



Biglari Capital Corp.

Supplemental Investor Presentation

November 2020

Setting the Record Straight: TSR calculations

Management Claims¹

Meaningful TSR outperformance versus the Casual Dining Peer Index

“2/21/20 represents the unaffected date prior to the WHO warning of a potential global pandemic and a corresponding market sell-off.”

Reality

- Neither Cracker Barrel's earnings press release nor the transcript for its 2Q20 earnings call on Feb. 25, 2020 mentioned Covid-19. Clearly, the Company did not expect Covid-19 to materially impact its business at that time.
- In fact, during the investor call, the CEO reiterated plans to open new stores and achieve 2-2.5% comparable store sales growth in 2020.
- Market volatility should not be a reason to arbitrarily pick TSR dates. In fact, Cracker Barrel's share price outperformed its peers between 2/21/20 and 2/25/20 (2QFY20 earnings).
- Company's focus on 10-year TSR with a start date of 2/21/2010 is misleading as neither the current CEO nor most of the Company nominees served as directors in Feb. 2010.
- **Using a 2/25/20 unaffected date, Cracker Barrel's TSR underperformed its peer median and the S&P 400 MidCap Restaurant Index over 1, 3, and 5 year periods.**

“Our teams continued to make progress on key initiatives, and I believe we are well-positioned to build on our momentum in the back half of our fiscal year.”

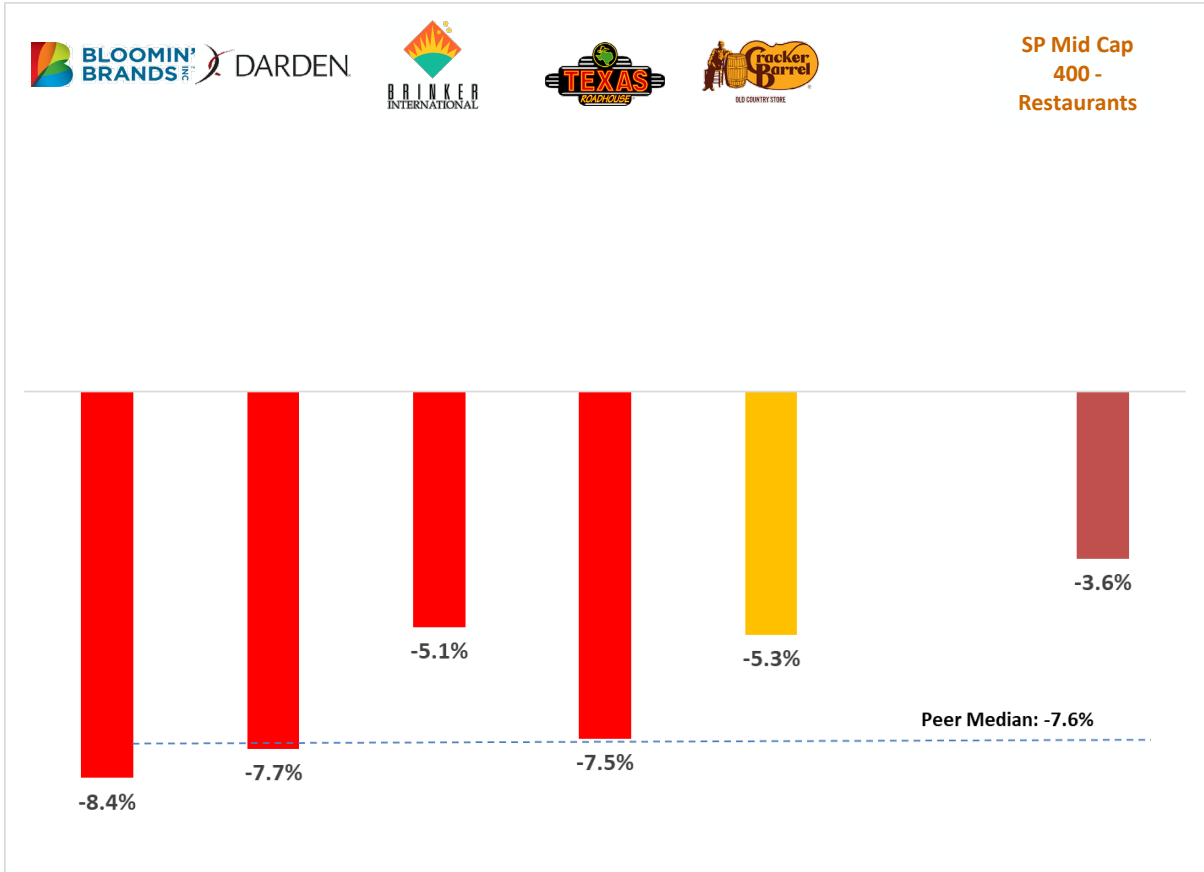
Our fiscal 2020 earnings estimate continues to assume total revenue of approximately \$3.15 billion to \$3.2 billion. We now expect Cracker Barrel comparable store restaurant sales growth in the range of 2% to 2.5%.

