REFINITIV

# DELTA REPORT

## 10-K

BH - BIGLARI HOLDINGS INC.

10-K - DECEMBER 31, 2023 COMPARED TO 10-K - DECEMBER 31, 2022

The following comparison report has been automatically generated

| TOTAL DELTAS | 924 |
| --- | --- |
| CHANGES | 218 |
| DELETIONS | 360 |
| ADDITIONS | 346 |

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

**FORM 10-K**

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

**For the fiscal year ended December 31, 2022 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 001-38477**

# BIGLARI HOLDINGS INC.

(Exact name of registrant as specified in its charter)

| | |
|---|---|
| **Indiana** | **82-3784946** |
| (State or other jurisdiction of incorporation) | (I.R.S. Employer Identification No.) |
| **19100 Ridgewood Parkway, Suite 1200** | |
| **San Antonio, Texas** | **78259** |
| (Address of principal executive offices) | (Zip Code) |

**(210) 344-3400**
Registrant's telephone number, including area code

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

| Title of each class | Trading Symbols | Name of each exchange on which registered |
|---|---|---|
| Class A Common Stock, no par value | BH.A | New York Stock Exchange |
| Class B Common Stock, no par value | BH | New York Stock Exchange |

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 x

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 x

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 x 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 (Section 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 x 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. (Check one):

| | | | | |
|---|---|---|---|---|
| Large accelerated filer ¨ | Accelerated filer x | Non-accelerated filer ¨ | Smaller reporting company x | 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 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. x

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 Exchange Act). Yes ¨ No x

The aggregate market value of the voting and non-voting common stock held by non-affiliates of the registrant as of June 30, 2022 June 30, 2023, was approximately $125,207,808. $201,503,586.

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Number of shares of common stock outstanding as of February 21, 2023 February 20, 2024:

| | |
|---|---|
| Class A common stock – | 206,864 |
| Class B common stock – | 2,068,640 |

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the Registrant's definitive Proxy Statement to be filed for its 2023 2024 Annual Meeting of Shareholders are incorporated by reference into Part III of this Form 10-K.

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## Part I

### Item 1. Business

Biglari Holdings Inc. is a holding company owning subsidiaries engaged in a number of diverse business activities, including property and casualty insurance, licensing and media, restaurants, and oil and gas. The Company's largest operating subsidiaries are involved in the franchising and operating of restaurants. Biglari Holdings is founded and led by Sardar Biglari, Chairman and Chief Executive Officer of the Company.

Biglari Holdings' management system combines decentralized operations with centralized financial decision-making. Operating decisions for the various business units are made by their respective managers. All major investment and capital allocation decisions are made for the Company and its subsidiaries by Mr. Biglari.

As of December 31, 2022 December 31, 2023, Mr. Biglari beneficially owns shares of the Company that represent approximately 66.3% 66.8% of the economic interest and approximately 70.4% 71.0% of the voting interest.

**Restaurant Operations**

The Company's restaurant operations are conducted through two subsidiaries: Steak n Shake Inc. ("Steak n Shake") and Western Sizzlin Corporation ("Western Sizzlin") for a combined 545 492 units. As of December 31, 2022 December 31, 2023, Steak n Shake had 177 148 company-operated restaurants, 175 181 franchise partner units, and 154 128 traditional franchise units. Of the 177 company-operated units, 39 are currently closed but Steak n Shake intends to refranchise a majority of them. Western Sizzlin had 3 company-operated restaurants and 36 32 franchise units.

Founded in 1934 in Normal, Illinois, on Route 66, Steak n Shake is a classic American brand serving premium burgers and milkshakes. Steak n Shake is headquartered in Indianapolis, Indiana.

Founded in 1962 in Augusta, Georgia, Western Sizzlin is a steak and buffet concept serving signature steak dishes as well as other classic American menu items. Western Sizzlin also operates two other concepts: Great American Steak & Buffet, and Wood Grill Buffet. Western Sizzlin is headquartered in Roanoke, Virginia.

The novel coronavirus ("COVID-19"), declared a pandemic by the World Health Organization in March 2020, caused governments to impose restrictive measures to contain its spread. In response to COVID-19, our restaurants were required to close their dining rooms in the first quarter of 2020, and the majority of those dining rooms remained closed during 2020. Steak n Shake reopened the majority of dining rooms during 2021, and in doing so has implemented a self-service model. Our restaurant operations followed the guidance of health officials in determining the appropriate restrictions to put in place for each restaurant.

*Company-Operated Restaurants*

A typical company-operated restaurant management team consists of a general manager, a restaurant manager, and other managers, depending on the sales volume of the restaurant. Each restaurant's general manager has primary responsibility for the day-to-day operations of his or her unit. Restaurant operations obtain food products and supplies from independent national distributors. Purchases are centrally negotiated to ensure uniformity in product quality.

*Franchise Partner Restaurants*

Steak n Shake offers a franchise partner program to transition company-operated restaurants to franchise partnerships. The franchise agreement stipulates that the franchisee make an upfront investment totaling ten thousand dollars. Steak n Shake, as the franchisor, assesses a fee of up to 15% of sales as well as 50% of profits. Potential franchise partners are screened based on entrepreneurial attitude and ability, but they become franchise partners based on achievement. Each must meet the gold standard in service. Franchise partners are single-unit owner-operators.

*Traditional Franchise Restaurants*

Restaurant operations' traditional franchising program extends the brands to areas in which there are no current development plans for company stores. The expansion plans include seeking qualified new franchisees and expanding relationships with current franchisees. Restaurant operations typically seek franchisees with both the financial resources necessary to fund successful development and significant experience in the restaurant/retail business. Both restaurant chains assist franchisees with the development and ongoing operation of their restaurants. In addition, personnel assist franchisees with site selection, approve restaurant sites, and provide prototype plans, construction support, and specifications. Restaurant operations staff provides both on-site and off-site instruction to franchise restaurant management and associates.

*International*

We have a corporate office in Monaco and an international organization with personnel in various functions to support our international business. Similar to our traditional domestic franchise agreements, a typical international franchise development agreement includes development and franchise fees in addition to subsequent royalty fees based on the gross sales of each restaurant.

*Competition*

The restaurant business is one of the most intensely competitive industries. As there are virtually no barriers to entry into the restaurant business, competitors may include national, regional, and local establishments. Restaurant businesses compete on the basis of price, convenience, service, experience, menu variety, and product quality. The restaurant business is often affected by changes in consumer tastes and by national, regional, and local economic conditions. The performance of individual restaurants may be impacted by factors such as traffic patterns, demographic trends, weather conditions, and competing restaurants.

*Government Regulations*

The Company is subject to various global, federal, state, and local laws affecting its restaurant operations. Each of the restaurants must comply with licensing and regulation by a number of governmental authorities, i.e., health, sanitation, safety, and fire agencies in the jurisdiction in which the restaurant is located.

Various federal and state labor laws govern our relationship with our employees, e.g., minimum wage, overtime pay, unemployment tax, health insurance, and workers' compensation. Federal, state, and local government agencies have established regulations requiring that we disclose nutritional information.

*Trademark and Licenses*
The name and reputation of Steak n Shake is a material asset, and management protects it and other service marks through appropriate registrations.

**Insurance Business**
Biglari Holdings' insurance activities are conducted through two insurance entities, First Guard Insurance Company and its affiliated agency, 1st Guard Corporation (collectively "First Guard"), and Southern Pioneer Property & Casualty Insurance Company and its affiliated agency, Southern Pioneer Insurance Agency, Inc. (collectively "Southern Pioneer"). Our insurance businesses provide insurance of property and casualty.

The insurance business is stringently regulated by state insurance departments. Insurers based in the United States are subject to regulation by their states of domicile and by those states in which they are licensed to write policies on an admitted basis. First Guard and Southern Pioneer operate under licenses issued by various state insurance authorities. The primary focus of regulation is to ensure that insurers are financially solvent and that policyholder interests are otherwise protected. States establish minimum capital levels for insurance companies and establish guidelines for permissible business and investment activities. States have the authority to suspend or revoke a company's authority to do business as conditions warrant. States regulate the payment of dividends by insurance companies to their shareholders and other transactions with affiliates. Dividends, capital distributions, and other transactions of extraordinary amounts are subject to prior regulatory approval. Insurers may market, sell, and service insurance policies in the states where they are licensed. These insurers are referred to as admitted insurers. Admitted insurers are generally required to obtain regulatory approval of their policy forms and premium rates. Except for regulatory considerations, there are virtually no barriers to entry into the insurance industry.

First Guard is a direct underwriter of commercial truck insurance, primarily selling physical damage and nontrucking liability insurance to truckers. The commercial truck insurance business is highly competitive in the areas of price and service. Vigorous competition is provided by large, well-capitalized companies and by small regional insurers. First Guard's insurance products are marketed primarily through direct response methods via the Internet or by telephone. First Guard's cost-efficient direct response marketing methods enable it to be a low-cost insurer. First Guard uses its own claim staff to manage claims. Seasonal variations in First Guard's insurance business are not significant. However, extraordinary weather conditions or other factors may have a significant effect upon the frequency or severity of claims. First Guard is headquartered in Venice, Florida.

Southern Pioneer underwrites garage liability and commercial property as well as homeowners and dwelling fire insurance on an admitted basis. Insurance coverages are offered nationwide, primarily through insurance agents. Southern Pioneer competes with large companies and local insurers. Southern Pioneer is headquartered in Jonesboro, Arkansas.

Biglari Holdings' insurance operations may be affected by extraordinary weather conditions or other factors, any of which may have a significant effect upon the frequency or severity of claims.

**Oil and Gas Business**
The Company's oil and gas operations are conducted through two entities, Southern Oil Company ("Southern Oil") and Abraxas Petroleum Corporation ("Abraxas Petroleum"). Southern Oil primarily operates oil and natural gas properties offshore in the shallow waters of the Gulf of Mexico. Abraxas Petroleum operates oil and natural gas wells in the Permian Basin.

On September 14, 2022, the Company purchased Series A Preferred Stock (the "Preferred Shares") Shares of Abraxas Petroleum for a purchase price of $80 million $80.0 million. On October 26, 2022, the Company exchanged the Preferred Shares for 90% of the outstanding common stock of Abraxas Petroleum. On June 14, 2023, the remaining 10% of the outstanding common stock of Abraxas Petroleum was acquired for $5.4 million.

The oil and gas industry is fundamentally a commodity business. Southern Oil's and Abraxas Petroleum's operations and earnings, therefore, may be significantly affected by changes in oil and natural gas prices. The COVID-19 pandemic caused oil demand to decrease significantly during the second and third quarters of 2020, which created oversupplied markets and lower commodity prices and margins. In response, the Company cut production and expenses in its oil and natural gas business during 2020. However, the significant increase in average crude oil and natural gas prices in 2021 and 2022 as compared to 2020 resulting from the lifting of COVID-19 restrictions, the resumption of normal economic activity, and the resulting improvement in supply and demand fundamentals caused Southern Oil to return to full production during 2021 and 2022. Biglari Holdings' oil and gas operations compete with fully integrated, major global petroleum companies, as well as independent and national petroleum companies. In addition, our companies are subject to a variety of risks inherent in the oil and gas business, including a wide range of local, state, and federal regulations.

Southern Oil is headquartered in Madisonville, Louisiana, and Abraxas Petroleum is headquartered in San Antonio, Texas.

**Brand Licensing Business**
Maxim's business lies principally in brand licensing. Maxim is headquartered in New York, New York.

Maxim competes for licensing business with other companies. The nature of the licensing business is predicated on projects that materialize with irregularity. In addition, publishing is a highly competitive business.

Maxim products are marketed under various registered brand names, including, but not limited to, "MAXIM®" and "Maxim®."

**Investments**

The Company and its subsidiaries have invested in The Lion Fund, L.P., and The Lion Fund II, L.P. (collectively, "the investment partnerships"). The investment partnerships operate as private investment funds. As of December 31, 2022 December 31, 2023, the fair value of the investments investment partnerships was $383.0 million $472.8 million. These investments are subject to a rolling five-year lock-up period under In addition, the terms Company held marketable securities (outside the investment partnerships) of the respective partnership agreements. $91.9 million at fair value.

**Employees**
As of December 31, 2022 December 31, 2023, the Company employed 2,559 2,466 persons. When hiring personnel, we do not consider circumstances of birth, race, gender, ethnicity, religion, or any other factor unrelated to talent. The factor of prime importance to us, talent, is invariably found across a wide spectrum of humanity. We seek to associate with people of high character and competence.

**Additional information with respect to Biglari Holdings' businesses**
Information related to our reportable segments may be found in Part II, Item 8 of this Form 10-K.

Biglari Holdings maintains a website (*biglariholdings.com*) where its annual reports, press releases, interim shareholder reports, and links to its subsidiaries' websites can be found. Biglari Holdings' periodic reports filed with the Securities and Exchange Commission (the "SEC"), which include Form 10-K, Form 10-Q, Form 8-K, and amendments thereto, may be accessed by the public free of charge from the SEC and through Biglari Holdings' website. In addition, corporate governance documents such as Corporate Governance Guidelines, Code of Conduct, Compensation Committee Charter, and Audit Committee Charter are posted on the Company's website. The documents are also available without charge upon written request. The Company's website and the information contained therein or connected thereto are not intended to be incorporated into this report on Form 10-K.

## Item 1A. Risk Factors

Biglari Holdings and its subsidiaries (referred to herein as "we," "us," "our," or similar expressions) are subject to certain risks and uncertainties in their business operations, which are described below. The risks and uncertainties described below are not the only risks we face. Additional risks and uncertainties not presently known or that are currently deemed immaterial may also impair our business operations.

**Risks relating to Biglari Holdings**

***We are dependent on our Chairman and CEO.***
Our success depends on the services of Sardar Biglari, Chairman and Chief Executive Officer. All major investment and capital allocation decisions are made for the Company and its subsidiaries by Mr. Biglari. If for any reason the services of Mr. Biglari were to become unavailable, a material adverse effect on our business could occur.

***Sardar Biglari, Chairman and CEO, beneficially owns over 50% of our outstanding shares of common stock, enabling Mr. Biglari to exert control over matters requiring shareholder approval.***
Mr. Biglari has the ability to control the outcome of matters submitted to our shareholders for approval, including the election or removal of directors, the amendment of our articles of incorporation or bylaws, and other significant transactions. In addition, Mr. Biglari has the ability to control the management and affairs of the Company. This control position may conflict with the interests of some or all of the Company's passive shareholders, and reduce the possibility of a merger proposal, tender offer, or proxy contest for the removal of directors.

***We are a "controlled company" within the meaning of the New York Stock Exchange rules and thus can rely on exemptions from certain corporate governance requirements.***
Because Mr. Biglari beneficially owns more than 50% of the Company's outstanding voting stock, we are considered a "controlled company" pursuant to New York Stock Exchange rules. As a result, we are not required to comply with certain director independence and board committee requirements. The Company does not have a governance and nominating committee.

***Biglari Holdings' access to capital is subject to restrictions that may adversely affect its ability to satisfy its cash requirements.***
We are a holding company and are largely dependent upon dividends and other sources of funds from our subsidiaries in order to meet our needs. The ability of our insurance subsidiaries to pay dividends to Biglari Holdings is regulated by state insurance laws, which limit the amount of, and in certain circumstances may prohibit the payment of, cash dividends. Furthermore, as a result of our substantial investments in The Lion Fund, L.P., and The Lion Fund II, L.P., investment partnerships controlled by Mr. Biglari, our access to capital is restricted by the terms of their respective partnership agreements. There is also a high likelihood that we will make additional investments in these investment partnerships.

***Competition and technology may result in lower earnings.***
Our operating businesses face intense competition within their markets, and many factors, including technological changes, may erode or prevent the strengthening of their competitive advantages. Accordingly, our future operating results will depend to some degree on our operating units successfully enhancing their competitive advantages. If our operating businesses are unsuccessful in these efforts, our periodic operating results may decline in the future. We also highlight certain competitive risks in the sections below.

***Deterioration of general economic conditions may significantly reduce our operating earnings.***
Our operating businesses are subject to normal economic cycles, which affect the general economy or the specific industries in which they operate. Significant deterioration of economic conditions over a prolonged period could produce a material adverse effect on one or more of our significant operations.

***Our operating businesses face a variety of risks associated with doing business in foreign markets.***
There is no assurance that our international operations will remain profitable. Our international operations are subject to all of the risks associated with our domestic operations, as well as a number of additional risks, varying substantially country by country. These include, *inter alia*, international economic and political conditions, corruption, terrorism, social and ethnic unrest, foreign currency fluctuations, differing cultures, and consumer preferences.

In addition, we may become subject to foreign governmental regulations that impact the way we do business with our international franchisees and vendors. These include antitrust and tax requirements, anti-boycott regulations, international trade regulations, the USA Patriot Act, the Foreign Corrupt Practices Act, Office of Foreign Assets Control regulations, and

applicable local laws. Failure to comply with any such legal requirements could subject us to monetary liabilities and other sanctions, which could harm our business and our financial condition.

***Epidemics, pandemics, or other outbreaks including COVID-19, could hurt our operating businesses and investments.***

The outbreak of COVID-19 adversely affected our operations and investments, and in the future it or other epidemics, Epidemics, pandemics, or outbreaks may do the same. adversely affect our operations and investments. This is or may be due to closures or restrictions requested or mandated by governmental authorities, disruption to supply chains and workforce, reduction of demand for our products and services, credit losses when customers and other counterparties fail to satisfy their obligations to us, and volatility in global equity securities markets, among other factors.

***Potential changes in laws or regulations may have a negative impact on our Class A common stock and Class B common stock.***

In prior years, bills have been introduced in Congress that, if enacted, would have prohibited the listing of common stock on a national securities exchange if such common stock were part of a class of securities that has no voting rights or carries disproportionate voting rights. Although these bills have not been acted upon by Congress, there can be no assurance that such a bill (or a modified version thereof) will not be introduced in Congress in the future. Legislation or other regulatory developments could make the shares of Class A common stock and Class B common stock ineligible for trading on the NYSE or other national securities exchanges.

***Litigation could have a material adverse effect on our financial position, cash flows, and results of operations.***

We are or may be from time to time a party to various legal actions, investigations, and other proceedings brought by employees, consumers, policyholders, suppliers, shareholders, government agencies, or other third parties in connection with matters pertaining to our business, including those related to our investment activities. The outcome of such matters is often difficult to assess or quantify, and the cost to defend future proceedings may be significant. Even if a claim is unsuccessful or is not fully pursued, the negative publicity surrounding any allegation regarding the Company, our business, or our products could adversely affect our reputation. While we believe that the ultimate outcome of routine legal proceedings, individually and in the aggregate, will not have a material impact on our financial position, we cannot assure that an adverse outcome on, or reputational damage from, any of these matters would not, in fact, materially impact our business and results of operations for the period after these matters are completed or otherwise resolved.

**Risks Relating to Our Restaurant Operations**

***Our restaurant operations face intense competition from a wide range of industry participants.***

The restaurant business is one of the most intensely competitive industries. As there are virtually no barriers to entry into the restaurant business, competitors may include national, regional, and local establishments. Restaurant businesses compete on the basis of price, convenience, service, experience, menu variety, and product quality. The restaurant business is often affected by changes in consumer tastes and by national, regional, and local economic conditions. The performance of individual restaurants may be impacted by factors such as traffic patterns, demographic trends, weather conditions, and competing restaurants. Additional factors that may adversely affect the restaurant industry include, but are not limited to, food and wage inflation, safety, and food-borne illness.

***Changes in economic conditions may have an adverse impact on our restaurant operations.***

Our restaurant operations are subject to normal economic cycles affecting the economy in general or the restaurant industry in particular. The restaurant industry has been affected by economic factors, including the deterioration of global, national, regional, and local economic conditions, declines in employment levels, and shifts in consumer spending patterns. Declines in consumer restaurant spending could be harmful to our financial position and results of operations. As a result, decreased cash flow generated from our business may adversely affect our financial position and our ability to fund our operations. In addition, macroeconomic disruptions could adversely impact the availability of financing for our franchisees' expansions and operations.

***Fluctuations in commodity and energy prices and the availability of commodities, including beef and dairy, could affect our restaurant business.***

The cost, availability, and quality of ingredients restaurant operations use to prepare their food are subject to a range of factors, many of which are beyond their control. A significant component of our restaurant business costs is related to food commodities, including beef and dairy products, which can be subject to significant price fluctuations due to seasonal shifts, climate conditions, industry demand, changes in commodity markets, inflation, and other factors. If there is a substantial increase in prices for these food commodities, our results of operations may be negatively affected. In addition, our restaurants are dependent upon frequent deliveries of perishable food products that meet certain specifications. Shortages or interruptions in the supply of perishable food products caused by unanticipated demand, problems in production or distribution, disease or food-borne illnesses, inclement weather, or other conditions could adversely affect the availability, quality, and cost of

ingredients, which would likely lower revenues, damage our reputation, or otherwise harm our business. We cannot predict whether we will continue to be able to anticipate and react to changing food costs by adjusting our purchasing practices, menu offerings, and menu prices, and a failure to do so could adversely affect our operating results.

***Adverse weather conditions or losses due to casualties could negatively impact our operating performance.***

Property damage caused by casualties and natural disasters, instances of inclement weather, flooding, hurricanes, fire, and other acts of nature can adversely impact sales in several ways. Many of Steak n Shake's and Western Sizzlin's restaurants are located in the Midwest and Southeast portions of the United States. During the first and fourth quarters, restaurants in the Midwest may face harsh winter weather conditions. During the third and fourth quarters, restaurants in the Southeast may experience hurricanes or tropical storms. Our sales and operating results may be negatively affected by these harsh weather conditions, which could make it more difficult for guests to visit our restaurants, necessitate the closure of restaurants, cause physical damage, or lead to a shortage of employees.

***Changes in the availability of and the cost of labor could adversely affect our restaurant business.***

Our restaurant business depends substantially on our ability to recruit and retain high-quality staff. Maintaining adequate staffing in our restaurants requires workforce planning and knowledge of the relevant labor market. The market for the most qualified talent continues to be competitive, and we must provide competitive wages, benefits, and workplace conditions. We have experienced, and may continue to experience, challenges in recruiting and retaining associates in various locations. A shortage of qualified candidates, failure to recruit and retain new associates in a timely manner, or higher than expected turnover levels could all affect our ability to grow sales at existing restaurants or meet our labor cost objectives.

***We are subject to health, employment, environmental, and other government regulations, and failure to comply with existing or future government regulations could expose us to litigation or penalties, damage our reputation, and lower profits.***

We are subject to various global, federal, state, and local laws and regulations affecting our restaurant operations. Changes in existing laws, rules, and regulations applicable to us, or increased enforcement by governmental authorities, may require us to incur additional costs and expenses necessary for compliance. If we fail to comply with any of these laws, we may be subject to governmental action or litigation, and our reputation could be harmed accordingly. Injury to our reputation would, in turn, likely reduce revenues and profits.

The development and construction of restaurants is subject to compliance with applicable zoning, land use, and environmental regulations. Difficulties in obtaining, or failure to obtain, the required licenses or approvals could delay or prevent the development of a new restaurant in a particular area.

Restaurant operations are also subject to regulatory initiatives in the area of nutrition disclosure or advertising, such as requirements to provide information about the nutritional content of our food products. The operation of the Steak n Shake and Western Sizzlin franchise systems is also subject to franchise laws and regulations enacted by a number of states, and to rules promulgated by the U.S. Federal Trade Commission. Any future legislation regulating franchise relationships may negatively affect our operations, particularly our relationships with franchisees. Failure to comply with new or existing franchise laws and regulations in any jurisdiction, or to obtain required government approvals, could result in a ban or temporary suspension on future franchise sales. Further national, state, and local government initiatives, such as mandatory health insurance coverage or increases in minimum wage rates, could adversely affect our business.

**Risks Relating to Our Investment Activities**

***The majority of our investment activities are conducted through outside investment partnerships, The Lion Fund, L.P., and The Lion Fund II, L.P., which are controlled by Mr. Biglari.***

Our investment activities are conducted mainly through these outside investment partnerships. Under the terms of their partnership agreements, each contribution made by the Company to the investment partnerships is subject to a five-year lock-up period, and any distribution upon our withdrawal of funds will be paid out over a two-year period (and may be paid in-kind rather than in cash, thus increasing the difficulty of liquidating these investments). As a result of these provisions and our consequent inability to access this capital for a defined period, the capital we have invested in the investment partnerships may be subject to an increased risk of loss of all or a significant portion of its value, and we may become unable to meet our capital requirements. There is a high likelihood that we will make additional investments in these investment partnerships in the future.

We have a services agreement with Biglari Capital Corp., the general partner of the investment partnerships ("Biglari Capital"), and Biglari Enterprises LLC (collectively, the "Biglari Entities"), in which the Company pays a fixed fee to the Biglari Entities for business and administrative-related services. The Biglari Entities are owned by Mr. Biglari. There can be no assurance that the fees paid will be commensurate with the benefits received.

The incentive allocation to which Mr. Biglari, as Chairman and Chief Executive Officer of Biglari Capital, is entitled with respect to our investments under the terms of the respective partnership agreements is equal to 25% of the net profits allocated to the limited partners in excess of a 6% hurdle rate over the previous high-water mark.

***Our investments may be concentrated, and fair values are subject to a loss in value.***

The majority of our investments are held through the investment partnerships, which generally invest in common stocks. These investments may be largely concentrated in the common stocks of a few investees. A significant decline in the values of these investments may produce a large decrease in our consolidated shareholders' equity and can have a material adverse effect on our consolidated book value per share and earnings.

***We are subject to the risk of possibly becoming an investment company under the Investment Company Act of 1940.***

We run the risk of inadvertently becoming an investment company, which would require us to register under the Investment Company Act of 1940, as amended (the "Investment Company Act"). Registered investment companies are subject to extensive, restrictive, and potentially adverse regulations relating to, among other things, operating methods, management, capital structure, dividends, and transactions with affiliates. Registered investment companies are not permitted to operate their business in the manner in which we operate our business, nor are registered investment companies permitted to have many of the relationships that we have with our affiliated companies.

To avoid becoming and registering as an investment company under the Investment Company Act, we operate as an ongoing enterprise, with approximately 2,500 employees, along with an asset base from which to pursue acquisitions. Furthermore, Section 3(c)(3) of the Investment Company Act excludes insurance companies from the definition of “investment company.” Because we monitor the value of our investments and structure transactions accordingly, we may structure transactions in a less advantageous manner than if we did not have Investment Company Act concerns, or we may avoid otherwise economically desirable transactions due to those concerns. In addition, adverse developments with respect to our ownership of certain of our operating subsidiaries, including significant appreciation or depreciation in the market value of certain of our publicly traded holdings, could result in our inadvertently becoming an investment company. If it were established that we were an investment company, there would be a risk, among other material adverse consequences, that we could become subject to monetary penalties or injunctive relief, or both, in an action brought by the SEC, that we would be unable to enforce contracts with third parties, or that third parties could seek to obtain rescission of transactions with us undertaken during the period in which it was established that we were an unregistered investment company.

