit plans sponsored by the Company.

1.4 *Beneficiary* shall mean the person or entity designated as such in accordance with Article 7 of the Plan.

1.5 *Bonus* shall mean any amount paid to the Participant by the Company in the form of a discretionary or incentive compensation or any other bonus designated by the Administrator before reductions for contributions to or deferrals under any pension, deferred compensation or benefit plans sponsored by the Company.

1.6 *Code* shall mean the Internal Revenue Code of 1986, , as amended, and Treasury regulations and applicable authorities promulgated thereunder.

1.7 *Company* shall mean OSI Restaurant Partners, LLC acting on behalf of itself and designated Subsidiaries. Any action required by the Company under the terms of the Plan may be taken by the Administrator or such other person(s) or entity(ies) duly authorized by OSI Restaurant Partners, LLC to act on its behalf.

1.8 *Company Contribution(s)* shall mean the contributions by the Company to a Participant’s Account pursuant to Article 2 of the Plan.

1.9 *Company Contribution Account* shall mean an Account established for a Company Contribution pursuant to Section 3.1.

1.10 *Crediting Rate* shall mean the notional gains and losses credited on the Participant's Account balance pursuant to Section 3.3 of the Plan.

1.11 *Disabled, or Disability* shall mean, consistent with the requirements of Code Section 409A, that the Participant (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or (ii) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Participant's employer. The Administrator may require that the Participant submit evidence of such qualification for disability benefits in order to determine Disability under this Plan.

1.12 *Eligible Employee* shall mean a key management level or highly compensated employee of the Company who is designated by the Administrator to be eligible to participate in the Plan.

1.13 *ERISA* shall mean the Employee Retirement Income Security Act of 1974, as amended, including Department of Labor and Treasury regulations and applicable authorities promulgated thereunder.

1.14 *Participant* shall mean an Eligible Employee who has elected to participate and has executed a Participation Election Form pursuant to Article 2 of the Plan.

1.15 *Participation Election Form* shall mean the written agreement to make a deferral submitted by the Participant to the Administrator on a timely basis pursuant to Article 2 of the Plan. The Participation Election Form may take the form of an electronic communication followed by appropriate written confirmation according to specifications established by the Administrator.

1.16 *Plan Year* shall mean the calendar year

1.17 *Retirement Account* shall mean an Account established pursuant to Section 3.1 which is scheduled to commence on Termination of Employment.

1.18 *Scheduled Distribution* shall mean a distribution elected by the Participant pursuant to Article 4 of the Plan.

1.19 *Scheduled Distribution Account* shall mean an Account established pursuant to Sections 3.2 which is scheduled to commence distribution on a scheduled date elected under Section 4.1.

1.20 *Settlement Date* shall mean the date by which a lump sum payment shall be made or the date by which installment payments shall commence. Unless otherwise specified, the

Settlement Date shall be the later of (i) January of the Plan Year following the Plan year in which the event triggering payout occurs or (ii) ninety (90) days following Termination of Employment. If the event triggering payout is death, the Administrator shall be provided with the documentation reasonably necessary to establish the fact of the Participant's death. Notwithstanding the foregoing or any other provision of the Plan, in the event that at the time of payout any stock of the Company is publicly traded on an established securities market and the Participant is a "key employee" (as defined in Code Section 416(i) (without regard to paragraph (5) thereof) of the Company, the Settlement Date following a Termination of Employment shall be no earlier than the earlier of (i) the last day of the sixth (6th) complete calendar month following the Participant's Termination of Employment, or (ii) the Participant's death, consistent with the provisions of Code Section 409A. Any payments delayed by reason of the preceding sentence shall be caught up and paid in a single lump sum on the first day such payment is permissible consistent with the provisions of Code Section 409A.

1.21 *Subsidiaries* shall mean a majority owned subsidiaries or other entities in which OSI Restaurant Partners, LLC. or any of its majority owned subsidiaries owns a majority partnership or other equity interest or serves as general partner, as may from time to time be designated as participating employers in the Plan by the Administrator and on behalf of which OSI Restaurant Partners, LLP. and the Administrator shall act as agents for purposes of adoption, amendment and administration of the Plan and all associated matters or documentation.

1.22 *Termination of Employment* shall mean, with respect to a given Participant, the date when, for any reason, including by reason of Retirement, death or Disability, the level of services provided by such Participant to the Company (or any affiliate under common ownership aggregated with the Company for purposes of Code Section 409A) in any capacity has permanently decreased to a level equal to no more than 20 percent of the average level of services performed by such Participant for the Company during the immediately preceding 36-month period (or the Participant's full period of services to the Company if a lesser period).

1.23 *Unforeseeable Emergency* shall mean a severe financial hardship to the Participant resulting from an illness or accident involving the Participant, the Participant's spouse, or the Participant's dependent (as defined in Code Section 152 (a)), loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstance arising as a result of events beyond the control of the Participant (but shall in all events correspond to the meaning of the term "unforeseeable emergency" in Code Section 409A).

1.24 *Valuation Date* shall mean either (i) the date through which earnings are credited or (ii) the date on which the value of an Account balance is established, and shall be as close to the payout or other event triggering valuation as is administratively feasible; provided, however, that in no event shall the Valuation Date occur earlier than the last day of the month preceding the month in which the payout or other event triggering valuation occurs.

1.25 *Years of Participation* shall mean the cumulative consecutive Plan Years the Participant has participated in the Plan, beginning with the first complete Plan Year coinciding with or beginning after the Participant's election to participate in the Plan. A Participant shall be considered a Participant in the Plan for purposes of accumulating Years of Participation at all

times prior to Termination of Employment during which the Participant possesses a positive Account balance even if the Participant is not making any deferrals during such period.

1.26 *Years of Service* shall mean the cumulative consecutive years of continuous full-time employment with the Company, beginning on the first day of the calendar year in which the Participant first began service with the Company and counting each anniversary thereof.

ARTICLE 2 Participation

2.1 Elective Deferral. Each year a Participant may elect to defer any whole percentage between five percent (5%) and ninety percent (90%) of Base Salary and/or any whole percentage between five percent (5%) and one hundred percent (100%) of Bonus or in excess of a specified dollar amount of Bonus earned by the Participant for the applicable Plan Year. The Administrator may further limit the minimum or maximum amount deferred by an Participant or group of Participants, or waive the foregoing limits for any Participant or group of Participants, for any reason.

2.2 Participation Election Form. In order to make a deferral, an Eligible Executive must submit a Participation Election Form to the Administrator during the enrollment period established by the Administrator prior to the beginning of the Plan Year during which the services are performed for which such Base Salary or Bonus are earned. Notwithstanding the foregoing, within 30 days after an Eligible Executive first becomes eligible to participate in the Plan (if the Eligible Executive is not already participating in any Company sponsored deferral arrangement which is aggregated with this Plan for purposes of Code Section 409A) the Administrator may establish a special enrollment period for such Eligible Executive to allow deferrals of Base Salary or Bonus attributable to services performed during the balance of such Plan Year. Each Participant shall be required to submit a new Participant Election Form on a timely basis each Plan Year in order to make a deferral election for such subsequent Plan Year. An election to defer Base Salary or Bonus shall be irrevocable upon termination of the enrollment period except as provided in Section 5.6 in the event the Participant becomes Disabled or Section 5.5 in the case of an Unforeseeable Emergency.

2.3 Elections Regarding Time and Form of Payout. At the time that a Participant makes a deferral election with respect to a Plan Year, the Participant shall also designate the time and form that such deferral shall be distributed (together with any discretionary Company Contributions made for such Plan Year pursuant to Section 2.4 and all notional earnings on the deferral and any Company Contributions). All elections must provide for distribution to be made at a time and in a form that is consistent with the distribution options made available under the Plan. Except as expressly provided herein, an election with respect to the time and form of benefit payouts may not be changed, nor may any distribution be accelerated. A subsequent election that delays payment or changes the form of payment is permitted only if all of the following requirements are met:

- (1) the new election does not take effect until at least twelve (12) months after the date on which the new election is made;

(2) in the case of payments made on account of Termination of Employment (other than by reason of death or Disability) or according to a Scheduled Distribution, the new election delays payment for at least five (5) years from the date that payment would otherwise have been made, absent the new election; and

(3) in the case of payments made according to a Scheduled Distribution, the new election is not made less than twelve (12) months before the date on which payment would have been made (or, in the case of installment payments, the first installment payment would have been made) absent the new election.

Election changes made pursuant to this Section shall be made on written forms provided by the Administrator, and in accordance with rules established by the Administrator and shall comply with all requirements of Code Section 409A and applicable Treasury Regulations.

2.4 Company Contributions. From time to time, the Company may make a discretionary Company Contribution to the Plan on behalf of an Eligible Employee or existing Participant. Company Contributions shall be made in the complete and sole discretion of the Company. Company Contributions shall be notional credits to the Accounts of Participants, with the amount actually credited to the Account being net of all employment taxes required to be withheld on the Company Contribution, as conclusively determined by the Administrator. Company Contributions shall vest at the time or according to the schedule specified by the Administrator at the time the contributions is made. No Participant or other employee of the Company shall have a right to receive a Company Contribution in any particular year or in any particular amount based on the fact that Company Contributions are made at such time or in such amount on behalf of another Participant.

ARTICLE 3

Accounts

3.1 Participant Accounts. A separate Retirement Account or Scheduled Distribution Account shall be maintained for each Plan Year for which a Participant has made a deferral election pursuant to this Plan, and shall be credited with the Participant's deferrals directed by the Participant to such Account at the time such amounts would otherwise have been paid to the Participant. A separate Account shall be maintained for each Company Contribution made on behalf of each Participant and shall be credited with the Company Contribution at the time specified by the Administrator. Accounts shall be deemed to be credited with notional gains or losses as provided in Section 3.3 from the date the deferral or the Company Contribution is credited to an Account through the Valuation Date.

3.2 Vesting of Accounts. All voluntary deferrals and notional earnings thereon credited to a Participant's Accounts shall be fully vested at all times. Company Contributions and earnings thereon shall vest as specified by the Administrator at the time the Company Contributions is made.

3.3 Crediting Rate. The Crediting Rate on amounts in a Participant's Account shall be based on the Participant's choice among the investment alternatives made available from time to time by the Administrator. The Administrator shall establish a procedure by which a

Participant may elect to have the Crediting Rate based on one or more investment alternatives and by which the Participant may change investment elections daily and may rebalance Account investments monthly. Notwithstanding the preceding sentence, the Administrator may impose the following restrictions on changing investment elections daily and/or rebalancing Account investments monthly: (i) in the case of any investment alternative that guarantees a fixed interest return, limitations on the ability to transfer out of such investment alternative and nonrecognition of that investment alternative in implementing any monthly rebalancing of the Account; and (ii) in the case of all investment alternatives, limitations designed to prevent excessive short term trading in the Account or otherwise deemed necessary or desirable by the Administrator. The Participant's Account balance shall reflect the investments selected by the Participant. If an investment selected by a Participant sustains a loss, the Participant's Account shall be reduced to reflect such loss. The Participant's choice among investments shall be solely for purposes of calculation of the Crediting Rate. If the Participant fails to elect an investment alternative, the Crediting Rate shall be based on a default investment alternative selected for this purpose by the Administrator. The Company shall have no obligation to set aside or invest funds as directed by the Participant and, if the Company elects to invest funds as directed by the Participant, the Participant shall have no more right to such investments than any other unsecured general creditor

3.4 Statement of Accounts. The Administrator shall provide each Participant with statements at least annually setting forth the Participant's Account balance as of the end of each year.

ARTICLE 4 **Scheduled Distributions**

4.1 Election. The Participant may make an election on the Participant Election Form at the time of making a deferral to take a Scheduled Distribution from the Account established by the Participant for such purpose, including any earnings credited thereon. The Participant may elect to receive the Scheduled Distribution in January of any Plan Year on or after the third (3rd) Plan Year following the enrollment period in which such Scheduled Distribution is elected and may elect to have the Scheduled Distribution distributed over a period of up to four (4) years.

4.2 Timing of Scheduled Distribution. The Scheduled Distribution shall commence in January of the Plan Year elected by the Participant in the Participant Election Form unless preceded by a Termination of Employment. In the event of a Termination of Employment prior to the date elected for a Scheduled Distribution, all outstanding amounts credited to the participant's Scheduled Distribution Accounts shall be paid in the form provided in Section 5.2 of the Plan. In the event such Termination of Employment is a result of the Participant's death, outstanding Scheduled Distribution Accounts shall be paid as provided in Section 5.4 of the Plan.

ARTICLE 5 **Benefits**

5.1 Termination Benefits. In the event of the Participant's Termination of Employment other than by reason of Disability or death, the Participant shall be entitled to receive an amount equal to the total balance of all of the Participant's Accounts, credited with

notional earnings as provided in Article 3 through the Valuation Date. The benefits shall be paid in a single lump sum unless the Participant has completed either five (5) Years of Participation or ten (10) Years of Service as of the date of Termination of Employment, in which case, the Account shall be paid as elected by the Participant pursuant to Section 2.3. The Participant may elect to receive such retirement benefits in substantially equal annual installments over a specified period of two to fifteen (15) years. Retirement benefits shall commence on the Settlement Date next following Termination of Employment.

5.2 Early Termination Benefit. Upon Termination of Employment other than by reason of Disability or death prior to completion of either five (5) Years of Participation or ten (10) Years of Service, the Company shall pay to the Participant a termination benefit equal to the balance on Termination of Employment of all of the Participant's Accounts credited with notional earnings as provided in Article 3 through the Valuation Date. The early termination benefits shall be paid in a single lump sum on the Settlement Date following Termination of Employment.

5.3 Death Benefits. If the Participant dies prior to commencement of benefits from a particular Account, the Company shall pay to the Participant's Beneficiary a death benefit equal to the total balance on death of the Participant's Account credited with notional earnings as provided in Article 3 through the Valuation Date in the form of a single lump on the Settlement Date following the Participant's death. If the Participant dies after benefits have commenced from a particular Account, the Company shall pay to the Participant's Beneficiary an amount equal to the remaining benefits payable to the Participant from such Account over the same period such benefits would have been paid to the Participant, subject to Section 5.6.

5.4 Distributions For Unforeseeable Emergency. Upon a finding that the Participant (or, after the Participant's death, the Beneficiary) has suffered an Unforeseeable Emergency, the Administrator may at the request of the Participant, and subject to compliance with Code Section 409A, approve cessation of current deferrals or accelerate distribution of benefits under the Plan in an amount reasonably necessary to alleviate such Unforeseeable Emergency. The amount distributed pursuant to this Section with respect to an emergency shall not exceed the amount necessary to satisfy such emergency plus amounts necessary to pay taxes reasonably anticipated as a result of the distribution, after taking into account the extent to which such hardship is or may be relieved through reimbursement or compensation by insurance or otherwise or by liquidation of the Participant's assets (to the extent the liquidation of such assets would not itself cause an Unforeseeable Emergency).

5.5 Disability. In the event a Participant becomes Disabled, deferral elections shall cease. In the event of Termination of Employment by reason of Disability, prior to commencement of benefits from a particular Account, the Participant shall be entitled to receive the total balance of the Participant's Account credited with notional earnings as provided in Article 3 through the Valuation Date in the form of a single lump on the Settlement Date following the Participant's Termination of Employment. If the Participant's Termination of Employment by reason of Disability occurs after benefits have commenced from a particular Account, the Company shall pay the remaining benefits to the Participant from such Account over the same period such benefits would have been paid to the Participant, subject to Section 5.6.

5.6 Small Benefit Exception. Notwithstanding the foregoing, in the event the sum of all benefits payable to the Participant from all of the Participant's Accounts at the time of the Participant's Termination of Employment (and all other amounts payable to the Participant under other arrangements which are aggregated with this Plan under Section Code 409A) is less than the applicable dollar amount under Code Section 402(g)(1)(B) for the calendar year of payment, the Administrator may, in its complete and sole discretion, pay all benefits to the Participant under the Plan in a single lump sum on the Settlement Date following Termination of Employment.

ARTICLE 6
Amendment and Termination of Plan

6.1 Amendment or Termination of Plan. The Company may, at any time, direct the Administrator to amend or terminate the Plan, except that no such amendment or termination may reduce a Participant's Account balance or accelerate benefits under the Plan in violation of Code Section 409A. For purposes of applying the change in timing of payment rules under Code Section 409A to any amendment of the Plan, each installment payment from each Account shall be treated as a separate payment. If the Company terminates the Plan, the Company shall pay to each Participant the balance of the Participant's Accounts at the time and in the form such amounts would have been paid absent such Plan termination. Notwithstanding the foregoing, to the extent permitted under Code Section 409A and applicable authorities, the Company may, in its complete and sole discretion, accelerate distributions under the Plan in the event of (i) "change in the ownership or effective control of the corporation," (ii) "change in the ownership of a substantial portion of the assets of the corporation," (iii) liquidation or bankruptcy of the Company, or (iv) any other circumstances permitted under Code Section 409A.

ARTICLE 7
Beneficiaries

7.1 Beneficiary Designation. The Participant shall, at the commencement of participation in the Plan, designate any person as the Beneficiary to whom payment under the Plan shall be made in the event of the Participant's death. The Beneficiary designation shall be effective upon being submitted in writing to, and received by, the Administrator during the Participant's lifetime on a form prescribed by the Administrator. The Beneficiary designation may be changed by the Participant at any time. Notwithstanding the foregoing, a Beneficiary designation, or any change thereto, shall not be valid unless a Participant has complied with any applicable laws in selecting the Beneficiary other than the Participant's spouse.

7.2 Revision of Designation. The submission of a new Beneficiary designation shall cancel all prior Beneficiary designations. Any finalized divorce or marriage (other than a common law marriage) of a Participant subsequent to the date of a Beneficiary designation shall revoke such designation, unless in the case of divorce the previous spouse was not designated as Beneficiary and unless in the case of marriage the Participant's new spouse has previously been designated as Beneficiary.

7.3 Successor Beneficiary. If the primary Beneficiary dies prior to complete distribution of the benefits provided in Article 4, the remaining Account balance shall be paid to the contingent Beneficiary selected by the Participant.

7.4 Absence of Valid Designation. If a Participant fails to designate a Beneficiary as provided above, or if the Beneficiary designation is revoked by marriage, divorce or otherwise without execution of a new designation, or if every person designated as Beneficiary predeceases the Participant or dies prior to complete distribution of the Participant's benefits, then the Administrator shall direct the distribution of such benefits to the Participant's estate.

ARTICLE 8 Administration/Claims Procedures

8.1 Administration. The Plan shall be administered by the Administrator, which shall have the exclusive right and full discretion (i) to interpret the Plan, (ii) to decide any and all matters arising hereunder (including the right to remedy possible ambiguities, inconsistencies or omissions), (iii) to make, amend and rescind such rules as it deems necessary for the proper administration of the Plan, (iv) to appoint agents, and (v) to make all other determinations and resolve all questions of fact necessary or advisable for the administration of the Plan, including determinations regarding eligibility for benefits payable under the Plan. All interpretations of the Administrator with respect to any matter hereunder shall be final, conclusive and binding on all persons affected thereby. No member of the Administrator shall be liable for any determination, decision, or action made in good faith with respect to the Plan. The Administrator may delegate any of its rights, powers and duties regarding the Plan to any person(s) or entity(ies). The Company will indemnify and hold harmless the members of the Administrator from and against any and all liabilities, costs, and expenses incurred by such persons as a result of any act, or omission, in connection with the performance of such persons' duties, responsibilities, and obligations under the Plan, other than such liabilities, costs, and expenses as may result from the bad faith, willful misconduct, or criminal acts of such persons.

8.2 Claims Procedure. Any Participant, former Participant or Beneficiary may file a written claim with the Administrator setting forth the nature of the benefit claimed, the amount thereof, and the basis for claiming entitlement to such benefit. The Administrator shall determine the validity of the claim and communicate a decision to the claimant promptly and, in any event, not later than 90 days after the date of the claim. The claim may be deemed by the claimant to have been denied for purposes of further review described below in the event a decision is not furnished to the claimant within such period. Every claim for benefits which is denied shall be denied by written notice setting forth in a manner calculated to be understood by the claimant (i) the specific reason or reasons for the denial, (ii) specific reference to any provisions of the Plan (including any internal rules, guidelines, protocols, criteria, etc.) on which the denial is based, (iii) a description of any additional material or information that is necessary to process the claim, (iv) an explanation of the procedure for further reviewing the denial of the claim, and (v) if applicable, an explanation of the claimant's right to submit the claim for binding arbitration in the event of an adverse determination on review.

8.3 Review Procedures. Within 60 days after the receipt of a denial on a claim, a claimant or his/her authorized representative may file a written request for review of such denial.

Such review shall be undertaken by the Administrator and shall be a full and fair review. The claimant shall have the right to review all pertinent documents. The claimant may submit written comments, documents, records and other information relating to the claim for benefits, and such information shall be taken into account for purposes of the review without regard to whether such information was submitted or considered in the initial benefit determination. The Administrator shall issue a decision not later than 60 days after receipt of a request for review from a claimant unless special circumstances require a longer period of time for processing, in which case written notice of the extension, indicating the special circumstances requiring an extension of time and the date by which the Plan expects to render the determination on review, shall be furnished to the claimant prior to the termination of the initial 60-day period. In no event shall such extension exceed a period of 60 days from the end of the initial period. The decision on review shall be in writing and shall include specific reasons for the decision written in a manner calculated to be understood by the claimant, with specific reference to any provisions of the Plan on which the decision is based, and an explanation of the claimant's right to submit the claim for binding arbitration in the event of an adverse determination on review.

ARTICLE 9
Conditions Related to Benefits

9.1 Nonassignability. The benefits provided under the Plan may not be alienated, assigned, transferred, pledged or hypothecated by any person, at any time, or to any person whatsoever. Those benefits shall be exempt from the claims of creditors or other claimants of the Participant or Beneficiary and from all orders, decrees, levies, garnishment or executions to the fullest extent allowed by law. Notwithstanding the foregoing, the Administrator shall have full power and authority to the extent consistent with Code Section 409A and other applicable laws to comply with all liens by the Internal Revenue Service and any bona fide domestic relations orders and to adjust any amounts otherwise payable under the Plan accordingly.

9.2 No Right to Company Assets. The benefits paid under the Plan shall be paid from the general funds of the Company, and the Participant and any Beneficiary shall be no more than unsecured general creditors of the Company with no special or prior right to any assets of the Company for payment of any obligations hereunder.