We continue to expect to open six new Cracker Barrel stores and one Maple Street location in fiscal 2020. As a reminder, we are in the process of converting Holler & Dash units into Maple Street locations. And we expect these conversions to be completed in the next few months.”

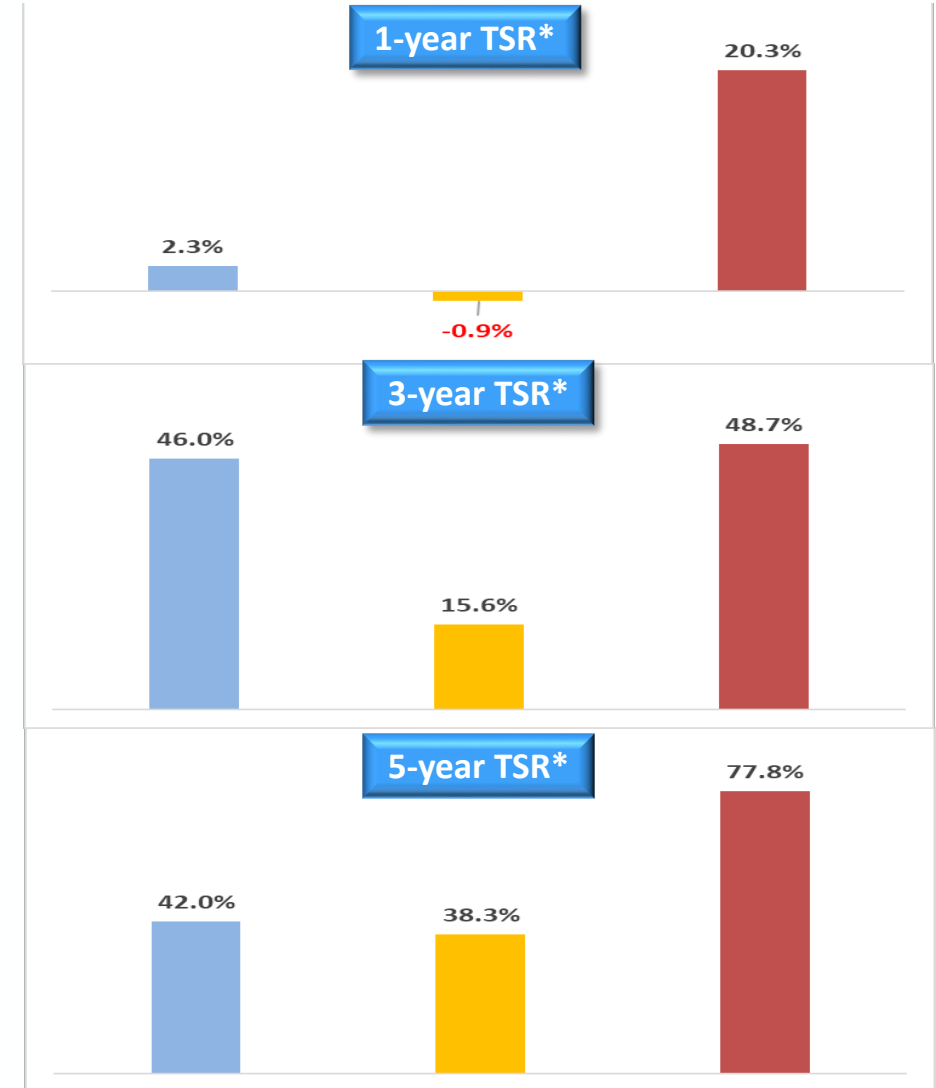
- Sandra Cochran, CEO, 2/25/20

Setting the Record Straight: TSR calculations (cont.)