**Risks Relating to Our Insurance Business**

***Our success depends on our ability to underwrite risks accurately and to charge adequate rates to policyholders.***
Our results of operations depend on our ability to underwrite and set rates accurately for risks assumed. A primary role of the pricing function is to ensure that rates are adequate to generate sufficient premiums to pay losses, loss adjustment expenses, and underwriting expenses.

***Our insurance business is vulnerable to significant catastrophic property loss, which could have an adverse effect on its financial condition and results of operations.***
Our insurance business faces a significant risk of loss in the ordinary course of its business for property damage resulting from natural disasters, man-made catastrophes, and other catastrophic events. These events typically increase the frequency and severity of commercial property claims. Because catastrophic loss events are by their nature unpredictable, historical results of operations may not be indicative of future results of operations, and the occurrence of claims from catastrophic events may result in significant volatility in our insurance business’s financial condition and results of operations from period to period. We attempt to manage our exposure to these events through reinsurance programs, although there is no assurance we will be successful in doing so.

***Our insurance business is subject to extensive existing state, local, and foreign governmental regulations that restrict its ability to do business and generate revenues.***
Our insurance business is subject to regulation in the jurisdictions in which it operates. These regulations may relate to, among other things, the types of business that can be written, the rates that can be charged for coverage, the level of capital and reserves that must be maintained, and restrictions on the types and size of investments that can be held. Regulations may also restrict the timing and amount of dividend payments. Accordingly, existing or new regulations related to these or other matters, or regulatory actions imposing restrictions on our insurance business, may adversely impact its results of operations.

**Risks Relating to Our Brand Licensing Business**

***Licensing opportunities for the Maxim brand may be difficult to maintain.***
Maxim’s success depends to a significant degree upon licensing agreements. These licensing agreements mature from time to time, and we may be unable to secure favorable terms for future licensing arrangements. Future licensing partners may also fail to honor their contractual obligations or take other actions that can diminish the value of the Maxim brand. Disputes could arise that prevent or delay our ability to collect licensing revenues under these arrangements. If any of these developments occur or our licensing efforts are otherwise not successful, the value and recognition of the Maxim brand, as well as the prospects of our media business, could be materially, adversely affected.

**Risks Relating to Our Oil and Gas Business**

***Our oil and gas business is exposed to the effects of volatile commodity prices.***
The single largest variable that affects our oil and gas results of operations is the price of crude oil and natural gas. The price we receive for our oil and natural gas production heavily influences our oil and gas business’s revenue and profitability. Extended periods of low prices for crude oil or natural gas can have a material adverse impact on our results of operations.

***Our oil and gas business is subject to disruption by factors beyond its control.***
Any disruption of the extractive business of either of our oil and gas subsidiaries would adversely affect our revenues and profitability. Our oil and gas operations are therefore subject to disruption from natural or human causes beyond their control, including physical risks from hurricanes, severe storms, and other forms of system failures, any of which could result in suspension of operations or harm to people or the natural environment.

***Our oil and gas business can be adversely affected by political or regulatory developments affecting our operations.***
Our oil and gas operations can be affected by changing economic, regulatory, and political environments. Litigation or changes in national, state, or local environmental regulations or laws, including those designed to stop or impede the development or production of oil and natural gas, could adversely affect our operations and profitability.

**Item 1B. Unresolved Staff Comments**

None.

**Item 1C. Cybersecurity**

Our enterprise (the holding company and its operating subsidiaries) is using technology in virtually all aspects of the business. Much like many other businesses, certain of our subsidiaries’ information systems have been subject to computer viruses, malicious codes, unauthorized access, and other cyberattacks. We expect to be subject to similar attacks in the future as such attacks become more sophisticated. A significant disruption or failure of our technology systems could result in service interruptions, safety failures, security events, regulatory compliance failures, an inability to protect information and assets against unauthorized users, and other operational difficulties. Attacks perpetrated against our systems could result in loss of assets and critical information and expose us to remediation costs and reputational damage.

Cyberattacks could compromise confidential customer and employee information. Cyberattacks may result in business interruptions, lost revenues, higher commodity prices, disruption in fuel supplies, lower energy consumption, unstable markets, increased security, repair or other costs, or may materially adversely affect us in ways that cannot be predicted at this time.

Our operating businesses are managed on an unusually decentralized basis. There are few centralized or integrated business functions. Consistent with our decentralized management philosophy, our operating businesses individually establish specific practices concerning cybersecurity risks. Although our subsidiaries have taken steps intended to mitigate these risks, including business continuity planning, disaster recovery planning, and business impact analysis, a significant disruption or cyber intrusion at one or more of our significant operations could adversely affect our results of operations, financial condition, and liquidity. Additionally, if we are unable to acquire, develop, implement, adopt, or protect rights around new technology, we may suffer a competitive disadvantage, which could also have an adverse effect on our results of operations and financial condition. Given the wide variations in the nature and size of business activities, specific practices may vary widely among our operating subsidiaries.

**Item 2. Properties**

***Restaurant Properties***

As of December 31, 2022 December 31, 2023, restaurant operations included 545 492 company-operated and franchise locations. Restaurant operations own the land and building for 155 142 restaurants; they also own 9 one other properties. property. The following table lists the locations of the restaurants as of December 31, 2022 December 31, 2023.

| | | Steak n Shake | | | Western Sizzlin | | |
|---|---|---|---|---|---|---|---|
| | | Company Operated | Franchise Partner | Traditional Franchise | Company Operated | Franchise | Total |
| | | Steak n Shake | | | | | |
| | | Company Operated | | | | | |
| | | Company Operated | | | | | |
| | | Company Operated | Franchise Partner | Traditional Franchise | Company Operated | Franchise | Total |
| **Domestic:** | **Domestic:** | | | | | | |
| Alabama | | | | | | | |
| Alabama | | | | | | | |
| Alabama | Alabama | 1 | 1 | 4 | — | 5 | 11 |
| Arkansas | Arkansas | — | — | 4 | — | 7 | 11 |
| California | California | — | — | 2 | — | — | 2 |
| Colorado | Colorado | 1 | — | — | — | — | 1 |
| Delaware | | — | — | 1 | — | — | 1 |
| Florida | Florida | 20 | 57 | 7 | — | — | 84 |
| Georgia | Georgia | 7 | 12 | 11 | — | 4 | 34 |
| Illinois | Illinois | 37 | 18 | 9 | — | — | 64 |
| Indiana | Indiana | 39 | 21 | 1 | — | — | 61 |
| Iowa | Iowa | 2 | 1 | 1 | — | — | 4 |
| Kansas | Kansas | — | — | 4 | — | — | 4 |
| Kentucky | Kentucky | 1 | 11 | 9 | — | — | 21 |
| Louisiana | Louisiana | — | — | 1 | — | — | 1 |
| Maryland | Maryland | — | — | 1 | — | 1 | 2 |
| Michigan | Michigan | 13 | 4 | 1 | — | — | 18 |
| Mississippi | Mississippi | — | — | 6 | — | 1 | 7 |
| Missouri | Missouri | 10 | 11 | 22 | — | — | 43 |
| Nebraska | Nebraska | — | — | 1 | — | — | 1 |
| Nevada | Nevada | — | — | 8 | — | — | 8 |
| North Carolina | North Carolina | 1 | 5 | 2 | — | 6 | 14 |
| Ohio | Ohio | 30 | 19 | 1 | — | 1 | 51 |
| Oklahoma | Oklahoma | — | — | 2 | — | 2 | 4 |
| Pennsylvania | Pennsylvania | 4 | — | 1 | — | — | 5 |
| South Carolina | South Carolina | — | 1 | 2 | — | 2 | 5 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Tennessee | Tennessee | 1 | 7 | 10 | — | 3 | 21 |
| Texas | Texas | 6 | 7 | 13 | — | 1 | 27 |
| Virginia | Virginia | — | — | 4 | 2 | 3 | 9 |
| Washington, D.C. | Washington, D.C. | — | — | 1 | — | — | 1 |
| West Virginia | West Virginia | — | — | 2 | 1 | — | 3 |
| **International:** | **International:** | | | | | | |
| France | France | 2 | — | 23 | — | — | 25 |
| France | | | | | | | |
| France | | | | | | | |
| Monaco | Monaco | 1 | — | — | — | — | 1 |
| Spain | Spain | 1 | — | — | — | — | 1 |
| Total | Total | 177 | 175 | 154 | 3 | 36 | 545 |

As of December 31, 2022 December 31, 2023, 39 17 of the 177 148 Steak n Shake company-operated stores were closed. The Company intends Steak n Shake plans to sell or lease 10 of the 17 locations and refranchise the majority of its closed stores. balance.

***Other Properties***

Southern Oil primarily operates oil and natural gas wells in Louisiana. Its operations are primarily offshore in the shallow waters of the Gulf of Mexico.

Abraxas Petroleum operates oil and natural gas wells in the Permian Basin.

First Guard owns Through its subsidiaries, the land and building of its office in Venice, Florida. Southern Pioneer owns the land and building of its office in Jonesboro, Arkansas.

The Company owns Steak n Shake's office building in Indianapolis, Indiana, Indiana; First Guard's office building in Venice, Florida; and Southern Pioneer's office building in Jonesboro, Arkansas. In addition, the Company owns eight various locations that are being leased or are available to be leased by third parties, along with two other owning one undeveloped properties property in other states. San Antonio, Texas.

**Item 3. Legal Proceedings**

Refer to Commitments and Contingencies - Note 15 to the Consolidated Financial Statements included in Item 8 for a discussion of legal proceedings.

**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**

Biglari Holdings' Class A common stock and Class B common stock are listed for trading on the NYSE, trading symbol: BH.A and BH, respectively.

**Shareholders**

Biglari Holdings had 1,692 1,551 beneficial shareholders of its Class A common stock and 3,506 4,374 beneficial shareholders of its Class B common stock as of February 1, 2023 February 1, 2024.

**Dividends**

Biglari Holdings has never declared a dividend.

**Issuer Purchases of Equity Securities**

From December 1, 2023 through December 31, 2023, The Lion Fund, L.P. purchased 1,100 shares of Class A common stock and 9,813 shares of Class B common stock. The Lion Fund, L.P. may be deemed an "affiliated purchaser" as defined in Rule 10b-18(a)(3) under the Securities Exchange Act of 1934, as amended. The purchases were made through open market transactions.

| | Total Number of Class A Shares Purchased | Average Price Paid per Class A Share | Total Number of Class B Shares Purchased | Average Price Paid per Class B Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | Maximum Number of Shares That May Yet Be Purchased Under Plans or Programs |
|---|---|---|---|---|---|---|
| October 1, 2023 - October 31, 2023 | — | $ — | — | $ — | — | — |
| November 1, 2023 - November 30, 2023 | — | $ — | — | $ — | — | — |
| December 1, 2023 - December 31, 2023 | 1,100 | $ 828.69 | 9,813 | $ 164.99 | — | — |
| Total | 1,100 | | 9,813 | | — | |

**Item 6. Selected Financial Data**

*(dollars in thousands, except per-share data)*

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| **Revenue:** | | | | | |
| Restaurant operations | $ 241,568 | $ 271,290 | $ 350,666 | $ 610,220 | $ 775,690 |
| Insurance premiums and other | 64,540 | 58,609 | 52,679 | 30,083 | 27,628 |
| Oil and gas | 57,546 | 33,004 | 26,255 | 24,436 | — |
| Licensing and media | 4,577 | 3,203 | 4,083 | 4,099 | 6,576 |
| Total revenues | $ 368,231 | $ 366,106 | $ 433,683 | $ 668,838 | $ 809,894 |
| **Earnings:** | | | | | |
| Net earnings (loss) attributable to Biglari Holdings Inc. shareholders | $ (32,018) | $ 35,478 | $ (37,989) | $ 45,380 | $ 19,392 |
| Net earnings (loss) per equivalent Class A share | $ (107.43) | $ 111.83 | $ (110.05) | $ 131.64 | $ 55.71 |
| **Year-end data:** | | | | | |
| Total assets | $ 828,474 | $ 894,807 | $ 1,017,968 | $ 1,139,309 | $ 1,029,493 |
| Notes payable and other borrowings | $ 10,000 | $ — | $ 152,261 | $ 180,264 | $ 181,521 |
| Biglari Holdings Inc. shareholders' equity | $ 546,966 | $ 587,696 | $ 564,828 | $ 616,298 | $ 570,455 |

*Earnings per share of common stock is based on the weighted-average number of shares outstanding during the period. The Company has applied the "two-class method" of computing earnings per share as prescribed in Accounting Standards Codification 260, "Earnings Per Share."*

[Reserved]

**Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**

*(dollars in thousands, except per-share data)*

Biglari Holdings Inc. is a holding company owning subsidiaries engaged in a number of diverse business activities, including property and casualty insurance, licensing and media, restaurants, and oil and gas. The Company's largest operating subsidiaries are involved in the franchising and operating of restaurants. Biglari Holdings is founded and led by Sardar Biglari, Chairman and Chief Executive Officer of the Company.

Biglari Holdings' management system combines decentralized operations with centralized financial decision-making. Operating decisions for the various business units are made by their respective managers. All major investment and capital allocation decisions are made for the Company and its subsidiaries by Mr. Biglari.

As of December 31, 2022 December 31, 2023, Mr. Biglari beneficially owns shares of the Company that represent approximately 66.3% 66.8% of the economic interest and approximately 70.4% 71.0% of the voting interest.

***Business Acquisitions***

On September 14, 2022, the Company purchased 685,505 shares of Series A Preferred Stock (the "Preferred Shares") Shares of Abraxas Petroleum Corporation ("Abraxas Petroleum") for a purchase price of $80,000. On October 26, 2022, the Company converted the Preferred Shares to 90% of the outstanding common stock of Abraxas Petroleum. On June 14, 2023, the remaining 10% of the outstanding common stock of Abraxas Petroleum was acquired for $5,387. The Company used working capital including its line of credit to fund the purchase of the Preferred Shares. Abraxas Petroleum operates oil and natural gas properties in the Permian Basin. The preliminary purchase price allocation includes included $70,200 of oil and gas properties, cash of $21,726, and liabilities, net of other assets, of $11,926. The Company's financial results include the results of Abraxas Petroleum from the initial acquisition date to the end of the calendar year. The revenues and operating results for Abraxas Petroleum were not significant to the Company.

On March 9, 2020, Biglari Holdings acquired the stock of Southern Pioneer Property & Casualty Insurance Company and its affiliated agency, Southern Pioneer Insurance Agency, Inc. (collectively “Southern Pioneer”). Southern Pioneer underwrites garage liability and commercial property as well as homeowners and dwelling fire insurance coverage. The Company’s financial results include the results of Southern Pioneer from the date of acquisition.

***Discussion of Operations***

Net earnings attributable to Biglari Holdings Inc. shareholders are disaggregated in the table that follows.

| | | 2022 | 2021 | 2020 | | | |
|---|---|---|---|---|---|---|---|
| | 2023 | | | | 2023 | 2022 | 2021 |
| Operating businesses: | Operating businesses: | | | | | | |
| Restaurant | | | | | | | |
| Restaurant | | | | | | | |
| Restaurant | Restaurant $ | 9,383 | $11,235 | $ (4,961) | | | |
| Insurance | Insurance | 7,662 | 11,290 | 9,840 | | | |
| Oil and gas | Oil and gas | 19,091 | 7,528 | 1,890 | | | |
| Brand licensing | Brand licensing | 1,313 | 2,364 | 1,374 | | | |
| Interest expense | Interest expense | (305) | (841) | (6,940) | | | |
| Corporate and other | Corporate and other | (9,806) | (9,829) | (9,563) | | | |
| Total operating businesses | Total operating businesses | 27,338 | 21,747 | (8,360) | | | |
| Investment partnership gains (losses) | Investment partnership gains (losses) | (56,961) | 8,899 | (32,506) | | | |
| Investment gains (losses) | Investment gains (losses) | (2,682) | 4,832 | 2,877 | | | |
| Net earnings (loss) | Net earnings (loss) | (32,305) | 35,478 | (37,989) | | | |
| Earnings (loss) attributable to noncontrolling interest | Earnings (loss) attributable to noncontrolling interest | (287) | — | — | | | |
| Net earnings (loss) attributable to Biglari Holdings Inc. shareholders | Net earnings (loss) attributable to Biglari Holdings Inc. shareholders | $(32,018) | $35,478 | $(37,989) | | | |

The following discussion should be read in conjunction with Item 1, Business and our Consolidated Financial Statements and the notes thereto included in this Form 10-K. The following discussion should also be read in conjunction with the “Cautionary Note Regarding Forward-Looking Statements” and the risks and uncertainties described in Item 1A, Risk Factors, set forth above.

Our Management Discussion and Analysis generally discusses 2022 2023 and 2021 2022 items. Discussions of 2020 2021 items can be found in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Part II, Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2021 December 31, 2022, filed with the SEC on February 28, 2022 February 27, 2023.

Investment gains and losses in 2022 2023 and 2021 2022 were mainly derived from our investments in equity securities and included unrealized gains and losses from market price changes during the period. We believe that investment and derivative gains/losses are generally meaningless for analytical purposes in understanding our reported quarterly and annual results. These gains and losses have caused and will continue to cause significant volatility in our periodic earnings.

Through our subsidiaries, we engage in numerous diverse business activities. We operate on a decentralized management structure. The business segment data (Note 17 to the accompanying Consolidated Financial Statements) should be read in conjunction with this discussion.

**Restaurants**

Our restaurant businesses, which include Steak n Shake and Western Sizzlin, comprise 545 492 company-operated and franchise restaurants as of December 31, 2022 December 31, 2023.

| | | Steak n Shake | | | Western Sizzlin | | |
|---|---|---|---|---|---|---|---|
| | | Company-operated | Franchise Partner | Traditional Franchise | Company-operated | Franchise | Total |
| Stores open on December 31, 2019 | | 368 | 29 | 213 | 4 | 48 | 662 |
| | | Steak n Shake | | | | | |
| | | Company-operated | | | | | |
| | | Company-operated | | | | | |
| | | Company-operated | Franchise Partner | Traditional Franchise | Company-operated | Franchise | Total |
| Stores on December 31, 2020 | | | | | | | |
| Corporate stores transitioned | Corporate stores transitioned | (58) | 57 | 1 | — | — | — |
| Net restaurants opened (closed) | Net restaurants opened (closed) | (34) | — | (20) | (1) | (9) | (64) |
| Stores open on December 31, 2020 | | 276 | 86 | 194 | 3 | 39 | 598 |
| Stores on December 31, 2021 | | | | | | | |
| Corporate stores transitioned | Corporate stores transitioned | (73) | 73 | — | — | — | — |
| Net restaurants opened (closed) | Net restaurants opened (closed) | (4) | — | (16) | — | (1) | (21) |
| Stores open on December 31, 2021 | | 199 | 159 | 178 | 3 | 38 | 577 |
| Stores on December 31, 2022 | | | | | | | |
| Corporate stores transitioned | Corporate stores transitioned | (16) | 16 | — | — | — | — |
| Net restaurants opened (closed) | Net restaurants opened (closed) | (6) | — | (24) | — | (2) | (32) |
| Stores open on December 31, 2022 | | 177 | 175 | 154 | 3 | 36 | 545 |
| Stores on December 31, 2023 | | | | | | | |

As of December 31, 2022 December 31, 2023, 39 17 of the 177 148 company-operated Steak n Shake stores were closed. We plan Steak n Shake plans to sell or lease 10 of the 17 locations and refranchise a majority of our closed company-operated restaurants. the balance.

Restaurant operations for 2023, 2022, 2021, and 2020 2021 are summarized below.

| | | 2022 | | 2021 | | 2020 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2023 | | | | | | | | | | | |
| Revenue | | | | | | | | | | | | |
| Revenue | | | | | | | | | | | | |
| Revenue | Revenue | | | | | | | | | | | |
| Net sales | Net sales | $149,184 | | $187,913 | | $306,577 | | | | | | |
| Net sales | | | | | | | | | | | | |
| Net sales | | | | | | | | | | | | |
| Franchise partner fees | | | | | | | | | | | | |
| Franchise partner fees | | | | | | | | | | | | |
| Franchise partner fees | Franchise partner fees | 63,853 | | 55,641 | | 22,213 | | | | | | |
| Franchise royalties and fees | Franchise royalties and fees | 19,678 | | 21,736 | | 18,794 | | | | | | |
| Franchise royalties and fees | | | | | | | | | | | | |
| Franchise royalties and fees | | | | | | | | | | | | |
| Other revenue | Other revenue | 8,853 | | 6,000 | | 3,082 | | | | | | |
| Other revenue | | | | | | | | | | | | |
| Other revenue | | | | | | | | | | | | |
| Total revenue | | | | | | | | | | | | |
| Total revenue | | | | | | | | | | | | |
| Total revenue | Total revenue | 241,568 | | 271,290 | | 350,666 | | | | | | |
| Restaurant cost of sales | Restaurant cost of sales | | | | | | | | | | | |
| Restaurant cost of sales | | | | | | | | | | | | |
| Restaurant cost of sales | | | | | | | | | | | | |
| Cost of food | Cost of food | 44,461 | 29.8 % | 55,315 | 29.4 % | 88,698 | 28.9 % | | | | | |
| Restaurant operating costs | | 79,921 | 53.6 % | 92,543 | 49.2 % | 137,574 | 44.9 % | | | | | |
| Occupancy costs | | 15,882 | 10.6 % | 19,633 | 10.4 % | 20,383 | 6.6 % | | | | | |
| Cost of food | | | | | | | | | | | | |
| Cost of food | | | | | | | | | 44,993 | 29.5 % | 44,461 | 29.8 % |
| Labor costs | | | | | | | | Labor costs | 47,090 | 30.9 % | 50,524 | 33.9 % |
| Occupancy and other | | | | | | | | Occupancy and other | 45,903 | 30.1 % | 45,279 | 30.4 % |
| Total cost of sales | Total cost of sales | 140,264 | | 167,491 | | 246,655 | | | | | | |
| Selling, general and administrative | Selling, general and administrative | | | | | | | | | | | |
| Selling, general and administrative | | | | | | | | | | | | |
| Selling, general and administrative | | | | | | | | | | | | |
| General and administrative | | | | | | | | | | | | |
| General and administrative | | | | | | | | | | | | |

| | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| General and administrative | General and administrative | 40,206 | 16.6 % | 39,940 | 14.7 % | 35,922 | 10.2 % | | 44,120 | 17.6 | 17.6 | % | 40,206 | 16.6 | 16.6 | % |
| Marketing | Marketing | 13,921 | 5.8 % | 13,923 | 5.1 % | 21,507 | 6.1 % | Marketing | 12,631 | 5.0 | 5.0 % | | 13,921 | 5.8 | 5.8 % | |
| Other expenses (income) | Other expenses (income) | (2,294) | (0.9)% | 3,323 | 1.2 % | 2,972 | 0.8 % | Other expenses (income) | (7,935) | (3.2) | (3.2)% | | (2,294) | (0.9) | (0.9)% | |
| Total selling, general and administrative | Total selling, general and administrative | 51,833 | 21.5 % | 57,186 | 21.1 % | 60,401 | 17.2 % | | | | | | | | | |
| Impairments | Impairments | 3,520 | 1.5 % | 4,635 | 1.7 % | 23,646 | 6.7 % | | | | | | | | | |
| Impairments | | | | | | | | | | | | | | | | |
| Impairments | | | | | | | | | 3,947 | | 1.6 % | | 3,520 | | 1.5 | % |
| Depreciation and amortization | | | | | | | | | | | | | | | | |
| Depreciation and amortization | | | | | | | | | | | | | | | | |
| Depreciation and amortization | Depreciation and amortization | 27,496 | 11.4 % | 21,484 | 7.9 % | 19,042 | 5.4 % | | 27,031 | 10.8 | 10.8 | % | 27,496 | 11.4 | 11.4 | % |
| Interest on finance leases and obligations | Interest on finance leases and obligations | 5,493 | | 6,039 | | 6,274 | | | | | | | | | | |
| Interest on finance leases and obligations | | | | | | | | | | | | | | | | |
| Interest on finance leases and obligations | | | | | | | | | | | | | | | | |
| Earnings (loss) before income taxes | | 12,962 | | 14,455 | | (5,352) | | | | | | | | | | |
| Earnings before income taxes | | | | | | | | | | | | | | | | |
| Income tax expense (benefit) | | 3,579 | | 3,220 | | (391) | | | | | | | | | | |
| Earnings before income taxes | | | | | | | | | | | | | | | | |
| Earnings before income taxes | | | | | | | | | | | | | | | | |
| Income tax expense | | | | | | | | | | | | | | | | |
| Income tax expense | | | | | | | | | | | | | | | | |
| Income tax expense | | | | | | | | | | | | | | | | |
| Contribution to net earnings | Contribution to net earnings | $ 9,383 | | $ 11,235 | | $ (4,961) | | | | | | | | | | |
| Contribution to net earnings | | | | | | | | | | | | | | | | |
| Contribution to net earnings | | | | | | | | | | | | | | | | |

*Cost of food, restaurant operating costs, labor, and occupancy and other costs are expressed as a percentage of net sales.*
*General and administrative, marketing, other expenses, impairments, and depreciation and amortization are expressed as a percentage of total revenue.*

The COVID-19 pandemic adversely affected our restaurant operations and financial results. Our restaurants were required to close their dining rooms during the first quarter of 2020. The majority of Steak n Shake's dining rooms remained closed through the end of 2020 but reopened during 2021, and in doing so implemented a self-service model.

Net sales during 2022 2023 were $149,184 $152,545 as compared to $187,913 $149,184 during 2021. The decrease in revenue of company-owned restaurants is primarily due to the shift of company units to franchise partner units. 2022. For company-operated units, sales to the end customer are recorded as revenue generated by the Company, but for franchise partner units, only our share of the restaurant's restaurants' profits, along with certain fees, are recorded as revenue. Because we derive most of our revenue from our share of the profits, revenue will continue to decline as we transition from company-operated units to franchise partner units.

Fees generated by our franchise partners were $72,552 during 2023 as compared to $63,853 during 2022. As of December 31, 2023, there were 181 franchise partner units as compared to 175 franchise partner units as of December 31, 2022. Included in the franchise partner fees were $22,687 and $20,426 of rental income during 2023 and 2022, respectively. Franchise partners rent buildings and equipment from Steak n Shake.