9.3 Protective Provisions. The Participant shall cooperate with the Company by furnishing any and all information requested by the Administrator, in order to facilitate the payment of benefits hereunder, taking such physical examinations as the Administrator may deem necessary and taking such other actions as may be requested by the Administrator. If the Participant refuses to so cooperate, the Company shall have no further obligation to the Participant under the Plan. If the Participant fails to cooperate or makes any material misstatement of information, then no benefits shall be payable to the Participant under the Plan, except that benefits may be payable in a reduced amount in the sole discretion of the Administrator.

9.4 Withholding. The Participant shall make appropriate arrangements with the Company for satisfaction of any federal, state or local income tax withholding requirements, Social Security and other employee tax or other requirements applicable to the granting, crediting, vesting or payment of benefits under the Plan. If no arrangement is made, the

Company may provide, at its discretion, for such withholding, tax, and other payments as may be required, including, without limitation, the reduction of amounts otherwise payable to the Participant. If the Company pays such amounts on behalf of the Participant or Beneficiary, the Company shall be entitled to recover such amounts on demand with interest at the Wall Street Journal Prime Rate compounded monthly.

9.5 Assumptions and Methodology. The Administrator shall establish the assumptions and method of calculation used in determining the benefits, earnings, payments, fees, expenses or any other amounts required to be calculated under the terms of the Plan. Such assumptions and methodology shall be established by the Administrator and made available to Participants and may be changed from time to time by the Administrator.

9.6 Trust. The Company shall be responsible for the payment of all benefits under the Plan. At its discretion, the Company may establish one or more grantor trusts for the purpose of providing for payment of benefits under the Plan. Such trust or trusts may be irrevocable, but the assets thereof shall be subject to the claims of the Company's creditors. Neither such trust or trusts, nor the assets thereof, however, shall be located outside of the United States. Benefits paid to the Participant from any such trust or trusts shall be considered paid by the Company for purposes of meeting the obligations of the Company under the Plan.

ARTICLE 10 Miscellaneous

10.1 Successors of the Company. The rights and obligations of the Company under the Plan shall inure to the benefit of, and shall be binding upon, the successors and assigns of the Company.

10.2 Employment Not Guaranteed. Nothing contained in the Plan nor any action taken hereunder shall be construed as a contract of employment or as giving any Participant any right to continued employment with the Company.

10.3 Gender, Singular and Plural. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, or neuter, as the identity of the person or persons may require. As the context may require, the singular may be read as the plural and the plural as the singular.

10.4 Captions. The captions of the articles, paragraphs and sections of the Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

10.5 Validity. In the event any provision of the Plan is held invalid, void or unenforceable, the same shall not affect, in any respect whatsoever, the validity of any other provisions of the Plan.

10.6 Waiver of Breach. The waiver by the Company of any breach of any provision of the Plan shall not operate or be construed as a waiver of any subsequent breach by that Participant or any other Participant.

10.7 Notice. Any notice or filing required or permitted to be given to the Company or the Participant under this Agreement shall be sufficient if in writing and hand-delivered, or sent by registered or certified mail, in the case of the Company, to the principal office of the Company, directed to the attention of the Administrator, and in the case of the Participant, to the last known address of the Participant indicated on the employment records of the Company. Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification. Notices to the Company may be permitted by electronic communication according to specifications established by the Administrator.

10.8 Inability to Locate Participant or Beneficiary. It is the responsibility of a Participant to apprise the Administrator of any change in address of the Participant or Beneficiary. In the event that the Administrator is unable to locate a Participant or Beneficiary for a period of three (3) years, the Participant's Account shall be forfeited to the Company.

10.9 Errors in Benefit Statement or Distributions. In the event an error is made in a benefit statement, such error shall be corrected on the next benefit statement following the date such error is discovered. In the event that an error is made in withholding of a deferral, it shall be corrected immediately upon discovery of such error by payment of compensation or withholding of other compensation payable from the Company within the same taxable year in compliance with corrections procedures established under Section 409A or applicable Internal Revenue Service amnesty programs. In the event of an error in a distribution, the Participant's Account shall, immediately upon the discovery of such error, be adjusted to reflect such under or over payment and, if possible, the next distribution shall be adjusted upward or downward to correct such prior error in compliance with corrections procedures established under Section 409A or applicable Internal Revenue Service amnesty programs. If the remaining balance of a Participant's Account is insufficient to cover an erroneous overpayment, the Company may, at its discretion and if permitted under Code Section 409A, offset other amounts payable to the Participant from the Company (including but not limited to salary, bonuses, expense reimbursements, severance benefits or other employee compensation benefit arrangements, as allowed by law) to recoup the amount of such overpayment(s).

10.10 ERISA Plan. The Plan is intended to be an unfunded plan maintained primarily to provide deferred compensation benefits for a select group of "management or highly compensated employees" within the meaning of Sections 201, 301 and 401 of ERISA and therefore to be exempt from Parts 2, 3 and 4 of Title I of ERISA.

10.11 Applicable Law. In the event any provision of, or legal issue relating to, this Plan is not fully preempted by ERISA, such issue or provision shall be governed by the laws of the State of Florida.

11.12 Arbitration. Any claim, dispute or other matter in question of any kind relating to this Plan which is not resolved by the claims procedures under this Plan shall be settled by arbitration in accordance with the applicable employment dispute resolution rules of the American Arbitration Association. Notice of demand for arbitration shall be made in writing to the opposing party and to the American Arbitration Association within a reasonable time after the claim, dispute or other matter in question has arisen. In no event shall a demand for

arbitration be made after the date when the applicable statute of limitations would bar the institution of a legal or equitable proceeding based on such claim, dispute or other matter in question. The decision of the arbitrators shall be final and may be enforced in any court of competent jurisdiction. The arbitrators may award reasonable fees and expenses to the prevailing party in any dispute hereunder and shall award reasonable fees and expenses in the event that the arbitrators find that the losing party acted in bad faith or with intent to harass, hinder or delay the prevailing party in the exercise of its rights in connection with the matter under dispute.

IN WITNESS WHEREOF, the Company has caused this Plan to be executed this 11th day of November, 2008.

OSI RESTAURANT PARTNERS, LLC

By: /s/ Joseph J. Kadow

Its: Executive Vice President

**FIRST AMENDMENT TO
OSI RESTAURANT PARTNERS, LLC
HCE DEFERRED COMPENSATION PLAN**

WHEREAS, OSI Restaurant Partners, LLC, a Delaware limited liability company, (the “Company”) on behalf of itself and its Subsidiaries, has established and maintains the HCE Deferred Compensation Plan (the “Plan”) effective October 1, 2007; and

WHEREAS, the Company is entitled to amend the Plan in accordance with Section 6.1 of the Plan;

WHEREAS, prior to the effective date of this First Amendment to OSI Restaurant Partners, LLC HCE Deferred Compensation Plan, the Plan provided that a Participant who had a Termination of Employment, other than as a result of Disability or Death, prior to completing either five (5) Years of Participation or ten (10) Years of Service, would receive a lump sum payment from the Plan;

WHEREAS, the Company desires to amend the Plan, effective as of January 1, 2017, such that the Years of Participation and Years of Service are no longer determinative for the timing of the Scheduled Distribution for Plan benefits attributable to periods on and after January 1, 2017; and

WHEREAS, the Company also desires to amend the Plan to correct a few minor scrivener’s errors and to provide other clarifications of Company intent with respect to administrative aspects of the Plan.

NOW, THEREFORE, the Plan is hereby amended as follows:

Effective January 1, 2017:

1. **Amendment to Introduction.** The first sentence of the initial introductory paragraph of the Plan is amended: (i) by inserting the words “(the “Company”)” immediately after the words “limited liability company,” and immediately before the words “on behalf of itself”; and, (ii) by deleting the words “(the “Company”)” where they appear immediately following the words “and its Subsidiaries” and immediately before the words “, hereby establishes”.
2. **Amendment to Section 1.7.** Section 1.7 of the Plan is hereby amended: (i) by inserting a “.” after the words “Partners, LLC”; and, (ii) by inserting the phrase “Except where the context clearly indicates otherwise, references to the ‘Company’ shall include those instances where it is” immediately before the phrase “acting on behalf of itself and”.
3. **Amendment to Section 1.20.** Section 1.20 of the Plan is hereby amended by removing the third and fourth sentences therein, in their entirety, and inserting in their place the following three new sentences (being the new third, fourth and fifth) to read, in their entirety, as follows:

Notwithstanding the foregoing or any other provision of the Plan, in the event that, at the time of a Participant’s Termination of Employment, any stock of the Company (or any affiliate under common ownership aggregated with the Company for purposes of Code Section 409A) is publicly traded on an established securities market or otherwise and the Participant is a “key employee” of the Company (or any such aggregated affiliate), the Settlement Date following such Termination of Employment shall be no earlier than the earlier of: (i) the last day of the sixth (6th) complete calendar month following the Participant’s Termination of Employment, or (ii) the

Participant's death, consistent with the provisions of Code Section 409A. For these purposes, a "key employee" of the Company (or any such aggregated affiliate) shall be as defined in Code Section 416(i) (without regard to paragraph (5) thereof), but subject to applicable rules under Code Section 409A for establishing the identification date, the effective date, the 12-month period during which such status applies and other key factors, including elections that can be made by the Company. Any payments delayed by reason of the two preceding sentences shall be accumulated during such period, but caught up and paid in a single sum on the first day of the seventh (7th) calendar month following the Participant's Termination of Employment (except that, in the case of a Participant's death before the end of the fifth (5th) month following Termination of Employment, then such delayed payments shall be paid on the first day of the second calendar month following the date of the Participant's death).

4. Amendment to Section 1.21. Section 1.21 of the Plan is hereby amended (i) to delete the word "a" in the first line where it appears immediately before the words "majority owned subsidiaries"; and, (ii) to delete the reference to "OSI Restaurant Partners, LLP" and replace it with the corrected reference to "OSI Restaurant Partners, LLC."

5. Amendment to Section 1.22. Section 1.22 of the Plan is hereby amended to insert the phrase "(and/or any such aggregated affiliate)" immediately after the words "by such Participant for the Company" and immediately before the words "during the immediately preceding", where they appear in the sixth (6th) line thereof.

6. Amendment to Section 1.25. Section 1.25 of the Plan is hereby amended by inserting the phrase ", with respect to that portion of a Participant's Account attributable to deferrals, and Company Contributions, made prior to January 1, 2017 and the notional gains or losses thereon," immediately after the two words "shall mean" and immediately before the two words "the cumulative consecutive Plan Years".

7. Amendment to Section 1.26. Section 1.26 of the Plan is hereby amended by inserting the phrase ", with respect to that portion of a Participant's Account attributable to deferrals, and Company Contributions, made prior to January 1, 2017 and the notional gains or losses thereon," immediately after the two words "shall mean" and immediately before the two words "the cumulative consecutive years of continuous full-time employment".

8. Amendment to Section 2.3. Section 2.3 of the Plan is hereby amended by removing the existing second sentence therein and replacing it with a new second sentence to read in its entirety as follows:

All elections must provide for distribution to be made at a time and in a form that is consistent with the distribution options made available under Section 5.1 of the Plan.

9. Amendment to Section 4.2. Section 4.2 of the Plan is hereby deleted in its entirety and the following substituted therefore:

4.2 Timing of Scheduled Distributions. The Scheduled Distribution shall commence in January of the Plan Year elected by the Participant in the Participant Election Form unless preceded by a Termination of Employment. In the event of a Termination of Employment prior to the date elected for a Scheduled Distribution, all outstanding amounts credited to the Participant's Scheduled Distribution Accounts shall be paid in the form provided in Section 5.1 of the Plan. In the event such Termination of Employment is a result of the Participant's death, outstanding Scheduled Distribution Accounts shall be paid as provided in Section 5.3 of the Plan. In the event such Termination of

Employment is a result of the Participant's Disability, outstanding Scheduled Distribution Accounts shall be paid as provided in Section 5.5 of the Plan.

10. Amendment to Section 5.1. Section 5.1 of the Plan is hereby deleted in its entirety and the following substituted therefore:

5.1 Termination Benefits. In the event of the Participant's Termination of Employment other than by reason of Disability or death, the Participant shall be entitled to receive an amount equal to the total balance of all of the Participant's Accounts, credited with notional gains and losses as provided in Article 3 through the Valuation Date. The Accounts shall be paid as follows:

- (a) with respect to that portion of a Participant's Account attributable to deferrals, and Company Contributions, made prior to January 1, 2017 and the notional gains or losses thereon: the benefits shall be paid in a single lump sum unless the Participant has completed either five (5) Years of Participation or ten (10) Years of Service as of the date of Termination of Employment, in which case, the Account shall be paid as elected by the Participant pursuant to Section 2.3 (subject to Section 5.4 below if the Account balance is below the applicable dollar amount); and
- (b) with respect to that portion of a Participant's Account attributable to deferrals, and Company Contributions, made on or after January 1, 2017 and the notional gains or losses thereon: the benefits shall be paid as elected by the Participant pursuant to Section 2.3 (subject to Section 5.4 below if the Account balance is below the applicable dollar amount).

The Participant may elect to receive such retirement benefits in a lump sum or in substantially equal annual installments over a specified period of two (2) to fifteen (15) years. Retirement benefits shall commence on a Settlement Date next following Termination of Employment.

11. Amendment to Section 5.2. Section 5.2 of the Plan is hereby deleted in its entirety and the following substituted therefore:

5.2 Early Termination Benefit (pre-2017 only). Upon Termination of Employment other than by reason of Disability or death prior to completion of either five (5) Years of Participation or ten (10) Years of Service, the Company shall pay to the Participant a termination benefit equal to the balance on Termination of Employment of that portion of the Participant's Account attributable to deferrals, and Company Contributions, made prior to January 1, 2017 and the notional gains or losses thereon as provided in Article 3 through the Valuation Date. The early termination benefits shall be paid in a single lump sum on the Settlement Date following Termination of Employment.

12. Amendment to Section 11.12 [sic]. Section 11.12 of the Plan (titled "Arbitration") is hereby amended to remove Section "11.12" and change such reference to Section "10.12".

13. Reaffirmation of Plan. Except as otherwise modified by this Amendment, the Plan remains in full force and effect.

IN WITNESS WHEREOF, this Amendment is executed on this 5th day of December, 2016, but to be effective as of January 1, 2017.

**OSI RESTAURANT PARTNERS,
LLC**

/s/ Kelly B. Lefferts

By: Kelly B. Lefferts

Title: Group Vice President

**SECOND AMENDMENT TO OSI RESTAURANT PARTNERS, LLC
HCE DEFERRED COMPENSATION PLAN**

WHEREAS, OSI Restaurant Partners, LLC, a Delaware limited liability company, (the "Company") on behalf of itself and its Subsidiaries, has established and maintains the HCE Deferred Compensation Plan (the "Plan") effective October 1, 2007;

WHEREAS, the Company is entitled to amend the Plan in accordance with Section 6.1 of the Plan;

WHEREAS, prior to the effective date of this Second Amendment to OSI Restaurant Partners, LLC HCE Deferred Compensation Plan, the Plan provided that a distribution would be made the later of January of the year following separation, or ninety days from termination, but the Company has generally utilized the January date for its own administrative convenience;

WHEREAS, daily valuations are now available in relation to notional Credits;

WHEREAS, the Plan allows persons to be beneficiaries, and it is desired to clarify that entities (e.g., trusts, estates, charities) can also be beneficiaries; and

WHEREAS, the Company desires to amend the Plan, effective as of January 1, 2020, to clarify the timing and beneficiary designation provisions.

NOW, THEREFORE, the Plan is hereby amended effective January 1, 2020 as follows:

1. Amendment to Section 1.20. Section 1.20 of the Plan is hereby amended by removing the second sentence therein, in its entirety, and inserting in its place the following to read, in its entirety, as follows:

Unless otherwise specified, the OSI Restaurant Partners, LLC HCE Deferred Compensation Plan Settlement Date shall be the January of the Plan Year following the Plan year in which the event triggering payout occurs.

2. Amendment to Section 3.3. Section 3.3 of the Plan is hereby deleted in its entirety and the following substituted therefore:

3.3 Crediting Rate. The Crediting Rate on amounts in a Participant's Account shall be based on the Participant's choice among the investment alternatives made available from time to time by the Administrator. The Administrator shall establish a procedure by which a Participant may elect to have the Crediting Rate based on one or more investment alternatives and by which the Participant may change investment elections and may rebalance Account investments. Notwithstanding the preceding sentence, the Administrator may impose the following restrictions on changing

investment elections: (i) in the case of any investment alternative that guarantees a fixed interest return, limitations on the ability to transfer out of such investment alternative; and (ii) in the case of all investment alternatives, limitations designed to prevent excessive short term trading in the Account or otherwise deemed necessary or desirable by the Administrator. The Participant's Account balance shall reflect the investments selected by the Participant. If an investment selected by a Participant sustains a loss, the Participant's Account shall be reduced to reflect such loss. The Participant's choice among investments shall be solely for purposes of calculation of the Crediting Rate. If the Participant fails to elect an investment alternative, the Crediting Rate shall be based on a default investment alternative selected for this purpose by the Administrator. The Company shall have no obligation to set aside or invest funds as directed by the Participant and, if the Company elects to invest funds as directed by the Participant, the Participant shall have no more right to such funds than any other unsecured general creditor.

3. Amendment to Section 7.1. Section 7.1 of the Plan is hereby deleted in its entirety and the following substituted therefore:

7.1. Beneficiary Designation. The Participant shall, at the commencement of participation in the Plan, designate any person or entity as the Beneficiary to whom payment under the Plan shall be made in the event of the Participant's death. The Beneficiary designation shall be effective upon being submitted in writing to, and received by, the Administrator during the Participant's lifetime on a form prescribed by the Administrator. The Beneficiary designation may be changed by the Participant at any time. Notwithstanding the foregoing, a Beneficiary designation, or any change thereto, shall not be valid unless a Participant has complied with any applicable laws, if any, in selecting the Beneficiary other than the Participant's spouse.

4. Reaffirmation of Plan. Except as otherwise modified by this Amendment, the Plan remains in full force and effect.

IN WITNESS WHEREOF, this Amendment is executed on this 30 day of November, 2019, but to be effective as of January 1, 2020.

**OSI RESTAURANT PARTNERS,
LLC**

By: /s/ Kelly B. Lefferts
Kelly B. Lefferts,
Group Vice President



October 31, 2023

Brett Patterson

Dear Brett,

This letter agreement confirms the verbal offer extended to you by Bloomin' Brands, Inc. (the "Company") to serve as Executive Vice President, President, Outback Steakhouse reporting to David Deno, Chief Executive Officer. The effective date of your appointment and new compensation will be November 13, 2023, 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 your target bonus shall be 85% of your base salary based on both Company performance against objectives as set forth in the Company bonus program and individual performance. You must remain employed by the Employer through the payout date to receive the payout. For 2023 (paid in 2024), your bonus will be prorated based on changes to your base salary and/or bonus target during the 2023 plan year.

In addition to your annual bonus, you will remain eligible for an annual long-term incentive grant. You shall be eligible for a target of \$500,000, which will be subject to Company and individual performance. The annual long-term incentive award, in the form of performance restricted stock units and restricted stock units, will be made during the Company's standard annual award cycle in February of 2024.

The Company will also issue you a one-time sign-on grant with a grant date value of \$250,000 in the form of restricted stock units on the first trading day of the month immediately following your effective date. This grant will have standard vesting over three years, contingent on continued employment with the Company or the Employer. All grants are subject to the terms of our 2020 Omnibus Incentive Compensation Plan and Equity Award Policy (collectively, the "Plan") and our standard award agreement. Our standard equity agreement includes a "double trigger" provision to protect you in the event of a change-in-control. The details of the Plan and the form of grant agreement will be provided to you separately.

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

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

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

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

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

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

1. Restrictive Covenant - Non-competition

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

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

- (i) If your employment with Employer ends as a result of a termination without Cause by the Employer, then for a continuous period equal to the period of time used for calculating the amount of severance paid to you upon termination, if any; or
- (ii) If your employment with the Employer ends as a result of your voluntary resignation or termination by the Employer for Cause, for a continuous period of one (1) year.

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

active, bona fide negotiations to secure a fee or leasehold interest with the intention of establishing a restaurant thereon.

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

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

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

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

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

4. **Restrictive Covenant - Inventions, Ideas, Processes, and Designs.** All inventions, ideas, recipes, processes, programs, software and designs (including all improvements) related to the business of the Employer or the Company shall be disclosed in writing promptly to the Employer, and shall be the sole and exclusive property of the Employer, if either (i) conceived, made or used by you during the course of the your employment with the Employer (whether or not actually conceived during regular business hours) or (ii) made or used by you for a period of six (6) months subsequent to the termination or expiration of such employment. Any invention, idea, recipe, process, program, software or design (including an improvement) shall be deemed "related to the business of the Employer or the Company" if (i) it was made with equipment, facilities or confidential information of the Employer or the Company, (ii) results from work

performed by you for the Employer or the Company or (iii) pertains to the current business or demonstrably anticipated research or development work of the Employer or the Company. You shall cooperate with the Employer and its attorneys in the preparation of patent and copyright applications for such developments and, upon request, shall promptly assign all such inventions, ideas, recipes, processes and designs to the Employer. The decision to file for patent or copyright protection or to maintain such development as a trade secret shall be in the sole discretion of the Employer, and you shall be bound by such decision. You shall provide, on the back of this Agreement, a complete list of all inventions, ideas, recipes, processes and designs if any, patented or unpatented, copyrighted or non-copyrighted, including a brief description, that you made or conceived prior to your employment with the Employer, and that, therefore, are excluded from the scope of the employment with the Employer.

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

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

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

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

THE PARTIES HEREBY IRREVOCABLY WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY PROCEEDING ARISING OUT OF OR RELATING TO YOUR EMPLOYMENT WITH EMPLOYER, THIS AGREEMENT OR ANY OF THE CONTEMPLATED TRANSACTIONS, WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE. THE PARTIES AGREE THAT ANY OF THEM MAY FILE A COPY OF THIS PARAGRAPH WITH ANY COURT AS WRITTEN EVIDENCE OF THE KNOWING, VOLUNTARY AND BARGAINED-FOR AGREEMENT AMONG THE PARTIES IRREVOCABLY TO WAIVE TRIAL BY JURY AND THAT ANY PROCEEDING WHATSOEVER BETWEEN THEM RELATING TO YOUR EMPLOYMENT WITH EMPLOYER, THIS AGREEMENT OR ANY OF THE

CONTEMPLATED TRANSACTIONS SHALL INSTEAD BE TRIED IN A COURT OF COMPETENT JURISDICTION BY A JUDGE SITTING WITHOUT A JURY.

