

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

FORM 10-Q

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

For the quarterly period ended March 31, 2025

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

(State or other jurisdiction of incorporation)

82-3784946

(I.R.S. Employer Identification No.)

19100 Ridgewood Parkway Suite 1200

San Antonio, Texas

(Address of principal executive offices)

78259

(Zip Code)

(210) 344-3400

Registrant's telephone number, including area code

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

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

| Title of each class | Trading 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 |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (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 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 an “emerging growth company” in Rule 12b-2 of the Exchange Act.

| | | | |
|-------------------------|--------------------------|---------------------------|-------------------------------------|
| Large accelerated filer | <input type="checkbox"/> | Accelerated filer | <input checked="" type="checkbox"/> |
| Non-accelerated filer | <input type="checkbox"/> | Smaller reporting company | <input checked="" type="checkbox"/> |
| | | Emerging growth company | <input type="checkbox"/> |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

Number of shares of common stock outstanding as of May 7, 2025:

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

BIGLARI HOLDINGS INC.
INDEX

Page No.

Part I – Financial Information

| | |
|---|----|
| <u>Item 1. Financial Statements</u> | 1 |
| <u>Consolidated Balance Sheets — March 31, 2025 and December 31, 2024</u> | 1 |
| <u>Consolidated Statements of Earnings — First Quarter 2025 and 2024</u> | 2 |
| <u>Consolidated Statements of Comprehensive Income — First Quarter 2025 and 2024</u> | 3 |
| <u>Consolidated Statements of Changes in Shareholders' Equity — First Quarter 2025 and 2024</u> | 3 |
| <u>Consolidated Statements of Cash Flows — First Quarter 2025 and 2024</u> | 4 |
| <u>Notes to Consolidated Financial Statements</u> | 5 |
| <u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u> | 20 |
| <u>Item 3. Quantitative and Qualitative Disclosures about Market Risk</u> | 30 |
| <u>Item 4. Controls and Procedures</u> | 30 |

Part II – Other Information

| | |
|---|----|
| <u>Item 1. Legal Proceedings</u> | 31 |
| <u>Item 1A. Risk Factors</u> | 31 |
| <u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u> | 31 |
| <u>Item 3. Defaults Upon Senior Securities</u> | 31 |
| <u>Item 4. Mine Safety Disclosures</u> | 31 |
| <u>Item 5. Other Information</u> | 31 |
| <u>Item 6. Exhibits</u> | 31 |
| <u>Signatures</u> | 32 |

PART 1 – FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS
BIGLARI HOLDINGS INC.

CONSOLIDATED BALANCE SHEETS
(dollars in thousands)

| | March 31, 2025 | December 31, 2024 |
|---|-------------------|----------------------|
| | (Unaudited) | |
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 28,664 | \$ 30,709 |
| Investments | 106,667 | 102,975 |
| Receivables | 22,506 | 25,184 |
| Inventories | 4,233 | 4,031 |
| Other current assets | 9,462 | 7,716 |
| Total current assets | 171,532 | 170,615 |
| Property and equipment | 370,394 | 376,155 |
| Operating lease assets | 33,758 | 34,011 |
| Goodwill and other intangible assets | 75,613 | 75,316 |
| Investment partnerships | 169,135 | 201,727 |
| Other assets | 8,628 | 8,309 |
| Total assets | \$ 829,060 | \$ 866,133 |
| Liabilities and shareholders' equity | | |
| Liabilities | | |
| Current liabilities: | | |
| Accounts payable and accrued expenses | \$ 64,085 | \$ 63,381 |
| Loss and loss adjustment expenses | 17,982 | 17,250 |
| Unearned premiums | 18,176 | 17,236 |
| Current portion of lease obligations | 15,071 | 14,449 |
| Line of credit | 35,000 | 35,000 |
| Total current liabilities | 150,314 | 147,316 |
| Lease obligations | 89,361 | 90,739 |
| Line of credit | 13,400 | 10,000 |
| Deferred taxes | 20,276 | 29,393 |
| Asset retirement obligations | 15,368 | 15,218 |
| Other liabilities | 505 | 506 |
| Total liabilities | 289,224 | 293,172 |
| Shareholders' equity | | |
| Common stock | 1,138 | 1,138 |
| Additional paid-in capital | 385,594 | 385,594 |
| Retained earnings | 594,424 | 627,699 |
| Accumulated other comprehensive loss | (2,402) | (2,872) |
| Treasury stock, at cost | (438,918) | (438,598) |
| Biglari Holdings Inc. shareholders' equity | 539,836 | 572,961 |
| Total liabilities and shareholders' equity | \$ 829,060 | \$ 866,133 |

See accompanying Notes to Consolidated Financial Statements.

BIGLARI HOLDINGS INC.

CONSOLIDATED STATEMENTS OF EARNINGS

(dollars in thousands except per share amounts)

| | First Quarter | |
|---|--------------------|------------------|
| | 2025 | 2024 |
| | (Unaudited) | |
| Revenues | | |
| Restaurant operations | \$ 64,349 | \$ 61,996 |
| Insurance premiums and other | 19,349 | 17,733 |
| Oil and gas | 9,930 | 9,510 |
| Licensing and media | 1,407 | 212 |
| Total revenues | 95,035 | 89,451 |
| Costs and expenses | | |
| Restaurant cost of sales | 37,758 | 34,421 |
| Insurance losses and underwriting expenses | 17,052 | 15,063 |
| Oil and gas production costs | 4,046 | 4,499 |
| Licensing and media costs | 1,651 | 503 |
| Selling, general and administrative | 21,367 | 18,275 |
| Gain on sale of oil and gas properties | (9,323) | (481) |
| Impairments | — | 107 |
| Depreciation, depletion, and amortization | 10,257 | 10,053 |
| Interest expense on leases | 1,333 | 1,314 |
| Interest expense on debt | 900 | — |
| Total costs and expenses | 85,041 | 83,754 |
| Other income | | |
| Investment gains (losses) | (1,585) | 1,713 |
| Investment partnership gains (losses) | (49,592) | 21,985 |
| Total other income (expense) | (51,177) | 23,698 |
| Earnings (loss) before income taxes | (41,183) | 29,395 |
| Income tax expense (benefit) | (7,908) | 6,816 |
| Net earnings (loss) | \$ (33,275) | \$ 22,579 |
| Net earnings (loss) per average equivalent Class A share* | \$ (126.40) | \$ 79.56 |

*Net earnings (loss) per average equivalent Class B share outstanding are one-fifth of the average equivalent Class A share or \$(25.28) for the first quarter of 2025 and \$15.91 for the first quarter of 2024.

See accompanying Notes to Consolidated Financial Statements.