**Management's Discussion and Analysis** *(continued)*

To better convey the underlying economics of the franchise partnership model, the table below shows the average unit sales, the cost of food, and the labor costs of franchise partners. The average was based on 137 comparable franchise partner units, out of a total of 175. To be included as a comparable franchise partner unit, a unit had to be operated by a franchise partner for all of 2022, and had to be open in 2021 as either a company-operated or a franchise partner unit.

| | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| Net sales | $ | 1,819 | | $ | 1,595 | |
| Cost of food | | 502 | 27.6 % | | 448 | 28.1 % |
| Labor costs | | 500 | 27.5 % | | 435 | 27.3 % |

Our franchise partner fees were $63,853 during 2022 as compared to $55,641 during 2021. As of December 31, 2022, there were 175 franchise partner units as compared to 159 franchise partner units as of December 31, 2021. Included in franchise partner fees were $20,426 and $15,483 of rental income during 2022 and 2021, respectively. Franchise partners rent buildings and equipment from Steak n Shake.

The franchise royalties and fees generated by the traditional franchising business were $19,678 $16,443 during 2022 2023 as compared to $21,736 $19,678 during 2021. 2022. The decrease in franchise royalties and fees was primarily due to the closing of certain traditional franchise stores. There were 190 160 traditional units open on December 31, 2022 December 31, 2023, as compared to 216 190 units open on December 31, 2021 December 31, 2022.

Other revenue in 2022 was $8,853 as compared to $6,000 in 2021. The increase was primarily a result of gift card breakage, as our restaurants have seen fewer gift card redemptions since the onset of the pandemic.

The cost of food at company-operated units in 2022 2023 was $44,993, or 29.5% of net sales as compared to $44,461, or 29.8% of net sales as compared to $55,315, or 29.4% of net sales in 2021. The decreases in the cost of food and operating costs are mainly attributable to the transitioning of company-operated units to franchise partner units. 2022. The cost of food expressed as a percentage of net sales in 2023 remained consistent with 2021. 2022.

The operating labor costs at company-operated restaurants during 2022 2023 were $79,921, $47,090, or 53.6% 30.9% of net sales as compared to $92,543, $50,524, or 49.2% 33.9% of net sales in 2021. As we transition 2022. The 3-percentage-point decrease in costs was primarily attributable to franchise partner units, the remaining company-operated units generate lower average unit volumes and correspondingly higher operating a 2.7-percentage-point decrease in Steak n Shake’s labor costs (including higher wages) as a percentage result of net sales. a gain in productivity.

Selling, general General and administrative expenses during 2022 2023 were $51,833, $44,120, or 21.5% 17.6% of total revenue as compared to $57,186, $40,206, or 21.1% 16.6% of total revenue during 2021. Selling, 2022. General and administrative expenses increased during 2023 as compared to 2022 primarily because of higher salaries and wages. An increase in overall personnel and additional franchise partner training accounted for much of the increase in general and administrative expenses decreased expenses.

Other income increased during 2022 as 2023 compared to 2021 2022 primarily because of lower professional costs.

Asset impairments decreased $1,115 during 2022 as compared to 2021. Higher asset impairments were recorded in 2021 primarily because a large number gains on the sale of underperforming stores were affected by the pandemic.

Depreciation and amortization expense increased $6,012 during 2022 as compared to 2021. The year-over-year increase is primarily attributable to higher capital expenditures in 2021. real estate.

Interest on obligations under leases was $5,114 during 2023 versus $5,493 during 2022 versus $6,039 during 2021. 2022. The year-over-year decrease in interest expense is was primarily attributable to the maturity and retirement of lease obligations.

To better convey the performance of the franchise partnership model, the table below shows the underlying sales, cost of food, labor costs, and other restaurant costs of the franchise partners. We believe the franchise partner information is useful to readers, as they have a direct effect on Steak n Shake’s profitability.

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| Revenue | | | | | | |
| Net sales and other | $ | 324,281 | | $ | 296,045 | |
| Restaurant cost of sales | | | | | | |
| Cost of food | $ | 91,317 | 28.2 % | $ | 81,952 | 27.7 % |
| Labor costs | | 86,286 | 26.6 % | | 84,191 | 28.4 % |
| Occupancy and other | | 66,135 | 20.4 % | | 59,647 | 20.1 % |
| Total cost of sales | $ | 243,738 | | $ | 225,790 | |

The Company’s consolidated financial statements do not include data in the table above. Figures are shown for information purposes only.

**Management’s Discussion and Analysis***(continued)*

**Insurance**

We view our insurance businesses as possessing two activities: underwriting and investing. Underwriting decisions are the responsibility of the unit managers, whereas investing decisions are the responsibility of our Chairman and CEO, Sardar Biglari. Our business units are operated under separate local management. Biglari Holdings' insurance operations consist of First Guard and Southern Pioneer.

**Management's Discussion and Analysis***(continued)*

Underwriting results of our insurance operations are summarized below.

| | | 2022 | 2021 | 2020 | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
| 2023 | | | | | 2023 | 2022 | 2021 |
| Underwriting gain (loss) attributable to: | Underwriting gain (loss) attributable to: | | | | | | |
| First Guard | | | | | | | |
| First Guard | | | | | | | |
| First Guard | First Guard | $6,578 | $10,573 | $9,379 | | | |
| Southern Pioneer | Southern Pioneer | (1,277) | 1,744 | 620 | | | |
| Pre-tax underwriting gain | Pre-tax underwriting gain | 5,301 | 12,317 | 9,999 | | | |
| Income tax expense | Income tax expense | 1,113 | 2,587 | 2,100 | | | |
| Net underwriting gain | Net underwriting gain | $4,188 | $ 9,730 | $7,899 | | | |

Earnings of our insurance operations are summarized below.

| | | 2022 | 2021 | 2020 | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
| 2023 | | | | | 2023 | 2022 | 2021 |
| Premiums earned | Premiums earned | $59,949 | $55,411 | $49,220 | | | |
| Insurance losses | Insurance losses | 37,187 | 27,649 | 24,828 | | | |
| Underwriting expenses | Underwriting expenses | 17,461 | 15,445 | 14,393 | | | |
| Pre-tax underwriting gain | Pre-tax underwriting gain | 5,301 | 12,317 | 9,999 | | | |
| Other income and expenses | Other income and expenses | | | | | | |
| Investment income | Investment income | 1,380 | 704 | 1,212 | | | |
| Investment income | | | | | | | |
| Investment income | | | | | | | |
| Other income | Other income | 3,223 | 1,414 | 1,220 | | | |
| Total other income | Total other income | 4,603 | 2,118 | 2,432 | | | |

| | | | | |
|---|---|---|---|---|
| Earnings before income taxes | Earnings before income taxes | 9,904 | 14,435 | 12,431 |
| Income tax expense | Income tax expense | 2,242 | 3,145 | 2,591 |
| Contribution to net earnings | Contribution to net earnings | $ 7,662 | $11,290 | $ 9,840 |

Insurance premiums and other on the consolidated statement of earnings includes premiums earned, investment income, other income, and commissions. Commissions are in other income in the above table.

**Management's Discussion and Analysis***(continued)*

*First Guard*

First Guard is a direct underwriter of commercial truck insurance, primarily selling physical damage and nontrucking liability insurance to truckers. First Guard's insurance products are marketed primarily through direct response methods via the Internet or by telephone. First Guard's cost-efficient direct response marketing methods enable it to be a low-cost insurer. A summary of First Guard's underwriting results follows.

| | | 2022 | | 2021 | | 2020 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Amount | % | Amount | % | Amount | % | | | | | | | | | | |
| | | 2023 | | | | | | | | | 2023 | | | | 2022 | | |
| | | Amount | | | | | | | | | Amount | % | | | Amount | % | |
| Premiums earned | Premiums earned | $ 35,914 | 100.0 % | $33,521 | 100.0 % | $30,210 | 100.0 % | Premiums earned | $36,917 | 100.0 | | 100.0 % | $35,914 | 100.0 | | 100.0 % | $ |
| Insurance losses | Insurance losses | 22,299 | 62.1 % | 16,338 | 48.7 % | 14,031 | 46.5 % | Insurance losses | 20,861 | 56.5 | | 56.5 % | 22,299 | 62.1 | | 62.1 % | |
| Underwriting expenses | Underwriting expenses | 7,037 | 19.6 % | 6,610 | 19.7 % | 6,800 | 22.5 % | Underwriting expenses | 6,564 | 17.8 | | 17.8 % | 7,037 | 19.6 | | 19.6 % | |
| Total losses and expenses | Total losses and expenses | 29,336 | 81.7 % | 22,948 | 68.4 % | 20,831 | 69.0 % | Total losses and expenses | 27,425 | 74.3 | | 74.3 % | 29,336 | 81.7 | | 81.7 % | |
| Pre-tax underwriting gain | Pre-tax underwriting gain | $ 6,578 | | $10,573 | | $ 9,379 | | | | | | | | | | | |

First Guard's ratio of losses and loss adjustment expenses to premiums earned was 62.1% 56.5% during 2022 2023 as compared to 48.7% 62.1% during 2021. 2022. First Guard's underwriting results in 2022 2023 were in line with its historical performance despite cost inflation in property and physical damage claims, which began to accelerate in 2022. However, 2021 was an abnormally favorable year with low claim frequency despite a return to pre-pandemic traffic patterns.

**Management's Discussion and Analysis***(continued)*

*Southern Pioneer*

Southern Pioneer underwrites garage liability and commercial property insurance, as well as homeowners and dwelling fire insurance. The financial results for Southern Pioneer are from the date of acquisition, March 9, 2020.A summary of Southern Pioneer's underwriting results follows.

| | | 2022 | | 2021 | | 2020 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Amount | % | Amount | % | Amount | % | | | | | | | | | | |
| | | 2023 | | | | | | | | | 2023 | | | | 2022 | | |
| | | Amount | | | | | | | | | Amount | % | | | Amount | % | |
| Premiums earned | Premiums earned | $ 24,035 | 100.0 % | $21,890 | 100.0 % | $19,010 | 100.0 % | Premiums earned | $24,308 | 100.0 | | 100.0 % | $24,035 | 100.0 | | 100.0 % | $ |
| Insurance losses | Insurance losses | 14,888 | 61.9 % | 11,311 | 51.7 % | 10,797 | 56.8 % | Insurance losses | 14,807 | 60.9 | | 60.9 % | 14,888 | 61.9 | | 61.9 % | |

| | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Underwriting expenses | Underwriting expenses | 10,424 | 43.4 % | 8,835 | 40.4 % | 7,593 | 39.9 % | Underwriting expenses | 10,539 | 43.4 | | 43.4 | % | 10,424 | 43.4 | | 43.4 | % |
| Total losses and expenses | Total losses and expenses | 25,312 | 105.3 % | 20,146 | 92.1 % | 18,390 | 96.7 % | Total losses and expenses | 25,346 | 104.3 | | 104.3 | % | 25,312 | 105.3 | | 105.3 | % |
| Pre-tax underwriting gain (loss) | Pre-tax underwriting gain (loss) | $ (1,277) | | $ 1,744 | | $ 620 | | | | | | | | | | | | |

Southern Pioneer's ratio of losses and loss adjustment expenses to premiums earned was 61.9% 60.9% during 2022 2023 as compared to 51.7% 61.9% during 2021. 2022. Southern Pioneer's 2022 performance in both years was primarily attributable to higher claim frequency weather-related losses.

**Management's Discussion and severity (mainly related to adverse weather) in several niche lines. Analysis***(continued)*

*Insurance – Investment Income*

A summary of net investment income attributable to our insurance operations follows.

| | | 2022 | 2021 | 2020 |
|---|---|---|---|---|
| | | 2023 | | |
| | | 2023 | 2022 | 2021 |
| Interest, dividends, and other investment income: | Interest, dividends, and other investment income: | | | |
| First Guard | | | | |
| First Guard | | | | |
| First Guard | First Guard | $ 751 | $133 | $ 285 |
| Southern Pioneer | Southern Pioneer | 629 | 571 | 927 |
| Pre-tax investment income | Pre-tax investment income | 1,380 | 704 | 1,212 |
| Income tax expense | Income tax expense | 289 | 148 | 255 |
| Net investment income | Net investment income | $ 1,091 | $556 | $ 957 |

We consider investment income as a component of our aggregate insurance operating results. However, we consider investment gains and losses, whether realized or unrealized, as non-operating.

**Management's Discussion and Analysis***(continued)*

**Oil and Gas**

Biglari Holdings' A summary of revenue and earnings of oil and gas operations consist of Southern Oil and Abraxas Petroleum. follows.

Southern Oil

Southern Oil primarily operates oil and natural gas properties offshore in the shallow waters of the Gulf of Mexico. Earnings for Southern Oil are summarized below.

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| 2023 | 2023 | 2022 | 2021 |

| | | | | |
|---|---|---|---|---|
| Oil and gas revenue | Oil and gas revenue | $46,091 | $33,004 | $26,255 |
| Oil and gas production costs | Oil and gas production costs | 13,355 | 10,470 | 8,700 |
| Oil and gas production costs | | | | |
| Oil and gas production costs | | | | |
| Depreciation, depletion, and accretion | Depreciation, depletion, and accretion | 5,503 | 8,073 | 12,527 |
| Gain on sale of properties | | | | |
| General and administrative expenses | General and administrative expenses | 2,694 | 4,748 | 3,010 |
| Earnings before income taxes | Earnings before income taxes | 24,539 | 9,713 | 2,018 |
| Income tax expense | | 5,946 | 2,185 | 128 |
| Income tax expense (benefit) | | | | |
| Contribution to net earnings | Contribution to net earnings | $18,593 | $ 7,528 | $ 1,890 |

Our oil and gas business is highly dependent on oil and natural gas prices. Demand for petroleum grew in 2022, with our financial results benefiting from stronger prices and margins. The average West Texas Intermediate price per barrel for the year ended December 31, 2022 December 31, 2023, was approximately $94.53 $77.64 as compared to approximately $68.17 $94.53 for the year ended December 31, 2021 December 31, 2022. It is expected that the prices of oil and gas commodities will remain volatile, which will be reflected in our financial results.

Oil and gas production costs have remained constant despite a decrease in revenue primarily because of the acquisition of Abraxas Petroleum and costs to repair nonperforming wells at Southern Oil. Depreciation, depletion, and accretion expense during 2022 decreased $2,570 2023 increased $2,326 as compared to 2021, 2022, primarily due to the acquisition of Abraxas Petroleum in the third quarter of 2022, offset by temporarily shutting in producing wells.

During the third quarter of 2023, Abraxas Petroleum entered into a royalty-based arrangement with an unaffiliated party to conduct development activities that will establish proved undeveloped reserves on its proportional share; however, Abraxas Petroleum will not be required to fund any exploration expenditures on its undeveloped properties. As a result of the transaction, a gain of $13,563 was recorded in 2023.

**Management's Discussion and Analysis***(continued)*

*Abraxas Petroleum*

Abraxas Petroleum operates oil and natural gas properties in the Permian Basin. Earnings for Abraxas Petroleum from the date of acquisition, September 14, 2022, are summarized below.

| | | 2022 |
|---|---|---|
| Oil and gas revenue | $ | 11,455 |
| | | |
| Oil and gas production costs | | 4,487 |
| Depreciation, depletion, and accretion | | 2,510 |
| General and administrative expenses | | 3,806 |
| Earnings before income taxes | | 652 |
| Income tax expense | | 154 |
| Contribution to net earnings | $ | 498 |

| | 2023 | 2022 |
|---|---|---|
| Oil and gas revenue | $ 27,576 | $ 11,455 |
| | | |
| Oil and gas production costs | 9,605 | 4,487 |
| Depreciation, depletion, and accretion | 6,359 | 2,510 |
| Gain on sale of properties | (13,563) | — |
| General and administrative expenses | 2,765 | 3,806 |
| Earnings before income taxes | 22,410 | 652 |
| Income tax expense (benefit) | (384) | 154 |
| Contribution to net earnings | $ 22,794 | $ 498 |

*Southern Oil*

Southern Oil primarily operates oil and natural gas properties offshore in the shallow waters of the Gulf of Mexico. Earnings for Southern Oil are summarized below.

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| Oil and gas revenue | $ 17,495 | $ 46,091 | $ 33,004 |
| | | | |
| Oil and gas production costs | 7,760 | 13,355 | 10,470 |
| Depreciation, depletion, and accretion | 3,980 | 5,503 | 8,073 |
| General and administrative expenses | 2,399 | 2,694 | 4,748 |
| Earnings before income taxes | 3,356 | 24,539 | 9,713 |
| Income tax expense | 744 | 5,946 | 2,185 |
| Contribution to net earnings | $ 2,612 | $ 18,593 | $ 7,528 |

**Management's Discussion and Analysis** *(continued)*

**Brand Licensing**

Maxim's business lies principally in licensing and media. Earnings of operations are summarized below.

| | | 2022 | 2021 | 2020 | | | |
|---|---|---|---|---|---|---|---|
| | 2023 | | | | 2023 | 2022 | 2021 |
| Licensing and media revenue | Licensing and media revenue | $4,577 | $3,203 | $4,083 | | | |
| Licensing and | media cost | | | | | | |
| Licensing and | media cost | | | | | | |
| Licensing and media cost | Licensing and media cost | 2,695 | 2,275 | 2,156 | | | |
| General and administrative expenses | General and administrative expenses | 122 | 114 | 143 | | | |

| | | | | |
|---|---|---|---|---|
| Earnings before income taxes | Earnings before income taxes | 1,760 | 814 | 1,784 |
| Income tax expense | Income tax expense | 447 | (1,550) | 410 |
| Contribution to net earnings | Contribution to net earnings | $1,313 | $2,364 | $1,374 |

Licensing and media revenue decreased $2,459 in 2023 compared to 2022 primarily because an important licensing transaction shifted from 2023 to 2024.

We acquired Maxim with the idea of transforming its business model. The magazine developed the Maxim brand, a franchise we are utilizing to generate nonmagazine revenue, notably through licensing, a cash-generating business related to consumer products, services, and events.

**Investment Gains and Investment Partnership Gains**

Investment gains were $2,211 ($1,731 net of tax) in 2023 as compared to investment losses were of $3,393 ($2,682 net of tax) in 2022 as compared to investment gains of $6,401 ($4,832 net of tax) in 2021. Investment gains in 2021 included a gain from the sale of real estate of $5,047 ($3,785 net of tax). 2022. Dividends and interest earned on investments are reported as investment income by our insurance companies. We consider investment income as a component of our aggregate insurance operating results. However, we consider investment gains and losses, whether realized or unrealized, as non-operating.

Earnings from our investments in partnerships are summarized below.

| | | 2022 | 2021 | 2020 | | | |
|---|---|---|---|---|---|---|---|
| 2023 | | | | | 2023 | 2022 | 2021 |
| Investment partnership gains (losses) | Investment partnership gains (losses) | $(75,953) | $10,953 | $(43,032) | | | |
| Tax expense (benefit) | Tax expense (benefit) | (18,992) | 2,054 | (10,526) | | | |
| Contribution to net earnings | Contribution to net earnings | $(56,961) | $ 8,899 | $(32,506) | | | |

Investment partnership gains include gains/losses from changes in the market values of underlying investments and dividends earned by the partnerships. Dividend income has a lower effective tax rate than income from capital gains. These gains and losses have caused and will continue to cause significant volatility in our periodic earnings.

The investment partnerships hold the Company's common stock as investments. The Company's pro-rata share of its common stock held by the investment partnerships is recorded as treasury stock even though these shares are legally outstanding. Gains and losses on Company common stock included in the earnings of the partnerships are eliminated in the Company's consolidated financial results.

Investment gains and losses in 2022 2023 and 2021 2022 were mainly derived from our investments in equity securities and included unrealized gains and losses from market price changes during the period. We believe that investment and derivative gains/losses are generally meaningless for analytical purposes in understanding our reported quarterly or annual results. These gains and losses have caused and will continue to cause significant volatility in our periodic earnings.

**Management's Discussion and Analysis** *(continued)*

**Interest Expense**

The Company's interest expense is summarized below.

| | | 2022 | 2021 | 2020 | | | |
|---|---|---|---|---|---|---|---|
| 2023 | | | | | 2023 | 2022 | 2021 |
| Interest expense on notes payable and other borrowings | Interest expense on notes payable and other borrowings | $(399) | $(1,121) | $(9,262) | | | |

| | | | | |
|---|---|---|---|---|
| Tax benefit | Tax benefit | (94) | (280) | (2,322) |
| Interest expense net of tax | Interest expense net of tax | $(305) | $ (841) | $(6,940) |

The Company paid Steak n Shake's outstanding credit facility in full in February 2021. On September 13, 2022, Biglari Holdings entered into a line of credit in an aggregate principal amount of up to $30,000. There was no balance on the line of credit on December 31, 2023. The balance on the line of credit was $10,000 on December 31, 2022.

**Income Taxes**

The consolidated income tax expense was $9,308 in 2023 versus a benefit was of $10,722 in 2022 versus 2022. During 2023, the Company recognized tax benefits of $5,660 associated with the tax attributes of Abraxas Petroleum's oil and gas properties offset by an increase in tax expense of $6,789 in 2021. The change in income tax expense was primarily due to a tax benefit of $18,992 $23,786 for investment partnership losses gains in 2022. 2023.

**Corporate and Other**

Corporate expenses exclude the activities of the restaurant, insurance, brand licensing, and oil and gas businesses. Corporate and other net losses for increased in 2023 compared to 2022 remained consistent with the preceding year. primarily due to an incentive fee of $7,271.

**Financial Condition**

Our consolidated shareholders' equity on December 31, 2022 December 31, 2023, was $546,966, a decrease $599,330, an increase of $40,730 $52,364 as compared to the December 31, 2021 December 31, 2022 balance. The decrease increase in shareholders' equity was primarily due to a net loss income of $32,018 $54,948 and an increase in additional paid-in capital for purchases of noncontrolling interest of $3,806, offset by a change in treasury stock of $7,829. $6,662.

Consolidated cash and investments are summarized below.

| | | December 31, | |
|---|---|---|---|
| | | 2022 | 2021 |
| | December 31, | | December 31, |
| | 2023 | | 2022 |
| Cash and cash equivalents | Cash and cash equivalents | $ 37,467 | $ 42,349 |
| Investments | Investments | 69,466 | 83,061 |
| Fair value of interest in investment partnerships | Fair value of interest in investment partnerships | 383,004 | 474,201 |
| Total cash and investments | Total cash and investments | 489,937 | 599,611 |
| Less: portion of Company stock held by investment partnerships | Less: portion of Company stock held by investment partnerships | (227,210) | (223,802) |
| Carrying value of cash and investments on balance sheet | Carrying value of cash and investments on balance sheet | $262,727 | $375,809 |

Unrealized gains/losses of Biglari Holdings' stock held by the investment partnerships are eliminated in the Company's consolidated financial results.

**Management's Discussion and Analysis** *(continued)*

*Liquidity*

Our balance sheet continues to maintain significant liquidity. Consolidated cash flow activities are summarized below.

| | | 2022 | | 2021 | | 2020 |
|---|---|---|---|---|---|---|
| Net cash provided by operating activities | $ | 127,825 | $ | 228,767 | $ | 117,556 |
| Net cash used in investing activities | | (136,605) | | (58,525) | | (129,487) |
| Net cash provided by (used in) financing activities | | 3,860 | | (156,157) | | (29,109) |
| Effect of exchange rate changes on cash | | 38 | | (64) | | 10 |
| Increase (decrease) in cash, cash equivalents, and restricted cash | $ | (4,882) | $ | 14,021 | $ | (41,030) |

**Management's Discussion and Analysis***(continued)*

| | | 2023 | | 2022 | | 2021 |
|---|---|---|---|---|---|---|
| Net cash provided by operating activities | $ | 73,002 | $ | 127,825 | $ | 228,767 |
| Net cash used in investing activities | | (66,080) | | (136,605) | | (58,525) |
| Net cash provided by (used in) financing activities | | (16,132) | | 3,860 | | (156,157) |
| Effect of exchange rate changes on cash | | 59 | | 38 | | (64) |
| Increase (decrease) in cash, cash equivalents, and restricted cash | $ | (9,151) | $ | (4,882) | $ | 14,021 |

In 2022, 2023, cash from operating activities decreased by $100,942 $54,823 as compared to 2021. 2022. The change was primarily attributable to a decrease in distributions from investment partnerships from $180,170 of $14,500 in 2021 2023 compared to $70,700 in 2022. The distributions during 2022 were primarily used to acquire Abraxas Petroleum, and the distributions during 2021 were primarily used to repay Steak n Shake's term loan. Petroleum.

Net cash used in investing activities increased was $70,525 lower during 2022 by $78,080 2023 as compared to 2021. The change 2022. Capital expenditures were $6,341 higher in 2022 primarily due to Steak n Shake's implementation of a self-service model. Proceeds from sales of property and equipment were $19,309 higher in 2023 primarily due to the sale of oil and gas properties for $13,563 and the sale of restaurant properties for $10,883. During 2022, the Company acquired 90% of Abraxas Petroleum for $58,274, net of cash acquired. In 2023, the Company acquired the remaining 10% of Abraxas Petroleum for $5,387.

Cash used by financing activities of $16,132 during 2023 was primarily due to net repayments on the acquisition Company's line of Abraxas Petroleum of $58,274, net of cash acquired, as well as purchases of limited partner interests of $48,570 during 2022.

credit. Cash provided by financing activities of $3,860 during 2022 was primarily because of the $10,000 draw due to net borrowings on the Company's line of credit. Cash used in financing activities of $156,157 during 2021 was primarily attributable to the repayment of Steak n Shake's outstanding balance of its term debt.

We intend to meet the working capital needs of our operating subsidiaries, principally through cash flows generated from operations and cash on hand. We continually review available financing alternatives.

*Biglari Holdings Line of Credit*

On September 13, 2022, Biglari Holdings entered into a line of credit in an aggregate principal amount of up to $30,000. The line of credit will be available on a revolving basis until September 12, 2024 September 13, 2024. The line of credit includes customary covenants, as well as financial maintenance covenants. As of December 31, 2022 December 31, 2023, we were in compliance with all covenants. There was no balance on the line of credit on December 31, 2023. The balance of the line of credit was $10,000 on December 31, 2022, was $10,000. . Our interest rate was 6.53% on December 31, 2022, which is based on the 30-day Secured Overnight Financing Rate plus 2.728%.

*Steak n Shake Credit Facility*

On March 19, 2014, Steak n Shake and its subsidiaries entered into a credit agreement that provided for a senior secured term loan facility in an aggregate principal amount of $220,000. The term loan was scheduled to mature on March 19, 2021. The Company repaid Steak n Shake's outstanding balance in full on February 19, 2021 2.73%.

*Western Sizzlin Revolver*

Western Sizzlin's available line of credit is $500. As of December 31, 2022 December 31, 2023 and 2021, 2022, Western Sizzlin had no debt outstanding under its revolver.

***Critical Accounting Policies***

Certain accounting policies require us to make estimates and judgments in determining the amounts reflected in the consolidated financial statements. Such estimates and judgments necessarily involve varying, and possibly significant, degrees of uncertainty. Accordingly, certain amounts currently recorded in the financial statements will likely be adjusted in the future based on new available information and changes in other facts and circumstances. A discussion of our principal accounting policies that required the application of significant judgments as of December 31, 2022 December 31, 2023, follows.