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

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

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

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

The signed offer letter and any accompanying documentation must be returned to Zachary Lucio via email at zacharylucio@bloominbrands.com by the offer expiration date of Tuesday, October 31, 2023 or this offer will be considered null and void.

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

Congratulations!

Sincerely,

/s/ **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/ **Brett Patterson**
Brett Patterson

11/2/23
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 Non-Harassment Policy, Confidential Information Policy, Contract Policy, Gifts and Entertainment Policy, Disclosure and Communications Policy, Social Media Policy, Responsible Alcohol Policy, Insider Trading Policy, Stock Ownership Guidelines Policy, Code of Conduct, and Information Technology Security Policy); or
5. For all purposes of this Agreement, termination for Cause shall be deemed to have occurred in the event of your resignation when, because of existing facts and circumstances, subsequent termination for Cause can be reasonably foreseen.



Via Hand Delivery

Gregg Scarlett

Re: Position Elimination and Employee Retention

Dear Gregg:

As we have discussed, your position of Executive Vice President, Chief Operating Officer will be eliminated on March 15, 2024 (the "Separation Date"). In an effort to retain your services through the Separation Date, and provided you remain employed through the Separation Date, BBI is willing to provide you severance pay in the amount of \$1,485,000.00 subject to your execution of a Separation and Release Agreement in favor of the Company, a copy of which is attached for your reference, but not to be executed until the Separation Date. However, in the alternative and only in the event that a "Change in Control" results in your "Qualifying Termination" as those terms are defined in the Bloomin' Brands, Inc. Executive Change in Control Plan (the Plan"), effective December 6, 2012, your severance payment will be the greater of \$1,485,000.00 or the severance pay due at your level of participation in the Plan be subject to the terms and conditions of the Plan.

This letter does not alter the terms of your employment as set out in your executed offer letter dated February 14, 2020. Furthermore, this letter is not a contract of employment as your employment is and remains at-will. If you voluntarily leave your position before the Termination Date, you will not be eligible for any severance pay.

Please sign this letter in the space provided below to reflect your understanding of the terms and conditions of this retention agreement.

Sincerely,

/s/ David J. Deno

David J. Deno

/s/ Gregg Scarlett

Gregg Scarlett
Date: 10/5/23



SEPARATION AND RELEASE AGREEMENT

This SEPARATION AND RELEASE AGREEMENT (“Agreement”) is entered into by and between Bloomin’ Brands, Inc. (“BBI” or “the Company”) and Gregg Scarlett (“Employee”). In consideration of the mutual covenants, conditions and promises set forth in this Agreement, and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the undersigned parties agree as follows:

I. Definitions

For purposes of this Agreement, the following Definitions will apply:

A. Separation Date. The “Separation Date” will be March 15, 2024. After that date, Employee will have no authority to act for or on behalf of the Company.

B. Effective Date. The “Effective Date” of this Agreement is the eighth (8th) day after Employee’s execution of this Agreement, as set forth in Paragraph II.F(4) below, provided that Employee does not exercise his right to revoke as set forth in that paragraph.

C. Letter Agreement. The “Letter Agreement” is the letter agreement containing Employee’s offer letter, which was signed by Employee and is dated February 14, 2020, a copy of which is attached for reference as Exhibit A.

D. Released Parties. The “Released Parties” include but are not limited to Bloomin’ Brands, Inc., OS Management, Inc., 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.

E. Releasing Parties. The “Releasing Parties” are the Employee and his attorneys, heirs, executors, administrators, representatives, agents, successors, and assigns.

II. Terms

A. Return of BBI Property. If he has not already done so, Employee will return and give to BBI as soon as possible, but no later than seven (7) days after the Separation Date, all documents, computer files, and any copies thereof, which relate to BBI’s business and which are in his possession, or under his direction or control

and all cell phones, keys, identification cards, laptops, or other tangible items that are the property of BBI. This obligation is in addition to the Duty to Return obligation in Section 3 of the Letter Agreement, which remains in effect, even if partially redundant with the terms in this Section II.A.

B. Severance Pay and Benefits. In consideration for Employee's execution of this Agreement, his acknowledgment and agreement that the Separation Date is his last day of employment, and his release of claims as set forth below, BBI will pay to him as severance pay a lump sum payment of \$675,000.00 representing one year of Employee's base salary. As further consideration for Employee's execution of this Agreement, and his release of claims, BBI will pay to Employee a lump sum payment of \$810,000.00 representing his anticipated target bonus for 2024. Such payments will be made, less applicable taxes and deductions, through direct deposit on the first regular pay day on or after this Agreement becomes enforceable. Employee understands and acknowledges that the period of time used for calculating the amount of severance to be paid was one (1) year. In the alternative, and only if the termination of the Employee's employment is a Qualifying Termination as that term is defined under the Bloomin' Brands, Inc. Executive Change in Control Plan, effective December 6, 2012 (the "Plan"), occurring before the Separation Date, then Employee will be entitled to receive as severance pay under this Agreement, the greater of the severance pay and benefits applicable to Employee's then level of participation under the Plan or the severance pay totaling \$1,485,000.00 as described above.

As further consideration, the Company will pay to Employee in one lump sum payment a taxable amount equal to twelve months of the monthly COBRA premium that Employee would be required to pay to continue Employee's group health and dental coverage in effect on the Separation Date (which amount shall be based on the premium for the first month of COBRA coverage). This payment will be made regardless of whether Employee elects COBRA continuation coverage. This payment does not extend the period in which Employee has to elect COBRA nor does it extend the COBRA continuation period.

C. Not Otherwise Entitled. The parties agree that, apart from this Agreement, Employee is entitled to no payments or other consideration from BBI. The payment described in Paragraph II.B is contingent upon Employee's execution of this Agreement, his not exercising his right to revoke, and his compliance with all of the terms of this Agreement.

D. No Further Obligation. Employee understands that, regardless of whether Employee executes this Agreement, he will be paid all earned and accrued compensation, less applicable deductions, through the Separation Date by BBI and that Employee will be paid all accrued but unused Paid Time Off on the first regular payday after the Separation Date or as otherwise required by law.

E. Employee Benefits. Employee further agrees that after the last day of the month containing the Separation Date, Employee no longer has any coverage or entitlement to benefits or contributions under any of BBI's benefit plans, with the exception of his option to elect continuation coverage under COBRA and any benefits through BBI's plans that were vested as of the Separation Date or as otherwise required by law. Employee further understands and acknowledges that any grants to Employee in the form of Performance Unit Shares, Restricted Stock Units, or Stock Options are subject to the terms of the Company's 2020 Omnibus Incentive Compensation Plan and Equity Award Policy and the Company's standard Equity Award Policy and, if Employee's separation is due to a Qualifying Event, the terms and conditions of the Plan.

F. Acknowledgements. Employee acknowledges that he has read and understands this Agreement, and he specifically acknowledges the following:

- (1) That he has been advised by BBI to consult with an attorney, and has had the opportunity to consult with an attorney, before signing this Agreement; and
- (2) That he has been given twenty-one (21) days to decide whether to sign this Agreement; and
- (3) That he is waiving, among other claims, age discrimination claims under the Age Discrimination in Employment Act ("ADEA"), 29 U.S.C. §621, *et seq.*, and all amendments thereto; and
- (4) That if he signs this Agreement, he has seven (7) days in which to revoke his signature, and that the Agreement will not become effective or enforceable until after the Effective Date (in other words, the revocation period must have expired, and Employee must not have exercised his right to revoke). Specifically, Employee understands that he will not receive the payment referred to in Paragraph II.B until after the Effective Date. To revoke this Agreement, Employee must send a written notice to Kelly Lefferts at KellyLefferts@BloominBrands.com no later than the eighth (8th) day after Employee's signing of the Agreement; and
- (5) That, by signing this Agreement, he is not waiving or releasing any claims based on actions or omissions that occur after the date of his signing of this Agreement.

G. Release and Waiver of Claims. In exchange for the payment described in Paragraph II.B above, the Releasing Parties fully and forever, waive release and discharge the Released Parties from any and all claims of any nature, whether known or unknown, which Employee may have arising out of, in any way related to, or in connection with his employment or termination of his employment, through the Effective Date of this Agreement.

This release includes, but is not limited to, the following claims: Title VII of the Civil Rights Act of 1964, 42 U.S.C. § 2000e *et seq.*, as amended; the Age Discrimination in Employment Act, 29 U.S.C. § 621 *et seq.* (“ADEA”); the Americans with Disabilities Act, 42 U.S.C. § 12101 *et seq.*; the Employee Retirement Income Security Act, 29 U.S.C. § 1001 *et seq.* (except such rights as may be vested under any retirement plan sponsored by BBI); the Family and Medical Leave Act, 29 U.S.C. §2601, *et seq.* (to the extent such claims can be waived); the Genetic Information Nondiscrimination Act (“GINA”); the Florida Civil Rights Act of 1992 (F.S. §760.01 *et 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.*) any rights, actions, claims (including medical and health benefit claims), or liability under (a) any state or local statute or regulation, including but not limited to wrongful discharge in violation of public policy, and all state or local whistleblower protection statutes, codes, or regulations, or (b) common law principles, including tort, contract, and equitable claims, except claims or proceedings necessary to enforce the provisions of this Agreement or that cannot be waived by signing of this Agreement; or any claims for wrongful discharge, discrimination, retaliation, harassment, breach of contract, intentional or negligent infliction of emotional distress, defamation, interference with contract, or any other cause of action based on federal, state, or local law or the common law, whether in tort or in contract.

H. Non-Admission of Liability. Employee agrees that BBI entered into this Agreement in compromise of a disputed claim and is not an admission of any liability or wrongdoing on the part of BBI.

I. Taxation. Employee agrees that he is solely responsible for payment of all federal, state, and local taxes on the amounts paid under this Agreement. In the event that BBI is required to pay back taxes or Social Security, or fines or assessments, because of Employee’s non-payment of taxes on the amounts paid under this Agreement, Employee agrees to indemnify BBI for any such amounts.

J. Communications to Third Parties. Subject to the exceptions in Section II.L below, Employee will not speak in a defamatory manner concerning BBI or any of the Released Parties to any person who is not a party to this Agreement, and in the event that an employer or prospective employer contacts BBI for a job reference or referral concerning Employee, BBI will instruct its employees, agents or representatives with responsibility for making such reference or referral to provide only Employee’s dates of employment and position(s) held, consistent with BBI’s normal policy and practice. Any request for a reference should be directed to www.theworknumber.com with company code 13799.

K. Confidentiality. Employee agrees that he will not disclose the circumstances of his departure from BBI or the existence or contents of this Agreement, including the amount of monetary payment, to anyone other than his

attorneys, financial advisers, or his spouse if any, or pursuant to an appropriate order from a court or other entity with competent jurisdiction. If asked about his separation from employment with BBI, Employee agrees to state that he left to pursue other opportunities or word to that effect. In addition, Employee acknowledges that he has held positions of trust and confidence with BBI, and that during the course of his employment he has received or been exposed to material and other information concerning its customers or clients; its policies, practices and procedures; its sales, marketing and financial information; and other information which is proprietary in nature, confidential to BBI, and not generally available to the public or to BBI's competitors, and which, if used or divulged against BBI's best interests would irreparably damage its ability to compete in the marketplace ("Confidential Information"). Confidential Information also includes secret or confidential material or information relating to any aspect of the business or operations of BBI or any of its subsidiaries or 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 BBI or any of its subsidiaries or affiliates. Subject to the exceptions in Section II.L below, Employee further agrees not to possess, use or disclose to any person or entity any Confidential Information without the prior, written consent of BBI, or except as may be required by court order, statute, law or regulation. Employee agrees that if he breaches this confidentiality provision, he will pay BBI \$50,000.00 in liquidated damages for the breach. Employee acknowledges that estimating losses due to a breach can be difficult. Subject to the exceptions in Section II.L below, Employee further 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 Employee during the term of Employee's employment with BBI, unless Employee has received specific written authorization in advance from BBI prior to the disclosure, use, or communication.

BBI and its officers, directors, agents and management-level employees will have the right to discuss Employee's employment and this Agreement among themselves.

L. Exceptions. Nothing in this Agreement, including but not limited to the provisions in Sections G, J, and K, (a) limits or affects Employee's right to challenge the validity of this Agreement, including a challenge under the Age Discrimination in Employment Act of 1967, as amended; (b) interferes with Employee's right and responsibility to give truthful testimony under oath; or (c) precludes Employee from participating in an investigation, filing a charge, or otherwise communicating with the Equal Employment Opportunity Commission or other governmental entity in connection with any alleged unlawful behavior. However, Employee promises never to seek or accept any damages, remedies or other relief for Employee personally with respect to any claims released in this Agreement,

except with respect to any government-administered whistleblower law or program. In addition:

(1) Employee may respond to a lawful and valid subpoena or other legal process or court order that seeks the disclosure of Confidential Information but: (i) shall give BBI's Chief Legal Officer the earliest possible notice of the receipt thereof; (ii) shall, as much in advance of the return date as possible, make available to BBI's Chief Legal Officer the documents and other information sought; and (iii) shall assist BBI's legal counsel, at BBI's expense, in resisting or otherwise responding to such subpoena or process.

(2) Employee may disclose Confidential Information to a government agency as part of a report, complaint, or investigation without providing notice to BBI; but if Employee makes such disclosure, Employee agrees to take reasonable steps to try to prevent the disclosure of Confidential Information beyond these allowable parameters. BBI is not waiving any attorney-client privilege or work product protection.

M. Obligation to Cooperate and Assist. Employee agrees to cooperate in good faith with BBI to assist it with any information or matter which is within Employee's knowledge as a result of Employee's employment with BBI, including but not limited to making himself reasonably available for interview by BBI's attorneys, or providing truthful testimony without the necessity of a subpoena or compensation, in any pending or future legal matter in which BBI is a party. (PROVIDED, however, that it will not be a breach of this Agreement for Employee to request a subpoena if his then-employer desires or requests it.) In such instances, BBI will pay all reasonable travel expenses associated with such cooperation and will attempt to schedule such matters at the convenience of the Employee.

N. Waiver. No waiver of any breach of this Agreement shall be construed to be a waiver as to succeeding breaches.

O. Entire Agreement; Survival of Letter Agreement; Modification. The parties agree that this is the entire agreement between the parties and that this Agreement overrides and replaces all prior negotiations and terms proposed or discussed, whether in writing or orally, about the subject matter of this Agreement, except that (i) the Letter Agreement remains in effect and all of the post-termination provisions in the Letter Agreement shall apply and are hereby re-adopted by Employee, and (ii) in the case of a Qualifying Termination, the restrictive covenants contained in the Plan shall apply. For purposes of the Letter Agreement, the Post Term non-competition obligations described in Section 1.B.i of the Letter Agreement shall remain in effect for twelve months after the Separation Date. The jury trial waiver in the Letter Agreement also remains in effect and applies to any dispute relating to this Agreement or its terms. Employee understands and acknowledges that the confidentiality obligations of this Agreement will supplement, but not replace,

such agreement or agreements. The post-termination obligations in the Letter Agreement are, and shall be, subject to the limitations in Section II.L of this Agreement. Employee acknowledges that he has re-reviewed and will comply with all of the post-termination obligations in the Letter Agreement, as modified herein. No modification of this Agreement will be valid unless it is in writing identified as an Amendment to the Agreement and is signed by Employee and an authorized executive of BBI. Unless otherwise required by law, the parties agree that any changes to this agreement, whether material or not, do not restart the 21-day consideration period provided to Employee in paragraph F.(2).

P. Defense of Trade Secrets Act. Notwithstanding anything to the contrary in this Agreement, in the Letter Agreement, or otherwise, Employee understands and acknowledges that the Company has informed Employee that an individual shall not be held criminally or civilly liable under any federal or state trade secret law for (i) the disclosure of a trade secret that is made in confidence to a federal, state, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law or (ii) the disclosure of a trade secret that is made in a complaint or other document filed in a lawsuit or other proceeding if such filing is made under seal. Additionally, notwithstanding anything to the contrary in this Agreement or otherwise, Employee understands and acknowledges that the Company has informed Employee that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding if the individual files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to a court order.

Q. Governing Law and Venue. This Agreement is governed by and construed in accordance with the laws of the state of Florida. If legal action is brought at any time based on any controversy or claim arising out of, or relating to this Agreement, the parties agree to submit to the jurisdiction and venue of the state or federal courts located in Hillsborough County, Florida.

R. Remedies for Breach.

(1) ADEA. In the event that the Releasing Parties bring and prevail in an action against the Released Parties based on an ADEA claim released in Paragraph II.G, the Released Parties will be entitled to offset any recovery by the amounts paid under this Agreement or the amount recovered by the Releasing Parties, whichever is less. If the Released Parties prevail in such an action, the Released Parties will be entitled to all remedies authorized by applicable law.

(2) All Other Claims. In the event that the Releasing Parties bring an action against the Released Parties based on any other claim released in Paragraph II.G, the Released Parties may, at their option, and as applicable (a)

stop making payments that would otherwise have been due under this Agreement; (b) demand the return of any payments that have been made under this Agreement; (c) plead this Agreement in bar to any such action; (d) seek any and all remedies available, including but not limited to injunctive relief and monetary damages, costs and reasonable attorneys' fees.

(3) Breach by BBI. In the event that the Released Parties breach this Agreement, the Releasing Parties will be entitled to bring an action for breach of this Agreement but not for any claims released by Paragraph II.G. If the Releasing Parties prevail in such an action, they will be entitled to recover (as appropriate and applicable) monetary damages, injunctive relief, costs and reasonable attorneys' fees.

S. Pronouns. All pronouns contained herein, and any variations thereof, shall be deemed to refer to the masculine, feminine, singular or plural, as to the identity of the person or persons may require.

T. Severability. Each provision of this Agreement is intended to be severable. If any court of competent jurisdiction determines that any provision of this Agreement is invalid, illegal or unenforceable in any respect, the rest of the Agreement will remain in force.

EMPLOYEE ACKNOWLEDGES THAT HE HAS CAREFULLY READ THIS SEPARATION AND RELEASE AGREEMENT, AND KNOWS AND UNDERSTANDS ITS CONTENTS, AND VOLUNTARILY SIGNS IT OF HIS OWN FREE WILL.

[Signatures on the Next Page]

IN WITNESS WHEREOF, the parties sign this Agreement on the dates indicated below with the intent to be bound by its terms and conditions.

Gregg Scarlett

Bloomin' Brands, Inc.
By: Kelly Lefferts – Chief Legal Officer

Date: _____

Date: _____



February 14, 2020

Gregg Scarlett

Dear Gregg,

This letter agreement confirms the verbal offer extended to you by Bloomin' Brands, Inc. (the "Company") to serve as Executive Vice President, Chief Operating Officer, Casual Dining Restaurants reporting to David Deno, Chief Executive Officer. Your effective date will be February 14, 2020. 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 \$675,000 effective February 14, 2020 payable in equal bi-weekly installments.

You will remain eligible to participate in the Company's annual bonus program and effective February 14, 2020 your target bonus will be 120% of your base salary based on both Company performance against objectives as set forth in the Company bonus program and individual performance. Your bonus payout for the 2020 fiscal year will be prorated based on your effective date through the end of the fiscal year, provided you remain employed by the Employer through the payout date.

The Company will issue you a one-time grant delivered with 35,000 Performance Share Units ("PSUs"), 50,000 Restricted Stock Units ("RSUs") and 100,000 Stock Options ("Options") on the first business day of the month immediately following your effective date. This grant will have standard vesting of three years contingent on continued employment with the Company or the Employer as follows: PSUs will vest on a 3-year cliff schedule on the third anniversary of the grant date subject to the Company's Adjusted EPS performance over fiscal years 2020-2022, and RSUs and Options shall both ratably vest one-third of the units on each of the first, second and third anniversaries of the grant date, respectively. All grants are subject to the terms of our 2016 Omnibus Incentive Compensation Plan and Equity Award Policy (collectively, the "Plan") and our standard award agreement. Our standard equity agreement includes a "double trigger" provision to protect you in the event of a change-in-control. The details of the Plan and the form of grant agreement will be provided to you separately.

In addition to your annual bonus, you will be eligible for an annual long-term incentive grant commencing in 2020. Per the current long-term incentive plan, you will be eligible for a target up to 150% of your base salary, which will be subject to Company and individual performance.

You will remain eligible for Paid Time Off (PTO) benefit.

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

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 (as defined in Schedule 1) by the Employer or your resignation for Good Reason (as defined in Schedule 1), then for a continuous period equal to the period of time used for calculating the amount of severance paid to you upon termination, if any; or
- (ii) If your employment with the Employer ends as a result of your voluntary resignation or termination by the Employer for Cause, for a continuous period of one (1) year.

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

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

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

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

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

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

4. **Restrictive Covenant - Inventions, Ideas, Processes, and Designs.** All inventions, ideas, recipes, processes, programs, software and designs (including all improvements) related to the business of the Employer or the Company shall be disclosed in writing promptly to the Employer, and shall be the sole and

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

The restrictive covenants contained in this agreement are given and made by you to induce the Employer to employ you and to enter into this Agreement with you, and you hereby acknowledge that employment with the Employer is 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 Bloomin' Brands 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/ **Pablo Brizi**

Pablo Brizi
Senior Vice President, Chief Human Resources Officer
Bloomin' Brands, Inc.

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

/s/ **Gregg Scarlett**
Gregg Scarlett

2/14/20
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 discrimination and harassment policy, management dating policy, responsible alcohol policy, insider trading policy, ethics policy and security policy).
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.