BIGLARI HOLDINGS INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(dollars in thousands)

| | First Quarter | |
|--|--------------------|------------------|
| | 2025 | 2024 |
| | (Unaudited) | |
| Net earnings (loss) | \$ (33,275) | \$ 22,579 |
| Foreign currency translation | 470 | (31) |
| Total comprehensive income (loss) | <u>\$ (32,805)</u> | <u>\$ 22,548</u> |

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(dollars in thousands)

(Unaudited)

| | Common Stock | Additional Paid-In Capital | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | Treasury Stock | Total |
|--|-----------------|----------------------------------|----------------------|--|---------------------|-------------------|
| <u>For the first quarter of 2025</u> | | | | | | |
| Balance at December 31, 2024 | \$ 1,138 | \$ 385,594 | \$ 627,699 | \$ (2,872) | \$ (438,598) | \$ 572,961 |
| Net earnings (loss) | | | (33,275) | | | (33,275) |
| Other comprehensive income (loss) | | | | 470 | | 470 |
| Adjustment for holdings in investment partnerships | | | | | (320) | (320) |
| Balance at March 31, 2025 | <u>\$ 1,138</u> | <u>\$ 385,594</u> | <u>\$ 594,424</u> | <u>\$ (2,402)</u> | <u>\$ (438,918)</u> | <u>\$ 539,836</u> |
| <u>For the first quarter of 2024</u> | | | | | | |
| Balance at December 31, 2023 | \$ 1,138 | \$ 385,594 | \$ 631,458 | \$ (2,518) | \$ (416,342) | \$ 599,330 |
| Net earnings | | | 22,579 | | | 22,579 |
| Other comprehensive income (loss) | | | | (31) | | (31) |
| Adjustment for holdings in investment partnerships | | | | | (3,306) | (3,306) |
| Balance at March 31, 2024 | <u>\$ 1,138</u> | <u>\$ 385,594</u> | <u>\$ 654,037</u> | <u>\$ (2,549)</u> | <u>\$ (419,648)</u> | <u>\$ 618,572</u> |

See accompanying Notes to Consolidated Financial Statements.

BIGLARI HOLDINGS INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(dollars in thousands)

| | First Quarter | |
|---|------------------|------------------|
| | 2025 | 2024 |
| | (Unaudited) | |
| Operating activities | | |
| Net earnings (loss) | \$ (33,275) | \$ 22,579 |
| Adjustments to reconcile net earnings (loss) to operating cash flows: | | |
| Depreciation and amortization | 10,257 | 10,053 |
| Provision for deferred income taxes | (9,156) | 3,877 |
| Asset impairments | — | 107 |
| Gains on sale of assets | (9,060) | (1,431) |
| Investment and investment partnerships (gains) losses | 51,177 | (23,698) |
| Distributions from investment partnerships | — | 1,000 |
| Changes in receivables and inventories | 1,606 | (2,249) |
| Changes in accounts payable and accrued expenses | 4,246 | 8,887 |
| Net cash provided by operating activities | 15,795 | 19,125 |
| Investing activities | | |
| Capital expenditures | (7,300) | (4,596) |
| Proceeds from property and equipment disposals | 9,559 | 920 |
| Purchases of interests in limited partnerships | (17,320) | (3,975) |
| Purchases of investments | (18,444) | (20,856) |
| Sales of investments and redemptions of fixed maturity securities | 13,611 | 17,265 |
| Net cash used in investing activities | (19,894) | (11,242) |
| Financing activities | | |
| Payments on line of credit | (9,600) | — |
| Proceeds from line of credit | 13,000 | — |
| Principal payments on direct financing lease obligations | (1,398) | (1,403) |
| Net cash provided by (used in) financing activities | 2,002 | (1,403) |
| Effects of foreign currency exchange rate changes | 40 | (10) |
| Increase (decrease) in cash, cash equivalents and restricted cash | (2,057) | 6,470 |
| Cash, cash equivalents and restricted cash at beginning of year | 31,432 | 29,654 |
| Cash, cash equivalents and restricted cash at end of first quarter | \$ 29,375 | \$ 36,124 |

| | First Quarter | |
|---|------------------|------------------|
| | 2025 | 2024 |
| | (Unaudited) | |
| Cash and cash equivalents | \$ 28,664 | \$ 34,536 |
| Restricted cash in other long-term assets | 711 | 1,588 |
| Cash, cash equivalents and restricted cash at end of first quarter | \$ 29,375 | \$ 36,124 |

See accompanying Notes to Consolidated Financial Statements.

BIGLARI HOLDINGS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2025

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

Note 1. Summary of Significant Accounting Policies

Description of Business

The accompanying unaudited consolidated financial statements of Biglari Holdings Inc. have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) applicable to interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by GAAP for complete financial statements. In our opinion, all adjustments considered necessary to present fairly the results of the interim periods have been included and consist only of normal recurring adjustments. The results for the interim periods shown are not necessarily indicative of results for the year. The financial statements contained herein should be read in conjunction with the consolidated financial statements and notes thereto included in our annual report on Form 10-K for the year ended December 31, 2024.

Biglari Holdings Inc. is a holding company owning subsidiaries engaged in a number of diverse business activities, including property and casualty insurance and reinsurance, 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 March 31, 2025, Mr. Biglari beneficially owns shares of the Company that represent approximately 74.3% 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, Biglari Reinsurance Ltd., Southern Oil Company, and Abraxas Petroleum Corporation. Intercompany accounts and transactions have been eliminated in consolidation.

Note 2. 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 Lion Fund, L.P., and The Lion Fund II, L.P. (collectively, 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 following table presents shares authorized, issued, and outstanding on March 31, 2025 and December 31, 2024.

| | March 31, 2025 | | December 31, 2024 | |
|-------------------------------------|----------------|------------|-------------------|------------|
| | Class A | Class B | Class A | Class B |
| Common stock authorized | 500,000 | 10,000,000 | 500,000 | 10,000,000 |
| Common stock issued and outstanding | 206,864 | 2,068,640 | 206,864 | 2,068,640 |

Note 2. Earnings Per Share (continued)

The Company has applied the “two-class method” of computing earnings per share as prescribed in Accounting Standards Codification (“ASC”) 260, “*Earnings Per Share*”. (Class B shares are economically equivalent to one-fifth of a Class A 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 weighted-average equivalent Class A common stock for earnings per share.

| | March 31, 2025 | March 31, 2024 |
|---|-------------------|-------------------|
| Equivalent Class A common stock outstanding | 620,592 | 620,592 |
| Proportional ownership of Company stock held by investment partnerships | 357,335 | 336,804 |
| Equivalent Class A common stock for earnings per share | <u>263,257</u> | <u>283,788</u> |

Note 3. Investments

We classify investments in fixed maturity securities at the acquisition date as available-for-sale. Realized gains and losses on disposals of investments are determined on a specific identification basis. 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.

Investment losses for the first quarter of 2025 were \$1,585 and investment gains for the first quarter of 2024 were \$1,713.

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. Biglari Capital Corp. is solely owned by Mr. Biglari. Under the terms of their partnership agreements, each contribution made by the Company to the investment partnerships is subject to a rolling five-year lock-up period. The lock-up period can be waived by the general partner in its sole discretion.

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, 2024 | \$ 656,266 | \$ 454,539 | \$ 201,727 |
| Investment partnership gains (losses) | (115,439) | (65,847) | (49,592) |
| Contributions (net of distributions) | 17,320 | | 17,320 |
| Changes in proportionate share of Company stock held | | 320 | (320) |
| Partnership interest at March 31, 2025 | <u>\$ 558,147</u> | <u>\$ 389,012</u> | <u>\$ 169,135</u> |

Note 4. Investment Partnerships *(continued)*

| | Fair Value | Company Common Stock | Carrying Value |
|--|-------------------|-------------------------|-------------------|
| Partnership interest at December 31, 2023 | \$ 472,772 | \$ 273,669 | \$ 199,103 |
| Investment partnership gains (losses) | 69,162 | 47,177 | 21,985 |
| Contributions (net of distributions) | 2,975 | | 2,975 |
| Changes in proportionate share of Company stock held | | 3,306 | (3,306) |
| Partnership interest at March 31, 2024 | <u>\$ 544,909</u> | <u>\$ 324,152</u> | <u>\$ 220,757</u> |

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

| | March 31, 2025 | December 31, 2024 |
|---|-------------------|----------------------|
| Carrying value of investment partnerships | \$ 169,135 | \$ 201,727 |
| Deferred tax liability related to investment partnerships | (9,564) | (17,255) |
| Carrying value of investment partnerships net of deferred taxes | <u>\$ 159,571</u> | <u>\$ 184,472</u> |

We expect that a majority of the \$9,564 and \$17,255 deferred tax liabilities enumerated above will not become due until the dissolution of the investment partnerships.