*Consolidation*

The consolidated financial statements include the accounts of Biglari Holdings Inc. and the wholly owned subsidiaries of Biglari Holdings Inc. The analysis as to whether to consolidate an entity is subject to a significant amount of judgment. All intercompany accounts and transactions are eliminated in consolidation.

Our interests in the investment partnerships are accounted for as equity method investments because of our retained limited partner interest in the investment partnerships. The Company records gains from the investment partnerships (inclusive of the investment partnerships' unrealized gains and losses on their securities) in the consolidated statement of earnings based on our proportional ownership interest in the investment partnerships.

**Management's Discussion and Analysis***(continued)*

*Impairment of Restaurant Long-lived Assets*

We review company-operated restaurants for impairment on a restaurant-by-restaurant basis when events or circumstances indicate a possible impairment. Assets included in the impairment assessment generally consist of property, equipment, and leasehold improvements directly associated with an individual restaurant as well as any related finance or operating lease assets. We test for impairment by comparing the carrying value of the asset to the undiscounted future cash flows expected to be generated by the asset. If the total estimated future cash flows are less than the carrying amount of the asset, the carrying value is written down to the estimated fair value, and a loss is recognized in earnings. Determining the future cash flows expected to be generated by an asset requires significant judgment regarding future performance of the asset, fair market value if the asset were to be sold, and other financial and economic assumptions.

**Management's Discussion and Analysis***(continued)*

*Oil and Natural Gas Reserves*

Crude oil and natural gas reserves are estimates of future production that impact certain asset and expense accounts. Proved reserves are the estimated quantities of oil and gas that geoscience and engineering data demonstrate with reasonable certainty to be economically producible in the future under existing economic conditions, operating methods, and government regulations. Proved reserves include both developed and undeveloped volumes. Proved developed reserves represent volumes expected to be recovered through existing wells with existing equipment and operating methods. Proved undeveloped reserves are volumes expected to be recovered from new wells on undrilled proved acreage, or from existing wells where expenditure is required for recompletion. We estimate our proved oil and natural gas reserves in accordance with the guidelines established by the SEC. Due to the inherent uncertainties and the limited nature of reservoir data, estimates of reserves are subject to change as additional information becomes available.

*Income Taxes*

We record deferred tax assets or liabilities, which are based on differences between financial reporting and the tax basis of assets and liabilities and are measured using the currently enacted rates and laws that will be in effect when the differences are expected to reverse. We record deferred tax assets to the extent we believe there will be sufficient future taxable income to utilize those assets prior to their expiration. To the extent deferred tax assets are unable to be utilized, we would record a valuation allowance against the unrealizable amount and record that amount as a charge against earnings. Due to changing tax laws and state income tax rates, significant judgment is required to estimate the effective tax rate applicable to tax differences arising from reversal in the future. We must also make estimates about the sufficiency of taxable income in future periods to offset any deductions related to deferred tax assets currently recorded.

*Goodwill and Other Intangible Assets*

We evaluate goodwill and any indefinite-lived intangible assets for impairment annually, or more frequently if circumstances indicate impairment may have occurred. Goodwill impairment occurs when the estimated fair value of goodwill is less than its carrying value. The valuation methodology and underlying financial information included in our determination of fair value require significant managerial judgment. Based on a review of the qualitative factors, if we determine it is not more likely than not that the fair value is less than the carrying value, we may bypass the quantitative impairment test. We may also elect not to perform the qualitative assessment for the reporting unit or intangible assets and perform a quantitative impairment test instead.

*Leases*

We determine whether a contract is or contains a lease at contract inception based on the presence of identified assets and our right to obtain substantially all of the economic benefit from, or to direct the use of, such assets. When we determine a lease exists, we record a right-of-use asset and corresponding lease liability on our consolidated balance sheets. Right-of-use assets represent our right to use an underlying asset for the lease term. Lease liabilities represent our obligation to make lease payments arising from the lease. Right-of-use assets are recognized at the commencement date at the value of the lease liability and are adjusted for any prepayments, lease incentives received, and initial direct costs incurred. Lease liabilities are recognized at the lease commencement date based on the present value of remaining lease payments over the lease term. As the discount rate implicit in the lease is not readily determinable in most of our leases, we use our incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. Our lease terms include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. We do not record lease contracts with a term of 12 months or less on our consolidated balance sheets. We recognize fixed lease expense for operating leases on a straight-line basis over the lease term. For finance leases, we recognize amortization expense on the right-of-use asset and interest expense on the lease liability over the lease term.

**Management's Discussion and Analysis***(continued)*

**Recently Issued Accounting Pronouncements**

For detailed information regarding recently issued accounting pronouncements and the expected impact on our consolidated financial statements, see Note 1 "Summary of Significant Accounting Policies" in the accompanying notes to consolidated financial statements included in Part II, Item 8 of this report on Form 10-K.

**Cautionary Note Regarding Forward-Looking Statements**

This report includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. In general, forward-looking statements include estimates of future revenues, cash flows, capital expenditures, or other financial items, and assumptions underlying any of the foregoing. Forward-looking statements reflect management's current expectations regarding future events and use words such as "anticipate," "believe," "expect," "may," and other similar terminology. A forward-looking statement is neither a prediction nor a guarantee of future events or circumstances, and those future events or circumstances may not occur. Investors should not place undue reliance on the forward-looking statements, which speak only as of the date of this report. These forward-looking statements are all based on currently available operating, financial, and competitive information and are subject to various risks and uncertainties. Our actual future results and trends may differ materially depending on a variety of factors, many beyond our control, including, but not limited to, the risks and uncertainties described in Item 1A, Risk Factors, set forth above. We undertake no obligation to publicly update or revise them, except as may be required by law.

**Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

Not applicable.

**Item 8. Financial Statements and Supplementary Data**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the shareholders and the Board of Directors of Biglari Holdings Inc.

**Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of Biglari Holdings Inc. and subsidiaries (the "Company") as of December 31, 2022 December 31, 2023 and 2021, 2022, the related consolidated statements of earnings, comprehensive income, changes in shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2022 December 31, 2023, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 December 31, 2023 and 2021, 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022 December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2022 December 31, 2023, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 25, 2023 February 24, 2024 expressed an unqualified opinion on the Company's internal control over financial reporting.

**Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the 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 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 financial statements. We believe that our audits provide a reasonable basis for our opinion.

**Emphasis of a Matter**

As discussed in Note 4 and Note 14 to the consolidated financial statements, the Company and its subsidiaries have invested in investment partnerships in the form of limited partnership interests. These investment partnerships represent related parties, and such investments are subject to a rolling five-year lock up period under the terms of the respective partnership agreements for the investment partnerships. The value of these investments reported in the Company's consolidated balance sheets as of December 31, 2022 December 31, 2023 and 2021 2022 totals $155,794,000 $199,103,000 and $250,399,000, $155,794,000, respectively. Our opinion is not modified with respect to this matter.

**Critical Audit Matter**

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the 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.

***Property and Equipment — Refer to Notes 1 and 6 to the financial statements***

*Critical Audit Matter Description*

Company-operated restaurants and associated long-lived assets are evaluated for impairment on a restaurant-by-restaurant basis when events or circumstances indicate a possible impairment may have occurred. The Company's evaluation of potential impairment of long-lived assets involves the comparison of undiscounted future cash flows expected to be generated by the asset group, generally an individual restaurant, over the expected remaining useful life of that asset group, to the respective carrying amount. The Company also applied a market analysis for certain properties. The Company's undiscounted future cash flows analysis requires management to make estimates and assumptions related to future revenues, labor costs and planned operating periods. To the extent that the undiscounted cash flows are not sufficient to recover the related assets, the Company estimates the fair value of the related assets using a discounted cash flow model to assess the amount of any impairment.

We identified the impairment of company-operated restaurant long-lived assets as a critical audit matter because of the estimates and assumptions required by management to evaluate the potential impairment of these asset groups. This required a high degree of auditor judgment and an increased extent of effort when performing audit procedures to evaluate the reasonableness of certain assumptions, in management's undiscounted and discounted future cash flows analyses, including revenue growth, food costs, labor costs, and planned operating periods of restaurants.

*How the Critical Audit Matter Was Addressed in the Audit*

Our audit procedures related to the undiscounted and discounted future cash flows analysis and the assessment of the expected remaining holding period included the following, among others:

- We tested the effectiveness of controls over management's evaluation of the recoverability of long-lived assets, including those over revenue, food costs, labor costs and the planned operating period for the store.
- We evaluated the undiscounted future cash flows analysis, including estimates of revenue growth, labor costs and planned operating periods of restaurants by (1) evaluating the underlying source information and assumptions used by management (2) performing sensitivity analyses and (3) testing the mathematical accuracy of the undiscounted future cash flows analysis.
- We evaluated the reasonableness of management's undiscounted future cash flows analysis by comparing management's projections to the Company's historical results and available market data.
- With the assistance of our fair value specialists, for the properties where management applied a market analysis, we evaluated the reasonableness of the valuation methodology and used comparable current market data to develop a range of independent estimates and compare our estimates to those used by management.
- We evaluated the discount rates used by management in the performance of discounted cash flow analyses by testing management's calculation, performing sensitivity analyses, comparing components to external market information as applicable, and assessed the mathematical accuracy of the Company's calculations of potential impairment.

/s/ DELOITTE & TOUCHE LLP
Austin, Texas
February 25, 2023 24, 2024

We have served as the Company's auditor since 2003.

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the shareholders and the Board of Directors of Biglari Holdings Inc.

**Opinion on Internal Control over Financial Reporting**

We have audited the internal control over financial reporting of Biglari Holdings Inc. and subsidiaries (the "Company") as of December 31, 2022 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 Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022 December 31, 2023, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2022 December 31, 2023, of the Company and our report dated February 25, 2023 February 24, 2024, expressed an unqualified opinion on those financial statements and included an emphasis of a matter paragraph relating to the Company's investment in related party investment partnerships.

As described in Management's Report on Internal Control Over Financial Reporting, management excluded from its assessment the internal control over financial reporting at Abraxas Petroleum, which was acquired on September 14, 2022, and whose financial statements constitute approximately 9.8% of total assets, 3.1% of revenues, and 2.5% of net earnings of the consolidated financial statement amounts as of and for the year ended December 31, 2022. Accordingly, our audit did not include the internal control over financial reporting at Abraxas Petroleum.

**Basis for Opinion**

The Company’s management is responsible 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 Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the 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 audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

**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 (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) 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 (3) 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.

/s/ DELOITTE & TOUCHE LLP
Austin, Texas
February 25, 2023 24, 2024

**BIGLARI HOLDINGS INC.**

**CONSOLIDATED BALANCE SHEETS**
*(dollars in thousands)*

| | | | | | |
|---|---|---|---|---|---|
| | | December 31, | | | |
| | | 2022 | 2021 | | |
| | December 31, | | | December 31, | |
| | 2023 | | | 2023 | 2022 |
| **Assets** | **Assets** | | | | |
| Current assets: | Current assets: | | | | |
| Current assets: | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | | | | | |
| Cash and cash equivalents | | | | | |
| Cash and cash equivalents | Cash and cash equivalents | $ 37,467 | $ 42,349 | | |
| Investments | Investments | 69,466 | 83,061 | | |
| Receivables | Receivables | 29,375 | 28,508 | | |
| Inventories | Inventories | 3,851 | 3,803 | | |
| Other current assets | Other current assets | 10,495 | 7,088 | | |
| Total current assets | Total current assets | 150,654 | 164,809 | | |
| Property and equipment | Property and equipment | 400,725 | 349,351 | | |
| Operating lease assets | Operating lease assets | 34,739 | 42,538 | | |
| Goodwill | Goodwill | 53,513 | 53,547 | | |

| | | | |
|---|---|---|---|
| Other intangible assets | Other intangible assets | 23,037 | 23,463 |
| Investment partnerships | Investment partnerships | 155,794 | 250,399 |
| Other assets | Other assets | 10,012 | 10,700 |
| **Total assets** | **Total assets** | $828,474 | $894,807 |
| **Liabilities and shareholders’ equity** | **Liabilities and shareholders’ equity** | | |
| **Liabilities and shareholders’ equity** | | | |
| **Liabilities and shareholders’ equity** | | | |
| **Liabilities** | | | |
| **Liabilities** | | | |
| **Liabilities** | **Liabilities** | | |
| Current liabilities: | Current liabilities: | | |
| Current liabilities: | | | |
| Current liabilities: | | | |
| Accounts payable and accrued expenses | | | |
| Accounts payable and accrued expenses | | | |
| Accounts payable and accrued expenses | Accounts payable and accrued expenses | $ 78,616 | $101,975 |
| Loss and loss adjustment expenses | Loss and loss adjustment expenses | 16,805 | 13,101 |
| Unearned premiums | Unearned premiums | 12,495 | 11,667 |
| Current portion of lease obligations | Current portion of lease obligations | 16,981 | 16,898 |
| Current portion of line of credit | | 10,000 | — |
| Line of credit | | | |
| Total current liabilities | Total current liabilities | 134,897 | 143,641 |
| Lease obligations | Lease obligations | 91,844 | 104,479 |
| Deferred taxes | Deferred taxes | 31,343 | 46,533 |
| Asset retirement obligations | Asset retirement obligations | 14,068 | 10,389 |
| Other liabilities | Other liabilities | 754 | 2,069 |
| **Total liabilities** | **Total liabilities** | 272,906 | 307,111 |
| **Shareholders’ equity** | **Shareholders’ equity** | | |
| **Shareholders’ equity** | | | |
| **Shareholders’ equity** | | | |
| Common stock | | | |
| Common stock | | | |

| | | | |
|---|---|---|---|
| Common stock | Common stock | 1,138 | 1,138 |
| Additional paid-in capital | Additional paid-in capital | 381,788 | 381,788 |
| Retained earnings | Retained earnings | 576,510 | 608,528 |
| Accumulated other comprehensive loss | Accumulated other comprehensive loss | (2,790) | (1,907) |
| Treasury stock, at cost | Treasury stock, at cost | (409,680) | (401,851) |
| **Biglari Holdings Inc. shareholders' equity** | **Biglari Holdings Inc. shareholders' equity** | 546,966 | 587,696 |
| **Noncontrolling interests** | **Noncontrolling interests** | 8,602 | — |
| **Total shareholders' equity** | **Total shareholders' equity** | 555,568 | 587,696 |
| **Total liabilities and shareholders' equity** | **Total liabilities and shareholders' equity** | $828,474 | $894,807 |

*See accompanying Notes to Consolidated Financial Statements.*

**BIGLARI HOLDINGS INC.**

**CONSOLIDATED STATEMENTS OF EARNINGS**

*(dollars in thousands except per-share amounts)*

| | | Year Ended December 31, | | |
|---|---|---|---|---|
| | | 2022 | 2021 | 2020 |
| **Revenues** | | | | |
| | Year Ended December 31, | | | Year Ended December 31, |
| | 2023 | 2023 | 2022 | 2021 |
| **Revenue** | | | | |
| Restaurant operations | | | | |
| Restaurant operations | | | | |
| Restaurant operations | Restaurant operations | $241,568 | $271,290 | $350,666 |
| Insurance premiums and other | Insurance premiums and other | 64,540 | 58,609 | 52,679 |
| Oil and gas | Oil and gas | 57,546 | 33,004 | 26,255 |
| Licensing and media | Licensing and media | 4,577 | 3,203 | 4,083 |
| | | 368,231 | 366,106 | 433,683 |
| Total revenue | | | | |
| **Cost and expenses** | **Cost and expenses** | | | |
| Restaurant cost of sales | | | | |
| Restaurant cost of sales | | | | |

| | | | | |
|---|---|---|---|---|
| Restaurant cost of sales | Restaurant cost of sales | 140,264 | 167,491 | 246,655 |
| Insurance losses and underwriting expenses | Insurance losses and underwriting expenses | 54,648 | 43,094 | 39,221 |
| Oil and gas production costs | Oil and gas production costs | 17,842 | 10,470 | 8,700 |
| Licensing and media costs | Licensing and media costs | 2,695 | 2,275 | 2,156 |
| Selling, general and administrative | Selling, general and administrative | 70,608 | 76,018 | 76,360 |
| Gain on sale of oil and gas properties | | | | |
| Impairments | Impairments | 3,520 | 4,635 | 23,646 |
| Depreciation, depletion, and amortization | Depreciation, depletion, and amortization | 36,443 | 30,050 | 32,222 |
| Interest expense on leases | Interest expense on leases | 5,493 | 6,039 | 6,274 |
| Interest expense on debt | Interest expense on debt | 399 | 1,121 | 9,262 |
| | | 331,912 | 341,193 | 444,496 |
| Total cost and expenses | | | | |
| **Other income (expenses)** | **Other income (expenses)** | | | |
| Investment gains (losses) | | | | |
| Investment gains (losses) | | | | |
| Investment gains (losses) | Investment gains (losses) | (3,393) | 6,401 | 3,644 |
| Investment partnership gains (losses) | Investment partnership gains (losses) | (75,953) | 10,953 | (43,032) |
| Total other income (expenses) | Total other income (expenses) | (79,346) | 17,354 | (39,388) |
| **Earnings (loss) before income taxes** | **Earnings (loss) before income taxes** | (43,027) | 42,267 | (50,201) |
| Income tax expense (benefit) | Income tax expense (benefit) | (10,722) | 6,789 | (12,212) |
| **Net earnings (loss)** | **Net earnings (loss)** | (32,305) | 35,478 | (37,989) |
| **Earnings (loss) attributable to noncontrolling interest** | **Earnings (loss) attributable to noncontrolling interest** | (287) | — | — |





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| Net earnings (loss) attributable to Biglari Holdings Inc. shareholders | Net earnings (loss) attributable to Biglari Holdings Inc. shareholders | $ (32,018) | $ 35,478 | $ (37,989) |
|---|---|---|---|---|
| Net earnings (loss) per equivalent Class A share * | Net earnings (loss) per equivalent Class A share * | $ (107.43) | $ 111.83 | $ (110.05) |
| Net earnings (loss) per equivalent Class A share * | | | | |
| Net earnings (loss) per equivalent Class A share * | | | | |

* Net earnings (loss) per equivalent Class B share outstanding are one-fifth of the equivalent Class A share or ($21.49) $37.90 for 2023, $(21.49) for 2022, and $22.37 for 2021, and ($22.01) for 2020.

2021.

*See accompanying Notes to Consolidated Financial Statements.*

**BIGLARI HOLDINGS INC.**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**
*(dollars in thousands)*

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2022 | 2021 | 2020 |
| **Net earnings (loss)** | $ (32,305) | $ 35,478 | $ (37,989) |
| Foreign currency translation | (883) | (376) | 1,279 |
| Comprehensive income (loss) | (33,188) | 35,102 | (36,710) |
| Comprehensive income (loss) attributable to noncontrolling interest | (287) | — | — |
| Total comprehensive income (loss) attributable to Biglari Holdings Inc. shareholders | $ (32,901) | $ 35,102 | $ (36,710) |

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2023 | 2022 | 2021 |
| **Net earnings (loss)** | $ 55,539 | $ (32,305) | $ 35,478 |
| Foreign currency translation | 272 | (883) | (376) |
| Comprehensive income | 55,811 | (33,188) | 35,102 |
| Comprehensive income attributable to noncontrolling interest | 591 | (287) | — |
| Total comprehensive income attributable to Biglari Holdings Inc. shareholders | $ 55,220 | $ (32,901) | $ 35,102 |

*See accompanying Notes to Consolidated Financial Statements.*

**BIGLARI HOLDINGS INC.**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**
*(dollars in thousands)*

Year Ended December 31,

| | | 2022 | 2021 | 2020 | | | |
|---|---|---|---|---|---|---|---|
| | Year Ended December 31, | | | | Year Ended December 31, | | |
| | 2023 | | | | 2023 | 2022 | 2021 |
| **Operating activities** | **Operating activities** | | | | | | |
| Net earnings (loss) | | | | | | | |
| Net earnings (loss) | | | | | | | |
| Net earnings (loss) | Net earnings (loss) | $(32,305) | $ 35,478 | $(37,989) | | | |
| Adjustments to reconcile net earnings (loss) to operating cash flows: | Adjustments to reconcile net earnings (loss) to operating cash flows: | | | | | | |
| Depreciation and amortization | Depreciation and amortization | 36,443 | 30,050 | 32,222 | | | |
| Depreciation and amortization | | | | | | | |
| Depreciation and amortization | | | | | | | |
| Provision for deferred income taxes | Provision for deferred income taxes | (15,582) | 5,269 | (12,216) | | | |
| Asset impairments and other non-cash expenses | | 3,520 | 4,772 | 24,636 | | | |
| Losses on disposal of assets | | (1,578) | (25) | (868) | | | |
| Asset impairments | | | | | | | |
| Gains on sale of assets | | | | | | | |
| Investment (gains) losses | Investment (gains) losses | 3,393 | (6,214) | (4,856) | | | |
| Investment partnership (gains) losses | Investment partnership (gains) losses | 75,953 | (10,953) | 43,032 | | | |
| Distributions from investment partnerships | Distributions from investment partnerships | 70,700 | 180,170 | 98,330 | | | |
| Changes in receivables and inventories | Changes in receivables and inventories | 3,339 | (9,324) | 7,014 | | | |
| Changes in other assets | Changes in other assets | 8,523 | 136 | 733 | | | |
| Changes in accounts payable and accrued expenses | Changes in accounts payable and accrued expenses | (24,581) | (592) | (32,482) | | | |
| **Net cash provided by operating activities** | **Net cash provided by operating activities** | 127,825 | 228,767 | 117,556 | | | |

| | | | | |
|---|---|---|---|---|
| **Investing activities** | **Investing activities** | | | |
| Capital expenditures | Capital expenditures | (29,746) | (64,549) | (20,702) |
| Capital expenditures | | | | |
| Capital expenditures | | | | |
| Proceeds from property and equipment disposals | Proceeds from property and equipment disposals | 5,318 | 10,101 | 4,415 |
| Acquisition of business, net of cash acquired | Acquisition of business, net of cash acquired | (58,274) | — | (36,187) |
| Purchases of limited partner interests | | (48,569) | (12,300) | (70,130) |
| Purchases of noncontrolling interests | | | | |
| Purchases of interests in limited partnerships | | | | |
| Purchases of investments | Purchases of investments | (134,451) | (110,199) | (299,950) |
| Sales of investments and redemptions of fixed maturity securities | Sales of investments and redemptions of fixed maturity securities | 129,117 | 118,422 | 293,067 |
| **Net cash used in investing activities** | **Net cash used in investing activities** | (136,605) | (58,525) | (129,487) |
| **Financing activities** | **Financing activities** | | | |
| Payments on line of credit | | | | |
| Payments on line of credit | | | | |
| Payments on line of credit | Payments on line of credit | (20,000) | — | (500) |
| Proceeds from line of credit | Proceeds from line of credit | 30,000 | — | 500 |
| Principal payments on long-term debt | Principal payments on long-term debt | — | (149,952) | (23,279) |
| Principal payments on direct financing lease obligations | Principal payments on direct financing lease obligations | (6,140) | (6,205) | (5,830) |

| | | | | |
|---|---|---|---|---|
| **Net cash provided by (used in) financing activities** | **Net cash provided by (used in) financing activities** | 3,860 | (156,157) | (29,109) |
| **Effect of exchange rate changes on cash** | **Effect of exchange rate changes on cash** | 38 | (64) | 10 |
| Increase (decrease) in cash, cash equivalents, and restricted cash | Increase (decrease) in cash, cash equivalents, and restricted cash | (4,882) | 14,021 | (41,030) |
| Cash, cash equivalents, and restricted cash at beginning of period | Cash, cash equivalents, and restricted cash at beginning of period | 43,687 | 29,666 | 70,696 |
| **Cash, cash equivalents, and restricted cash at end of period** | **Cash, cash equivalents, and restricted cash at end of period** | $ 38,805 | $ 43,687 | $ 29,666 |

| | | Year Ended December 31, | | |
|---|---|---|---|---|
| | | 2022 | 2021 | 2020 |
| | Year Ended December 31, | | | Year Ended December 31, |
| | 2023 | 2023 | 2022 | 2021 |
| Cash and cash equivalents | Cash and cash equivalents | $37,467 | $42,349 | $24,503 |
| Restricted cash included in other long-term assets | Restricted cash included in other long-term assets | 1,338 | 1,338 | 5,163 |
| **Cash, cash equivalents, and restricted cash at end of period** | **Cash, cash equivalents, and restricted cash at end of period** | $38,805 | $43,687 | $29,666 |

*See accompanying Notes to Consolidated Financial Statements.*

**BIGLARI HOLDINGS INC.**

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

*(dollars in thousands)*

| | Biglari Holdings Inc. Shareholder's Equity | | | | | | |
|---|---|---|---|---|---|---|---|
| | Common Stock | Additional Paid-In Capital | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | Treasury Stock | Non-controlling interest | Total |

| | Biglari Holdings Inc. Shareholder's Equity | | | | | | |
|---|---|---|---|---|---|---|---|
| | Common Stock | Additional Paid-In Capital | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | Treasury Stock | Non-controlling interest | Total |
| Balance at December 31, 2019 | $ 1,138 | $381,788 | $611,039 | $ (2,810) | $(374,857) | $ — | $616,298 |
| Balance at December 31, 2020 | | | | | | | |
| Net earnings (loss) | | | (37,989) | | | | (37,989) |
| Other comprehensive income, net | | | | 1,279 | | | 1,279 |
| Adjustment to treasury stock for holdings in investment partnerships | | | | | (14,760) | | (14,760) |
| Balance at December 31, 2020 | $ 1,138 | $381,788 | $573,050 | $ (1,531) | $(389,617) | $ — | $564,828 |
| Net earnings | | | 35,478 | | | | 35,478 |
| Other comprehensive income, net | | | | (376) | | | (376) |
| Adjustment to treasury stock for holdings in investment partnerships | | | | | (12,234) | | (12,234) |
| Adjustment for holdings in investment partnerships | | | | | | | |
| Balance at December 31, 2021 | $ 1,138 | $381,788 | $608,528 | $ (1,907) | $(401,851) | $ — | $587,696 |
| Net earnings (loss) | | | (32,018) | | | (287) | (32,305) |
| Other comprehensive income, net | | | | (883) | | | (883) |
| Adjustment to treasury stock for holdings in investment partnerships | | | | | (7,829) | | (7,829) |
| Transactions with noncontrolling interest | | | | | | 8,889 | 8,889 |
| Adjustment for holdings in investment partnerships | | | | | | | |
| Transactions with noncontrolling interests | | | | | | | |
| Balance at December 31, 2022 | $ 1,138 | $381,788 | $576,510 | $ (2,790) | $(409,680) | $ 8,602 | $555,568 |

| |
|---|
| Net earnings (loss) |
| Other comprehensive income, net |
| Adjustment for holdings in investment partnerships |
| Purchases of noncontrolling interests |
| Balance at December 31, 2023 |

*See accompanying Notes to Consolidated Financial Statements.*

**BIGLARI HOLDINGS INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

***(Years Ended December 31, 2022 December 31, 2023, 2021, 2022, and 2020) 2021)***

(dollars in thousands, except share and per-share data)

**Note 1. Summary of Significant Accounting Policies**

***Description of Business***

Biglari Holdings Inc. is a holding company owning subsidiaries engaged in a number of diverse business activities, including property and casualty insurance, licensing and media, restaurants, and oil and gas. The Company's largest operating subsidiaries are involved in the franchising and operating of restaurants. Biglari Holdings is founded and led by Sardar Biglari, Chairman and Chief Executive Officer of the Company.