"Good Reason" shall be defined as any one or more of the following

- (i) a material diminution in the nature and scope of your responsibilities, duties or authority (any diminution of the business of the Company shall not constitute Good Reason);
- (ii) a material diminution by the Company in your current base salary and/or your annual bonus potential other than as part of an across-the-board reduction that results in a proportional reduction to you substantially equivalent to that of other employees that are designated at the same level as you;
- (iii) a removal from, or failure to continue in, the your current position, unless you are offered another position that is no less favorable than your current position in terms of compensation (compensation for these purposes meaning base salary and participation in annual bonus and long-term incentive programs); or
- (iv) an actual relocation of your principal office to another location more than fifty (50) miles from your current office location and such office relocation results in a material increase in your length of commute; provided that no finding of Good Reason shall be effective unless and until you have provided the Company, within sixty (60) calendar days of the date when the you became aware, or

should have become aware, of the facts and circumstances underlying the finding of Good Reason, with written notice thereof stating with specificity all of the facts and circumstances underlying the finding of Good Reason and that the you intends to terminate your employment for Good Reason no later than the sixtieth (60th) day following the delivery of such notice to the Employer and, if the basis for such finding of Good Reason is capable of being cured by the Employer, providing the Employer with an opportunity to cure the same within thirty (30) calendar days after receipt of such notice. If the Company does not cure the same within such thirty (30) calendar day cure period, no finding of Good Reason shall be effective unless you terminate employment within thirty (30) calendar days of the expiration of such cure period.

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/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
CIG Omaha, Inc.	FL

SUBSIDIARY NAME	STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION
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 York Services, Limited Partnership	FL
OSF Oklahoma, Inc.	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 Carroll 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 Silver Spring, Inc.	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

SUBSIDIARY NAME	STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION
Outback Steakhouse International, L.P.	GA
Outback Steakhouse International, LLC	FL
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/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 28, 2024 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 28, 2024

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 28, 2024

/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 28, 2024

/s/ Christopher Meyer

Christopher Meyer
Executive Vice President and Chief Financial Officer
(Principal Financial 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 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David J. Deno, Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the dates and periods covered by the Report.

Date: February 28, 2024

/s/ David J. Deno

David J. Deno

Chief Executive Officer
(Principal Executive Officer)

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

**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 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Christopher Meyer, Executive Vice President and Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the dates and periods covered by the Report.

Date: February 28, 2024

/s/ Christopher Meyer

Christopher Meyer

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

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



BLOOMIN' BRANDS, INC. COMPENSATION RECOVERY POLICY HR14

Bloomin' Brands, Inc. (the "**Company**") is committed to a high standard of business conduct and integrity and to conducting its business activities in compliance with applicable laws, including those laws applicable to the Company as a publicly traded company. This Compensation Recovery Policy ("**Policy**") establishes the policy of the Company with respect to the recovery of certain compensation paid to Covered Executive Officers, as defined herein, consistent with our business standards and applicable law.

To the extent this Policy applies to compensation payable to a person covered by this Policy, it shall be the only clawback policy applicable to such compensation and no other clawback policy shall apply; provided that, if such other policy provides that a greater amount of such compensation shall be subject to clawback, such other policy shall apply to the amount in excess of the amount subject to clawback under this Policy. This Policy shall be interpreted to comply with the clawback rules found in 229 C.F.R. §240.10D and the related listing rules of the national securities exchange or national securities association ("**Exchange**") on which the Company has listed securities, and, to the extent this Policy is in any manner deemed inconsistent with such rules, this Policy shall be treated as retroactively amended to be compliant with such rules.

1. **Definitions.** For purposes of this Policy, the following definitions shall apply:

"**Covered Executive Officer**" means each individual who is an Executive Officer at any time on or after the Effective Date. Each Covered Executive Officer shall continue to be subject to this Policy following the termination of his or her status as an Executive Officer (including as a result of termination of employment), only with respect to Erroneously Awarded Compensation granted, paid or awarded in respect of his or her services as an Executive Officer.

"**Executive Officer**" means the Company's current and former executive officers, as determined by the Company's Board of Directors ("**Board**") in accordance with Section 10D of the Securities Exchange Act of 1934 and the listing standards of the national securities exchange on which the Company's securities are listed, and such other employees who may from time to time be deemed subject to the Policy by the Board.

"**Effective Date**" means April 18, 2023.

"**Incentive Compensation**" means any cash or equity-based compensation for which the grant, earning, payment, or vesting (or any portion thereof) is or was predicated upon the achievement of specified financial results.

"**Material Financial Restatement**" occurs when one or more previously publicly disclosed financial statements of the Company are subsequently restated and republished: (a) to correct material non-compliance with any financial reporting requirements under applicable securities laws, as determined in the discretion of the Board or (b) to correct errors that are not material to compliance with financial reporting requirements applicable to previously issued financial statements, but would result in a

material misstatement if the errors were left uncorrected in the current filing or the error correction was recognized in the current period, and shall exclude any restatement required due to changes in accounting rules or standards or changes in applicable law. The Board shall take into consideration any applicable interpretations of the Exchange in determining whether a financial restatement qualifies as a Material Financial Restatement for purposes of this Policy.

2. Erroneously Awarded Compensation.

The amount of Incentive Compensation subject to this Policy ("**Erroneously Awarded Compensation**") is the amount of Incentive Compensation received by the Covered Executive Officer that exceeds the amount of Incentive Compensation that otherwise would have been received had it been determined based on the restated amounts and shall be computed without regard to any taxes paid. If the Board cannot determine the amount of Erroneously Awarded Compensation received by the Covered Executive Officer directly from the information in the Material Financial Restatement, then it will make its determination based on a reasonable estimate of the effect of the Material Financial Restatement. For purposes hereof, Incentive Compensation is considered 'received' when the applicable financial reporting measure performance goal specified in the award is attained, even if the payment or grant occurs later.

For clarity, Erroneously Awarded Compensation specifically excludes cash and equity-based compensation for which the grant, payment, or vesting is not or was not predicated upon the attainment of specified financial results, such as salary, discretionary bonus and equity awards predicated upon the attainment of subjective standards, time-based vesting periods and strategic/operational goals.

3. Forfeiture and Reimbursement.

In the event of a Material Financial Restatement, the Company will require, to the fullest extent permitted by applicable law, that any Covered Executive Officer forfeit and/or reimburse to the Company reasonably promptly the full amount of any Erroneously Awarded Compensation received by such Covered Executive Officer(s) during the three (3) completed fiscal years immediately preceding the date on which the Company concludes that it must file a Material Financial Restatement or the date a governing authority directs the Company to file a Material Financial Restatement, except to the extent one or the following circumstances applies:

- (i) the direct expense paid to a third party to assist in enforcing this Policy and recover the forfeiture and/or reimbursement would exceed the amount to be recovered and the Company has made a determination that recovery would be impracticable. Before concluding that it would be impracticable to recover any amount of Recoverable Compensation based on expense of enforcement, the Company will make a reasonable attempt to recover such Recoverable Compensation, document such reasonable attempt(s) to recover, and provide that documentation to the Exchange;
- (ii) recovery would violate applicable home country law in effect prior to November 28, 2022. Before concluding that it would be impracticable to recover any amount of erroneously awarded compensation based on violation of home country law, the Company will obtain an opinion of home country counsel acceptable to the Exchange, that recovery would result in such a violation and will provide such opinion to the Exchange; or

- (iii) recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the registrant, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

To the extent that a Covered Executive Officer does not make reimbursement to the Company under this Policy within a reasonable time following demand by the Company, or any shares of Erroneously Awarded Compensation have been sold by the Covered Executive Officer, the Company shall have the right to reduce, cancel or withhold against outstanding, unvested, vested or future cash or equity-based compensation, or require a substitute form of reimbursement, all as determined in the discretion of the Board and to the extent permitted under applicable law.

4. No Indemnification or Insurance. The Company will not insure or indemnify any Covered Executive Officer against the loss of Erroneously Awarded Compensation pursuant to this Policy.

5. Authority and Interpretations. This Policy generally will be administered and interpreted by the Board. Any determination by the Board with respect to this Policy shall be final, conclusive and binding on all interested parties. The determinations of the Board under this Policy need not be uniform with respect to all Covered Executive Officers. The Board may from time-to-time delegate any or all of its rights, authority, and obligations under this Policy to a Committee of the Board. In the event of any such delegation, all authority granted under this Policy in the discretion of the Board shall include and be a reference to the discretion of such Committee. The Board shall have the right from time-to-time to re-assume any such rights, authority, or obligations so delegated.

The provisions in this Policy are intended to be applied to the fullest extent of the law. To the extent that any provision of this Policy is found to be unenforceable or invalid under any applicable law, such provision will be applied to the maximum extent permitted. The invalidity or unenforceability of any provision of this Policy shall not affect the validity or enforceability of any other provision of this Policy.

The rights of the Company under this Policy to seek forfeiture or reimbursement are not exclusive remedies and do not preclude any other recourse by the Company.

The Board may, from time-to-time, suspend, discontinue, revise, or amend this Policy in any respect whatsoever. The Board may terminate this Policy at any time.

Exhibit B-2

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2024

or

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

For the transition period from _____ to _____

Commission File Number: 001-35625



BLOOMIN' BRANDS, INC.

(Exact name of registrant as specified in its charter)

Delaware

20-8023465

(State or other jurisdiction of incorporation or organization)

(IRS Employer Identification No.)

2202 North West Shore Boulevard, Suite 500, Tampa, FL 33607

(Address of principal executive offices) (Zip Code)

(813) 282-1225

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

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

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

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

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

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

Large accelerated filer Accelerated filer Non-accelerated filer

Smaller reporting company Emerging growth company

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

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

As of August 2, 2024, 84,969,654 shares of common stock of the registrant were outstanding.

BLOOMIN' BRANDS, INC.INDEX TO QUARTERLY REPORT ON FORM 10-Q
For the Quarterly Period Ended June 30, 2024
(Unaudited)

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BLOOMIN' BRANDS, INC.
PART I: FINANCIAL INFORMATION
Item 1. Financial Statements
CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

	JUNE 30, 2024 (UNAUDITED)	DECEMBER 31, 2023
ASSETS		
Current assets		
Cash and cash equivalents	\$ 117,919	\$ 111,519
Restricted cash and cash equivalents	—	2,854
Inventories	74,081	75,939
Other current assets, net	108,211	153,002
Total current assets	<u>300,211</u>	<u>343,314</u>
Property, fixtures and equipment, net	1,056,469	1,031,922
Operating lease right-of-use assets	1,074,261	1,084,951
Goodwill	272,404	276,317
Intangible assets, net	439,532	442,985
Deferred income tax assets, net	164,941	159,405
Other assets, net	86,350	85,187
Total assets	<u>\$ 3,394,168</u>	<u>\$ 3,424,081</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 178,201	\$ 189,202
Current operating lease liabilities	169,397	175,442
Accrued and other current liabilities	210,657	255,814
Unearned revenue	309,015	381,877
Total current liabilities	<u>867,270</u>	<u>1,002,335</u>
Non-current operating lease liabilities	1,134,464	1,131,639
Long-term debt, net	1,001,982	780,719
Other long-term liabilities, net	100,759	97,385
Total liabilities	<u>3,104,475</u>	<u>3,012,078</u>
Commitments and contingencies (Note 16)		
Stockholders' equity		
Bloomin' Brands stockholders' equity		
Preferred stock, \$0.01 par value, 25,000,000 shares authorized; no shares issued and outstanding as of June 30, 2024 and December 31, 2023	—	—
Common stock, \$0.01 par value, 475,000,000 shares authorized; 85,776,033 and 86,968,536 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively	858	870
Additional paid-in capital	1,309,482	1,115,387
Accumulated deficit	(834,926)	(528,831)
Accumulated other comprehensive loss	(188,606)	(178,304)
Total Bloomin' Brands stockholders' equity	<u>286,808</u>	<u>409,122</u>
Noncontrolling interests	2,885	2,881
Total stockholders' equity	<u>289,693</u>	<u>412,003</u>
Total liabilities and stockholders' equity	<u>\$ 3,394,168</u>	<u>\$ 3,424,081</u>

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

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

	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
	JUNE 30, 2024	JUNE 25, 2023	JUNE 30, 2024	JUNE 25, 2023
Revenues				
Restaurant sales	\$ 1,103,565	\$ 1,137,330	\$ 2,283,052	\$ 2,365,564
Franchise and other revenues	15,301	15,364	31,141	31,876
Total revenues	<u>1,118,866</u>	<u>1,152,694</u>	<u>2,314,193</u>	<u>2,397,440</u>
Costs and expenses				
Food and beverage	336,063	351,226	693,892	735,440
Labor and other related	328,913	325,934	672,115	667,476
Other restaurant operating	280,821	273,338	571,093	556,265
Depreciation and amortization	49,525	47,565	98,807	93,867
General and administrative	61,152	63,358	127,928	129,162
Provision for impaired assets and restaurant closings	16,261	1,827	27,134	5,151
Total costs and expenses	<u>1,072,735</u>	<u>1,063,248</u>	<u>2,190,969</u>	<u>2,187,361</u>
Income from operations	46,131	89,446	123,224	210,079
Loss on extinguishment of debt	—	—	(135,797)	—
Interest expense, net	(14,802)	(12,961)	(28,418)	(25,405)
Income (loss) before provision for income taxes	31,329	76,485	(40,991)	184,674
Provision for income taxes	1,698	6,483	11,668	21,244
Net income (loss)	29,631	70,002	(52,659)	163,430
Less: net income attributable to noncontrolling interests	1,228	1,725	2,810	3,842
Net income (loss) attributable to Bloomin' Brands	<u>\$ 28,403</u>	<u>\$ 68,277</u>	<u>\$ (55,469)</u>	<u>\$ 159,588</u>
Net income (loss)	\$ 29,631	\$ 70,002	\$ (52,659)	\$ 163,430
Other comprehensive income (loss):				
Foreign currency translation adjustment	(9,858)	4,502	(11,789)	3,368
Net gain on derivatives, net of tax	330	—	1,487	—
Comprehensive income (loss)	20,103	74,504	(62,961)	166,798
Less: comprehensive income attributable to noncontrolling interests	1,228	1,725	2,810	3,842
Comprehensive income (loss) attributable to Bloomin' Brands	<u>\$ 18,875</u>	<u>\$ 72,779</u>	<u>\$ (65,771)</u>	<u>\$ 162,956</u>
Earnings (loss) per share:				
Basic	<u>\$ 0.33</u>	<u>\$ 0.77</u>	<u>\$ (0.64)</u>	<u>\$ 1.80</u>
Diluted	<u>\$ 0.32</u>	<u>\$ 0.70</u>	<u>\$ (0.64)</u>	<u>\$ 1.63</u>
Weighted average common shares outstanding:				
Basic	<u>86,688</u>	<u>88,559</u>	<u>86,856</u>	<u>88,838</u>
Diluted	<u>88,632</u>	<u>97,401</u>	<u>86,856</u>	<u>97,706</u>

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

BLOOMIN' BRANDS, INC.

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

	BLOOMIN' BRANDS, INC.						
	COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	ACCUM- ULATED DEFICIT	ACCUMULATED OTHER COMPREHENSIVE LOSS	NON- CONTROLLING INTERESTS	TOTAL
	SHARES	AMOUNT					
Balance, March 31, 2024	87,811	\$ 878	\$ 1,290,765	\$ (809,880)	\$ (179,078)	\$ 2,750	\$ 305,435
Net income	—	—	—	28,403	—	1,228	29,631
Other comprehensive loss, net of tax	—	—	—	—	(9,528)	—	(9,528)
Cash dividends declared, \$0.24 per common share	—	—	(20,762)	—	—	—	(20,762)
Repurchase and retirement of common stock, including excise tax of \$151	(2,156)	(21)	38,319	(53,449)	—	—	(15,151)
Stock-based compensation	—	—	483	—	—	—	483
Common stock issued under stock plans (1)	121	1	677	—	—	—	678
Distributions to noncontrolling interests	—	—	—	—	—	(1,431)	(1,431)
Contributions from noncontrolling interests	—	—	—	—	—	338	338
Balance, June 30, 2024	<u>85,776</u>	<u>\$ 858</u>	<u>\$ 1,309,482</u>	<u>\$ (834,926)</u>	<u>\$ (188,606)</u>	<u>\$ 2,885</u>	<u>\$ 289,693</u>
Balance, December 31, 2023	86,969	\$ 870	\$ 1,115,387	\$ (528,831)	\$ (178,304)	\$ 2,881	\$ 412,003
Net (loss) income	—	—	—	(55,469)	—	2,810	(52,659)
Other comprehensive loss, net of tax	—	—	—	—	(10,302)	—	(10,302)
Cash dividends declared, \$0.48 per common share	—	—	(41,837)	—	—	—	(41,837)
Repurchase and retirement of common stock, including excise tax of \$151	(9,104)	(90)	(5,681)	(242,283)	—	—	(248,054)
Stock-based compensation	—	—	2,931	—	—	—	2,931
Common stock issued under stock plans (1)	711	7	(1,726)	—	—	—	(1,719)
Distributions to noncontrolling interests	—	—	—	—	—	(3,474)	(3,474)
Contributions from noncontrolling interests	—	—	—	—	—	668	668
Issuance of common stock from repurchase of convertible senior notes	7,489	74	216,078	—	—	—	216,152
Retirement of convertible senior note hedges	(289)	(3)	126,543	(8,343)	—	—	118,197
Retirement of warrants	—	—	(102,213)	—	—	—	(102,213)
Balance, June 30, 2024	<u>85,776</u>	<u>\$ 858</u>	<u>\$ 1,309,482</u>	<u>\$ (834,926)</u>	<u>\$ (188,606)</u>	<u>\$ 2,885</u>	<u>\$ 289,693</u>

(CONTINUED...)

BLOOMIN' BRANDS, INC.

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

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

(1) Net of shares withheld for employee taxes.

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

BLOOMIN' BRANDS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(DOLLARS IN THOUSANDS, UNAUDITED)

	TWENTY-SIX WEEKS ENDED	
	JUNE 30, 2024	JUNE 25, 2023
Cash flows provided by operating activities:		
Net (loss) income	\$ (52,659)	\$ 163,430
Adjustments to reconcile Net (loss) income to cash provided by operating activities:		
Depreciation and amortization	98,807	93,867
Amortization of debt discounts and issuance costs	1,353	1,532
Amortization of deferred gift card sales commissions	12,661	13,180
Provision for impaired assets and restaurant closings	27,134	5,151
Non-cash operating lease costs	43,566	42,884
Stock-based compensation expense	2,931	8,042
Deferred income tax benefit	(6,293)	(1,164)
Loss on extinguishment of debt	135,797	—
Other, net	(2,060)	(3,515)
Change in assets and liabilities	(145,045)	(36,114)
Net cash provided by operating activities	<u>116,192</u>	<u>287,293</u>
Cash flows used in investing activities:		
Capital expenditures	(131,504)	(142,153)
Other investments, net	286	1,502
Net cash used in investing activities	<u>(131,218)</u>	<u>(140,651)</u>
Cash flows provided by (used in) financing activities:		
Proceeds from borrowings on revolving credit facilities	860,000	448,000
Repayments of borrowings on revolving credit facilities	(556,000)	(513,000)
Repayments of finance lease obligations	(1,399)	(816)
Principal settlements and repurchase of convertible senior notes	(2,335)	(214)
Proceeds from retirement of convertible senior note hedges	118,197	—
Payments for retirement of warrants	(102,213)	—
(Payment of taxes) proceeds from share-based compensation, net	(1,719)	4,793
Distributions to noncontrolling interests	(3,474)	(4,640)
Contributions from noncontrolling interests	668	1,202
Purchase of noncontrolling interests	(100)	(100)
Repurchase of common stock	(247,500)	(36,435)
Cash dividends paid on common stock	(41,837)	(42,004)
Net cash provided by (used in) financing activities	<u>22,288</u>	<u>(143,214)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(3,716)</u>	<u>631</u>
Net increase in cash, cash equivalents and restricted cash	3,546	4,059
Cash, cash equivalents and restricted cash as of the beginning of the period	<u>114,373</u>	<u>84,735</u>
Cash, cash equivalents and restricted cash as of the end of the period	<u>\$ 117,919</u>	<u>\$ 88,794</u>
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 29,812	\$ 16,951
Cash paid for income taxes, net of refunds	\$ 14,913	\$ 15,356
Supplemental disclosures of non-cash investing and financing activities:		
Leased assets obtained in exchange for new operating lease liabilities	\$ 47,846	\$ 30,249
Leased assets obtained in exchange for new finance lease liabilities	\$ 7	\$ 5,367
(Decrease) increase in liabilities from the acquisition of property, fixtures and equipment	\$ (258)	\$ 7,522
Shares issued on settlement of convertible senior notes	\$ 216,152	\$ —
Shares received and retired on exercise of call option under bond hedge upon settlement of convertible senior notes	\$ (8,346)	\$ —

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

BLOOMIN' BRANDS, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)**

1. Description of the Business and Basis of Presentation

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

Basis of Presentation - The accompanying interim unaudited condensed consolidated financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Accordingly, they do not include all the information and footnotes required by generally accepted accounting principles in the United States ("U.S. GAAP") for complete financial statements. In the opinion of the Company, all adjustments necessary for fair financial statement presentation for the periods presented have been included and are of a normal, recurring nature. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. These financial statements should be read in conjunction with the audited financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

Recently Issued Financial Accounting Standards Not Yet Adopted - In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures," ("ASU No. 2023-07") which requires disclosure of significant segment expenses regularly provided to the Company's chief operating decision-maker ("CODM"). ASU No. 2023-07 also allows for multiple measures of segment profit (loss) if the CODM utilizes such measures to allocate resources or assess performance. ASU No. 2023-07 is effective for the Company beginning with the 2024 Form 10-K, with early adoption permitted. The Company is currently evaluating the impact ASU No. 2023-07 will have on its disclosures.

In December 2023, the FASB issued ASU No. 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures," ("ASU No. 2023-09") which expands existing income tax disclosures, including disaggregation of the Company's effective income tax rate reconciliation table and income taxes paid disclosures. ASU No. 2023-09 is effective for the Company beginning with the 2025 Form 10-K, with early adoption permitted. The Company is currently evaluating the impact ASU No. 2023-09 will have on its disclosures.

In March 2024, the SEC adopted the final rule under SEC Release No. 33-11275, "The Enhancement and Standardization of Climate-Related Disclosures for Investors," which requires registrants to include climate-related disclosures in their annual reports, including, but not limited to, material Scope 1 and Scope 2 greenhouse gas emissions, climate-related financial metrics, and governance, oversight and risk management processes for material climate-related risks in their audited financial statements. The final rule also requires certain disclosures regarding expenses incurred in relation to severe weather events and other natural conditions. The disclosure requirements are first effective for the Company beginning with the 2026 Form 10-K. In April 2024, the SEC voluntarily stayed the final rule due to pending legal challenges. The Company is currently evaluating the impact this rule will have on its disclosures.