The Company's proportionate share of Company stock held by investment partnerships at cost was \$438,918 and \$438,598 as of March 31, 2025, and December 31, 2024, 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.

| | First Quarter | |
|---|--------------------|------------------|
| | 2025 | 2024 |
| Gains (losses) from investment partnerships | \$ (49,592) | \$ 21,985 |
| Tax expense (benefit) | (10,166) | 4,837 |
| Contribution to net earnings | <u>\$ (39,426)</u> | <u>\$ 17,148</u> |

On December 31 of each year, the general partner of the investment partnerships, Biglari Capital Corp., 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 incentive reallocation from Biglari Holdings to Biglari Capital Corp. includes 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 accrued during the first quarters of 2025 and 2024.

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 | |
|---|-----------------------------------|--------------|
| | Lion Fund | Lion Fund II |
| Total assets as of March 31, 2025 | \$ 481,961 | \$ 326,220 |
| Total liabilities as of March 31, 2025 | \$ 18,613 | \$ 182,666 |
| Revenue for the first quarter of 2025 | \$ (84,132) | \$ (40,875) |
| Earnings for the first quarter of 2025 | \$ (84,439) | \$ (43,373) |
| Biglari Holdings' ownership interest as of March 31, 2025 | 91.1 % | 89.5 % |
| Total assets as of December 31, 2024 | \$ 567,387 | \$ 367,630 |
| Total liabilities as of December 31, 2024 | \$ 20,609 | \$ 188,202 |
| Revenue for the first quarter of 2024 | \$ 50,262 | \$ 31,118 |
| Earnings for the first quarter of 2024 | \$ 49,820 | \$ 28,237 |
| Biglari Holdings' ownership interest as of March 31, 2024 | 89.9 % | 86.3 % |

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

Note 5. Property and Equipment

Property and equipment is composed of the following.

| | March 31, 2025 | December 31, 2024 |
|--|-------------------|----------------------|
| Land | \$ 133,119 | \$ 134,738 |
| Buildings | 161,799 | 160,282 |
| Land and leasehold improvements | 152,269 | 152,091 |
| Equipment | 212,327 | 213,800 |
| Oil and gas properties | 156,961 | 156,849 |
| Construction in progress | 940 | 672 |
| | 817,415 | 818,432 |
| Less accumulated depreciation, depletion, and amortization | (447,021) | (442,277) |
| Property and equipment, net | <u>\$ 370,394</u> | <u>\$ 376,155</u> |

Depletion expense related to oil and gas properties was \$3,058 and \$2,568 during the first quarter of 2025 and 2024, respectively.

The Company recorded no impairment to restaurant long-lived assets in the first quarter of 2025 and \$107 in the first quarter of 2024 related to underperforming stores.

We did not record any impairments to our oil and gas assets during the first quarter of 2025 and 2024. However, if commodity prices fall below current levels, we may be required to record impairments in future periods and such impairments could be material. Further, if commodity prices decrease, our production, proved reserves, and cash flows will be adversely impacted.

Abraxas Petroleum recorded gains of \$9,323 and \$481 during the first quarter of 2025 and 2024, respectively, as result of selling undeveloped reserves. Abraxas may receive future royalties for each of these transactions as the reserves are developed by the respective unaffiliated parties.

Note 5. Property and Equipment (continued)

Property and equipment held for sale of \$2,428 and \$1,081 are recorded in other current assets as of March 31, 2025 and December 31, 2024, respectively. The assets classified as held for sale include properties which were previously company-operated restaurants.

During the first quarter of 2025 and 2024, the Company recognized net gains of \$262 and \$767, respectively, in connection with property sales, lease terminations, and asset disposals which are included in selling, general and administrative expenses in the consolidated statements of earnings.

Note 6. 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.

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

| | Goodwill |
|---|------------------|
| Goodwill at December 31, 2024 | |
| Goodwill | \$ 53,796 |
| Accumulated impairment losses | (1,300) |
| | \$ 52,496 |
| Change in foreign exchange rates during the first quarter of 2025 | 23 |
| Goodwill at March 31, 2025 | <u>\$ 52,519</u> |

Goodwill and indefinite-lived intangible asset impairment reviews 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 revenues 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, will be charged to earnings as an impairment loss. There was no impairment recorded for goodwill during the first quarters of 2025 or 2024.

Other Intangible Assets

Intangible assets with indefinite lives are composed of the following.

| | Trade Names | Lease Rights | Total |
|---|------------------|-----------------|------------------|
| Balance at December 31, 2024 | | | |
| Intangibles | \$ 15,876 | \$ 10,692 | \$ 26,568 |
| Accumulated impairment losses | — | (3,748) | (3,748) |
| | \$ 15,876 | \$ 6,944 | \$ 22,820 |
| Change in foreign exchange rates during the first quarter of 2025 | — | 274 | 274 |
| Balance at March 31, 2025 | <u>\$ 15,876</u> | <u>\$ 7,218</u> | <u>\$ 23,094</u> |

Note 7. Restaurant Operations Revenues

Restaurant operations revenues were as follows.

| | First Quarter | |
|------------------------------|------------------|------------------|
| | 2025 | 2024 |
| Net sales | \$ 41,615 | \$ 38,735 |
| Franchise partner fees | 17,139 | 17,758 |
| Franchise royalties and fees | 3,489 | 3,477 |
| Other | 2,106 | 2,026 |
| | <u>\$ 64,349</u> | <u>\$ 61,996</u> |

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 most 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 franchise partners under lease arrangements. Both real estate and equipment rental payments are charged to franchise partners and are recognized in accordance with ASC 842, "Leases". During the first quarter of 2025 and 2024, restaurant operations recognized \$5,553 and \$5,705, 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.

Other Revenue

Restaurant operations sell 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 estimate 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.

Note 8. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses include the following.

| | March 31, 2025 | December 31, 2024 |
|---------------------------------------|-------------------|----------------------|
| Accounts payable | \$ 27,846 | \$ 28,542 |
| Gift cards and other marketing | 4,927 | 6,655 |
| Insurance accruals | 1,754 | 1,746 |
| Compensation | 6,720 | 4,911 |
| Deferred revenue | 3,396 | 3,723 |
| Taxes payable | 10,957 | 8,134 |
| Oil and gas payable | 1,996 | 1,912 |
| Professional fees | 2,155 | 3,052 |
| Due to broker | 3,669 | 3,517 |
| Other | 665 | 1,189 |
| Accounts payable and accrued expenses | <u>\$ 64,085</u> | <u>\$ 63,381</u> |

Note 9. Lines of Credit

Biglari Holdings Lines of Credit

Biglari Holdings' line of credit dated September 13, 2022 was amended on September 13, 2024 and the available line of credit is \$35,000. The line of credit matures on September 13, 2026. The line of credit includes customary covenants, as well as financial maintenance covenants. There was a \$35,000 balance on the line of credit on March 31, 2025 and December 31, 2024. Our interest rate was 7.1% on March 31, 2025 and December 31, 2024.

On November 8, 2024, Biglari Holdings entered into a line of credit in an aggregate principal amount of up to \$75,000. The line of credit will be available on a revolving basis until November 7, 2027. The line of credit includes customary covenants as well as financial maintenance covenants. There was a \$13,400 and \$10,000 balance on the line of credit on March 31, 2025 and December 31, 2024, respectively. Our interest rate was 7.5% and 7.8% on March 31, 2025 and December 31, 2024, respectively.