Biglari Holdings' management system combines decentralized operations with centralized financial decision-making. Operating decisions for the various business units are made by their respective managers. All major investment and capital allocation decisions are made for the Company and its subsidiaries by Mr. Biglari.

As of December 31, 2022 December 31, 2023, Mr. Biglari beneficially owns shares of the Company that represent approximately 66.3% 66.8% of the economic interest and approximately 70.4% 71.0% of the voting interest.

***Principles of Consolidation***

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, including Steak n Shake Inc., Western Sizzlin Corporation, First Guard Insurance Company, Maxim Inc., Southern Pioneer Property & Casualty Insurance Company, Southern Oil Company, and Abraxas Petroleum Corporation. Intercompany accounts and transactions have been eliminated in consolidation.

***Change in Presentation***

Loss and loss adjustment expenses of $1,508 were reclassified to accounts payable and accrued expenses as of December 31, 2021 to conform to current year presentation.

***Cash, Cash Equivalents, and Restricted Cash***

Cash equivalents primarily consist of U.S. Government securities and money market accounts, all of which have original maturities of three months or less. Cash equivalents are carried at fair value. The statement of cash flows includes restricted cash with cash and cash equivalents.

***Investments***

We classify investments in fixed maturity securities at the acquisition date as either available-for-sale or held-to-maturity and re-evaluate the classification at each balance sheet date. Securities classified as held-to-maturity are carried at amortized cost, reflecting the ability and intent to hold the securities to maturity. As of December 31, 2022 December 31, 2023 and 2021, 2022, all investments were classified as available-for-sale and carried at fair value with net unrealized gains or losses reported in the statements of earnings. Realized gains and losses on disposals of investments are determined by the specific identification of the cost of investments sold. Dividends earned on investments are reported as investment income by our insurance companies. We consider investment income as a component of our aggregate insurance operating results. However, we consider investment gains and losses, whether realized or unrealized, as non-operating.

***Investment Partnerships***

The Company holds a limited interest in The Lion Fund, L.P., and The Lion Fund II, L.P. (collectively the "investment partnerships"). Biglari Capital Corp. ("Biglari Capital"), an entity solely owned by Mr. Biglari, is the general partner of the investment partnerships. Our interests in the investment partnerships are accounted as equity method investments because of our retained limited partner interests. The Company records investment partnership gains (inclusive of the investment partnerships' unrealized gains and losses on their securities) as a component of other income based on our proportional ownership interest in the partnerships. The investment partnerships are, for purposes of generally accepted accounting principles ("GAAP"), investment companies under the AICPA Audit and Accounting Guide *Investment Companies.*

**Note 1. Summary of Significant Accounting Policies** *(continued)*

***Concentration of Equity Price Risk***

The majority of our investments are conducted through investment partnerships that generally hold common stocks. We also hold marketable securities directly. We concentrate a high percentage of the investments in a small number of equity securities.

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**Note 1. Summary of Significant Accounting Policies** *(continued)*

A significant decline in the general stock market or in the prices of our major investments may have a materially adverse effect on our earnings and on consolidated shareholders' equity.

***Receivables***

Our accounts receivable balance consists primarily of franchisee, customer, and other receivables. We carry our accounts receivable at cost less an allowance for doubtful accounts, which is based on a history of past write-offs and collections and current credit conditions. Allowance for doubtful accounts was $2,546 and $1,151 at December 31, 2023 and $505 at December 31, 2022 and 2021, 2022, respectively.

***Inventories***

Inventories are valued at the lower of cost (first-in, first-out method) or market, and consist primarily of restaurant food items and supply inventory.

***Property and Equipment***

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are recognized on the straight-line method over the estimated useful lives of the assets (10 to 30 years for buildings and land improvements, and 3 to 10 years for equipment). Leasehold improvements are amortized on the straight-line method over the shorter of the estimated useful lives of the improvements or the term of the related leases. Interest costs associated with the construction of new restaurants are capitalized. Major improvements are also capitalized, while repairs and maintenance are expensed as incurred. We review our long-lived restaurant assets whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For purposes of this assessment, assets are evaluated at the lowest level for which there are identifiable cash flows, which is generally at the individual restaurant level. Assets included in the impairment assessment generally consist of property, equipment, and leasehold improvements directly associated with an individual restaurant as well as any related finance or operating lease assets. If the future undiscounted cash flows of an asset are less than the recorded value, an impairment is recorded for the difference between the carrying value and the estimated fair value of the asset.

***Oil and Gas Properties***

The successful efforts method is used for crude oil and natural gas exploration and production activities. All costs for development wells, related plant and equipment, proved mineral interests in crude oil and natural gas properties, and related asset retirement obligation assets are capitalized. Costs of exploratory wells are capitalized pending determination of whether the wells found proved reserves. Costs of wells that are assigned proved reserves remain capitalized. Costs are also capitalized for exploratory wells that have found crude oil and natural gas reserves, even if the reserves cannot be classified as proved when the drilling is completed, provided the exploratory well has found a sufficient quantity of reserves to justify its completion as a producing well and the company is making sufficient progress assessing the reserves and the economic and operating viability of the project. All other exploratory wells and costs are expensed. We did not have any property acquisition or exploration activities during 2022, 2023, and our development costs were nominal.

***Asset Retirement Obligations***

Asset retirement obligations relate to future costs associated with the plugging and abandonment of oil and gas wells, the removal of equipment and facilities from leased acreage, and the return of such land to its original condition. The Company determines its asset retirement obligation amounts by calculating the present value of the estimated future cash outflows associated with its plug and abandonment obligations. The fair value of a liability for an asset retirement obligation is recorded in the period in which it is incurred, and the cost of such liability increases the carrying amount of the related long-lived asset by the same amount. The liability is accreted each period through charges to depreciation, depletion, and amortization expense, and the capitalized cost is depleted on a unit-of-production basis over the proved developed reserves of the related asset. If an asset retirement obligation is settled for an amount other than the recorded amount, a gain or loss is recognized.

***Goodwill and Other Intangible Assets***

Goodwill and indefinite life intangible assets are not amortized, but are tested for potential impairment on an annual basis using either a qualitative or quantitative approach, or more often if events or circumstances change that could cause goodwill or indefinite life intangible assets to become impaired. Other purchased intangible assets are amortized over their estimated useful lives, generally on a straight-line basis. We perform reviews for impairment of intangible assets whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. An impairment loss is recognized when

**Note 1. Summary of Significant Accounting Policies** *(continued)*

estimated future cash flows expected to result from the use of the asset and its eventual disposition are less than its carrying value. When an impairment is identified, we reduce the carrying value of the asset to its estimated fair value. During 2023, 2022 and 2021, no impairments were recorded to goodwill and other intangible assets. goodwill. During

2020, 2023, we recorded an impairment to goodwill of $300 and an impairment impairments to indefinite life intangible assets of $3,728. $20. During 2022 and 2021, no impairments were recorded to other intangible assets. Refer to Note 8 for information regarding our goodwill and other intangible assets.

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**Note 1. Summary of Significant Accounting Policies** *(continued)*

***Dual Class Common Stock***

The Company has two classes of common stock, designated Class A common stock and Class B common stock. Each Class A common share is entitled to one vote. Class B common stock possesses economic rights equal to one-fifth (1/5th) of such rights of Class A common stock; however, Class B common stock has no voting rights.

The following table presents shares authorized, issued, and outstanding.

| | | December 31, 2022 | | December 31, 2021 | | December 31, 2020 | |
|---|---|---|---|---|---|---|---|
| | | Class A | Class B | Class A | Class B | Class A | Class B |
| | | December 31, 2023 | | December 31, 2022 | | December 31, 2021 | |
| | | Class A | Class B | Class A | Class B | Class A | Class B |
| Common stock authorized | Common stock authorized | 500,000 | 10,000,000 | 500,000 | 10,000,000 | 500,000 | 10,000,000 |
| Common stock issued and outstanding | Common stock issued and outstanding | 206,864 | 2,068,640 | 206,864 | 2,068,640 | 206,864 | 2,068,640 |

***Earnings Per Share***

Earnings per share of common stock is based on the weighted-average number of shares outstanding during the year. The shares of Company stock attributable to our limited partner interest in the investment partnerships — based on our proportional ownership during this period — are considered treasury stock on the consolidated balance sheet and thereby deemed not to be included in the calculation of weighted-average common shares outstanding. However, these shares are legally outstanding.

The Company has applied the "two-class method" of computing earnings per share as prescribed in Accounting Standards Codification ("ASC") 260, "*Earnings Per Share*." The equivalent Class A common stock applied for computing earnings per share excludes the proportional shares of Biglari Holdings' stock held by the investment partnerships. In the tabulation below is the equivalent Class A common stock for earnings per share. There are no dilutive securities outstanding.

| | | 2022 | 2021 | 2020 |
|---|---|---|---|---|
| | | 2023 | 2022 | 2021 |
| Equivalent Class A common stock outstanding | Equivalent Class A common stock outstanding | 620,592 | 620,592 | 620,592 |
| Proportional ownership of Company stock held by investment partnerships | Proportional ownership of Company stock held by investment partnerships | 322,561 | 303,341 | 275,400 |
| Equivalent Class A common stock for earnings per share | Equivalent Class A common stock for earnings per share | 298,031 | 317,251 | 345,192 |

***Revenue Recognition***

*Restaurant operations*

Restaurant operations revenues were disaggregated as follows.

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| | 2023 | 2022 | 2021 |

| | | | | |
|---|---|---|---|---|
| Net sales | Net sales | $149,184 | $187,913 | $306,577 |
| Franchise partner fees | Franchise partner fees | 63,853 | 55,641 | 22,213 |
| Franchise royalties and fees | Franchise royalties and fees | 19,678 | 21,736 | 18,794 |
| Other | Other | 8,853 | 6,000 | 3,082 |
| | | $241,568 | $271,290 | $350,666 |
| | $ | | | |

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**Note 1. Summary of Significant Accounting Policies** *(continued)*

*Net Sales*
Net sales are composed of retail sales of food through company-operated stores. Company-operated store revenues are recognized, net of discounts and sales taxes, when our obligation to perform is satisfied at the point of sale. Sales taxes related to these sales are collected from customers and remitted to the appropriate taxing authority and are not reflected in the Company's consolidated statements of earnings as revenue.

*Franchise Partner Fees*
Franchise partner fees are composed of up to 15% of sales as well as 50% of profits. We are therefore fully affected by the operating results of the business, unlike in a traditional franchising arrangement, where the franchisor obtains a royalty fee based on sales only. We generate the majority of our revenue from our share of the franchise partners' profits. An initial franchise fee of ten thousand dollars is recognized when the operator becomes a franchise partner. The Company recognizes franchise partner fees monthly as underlying restaurant sales occur.

The Company leases or subleases property and equipment to franchisees under lease arrangements. Both real estate and equipment rental payments are charged to franchisees and are recognized in accordance with ASC 842, "*Leases.*" During the years ended 2023, 2022, 2021, and 2020, 2021, restaurant operations recognized $22,687, $20,426, $15,483, and $5,675, $15,483, respectively, in franchise partner fees related to rental income.

*Franchise Royalties and Fees*
Franchise royalties and fees from Steak n Shake and Western Sizzlin franchisees are based upon a percentage of sales of the franchise restaurant and are recognized as earned. Franchise royalties are billed on a monthly basis. Initial franchise fees when a new restaurant opens or at the start of a new franchise term are recorded as deferred revenue when received and recognized as revenue over the term of the franchise agreement.

During the years ended December 31, 2022 December 31, 2023, 2021, 2022, and 2020, 2021, restaurant operations recognized $1,207, $1,810, $2,033, and $1,879, $2,033, respectively, in revenue related to initial franchise fees. As of December 31, 2022 December 31, 2023 and 2021, 2022, restaurant operations had deferred revenue recorded in accrued expenses related to franchise fees of $3,484 $2,280 and $5,199, $3,484, respectively. Restaurant operations expect to recognize approximately $703 $443 of deferred revenue during 2023. 2024.

Our advertising arrangements with franchisees are reported in franchise royalties and fees. During the years ended December 31, 2022 December 31, 2023, 2021, 2022, and 2020, 2021, restaurant operations recognized $4,479, $6,386, $6,829, and $5,193, $6,829, respectively, in revenue related to franchisee advertising fees. As of December 31, 2022 December 31, 2023 and 2021, 2022, restaurant operations had deferred revenue recorded in accrued expenses related to franchisee advertising fees of $2,748 $1,945 and $4,151, $2,748, respectively. Restaurant operations expect to recognize approximately $2,061 $1,556 of deferred revenue during 2023. 2024.

*Other Revenue*
Restaurant operations sells gift cards to customers which can be redeemed for retail food sales within our stores. Gift cards are recorded as deferred revenue when issued and are subsequently recorded as net sales upon redemption. Restaurant operations estimates breakage related to gift cards when the likelihood of redemption is remote. This estimate utilizes historical trends based on the vintage of the gift card. Breakage on gift cards is recorded as other revenue in proportion to the rate of gift card redemptions by vintage.

For the years ended December 31, 2022 December 31, 2023, 2021, 2022, and 2020, 2021, restaurant operations recognized $5,276, $5,395, $5,903, and $9,201, $5,903, respectively, of revenue from gift card redemptions. As of December 31, 2022 December 31, 2023 and 2021, 2022, restaurant operations had deferred revenue recorded in accrued expenses related to unredeemed gift cards of $9,279 $5,144 and $15,059, $9,279, respectively. Restaurant operations expect to recognize approximately $5,975 $2,500 of deferred revenue during 2023. 2024.

*Insurance Premiums and Commissions*
Insurance premiums are earned over the terms of the related policies. Expenses incurred in connection with acquiring new insurance business, including acquisition costs, are charged to operations as incurred. Premiums earned are stated net of amounts ceded to reinsurer.

*Oil and Gas*
Revenues are derived from the sale of produced oil and natural gas. Revenue is recognized when the performance obligation is satisfied, which typically occurs at the point in time when control of the product transfers to the customer. Payment is due within 30 days of delivery.

**Note 1. Summary of Significant Accounting Policies** *(continued)*

*Licensing Revenue and Other*

Licensing revenue is recognized when earned. We derive value and revenues from intellectual property assets through a range of licensing and business activities, including licensing and syndication of our trademarks and copyrights in the United States and internationally. Magazine subscription and advertising revenues are recognized at the magazine cover date. The unearned portion of magazine subscriptions is deferred until the magazine's cover date, at which time a proportionate share of the gross subscription price is recognized as revenue.

***Restaurant Cost of Sales***

Cost of sales includes the cost of food, restaurant operating costs, and restaurant occupancy costs. Cost of sales excludes depreciation and amortization, which is presented as a separate line item on the consolidated statement of earnings.

***Insurance Losses and Underwriting Expenses***

Liabilities for estimated unpaid losses and loss adjustment expenses with respect to claims occurring on or before the balance sheet date are established under insurance contracts issued by our insurance subsidiaries. Such estimates include provisions for reported claims or case estimates, provisions for incurred but not reported claims, and legal and administrative costs to settle claims. The estimates of unpaid losses and amounts recoverable under reinsurance are established and continually reviewed by using a variety of actuarial, statistical, and analytical techniques. Reinsurance contracts do not relieve the ceding company of its obligations to indemnify policyholders with respect to the underlying insurance contracts.

***Oil and Gas Production Costs***

Oil and gas production costs are costs incurred to operate and maintain wells and related equipment and facilities, including lease operating expenses and production taxes.

***Marketing Expense***

Advertising costs are charged to expense at the later of the date the expenditure is incurred or the date the promotional item is first communicated. Marketing expense is included in selling, general and administrative expenses in the consolidated statement of earnings.

***Savings Plans***

Several of our subsidiaries also sponsor defined contribution retirement plans, such as 401(k) or profit-sharing plans. Employee contributions to the plans are subject to regulatory limitations and the specific plan provisions. Some of the plans allow for discretionary contributions as determined by management. Employer contributions expensed with respect to these plans were not material.

***Foreign Currency Translation***

The Company has certain subsidiaries located in foreign jurisdictions. For subsidiaries whose functional currency is other than the U.S. dollar, the translation of functional currency statements to U.S. dollar statements uses end-of-period exchange rates for assets and liabilities, weighted-average exchange rates for revenue and expenses, and historical rates for equity. The resulting currency translation adjustment is recorded in accumulated other comprehensive income, as a component of equity.

***Use of Estimates***

Preparation of the consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from the estimates.

***New Accounting Standards***

In November 2023, the Financial Accounting Standards Board ("FASB") issued authoritative guidance to improve reportable segment disclosure requirements. The new guidance requires that public entities disclose additional information related to significant segment expenses regularly provided to the chief operating decision maker and other segment items. The guidance is effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. We are evaluating the impact of the new guidance on our disclosures.

In December 2023, the FASB issued authoritative guidance modifying the disclosure requirements for income tax. Notable changes in the new guidance include disaggregation of income tax information by jurisdiction and changes to the presentation of information for the reconciliation of effective tax rates. The guidance is effective for fiscal years beginning after December 15, 2024. We are evaluating the impact of the new guidance on our disclosures.

**Note 2.** ***Business Acquisitions***

On September 14, 2022, the Company purchased the Series A Preferred Stock (the "Preferred Shares") Shares of Abraxas Petroleum for a purchase price of $80,000. On October 26, 2022, the Company exchanged converted the Preferred Shares for to 90% of the outstanding common stock of Abraxas Petroleum. On June 14, 2023, the remaining 10% of the outstanding common stock of Abraxas Petroleum was acquired for $5,387. We have concluded that Abraxas Petroleum is a consolidated entity and have recorded noncontrolling interests attributable to the interest held by other shareholders. The Company used working capital including its line of credit to fund the purchase of the Preferred Shares. Abraxas Petroleum operates oil and natural gas properties in the Permian Basin. The Company's financial results include the results of Abraxas Petroleum from the acquisition date to the end of the year. date.

The purchase price allocation is provisional and subject to revision as the related valuations are completed. follows.

| | September 14, 2022 |
|---|---|
| Cash and cash equivalents | $ 21,726 |
| Receivables and other assets | 6,518 |
| Property and equipment | 75,400 |
| Total identifiable assets acquired | 103,644 |
| | |
| Accounts payable and accrued expenses | (10,719) |
| Asset retirement obligations | (3,587) |
| Deferred taxes | (449) |
| Total liabilities assumed | (14,755) |
| | |
| Minority Noncontrolling interest | (8,889) |
| Total consideration | $ 80,000 |

On March 9, 2020, Biglari Holdings acquired the stock of Southern Pioneer Property & Casualty Insurance Company and its agency, Southern Pioneer Insurance Agency, Inc. (collectively "Southern Pioneer"). Southern Pioneer underwrites garage liability insurance and commercial property coverage, homeowners and dwelling fire insurance coverage, among other lines. The financial results for Southern Pioneer are included from the date of acquisition. Pro-forma financial information of Southern Pioneer is not material.

**Note 3. Investments**

Investments were $69,466 $91,879 and $83,061 $69,466 as of December 31, 2022 December 31, 2023 and 2021, 2022, respectively. We classify investments in fixed maturity securities at the acquisition date as either available-for-sale or held-to-maturity and re-evaluate the classification at each balance sheet date. Securities classified as held-to-maturity are carried at amortized cost, reflecting the ability and intent to hold the securities to maturity. available-for-sale. Realized gains and losses on disposals of investments are determined on a specific identification basis. Dividends earned on investments held by our insurance companies are reported as investment income by our insurance companies. income. We consider investment income as a component of our aggregate insurance operating results. However, we consider investment gains and losses, whether realized or unrealized, as non-operating.

Investment gains in 2023 were $2,211. Investment losses in 2022 were $3,393. Investment gains were $6,401 in 2021, were $6,401, which includes a $5,047 gain on the sale of real estate. The Company purchased 26 acres of land in Murfreesboro, Tennessee, in 2014 for $2,145 and sold it in the third quarter of 2021. Investment gains were $3,644 in 2020.

**Note 4. Investment Partnerships**

The Company reports on the limited partnership interests in investment partnerships under the equity method of accounting. We record our proportional share of equity in the investment partnerships but exclude Company common stock held by said partnerships. The Company's pro-rata share of its common stock held by the investment partnerships is recorded as treasury stock even though these shares are legally outstanding. The Company records gains/losses from investment partnerships (inclusive of the investment partnerships' unrealized gains and losses on their securities) in the consolidated statements of earnings based on our carrying value of these partnerships. The fair value is calculated net of the general partner's accrued incentive fees. Gains and losses on Company common stock included in the earnings of these partnerships are eliminated because they are recorded as treasury stock.

Biglari Capital Corp. is the general partner of the investment partnerships and partnerships. Biglari Capital Corp. is an entity solely owned by Mr. Biglari.

**Note 4. Investment Partnerships** *(continued)*

The fair value and adjustment for Company common stock held by the investment partnerships to determine the carrying value of our partnership interest are presented below.

| | Fair Value | Company Common Stock | Carrying Value |
|---|---|---|---|
| Partnership interest at December 31, 2019 | $666,123 | $160,581 | $505,542 |
| Investment partnership gains (losses) | (46,997) | (3,965) | (43,032) |

| | | | | |
|---|---|---|---|---|
| Distributions (net of contributions) | | (28,200) | | (28,200) |
| Increase in proportionate share of Company stock held | | | 14,760 | (14,760) |

| | Fair Value | | | | Fair Value | Company Common Stock | Carrying Value |
|---|---|---|---|---|---|---|---|
| Partnership interest at December 31, 2020 | Partnership interest at December 31, 2020 | $590,926 | $171,376 | $419,550 | | | |
| Investment partnership gains (losses) | Investment partnership gains (losses) | 51,145 | 40,192 | 10,953 | | | |
| Distributions (net of contributions) | Distributions (net of contributions) | (167,870) | | (167,870) | | | |
| Increase in proportionate share of Company stock held | Increase in proportionate share of Company stock held | | 12,234 | (12,234) | | | |
| Partnership interest at December 31, 2021 | Partnership interest at December 31, 2021 | $474,201 | $223,802 | $250,399 | | | |
| Investment partnership gains (losses) | Investment partnership gains (losses) | (80,374) | (4,421) | (75,953) | | | |
| Distributions (net of contributions) | Distributions (net of contributions) | (10,823) | | (10,823) | | | |
| Increase in proportionate share of Company stock held | Increase in proportionate share of Company stock held | | 7,829 | (7,829) | | | |
| Partnership interest at December 31, 2022 | Partnership interest at December 31, 2022 | $383,004 | $227,210 | $155,794 | | | |
| Investment partnership gains (losses) | | | | | | | |
| Contributions (net of distributions) | | | | | | | |
| Increase in proportionate share of Company stock held | | | | | | | |

Partnership interest at December 31, 2023

The carrying value of the investment partnerships net of deferred taxes is presented below.

| | | | | | |
|---|---|---|---|---|---|
| | | December 31, | | | |
| | | 2022 | 2021 | | |
| | December 31, | | | December 31, | |
| | 2023 | | | 2023 | 2022 |
| Carrying value of investment partnerships | Carrying value of investment partnerships | $155,794 | $250,399 | | |
| Deferred tax liability related to investment partnerships | Deferred tax liability related to investment partnerships | (23,643) | (44,532) | | |
| Carrying value of investment partnerships net of deferred taxes | Carrying value of investment partnerships net of deferred taxes | $132,151 | $205,867 | | |

Because of a transaction that occurred between The Lion Fund, L.P., and The Lion Fund II, L.P., in 2022, we expect that a majority of the $27,896 deferred tax liability enumerated above will not become due until the dissolution of the investment partnerships. In effect, the tax-basis cost increased for the common stock of certain unaffiliated securities held by the investment partnerships.

The Company's proportionate share of Company stock held by the investment partnerships at cost was $416,342 and $409,680 at December 31, 2023 and $401,851 at December 31, 2022 and 2021, respectively, and was recorded as treasury stock. 2022, respectively.

The carrying value of the partnership interest approximates fair value adjusted by the value of held Company stock. Fair value of our partnership interest is assessed according to our proportional ownership interest of the fair value of investments held by the investment partnerships. Unrealized gains and losses on marketable securities held by the investment partnerships affect our net earnings.

Gains/losses from investment partnerships recorded in the Company's consolidated statements of earnings are presented below.

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | 2022 | 2021 | 2020 | | | |
| | 2023 | | | | 2023 | 2022 | 2021 |
| Gains (losses) from investment partnerships | Gains (losses) from investment partnerships | $(75,953) | $10,953 | $(43,032) | | | |
| Tax expense (benefit) | Tax expense (benefit) | (18,992) | 2,054 | (10,526) | | | |
| Contribution to net earnings | Contribution to net earnings | $(56,961) | $ 8,899 | $(32,506) | | | |

**Note 4. Investment Partnerships** *(continued)*

On December 31 of each year, the general partner of the investment partnerships, Biglari Capital, will earn an incentive reallocation fee for the Company's investments equal to 25% of the net profits above an annual hurdle rate of 6% over the previous high-water mark. Our policy is to accrue an estimated incentive fee throughout the year. The total An incentive reallocation from Biglari Holdings to Biglari Capital includes would include gains on the Company's common stock. Gains and losses on the Company's common stock and the related incentive reallocations are eliminated in our financial statements.

There were no incentive reallocations from Biglari Holdings to Biglari Capital during 2023, 2022, and or 2021. There were $987 of incentive reallocations from Biglari Holdings to Biglari Capital during 2020, including $253 associated with gains on the Company's common stock.