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

BLOOMIN' BRANDS, INC.

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

2. Revenue Recognition

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

(dollars in thousands)	THIRTEEN WEEKS ENDED			
	JUNE 30, 2024		JUNE 25, 2023	
	RESTAURANT SALES	FRANCHISE REVENUES	RESTAURANT SALES	FRANCHISE REVENUES
U.S.				
Outback Steakhouse	\$ 562,904	\$ 8,076	\$ 576,989	\$ 8,219
Carrabba's Italian Grill	174,576	752	176,666	758
Bonefish Grill	134,279	128	143,458	95
Fleming's Prime Steakhouse & Wine Bar	88,390	—	92,851	—
Other	1,939	18	3,474	10
U.S. total	962,088	8,974	993,438	9,082
International				
Outback Steakhouse - Brazil (1)	118,357	—	119,295	—
Other (1)(2)	23,120	3,142	24,597	3,486
International total	141,477	3,142	143,892	3,486
Total	\$ 1,103,565	\$ 12,116	\$ 1,137,330	\$ 12,568

(dollars in thousands)	TWENTY-SIX WEEKS ENDED			
	JUNE 30, 2024		JUNE 25, 2023	
	RESTAURANT SALES	FRANCHISE REVENUES	RESTAURANT SALES	FRANCHISE REVENUES
U.S.				
Outback Steakhouse	\$ 1,166,517	\$ 16,396	\$ 1,205,172	\$ 16,763
Carrabba's Italian Grill	359,005	1,488	364,708	1,553
Bonefish Grill	278,782	288	301,147	266
Fleming's Prime Steakhouse & Wine Bar	184,552	—	195,624	—
Other	4,128	56	7,356	25
U.S. total	1,992,984	18,228	2,074,007	18,607
International				
Outback Steakhouse - Brazil (1)	243,194	—	241,311	—
Other (1)(2)	46,874	6,698	50,246	7,484
International total	290,068	6,698	291,557	7,484
Total	\$ 2,283,052	\$ 24,926	\$ 2,365,564	\$ 26,091

- (1) Includes \$9.6 million and \$19.2 million of Restaurant sales during the thirteen and twenty-six weeks ended June 25, 2023, respectively, in connection with value added tax exemptions resulting from Brazil tax legislation. See Note 15 - *Income Taxes* for details regarding the Brazil tax legislation.
- (2) Includes Restaurant sales for Company-owned Outback Steakhouse restaurants outside of Brazil and Abbraccio restaurants in Brazil. Franchise revenues primarily include revenues from franchised Outback Steakhouse restaurants.

BLOOMIN' BRANDS, INC.

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

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

(dollars in thousands)	JUNE 30, 2024	DECEMBER 31, 2023
Other current assets, net		
Deferred gift card sales commissions	\$ 12,650	\$ 18,081
Unearned revenue		
Deferred gift card revenue	\$ 300,590	\$ 374,274
Deferred loyalty revenue	6,461	5,664
Deferred franchise fees - current	460	473
Other	1,504	1,466
Total Unearned revenue	<u>\$ 309,015</u>	<u>\$ 381,877</u>
Other long-term liabilities, net		
Deferred franchise fees - non-current	\$ 3,896	\$ 4,036

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

(dollars in thousands)	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
	JUNE 30, 2024	JUNE 25, 2023	JUNE 30, 2024	JUNE 25, 2023
Balance, beginning of the period	\$ 13,520	\$ 13,403	\$ 18,081	\$ 17,755
Deferred gift card sales commissions amortization	(5,163)	(5,383)	(12,661)	(13,180)
Deferred gift card sales commissions capitalization	4,942	5,340	8,856	9,743
Other	(649)	(666)	(1,626)	(1,624)
Balance, end of the period	<u>\$ 12,650</u>	<u>\$ 12,694</u>	<u>\$ 12,650</u>	<u>\$ 12,694</u>

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

(dollars in thousands)	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
	JUNE 30, 2024	JUNE 25, 2023	JUNE 30, 2024	JUNE 25, 2023
Balance, beginning of the period	\$ 312,283	\$ 314,096	\$ 374,274	\$ 386,495
Gift card sales	59,336	65,338	105,945	118,343
Gift card redemptions	(66,854)	(70,175)	(169,324)	(188,458)
Gift card breakage	(4,175)	(4,317)	(10,305)	(11,438)
Balance, end of the period	<u>\$ 300,590</u>	<u>\$ 304,942</u>	<u>\$ 300,590</u>	<u>\$ 304,942</u>

BLOOMIN' BRANDS, INC.

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

3. Impairments and Exit Costs

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

(dollars in thousands)	THIRTEEN WEEKS ENDED JUNE 30, 2024	TWENTY-SIX WEEKS ENDED JUNE 30, 2024
Impairment losses		
U.S. (1)	\$ —	\$ 1,852
International (2)	14,048	14,048
Total impairment losses	<u>\$ 14,048</u>	<u>\$ 15,900</u>
Restaurant closure charges		
U.S. (1)	\$ 2,135	\$ 11,219
International (2)	78	15
Total restaurant closure charges	<u>2,213</u>	<u>11,234</u>
Provision for impaired assets and restaurant closings	<u><u>\$ 16,261</u></u>	<u><u>\$ 27,134</u></u>

(1) Primarily includes charges in connection with the 2023 Restaurant Closures, as discussed below.

(2) Primarily includes charges in connection with the Q2 2024 decision to close nine restaurants in Hong Kong.

2023 Restaurant Closures - During the fourth quarter of 2023, the Company closed three U.S. and two international Aussie Grill restaurants and made the decision to close 36 predominantly older, underperforming U.S. restaurants (the “2023 Restaurant Closures”). Following is a summary of expenses 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	TWENTY-SIX WEEKS ENDED JUNE 30, 2024
Asset impairments and closure charges	Provision for impaired assets and restaurant closings	\$ 11,714
Severance and other expenses	General and administrative	2,974
Closure-related labor costs	Labor and other related	434
Total (1)		<u><u>\$ 15,122</u></u>

(1) During the fourth quarter of 2023, the Company recognized \$32.4 million of net charges in connection with the 2023 Restaurant Closures.

BLOOMIN' BRANDS, INC.

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

4. Earnings (Loss) Per Share

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

(in thousands, except per share data)	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
	JUNE 30, 2024	JUNE 25, 2023	JUNE 30, 2024	JUNE 25, 2023
Net income (loss) attributable to Bloomin' Brands	\$ 28,403	\$ 68,277	\$ (55,469)	\$ 159,588
Basic weighted average common shares outstanding	86,688	88,559	86,856	88,838
Effect of dilutive securities:				
Stock options	204	395	—	398
Nonvested restricted stock units	86	132	—	201
Nonvested performance-based share units	—	—	—	143
Convertible senior notes (1)	1,005	5,002	—	4,917
Warrants (1)	649	3,313	—	3,209
Diluted weighted average common shares outstanding	88,632	97,401	86,856	97,706
Basic earnings (loss) per share	\$ 0.33	\$ 0.77	\$ (0.64)	\$ 1.80
Diluted earnings (loss) per share	\$ 0.32	\$ 0.70	\$ (0.64)	\$ 1.63

- (1) During the twenty-six weeks ended June 30, 2024, the Company repurchased \$83.6 million of the convertible notes due in 2025 and settled the corresponding portion of the related note hedges and warrants (the "2025 Notes Partial Repurchase").

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

(shares in thousands)	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
	JUNE 30, 2024	JUNE 25, 2023	JUNE 30, 2024	JUNE 25, 2023
Stock options	324	689	451	707
Nonvested restricted stock units	55	21	199	70
Nonvested performance-based share units	619	581	543	463

5. Stock-based Compensation Plans

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

(dollars in thousands)	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
	JUNE 30, 2024	JUNE 25, 2023	JUNE 30, 2024	JUNE 25, 2023
Performance-based share units (1)	\$ (1,556)	\$ 2,297	\$ (1,063)	\$ 3,220
Restricted stock units	2,021	1,985	3,958	3,948
Stock options	—	835	—	835
Total stock-based compensation expense, net of capitalized expense	\$ 465	\$ 5,117	\$ 2,895	\$ 8,003

- (1) The thirteen and twenty-six weeks ended June 30, 2024 include a cumulative life-to-date adjustment to decrease expense for PSUs granted in fiscal year 2023 based on updated assumptions regarding the criteria set forth in the award agreements.

BLOOMIN' BRANDS, INC.

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

The following table presents a summary of the Company's performance-based share units ("PSUs") activity:

(in thousands, except per unit data)	PERFORMANCE -BASED SHARE UNITS	WEIGHTED AVERAGE GRANT DATE FAIR VALUE PER UNIT	AGGREGATE INTRINSIC VALUE (1)
Outstanding as of December 31, 2023	818	\$ 26.92	\$ 23,026
Granted	290	\$ 27.26	
Performance adjustment (2)	237	\$ 25.40	
Vested	(473)	\$ 25.40	
Forfeited	(86)	\$ 27.57	
Outstanding as of June 30, 2024	786	\$ 27.43	\$ 15,107
Expected to vest as of June 30, 2024 (3)	288		\$ 5,543

- (1) Based on the \$28.15 and \$19.23 share price of the Company's common stock on December 29, 2023 and June 28, 2024, the last trading day of the year ended December 31, 2023 and twenty-six weeks ended June 30, 2024, respectively.
- (2) Represents adjustment to 200% payout for PSUs granted during 2021.
- (3) Estimated number of units to be issued upon the vesting of outstanding PSUs based on Company performance projections of performance criteria set forth in the 2022, 2023 and 2024 PSU award agreements.

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

	TWENTY-SIX WEEKS ENDED	
	JUNE 30, 2024	JUNE 25, 2023
Assumptions:		
Risk-free interest rate (1)	4.37 %	4.26 %
Dividend yield (2)	3.49 %	3.47 %
Volatility (3)	51.41 %	51.02 %
Grant date fair value per unit (4)	\$ 27.26	\$ 29.01

- (1) Risk-free interest rate is the U.S. Treasury yield curve in effect as of the grant date for the performance period of the unit.
- (2) Dividend yield is the level of dividends expected to be paid on the Company's common stock over the expected term.
- (3) Based on the historical volatility of the Company's stock over the last seven years.
- (4) Represents a discount below and a premium above the grant date per share value of the Company's common stock for the relative total shareholder return modifier of (1.6)% and 2.7% during the twenty-six weeks ended June 30, 2024 and June 25, 2023, respectively.

The following represents unrecognized stock-based compensation expense and the remaining weighted average recognition period as of June 30, 2024:

	UNRECOGNIZED COMPENSATION EXPENSE (dollars in thousands)	REMAINING WEIGHTED AVERAGE RECOGNITION PERIOD (in years)
Performance-based share units	\$ 6,976	2.7
Restricted stock units	\$ 12,302	2.1

BLOOMIN' BRANDS, INC.

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

6. Other Current Assets, Net

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

(dollars in thousands)	JUNE 30, 2024	DECEMBER 31, 2023
Prepaid expenses	\$ 32,186	\$ 26,674
Accounts receivable - gift cards, net	13,861	67,424
Accounts receivable - vendors, net	19,298	13,648
Accounts receivable - franchisees, net	3,321	3,671
Accounts receivable - other, net	19,344	18,100
Deferred gift card sales commissions	12,650	18,081
Other current assets, net	7,551	5,404
	<u>\$ 108,211</u>	<u>\$ 153,002</u>

7. Goodwill and Intangible Assets, Net

Annual Goodwill and Intangible Assets Impairment Assessment - The Company performs its annual assessment for impairment of goodwill and other indefinite-lived intangible assets during its second fiscal quarter. The Company's 2024 assessment was qualitative and the 2023 assessment was quantitative. In connection with these assessments, the Company did not record any impairment charges.

8. Accrued and Other Current Liabilities

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

(dollars in thousands)	JUNE 30, 2024	DECEMBER 31, 2023
Accrued payroll and other compensation	\$ 78,729	\$ 98,903
Accrued insurance	17,434	19,310
Other current liabilities	114,494	137,601
	<u>\$ 210,657</u>	<u>\$ 255,814</u>

9. Long-term Debt, Net

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

(dollars in thousands)	JUNE 30, 2024		DECEMBER 31, 2023	
	OUTSTANDING BALANCE	INTEREST RATE	OUTSTANDING BALANCE	INTEREST RATE
Senior secured credit facility - revolving credit facility (1)	\$ 685,000	6.96 %	\$ 381,000	6.96 %
2025 Notes (2)	20,724	5.00 %	104,786	5.00 %
2029 Notes	300,000	5.13 %	300,000	5.13 %
Less: unamortized debt discount and issuance costs (2)	(3,742)		(5,067)	
Long-term debt, net	<u>\$ 1,001,982</u>		<u>\$ 780,719</u>	

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

(2) During the twenty-six weeks ended June 30, 2024, the Company repurchased \$83.6 million of the 2025 Notes and as a result, wrote off \$0.8 million of debt issuance costs. See Note 10 - *Convertible Senior Notes* for additional details.

Debt Covenants - As of June 30, 2024 and December 31, 2023, the Company was in compliance with its debt covenants.

BLOOMIN' BRANDS, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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10. Convertible Senior Notes

2025 Notes - On February 29, 2024, the Company entered into exchange agreements (the “Exchange Agreements”) with certain holders (the “Noteholders”) of its 5.00% Convertible Senior Notes due 2025 (the “2025 Notes”). The Exchange Agreements provided for the Company to deliver and pay at the closing of the transactions on March 5, 2024, an aggregate of approximately 7.5 million shares of its common stock and \$3.3 million in cash, including accrued interest, in exchange for \$83.6 million in aggregate principal amount of the Company’s outstanding 2025 Notes (the “2025 Notes Partial Repurchase”). In connection with the 2025 Notes Partial Repurchase, the Company recognized a loss on extinguishment of debt of \$135.8 million and recorded a \$216.1 million increase to Additional paid-in capital during the twenty-six weeks ended June 30, 2024.

In connection with dividends paid during the twenty-six weeks ended June 30, 2024, the conversion rate for the Company’s remaining 2025 Notes decreased to approximately \$10.94 per share, which represents 91.403 shares of common stock per \$1,000 principal amount of the 2025 Notes, or a total of approximately 1.894 million shares.

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

(dollars in thousands)	JUNE 30, 2024	DECEMBER 31, 2023
Principal	\$ 20,724	\$ 104,786
Less: unamortized debt issuance costs (1)	(138)	(1,138)
Net carrying amount	<u>\$ 20,586</u>	<u>\$ 103,648</u>

(1) During the twenty-six weeks ended June 30, 2024, the Company wrote off \$0.8 million of debt issuance costs as a result of the 2025 Notes Partial Repurchase.

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

(dollars in thousands)	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
	JUNE 30, 2024	JUNE 25, 2023	JUNE 30, 2024	JUNE 25, 2023
Coupon interest	\$ 259	\$ 1,310	\$ 1,265	\$ 2,622
Debt issuance cost amortization	40	198	198	394
Total interest expense (1)	<u>\$ 299</u>	<u>\$ 1,508</u>	<u>\$ 1,463</u>	<u>\$ 3,016</u>

(1) The effective rate of the 2025 Notes over their expected life is 5.85%. The decrease in interest expense during the thirteen and twenty-six weeks ended June 30, 2024 relates to the 2025 Notes Partial Repurchase in February 2024.

Based on the daily closing prices of the Company’s stock during the quarter ended June 30, 2024, the remaining holders of the 2025 Notes are eligible to convert their notes during the third quarter of 2024.

Convertible Note Hedge and Warrant Transactions - In connection with the 2025 Notes Partial Repurchase, on February 29, 2024, the Company entered into partial unwind agreements with certain financial institutions (the “Derivative Counterparties”) relating to a portion of the convertible note hedge transactions (the “Note Hedge Early Termination Agreements”) and a portion of the warrant transactions (the “Warrant Early Termination Agreements”) and together with the Note Hedge Early Termination Agreements, the “Early Termination Agreements”) that were previously entered into by the Company in connection with the issuance of the 2025 Notes. Pursuant to the Early Termination Agreements, the Derivative Counterparties made a termination payment to the Company which consisted of approximately \$118.2 million in cash and 0.3 million shares of common stock, and the Company made a termination payment to the Derivative Counterparties in an aggregate amount of approximately \$102.2 million in cash. In connection with the Note Hedge Early Termination Agreements and the Warrant Early Termination Agreements, the Company recorded a \$126.5 million increase and a \$102.2 million decrease, respectively, to Additional paid-in capital during the twenty-six weeks ended June 30, 2024. The Company also recorded an \$8.3 million increase to Accumulated deficit in connection with the Note Hedge Early Termination Agreements.

BLOOMIN’ BRANDS, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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The remaining warrants 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 warrants. In connection with dividends paid during twenty-six weeks ended June 30, 2024, the strike price for the remaining warrants decreased to \$15.32.

11. Stockholders’ Equity

Share Repurchases - In February 2024, the Company’s Board of Directors (the “Board”) canceled the remaining \$57.5 million under the Company’s former share repurchase authorization and approved a new \$350.0 million share repurchase authorization (the “2024 Share Repurchase Program”). The 2024 Share Repurchase Program includes capacity above the Company’s normal repurchase activity to provide flexibility in retiring the 2025 Notes at or prior to their May 2025 maturity. The 2024 Share Repurchase Program will expire on August 13, 2025.

On March 1, 2024, the Company entered into an accelerated share repurchase agreement (the “ASR Agreement”), in connection with the 2024 Share Repurchase Program, with Wells Fargo Bank, National Association (“Wells Fargo”) to repurchase \$220.0 million of the Company’s common stock.

Under the ASR Agreement, the Company made an aggregate payment of \$220.0 million to Wells Fargo and received an aggregate initial delivery of approximately 6.5 million shares of common stock on March 4, 2024, representing approximately 80% of the total shares that were estimated to be repurchased under the ASR Agreement based on the price per share of common stock as of that date. The \$176.0 million fair value of the initial shares received was recorded as a reduction to Accumulated deficit and the par value from Common stock, with the remaining \$44.0 million recorded within Additional paid-in capital during the thirteen weeks ended March 31, 2024. The exact number of shares the Company repurchased under the ASR Agreement was based generally on the average of the daily volume-weighted average price per share of common stock during the repurchase period, less a discount and subject to adjustments pursuant to the terms and conditions of the ASR Agreement. On April 23, 2024, the Company received 1.4 million additional shares of common stock from Wells Fargo in connection with the final settlement of the ASR Agreement. In connection with the settlement, the Company reduced Accumulated deficit and the par value from Common stock by an aggregate of \$38.3 million based on the fair value of the shares delivered on the date of settlement, with an offset of \$38.3 million within Additional paid-in capital during the thirteen weeks ended June 30, 2024.

The Company funded the payment under the ASR Agreement, together with the cash portion of the amounts payable under the Exchange Agreements, primarily with borrowings under the revolving credit facility and net proceeds from the Early Termination Agreements.

As of June 30, 2024, \$115.0 million remained available for repurchase under the 2024 Share Repurchase Program. Following is a summary of the shares repurchased during fiscal year 2024:

(in thousands, except per share data)	NUMBER OF SHARES	AVERAGE REPURCHASE PRICE PER SHARE	AMOUNT
First fiscal quarter	6,948	\$ 27.13	\$ 188,500
Second fiscal quarter (1)	2,156	\$ 27.36	59,000
Total common stock repurchases (2)	<u>9,104</u>	<u>\$ 27.18</u>	<u>\$ 247,500</u>

- (1) Includes \$44.0 million of share repurchases in connection with the ASR Agreement that settled during the thirteen weeks ended June 30, 2024.
- (2) Excludes \$0.4 million of fees recorded in Accumulated deficit related to repurchases under the ASR Agreement. Subsequent to June 30, 2024, the Company repurchased 823 thousand shares of its common stock for \$15.6 million under the 2024 Share Repurchase Program through August 2, 2024 under a Rule 10b5-1 plan.

BLOOMIN' BRANDS, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Dividends - The Company declared and paid dividends per share during fiscal year 2024 as follows:

(dollars in thousands, except per share data)	DIVIDENDS PER SHARE	AMOUNT
First fiscal quarter	\$ 0.24	\$ 21,075
Second fiscal quarter	0.24	20,762
Total cash dividends declared and paid	<u>\$ 0.48</u>	<u>\$ 41,837</u>

In July 2024, the Board declared a quarterly cash dividend of \$0.24 per share, payable on September 4, 2024 to shareholders of record at the close of business on August 20, 2024.

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

(dollars in thousands)	JUNE 30, 2024	DECEMBER 31, 2023
Foreign currency translation adjustment	\$ (189,478)	\$ (177,689)
Unrealized gain (loss) on derivatives, net of tax	872	(615)
Accumulated other comprehensive loss	<u>\$ (188,606)</u>	<u>\$ (178,304)</u>

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

(dollars in thousands)	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
	JUNE 30, 2024	JUNE 25, 2023	JUNE 30, 2024	JUNE 25, 2023
Foreign currency translation adjustment	\$ (9,858)	\$ 4,502	\$ (11,789)	\$ 3,368
Change in fair value of derivatives, net of tax	898	—	2,333	—
Reclassification realized in Net income (loss), net of tax	(568)	—	(846)	—
Gain on derivatives, net of tax	330	—	1,487	—
Other comprehensive (loss) income attributable to Bloomin' Brands	<u>\$ (9,528)</u>	<u>\$ 4,502</u>	<u>\$ (10,302)</u>	<u>\$ 3,368</u>

12. Derivative Instruments and Hedging Activities

Cash Flow Hedges of Interest Rate Risk - In March 2024 and December 2023, OSI entered into 11 interest rate swap agreements with ten counterparties (the "Swap Transactions") to manage its exposure to fluctuations in variable interest rates. The Swap Transactions have an aggregate notional amount of \$375.0 million and include one and two-year tenors with the following terms:

NOTIONAL AMOUNT	WEIGHTED AVERAGE FIXED INTEREST RATE (1)	EFFECTIVE DATE	TERMINATION DATE
\$ 100,000,000	4.92%	December 29, 2023	December 31, 2024
100,000,000	4.34%	December 29, 2023	December 31, 2025
175,000,000	4.40%	March 29, 2024	March 31, 2026
<u>\$ 375,000,000</u>	<u>4.52%</u>		

(1) The weighted average fixed interest rate excludes the term SOFR adjustment and interest rate spread described below.