Western Sizzlin Revolver

Western Sizzlin's available line of credit is \$500. As of March 31, 2025 and December 31, 2024, Western Sizzlin had no debt outstanding under its revolver.

Note 10. Unpaid Loss and Loss Adjustment Expenses

Our 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, for each of the three-month periods ended March 31, 2025 and 2024 follows.

| | March 31, 2025 | March 31, 2024 |
|--|-------------------|-------------------|
| Balances at beginning of year: | | |
| Gross liabilities | \$ 18,028 | \$ 16,105 |
| Reinsurance recoverable on unpaid losses | (778) | (937) |
| Net liabilities | 17,250 | 15,168 |
| Incurred losses and loss adjustment expenses: | | |
| Current accident year | 11,816 | 14,197 |
| Prior accident years | 189 | (3,319) |
| Total | 12,005 | 10,878 |
| Paid losses and loss adjustment expenses: | | |
| Current accident year | 7,559 | 7,031 |
| Prior accident years | 3,714 | 3,002 |
| Total | 11,273 | 10,033 |
| Balances at March 31: | | |
| Net liabilities | 17,982 | 16,013 |
| Reinsurance recoverable on unpaid losses | 673 | 687 |
| Gross liabilities | <u>\$ 18,655</u> | <u>\$ 16,700</u> |

We recorded net increases of estimated ultimate liabilities for prior accident years of \$189 in the first quarter of 2025 and net reductions of estimated ultimate liabilities for prior accident years of \$3,319 in the first quarter of 2024, which produced corresponding changes in incurred losses and loss adjustment expenses in those periods. These changes, as a percentage of the net liabilities at the beginning of each year, were 1.1% in 2025 and 21.9% in 2024.

Note 11. Lease Assets and Obligations

Lease obligations include the following.

| | March 31, 2025 | December 31, 2024 |
|---|-------------------|----------------------|
| Current portion of lease obligations | | |
| Finance lease liabilities | \$ 1,351 | \$ 1,250 |
| Finance obligations | 4,709 | 4,664 |
| Operating lease liabilities | 9,011 | 8,535 |
| Total current portion of lease obligations | <u>\$ 15,071</u> | <u>\$ 14,449</u> |
| Long-term lease obligations | | |
| Finance lease liabilities | \$ 2,908 | \$ 2,747 |
| Finance obligations | 59,782 | 60,386 |
| Operating lease liabilities | 26,671 | 27,606 |
| Total long-term lease obligations | <u>\$ 89,361</u> | <u>\$ 90,739</u> |

Note 11. Lease Assets and Obligations (continued)**Nature of Leases**

Steak n Shake and Western Sizzlin operate restaurants that are located on sites owned by us or 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 cost consists of the following.

| | First Quarter | |
|-------------------------------------|---------------|---------------|
| | 2025 | 2024 |
| Finance lease costs: | | |
| Amortization of right-of-use assets | \$ 213 | \$ 226 |
| Interest on lease liabilities | 74 | 84 |
| Operating and variable lease costs | 2,935 | 2,829 |
| Sublease income | (2,608) | (2,989) |
| Total lease costs | <u>\$ 614</u> | <u>\$ 150</u> |

Supplemental cash flow information related to leases is as follows.

| | First Quarter | |
|---|---------------|----------|
| | 2025 | 2024 |
| Cash paid for amounts included in the measurement of lease liabilities: | | |
| Financing cash flows from finance leases | \$ 335 | \$ 326 |
| Operating cash flows from finance leases | \$ 74 | \$ 84 |
| Operating cash flows from operating leases | \$ 2,728 | \$ 2,666 |

Supplemental balance sheet information related to leases is as follows.

| | March 31, 2025 | December 31, 2024 |
|-----------------------------|-------------------|----------------------|
| Finance leases: | | |
| Property and equipment, net | <u>\$ 3,346</u> | <u>\$ 2,980</u> |

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

| | March 31, 2025 |
|---|-------------------|
| Weighted-average remaining lease terms: | |
| Finance leases | 4.49 years |
| Operating leases | 6.34 years |
| Weighted-average discount rates: | |
| Finance leases | 7.0 % |
| Operating leases | 7.0 % |

Note 11. Lease Assets and Obligations (continued)

Maturities of lease liabilities as of March 31, 2025 are as follows.

| Year | Operating Leases | Finance Leases |
|-------------------------|------------------|-----------------|
| Remainder of 2025 | \$ 8,068 | \$ 1,120 |
| 2026 | 8,555 | 1,313 |
| 2027 | 6,280 | 978 |
| 2028 | 5,385 | 587 |
| 2029 | 4,318 | 355 |
| After 2029 | 11,189 | 622 |
| Total lease payments | 43,795 | 4,975 |
| Less interest | 8,113 | 716 |
| Total lease liabilities | <u>\$ 35,682</u> | <u>\$ 4,259</u> |

Lease Income

The components of lease income are as follows.

| | First Quarter | |
|------------------------|-----------------|-----------------|
| | 2025 | 2024 |
| Operating lease income | \$ 3,932 | \$ 4,181 |
| Variable lease income | 1,900 | 1,799 |
| Total lease income | <u>\$ 5,832</u> | <u>\$ 5,980</u> |

The following table displays the Company's future minimum rental receipts for non-cancelable leases and subleases as of March 31, 2025. Franchise partner leases and subleases are short-term leases and have been excluded from the table.

| Year | Operating Leases | |
|-------------------------------|------------------|------------------|
| | Subleases | Owned Properties |
| Remainder of 2025 | \$ 457 | \$ 442 |
| 2026 | 225 | 639 |
| 2027 | 206 | 651 |
| 2028 | 85 | 662 |
| 2029 | — | 678 |
| After 2029 | — | 3,413 |
| Total future minimum receipts | <u>\$ 973</u> | <u>\$ 6,485</u> |

Note 12. Income Taxes

In determining the quarterly provision for income taxes, the Company used an estimated annual effective tax rate for the first quarter of 2025 and 2024. Our periodic effective income tax rate is affected by the relative mix of pre-tax earnings or losses and underlying income tax rates applicable to the various taxing jurisdictions.

Income tax benefit for the first quarter of 2025 was \$7,908 compared to income tax expense of \$6,816 for the first quarter of 2024. The variance in income taxes between 2025 and 2024 is primarily attributable to taxes on income generated by the investment partnerships. Investment partnership pre-tax losses were \$49,592 during the first quarter of 2025 compared to pre-tax gains of \$21,985 during the first quarter of 2024.

Note 13. 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 14. 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 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 as Level 1 of the fair value hierarchy.

Equity securities: The Company's investments in equity securities are classified as Level 1 of the fair value hierarchy.

Bonds: The Company's investments in bonds consist of both corporate and government debt. Bonds may be classified as Level 1 or Level 2 of the fair value hierarchy.

Note 14. Fair Value of Financial Assets (continued)

As of March 31, 2025, and December 31, 2024, the fair values of financial assets were as follows.

| | March 31, 2025 | | | | December 31, 2024 | | | |
|-----------------------------------|-------------------|-----------------|-------------|-------------------|-------------------|-----------------|-------------|-------------------|
| | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| Assets | | | | | | | | |
| Cash equivalents | \$ 9,555 | \$ — | \$ — | \$ 9,555 | \$ 11,684 | \$ — | \$ — | \$ 11,684 |
| Equity securities | | | | | | | | |
| Consumer goods | 41,063 | — | — | 41,063 | 39,706 | — | — | 39,706 |
| Other | 4,757 | — | — | 4,757 | 5,569 | — | — | 5,569 |
| Bonds | | | | | | | | |
| Government | 56,107 | 4,763 | — | 60,870 | 52,328 | 5,245 | — | 57,573 |
| Corporate | — | 756 | — | 756 | — | 750 | — | 750 |
| Total assets at fair value | \$ 111,482 | \$ 5,519 | \$ — | \$ 117,001 | \$ 109,287 | \$ 5,995 | \$ — | \$ 115,282 |

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

Note 15. Related Party Transactions**Service Agreement**

The Company is party to a service agreement with Biglari Enterprises LLC (“Biglari Enterprises”), under which Biglari Enterprises provides business and administrative related services to the Company. Biglari Enterprises is owned by Mr. Biglari.