**Note 4. Investment Partnerships** *(continued)*

Summarized financial information for The Lion Fund, L.P., and The Lion Fund II, L.P., is presented below.

| | Equity in Investment Partnerships | | | | | Equity in Investment Partnerships | |
|---|---|---|---|---|---|---|---|
| | Lion Fund | | | | | Lion Fund | Lion Fund II |
| Total assets as of December 31, 2023 | | | | | | | |
| Total liabilities as of December 31, 2023 | | | | | | | |
| Revenue for the year ended December 31, 2023 | | | | | | | |
| Earnings for the year ended December 31, 2023 | | | | | | | |
| Biglari Holdings' ownership interest | | Biglari Holdings' ownership interest | 89.7 | % | | 86.8 | % |

| | | Equity in Investment Partnerships | |
|---|---|---|---|
| | | Lion Fund | Lion Fund II |
| Total assets as of December 31, 2022 | | | |
| Total assets as of December 31, 2022 | | | |
| Total assets as of December 31, 2022 | Total assets as of December 31, 2022 | $285,071 | $330,832 |
| Total liabilities as of December 31, 2022 | Total liabilities as of December 31, 2022 | $ 10,517 | $167,847 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Revenue for the year ended December 31, 2022 | Revenue for the year ended December 31, 2022 | $ (8,353) | $ (79,397) | | | |
| Earnings for the year ended December 31, 2022 | Earnings for the year ended December 31, 2022 | $ (8,690) | $ (82,534) | | | |
| Biglari Holdings’ ownership interest | Biglari Holdings’ ownership interest | 88.5 % | 86.0 % | Biglari Holdings’ ownership interest | 88.5 % | 86.0 % |
| Total assets as of December 31, 2021 | Total assets as of December 31, 2021 | $114,749 | $564,022 | | | |
| Total assets as of December 31, 2021 | | | | | | |
| Total assets as of December 31, 2021 | | | | | | |
| Total liabilities as of December 31, 2021 | Total liabilities as of December 31, 2021 | $ 7,763 | $130,417 | | | |
| Revenue for the year ended December 31, 2021 | Revenue for the year ended December 31, 2021 | $ 20,068 | $ 41,486 | | | |
| Earnings for the year ended December 31, 2021 | Earnings for the year ended December 31, 2021 | $ 19,994 | $ 40,621 | | | |
| Biglari Holdings’ ownership interest | Biglari Holdings’ ownership interest | 62.7 % | 93.9 % | Biglari Holdings’ ownership interest | 62.7 % | 93.9 % |
| Total assets as of December 31, 2020 | | $112,970 | $566,663 | | | |
| Total liabilities as of December 31, 2020 | | $ 189 | $ 25,453 | | | |
| Revenue for the year ended December 31, 2020 | | $ (4,052) | $ (48,544) | | | |
| Earnings for the year ended December 31, 2020 | | $ (4,120) | $ (49,832) | | | |
| Biglari Holdings’ ownership interest | | 66.2 % | 95.4 % | | | |

Revenue in the financial information of the investment partnerships, summarized above, includes investment income and unrealized gains and losses on investments.

**Note 5. Other Current Assets**

Other current assets include the following.

| | | December 31, | | | |
|---|---|---|---|---|---|
| | | 2022 | 2021 | | |
| | December 31, | | | | December 31, |
| | 2023 | | | 2023 | 2022 |
| Deferred commissions on gift cards sold by third parties | Deferred commissions on gift cards sold by third parties | $ 1,454 | $3,221 | | |
| Asset held for sale | | 4,700 | — | | |
| Assets held for sale | | | | | |
| Prepaid contractual obligations | Prepaid contractual obligations | 4,341 | 3,867 | | |
| Other current assets | Other current assets | $10,495 | $7,088 | | |

The assets classified as held for sale at December 31, 2023, include properties owned by Steak n Shake, which were previously company-operated restaurants. The asset held for sale at December 31, 2022, is Abraxas Petroleum's office building in San Antonio, Texas.

Abraxas Petroleum sold its office building for $4,719 with no gain or loss recorded.

**Note 6. Property and Equipment**

Property and equipment are composed of the following.

| | | December 31, | | | |
|---|---|---|---|---|---|
| | | 2022 | 2021 | | |
| | December 31, | | | | December 31, |
| | 2023 | | | 2023 | 2022 |
| Land | Land | $143,313 | $144,605 | | |
| Buildings | Buildings | 151,627 | 148,605 | | |
| Land and leasehold improvements | Land and leasehold improvements | 151,496 | 147,349 | | |
| Equipment | Equipment | 222,661 | 224,581 | | |
| Oil and gas properties | Oil and gas properties | 144,888 | 74,147 | | |
| Construction in progress | Construction in progress | 2,238 | 2,815 | | |
| | | 816,223 | 742,102 | | |
| | 800,526 | | | | |
| Less accumulated depreciation, depletion, and amortization | Less accumulated depreciation, depletion, and amortization | (415,498) | (392,751) | | |

| | | | |
|---|---|---|---|
| Property and equipment, net | Property and equipment, net | $400,725 | $349,351 |

The depreciation and amortization expense for property and equipment for 2023, 2022, and 2021 was $28,751, $28,879, and 2020 was $28,879, $22,012, and $19,586, respectively. The depletion expense related to oil and gas properties was $9,533, $7,024, and $7,600 during 2023, 2022, and $11,989 during 2022, 2021, and 2020, respectively. The accretion expense of the Company's asset retirement obligations was $695, $540, and $438 during 2023, 2022, and $497 during 2022, 2021, and 2020, respectively. Depletion and accretion expense are included in depreciation, depletion, and amortization expense within the consolidated statement of earnings. Accumulated depreciation, depletion, and accretion on oil and gas properties was $44,716 and $35,072 as of December 31, 2023 and 2022, respectively.

The Company recorded impairments to restaurant long-lived assets of $3,947, $3,520, and $4,635 during 2023, 2022, and $19,618 during 2022, 2021, and 2020, respectively. The fair value of the long-lived assets was determined based on Level 3 inputs using a discounted cash flow model and quoted prices for the properties.

During 2023, Abraxas Petroleum entered into a royalty-based arrangement with an unaffiliated party to conduct development activities that will establish proved undeveloped reserves on its proportional share; however, Abraxas Petroleum will not be required to fund any exploration expenditures on its undeveloped properties. As a result of the transaction, a gain of $13,563 was recorded in 2023. Also during 2023, Steak n Shake recognized a net gain of $7,918 in connection with property sales, lease terminations, and asset disposals.

The property and equipment cost related to finance obligations as of December 31, 2022 December 31, 2023, is as follows: $45,138 $45,658 of buildings, $45,148 $44,180 of land, $26,614 $26,690 of land and leasehold improvements, and $57,754 $59,985 of accumulated depreciation.

**Note 7. Asset Retirement Obligations**

A reconciliation of the ending aggregate carrying amount of asset retirement obligations is as follows.

| | | December 31 | | December 31 | |
|---|---|---|---|---|---|
| | | 2022 | 2021 | | |
| | December 31 | | | | |
| | 2023 | | | 2023 | 2022 |
| Beginning balance | Beginning balance | $10,624 | $10,258 | | |
| Acquired balance | Acquired balance | 3,587 | — | | |
| Liabilities settled | Liabilities settled | (106) | (72) | | |
| Accretion expense | Accretion expense | 540 | 438 | | |
| Asset retirement obligation | Asset retirement obligation | $14,645 | $10,624 | | |

As of December 31, 2022 December 31, 2023 and 2021, 2022, $730 and $577, and $235, respectively, is classified as current and is included in accounts payable and accrued expenses in the consolidated balance sheets.

**Note 8. Goodwill and Other Intangible Assets**

***Goodwill***

Goodwill consists of the excess of the purchase price over the fair value of the net assets acquired in connection with business acquisitions. No goodwill was recorded with the acquisition of Southern Oil or Abraxas Petroleum.

**Note 8. Goodwill and Other Intangible Assets** *(continued)*

A reconciliation of the change in the carrying value of goodwill is as follows.

| | Restaurants | Insurance | Total |
|---|---|---|---|
| Balance as of December 31, 2020 | | | |
| Restaurants | Restaurants | Insurance | Total |

| | | | | |
|---|---|---|---|---|
| Balance as of December 31, 2021 | | | | |
| Goodwill | | | | |
| Goodwill | | | | |
| Goodwill | Goodwill | $ 28,183 | $ 25,713 | $53,896 |
| Accumulated impairment losses | Accumulated impairment losses | (300) | — | (300) |
| | | $ 27,883 | $ 25,713 | $53,596 |
| Change in foreign exchange rates during 2021 | | (49) | — | (49) |
| Balance as of December 31, 2021 | | $ 27,834 | $ 25,713 | $53,547 |
| | $ | | | |
| Change in foreign exchange rates during 2022 | Change in foreign exchange rates during 2022 | (34) | — | (34) |
| Balance as of December 31, 2022 | Balance as of December 31, 2022 | $ 27,800 | $ 25,713 | $53,513 |
| Change in foreign exchange rates during 2023 | | | | |
| Balance as of December 31, 2023 | | | | |

We evaluate goodwill and any indefinite-lived intangible assets for impairment annually, or more frequently if circumstances indicate impairment may have occurred. Goodwill and indefinite-lived intangible asset impairment occurs when evaluations include determining the estimated fair values of our reporting units and indefinite-lived intangible assets. The key assumptions and inputs used in such determinations may include forecasting revenue and expenses, cash flows, and capital expenditures, as well as an appropriate discount rate and other inputs. Significant judgment by management is required in estimating the fair value of a reporting unit and in performing impairment reviews. Due to the inherent subjectivity and uncertainty in forecasting future cash flows and earnings over long periods of time, actual results may differ materially from the forecasts. If the carrying value of the indefinite-lived intangible asset exceeds fair value, the excess is charged to earnings as an impairment loss. If the carrying value of a reporting unit exceeds the estimated fair value of the reporting unit, then the excess, limited to the carrying amount of goodwill, is less than its carrying value. will be charged to earnings as an impairment loss. GAAP allows entities testing for impairment the option of performing a qualitative assessment before calculating the fair value of a reporting unit for the goodwill impairment test. For our 2022 2023 annual goodwill impairment testing, we elected to perform qualitative assessments for our reporting units. No indicators of impairment were noted. If a quantitative test were to be utilized for our reporting units, it would estimate the fair value of each reporting unit and compare it to its carrying value. To the extent the fair value was in excess of the carrying value, no impairment would be recognized. Otherwise, an impairment loss would be recognized for the amount that the carrying value of our reporting units, including goodwill, exceeded its fair value. In performing the quantitative test of goodwill, fair value would be determined based on a calculation that gives consideration to an income approach utilizing the discounted cash flow method and to a market approach using the market comparable and market transaction methods. No impairment was recorded for our reporting units in 2022 and 2021. The fair value of certain of Steak n Shake's reporting units declined in 2020, and an impairment to goodwill of $300 was recorded in 2020. An impairment of Western Sizzlin's goodwill may be necessary if a significant decline in its franchise units occurs. 2023 or 2022.

***Other Intangible Assets***

Intangible assets with indefinite lives are composed of the following.

| | | | |
|---|---|---|---|
| | Trade Names | Lease Rights | Total |
| Balance as of December 31, 2020 | | | |
| Trade Names | Trade Names | Lease Rights | Total |
| Balance as of December 31, 2021 | | | |
| Intangibles | | | |

| | | | | |
|---|---|---|---|---|
| Intangibles | | | | |
| Intangibles | Intangibles | $15,876 | $11,917 | $27,793 |
| Accumulated impairment losses | Accumulated impairment losses | — | (3,728) | (3,728) |
| | | $15,876 | $ 8,189 | $24,065 |
| Change in foreign exchange rates during 2021 | | — | (602) | (602) |
| Balance as of December 31, 2021 | | $15,876 | $ 7,587 | $23,463 |
| | $ | | | |
| Change in foreign exchange rates during 2022 | Change in foreign exchange rates during 2022 | — | (426) | (426) |
| Balance as of December 31, 2022 | Balance as of December 31, 2022 | $15,876 | $ 7,161 | $23,037 |
| Impairment | | | | |
| Change in foreign exchange rates during 2023 | | | | |
| Balance as of December 31, 2023 | | | | |

Intangible assets with indefinite lives consist of trade names and lease rights. During 2023, $20 of impairment was recorded. No impairment was recorded in 2022 or 2021. During 2020, the Company recorded impairment charges of $3,728 on lease rights to our international operations because of the adverse effects of the COVID-19 pandemic.

**Note 9. Accounts Payable and Accrued Expenses**

Accounts payable and accrued expenses include the following.

| | | December 31, | | | |
|---|---|---|---|---|---|
| | | 2022 | 2021 | | |
| | December 31, | | | December 31, | |
| | 2023 | | | 2023 | 2022 |
| Accounts payable | Accounts payable | $28,431 | $ 36,684 | | |
| Gift cards and other marketing | Gift cards and other marketing | 12,028 | 19,244 | | |
| Insurance accruals | Insurance accruals | 6,012 | 7,936 | | |
| Salaries, wages, and vacation | | 4,400 | 5,905 | | |
| Compensation | | | | | |
| Deferred revenue | Deferred revenue | 4,445 | 6,683 | | |
| Taxes payable | Taxes payable | 14,896 | 11,392 | | |

| | | | |
|---|---|---|---|
| Professional fees | | 600 | 11,731 |
| Oil and gas payable | Oil and gas payable | 3,877 | 1,936 |
| Other | Other | 3,927 | 464 |
| Accounts payable and accrued expenses | Accounts payable and accrued expenses | $78,616 | $101,975 |

**Note 10. Unpaid loss Loss and loss adjustment expense Loss Adjustment Expense**

Other liabilities for unpaid losses and loss adjustment expenses (also referred to as "claim liabilities") under insurance contracts are based upon estimates of the ultimate claim costs associated with claim occurrences as of the balance sheet date and include estimates for incurred-but-not-reported ("IBNR") claims. A reconciliation of the changes in claim liabilities, net of reinsurance, is as for each of the years ended December 31, 2023 and 2022 follows.

| | December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Amount of claim liabilities at the beginning of the year, net of reinsurance loss recoverable of $1,892 and $1,544, respectively | $ 13,101 | $ 12,429 |
| Incurred losses and loss adjustment expenses: | | |
| Provision for insured events in the current year | 37,837 | 29,343 |
| Change in provision for insured events of prior years | (652) | (1,695) |
| Total incurred losses and loss adjustment expenses | 37,185 | 27,648 |
| Payments: | | |
| Losses and loss adjustment expenses attributable to insured events of the current year | 27,415 | 21,926 |
| Losses and loss adjustment expenses attributable to insured events of prior years | 6,066 | 5,050 |
| Total payments | 33,481 | 26,976 |
| Amount of claim liabilities at the end of each year, net of reinsurance loss recoverable of $715 and $1,892, respectively | $ 16,805 | $ 13,101 |

Incurred losses and loss adjustment expenses shown in the preceding table were recorded in earnings and related to insured events occurring in the current year and events occurring in all prior years. Incurred and paid loss and loss adjustment expenses are net of reinsurance recoveries.

| | 2023 | 2022 |
|---|---|---|
| Balances at beginning of year: | | |
| Gross liabilities | $ 17,520 | $ 14,993 |
| Reinsurance recoverable on unpaid losses | (715) | (1,892) |
| Net liabilities | 16,805 | 13,101 |
| Incurred losses and loss adjustment expenses: | | |
| Current accident year | 39,303 | 37,837 |
| Prior accident years | (3,634) | (652) |
| Total | 35,669 | 37,185 |
| Paid losses and loss adjustment expenses: | | |
| Current accident year | 30,554 | 27,415 |
| Prior accident years | 6,752 | 6,066 |
| Total | 37,306 | 33,481 |
| Balances at December 31: | | |
| Net liabilities | 15,168 | 16,805 |
| Reinsurance recoverable on unpaid losses | 937 | 715 |
| Gross liabilities | $ 16,105 | $ 17,520 |

We recorded net reductions of estimated ultimate liabilities for prior accident years of $3,634 in 2023 and $652 in 2022 and $1,695 in 2021. 2022. These reductions, as a percentage of net liabilities at the beginning of each year, were 21.6% in 2023 and 5.0% in 2022 and 13.6% in 2021. 2022.

**Note 10. Unpaid losses Losses and loss adjustment expenses Loss Adjustment Expenses** *(continued)*





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Our net incurred and paid liability losses and loss adjustment expenses are summarized by accident year below. IBNR and case development liabilities are as of December 31, 2022 December 31, 2023.

| Incurred Losses and Loss Adjustment Expenses through December 31, | Incurred Losses and Loss Adjustment Expenses through December 31, | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Accident Year | | | | | | | | | | | | | | | | | | | |
| Accident Year | | | | | | | | | | | | | | | | | | | |
| Accident Year | Accident Year | 2017* | 2018* | 2019* | 2020* | 2021* | 2022 | IBNR and Case Development Liabilities | Cumulative Number of Reported Claims | 2017* | 2018* | 2019* | 2020* | 2021* | 2022* | 2023 | IBNR and Case Development Liabilities | Cumulat Number Reporte Claims |
| 2017 | 2017 | $29,877 | $28,778 | $28,944 | $28,553 | $28,231 | $ 29,452 | $ 229 | $ 4,322 | | | | | | | | | |
| 2018 | 2018 | | 26,930 | 26,660 | 26,455 | 26,387 | 27,616 | 359 | 3,746 | | | | | | | | | |
| 2019 | 2019 | | | 27,675 | 26,758 | 26,461 | 27,295 | 1,013 | 3,630 | | | | | | | | | |
| 2020 | 2020 | | | | 26,755 | 25,176 | 25,594 | 978 | 3,640 | | | | | | | | | |
| 2021 | 2021 | | | | | 26,892 | 27,518 | 3,834 | 3,633 | | | | | | | | | |
| 2022 | 2022 | | | | | | 35,996 | 10,392 | 3,703 | | | | | | | | | |
| | | | | | | | $173,471 | | | | | | | | | | | |
| 2023 | | | | | | | | | | | | | | | | | | |
| | | | | | | | | $ | | | | | | | | | | |

| Cumulative Paid Losses and Loss Adjustment Expenses through December 31, | Cumulative Paid Losses and Loss Adjustment Expenses through December 31, | | | | | | |
|---|---|---|---|---|---|---|---|
| Accident Year | Accident Year | 2017* | 2018* | 2019* | 2020* | 2021* | 2022 |
| Accident Year | | | | | | | |
| Accident Year | | | | | | | |
| 2017 | | | | | | | |
| 2017 | | | | | | | |
| 2017 | 2017 | $ 22,293 | $ 25,491 | $ 26,991 | $ 27,548 | $ 27,815 | $ 29,223 |
| 2018 | 2018 | | 20,246 | 23,796 | 24,844 | 25,589 | 27,257 |
| 2018 | | | | | | | |
| 2018 | | | | | | | |
| 2019 | | | | | | | |
| 2019 | | | | | | | |
| 2019 | 2019 | | | 20,755 | 23,787 | 24,647 | 26,282 |
| 2020 | 2020 | | | | 20,481 | 22,614 | 24,616 |
| 2020 | | | | | | | |
| 2020 | | | | | | | |
| 2021 | | | | | | | |

| | | | |
|---|---|---|---|
| 2021 | | | |
| 2021 | 2021 | 19,649 | 23,684 |
| 2022 | 2022 | | 25,604 |
| | | | $ 156,666 |
| 2022 | | | |
| 2022 | | | |
| 2023 | | | |
| 2023 | | | |
| 2023 | | | |
| | | | Paid losses and loss adjustment expenses |
| | | | Paid losses and loss adjustment expenses |
| | | | Paid losses and loss adjustment expenses |
| | | | Incurred less paid losses and loss adjustment expenses |
| | | | Incurred less paid losses and loss adjustment expenses |
| | | | Incurred less paid losses and loss adjustment expenses |
| | | | Unpaid loss adjustment expenses |
| | | | Unpaid loss adjustment expenses |
| | | | Unpaid loss adjustment expenses |
| | | | Net unpaid losses and loss adjustment expenses |
| | | | Net unpaid losses and loss adjustment expenses |
| | | | Net unpaid losses and loss adjustment expenses |

**Unaudited required supplemental information*

Loss and loss adjustment expense reserves include an amount for reported losses and an amount for losses incurred but not reported. We establish average liabilities based on expected severities for newly reported claims prior to establishing individual case reserves when insufficient time or information is available for specific claim estimates and for large volumes of minor physical damage claims that, once reported, are quickly settled. We establish case loss estimates for claims, including estimates for loss adjustment expenses, as the facts and merits of the claim are evaluated. Such reserves are necessarily based upon estimates, and while management, based on past experience, believes that the amount is adequate, the ultimate liability may be more or less than the amounts provided. We may record supplemental IBNR liabilities in certain situations when actuarial techniques are difficult to apply. The methods for making such estimates and for establishing the resulting reserves are continually reviewed, and any adjustments are reflected in operations annually.

**Note 10. Unpaid Losses and Loss Adjustment Expenses** *(continued)*

***First Guard***

First Guard's claim liabilities predominately relate to commercial truck claims. For such claims, we establish and evaluate unpaid claim liabilities using historical claims data and other data as necessary to determine our best estimate, with an annual review by certified actuaries and certified public accountants. Claim liabilities include average case, case development, and IBNR estimates.

**Note 10. Unpaid losses and loss adjustment expenses** *(continued)*

***Southern Pioneer***

Southern Pioneer's claim liabilities predominately relate to liquor liability, garage liability, and commercial property as well as homeowners and dwelling fire claims. For such claims, we establish and evaluate unpaid claim liabilities using standard actuarial methods and techniques. The actuarial methods utilize historical claims data, adjusted when deemed appropriate to reflect perceived changes in loss patterns. Claim liabilities include average case, case development, and IBNR estimates.

**Note 11. Income Taxes**

The components of the provision for income taxes consist of the following.

| | 2022 | 2021 | 2020 |
|---|---|---|---|

| | 2023 | 2023 | 2022 | 2021 |
|---|---|---|---|---|
| Current: | Current: | | | |
| Federal | | | | |
| Federal | | | | |
| Federal | Federal | $ 1,935 | $1,053 | $ (472) |
| State | State | 2,925 | 467 | 476 |
| Deferred | Deferred | (15,582) | 5,269 | (12,216) |
| Income tax expense (benefit) | Income tax expense (benefit) | $(10,722) | $6,789 | $(12,212) |
| Reconciliation of effective income tax: | Reconciliation of effective income tax: | | | |
| Reconciliation of effective income tax: | | | | |
| Reconciliation of effective income tax: | | | | |
| Tax at U.S. statutory rates | | | | |
| Tax at U.S. statutory rates | | | | |
| Tax at U.S. statutory rates | Tax at U.S. statutory rates | $ (9,036) | $8,875 | $(10,542) |
| State income taxes, net of federal benefit | State income taxes, net of federal benefit | (555) | 192 | (1,750) |
| Federal income tax credits | Federal income tax credits | (106) | (864) | (424) |
| Dividends received deduction | Dividends received deduction | (1,183) | (468) | (233) |
| Valuation allowance | Valuation allowance | 614 | (723) | 733 |
| 162(m) compensation limitation | | | | |
| Foreign tax rate differences | Foreign tax rate differences | (124) | (78) | 240 |
| Abraxas tax attributes | | | | |
| Other | Other | (332) | (145) | (236) |
| Income tax expense (benefit) | Income tax expense (benefit) | $(10,722) | $6,789 | $(12,212) |

The Company did not have a net tax expense or benefit on income from international operations. Losses Earnings before income taxes derived from domestic operations during 2023 were $67,736, losses before income taxes derived from domestic operations during 2022 were $40,624, and earnings before income taxes derived from domestic operations during 2021 were $43,886, and losses before income taxes derived from domestic operations during 2020 were $40,989. $43,886. Losses before income taxes derived from international operations during 2023, 2022, and 2021 were $2,889, $2,403, and 2020 were $2,403, $1,619, respectively.

During 2023, the Company recognized tax benefits associated with the tax attributes of Abraxas Petroleum's oil and $9,212, respectively. gas properties.

**Note 11. Income Taxes** *(continued)*

As of December 31, 2022 December 31, 2023, we had $99 $348 of unrecognized tax benefits, including $13 $48 of interest and penalties, which are included in other long-term liabilities in the consolidated balance sheet. As of December 31, 2021 December 31, 2022, we had $83 $99 of unrecognized tax benefits, including $4 $13 of interest and penalties, which is included in other long-term liabilities in the consolidated balance sheet. Our continuing practice is to recognize interest expense and penalties related to income tax matters in income tax expense. The unrecognized tax benefits of $99 $348 would impact the effective income tax rate if recognized. Adjustments to the Company's unrecognized tax benefit for gross increases for the current period tax position, gross decreases for prior period tax positions, and the lapse of statutes of limitations during 2023, 2022, 2021, and 2020 2021 were not significant.

We file income tax returns which are periodically audited by various foreign, federal, state, and local jurisdictions. With few exceptions, we are no longer subject to federal, state, and local tax examinations for fiscal years prior to 2019. 2020. We believe we have certain state income tax exposures related to fiscal years 2018 2019 through 2022. 2023.

Deferred tax assets and liabilities are determined based on differences between financial reporting and the tax basis of assets and liabilities and are measured using the currently enacted tax rates and laws that will be in effect when the differences are expected to reverse.

**Note 11. Income Taxes** *(continued)*

Our deferred tax assets and liabilities consist of the following.

| | | December 31, | | | |
|---|---|---|---|---|---|
| | | 2022 | 2021 | | |
| | December 31, | | | | December 31, |
| | 2023 | | | 2023 | 2022 |
| Deferred tax assets: | Deferred tax assets: | | | | |
| Insurance reserves | | | | | |
| Insurance reserves | | | | | |
| Insurance reserves | Insurance reserves | $ 1,490 | $ 1,464 | | |
| Compensation accruals | Compensation accruals | 373 | 647 | | |
| Gift card accruals | Gift card accruals | 1,159 | 2,350 | | |
| Net operating loss credit carryforward | Net operating loss credit carryforward | 12,597 | 11,018 | | |
| Valuation allowance on net operating losses | Valuation allowance on net operating losses | (6,043) | (5,429) | | |
| Fixed assets and depletable assets basis difference | | (3,867) | 588 | | |
| Income tax credit carryforward | | — | 813 | | |
| Deferred income | Deferred income | 830 | 1,106 | | |
| Bad debt reserve | Bad debt reserve | 1,104 | 1,052 | | |
| Other | Other | 487 | 796 | | |
| Total deferred tax assets | Total deferred tax assets | 8,130 | 14,405 | | |
| Deferred tax liabilities: | Deferred tax liabilities: | | | | |
| Deferred tax liabilities: | | | | | |
| Deferred tax liabilities: | | | | | |
| Investment partnerships | | | | | |

| | | | |
|---|---|---|---|
| Investment partnerships | | | |
| Investment partnerships | Investment partnerships | 23,643 | 44,532 |
| Investments | Investments | (197) | 845 |
| Goodwill and intangibles | Goodwill and intangibles | 16,027 | 15,561 |
| Fixed assets and depletable assets basis difference | | | |
| Total deferred tax liabilities | Total deferred tax liabilities | 39,473 | 60,938 |
| Net deferred tax liability | Net deferred tax liability | $(31,343) | $(46,533) |

Accounts payable and accrued expenses include income taxes payable of $980 as of December 31, 2023, and $3,881 as of December 31, 2022. Receivables include income taxes receivable of $344 as of December 31, 2021.