In connection with the Swap Transactions, the Company effectively converted \$375.0 million of its outstanding indebtedness from the Secured Overnight Financing Rate ("SOFR"), plus a term SOFR adjustment of 0.10% and a spread of 150 to 250 basis points, to the weighted average fixed interest rates within the table above, plus a term SOFR adjustment of 0.10% and a spread of 150 to 250 basis points. The Swap Transactions have an embedded floor of minus 0.10%.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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The Swap Transactions have been designated and qualify as cash flow hedges, are recognized on the Company's Consolidated Balance Sheets at fair value and are classified based on the instruments' maturity dates. The Company estimates \$1.6 million of interest income will be reclassified to Interest expense, net over the next 12 months related to the Company's Swap Transactions.

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

(dollars in thousands)	JUNE 30, 2024	DECEMBER 31, 2023	CONSOLIDATED BALANCE SHEET CLASSIFICATION
Interest rate swaps - asset (1)	\$ 1,591	\$ 320	Other current assets, net
Interest rate swaps - liability	\$ —	\$ 253	Accrued and other current liabilities
Interest rate swaps - liability	420	893	Other long-term liabilities, net
Total fair value of derivative instruments - liabilities (1)	\$ 420	\$ 1,146	

(1) See Note 14 - *Fair Value Measurements* for fair value discussion of the interest rate swaps.

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 June 30, 2024, all counterparties to the Swap Transactions performed in accordance with their contractual obligations.

The Swap Transactions contain provisions whereby 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 31, 2023, the fair value of the Swap Transactions was in a net liability position, including accrued interest but excluding any adjustment for nonperformance risk, of \$0.8 million. As of December 31, 2023, the Company has not posted any collateral related to the Swap Transactions. If the Company had breached any of these provisions as of December 31, 2023, it could have been required to settle its obligations under the Swap Transactions at their termination value of \$0.8 million.

13. Leases

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

(dollars in thousands)	CONSOLIDATED BALANCE SHEET CLASSIFICATION	JUNE 30, 2024	DECEMBER 31, 2023
Operating lease right-of-use assets	Operating lease right-of-use assets	\$ 1,074,261	\$ 1,084,951
Finance lease right-of-use assets (1)	Property, fixtures and equipment, net	8,338	9,941
Total lease assets, net		\$ 1,082,599	\$ 1,094,892
Current operating lease liabilities	Current operating lease liabilities	\$ 169,397	\$ 175,442
Current finance lease liabilities	Accrued and other current liabilities	2,437	3,197
Non-current operating lease liabilities	Non-current operating lease liabilities	1,134,464	1,131,639
Non-current finance lease liabilities	Other long-term liabilities, net	6,725	7,414
Total lease liabilities		\$ 1,313,023	\$ 1,317,692

(1) Net of accumulated amortization of \$6.1 million and \$4.7 million as of June 30, 2024 and December 31, 2023, respectively.

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

(dollars in thousands)	CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS) CLASSIFICATION	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
		JUNE 30, 2024	JUNE 25, 2023	JUNE 30, 2024	JUNE 25, 2023
Operating lease cost (1)	Other restaurant operating	\$ 45,131	\$ 46,237	\$ 90,935	\$ 91,984
Variable lease cost	Other restaurant operating	2,222	1,629	4,782	3,353
Finance lease costs:					
Amortization of leased assets	Depreciation and amortization	779	549	1,567	1,037
Interest on lease liabilities	Interest expense, net	188	174	390	310
Sublease revenue	Franchise and other revenues	(1,845)	(1,635)	(3,593)	(3,343)
Lease costs, net		<u>\$ 46,475</u>	<u>\$ 46,954</u>	<u>\$ 94,081</u>	<u>\$ 93,341</u>

(1) Excludes rent expense for office facilities and Company-owned closed or subleased properties of \$3.7 million and \$3.0 million for the thirteen weeks ended June 30, 2024 and June 25, 2023, respectively, and \$7.2 million and \$6.0 million for the twenty-six weeks ended June 30, 2024 and June 25, 2023, respectively, which is included in General and administrative expense.

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

(dollars in thousands)	TWENTY-SIX WEEKS ENDED	
	JUNE 30, 2024	JUNE 25, 2023
Cash flows from operating activities:		
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 99,566	\$ 97,804

14. Fair Value Measurements

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

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

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

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)	JUNE 30, 2024			DECEMBER 31, 2023		
	TOTAL	LEVEL 1	LEVEL 2	TOTAL	LEVEL 1	LEVEL 2
Assets:						
Cash equivalents:						
Fixed income funds	\$ 22,305	\$ 22,305	\$ —	\$ 12,837	\$ 12,837	\$ —
Money market funds	15,992	15,992	—	11,083	11,083	—
Restricted cash equivalents:						
Money market funds	—	—	—	2,854	2,854	—
Other current assets, net:						
Derivative instruments - interest rate swaps	1,591	—	1,591	320	—	320
Total asset recurring fair value measurements	\$ 39,888	\$ 38,297	\$ 1,591	\$ 27,094	\$ 26,774	\$ 320
Liabilities:						
Accrued and other current liabilities:						
Derivative instruments - interest rate swaps	\$ —	\$ —	\$ —	\$ 253	\$ —	\$ 253
Other long-term liabilities:						
Derivative instruments - interest rate swaps	420	—	420	893	—	893
Total liability recurring fair value measurements	\$ 420	\$ —	\$ 420	\$ 1,146	\$ —	\$ 1,146

Fair value of each class of financial instruments 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 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 June 30, 2024 and December 31, 2023, the Company determined that the credit valuation adjustments were not significant to the overall valuation of its derivatives.

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

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

(dollars in thousands)	JUNE 30, 2024		DECEMBER 31, 2023	
	CARRYING VALUE	FAIR VALUE LEVEL 2	CARRYING VALUE	FAIR VALUE LEVEL 2
Senior secured credit facility - revolving credit facility	\$ 685,000	\$ 685,000	\$ 381,000	\$ 381,000
2025 Notes	\$ 20,724	\$ 35,958	\$ 104,786	\$ 265,896
2029 Notes	\$ 300,000	\$ 270,342	\$ 300,000	\$ 277,809

BLOOMIN' BRANDS, INC.

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

15. Income Taxes

(dollars in thousands)	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
	JUNE 30, 2024	JUNE 25, 2023	JUNE 30, 2024	JUNE 25, 2023
Income (loss) before provision for income taxes	\$ 31,329	\$ 76,485	\$ (40,991)	\$ 184,674
Provision for income taxes	\$ 1,698	\$ 6,483	\$ 11,668	\$ 21,244
Effective income tax rate	5.4 %	8.5 %	(28.5)%	11.5 %

The effective income tax rate for the thirteen weeks ended June 30, 2024 decreased by 3.1 percentage points as compared to the thirteen weeks ended June 25, 2023 as a result of lower forecasted annual pre-tax book income for the thirteen weeks ended June 30, 2024 relative to the prior quarter in 2024.

The effective income tax rate for the twenty-six weeks ended June 30, 2024 includes the impact of nondeductible losses associated with the 2025 Notes Partial Repurchase which, relative to a pre-tax book loss during the period, resulted in a negative effective income tax rate.

On January 24, 2024, the Company's Brazilian subsidiary received an unfavorable second level court ruling related to its ongoing litigation regarding its eligibility for tax exemptions under the Brazil tax legislation. This legislation temporarily granted certain industries a 100% exemption from income tax (IRPJ and CSLL) and federal value added taxes (PIS and COFINS). The Company claimed this benefit for the periods between September 2022 and December 2023. The Company is appealing this ruling and in connection with the appeal made a cash judicial deposit of \$42.9 million in July 2024 which was recorded in Other assets, net, on the Company's Consolidated Balance Sheet. The Company believes that it will more likely than not prevail in this appeal and, accordingly, has not recorded any expense or liability for the disputed amounts.

During the second quarter of 2024, Brazil enacted new tax legislation that temporarily grants certain industries a 100% exemption from income tax (IRPJ and CSLL) for the periods between May 23, 2024 and December 2024 and 100% exemption from federal value added taxes (PIS and COFINS) for the periods between May 23, 2024 and December 2026. The Company applied for this exemption and was approved by the Brazilian tax authorities. The Company's estimated annual effective income tax rate for the thirteen and twenty-six weeks ended June 30, 2024 includes the benefit expected from this legislation. The new Brazil tax legislation also established a country-wide limitation to the total benefits that will be granted under this law. The exemption from value added taxes could end before December 2026 due to this country-wide limitation.

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

The effective income tax rate for the thirteen weeks ended June 30, 2024 was lower than the Company's blended federal and state statutory rate of approximately 26% primarily due to the benefit of FICA tax credits on certain tipped wages and the temporary reduction in the Brazilian income tax rate from 34% to 0% under the new Brazil tax legislation.

The effective income tax rate for the twenty-six weeks ended June 30, 2024 was lower than the Company's blended federal and state statutory rate of approximately 26% primarily due to the impact of nondeductible losses associated with the 2025 Notes Partial Repurchase which, relative to a pre-tax book loss during the period, resulted in a negative effective income tax rate.

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

BLOOMIN' BRANDS, INC.

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

16. Commitments and Contingencies

Litigation and Other Matters - The Company recorded reserves of \$5.4 million and \$13.3 million for certain of its outstanding legal proceedings as of June 30, 2024 and December 31, 2023, respectively, within Accrued and other current liabilities on its Consolidated Balance Sheets. While the Company believes that additional losses beyond these accruals are reasonably possible, it cannot estimate a possible loss contingency or range of reasonably possible loss contingencies beyond these accruals.

Lease Guarantees - The Company assigned its interest, and is contingently liable, under certain real estate leases. These leases have varying terms, the latest of which expires in 2032. As of June 30, 2024, the undiscounted payments that the Company could be required to make in the event of non-payment by the primary lessees was \$12.3 million. The present value of these potential payments discounted at the Company's incremental borrowing rate as of June 30, 2024 was \$9.8 million. In the event of default, the indemnity clauses in the Company's purchase and sale agreements generally govern its ability to pursue and recover damages incurred. As of June 30, 2024 and December 31, 2023, the Company's recorded contingent lease liability was \$2.3 million and \$5.3 million, respectively.

17. Segment Reporting

The following is a summary of reporting segments:

REPORTABLE SEGMENT (1)	CONCEPT	GEOGRAPHIC LOCATION
U.S.	Outback Steakhouse Carrabba's Italian Grill Bonefish Grill Fleming's Prime Steakhouse & Wine Bar	United States of America
International	Outback Steakhouse 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* in the Company's Annual Report on Form 10-K for the year ended December 31, 2023. Revenues for all segments include only transactions with customers and exclude intersegment revenues. Excluded from Income from operations for U.S. and international are certain legal and corporate costs not directly related to the performance of the segments, most stock-based compensation expenses, a portion of insurance expenses and certain bonus expenses.

BLOOMIN' BRANDS, INC.

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

The following tables summarize Total revenues, Depreciation and amortization, and Income (loss) from operations by segment for the periods indicated:

(dollars in thousands)	THIRTEEN WEEKS ENDED JUNE 30, 2024			
	U.S.	INTERNATIONAL	CORPORATE	CONSOLIDATED
Total revenues	\$ 974,173	\$ 144,693	\$ —	\$ 1,118,866
Depreciation and amortization	\$ 40,616	\$ 6,695	\$ 2,214	\$ 49,525
Income (loss) from operations	\$ 79,677	\$ (874)	\$ (32,672)	\$ 46,131

(dollars in thousands)	THIRTEEN WEEKS ENDED JUNE 25, 2023			
	U.S.	INTERNATIONAL	CORPORATE	CONSOLIDATED
Total revenues	\$ 1,005,229	\$ 147,465	\$ —	\$ 1,152,694
Depreciation and amortization	\$ 39,375	\$ 6,126	\$ 2,064	\$ 47,565
Income (loss) from operations	\$ 103,008	\$ 20,486	\$ (34,048)	\$ 89,446

(dollars in thousands)	TWENTY-SIX WEEKS ENDED JUNE 30, 2024			
	U.S.	INTERNATIONAL	CORPORATE	CONSOLIDATED
Total revenues	\$ 2,017,277	\$ 296,916	\$ —	\$ 2,314,193
Depreciation and amortization	\$ 80,584	\$ 13,956	\$ 4,267	\$ 98,807
Income (loss) from operations	\$ 177,161	\$ 14,888	\$ (68,825)	\$ 123,224

(dollars in thousands)	TWENTY-SIX WEEKS ENDED JUNE 25, 2023			
	U.S.	INTERNATIONAL	CORPORATE	CONSOLIDATED
Total revenues	\$ 2,098,225	\$ 299,215	\$ —	\$ 2,397,440
Depreciation and amortization	\$ 77,538	\$ 12,045	\$ 4,284	\$ 93,867
Income (loss) from operations	\$ 236,251	\$ 44,994	\$ (71,166)	\$ 210,079

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

(dollars in thousands)	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
	JUNE 30, 2024	JUNE 25, 2023	JUNE 30, 2024	JUNE 25, 2023
Income from operations	\$ 46,131	\$ 89,446	\$ 123,224	\$ 210,079
Loss on extinguishment of debt	—	—	(135,797)	—
Interest expense, net	(14,802)	(12,961)	(28,418)	(25,405)
Income (loss) before provision for income taxes	\$ 31,329	\$ 76,485	\$ (40,991)	\$ 184,674

BLOOMIN' BRANDS, INC.**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS****Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

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

Cautionary Statement

This Quarterly Report on Form 10-Q (the "Report") includes statements that express our opinions, expectations, beliefs, plans, objectives, assumptions or projections regarding future events or future results and therefore are, or may be deemed to be, "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), 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, the following:

- (i) Consumer reactions to public health and food safety issues;
- (ii) Minimum wage increases, additional mandated employee benefits and fluctuations in the cost and availability of employees;
- (iii) Our ability to recruit and retain high-quality leadership, restaurant-level management and team members;
- (iv) Economic and geopolitical conditions and their effects on consumer confidence and discretionary spending, consumer traffic, the cost and availability of credit and interest rates;
- (v) Our ability to compete in the highly competitive restaurant industry with many well-established competitors and new market entrants;
- (vi) Our ability to protect our information technology systems from interruption or security breach, including cybersecurity threats, and to protect consumer data and personal employee information;

BLOOMIN' BRANDS, INC.

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

- (vii) Fluctuations in the price and availability of commodities, including supplier freight charges and restaurant distribution expenses, and other impacts of inflation and our dependence on a limited number of suppliers and distributors to meet our beef, pork, chicken and other major product supply needs;
- (viii) Our ability to preserve and grow the reputation and value of our brands, particularly in light of changes in consumer engagement with social media platforms and limited control with respect to the operations of our franchisees;
- (ix) The effects of international economic, political and social conditions and legal systems on our foreign operations and on foreign currency exchange rates;
- (x) The impact of the strategic review process for our Brazil operations or any resulting action or inaction;
- (xi) Our ability to comply with new corporate citizenship and sustainability reporting requirements and investor expectations or our failure to achieve any goals, targets or objectives that we establish with respect to corporate citizenship and sustainability matters;
- (xii) Our ability to effectively respond to changes in patterns of consumer traffic, including by maintaining relationships with third-party delivery apps and services, consumer tastes and dietary habits;
- (xiii) Our ability to comply with governmental laws and regulations, the costs of compliance with such laws and regulations and the effects of changes to applicable laws and regulations, including tax laws and unanticipated liabilities, and the impact of any litigation;
- (xiv) Our ability to implement our remodeling, relocation and expansion plans, due to uncertainty in locating and acquiring attractive sites on acceptable terms, obtaining required permits and approvals, recruiting and training necessary personnel, obtaining adequate financing and estimating the performance of newly opened, remodeled or relocated restaurants, and our cost savings plans to enable reinvestment in our business, due to uncertainty with respect to macroeconomic conditions and the efficiency that may be added by the actions we take;
- (xv) Seasonal and periodic fluctuations in our results and the effects of significant adverse weather conditions and other disasters or unforeseen events;
- (xvi) The effects of our leverage and restrictive covenants in our various credit facilities on our ability to raise additional capital to fund our operations, to make capital expenditures to invest in new or renovate restaurants and to react to changes in the economy or our industry;
- (xvii) Any impairment in the carrying value of our goodwill or other intangible or long-lived assets and its effect on our financial condition and results of operations; and
- (xviii) Such other factors as discussed in Part I, Item IA. Risk Factors of our Annual Report on Form 10-K for the year ended December 31, 2023.

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

We are one of the largest casual dining restaurant companies in the world with a portfolio of leading, differentiated restaurant concepts. As of June 30, 2024, we owned and operated 1,173 restaurants and franchised 292 restaurants across 46 states, Guam and 13 countries. We have four founder-inspired concepts: Outback Steakhouse, Carrabba's Italian Grill, Bonefish Grill and Fleming's Prime Steakhouse & Wine Bar.

Financial Overview - Our financial overview for the thirteen weeks ended June 30, 2024 includes the following:

- U.S. combined and Outback Steakhouse comparable restaurant sales of (0.1)%;
- Decrease in Total revenues of (2.9)% as compared to the second quarter of 2023;
- Operating income and restaurant-level operating margins of 4.1% and 14.3%, respectively, as compared to 7.8% and 16.4%, respectively, for the second quarter of 2023;
- Operating income of \$46.1 million as compared to \$89.4 million in the second quarter of 2023; and
- Diluted earnings per share of \$0.32 as compared to \$0.70 for the second quarter of 2023.

Reviewing Strategic Alternatives for Brazil Operations - In May 2024, we announced that we are exploring and evaluating strategic alternatives for our Brazil operations that have the potential to maximize value for our shareholders, including but not limited to, a possible sale of the operations. The Board has retained BofA Securities, Inc. as its financial advisor.

We plan to proceed in a timely manner, but have not set a definitive timetable for completion of this process. There can be no assurance that this review will result in a transaction or other strategic alternative of any kind. We do not intend to make any further public comment regarding the review unless we determine that disclosure is appropriate or necessary.

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

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

Restaurant-level operating margin is a non-GAAP financial measure widely regarded in the industry as a useful metric to evaluate restaurant-level operating efficiency and performance of ongoing restaurant-level operations, and we use it for these purposes, overall and particularly within our two segments. Our restaurant-level operating margin is expressed as the percentage of our Restaurant sales that Food and beverage costs, Labor and other related expense and Other restaurant operating expense (including advertising expenses) represent, in each case as such items are reflected in our Consolidated Statements of

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

Operations and Comprehensive Income (Loss). The following categories of revenue and operating expenses are not included in restaurant-level operating income and corresponding margin because we do not consider them reflective of operating performance at the restaurant-level within a period:

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

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

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

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

BLOOMIN' BRANDS, INC.

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

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

Number of restaurants (at end of the period):	JUNE 30, 2024	JUNE 25, 2023
U.S.		
Outback Steakhouse		
Company-owned	549	562
Franchised	125	127
Total	674	689
Carrabba's Italian Grill		
Company-owned	192	199
Franchised	18	19
Total	210	218
Bonefish Grill		
Company-owned	162	170
Franchised	4	5
Total	166	175
Fleming's Prime Steakhouse & Wine Bar		
Company-owned	63	64
Aussie Grill		
Company-owned	4	7
Franchised	2	—
Total	6	7
U.S. total (1)	1,119	1,153
International		
Company-owned		
Outback Steakhouse - Brazil (2)	165	148
Other (2)(3)	38	36
Franchised		
Outback Steakhouse - South Korea (1)	93	92
Other (3)	50	46
International total	346	322
System-wide total	1,465	1,475
System-wide total - Company-owned	1,173	1,186
System-wide total - Franchised	292	289

- (1) Excludes three and ten off-premises only kitchens as of June 30, 2024 and June 25, 2023, respectively. One location was Company-owned in the U.S. and all others were franchised in South Korea as of June 30, 2024 and June 25, 2023.
- (2) The restaurant counts for Brazil, including Abbraccio and Aussie Grill restaurants within International Company-owned Other, are reported as of May 31, 2024 and 2023, respectively, to correspond with the balance sheet dates of this subsidiary.
- (3) International Company-owned Other included two and four Aussie Grill locations as of June 30, 2024 and June 25, 2023, respectively. International Franchised Other included six and three Aussie Grill locations as of June 30, 2024 and June 25, 2023, respectively.

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

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

(dollars in millions)	THIRTEEN WEEKS ENDED	TWENTY-SIX WEEKS ENDED
For the periods ended June 25, 2023	\$ 1,137.3	\$ 2,365.6
Change from:		
Restaurant closures	(33.7)	(58.8)
Comparable restaurant sales (1)	(14.2)	(49.7)
Brazil value added tax exemptions (2)	(9.6)	(19.2)
Restaurant openings	23.6	37.8
Effect of foreign currency translation	0.2	7.4
For the periods ended June 30, 2024	<u>\$ 1,103.6</u>	<u>\$ 2,283.1</u>

- (1) Comparable restaurant sales for the twenty-six weeks ended June 30, 2024 includes an estimated \$16.5 million negative impact from a one-week shift in the fiscal calendar.
- (2) During 2023, we were eligible for certain value added tax exemptions under the Brazil tax legislation until August 2023. Beginning on May 23, 2024, we are eligible for certain value added tax exemptions under the new Brazil tax legislation. See Note 15 - *Income Taxes* of the Notes to Consolidated Financial Statements for details regarding value added tax exemptions in connection with Brazil tax legislation.

The decrease in Restaurant sales during the thirteen weeks ended June 30, 2024 was primarily due to: (i) the closure of 53 restaurants since March 26, 2023, (ii) lower comparable restaurant sales and (iii) the benefit from value added tax exemptions in Brazil during 2023. The decrease in Restaurant sales was partially offset by the opening of 55 new restaurants not included in our comparable restaurant sales base.

The decrease in Restaurant sales during the twenty-six weeks ended June 30, 2024 was primarily due to: (i) the closure of 57 restaurants since December 25, 2022, (ii) lower comparable restaurant sales including the impact of the one-week shift in the fiscal calendar and (iii) the benefit from value added tax exemptions in Brazil during 2023. The decrease in Restaurant sales was partially offset by the opening of 65 new restaurants not included in our comparable restaurant sales base and the effect of foreign currency translation of the Brazilian Real relative to the U.S. dollar.

BLOOMIN' BRANDS, INC.