The Company paid Biglari Enterprises \$2,850 and \$2,400 in service fees during the first quarter of 2025 and 2024, respectively. The service agreement does not alter the hurdle rate connected with the incentive reallocation paid to Biglari Capital Corp.

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.

Note 16. Business Segment Reporting

Our reportable business segments are organized in a manner that reflects how management views those business activities. Biglari Holdings’ diverse businesses are managed on an unusually decentralized basis. Our restaurant operations include Steak n Shake and Western Sizzlin. Our insurance operations include First Guard, Southern Pioneer, and Biglari Reinsurance. 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 under corporate and other. We report our earnings from investment partnerships separately. The Company’s chief operating decision maker is the Chief Executive Officer who is ultimately responsible for significant capital allocation decisions, evaluating operating performance and selecting the chief executive to head each of the operating segments. The cost and expense information provided is based on the information regularly provided to the chief operating decision maker. Given the varied operating segments and differences in revenue streams and cost structures, there are wide variances in the form, content, and levels of such expense information significant to the business. With respect to insurance underwriting, the chief operating decision maker considers pre-tax underwriting earnings. Typically, there are no budgeted or forecasted premiums. For most non-insurance businesses, pre-tax earnings are considered in allocating resources and capital.

A disaggregation of our consolidated data for the first quarters of 2025 and 2024 is presented in the tables which follow.

Note 16. Business Segment Reporting *(continued)*

Restaurant

| | First Quarter | | |
|---|---------------|-----------------|-------------------|
| | 2025 | | |
| | Steak n Shake | Western Sizzlin | Total Restaurants |
| Revenue | \$ 61,916 | \$ 2,433 | \$ 64,349 |
| Cost and expenses: | | | |
| Cost of food | 11,612 | 852 | 12,464 |
| Labor costs | 12,848 | 591 | 13,439 |
| Occupancy and other | 12,482 | 706 | 13,188 |
| Selling, general and administrative | 15,415 | 39 | 15,454 |
| Depreciation, amortization and impairment | 6,471 | 19 | 6,490 |
| Total costs and expenses | 58,828 | 2,207 | 61,035 |
| Earnings before income taxes | \$ 3,088 | \$ 226 | \$ 3,314 |

| | First Quarter | | |
|---|---------------|-----------------|-------------------|
| | 2024 | | |
| | Steak n Shake | Western Sizzlin | Total Restaurants |
| Revenue | \$ 59,354 | \$ 2,642 | \$ 61,996 |
| Cost and expenses: | | | |
| Cost of food | 10,113 | 861 | 10,974 |
| Labor costs | 11,697 | 732 | 12,429 |
| Occupancy and other | 11,695 | 637 | 12,332 |
| Selling, general and administrative | 14,687 | (246) | 14,441 |
| Depreciation, amortization and impairment | 6,925 | 17 | 6,942 |
| Total costs and expenses | 55,117 | 2,001 | 57,118 |
| Earnings before income taxes | \$ 4,237 | \$ 641 | \$ 4,878 |

Insurance

| | First Quarter | | | | | |
|------------------------------|---------------|------------------|--------------------|-------------------|---------|-----------------|
| | 2025 | | | | | |
| | First Guard | Southern Pioneer | Total Underwriting | Investment Income | Other | Total Insurance |
| Revenue | \$ 9,209 | \$ 8,556 | \$ 17,765 | \$ 837 | \$ 747 | \$ 19,349 |
| Cost and expenses: | | | | | | |
| Insurance losses | 6,282 | 5,723 | 12,005 | — | — | 12,005 |
| Underwriting expenses | 1,712 | 3,335 | 5,047 | — | — | 5,047 |
| Other segment items | — | — | — | — | 760 | 760 |
| Total costs and expenses | 7,994 | 9,058 | 17,052 | — | 760 | 17,812 |
| Earnings before income taxes | \$ 1,215 | \$ (502) | \$ 713 | \$ 837 | \$ (13) | \$ 1,537 |

Note 16. Business Segment Reporting *(continued)*

| | First Quarter | | | | | |
|------------------------------|---------------|------------------|--------------------|-------------------|--------|-----------------|
| | 2024 | | | | | |
| | First Guard | Southern Pioneer | Total Underwriting | Investment Income | Other | Total Insurance |
| Revenue | \$ 9,310 | \$ 6,612 | \$ 15,922 | \$ 915 | \$ 896 | \$ 17,733 |
| Cost and expenses: | | | | | | |
| Insurance losses | 6,775 | 4,103 | 10,878 | — | — | 10,878 |
| Underwriting expenses | 1,735 | 2,450 | 4,185 | — | — | 4,185 |
| Other segment items | — | — | — | — | 424 | 424 |
| Total costs and expenses | 8,510 | 6,553 | 15,063 | — | 424 | 15,487 |
| Earnings before income taxes | \$ 800 | \$ 59 | \$ 859 | \$ 915 | \$ 472 | \$ 2,246 |

Other segment items include general and administrative costs, depreciation, and other income.

Oil and Gas

| | First Quarter | | |
|---------------------------------------|-------------------|--------------|-------------------|
| | 2025 | | |
| | Abraxas Petroleum | Southern Oil | Total Oil and Gas |
| Revenue | \$ 5,890 | \$ 4,040 | \$ 9,930 |
| Cost and expenses: | | | |
| Production costs | 2,446 | 1,600 | 4,046 |
| Depreciation, depletion and accretion | 1,933 | 1,323 | 3,256 |
| General and administrative | 649 | 654 | 1,303 |
| Total costs and expenses | 5,028 | 3,577 | 8,605 |
| Gains on sales of properties | 9,323 | — | 9,323 |
| Earnings before income taxes | \$ 10,185 | \$ 463 | \$ 10,648 |

| | First Quarter | | |
|---------------------------------------|-------------------|--------------|-------------------|
| | 2024 | | |
| | Abraxas Petroleum | Southern Oil | Total Oil and Gas |
| Revenue | \$ 5,868 | \$ 3,642 | \$ 9,510 |
| Cost and expenses: | | | |
| Production costs | 2,819 | 1,680 | 4,499 |
| Depreciation, depletion and accretion | 1,547 | 1,245 | 2,792 |
| General and administrative | 596 | 638 | 1,234 |
| Total costs and expenses | 4,962 | 3,563 | 8,525 |
| Gains on sales of properties | 481 | — | 481 |
| Earnings before income taxes | \$ 1,387 | \$ 79 | \$ 1,466 |

Note 16. Business Segment Reporting *(continued)*

| | Maxim | |
|-------------------------------|---------------|----------|
| | First Quarter | |
| | 2025 | 2024 |
| Revenue | \$ 1,407 | \$ 212 |
| Cost and expenses: | | |
| Licensing and media cost | 1,651 | 503 |
| General and administrative | 43 | 63 |
| Depreciation and amortization | 70 | — |
| Total costs and expenses | 1,764 | 566 |
| Earnings before income taxes | \$ (357) | \$ (354) |

Reconciliation of revenues and earnings (loss) before income taxes of our business segments to the consolidated amounts for each of the three months ended March 31 follows.

| | Revenues | | Earnings (losses) before income taxes | |
|---|----------------------------|-----------|--|-----------|
| | 2025 | 2024 | 2025 | 2024 |
| | Total operating businesses | \$ 95,035 | \$ 89,451 | \$ 15,142 |
| Investment partnership gains (losses) | — | — | (49,592) | 21,985 |
| Investment gains (losses) | — | — | (1,585) | 1,713 |
| Interest expenses not allocated to segments | — | — | (900) | — |
| Corporate and other | — | — | (4,248) | (2,539) |
| | \$ 95,035 | \$ 89,451 | \$ (41,183) | \$ 29,395 |

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

(dollars in thousands)

Overview

Biglari Holdings Inc. is a holding company owning subsidiaries engaged in a number of diverse business activities, including property and casualty insurance and reinsurance, licensing and media, restaurants, and oil and gas. 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 March 31, 2025, Mr. Biglari beneficially owns shares of the Company that represent approximately 74.3% of the voting interest.