**Note 12. Line Lines of Credit and Note Payable**

***Biglari Holdings Line of Credit***

On September 13, 2022, Biglari Holdings entered into a line of credit in an aggregate principal amount of up to $30,000. The line of credit will be available on a revolving basis until September 12, 2024 September 13, 2024. The line of credit includes customary covenants, as well as financial maintenance covenants. There was no balance of the line of credit on December 31, 2023. The balance of the line of credit was $10,000 on December 31, 2022, was $10,000.. Our interest rate was 8.06% and 6.53% on December 31, 2022, December 31, 2023 and 2022, respectively, which is based on the 30-day Secured Overnight Financing Rate plus 2.728%.

***Steak n Shake Credit Facility***

On March 19, 2014, Steak n Shake and its subsidiaries entered into a credit agreement which provided for a senior secured term loan facility in an aggregate principal amount of $220,000. The term loan was scheduled to mature on March 19, 2021. The Company repaid Steak n Shake's outstanding balance in full on February 19, 2021 2.73%.

***Western Sizzlin Revolver***

Western Sizzlin's available line of credit is $500. As of December 31, 2022 December 31, 2023 and 2021, 2022, Western Sizzlin had no debt outstanding under its revolver.

**Note 13. Lease Assets and Obligations**

Lease obligations include the following.

| | | December 31, | | | |
|---|---|---|---|---|---|
| | | 2022 | 2021 | | |
| | December 31, | | | December 31, | |
| | 2023 | | | 2023 | 2022 |
| Current portion of lease obligations | Current portion of lease obligations | | | | |
| Finance lease liabilities | | | | | |
| Finance lease liabilities | | | | | |
| Finance lease liabilities | Finance lease liabilities | $ 1,237 | $ 1,414 | | |
| Finance obligations | Finance obligations | 5,161 | 4,944 | | |
| Operating lease liabilities | Operating lease liabilities | 10,583 | 10,540 | | |

| | | | |
|---|---|---|---|
| Total current portion of lease obligations | Total current portion of lease obligations | $16,981 | $ 16,898 |
| Long-term lease obligations | Long-term lease obligations | | |
| Long-term lease obligations | | | |
| Long-term lease obligations | | | |
| Finance lease liabilities | | | |
| Finance lease liabilities | | | |
| Finance lease liabilities | Finance lease liabilities | $ 4,129 | $ 5,347 |
| Finance obligations | Finance obligations | 58,868 | 63,119 |
| Operating lease liabilities | Operating lease liabilities | 28,847 | 36,013 |
| Total long-term lease obligations | Total long-term lease obligations | $91,844 | $104,479 |

***Nature of Leases***

Steak n Shake and Western Sizzlin operate restaurants that are located on sites owned by us and leased from third parties. In addition, they own sites and lease sites from third parties that are leased and/or subleased to franchisees.

***Lease Costs***

A significant portion of our operating and finance lease portfolio includes restaurant locations. We recognize fixed lease expense for operating leases on a straight-line basis over the lease term. For finance leases, we recognize amortization expense on the right-of-use asset and interest expense on the lease liability over the lease term.

Total lease costs consist of the following.

| | | 2022 | 2021 | 2020 | | | |
|---|---|---|---|---|---|---|---|
| 2023 | | | | | 2023 | 2022 | 2021 |
| Finance lease costs: | Finance lease costs: | | | | | | |
| Amortization of right-of-use assets | | | | | | | |
| Amortization of right-of-use assets | | | | | | | |
| Amortization of right-of-use assets | Amortization of right-of-use assets | $1,290 | $1,576 | $ 1,404 | | | |
| Interest on lease liabilities | Interest on lease liabilities | 422 | 521 | 582 | | | |
| Operating lease costs* | Operating lease costs* | 2,736 | 1,119 | 9,995 | | | |
| Total lease costs | Total lease costs | $4,448 | $3,216 | $11,981 | | | |

**Includes short-term leases, variable lease costs, and sublease income.*

*Supplemental cash flow information related to leases is as follows.*

| | |
|---|---|
| | *Year Ended December 31,* |

| | 2022 | 2021 |
|---|---|---|
| Cash paid for amounts included in the measurement of lease liabilities: | | |
| Financing cash flows from finance leases | $ 1,396 | $ 1,629 |
| Operating cash flows from finance leases | $ 421 | $ 506 |
| Operating cash flows from operating leases | $ 12,946 | $ 13,195 |

Supplemental balance sheet information related to leases is as follows.

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Finance leases: | | |
| Property and equipment, net | $ 4,352 | $ 5,634 |

***Note 13. Lease Asset and Obligations*** *(continued)*

Supplemental cash flow information related to leases is as follows.

| | Year Ended December 31, | |
|---|---|---|
| | 2023 | 2022 |
| Cash paid for amounts included in the measurement of lease liabilities: | | |
| Financing cash flows from finance leases | $ 1,220 | $ 1,396 |
| Operating cash flows from finance leases | $ 345 | $ 421 |
| Operating cash flows from operating leases | $ 12,469 | $ 12,946 |

Supplemental balance sheet information related to leases is as follows.

| | December 31, | |
|---|---|---|
| | 2023 | 2022 |
| Finance leases: | | |
| Property and equipment, net | $ 3,574 | $ 4,352 |

Weighted-average lease terms and discount rates are as follows.

| | 2022 2023 |
|---|---|
| Weighted-average remaining lease terms: | |
| Finance leases | 4.32 4.73 years |
| Operating leases | 4.53 5.41 years |
| Weighted-average discount rates: | |
| Finance leases | 7.0% |
| Operating leases | 7.0% |

Maturities of lease liabilities as of December 31, 2022 December 31, 2023, are as follows.

| Year | Year | Operating Leases | Finance Leases | Year | Operating Leases | Finance Leases |
|---|---|---|---|---|---|---|
| 2023 | | $ 12,816 | $ 1,569 | | | |
| 2024 | 2024 | 10,109 | 1,534 | | | |
| 2025 | 2025 | 8,277 | 1,298 | | | |
| 2026 | 2026 | 5,630 | 959 | | | |
| 2027 | 2027 | 3,333 | 623 | | | |
| After 2027 | | 5,890 | 232 | | | |
| 2028 | | | | | | |
| After 2028 | | | | | | |
| Total lease payments | Total lease payments | 46,055 | 6,215 | | | |

| | | | |
|---|---|---|---|
| Less interest | Less interest | 6,625 | 849 |
| Total lease liabilities | Total lease liabilities | $ 39,430 | $ 5,366 |

Rent expense is presented below.

| | | 2022 | 2021 | 2020 | | | |
|---|---|---|---|---|---|---|---|
| 2023 | | | | | 2023 | 2022 | 2021 |
| Minimum rent | Minimum rent | $14,333 | $14,926 | $15,672 | | | |
| Contingent rent | Contingent rent | 105 | 137 | 137 | | | |
| Rent expense | Rent expense | $14,438 | $15,063 | $15,809 | | | |

**Note 13. Lease Asset and Obligations** *(continued)*

**Lease Income**

The components of lease income are as follows.

| | | 2022 | 2021 | 2020 | | | |
|---|---|---|---|---|---|---|---|
| 2023 | | | | | 2023 | 2022 | 2021 |
| Operating lease income | Operating lease income | $15,698 | $13,173 | $5,027 | | | |
| Variable lease income | Variable lease income | 5,875 | 3,479 | 1,738 | | | |
| Total lease income | Total lease income | $21,573 | $16,652 | $6,765 | | | |

**Note 13. Lease Asset and Obligations** *(continued)*

The following table displays the Company's future minimum rental receipts for non-cancelable leases and subleases as of December 31, 2022 December 31, 2023. Franchise partner leases and subleases are short-term leases and have been excluded from the table.

| | | Operating Leases | | | | | |
|---|---|---|---|---|---|---|---|
| | | Operating Leases | | | | | Operating Leases |
| Year | Year | Subleases | Owned Properties | Year | Subleases | Owned Properties | |
| 2023 | | $ 747 | $ 162 | | | | |
| 2024 | 2024 | 503 | 162 | | | | |
| 2025 | 2025 | 454 | 162 | | | | |
| 2026 | 2026 | 134 | 154 | | | | |
| 2027 | 2027 | 116 | 116 | | | | |
| After 2027 | | 125 | 347 | | | | |
| 2028 | | | | | | | |
| After 2028 | | | | | | | |
| Total future minimum receipts | Total future minimum receipts | $ 2,079 | $ 1,103 | | | | |

### Note 14. Related Party Transactions

**Services Agreement**

*During 2017, the Company entered into a services agreement with Biglari Enterprises LLC and Biglari Capital Corp. (collectively, the “Biglari Entities”) under which the Biglari Entities provide business and administrative related services to the Company. The Biglari Entities are owned by Mr. Biglari. The services agreement has a rolling five-year term, with annual adjustments to the fixed fee. The fixed fee has increased from $700 per month to $800 per month in December 2023. The fixed fee had not been adjusted remaining at $700 per month since inception. its inception in October 2017.*

*The Company paid Biglari Enterprises $8,400 $8,500 in service fees during 2022 2023 and 2021. $8,400 during 2022. The services agreement does not alter the Company’s hurdle rate connected with the incentive reallocation paid to Biglari Capital Corp.*

*Investments in The Lion Fund, L.P., and The Lion Fund II, L.P.*

*As of December 31, 2022 December 31, 2023, the Company’s investments in The Lion Fund, L.P., and The Lion Fund II, L.P., had a fair value of $383,004. $472,772.*

*Contributions to and distributions from The Lion Fund, L.P., and The Lion Fund II, L.P., were as follows.*

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | 2022 | 2021 | 2020 | | | |
| | 2023 | | | | 2023 | 2022 | 2021 |
| Contributions | Contributions | $ 59,877 | $ 12,300 | $ 70,130 | | | |
| Distributions | Distributions | (70,700) | (180,170) | (98,330) | | | |
| | | $(10,823) | $(167,870) | $(28,200) | | | |
| | $ | | | | | | |

*As the general partner of the investment partnerships, Biglari Capital will earn an incentive reallocation fee, on December 31 of each year, for the Company’s investments equal to 25% of the net profits above a hurdle rate of 6% over the previous high-water mark. There were no incentive reallocations in 2023, 2022, or 2021. There were $987 of incentive reallocations from Biglari Holdings to Biglari Capital during 2020, including $253 associated with gains on the Company’s common stock. Gains on the Company’s common stock and the related incentive reallocations are eliminated in our financial statements.*

### Note 14. Related Party Transactions *(continued)*

**Incentive Agreement**

*The Incentive Agreement establishes a performance-based annual incentive payment for Mr. Biglari contingent upon the growth in adjusted equity in each year attributable to our operating businesses. In order for Mr. Biglari to receive any incentive, our operating businesses must achieve an annual increase in shareholders’ equity in excess of 6% (the “hurdle rate”) above the previous highest level (the “high-water mark”). Mr. Biglari will receive 25% of any incremental book value created above the high-water mark plus the hurdle rate. In any year in which book value declines, our operating businesses must completely recover their deficit from the previous high-water mark, and attain the hurdle rate, before 2023, Mr. Biglari becomes eligible to receive any further earned an incentive payment. fee of $7,271. The incentive fee will be paid in 2024 and is recorded as accrued compensation within accounts payable and accrued expenses as of December 31, 2023. No incentive fees were earned during 2022 2021, or 2020.*

*2021.*

### Note 15. Commitments and Contingencies

*We are involved in various legal proceedings and have certain unresolved claims pending. We believe, based on examination of these matters and experiences to date, that the ultimate liability, if any, in excess of amounts already provided in our consolidated financial statements, is not likely to have a material effect on our results of operations, financial position, or cash flow.*

### Note 16. Fair Value of Financial Assets

*The fair values of substantially all of our financial instruments were measured using market or income approaches. Considerable judgment may be required in interpreting the market data used to develop the estimates of fair value. Accordingly, the fair values presented are not necessarily indicative of the amounts that could be realized in an actual current market exchange. The use of alternative market assumptions and/or estimation methodologies may have a material effect on the estimated fair value.*

*The hierarchy for measuring fair value consists of Levels 1 through 3, which are described below.*

- *Level 1 – Inputs represent unadjusted quoted prices for identical assets or liabilities exchanged in active markets.*
- *Level 2 – Inputs include directly or indirectly observable inputs (other than Level 1 inputs), such as quoted prices for similar assets or liabilities exchanged in active or inactive markets; quoted prices for identical assets or liabilities exchanged in inactive markets; other inputs that may be considered in fair value determinations of the assets or liabilities, such as interest rates and yield curves, volatilities, prepayment speeds, loss severities, credit risks, and default rates; and inputs that are derived principally from, or corroborated by, observable market data by correlation or other means. Pricing evaluations generally reflect discounted expected future cash flows, which incorporate yield curves for instruments with similar characteristics, such as credit ratings, estimated durations, and yields for other instruments of the issuer or entities in the same industry sector.*

- *Level 3 – Inputs include unobservable inputs used in the measurement of assets and liabilities. Management is required to use its own assumptions regarding unobservable inputs because there is little, if any, market activity in the assets or liabilities and we may be unable to corroborate the related observable inputs. Unobservable inputs require management to make certain projections and assumptions about the information that would be used by market participants in pricing assets or liabilities.*

*The following methods and assumptions were used to determine the fair value of each class of the following assets recorded at fair value in the consolidated balance sheets:*

*Cash equivalents: Cash equivalents primarily consist of money market funds, which are classified within Level 1 of the fair value hierarchy.*

*Equity securities: The Company's investments in equity securities are classified within Levels Level 1 and 2 of the fair value hierarchy.*

*Bonds: The Company's investments in bonds consist of both corporate and government debt. Bonds are classified as Level 1 of the fair value hierarchy.*

***Note 16. Fair Value of Financial Assets** (continued)*

*Non-qualified deferred compensation plan investments: The assets of the non-qualified plan are set up in a rabbi trust. They represent mutual funds and publicly traded securities, each of which are classified within Level 1 of the fair value hierarchy.*
*Derivative instruments: Options related to equity securities are marked to market each reporting period and are classified within Level 2 of the fair value hierarchy depending on the instrument.*

***Note 16. Fair Value of Financial Assets** (continued)*

*As of December 31, 2022 December 31, 2023 and 2021, 2022, the fair values of financial assets were as follows.*

| | | December 31, | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | 2022 | | | | 2021 | | | |
| | | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| | December 31, | | | | | | | | |
| | 2023 | | | | | | | | |
| | Level 1 | | | | | | | | |
| | December 31, 2023 | Level 1 | Level 2 | Level 3 | Total | | | | |
| | 2022 | Level 1 | Level 2 | Level 3 | Total | | | | |
| Assets | Assets | | | | | | | | |
| Cash equivalents | Cash equivalents | $17,608 | $ — | $ — | $17,608 | $18,447 | $ — | $ — | $ 18,447 |
| Cash equivalents | | | | | | | | | |
| Cash equivalents | | | | | | | | | |
| Equity securities: | Equity securities: | | | | | | | | |
| Consumer goods | | | | | | | | | |
| Consumer goods | | | | | | | | | |
| Consumer goods | Consumer goods | 17,274 | — | — | 17,274 | 10,775 | 2,368 | — | 13,143 |
| Other | Other | 2,031 | — | — | 2,031 | 9,400 | — | — | 9,400 |
| Bonds: | Bonds: | | | | | | | | |
| Government | Government | 48,456 | — | — | 48,456 | 54,584 | — | — | 54,584 |
| Government | | | | | | | | | |
| Government | | | | | | | | | |
| Corporate | Corporate | 2,199 | — | — | 2,199 | 4,512 | — | — | 4,512 |
| Options on equity securities | | — | — | — | — | — | 2,095 | — | 2,095 |
| Non-qualified deferred compensation plan investments | Non-qualified deferred compensation plan investments | 699 | — | — | 699 | 1,607 | — | — | 1,607 |
| Total assets at fair value | Total assets at fair value | $88,267 | $ — | $ — | $88,267 | $99,325 | $4,463 | $ — | $103,788 |

*There were no changes in the valuation techniques used to measure fair values on a recurring basis.*

***Note 17. Business Segment Reporting***

*Our reportable business segments are organized in a manner that reflects how management views those business activities. Our restaurant operations include Steak n Shake and Western Sizzlin. Our insurance operations include First Guard and Southern Pioneer. Our oil and gas operations include Southern Oil and Abraxas Petroleum. The Company also reports segment information for Maxim. Other business activities not specifically identified with reportable business segments are presented in corporate. under corporate and other. We report our earnings from investment partnerships separate from our corporate expenses. We assess and measure segment operating results based on segment earnings as disclosed below. Segment earnings from operations are neither necessarily indicative of cash available to fund cash requirements nor synonymous with cash flow from operations. The tabular information that follows shows data of our reportable segments reconciled to amounts reflected in the consolidated financial statements.*

***Note 17. Business Segment Reporting** (continued)*

*A disaggregation of our consolidated data for each of the three most recent years is presented in the tables which follow.*

| | | Revenue | | |
|---|---|---|---|---|
| | | 2022 | 2021 | 2020 |
| | Revenue | | | |
| | 2023 | | | |
| | | 2023 | 2022 | 2021 |
| ***Operating Businesses:*** | ***Operating Businesses:*** | | | |
| *Restaurant Operations:* | *Restaurant Operations:* | | | |
| *Restaurant Operations:* | | | | |
| *Restaurant Operations:* | | | | |
| *Steak n Shake* | | | | |
| *Steak n Shake* | | | | |
| *Steak n Shake* | *Steak n Shake* | *$231,820* | *$263,135* | *$344,305* |
| *Western Sizzlin* | *Western Sizzlin* | *9,748* | *8,155* | *6,361* |
| *Total Restaurant Operations* | *Total Restaurant Operations* | *241,568* | *271,290* | *350,666* |
| *Insurance Operations:* | *Insurance Operations:* | | | |
| *Insurance Operations:* | | | | |
| *Insurance Operations:* | | | | |
| *Underwriting:* | *Underwriting:* | | | |
| *Underwriting:* | | | | |
| *Underwriting:* | | | | |
| *First Guard* | | | | |
| *First Guard* | | | | |
| *First Guard* | *First Guard* | *35,914* | *33,521* | *30,210* |
| *Southern Pioneer* | *Southern Pioneer* | *24,035* | *21,890* | *19,010* |
| *Investment income and other* | *Investment income and other* | *4,591* | *3,198* | *3,459* |
| *Total Insurance Operations* | *Total Insurance Operations* | *64,540* | *58,609* | *52,679* |
| *Oil and Gas Operations:* | *Oil and Gas Operations:* | | | |
| *Oil and Gas Operations:* | | | | |
| *Oil and Gas Operations:* | | | | |
| *Abraxas Petroleum* | | | | |
| *Abraxas Petroleum* | | | | |
| *Abraxas Petroleum* | | | | |

| | | | | |
|---|---|---|---|---|
| Southern Oil | Southern Oil | 46,091 | 33,004 | 26,255 |
| Abraxas Petroleum | | 11,455 | — | — |
| Total Oil and Gas Operations | Total Oil and Gas Operations | 57,546 | 33,004 | 26,255 |
| Maxim | Maxim | 4,577 | 3,203 | 4,083 |
| | | $368,231 | $366,106 | $433,683 |
| Maxim | | | | |
| Maxim | | | | |
| | $ | | | |

***Note 17. Business Segment Reporting*** *(continued)*

| | | Earnings (Loss) Before Income Taxes | | |
|---|---|---|---|---|
| | | 2022 | 2021 | 2020 |
| | Earnings (Loss) Before Income Taxes | | | |
| | 2023 | | | |
| ***Operating Businesses:*** | ***Operating Businesses:*** | | | |
| *Restaurant Operations:* | *Restaurant Operations:* | | | |
| *Restaurant Operations:* | | | | |
| *Restaurant Operations:* | | | | |
| *Steak n Shake* | | | | |
| *Steak n Shake* | | | | |
| *Steak n Shake* | *Steak n Shake* | *$ 11,478* | *$13,524* | *$ (4,587)* |
| *Western Sizzlin* | *Western Sizzlin* | *1,484* | *931* | *(765)* |
| *Total Restaurant Operations* | *Total Restaurant Operations* | *12,962* | *14,455* | *(5,352)* |
| *Insurance Operations:* | *Insurance Operations:* | | | |
| *Insurance Operations:* | | | | |
| *Insurance Operations:* | | | | |
| *Underwriting:* | *Underwriting:* | | | |
| *Underwriting:* | | | | |
| *Underwriting:* | | | | |
| *First Guard* | | | | |
| *First Guard* | | | | |
| *First Guard* | *First Guard* | *6,578* | *10,573* | *9,379* |
| *Southern Pioneer* | *Southern Pioneer* | *(1,277)* | *1,744* | *620* |
| *Investment income and other* | *Investment income and other* | *4,603* | *2,118* | *2,432* |
| *Total Insurance Operations* | *Total Insurance Operations* | *9,904* | *14,435* | *12,431* |
| *Oil and Gas Operations:* | *Oil and Gas Operations:* | | | |
| *Oil and Gas Operations:* | | | | |
| *Oil and Gas Operations:* | | | | |
| *Abraxas Petroleum* | | | | |

| Earnings (Loss) Before Income Taxes | | |
|---|---|---|
| 2023 | 2022 | 2021 |

| | | | | |
|---|---|---|---|---|
| Abraxas Petroleum | | | | |
| Abraxas Petroleum | | | | |
| Southern Oil | Southern Oil | 24,539 | 9,713 | 2,018 |
| Abraxas Petroleum | | 652 | — | — |
| Total Oil and Gas Operations | Total Oil and Gas Operations | 25,191 | 9,713 | 2,018 |
| Maxim | | | | |
| Maxim | | | | |
| Maxim | Maxim | 1,760 | 814 | 1,784 |
| Interest expense not allocated to segments | Interest expense not allocated to segments | (399) | (1,121) | (9,262) |
| Operating Businesses | Operating Businesses | 49,418 | 38,296 | 1,619 |
| Corporate and other | Corporate and other | (13,099) | (13,383) | (12,432) |
| Corporate and other | | | | |
| Corporate and other | | | | |
| Investment gains (losses) | Investment gains (losses) | (3,393) | 6,401 | 3,644 |
| Investment partnership gains (losses) | Investment partnership gains (losses) | (75,953) | 10,953 | (43,032) |
| | | $(43,027) | $42,267 | $(50,201) |
| | $ | | | |

| | | Capital Expenditures | | | | | |
|---|---|---|---|---|---|---|---|
| | | 2022 | 2021 | 2020 | | | |
| | Capital Expenditures | | | | Capital Expenditures | | |
| | 2023 | | | | 2023 | 2022 | 2021 |
| **Operating Businesses:** | **Operating Businesses:** | | | | | | |
| Restaurant | | | | | | | |
| Restaurant | | | | | | | |
| Restaurant | Restaurant | $24,470 | $60,296 | $17,858 | | | |
| Insurance | Insurance | 1,558 | 1,451 | 5 | | | |
| Oil and Gas | Oil and Gas | 906 | 996 | 2,806 | | | |
| Operating Businesses | Operating Businesses | 26,934 | 62,743 | 20,669 | | | |
| Corporate and other | Corporate and other | 2,812 | 1,806 | 33 | | | |
| Consolidated results | | $29,746 | $64,549 | $20,702 | | | |
| | $ | | | | | | |

***Note 17. Business Segment Reporting*** *(continued)*

| | | Depreciation, Depletion, and Amortization | | | | | |
|---|---|---|---|---|---|---|---|
| | | 2022 | 2021 | 2020 | | | |
| | Depreciation, Depletion, and Amortization | | | | Depreciation, Depletion, and Amortization | | |
| | 2023 | | | | 2023 | 2022 | 2021 |

| | | | | |
|---|---|---|---|---|
| **Operating Businesses:** | **Operating Businesses:** | | | |
| Restaurant | | | | |
| Restaurant | | | | |
| Restaurant | Restaurant | $27,496 | $21,484 | $19,042 |
| Insurance | Insurance | 193 | 176 | 414 |
| Oil and Gas | Oil and Gas | 8,013 | 8,073 | 12,527 |
| Operating Businesses | Operating Businesses | 35,702 | 29,733 | 31,983 |
| Corporate and other | Corporate and other | 741 | 317 | 239 |
| Consolidated results | | $36,443 | $30,050 | $32,222 |
| | $ | | | |

*A disaggregation of our consolidated assets is presented in the table that follows.*

| | | Identifiable Assets | |
|---|---|---|---|
| | | December 31, | |
| | | 2022 | 2021 |

| | Identifiable Assets | | Identifiable Assets |
|---|---|---|---|
| | December 31, | | December 31, |
| | 2023 | 2023 | 2022 |

| | | | |
|---|---|---|---|
| **Reportable segments:** | **Reportable segments:** | | |
| Restaurant Operations: | Restaurant Operations: | | |
| Restaurant Operations: | | | |
| Restaurant Operations: | | | |
| Steak n Shake | | | |
| Steak n Shake | | | |
| Steak n Shake | Steak n Shake | $341,199 | $377,676 |
| Western Sizzlin | Western Sizzlin | 19,431 | 17,239 |
| Total Restaurant Operations | Total Restaurant Operations | 360,630 | 394,915 |
| Insurance Operations: | Insurance Operations: | | |
| Insurance Operations: | | | |
| Insurance Operations: | | | |
| First Guard | | | |
| First Guard | | | |
| First Guard | First Guard | 58,997 | 74,615 |
| Southern Pioneer | Southern Pioneer | 75,373 | 72,321 |
| Total Insurance Operations | Total Insurance Operations | 134,370 | 146,936 |
| Oil and Gas Operations: | Oil and Gas Operations: | | |
| Oil and Gas Operations: | | | |
| Oil and Gas Operations: | | | |
| Abraxas Petroleum | | | |
| Abraxas Petroleum | | | |
| Abraxas Petroleum | | | |
| Southern Oil | Southern Oil | 49,416 | 53,359 |

| | | | |
|---|---|---|---|
| Abraxas Petroleum | | 81,339 | — |
| Total Oil and Gas Operations | Total Oil and Gas Operations | 130,755 | 53,359 |
| Maxim | Maxim | 16,093 | 16,605 |
| Maxim | | | |
| Maxim | | | |
| Corporate | Corporate | 30,832 | 32,593 |
| Investment partnerships | Investment partnerships | 155,794 | 250,399 |
| **Total assets** | | $828,474 | $894,807 |
| | $ | | |

***Note 18. Supplemental Disclosures of Cash Flow Information***

*A summary of supplemental cash flow information for each of the three years ending December 31, 2022 December 31, 2023, 2021 2022, and 2020 2021 is presented in the following table.*

| | | 2022 | 2021 | 2020 | | | |
|---|---|---|---|---|---|---|---|
| | 2023 | | | | 2023 | 2022 | 2021 |
| Cash paid during the year for: | Cash paid during the year for: | | | | | | |
| Interest on debt | | | | | | | |
| Interest on debt | | | | | | | |
| Interest on debt | Interest on debt | $ 359 | $ 994 | $ 9,397 | | | |
| Interest on obligations under leases | Interest on obligations under leases | 5,493 | 6,039 | 6,274 | | | |
| Income taxes | Income taxes | 1,092 | 4,532 | 15,402 | | | |
| Non-cash investing and financing activities | Non-cash investing and financing activities | | | | | | |
| Capital expenditures in accounts payable | Capital expenditures in accounts payable | 1,897 | 8,733 | 2,399 | | | |
| Capital expenditures in accounts payable | | | | | | | |
| Capital expenditures in accounts payable | | | | | | | |
| Finance lease additions | Finance lease additions | — | 733 | 3,285 | | | |
| Finance lease retirements | Finance lease retirements | — | 1,216 | 4,842 | | | |