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

Average Restaurant Unit Volumes and Operating Weeks - Following is a summary of the average restaurant unit volumes and operating weeks for the periods indicated:

	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
	JUNE 30, 2024	JUNE 25, 2023	JUNE 30, 2024	JUNE 25, 2023
Average restaurant unit volumes (weekly):				
U.S.				
Outback Steakhouse	\$ 78,698	\$ 78,321	\$ 80,870	\$ 81,421
Carrabba's Italian Grill	\$ 69,942	\$ 68,290	\$ 71,259	\$ 70,489
Bonefish Grill	\$ 63,760	\$ 64,671	\$ 65,232	\$ 67,427
Fleming's Prime Steakhouse & Wine Bar	\$ 107,399	\$ 109,882	\$ 111,512	\$ 115,754
International				
Outback Steakhouse - Brazil (1)	\$ 55,282	\$ 58,306	\$ 58,344	\$ 60,670
Operating weeks:				
U.S.				
Outback Steakhouse	7,108	7,321	14,314	14,679
Carrabba's Italian Grill	2,496	2,587	5,038	5,174
Bonefish Grill	2,106	2,218	4,274	4,466
Fleming's Prime Steakhouse & Wine Bar	823	845	1,655	1,690
International				
Outback Steakhouse - Brazil	2,141	1,891	4,168	3,679

(1) Translated at average exchange rates of 5.08 and 5.06 for the thirteen weeks ended June 30, 2024 and June 25, 2023, respectively, and 5.00 and 5.14 for the twenty-six weeks ended June 30, 2024 and June 25, 2023, respectively. Excludes the benefit of the Brazil value added tax exemptions discussed in Note 15 - *Income Taxes* of the Notes to Consolidated Financial Statements.

BLOOMIN' BRANDS, INC.

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

Comparable Restaurant Sales, Traffic and Average Check Per Person (Decreases) Increases - Following is a summary of comparable restaurant sales, traffic and average check per person (decreases) increases for the periods indicated:

	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
	JUNE 30, 2024 (1)	JUNE 25, 2023	JUNE 30, 2024 (1)	JUNE 25, 2023
Year over year percentage change:				
Comparable restaurant sales (restaurants open 18 months or more):				
U.S. (2)				
Outback Steakhouse	(0.1)%	0.6 %	(0.7)%	2.8 %
Carrabba's Italian Grill	2.0 %	3.5 %	1.2 %	5.1 %
Bonefish Grill	(2.0)%	0.5 %	(3.5)%	3.4 %
Fleming's Prime Steakhouse & Wine Bar	(1.1)%	(2.5)%	(1.5)%	0.4 %
Combined U.S.	(0.1)%	0.8 %	(0.9)%	3.1 %
International				
Outback Steakhouse - Brazil (3)(4)	(1.1)%	4.1 %	(1.0)%	9.1 %
Traffic:				
U.S.				
Outback Steakhouse	(4.1)%	(5.4)%	(4.1)%	(3.5)%
Carrabba's Italian Grill	(1.8)%	(0.8)%	(2.3)%	0.5 %
Bonefish Grill	(4.8)%	(4.4)%	(6.0)%	(2.0)%
Fleming's Prime Steakhouse & Wine Bar	(8.2)%	(2.3)%	(6.5)%	(1.1)%
Combined U.S.	(3.8)%	(4.2)%	(4.1)%	(2.4)%
International				
Outback Steakhouse - Brazil (3)	(2.7)%	(4.0)%	(3.3)%	(0.9)%
Average check per person (5):				
U.S.				
Outback Steakhouse	4.0 %	6.0 %	3.4 %	6.3 %
Carrabba's Italian Grill	3.8 %	4.3 %	3.5 %	4.6 %
Bonefish Grill	2.8 %	4.9 %	2.5 %	5.4 %
Fleming's Prime Steakhouse & Wine Bar	7.1 %	(0.2)%	5.0 %	1.5 %
Combined U.S.	3.7 %	5.0 %	3.2 %	5.5 %
International				
Outback Steakhouse - Brazil (3)	1.0 %	8.5 %	1.8 %	10.0 %

- (1) For Q2 2024, comparable restaurant sales, traffic and average check per person compare the thirteen weeks from April 1, 2024 through June 30, 2024 to the thirteen weeks from April 3, 2023 through July 2, 2023, and for the twenty-six weeks from January 1, 2024 through June 30, 2024 to the twenty-six weeks from January 2, 2023 through July 2, 2023.
- (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 and the benefit of the Brazil value added tax exemptions discussed in Note 15 - *Income Taxes* of the Notes to Consolidated Financial Statements.
- (4) Includes trading day impact from calendar period reporting.
- (5) 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**

COSTS AND EXPENSES

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

	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
	JUNE 30, 2024	JUNE 25, 2023	JUNE 30, 2024	JUNE 25, 2023
Revenues				
Restaurant sales	98.6 %	98.7 %	98.7 %	98.7 %
Franchise and other revenues	1.4	1.3	1.3	1.3
Total revenues	100.0	100.0	100.0	100.0
Costs and expenses				
Food and beverage (1)	30.5	30.9	30.4	31.1
Labor and other related (1)	29.8	28.7	29.4	28.2
Other restaurant operating (1)	25.4	24.0	25.0	23.5
Depreciation and amortization	4.4	4.1	4.3	3.9
General and administrative	5.5	5.5	5.5	5.4
Provision for impaired assets and restaurant closings	1.5	0.2	1.2	0.2
Total costs and expenses	95.9	92.2	94.7	91.2
Income from operations	4.1	7.8	5.3	8.8
Loss on extinguishment of debt	—	—	(5.9)	—
Interest expense, net	(1.3)	(1.2)	(1.2)	(1.1)
Income (loss) before provision for income taxes	2.8	6.6	(1.8)	7.7
Provision for income taxes	0.2	0.5	0.5	0.9
Net income (loss)	2.6	6.1	(2.3)	6.8
Less: net income attributable to noncontrolling interests	0.1	0.2	0.1	0.1
Net income (loss) attributable to Bloomin' Brands	2.5 %	5.9 %	(2.4)%	6.7 %

(1) As a percentage of Restaurant sales.

Thirteen weeks ended June 30, 2024 as compared to thirteen weeks ended June 25, 2023

Food and beverage cost decreased as a percentage of Restaurant sales primarily due to 1.4% from increases in average check per person driven by an increase in menu pricing and 0.6% from cost-saving and productivity initiatives. These decreases were partially offset by increases as a percentage of Restaurant sales of 0.9% from unfavorable product mix and 0.4% from commodity inflation.

Labor and other related expense increased as a percentage of Restaurant sales primarily due to 1.8% from higher hourly and field management labor costs, primarily due to wage rate inflation, partially offset by a decrease of 0.8% from an increase in average check per person.

Other restaurant operating expense increased as a percentage of Restaurant sales primarily due to 1.6% from higher restaurant-level operating and supply expenses, primarily due to inflation, and 0.4% from higher advertising expense. These increases were partially offset by decreases as a percentage of Restaurant sales of 0.6% from an increase in average check per person and 0.2% from certain cost-saving and productivity initiatives.

Depreciation and amortization expense increased primarily due to restaurant development and technology projects.

Provision for impaired assets and restaurant closings increased primarily due to impairment and closure charges in connection with the Q2 2024 decision to close nine restaurants in Hong Kong and closure charges in connection with the Q4 2023 decision to close 36 older, predominately underperforming restaurants within the U.S. segment.

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

Income from operations during the thirteen weeks ended June 30, 2024 includes a net operating margin decrease of approximately 0.4% attributable to the lapping of the 2023 Brazil value added tax exemptions (PIS and COFINS). Beginning on May 23, 2024, we are eligible for certain value added tax exemptions under the new Brazil tax legislation. See Note 15 - *Income Taxes* of the Notes to Consolidated Financial Statements for further discussion regarding Brazil tax legislation.

Provision for income taxes for the thirteen weeks ended June 30, 2024 includes the impact of lower forecasted annual pre-tax book income for the thirteen weeks ended June 30, 2024 relative to the prior quarter in 2024.

Twenty-six weeks ended June 30, 2024 as compared to twenty-six weeks ended June 25, 2023

Food and beverage cost decreased as a percentage of Restaurant sales primarily due to 1.3% from increases in average check per person driven by an increase in menu pricing and 0.6% from cost-saving and productivity initiatives. These decreases were partially offset by increases as a percentage of Restaurant sales of: (i) 0.6% from unfavorable product mix, (ii) 0.2% from commodity inflation and (iii) 0.2% from the lapping of the 2023 Brazil value added tax exemptions.

Labor and other related expense increased as a percentage of Restaurant sales primarily due to 1.7% from higher hourly and field management labor costs, primarily due to wage rate inflation, partially offset by a decrease of 0.5% from an increase in average check per person.

Other restaurant operating expense increased as a percentage of Restaurant sales primarily due to 1.2% from higher restaurant-level operating and supply expenses, primarily due to inflation, and 0.5% from higher advertising expense. These increases were partially offset by decreases as a percentage of Restaurant sales of 0.3% from an increase in average check per person and 0.2% from certain cost-saving and productivity initiatives.

Depreciation and amortization expense increased primarily due to restaurant development and technology projects.

Provision for impaired assets and restaurant closings increased primarily due to impairment and closure charges in connection with the Q2 2024 decision to close nine restaurants in Hong Kong and the Q4 2023 decision to close 36 older, predominately underperforming restaurants within the U.S. segment.

Income from operations during the twenty-six weeks ended June 30, 2024 includes a net operating margin decrease of approximately 0.3% attributable to the lapping of the 2023 Brazil value added tax exemptions (PIS and COFINS). Beginning on May 23, 2024, we are eligible for certain value added taxes exemptions under the new Brazil tax legislation. See Note 15 - *Income Taxes* of the Notes to Consolidated Financial Statements for further discussion regarding Brazil tax legislation.

Loss on extinguishment of debt during the twenty-six weeks ended June 30, 2024 was in connection with the 2025 Notes Partial Repurchase, which is described in further detail within Note 10 - *Convertible Senior Notes* of the Notes to Consolidated Financial Statements.

Provision for income taxes for the twenty-six weeks ended June 30, 2024 includes the impact of nondeductible losses associated with the 2025 Notes Partial Repurchase which, relative to a pre-tax book loss during the period, resulted in a negative effective income tax rate.

BLOOMIN' BRANDS, INC.

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

SEGMENT PERFORMANCE

The following is a summary of reporting segments:

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

(1) Includes franchise locations.

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

Refer to Note 17 - *Segment Reporting* of the Notes to Consolidated Financial Statements for reconciliations of segment income from operations to the consolidated operating results.

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

BLOOMIN' BRANDS, INC.

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

Summary financial data - Following is a summary of financial data by segment for the periods indicated:

(dollars in thousands)	U.S.		INTERNATIONAL	
	THIRTEEN WEEKS ENDED		THIRTEEN WEEKS ENDED	
	JUNE 30, 2024	JUNE 25, 2023	JUNE 30, 2024	JUNE 25, 2023
Revenues				
Restaurant sales	\$ 962,088	\$ 993,438	\$ 141,477	\$ 143,892
Franchise and other revenues	12,085	11,791	3,216	3,573
Total revenues	\$ 974,173	\$ 1,005,229	\$ 144,693	\$ 147,465
Income (loss) from operations	\$ 79,677	\$ 103,008	\$ (874)	\$ 20,486
Operating income (loss) margin	8.2 %	10.2 %	(0.6)%	13.9 %
Restaurant-level operating income	\$ 136,455	\$ 154,856	\$ 22,044	\$ 29,673
Restaurant-level operating margin	14.2 %	15.6 %	15.6 %	20.6 %
(dollars in thousands)				
(dollars in thousands)	TWENTY-SIX WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
	JUNE 30, 2024		JUNE 25, 2023	
	JUNE 30, 2024	JUNE 25, 2023	JUNE 30, 2024	JUNE 25, 2023
Revenues				
Restaurant sales	\$ 1,992,984	\$ 2,074,007	\$ 290,068	\$ 291,557
Franchise and other revenues	24,293	24,218	6,848	7,658
Total revenues	\$ 2,017,277	\$ 2,098,225	\$ 296,916	\$ 299,215
Income from operations	\$ 177,161	\$ 236,251	\$ 14,888	\$ 44,994
Operating income margin	8.8 %	11.3 %	5.0 %	15.0 %
Restaurant-level operating income	\$ 298,431	\$ 342,664	\$ 49,201	\$ 63,688
Restaurant-level operating margin	15.0 %	16.5 %	17.0 %	21.8 %

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

(dollars in millions)	U.S.		INTERNATIONAL	
	THIRTEEN WEEKS ENDED	TWENTY-SIX WEEKS ENDED	THIRTEEN WEEKS ENDED	TWENTY-SIX WEEKS ENDED
	(dollars in millions)	(dollars in millions)	(dollars in millions)	(dollars in millions)
For the periods ended June 25, 2023	\$ 993.4	\$ 2,074.0	\$ 143.9	\$ 291.6
Change from:				
Restaurant closures (1)	(33.0)	(57.5)	(9.6)	(19.2)
Comparable restaurant sales (3)	(11.1)	(43.8)	(3.1)	(5.9)
Restaurant openings (4)	12.8	20.3	(0.7)	(1.3)
For the periods ended June 30, 2024	\$ 962.1	\$ 1,993.0	10.8	17.5
			Effect of foreign currency translation	0.2
			For the periods ended June 30, 2024	\$ 141.5
				\$ 290.1

- (1) The thirteen weeks ended June 30, 2024 includes the restaurant sales impact from the closure of 51 U.S. and two international restaurants since March 26, 2023. The twenty-six weeks ended June 30, 2024 includes the restaurant sales impact from the closure of 55 U.S. and two international restaurants since December 25, 2022.
- (2) During 2023, we were eligible for certain value added tax exemptions under the Brazil tax legislation until August 2023. Beginning on May 23, 2024, we are eligible for certain value added tax exemptions under the new Brazil tax legislation. See Note 15 - *Income Taxes* of the Notes to Consolidated Financial Statements for details regarding value added tax exemptions in connection with Brazil tax legislation.
- (3) U.S. comparable restaurant sales for the twenty-six weeks ended June 30, 2024 includes an estimated \$16.5 million negative impact from a one-week shift in the fiscal calendar.
- (4) The thirteen weeks ended June 30, 2024 includes restaurant sales from 20 U.S. and 35 international new restaurants not included in our comparable restaurant sales base. The twenty-six weeks ended June 30, 2024 includes restaurant sales from 22 U.S. and 43 international new restaurants not included in our comparable restaurant sales base.

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

U.S. - The decrease in U.S. Income from operations generated during the thirteen weeks ended June 30, 2024 as compared to the thirteen weeks ended June 25, 2023 was primarily due to: (i) lower restaurant sales, as discussed above, (ii) higher labor and operating costs, primarily due to inflation, (iii) unfavorable product mix and (iv) higher advertising expense. These decreases were partially offset by increases from an increase in average check per person and the impact of certain cost-saving and productivity initiatives.

The decrease in U.S. Income from operations generated during the twenty-six weeks ended June 30, 2024 as compared to the twenty-six weeks ended June 25, 2023 was primarily due to: (i) lower restaurant sales, as discussed above, (ii) higher labor and operating costs, primarily due to inflation, (iii) unfavorable product mix, (iv) higher advertising expense and (v) higher impairment and closure costs. These decreases were partially offset by increases from an increase in average check per person and the impact of certain cost-saving and productivity initiatives.

International - International Loss from operations generated during the thirteen weeks ended June 30, 2024 as compared to international Income from operations generated during the thirteen weeks ended June 25, 2023 was primarily due to: (i) higher impairment and closure costs, (ii) higher labor and operating costs, primarily due to inflation and (iii) lapping value added tax exemptions in Brazil during 2023. These decreases were partially offset by an increase in average check per person.

The decrease in international Income from operations generated during the twenty-six weeks ended June 30, 2024 as compared to the twenty-six weeks ended June 25, 2023 was primarily due to: (i) higher impairment and closure costs, (ii) higher labor and operating costs, primarily due to inflation and (iii) lapping value added tax exemptions in Brazil during 2023. These decreases were partially offset by an increase in average check per person.

BLOOMIN' BRANDS, INC.

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

Non-GAAP Financial Measures

Consolidated Restaurant-level Operating Income and Adjusted Restaurant-level Operating Income and Corresponding Margins Non-GAAP Reconciliations - The following table reconciles consolidated Income from operations and the corresponding margin to restaurant-level operating income and adjusted restaurant-level operating income and the corresponding margins for the periods indicated:

<i>Consolidated</i> (dollars in thousands)	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
	JUNE 30, 2024	JUNE 25, 2023	JUNE 30, 2024	JUNE 25, 2023
Income from operations	\$ 46,131	\$ 89,446	\$ 123,224	\$ 210,079
Operating income margin	4.1 %	7.8 %	5.3 %	8.8 %
Less:				
Franchise and other revenues	15,301	15,364	31,141	31,876
Plus:				
Depreciation and amortization	49,525	47,565	98,807	93,867
General and administrative	61,152	63,358	127,928	129,162
Provision for impaired assets and restaurant closings	16,261	1,827	27,134	5,151
Restaurant-level operating income	\$ 157,768	\$ 186,832	\$ 345,952	\$ 406,383
Restaurant-level operating margin	14.3 %	16.4 %	15.2 %	17.2 %
Adjustments:				
Asset impairments and closure-related charges	—	—	434	—
Total restaurant-level operating income adjustments	—	—	434	—
Adjusted restaurant-level operating income	\$ 157,768	\$ 186,832	\$ 346,386	\$ 406,383
Adjusted restaurant-level operating margin	14.3 %	16.4 %	15.2 %	17.2 %

Segment Restaurant-level and Adjusted Restaurant-level Operating Income and Corresponding Margins Non-GAAP Reconciliations - The following tables reconcile segment Income (loss) from operations and the corresponding margin to segment restaurant-level operating income and adjusted restaurant-level operating income and the corresponding margins for the periods indicated:

<i>U.S.</i> (dollars in thousands)	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
	JUNE 30, 2024	JUNE 25, 2023	JUNE 30, 2024	JUNE 25, 2023
Income from operations	\$ 79,677	\$ 103,008	\$ 177,161	\$ 236,251
Operating income margin	8.2 %	10.2 %	8.8 %	11.3 %
Less:				
Franchise and other revenues	12,085	11,791	24,293	24,218
Plus:				
Depreciation and amortization	40,616	39,376	80,584	77,539
General and administrative	26,112	22,436	51,908	47,941
Provision for impaired assets and restaurant closings	2,135	1,827	13,071	5,151
Restaurant-level operating income	\$ 136,455	\$ 154,856	\$ 298,431	\$ 342,664
Restaurant-level operating margin	14.2 %	15.6 %	15.0 %	16.5 %
Adjustments:				
Asset impairments and closure-related charges	—	—	434	—
Total restaurant-level operating income adjustments	—	—	434	—
Adjusted restaurant-level operating income	\$ 136,455	\$ 154,856	\$ 298,865	\$ 342,664
Adjusted restaurant-level operating margin	14.2 %	15.6 %	15.0 %	16.5 %

BLOOMIN' BRANDS, INC.

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

<i>International</i> (dollars in thousands)	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
	JUNE 30, 2024	JUNE 25, 2023	JUNE 30, 2024	JUNE 25, 2023
(Loss) income from operations	\$ (874)	\$ 20,486	\$ 14,888	\$ 44,994
Operating (loss) income margin	(0.6)%	13.9 %	5.0 %	15.0 %
Less:				
Franchise and other revenues	3,216	3,573	6,848	7,658
Plus:				
Depreciation and amortization	6,695	6,125	13,956	12,044
General and administrative	5,313	6,635	13,142	14,308
Provision for impaired assets and restaurant closings	14,126	—	14,063	—
Restaurant-level operating income	\$ 22,044	\$ 29,673	\$ 49,201	\$ 63,688
Restaurant-level operating margin	15.6 %	20.6 %	17.0 %	21.8 %

Adjusted Restaurant-level Operating Margin Non-GAAP Reconciliations (continued) - The following tables present the percentages of certain operating cost financial statement line items in relation to Restaurant sales for the periods indicated:

	THIRTEEN WEEKS ENDED	
	JUNE 30, 2024	JUNE 25, 2023
	REPORTED AND ADJUSTED	REPORTED AND ADJUSTED
Restaurant sales	100.0 %	100.0 %
Food and beverage	30.5 %	30.9 %
Labor and other related	29.8 %	28.7 %
Other restaurant operating	25.4 %	24.0 %
Restaurant-level operating margin	14.3 %	16.4 %

	TWENTY-SIX WEEKS ENDED	
	JUNE 30, 2024	JUNE 25, 2023
	REPORTED AND ADJUSTED (1)	REPORTED AND ADJUSTED
Restaurant sales	100.0 %	100.0 %
Food and beverage	30.4 %	31.1 %
Labor and other related	29.4 %	28.2 %
Other restaurant operating	25.0 %	23.5 %
Restaurant-level operating margin	15.2 %	17.2 %

(1) See the *Consolidated Restaurant-level Operating Income and Adjusted Restaurant-level Operating Income and Corresponding Margins Non-GAAP Reconciliations* table above for details regarding restaurant-level operating margin adjustments. All restaurant-level operating margin adjustments for the periods presented were recorded within Labor and other related expense.

BLOOMIN' BRANDS, INC.

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

Adjusted Income from Operations Non-GAAP Reconciliations - The following table reconciles Income from operations and the corresponding margin to adjusted income from operations and the corresponding margin for the periods indicated:

(dollars in thousands)	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
	JUNE 30, 2024	JUNE 25, 2023	JUNE 30, 2024	JUNE 25, 2023
Income from operations	\$ 46,131	\$ 89,446	\$ 123,224	\$ 210,079
Operating income margin	4.1 %	7.8 %	5.3 %	8.8 %
Adjustments:				
Total restaurant-level operating income adjustments (1)	—	—	434	—
Asset impairments and closure-related charges (2)	16,225	—	28,746	—
Strategic initiative fees (3)	1,000	—	1,000	—
Total income from operations adjustments	17,225	—	30,180	—
Adjusted income from operations	\$ 63,356	\$ 89,446	\$ 153,404	\$ 210,079
Adjusted operating income margin	5.7 %	7.8 %	6.6 %	8.8 %

- (1) See the *Consolidated Restaurant-level Operating Income and Adjusted Restaurant-level Operating Income and Corresponding Margins Non-GAAP Reconciliations* table above for details regarding restaurant-level operating income adjustments.
- (2) Includes asset impairment, closure costs and severance primarily in connection with the Q2 2024 decision to close nine restaurants in Hong Kong and the Q4 2023 decision to close 36 older, predominately underperforming U.S. restaurants.
- (3) Represents fees incurred in connection with a project-based strategic initiative. The costs incurred represent third-party consulting fees related to a strategic initiative to develop revenue growth management capabilities for Outback Steakhouse and are included in General and administrative expense. We expect to incur additional fees for this project for the remainder of 2024. Given the expected magnitude and scope of this initiative and that it is not expected to recur in the foreseeable future after 2024, we consider these incremental expenses to be distinct from other consulting fees that we incur in the ordinary course of business and not reflective of the ongoing costs to operate our business or operating performance in the period.