Net earnings (loss) are disaggregated in the table that follows. Amounts are recorded after deducting income taxes.

| | First Quarter | |
|---------------------------------------|---------------|-----------|
| | 2025 | 2024 |
| Operating businesses: | | |
| Restaurant | \$ 2,189 | \$ 3,473 |
| Insurance | 1,201 | 1,738 |
| Oil and gas | 8,298 | 1,149 |
| Brand licensing | (267) | (265) |
| Interest expense | (693) | — |
| Corporate and other | (3,289) | (1,996) |
| Total operating businesses | 7,439 | 4,099 |
| Investment partnership gains (losses) | (39,426) | 17,148 |
| Investment gains (losses) | (1,288) | 1,332 |
| Net earnings (loss) | \$ (33,275) | \$ 22,579 |

Restaurants

Our restaurant businesses, which include Steak n Shake and Western Sizzlin, comprise 454 company-operated and franchise restaurants as of March 31, 2025.

| | Steak n Shake | | | Western Sizzlin | | |
|--------------------------------------|------------------|-------------------|-----------------------|------------------|-----------|-------|
| | Company-operated | Franchise Partner | Traditional Franchise | Company-operated | Franchise | Total |
| Total stores as of December 31, 2024 | 146 | 173 | 107 | 3 | 29 | 458 |
| Corporate stores transitioned | — | — | — | — | — | — |
| Net restaurants opened (closed) | — | (1) | (3) | — | — | (4) |
| Total stores as of March 31, 2025 | 146 | 172 | 104 | 3 | 29 | 454 |
| Total stores as of December 31, 2023 | 148 | 181 | 128 | 3 | 32 | 492 |
| Corporate stores transitioned | 3 | (3) | — | — | — | — |
| Net restaurants opened (closed) | (3) | — | (3) | — | (1) | (7) |
| Total stores as of March 31, 2024 | 148 | 178 | 125 | 3 | 31 | 485 |

As of March 31, 2025, nine of the 146 company-operated Steak n Shake stores were closed. Steak n Shake plans to sell or lease six of the nine locations and rebrand the balance.

Management's Discussion and Analysis of Financial Condition and Results of Operations *(continued)*

Restaurant operations are summarized below.

| | First Quarter | | | |
|--|-----------------|--------|-----------------|--------|
| | 2025 | | 2024 | |
| Revenue | | | | |
| Net sales | \$ 41,615 | | \$ 38,735 | |
| Franchise partner fees | 17,139 | | 17,758 | |
| Franchise royalties and fees | 3,489 | | 3,477 | |
| Other revenue | 2,106 | | 2,026 | |
| Total revenue | <u>64,349</u> | | <u>61,996</u> | |
| Restaurant cost of sales | | | | |
| Cost of food | 12,464 | 30.0 % | 10,974 | 28.3 % |
| Labor costs | 13,439 | 32.3 % | 12,429 | 32.1 % |
| Occupancy and other | 11,855 | 28.5 % | 11,018 | 28.4 % |
| Total cost of sales | <u>37,758</u> | | <u>34,421</u> | |
| Selling, general and administrative | | | | |
| General and administrative | 11,928 | 18.5 % | 11,730 | 18.9 % |
| Marketing | 3,232 | 5.0 % | 2,945 | 4.8 % |
| Other expenses (income) | 294 | 0.5 % | (234) | (0.4)% |
| Total selling, general and administrative | <u>15,454</u> | 24.0 % | <u>14,441</u> | 23.3 % |
| Impairments | | | | |
| Impairments | — | — % | 107 | 0.2 % |
| Depreciation and amortization | 6,490 | 10.1 % | 6,835 | 11.0 % |
| Interest on finance leases and obligations | 1,333 | | 1,314 | |
| Earnings before income taxes | | | | |
| Earnings before income taxes | 3,314 | | 4,878 | |
| Income tax expense | | | | |
| Income tax expense | <u>1,125</u> | | <u>1,405</u> | |
| Contribution to net earnings | | | | |
| Contribution to net earnings | <u>\$ 2,189</u> | | <u>\$ 3,473</u> | |

Cost of food, labor costs, and occupancy and other costs are expressed as a percentage of net sales.

General and administrative, marketing, other expenses, impairments, and depreciation are expressed as a percentage of total revenue.

Net sales for the first quarter of 2025 were \$41,615 as compared to \$38,735 during the first quarter of 2024. Steak n Shake's same-store sales increased 3.9% but customer traffic declined at its company-operated units during the first quarter of 2025.

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 profits, along with certain fees, are recorded as revenue. Because we derive most of our revenue from our share of the profits, revenue will decline as we transition from company-operated units to franchise partner units.

Management's Discussion and Analysis of Financial Condition and Results of Operations *(continued)*

Fees generated by our franchise partners were \$17,139 during the first quarter of 2025, as compared to \$17,758 during the first quarter of 2024. Our share of franchise partner fees was \$619 lower primarily due to fewer open units in 2025 compared to 2024. As of March 31, 2025, there were 172 franchise partner units as compared to 178 franchise partner units as of March 31, 2024.

Included in franchise partner fees were \$5,553 and \$5,705 of rental income during the first quarter of 2025 and 2024, respectively. Franchise partners rent buildings and equipment from Steak n Shake.

The franchise royalties and fees generated by the traditional franchising business were \$3,489 during the first quarter of 2025, as compared to \$3,477 during the first quarter of 2024. There were 104 Steak n Shake traditional units open on March 31, 2025, as compared to 125 units open on March 31, 2024.

The cost of food at company-operated units during the first quarter of 2025 was \$12,464 or 30.0% of net sales, as compared to \$10,974 or 28.3% of net sales during the first quarter of 2024. The increase was primarily due to Steak n Shake changing its frying oil to 100% beef tallow.

The labor costs at company-operated restaurants during the first quarter of 2025 were \$13,439 or 32.3% of net sales, as compared to \$12,429 or 32.1% of net sales during the first quarter of 2024. Labor costs expressed as a percentage of net sales increased during 2025 as compared to 2024 primarily due to increased staffing in the restaurants.

General and administrative expenses during the first quarter of 2025 were \$11,928 or 18.5% of total revenue, as compared to \$11,730 or 18.9% of total revenue during the first quarter of 2024. General and administrative expenses in 2025 remained consistent with 2024.

Interest on obligations under leases was \$1,333 during the first quarter of 2025 versus \$1,314 during the first quarter of 2024.