***Note 19. Supplemental Oil and Gas Disclosures** (Unaudited)*

*The Company has determined it had significant oil and gas producing activities during the years ended December 31, 2023, December 31, 2022, and December 31, 2021, in accordance with ASC 932 "Extractive Activities — Oil and Gas." The Company did not have significant oil and gas producing activities within the meaning of ASC 932 during the year ended December 31, 2020.*

***Estimated Quantities of Proved Oil and Natural Gas Reserves***

*The Company classifies recoverable hydrocarbons based on their status at the time of reporting. Within the commercial classification are proved reserves and two categories of unproved reserves: probable and possible. The potentially recoverable categories are also referred to as contingent resources. For reserve estimates to be classified as proved, they must meet all SEC and Company standards.*

*Proved oil and gas reserves are the estimated quantities that geoscience and engineering data demonstrate with reasonable certainty to be economically producible from known reservoirs under existing economic conditions, operating methods, and government regulations. Net proved reserves exclude royalties and interests owned by others and reflect contractual arrangements and royalty obligations in effect at the time of the estimate. Proved reserves are classified as either developed or undeveloped. Proved developed reserves are the quantities expected to be recovered through existing wells with existing equipment and operating methods. Proved undeveloped reserves are the quantities expected to be recovered from new wells on undrilled acreage or from existing wells where a relatively major expenditure is required for recompletion. Due to the inherent uncertainties and the limited nature of reservoir data, estimates of reserves are subject to change as additional information becomes available.*

*We engaged Netherland, Sewell & Associates, Inc. ("NSAI"), to prepare our reserve estimates for all of our estimated proved reserves at December 31, 2022December 31, 2023. All proved oil and natural gas reserves are located in the United States, primarily offshore in the shallow waters of the Gulf of Mexico and in the Permian Basin.*

***Note 19. Supplemental Oil and Gas Disclosures** (Unaudited) (continued)*

*The following table sets forth our estimate of the net proved oil and gas reserves for the yearyears ended December 31, 2022December 31, 2023 and 2021. 2022.*

| | | Oil (MBbl) | Gas (MMcf) | Liquids (Bbl) | MBOE |
|---|---|---|---|---|---|
| Total proved reserves at December 31, 2020 | | 2,223 | 24,917 | — | 6,376 |
| Revisions | | 433 | 4,235 | — | 1,139 |
| Extensions | | 62 | 189 | — | 94 |
| Production | | (357) | (2,798) | — | (824) |
| Oil (MBbl) | | Oil (MBbl) | Gas (MMcf) | Liquids (MBbl) | MBOE |
| Total proved reserves at December 31, 2021 | Total proved reserves at December 31, 2021 | 2,361 | 26,544 | — | 6,785 |
| Revisions | Revisions | (355) | (3,288) | — | (903) |
| Extensions | Extensions | — | — | — | — |
| Acquisition of reserves | Acquisition of reserves | 3,415 | 19,334 | 1,550 | 8,188 |
| Production | Production | (450) | (2,341) | (42) | (882) |
| Total proved reserves at December 31, 2022 | Total proved reserves at December 31, 2022 | 4,971 | 40,249 | 1,508 | 13,188 |
| Revisions | | | | | |
| Extensions | | | | | |
| Acquisition of reserves | | | | | |
| Production | | | | | |
| Total proved reserves at December 31, 2023 | | | | | |
| Proved developed reserves | Proved developed reserves | | | | |
| Proved developed reserves | | | | | |
| Proved developed reserves | | | | | |
| December 31, 2023 | | | | | |
| December 31, 2023 | | | | | |
| December 31, 2023 | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| December 31, 2022 | December 31, 2022 | 4,507 | 32,132 | 1,508 | 11,371 |
| December 31, 2021 | | 1,897 | 18,427 | — | 4,968 |
| Proved undeveloped reserves | Proved undeveloped reserves | | | | |
| Proved undeveloped reserves | | | | | |
| Proved undeveloped reserves | | | | | |
| December 31, 2023 | | | | | |
| December 31, 2023 | | | | | |
| December 31, 2023 | | | | | |
| December 31, 2022 | December 31, 2022 | 464 | 8,117 | — | 1,817 |
| December 31, 2021 | | 464 | 8,117 | — | 1,817 |

*Revisions are affected by commodity prices as well as changes to previous proved reserve estimates based on the evaluation of production and operating performance data.*

***Bbl*** *— One stock tank barrel, or 42 United States gallons liquid volume.*
***MBbl*** *— Thousand barrels.*
***MMcf*** *— Million cubic feet of natural gas.*
***MBOE*** *— Thousand barrels of oil equivalent.*

*Natural gas is converted to an oil equivalent basis at six thousand cubic feet per one barrel of oil.*

***Standardized Measure of Discounted Future Net Cash Flows Relating to Proved Oil and Natural Gas Reserves***

*The standardized measure of discounted future net cash flows presented in the following table was computed using the 12-month unweighted average of the first-day-of-the-month commodity prices, the costs in effect at December 31, 2022 December 31, 2023 and 2021, 2022, and a 10 percent discount factor. The Company cautions that actual future net cash flows may vary considerably from these estimates. Although the Company's estimates of total proved reserves, development costs, and production rates were based on the best available information, the development and production of the crude oil and natural gas reserves may not occur in the periods assumed. Actual prices realized, costs incurred, and production quantities may vary significantly from those used. Therefore, the estimated future net cash flow computations should not be considered to represent the Company's estimate of the expected revenues or the current value of proved reserves.*

***Note 19. Supplemental Oil and Gas Disclosures*** *(Unaudited) (continued)*

*The following table sets forth the standardized measure of discounted future net cash flows attributable to proved crude oil and natural gas reserves as of December 31, 2022 December 31, 2023 and 2021. 2022.*

| | | December 31, 2022 | December 31, 2021 | | |
|---|---|---|---|---|---|
| | December 31, 2023 | | | December 31, 2023 | December 31, 2022 |
| Future cash inflows | Future cash inflows | $728,382 | $247,294 | | |
| Future production costs | Future production costs | (288,816) | (78,207) | | |
| Future development and abandonment costs | Future development and abandonment costs | (36,719) | (32,673) | | |
| Future income tax expense | Future income tax expense | (69,999) | (28,904) | | |
| Future net cash flows | Future net cash flows | 332,848 | 107,510 | | |

| | | | |
|---|---|---|---|
| 10% annual discount for estimated timing of cash flows | 10% annual discount for estimated timing of cash flows | (122,781) | (29,751) |
| Standardized measure of discounted future net cash flows | Standardized measure of discounted future net cash flows | $ 210,067 | $ 77,759 |

***Changes in Standardized Measure of Discounted Future Net Cash Flows***

*Principle changes in the standardized measure of discounted future net cash flows attributable to the Company's proved oil and natural gas reserves are as follows.*

| | | |
|---|---|---|
| Standardized measure at December 31, 2020 | $ | 31,330 |
| Net change in prices and production costs | | 67,058 |
| Net change in future development costs | | (85) |
| Sales of oil and natural gas, net of production expenses | | (22,098) |
| Extensions | | 104 |
| Revisions of previous quantity estimates | | 17,754 |
| Net change in taxes | | (14,604) |
| Accretion of discount | | 3,759 |
| Changes in timing and other | | (5,459) |
| Standardized measure at December 31, 2021 | $ | 77,759 |
| Net change in prices and production costs | | 58,439 |
| Net change in future development costs | | 104 |
| Sales of oil and natural gas, net of production expenses | | (41,859) |
| Extensions | | — |
| Acquisition of reserves | | 141,051 |
| Revisions of previous quantity estimates | | (9,072) |
| Net change in taxes | | (26,456) |
| Accretion of discount | | 9,862 |
| Changes in timing and other | | 239 |
| Standardized measure at December 31, 2022 | $ | 210,067 |
| Net change in prices and production costs | | (86,323) |
| Net change in future development costs | | (101) |
| Sales of oil and natural gas, net of production expenses | | (27,706) |
| Extensions | | 8,836 |
| Revisions of previous quantity estimates | | (59,164) |
| Net change in taxes | | 30,792 |
| Accretion of discount | | 22,641 |
| Changes in timing and other | | (6,593) |
| Standardized measure at December 31, 2023 | $ | 92,449 |

***Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

*Not applicable.*

***Item 9A. Controls and Procedures***

*Based on an evaluation of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), our Chief Executive Officer and Controller have concluded that our disclosure controls and procedures were effective as of December 31, 2022 December 31, 2023.*

***Changes in Internal Control over Financial Reporting***

*There were no changes in our internal control over financial reporting during the quarter ended December 31, 2022 December 31, 2023, that have materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.*

***Management's Report on Internal Control Over Financial Reporting***

*The management of Biglari Holdings Inc. is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in the Securities Exchange Act of 1934 Rule 13a-15(f). Under the supervision of our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of the Company's internal control over financial reporting as of December 31, 2022 December 31, 2023, as required by the Securities Exchange Act of 1934 Rule 13a-15(c). In making this assessment, we used the criteria set forth in the framework in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the framework in Internal Control—Integrated Framework (2013), our management concluded that our internal control over financial reporting was effective as of December 31, 2022 December 31, 2023.*

*We are in the process of evaluating the existing controls and procedures of Abraxas Petroleum and integrating Abraxas Petroleum into our internal control over financial reporting. Abraxas Petroleum was acquired on September 14, 2022, and its financial statements constitute approximately 9.8% of total assets, 3.1% of revenues, and 2.5% of net earnings of the consolidated financial statement amounts as of and for the year ended December 31, 2022. In accordance with Securities and Exchange Commission guidance, we have excluded Abraxas Petroleum from management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2022.*

*The effectiveness of our internal control over financial reporting as of December 31, 2022 December 31, 2023, has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report which is included herein.*

*Biglari Holdings Inc.*
*February 25, 2023 24, 2024*

***Item 9B. Other Information***

*None.*

***Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections***

*Not applicable.*

## ***Part III***

***Item 10. Directors, Executive Officers and Corporate Governance***

***Item 11. Executive Compensation***

***Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters***

***Item 13. Certain Relationships and Related Transactions, and Director Independence***

***Item 14. Principal Accountant Fees and Services***

*The information required by Part III Items 10, 11, 12, 13 and 14 will be contained in the Company's definitive proxy statement for its 2023 2024 Annual Meeting of Shareholders, to be filed on or before April 20, 2023 April 17, 2024, and such information is incorporated herein by reference.*

## ***Part IV***

***Item 15. Exhibits and Financial Statement Schedules***

*(a) 1. Financial Statements*

*The following Consolidated Financial Statements, as well as the Reports of Independent Registered Public Accounting Firm, are included in Part II, Item 8 of this report:*



*2. Financial Statement Schedule*

*Schedules have been omitted for the reason that they are not required, are not applicable, or the required information is set forth in the financial statements or notes thereto.*

*(b) Exhibits*

| Exhibit Number | Description |
|---|---|
| 2.01 | Amended and Restated Agreement and Plan of Merger, dated as of March 5, 2018, by and among OBH Inc (the "Predecessor"), BH Merger Company and the Company (incorporated by reference to Exhibit 2.01 to the Company's Amendment No. 3 to Registration Statement on Form S-4 filed March 28, 2018). |
| 3.01 | First Amended and Restated Articles of Incorporation of the Company (incorporated by reference to Annex II to the Company's Amendment No. 2 to Registration Statement on Form S-4 filed March 6, 2018). |
| 3.02 | Articles of Amendment to the First Amended and Restated Articles of Incorporation of the Company (incorporated by reference to Exhibit 3.02 to the Company's Form 8-K12B filed April 30, 2018). |
| 3.03 | By-Laws of the Company (incorporated by reference to Exhibit 3.03 to the Company's Form 8-K12B filed April 30, 2018). |
| 4.01 | Specimen Class A Common Stock Certificate of the Company (incorporated by reference to Exhibit 4.01 to the Company's Amendment No. 3 to Registration Statement on Form S-4 filed March 28, 2018). |
| 4.02 | Specimen Class B Common Stock Certificate of the Company (incorporated by reference to Exhibit 4.02 to the Company's Amendment No. 3 to Registration Statement on Form S-4 filed March 28, 2018). |
| 4.03 | Description of Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934. |
| 10.01* | The Steak n Shake Non-Qualified Savings Plan, amended and restated as of March 15, 2010 (incorporated by reference to Exhibit 4.3 to the Predecessor's Registration Statement on Form S-8 dated April 22, 2010). |
| 10.02 10.02* | Amended and Restated Incentive Agreement, dated September 28, 2010, by and between the Predecessor and Sardar Biglari (incorporated by reference to Annex A to the Predecessor's definitive Proxy Statement dated September 29, 2010). |
| 10.03 | Services Agreement, dated as of September 15, 2017, by and among Biglari Holdings Inc., Biglari Capital Corp. and Biglari Enterprises LLC (incorporated by reference to Exhibit 10.1 to the Predecessor's Current Report on Form 8-K dated September 15, 2017). |

| | |
|---|---|
| 10.04* | First Amendment, dated as of July 1, 2013, to the Amended and Restated Incentive Agreement, dated as of September 28, 2010, by and between Biglari Holdings Inc. and Sardar Biglari (incorporated by reference to Exhibit 10.3 to the Predecessor's Current Report on Form 8-K dated July 2, 2013). |
| 10.05 | Credit Agreement, dated as of March 19, 2014, among Steak n Shake Operations, Inc., as borrower, Steak n Shake Enterprises, Inc. and Steak n Shake, LLC, as subsidiary guarantors, the lenders party thereto, Jefferies Finance LLC, as joint lead arranger, syndication agent, documentation agent, book manager, administrative agent and collateral agent, and Fifth Third Bank, as joint lead arranger, swingline lender and issuing bank (incorporated by reference to Exhibit 10.1 to the Predecessor's Current Report on Form 8-K dated March 21, 2014). |
| 10.06 | Security Agreement, dated as of March 19, 2014, by Steak n Shake Operations, Inc., Steak n Shake Enterprises, Inc. and Steak n Shake, LLC, as pledgors, assignors and debtors, in favor of Jefferies Finance LLC, in its capacity as collateral agent, pledgee, assignee and secured party (incorporated by reference to Exhibit 10.2 to the Predecessor's Current Report on Form 8-K dated March 21, 2014). |
| 10.07 | Form of Indemnity Agreement for Directors, as adopted on June 3, 2015 (incorporated by reference to Exhibit 10.1 to the Predecessor's Current Report on Form 8-K dated June 4, 2015). |
| 10.08 10.06 | Amended and Restated Partnership Agreement of The Lion Fund II, L.P. as amended on June 3, 2015 (incorporated by reference to Exhibit 10.1 to the Predecessor's Current Report on Form 8-K dated June 4, 2015). |
| 10.09* 10.07* | Second Amendment to Amended and Restated Incentive Agreement dated March 26, 2019, by and between Biglari Holdings Inc. and Sardar Biglari (incorporated by reference to Exhibit 10.01 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2019). |
| 10.1 10.08 | Form of Indemnity Agreement for Directors, as adopted on May 26, 2022 (incorporated by reference to Exhibit 10.10 to the Company's Annual Report of Form 10-K for the annual period ended December 31, 2022). |
| 21.01 21.01** | Subsidiaries of the Company. |
| 31.01 31.01** | Certification Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 31.02 31.02** | Certification Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32.01** | Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 99.1 97** | Biglari Holdings Inc. Dodd-Frank Clawback Policy |
| 99.1** | Report of Netherland, Sewell & Associates Inc. Independent Petroleum Engineers and Geologists. |
| 101 | Interactive Data Files |
| 104 | Cover page Interactive Data File (embedded within the Inline XBRL document and contained in Exhibit 101) |

* Indicates management contract or compensatory plans or arrangements required to be filed as an exhibit to the Annual Report on Form 10-K.

** Furnished herewith.

**Item 16. Form 10-K Summary**

Not applicable.

**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, on February 25, 2023 February 24, 2024.

BIGLARI HOLDINGS INC.

By: /s/ BRUCE LEWIS

**Bruce Lewis**
**Controller**

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 indicated, on February 25, 2023 February 24, 2024.

| ***Signature*** | ***Title*** |
|---|---|
| */s/ SARDAR BIGLARI*<br>***Sardar Biglari*** | *Chairman of the Board and Chief Executive Officer (Principal Executive Officer)* |
| */s/ BRUCE LEWIS*<br>***Bruce Lewis*** | *Controller (Principal Financial and Accounting Officer)* |
| */s/ JOHN G. CARDWELL*<br>***John G. Cardwell*** | *Director* |
| */s/ PHILIP COOLEY*<br>***Philip Cooley*** | *Director - Vice Chairman* |
| */s/ KENNETH R. COOPER*<br>***Kenneth R. Cooper*** | *Director* |
| */s/ RUTH J. PERSON*<br>***Ruth J. Person*** | *Director* |
| */s/ EDMUND B. CAMPBELL, III*<br>***Edmund B. Campbell, III*** | *Director* |



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IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the day and year first above written. BIGLARI HOLDINGS INC., Name: Title: INDEMNITEE Name: [Signature Page to Indemnity Agreement]



*Exhibit 21.01*

**BIGLARI HOLDINGS INC.**

| *Subsidiaries* | *Jurisdiction of Incorporation or Organization* |
|---|---|
| *Abraxas Petroleum Corporation* | *Nevada* |
| *First Guard Insurance Company* | *Arizona* |
| *Maxim Inc.* | *Delaware* |
| *Steak n Shake Inc.* | *Indiana* |
| *Southern Oil Company* | *Delaware* |
| *Southern Pioneer Property and & Casualty Insurance Company* | *Arkansas* |
| *Western Sizzlin Corporation* | *Delaware* |

*Exhibit 31.01*

*CERTIFICATION PURSUANT TO RULE 13a-14(a)/l5d-l4(a) OF THE SECURITIES EXCHANGE ACT OF 1934 AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002*

*I. Sardar Biglari, certify that*

*1. I have reviewed this annual report on form 10-K of Biglari Holdings Inc.;*

*2. Based on my knowledge this report does not contain am any untrue statement of a material fact or omit to stale 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 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 l3a-15(f) 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 registrant's most recent fiscal quarter (the registrant s 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 and I have disclosed, based on our most recent evaluation or of internal control over financial reporting, to the registrant's auditors and the audit committee of 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 25, 2023 February 24, 2024*

*/s/ Sardar Biglari*

*Sardar Biglari*
*Chairman and Chief Executive Officer*

*Exhibit 31.02*

*CERTIFICATION PURSUANT TO RULE 13a-l4(a)/15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002*

*I. Bruce Lewis, certify that*

*1. I have reviewed this annual report on form 10-K of Biglari Holdings 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 lire 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 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 tit in accordance with generally accepted accounting principles;*

*(c) Evaluated the effectiveness of the registrant s 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 registrant's internal control over financial reporting; and*

*5. The registrant's other certifying officer 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 registrant s 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 lo 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 registrant's internal control over financial reporting.*

*Date: February 25, 2023 February 24, 2024*

*/s/ Bruce Lewis*

*Bruce Lewis*
*Controller*

*Exhibit 32.01*

*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 Biglari Holdings Inc (the "Company' "Company") on Form 10-K for the year ended December 31, 2022 December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned certifies, pursuant to 18 U S C Sec 1350. 1350 as adopted pursuant to Sec 906 of the Sarbanes-Oxley Act of 2002, 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.*

*/s/ Sardar Biglari*

*Sardar Biglari*
*Chairman and Chief Executive Officer*

*February 25, 2023 24, 2024*

*/s/ Bruce Lewis*

*Bruce Lewis*
*Controller*
*February 25, 2023 24, 2024*

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*BIGLARI HOLDINGS INC. DODD-FRANK CLAWBACK POLICY Biglari Holdings Inc. (the "Company") has adopted this clawback policy (the "Policy") to provide for the recovery of erroneously awarded Incentive-Based Compensation from Executive Officers. This Policy shall be interpreted to comply with the clawback rules found in 17 C.F.R. §240.10D and Section 303A.14 of the Listed Company Manual of the New York Stock Exchange (the "Exchange"), 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. 17 C.F.R. §240.10D-1(d) defines the terms "Executive Officer," "Financial Reporting Measures," "Incentive-Based Compensation," and "Received." As used herein, these terms shall have the same meaning as in that regulation. 2. Application of the Policy. This Policy shall only apply in the event that the Company is required to prepare an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period. In the event of such an accounting restatement, the Company will recover reasonably promptly the Erroneously Awarded Compensation Received in accordance with this Policy. 3. Recovery Period. The Incentive-Based Compensation subject to clawback is the Incentive- Based Compensation Received by an Executive Officer (1) after beginning service as an Executive Officer and (2) during the three completed fiscal years immediately preceding the date that the Company is required to prepare an accounting restatement as described in section 2, provided that the person served as an Executive Officer at any time during the performance period applicable to the Incentive-Based Compensation in question (whether or not such person is serving as an Executive Officer at the time the Erroneously Awarded Compensation is required to be repaid to the Company). The date that the Company is required to prepare an accounting restatement shall be determined pursuant to 17 C.F.R. §240.10D-1(b)(1)(ii). 4. Erroneously Awarded Compensation. The amount of Incentive-Based Compensation subject to recovery under this Policy with respect to each Executive Officer in connection with an accounting restatement described in Section 2 ("Erroneously Awarded Compensation") is the amount of Incentive-Based Compensation Received that exceeds the amount of Incentive Based-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. 5. Recovery of Erroneously Awarded Compensation. The Company shall recover reasonably promptly any Erroneously Awarded Compensation. The Independent Members of the Board shall determine the amount of Erroneously Awarded Compensation Received by each Executive Officer, shall promptly notify each Executive Officer of such amount and demand repayment of such compensation based on a repayment schedule determined by the Independent Members of the Board in a manner that complies with this "reasonably promptly" requirement. Such determination shall be consistent with any applicable legal guidance, by the Securities and Exchange Commission (the "SEC"), judicial opinion, or otherwise. The determination of "reasonably promptly" may vary from case to case and the Board is authorized to adopt additional rules to further describe what repayment schedules satisfy this requirement.*

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*6. Fraud. In addition to the foregoing, the Company shall also be entitled to recover any Incentive-Based Compensation received by an Executive Officer during the recovery period set forth in section 3 to the extent the Independent Members of the Board determines in its good faith judgment that any Financial Reporting Measures or other operating metrics were achieved in whole or part as a result of fraud or other misconduct on the part of such Executive Officer, or fraud or other misconduct of other employees of the Company of which such Executive Officer had knowledge, whether or not such conduct results in a restatement of Company financial statements. In such circumstances the Erroneously Awarded Compensation shall be the full amount of the Executive Officer's Incentive-Based Compensation received for the relevant period in which the fraud took place. 7. Board Decisions. Decisions of the Independent Members of the Board with respect to this Policy shall be final, conclusive and binding on all Executive Officers subject to this Policy, unless determined to be an abuse of discretion. 8. No Indemnification. Notwithstanding anything to the contrary in any other policy of the Company or any agreement between the Company and an Executive Officer, no Executive Officer shall be indemnified by the Company against the loss of any Erroneously Awarded Compensation or any claims related to the Company's enforcement of its rights under this Policy. 9. Agreement to Policy by Executive Officers. The Company shall take reasonable steps to inform Executive Officers of this Policy and obtain their agreement to this Policy, which steps may constitute the inclusion of this Policy as an attachment to any award that is accepted by the Executive Officer. 10. Other Recovery Rights. Any employment agreement or other arrangement with an Executive Officer shall be deemed to include, as a condition to the grant of any benefit thereunder, an agreement by the Executive Officer to abide by the terms of this Policy. Any right of recovery under this Policy is in addition to, and not in lieu of, any other remedies or rights of recovery that may be available to the Company under applicable law, regulation or rule or pursuant to the terms of any policy of the Company or any provision in any employment agreement, equity award agreement, compensatory plan, agreement or other arrangement. 11. Disclosure. The Company shall file all disclosures with respect to this Policy required by applicable SEC filings and rules. 12. Amendments. This Policy may be amended from time to time in its discretion and shall amend this Policy as it deems necessary. Notwithstanding anything in this Section 11 to the contrary, no amendment or termination of this Policy shall be effective if such amendment or termination would (after taking into account any actions taken by the Company contemporaneously with such amendment or termination) cause the Company to violate any federal securities laws, SEC rule or Exchange rule.*

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*EXHIBIT A BIGLARI HOLDINGS INC. DODD-FRANK CLAWBACK POLICY ACKNOWLEDGMENT FORM By signing below, the undersigned acknowledges and confirms that the undersigned has received and reviewed a copy of the Biglari Holdings Inc. (the "Company") Dodd-Frank Clawback Policy (the "Policy"). By signing this Acknowledgment Form, the undersigned acknowledges and agrees that the undersigned is and will continue to be subject to the Policy and that the Policy will apply both during and after the undersigned's employment with the Company. Further, by signing below, the undersigned agrees to abide by the terms of the Policy, including, without limitation, by returning any Erroneously Awarded Compensation (as defined in the Policy) to the Company to the extent required by, and in a manner consistent with, the Policy. Signature Print Name Date*

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24, 2023 23, 2024

December 31, 2022 December 31, 2023

December 31, 2022 December 31, 2023

4,019.3 1,508.0 22,988.9 276,421.4 168,445.8 3,183.5 1,355.4 16,589.2 112,351.7 72,977.0 487.6 350.1 9,143.4 61,196.6

43,745.6 4,806.1 21,608.1 14,407.4 464.4 0.0 8,116.7 65,233.9 45,213.3 602.1 65.9 2,208.9 33,135.6 21,589.5 4,971.3 1,508.0 40,249.1 402,851.9 257,404.7 4,135.7 1,421.2 23,604.3 167,095.4

108,973.8

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2022. 2023.

$94.14 $78.21 $6.357 $2.637

$94.20 $77.18 $27.99 $10.35 $5.412 $1.439

Abraxas and

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and

A substantial portion of these reserves are for behind-pipe zones, non- producing zones, and undeveloped locations; such reserves are based on estimates of reservoir volumes and recovery efficiencies along with analogy to properties with similar geologic and reservoir characteristics.

C.H. (Scott) Rees III Richard B. Talley, Jr. C.H. (Scott) Rees III, Richard B. Talley, Jr., Chief Chairman Officer

February 24, 2023 February 23, 2024 February 24, 2023 February 23, 2024

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slide7

slide8

slide9

*DISCLAIMER*