Adjusted Net Income and Adjusted Diluted Earnings Per Share Non-GAAP Reconciliations - The following table reconciles Net income (loss) attributable to Bloomin' Brands to adjusted net income and adjusted diluted earnings per share for the periods indicated:

(in thousands, except per share data)	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
	JUNE 30, 2024	JUNE 25, 2023	JUNE 30, 2024	JUNE 25, 2023
Net income (loss) attributable to Bloomin' Brands	\$ 28,403	\$ 68,277	\$ (55,469)	\$ 159,588
Adjustments:				
Income from operations adjustments (1)	17,225	—	30,180	—
Loss on extinguishment of debt (2)	—	—	135,797	—
Total adjustments, before income taxes	17,225	—	165,977	—
Adjustment to provision for income taxes (3)	(602)	—	(1,968)	—
Net adjustments	16,623	—	164,009	—
Adjusted net income	\$ 45,026	\$ 68,277	\$ 108,540	\$ 159,588
Diluted earnings (loss) per share	\$ 0.32	\$ 0.70	\$ (0.64)	\$ 1.63
Adjusted diluted earnings per share (4)(5)	\$ 0.51	\$ 0.70	\$ 1.18	\$ 1.63
Diluted weighted average common shares outstanding (5)	88,632	97,401	86,856	97,706
Adjusted diluted weighted average common shares outstanding (4)(5)	88,632	97,401	92,004	97,706

- (1) See the *Adjusted Income from Operations Non-GAAP Reconciliations* table above for details regarding Income from operations adjustments.
- (2) Includes losses in connection with the 2025 Notes Partial Repurchase. See Note 10 - *Convertible Senior Notes* of the Notes to Consolidated Financial Statements for additional details.

BLOOMIN' BRANDS, INC.

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

- (3) Includes the tax effects of non-GAAP adjustments determined based on the nature of the underlying non-GAAP adjustments and their relevant jurisdictional tax rates for all periods presented. The difference between GAAP and adjusted effective income tax rates during the thirteen weeks ended June 30, 2024 primarily relates to asset impairment and closure costs in Hong Kong with no corresponding tax benefit as a result of a full valuation allowance against deferred tax assets in that jurisdiction. The difference between GAAP and adjusted effective income tax rates for the twenty-six weeks ended June 30, 2024 primarily relates to nondeductible losses and other tax costs associated with the 2025 Notes Partial Repurchase.
- (4) Adjusted diluted weighted average common shares outstanding for the thirteen weeks ended June 30, 2024 and June 25, 2023 and the twenty-six weeks ended June 30, 2024 and June 25, 2023 were calculated including the effect of 1.0 million, 5.0 million, 2.7 million and 4.9 million dilutive securities, respectively, for outstanding 2025 Notes and the effect of 0.6 million, 3.3 million, 1.9 million and 3.2 million dilutive securities, respectively, for the Warrant Transactions, as defined below. In connection with the offering of the 2025 Notes, we entered into convertible note hedge transactions (the "Convertible Note Hedge Transactions") and concurrently entered into warrant transactions relating to the same number of shares of our common stock (the "Warrant Transactions"). If our stock price is in excess of the conversion price of the 2025 Notes (\$10.94 and \$11.37 as of June 30, 2024 and June 25, 2023, respectively), the Convertible Note Hedge Transactions deliver shares to offset dilution from the 2025 Notes, which, in combination with the warrant transactions, effectively offset dilution from the 2025 Notes up to the strike price of the Warrant Transactions (\$15.32 and \$15.92 as of June 30, 2024 and June 25, 2023, respectively). Adjusted diluted earnings per share and adjusted diluted weighted average common shares outstanding for the thirteen and twenty-six weeks ended June 25, 2023 have been recast to remove the 5.0 million and 4.9 million share benefit, respectively, of the Convertible Note Hedge Transactions which was previously included as a non-GAAP share adjustment.
- (5) Due to a GAAP net loss, antidilutive securities are excluded from diluted weighted average common shares outstanding for the twenty-six weeks ended June 30, 2024. However, considering the adjusted net income position, adjusted diluted weighted average common shares outstanding incorporates securities that would have been dilutive for GAAP.

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

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

(dollars in millions)	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
	JUNE 30, 2024	JUNE 25, 2023	JUNE 30, 2024	JUNE 25, 2023
U.S.				
Outback Steakhouse	\$ 128	\$ 131	\$ 261	\$ 267
Carrabba's Italian Grill	11	12	23	25
Bonefish Grill	2	2	5	5
Aussie Grill	1	—	1	—
U.S. total	142	145	290	297
International				
Outback Steakhouse - South Korea	70	76	152	170
Other (1)	24	25	48	52
International total	94	101	200	222
Total franchise sales	\$ 236	\$ 246	\$ 490	\$ 519

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

BLOOMIN' BRANDS, INC.

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

Liquidity and Capital Resources

Cash and Cash Equivalents

As of June 30, 2024, we had \$117.9 million in cash and cash equivalents, of which \$59.2 million was held by foreign affiliates. The international jurisdictions in which we have significant cash do not have any known restrictions that would prohibit repatriation.

As of June 30, 2024, we had aggregate undistributed foreign earnings of approximately \$33.1 million that may be repatriated to the U.S. without additional material U.S. federal income tax. These amounts are not considered indefinitely reinvested in our foreign subsidiaries.

Borrowing Capacity and Debt Service

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

(dollars in thousands)	SENIOR SECURED CREDIT FACILITY	2025 NOTES	2029 NOTES	TOTAL CREDIT FACILITIES
Balance as of December 31, 2023	\$ 381,000	\$ 104,786	\$ 300,000	\$ 785,786
2024 new debt	860,000	—	—	860,000
2024 payments	(556,000)	—	—	(556,000)
2024 repurchases and conversions	—	(84,062)	—	(84,062)
Balance as of June 30, 2024	<u>\$ 685,000</u>	<u>\$ 20,724</u>	<u>\$ 300,000</u>	<u>\$ 1,005,724</u>
Interest rates, as of June 30, 2024 (1)	6.96 %	5.00 %	5.13 %	
Principal maturity date	April 2026	May 2025	April 2029	

(1) The revolving credit facility interest rate represents the weighted average interest rate as of June 30, 2024.

As of June 30, 2024, we had \$297.2 million in available unused borrowing capacity under our revolving credit facility, net of letters of credit of \$17.8 million.

Our credit agreement, as amended, contains various financial and non-financial covenants. A violation of these covenants could negatively impact our liquidity by restricting our ability to borrow under the revolving credit facility and cause an acceleration of the amounts due under the credit facilities. See Note 12 - *Long-term Debt, Net* in our Annual Report on Form 10-K for the year ended December 31, 2023 for further information.

As of June 30, 2024 and December 31, 2023, we were in compliance with our debt covenants. We believe that we will remain in compliance with our debt covenants during the next 12 months and beyond.

2025 Notes Partial Repurchase - On February 29, 2024, we and the Noteholders entered into the Exchange Agreements in which the Noteholders agreed to exchange \$83.6 million in aggregate principal amount of our outstanding 2025 Notes for approximately 7.5 million shares of our common stock and \$3.3 million in cash, including accrued interest.

Convertible Note Hedge and Warrant Transactions - In connection with the 2025 Notes Partial Repurchase, we entered into the Early Termination Agreements with the Derivative Counterparties. Upon settlement, we received approximately \$118.2 million in cash and 0.3 million shares of our common stock from the Derivative

BLOOMIN' BRANDS, INC.

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

Counterparties and paid \$102.2 million in cash to the Derivative Counterparties during the twenty-six weeks ended June 30, 2024.

See Note 10 - *Convertible Senior Notes* of the Notes to Consolidated Financial Statements for additional details regarding the 2025 Notes Partial Repurchase and related Early Termination Agreements.

Use of Cash

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

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

Capital Expenditures - We estimate that our capital expenditures will total approximately \$260 million to \$270 million in 2024. 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.

Brazil Judicial Deposit - In July 2024, we made a judicial deposit of \$42.9 million in connection with our appeal of an unfavorable court ruling regarding our eligibility for tax exemptions under the Brazil tax legislation. The judicial deposit includes the disputed amounts through December 31, 2023 and was recorded in Other assets, net, on our Consolidated Balance Sheet. We believe that we will more likely than not prevail in this appeal and, accordingly, have not recorded any expense or liability for the disputed amounts.

Dividends and Share Repurchases - In July 2024, our Board declared a quarterly cash dividend of \$0.24 per share, payable on September 4, 2024. Future dividend payments are dependent on our earnings, financial condition, capital expenditure requirements, surplus and other factors that our Board considers relevant, as well as continued compliance with the financial covenants in our debt agreements.

In February 2024, our Board canceled the remaining \$57.5 million under our former share repurchase authorization and approved a new \$350.0 million share repurchase authorization. The 2024 Share Repurchase Program includes capacity above our normal share repurchases activity to provide flexibility in retiring our 2025 Notes at or prior to their May 2025 maturity. The 2024 Share Repurchase Program will expire on August 13, 2025.

On March 1, 2024, we entered into the ASR Agreement, in connection with our previously announced 2024 Share Repurchase Program, with Wells Fargo to repurchase \$220.0 million of our common stock. Under the ASR Agreement, we made an aggregate payment of \$220.0 million to Wells Fargo and received an aggregate initial delivery of approximately 6.5 million shares of our common stock on March 4, 2024, representing approximately 80% of the total shares that are estimated to be repurchased under the ASR Agreement based on the price per share of common stock on that date. On April 23, 2024, we received 1.4 million additional shares of our common stock from Wells Fargo in connection with the final settlement of the ASR Agreement.

See Note 11 - *Stockholders' Equity* of the Notes to Consolidated Financial Statements for additional details regarding the ASR Agreement.

As of June 30, 2024, \$115.0 million remained available for repurchase under the 2024 Share Repurchase Program.

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

Following is a summary of dividends and share repurchases from fiscal year 2023 through June 30, 2024:

(dollars in thousands)	<u>DIVIDENDS PAID</u>	<u>SHARE REPURCHASES</u>	<u>TOTAL</u>
Fiscal year 2023	\$ 83,742	\$ 70,000	\$ 153,742
First fiscal quarter 2024 (1)	21,075	188,500	209,575
Second fiscal quarter 2024 (2)	20,762	59,000	79,762
Total (3)	<u>\$ 125,579</u>	<u>\$ 317,500</u>	<u>\$ 443,079</u>

- (1) Excludes \$0.4 million of fees recorded in Accumulated deficit related to repurchases under the ASR Agreement.
- (2) Includes \$44.0 million of share repurchases in connection with the ASR Agreement that settled during the thirteen weeks ended June 30, 2024.
- (3) Subsequent to June 30, 2024, we repurchased \$15.6 million of our common stock authorized under the 2024 Share Repurchase Program through August 2, 2024 under a Rule 10b5-1 plan.

Summary of Cash Flows and Financial Condition

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

(dollars in thousands)	<u>TWENTY-SIX WEEKS ENDED</u>	
	<u>JUNE 30, 2024</u>	<u>JUNE 25, 2023</u>
Net cash provided by operating activities	\$ 116,192	\$ 287,293
Net cash used in investing activities	(131,218)	(140,651)
Net cash provided by (used in) financing activities	22,288	(143,214)
Effect of exchange rate changes on cash and cash equivalents	(3,716)	631
Net increase in cash, cash equivalents and restricted cash	<u>\$ 3,546</u>	<u>\$ 4,059</u>

Operating Activities - The decrease in net cash provided by operating activities during the twenty-six weeks ended June 30, 2024 as compared to the twenty-six weeks ended June 25, 2023 was primarily due to changes in working capital and lower net earnings.

Investing Activities - The decrease in net cash used in investing activities during the twenty-six weeks ended June 30, 2024 as compared to the twenty-six weeks ended June 25, 2023 was primarily due to lower capital expenditures.

Financing Activities - The net cash provided by financing activities during the twenty-six weeks ended June 30, 2024 was due to net draws on the revolving credit facility exceeding cash used to repurchase common stock and pay dividends on our common stock, and net cash received from the Early Termination Agreements. Net cash used in financing activities during twenty-six weeks ended June 25, 2023 was primarily due to net repayments on our revolving credit facility, cash dividends on our common stock and repurchases of our common stock.

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

(dollars in thousands)	<u>JUNE 30, 2024</u>	<u>DECEMBER 31, 2023</u>
Current assets	\$ 300,211	\$ 343,314
Current liabilities	867,270	1,002,335
Working capital (deficit)	<u>\$ (567,059)</u>	<u>\$ (659,021)</u>

Working capital (deficit) includes: (i) Unearned revenue primarily from unredeemed gift cards of \$309.0 million and \$381.9 million as of June 30, 2024 and December 31, 2023, respectively, and (ii) current operating lease liabilities of \$169.4 million and \$175.4 million as of June 30, 2024 and December 31, 2023, respectively, with the corresponding operating right-of-use assets recorded as non-current on our Consolidated Balance Sheets. We have,

BLOOMIN' BRANDS, INC.

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

and in the future may continue to have, negative working capital balances (as is common for many restaurant companies). We operate successfully with negative working capital because cash collected on restaurant sales is typically received before payment is due on our current liabilities, and our inventory turnover rates require relatively low investment in inventories. Additionally, ongoing cash flows from restaurant operations and gift card sales are typically used to service debt obligations and to make capital expenditures.

Recently Issued Financial Accounting Standards

For a description of recently issued Financial Accounting Standards that we adopted during the thirteen weeks ended June 30, 2024 and, that are applicable to us and likely to have material effect on our consolidated financial statements, but have not yet been adopted, see Note 1 - *Description of the Business and Basis of Presentation* of the Notes to Consolidated Financial Statements of this Quarterly Report on Form 10-Q.

BLOOMIN' BRANDS, INC.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risk from changes in commodity prices, labor inflation and foreign currency exchange rates and interest rates. We believe that there have been no material changes in our market risk since December 31, 2023. See Part II, Item 7A., “Quantitative and Qualitative Disclosures about Market Risk,” in our Annual Report on Form 10-K for the year ended December 31, 2023 for further information regarding market risk.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We have established and maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of June 30, 2024.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) during the thirteen weeks ended June 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

BLOOMIN’ BRANDS, INC.

PART II: OTHER INFORMATION

Item 1. Legal Proceedings

For a description of our legal proceedings, see Note 16 - *Commitments and Contingencies* of the Notes to Consolidated Financial Statements of this Quarterly Report on Form 10-Q.

Item 1A. Risk Factors

In addition to the other information discussed in this report, please consider the factors described in Part I, Item 1A., “Risk Factors,” in our 2023 Form 10-K which could materially affect our business, financial condition or future results. There have not been any material changes to the risk factors described in our 2023 Form 10-K, but these are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may adversely affect our business, financial condition or operating results.

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

There were no sales of equity securities during the thirteen weeks ended June 30, 2024 that were not registered under the Securities Act.

Share Repurchases - The following table provides information regarding our purchases of common stock during the thirteen weeks ended June 30, 2024:

REPORTING PERIOD	TOTAL NUMBER OF SHARES PURCHASED	AVERAGE PRICE PAID PER SHARE	TOTAL NUMBER OF SHARES PURCHASED AS PART OF PUBLICLY ANNOUNCED PLANS OR PROGRAMS	APPROXIMATE DOLLAR VALUE OF SHARES THAT MAY YET BE PURCHASED UNDER THE PLANS OR PROGRAMS (1)
April 1, 2024 through April 28, 2024 (2)	1,403,632	\$ 27.30	1,403,632	\$ 130,000,000
April 29, 2024 through May 26, 2024	—	\$ —	—	\$ 130,000,000
May 27, 2024 through June 30, 2024	752,780	\$ 19.93	752,780	\$ 115,000,233
Total	<u>2,156,412</u>		<u>2,156,412</u>	

- (1) In February 2024, our Board approved a new share repurchase authorization of up to \$350.0 million of our outstanding common stock as announced in our press release issued February 23, 2024 (the “2024 Share Repurchase Program”). The 2024 Share Repurchase Program will expire on August 13, 2025. Subsequent to June 30, 2024, we repurchased \$15.6 million of our common stock authorized under the 2024 Share Repurchase Program through August 2, 2024 under a Rule 10b5-1 plan.
- (2) Includes \$44.0 million of share repurchases in connection with the ASR Agreement that settled on April 23, 2024.

Item 5. Other Information

On August 6, 2024, the Compensation Committee of the Board of Directors of Bloomin’ Brands, Inc. (the “Company”) approved a special grant of restricted stock unit awards (the “Retention Award(s)”) to certain key employees, including certain of the Company’s named executive officers (“NEOs”) and other executive officers, under the Company’s 2020 Omnibus Incentive Plan (the “Plan”).

Each Retention Award to these key employees is provided as an award of restricted stock units (“RSUs”) under the Plan, with a specified dollar value, for which the number of underlying shares will be determined based on the closing price of the Company’s common stock on September 3, 2024 (the first trading day of the month following the grant date).

The Compensation Committee of the Company’s Board of Directors believes the Retention Awards serve stockholder interests by encouraging retention of key employees during the search for, and transition to, a new Chief Executive Officer, as described in Exhibit 99.2 of the Company’s Form 8-K filed on May 7, 2024.

BLOOMIN’ BRANDS, INC.

The NEOs below are among the key employees who were granted Retention Awards, in the following amounts:

NAME AND TITLE	DOLLAR VALUE (1)
Michael Healy, Chief Financial Officer and Executive Vice President, Global Business Development	\$500,000
Brett Patterson, Executive Vice President, President of Outback Steakhouse	\$500,000
Kelly Lefferts, Executive Vice President, Chief Legal Officer and Secretary	\$400,000

(1) The RSUs underlying the Retention Awards entitle the grantee to receive one share of the Company’s Common Stock, par value \$0.01 per share, for each RSU granted. Each Retention Award becomes vested in three tranches: 50% of the Retention Award on the twelve (12) month anniversary of the grant date, then 25% of the Retention Award on the eighteen (18) month anniversary of the grant date, and 25% of the Retention Award on the twenty-four (24) month anniversary of the grant date, subject to the grantee’s continued employment with the Company through each vesting date. If the grantee’s Continuous Service (as defined in the Plan) voluntarily terminates or is terminated for Cause (as defined in the Plan) then all RSUs that are not vested on the date of such termination will be automatically and immediately forfeited for no consideration. If the grantee’s Continuous Service terminates involuntarily without “Cause” (as defined in the Plan) the next unvested tranche of the Retention Award that is scheduled to vest following the date of termination, if any, will vest in full but any other RSUs underlying the Retention Award that remain unvested at the time of such termination will be automatically and immediately forfeited for no consideration. The number of underlying shares will be determined on September 3, 2024.

The above summary of the terms of the Retention Awards does not purport to be complete and is subject to, and qualified in its entirety by, the full text of the form of Restricted Stock Unit Retention Award Agreement to be entered into with each of the NEOs and executive officers receiving a Retention Award, which is attached as Exhibit 10.2 to this Quarterly Report on Form 10-Q for the quarter ended June 30, 2024.

Rule 10b5-1 Trading Plans - In accordance with the disclosure requirement in Item 408(a) of Regulation S-K, the following table discloses the Company’s directors or executive officers subject to the filing requirements of Section 16 of the Exchange Act that adopted a “Rule 10b5-1 trading arrangement” (as defined in Item 408 of Regulation S-K) during the thirteen weeks ended June 30, 2024. These arrangements are intended to satisfy the affirmative defense conditions of Rule 10b5-1(c).

NAME AND TITLE	ADOPTION DATE OF RULE 10B5-1 TRADING PLANS	EXPIRATION DATE OF RULE 10B5-1 TRADING PLANS (1)	AGGREGATE NUMBER OF SECURITIES TO BE PURCHASED OR SOLD (2)
Kelly Lefferts, Executive Vice President, Chief Legal Officer and Secretary	May 13, 2024	February 25, 2025	17,184
Philip Pace, Senior Vice President, Chief Accounting Officer	May 9, 2024	May 2, 2025	37,949

(1) In each case, a trading plan may also expire on such earlier date as all transactions under the trading plan are completed.
 (2) Plans provide for the exercise of vested stock options and sale of associated shares.

Other than as disclosed above, none of the Company’s directors or executive officers adopted, modified or terminated a Rule 10b5-1 trading arrangement or any “non-Rule 10b5-1 trading arrangement” (as defined in Item 408 of Regulation S-K) during the thirteen weeks ended June 30, 2024.

BLOOMIN’ BRANDS, INC.

Item 6. Exhibits

EXHIBIT NUMBER	DESCRIPTION OF EXHIBITS	FILINGS REFERENCED FOR INCORPORATION BY REFERENCE
10.1*	Employment Offer Letter Agreement, dated as of April 3, 2024, between Bloomin’ Brands, Inc. and Michael Healy	May 8, 2024, Form 10-Q, Exhibit 10.4
10.2*	Form of Restricted Stock Unit Retention Award Agreement for restricted stock granted to executive management under the Bloomin’ Brands, Inc. 2020 Omnibus Incentive Compensation Plan	Filed herewith
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (1)	Furnished herewith
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (1)	Furnished herewith
101.INS	Inline XBRL Instance Document	Filed herewith
101.SCH	Inline XBRL Taxonomy Extension Schema Document	Filed herewith
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	Filed herewith
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	Filed herewith
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	Filed herewith
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	Filed herewith
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)	Filed herewith

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

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

BLOOMIN' BRANDS, INC.

SIGNATURE

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

Date: August 7, 2024

BLOOMIN' BRANDS, INC.

(Registrant)

By: /s/ Philip Pace

Philip Pace
Senior Vice President, Chief Accounting Officer
(Principal Accounting Officer)

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