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.

| | First Quarter | | | |
|--------------------------|---------------|--------|--------|------------------|
| | 2025 | | 2024 | |
| Revenue | | | | |
| Net sales and other | \$ | 80,317 | \$ | 80,788 |
| Restaurant cost of sales | | | | |
| Cost of food | \$ | 23,419 | 29.2 % | \$ 23,170 28.7 % |
| Labor costs | | 21,490 | 26.8 % | 21,765 26.9 % |
| Occupancy and other | | 16,665 | 20.7 % | 16,778 20.8 % |
| Total cost of sales | \$ | 61,574 | | \$ 61,713 |

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 of Financial Condition and Results of Operations *(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, Southern Pioneer, and Biglari Reinsurance.

Underwriting results of our insurance operations are summarized below.

| | First Quarter | |
|------------------------------------|---------------|---------------|
| | 2025 | 2024 |
| Underwriting gain attributable to: | | |
| First Guard | \$ 1,215 | \$ 800 |
| Southern Pioneer | (502) | 59 |
| Pre-tax underwriting gain | 713 | 859 |
| Income tax expense | 150 | 180 |
| Net underwriting gain | <u>\$ 563</u> | <u>\$ 679</u> |

Earnings of our insurance operations are summarized below.

| | First Quarter | |
|------------------------------|------------------|------------------|
| | 2025 | 2024 |
| Premiums written | <u>\$ 19,022</u> | <u>\$ 16,527</u> |
| Premiums earned | <u>\$ 17,765</u> | <u>\$ 15,922</u> |
| Insurance losses | 12,005 | 10,878 |
| Underwriting expenses | 5,047 | 4,185 |
| Pre-tax underwriting gain | 713 | 859 |
| Other income and expenses | | |
| Investment income | 837 | 915 |
| Other income and expenses | (13) | 472 |
| Total other income | 824 | 1,387 |
| Earnings before income taxes | 1,537 | 2,246 |
| Income tax expense | 336 | 508 |
| Contribution to net earnings | <u>\$ 1,201</u> | <u>\$ 1,738</u> |

Insurance premiums and other on the consolidated statement of earnings includes premiums earned, investment income, other income, and commissions.

Management's Discussion and Analysis of Financial Condition and Results of Operations *(continued)*

First Guard

First Guard is a direct underwriter of commercial truck insurance, 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.

| | First Quarter | | | |
|---------------------------|---------------|---------|----------|---------|
| | 2025 | | 2024 | |
| | Amount | % | Amount | % |
| Premiums written | \$ 9,209 | | \$ 9,310 | |
| Premiums earned | \$ 9,209 | 100.0 % | \$ 9,310 | 100.0 % |
| Insurance losses | 6,282 | 68.2 % | 6,775 | 72.8 % |
| Underwriting expenses | 1,712 | 18.6 % | 1,735 | 18.6 % |
| Total losses and expenses | 7,994 | 86.8 % | 8,510 | 91.4 % |
| Pre-tax underwriting gain | \$ 1,215 | | \$ 800 | |

First Guard produced an underwriting gain in the first quarter of 2025. Its underwriting gain increased \$415 in the first quarter of 2025 compared to 2024. It is the nature of the insurance industry to experience volatility in underwriting performance.

Southern Pioneer

Southern Pioneer underwrites garage liability and commercial property insurance, as well as homeowners and dwelling fire insurance. A summary of Southern Pioneer's underwriting results follows.

| | First Quarter | | | |
|----------------------------------|---------------|---------|----------|---------|
| | 2025 | | 2024 | |
| | Amount | % | Amount | % |
| Premiums written | \$ 9,813 | | \$ 7,217 | |
| Premiums earned | \$ 8,556 | 100.0 % | \$ 6,612 | 100.0 % |
| Insurance losses | 5,723 | 66.9 % | 4,103 | 62.1 % |
| Underwriting expenses | 3,335 | 39.0 % | 2,450 | 37.0 % |
| Total losses and expenses | 9,058 | 105.9 % | 6,553 | 99.1 % |
| Pre-tax underwriting gain (loss) | \$ (502) | | \$ 59 | |

Premiums earned increased \$1,944, or 29.4% in the first quarter of 2025 compared to 2024, primarily because of rate increases in its personal lines, e.g. homeowners insurance. Southern Pioneer's ratio of losses and loss adjustment expenses to premiums earned was 66.9% during 2025 compared to 62.1% during 2024.

Management's Discussion and Analysis of Financial Condition and Results of Operations *(continued)*

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

| | First Quarter | |
|--|---------------|---------------|
| | 2025 | 2024 |
| Interest, dividends and other investment income: | | |
| First Guard | \$ 426 | \$ 570 |
| Southern Pioneer | 389 | 345 |
| Biglari Reinsurance | 22 | — |
| Pre-tax investment income | 837 | 915 |
| Income tax expense | 176 | 192 |
| Net investment income | <u>\$ 661</u> | <u>\$ 723</u> |

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.

Oil and Gas

A summary of revenues and earnings of our oil and gas operations follows.

| | First Quarter | |
|---------------------------------------|-----------------|-----------------|
| | 2025 | 2024 |
| Oil and gas revenues | <u>\$ 9,930</u> | <u>\$ 9,510</u> |
| Oil and gas production costs | 4,046 | 4,499 |
| Depreciation, depletion and accretion | 3,256 | 2,792 |
| General and administrative expenses | 1,303 | 1,234 |
| Total cost and expenses | 8,605 | 8,525 |
| Gain on sale of properties | 9,323 | 481 |
| Earnings before income taxes | 10,648 | 1,466 |
| Income tax expense | 2,350 | 317 |
| Contribution to net earnings | <u>\$ 8,298</u> | <u>\$ 1,149</u> |

Our oil and gas business is highly dependent on oil and natural gas prices. We did not record any impairments to our oil and gas assets during 2025. However, we may be required to record impairments of our oil and gas properties resulting from prolonged declines in oil and gas prices. It is expected that the prices of oil and gas commodities will remain volatile, which will be reflected in our financial results.

Management's Discussion and Analysis of Financial Condition and Results of Operations *(continued)*

Abraxas Petroleum

Abraxas Petroleum operates oil and gas properties in the Permian Basin. Earnings for Abraxas Petroleum are summarized below.

| | First Quarter | |
|---------------------------------------|---------------|----------|
| | 2025 | 2024 |
| Oil and gas revenues | \$ 5,890 | \$ 5,868 |
| Oil and gas production costs | 2,446 | 2,819 |
| Depreciation, depletion and accretion | 1,933 | 1,547 |
| General and administrative expenses | 649 | 596 |
| | 5,028 | 4,962 |
| Gain on sale of properties | 9,323 | 481 |
| Earnings before income taxes | 10,185 | 1,387 |
| Income tax expense | 2,380 | 319 |
| Contribution to net earnings | \$ 7,805 | \$ 1,068 |

Abraxas Petroleum's revenue remained consistent during the first quarter of 2025 compared to 2024. Depletion increased in the first quarter of 2025 compared to 2024 due to an increase in the depletion rate.

Abraxas Petroleum recorded a gain of \$9,323 from selling undeveloped reserves to an unaffiliated party to conduct development activities; however, Abraxas Petroleum will not be required to fund any exploration expenditures on the undeveloped properties.

Southern Oil

Southern Oil primarily operates oil and natural gas properties offshore in Louisiana state waters. Earnings for Southern Oil are summarized below.

| | First Quarter | |
|---------------------------------------|---------------|----------|
| | 2025 | 2024 |
| Oil and gas revenues | \$ 4,040 | \$ 3,642 |
| Oil and gas production costs | 1,600 | 1,680 |
| Depreciation, depletion and accretion | 1,323 | 1,245 |
| General and administrative expenses | 654 | 638 |
| Earnings before income taxes | 463 | 79 |
| Income tax benefit | (30) | (2) |
| Contribution to net earnings | \$ 493 | \$ 81 |

Southern Oil's revenue increased \$398, or 10.9% during the first quarter of 2025 compared to 2024. Southern Oil repaired several nonperforming wells throughout 2024.

Management's Discussion and Analysis of Financial Condition and Results of Operations *(continued)*

Brand Licensing

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

| | First Quarter | |
|-------------------------------------|-----------------|-----------------|
| | 2025 | 2024 |
| Licensing and media revenues | \$ 1,407 | \$ 212 |
| Licensing and media costs | 1,651 | 503 |
| Depreciation and amortization | 70 | — |
| General and administrative expenses | 43 | 63 |
| Earnings (loss) before income taxes | (357) | (354) |
| Income tax benefit | (90) | (89) |
| Contribution to net earnings | <u>\$ (267)</u> | <u>\$ (265)</u> |

Licensing and media revenue increased \$1,195 during the first quarter of 2025 compared to 2024 primarily due to a new venture concerning digital contests.

Investment Gains and Investment Partnership Gains

Investment losses net of tax for the first quarter of 2025 were \$1,288 and investment gains net of tax for the first quarter of 2024 were \$1,332. 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.

| | First Quarter | |
|---------------------------------------|--------------------|------------------|
| | 2025 | 2024 |
| Investment partnership gains (losses) | \$ (49,592) | \$ 21,985 |
| Tax expense (benefit) | (10,166) | 4,837 |
| Contribution to net earnings | <u>\$ (39,426)</u> | <u>\$ 17,148</u> |

Investment partnership gains include gains/losses from changes in 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 2025 and 2024 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.

Management's Discussion and Analysis of Financial Condition and Results of Operations *(continued)*

Interest Expense

The Company's interest expense is summarized below.

| | First Quarter | |
|---|-----------------|-------------|
| | 2025 | 2024 |
| Interest expense on note payable and other borrowings | \$ (900) | \$ — |
| Tax benefit | (207) | — |
| Interest expense net of tax | <u>\$ (693)</u> | <u>\$ —</u> |

Corporate and Other

Corporate expenses exclude the activities of the restaurant, insurance, brand licensing, and oil and gas businesses. Corporate and other net losses during the first quarter of 2025 were \$3,289 compared to \$1,996 in the first quarter of 2024.

Income Taxes

Income tax benefit for the first quarter of 2025 was \$7,908 compared to an income tax expense of \$6,816 for the first quarter of 2024. The variance in income taxes between 2025 and 2024 is primarily attributable to taxes on income generated by the investment partnerships. Investment partnership pre-tax losses were \$49,592 during the first quarter of 2025 compared to pre-tax gains of \$21,985 during the first quarter of 2024.

Financial Condition

Consolidated cash and investments are summarized below.

| | March 31, 2025 | December 31, 2024 |
|--|-------------------|----------------------|
| Cash and cash equivalents | \$ 28,664 | \$ 30,709 |
| Investments | 106,667 | 102,975 |
| Fair value of interest in investment partnerships | 558,147 | 656,266 |
| Total cash and investments | 693,478 | 789,950 |
| Less: portion of Company stock held by investment partnerships | (389,012) | (454,539) |
| Carrying value of cash and investments on balance sheet | <u>\$ 304,466</u> | <u>\$ 335,411</u> |

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 of Financial Condition and Results of Operations (continued)

Liquidity

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

| | First Quarter | |
|--|---------------|-----------|
| | 2025 | 2024 |
| Net cash provided by operating activities | \$ 15,795 | \$ 19,125 |
| Net cash used in investing activities | (19,894) | (11,242) |
| Net cash provided by (used in) financing activities | 2,002 | (1,403) |
| Effect of exchange rate changes on cash | 40 | (10) |
| Increase in cash, cash equivalents and restricted cash | \$ (2,057) | \$ 6,470 |

Cash provided by operating activities decreased \$3,330 as compared to the first quarter of 2024. The decrease was primarily attributable to changes in our working capital accounts.

Cash used in investing activities was \$8,652 higher during the first quarter of 2025 compared to 2024. The change was primarily attributable to purchases of limited partnership interests, which were \$13,345 higher, offset by \$9,323 of proceeds from the sale of oil and gas properties.

The Company had net borrowings of \$3,400 on its lines of credit in the first quarter of 2025 and no activity in the first quarter of 2024.

Biglari Holdings' Lines of Credit

Biglari Holdings' line of credit was amended on September 13, 2024, and the available line of credit was increased to \$35,000. The line of credit matures on September 13, 2026. The line of credit includes customary covenants, as well as financial maintenance covenants. As of March 31, 2025, we were in compliance with all covenants. There was a \$35,000 balance on the line of credit on March 31, 2025 and December 31, 2024.

On November 8, 2024, Biglari Holdings entered into a line of credit in an aggregate principal amount of up to \$75,000. The line of credit will be available on a revolving basis until November 7, 2027. The line of credit includes customary covenants as well as financial maintenance covenants. As of March 31, 2025, we were in compliance with all covenants. The balance on the line of credit was \$13,400 and \$10,000 on March 31, 2025 and December 31, 2024, respectively.

Western Sizzlin Revolver

Western Sizzlin's available line of credit is \$500. As of March 31, 2025 and December 31, 2024, Western Sizzlin had no debt outstanding on its revolver.

Critical Accounting Policies

Management's discussion and analysis of financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. Certain accounting policies require management to make estimates and judgments concerning transactions that will be settled several years in the future. Amounts recognized in our consolidated financial statements from such estimates are necessarily based on numerous assumptions involving varying and potentially significant degrees of judgment and uncertainty. Accordingly, the amounts currently reflected in our consolidated financial statements will likely increase or decrease in the future as additional information becomes available. There have been no material changes to critical accounting policies previously disclosed in our annual report on Form 10-K for the year ended December 31, 2024.

Recently Issued Accounting Pronouncements

No recently issued accounting pronouncements were applicable for this Quarterly Report on Form 10-Q.

Management's Discussion and Analysis of Financial Condition and Results of Operations *(continued)*

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 of our annual report on Form 10-K and Item 1A of this report. We undertake no obligation to publicly update or revise them, except as may be required by law.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

Item 4. Controls and Procedures

Evaluation of our Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Principal Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Our Chief Executive Officer and Principal Financial Officer have concluded that, as of March 31, 2025 our disclosure controls and procedures were not effective, due to material weaknesses in our internal control over financial reporting previously identified in Part II, Item 9A "Controls and Procedures" of our Annual Report on Form 10-K for the year ended December 31, 2024.

Management's Remediation Efforts

Our remediation efforts previously described in Part II, Item 9A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2024 to address the material weaknesses mentioned are ongoing as we continue to implement and document policies, procedures, and internal controls. While we believe the steps taken to date and those planned for future implementation will improve the effectiveness of our internal control over financial reporting, we have not completed all remediation efforts. The material weaknesses cannot be considered remediated until applicable controls have operated for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting that occurred during the quarter ended March 31, 2025, that have materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Information in response to this Item is included in Note 13 to the Consolidated Financial Statements included in Part 1, Item 1 of this Form 10-Q and is incorporated herein by reference.

ITEM 1A. RISK FACTORS

There have been no material changes from the risk factors as previously disclosed in Item 1A to the Company's Annual Report on Form 10-K for the year ended December 31, 2024.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

| Exhibit Number | Description |
|------------------------|--|
| 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* | 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. |
| 101 | Interactive Data Files. |
| 104 | Cover page Interactive Data File (embedded within the Inline XBRL document and contained in Exhibit 101) |

* Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Biglari Holdings Inc.

Date: May 9, 2025

By: /s/ BRUCE LEWIS
Bruce Lewis
Controller