Relative share price performance 2/21/20 – 2/25/20



Cracker Barrel has underperformed its peer median and index



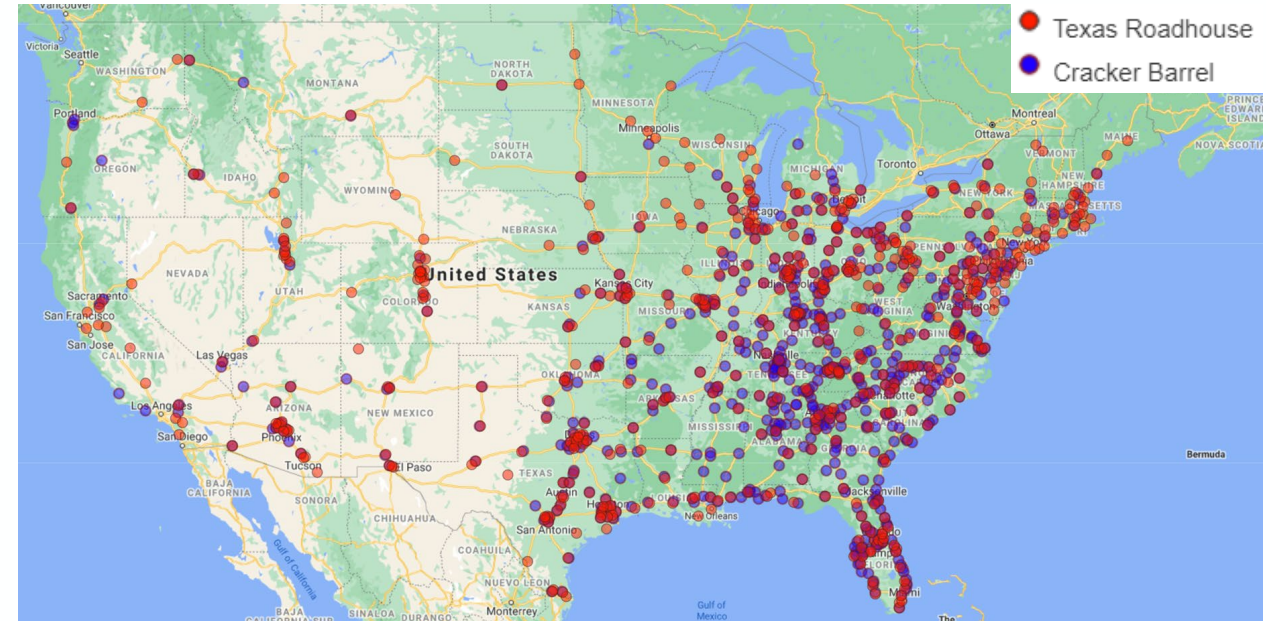
* Peer Median based on Bloomin Brands, Darden, Brinker Intl., and Texas Roadhouse as of 2/25/2020

Why Texas Roadhouse is Cracker Barrel's closest peer

- ✓ 60% of Cracker Barrel stores are within a five-mile radius of Texas Roadhouse
- ✓ 200+ Cracker Barrel stores are within a mere two-mile radius of Texas Roadhouse

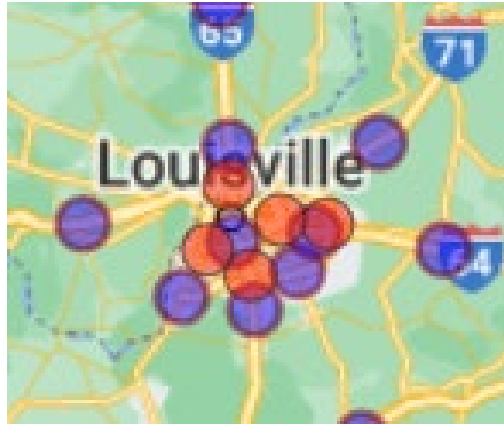
State	Number of Cracker Barrel stores within 5 miles radius of a Texas Roadhouse
Illinois	71%
Indiana	79%
Ohio	74%
Pennsylvania	76%
Texas	81%

- ✓ Similar Footprint: 7200 sq ft for Cracker Barrel (excl. retail) vs. 7200-7600 for Texas Roadhouse



Why Texas Roadhouse is Cracker Barrel's closest peer (cont.)

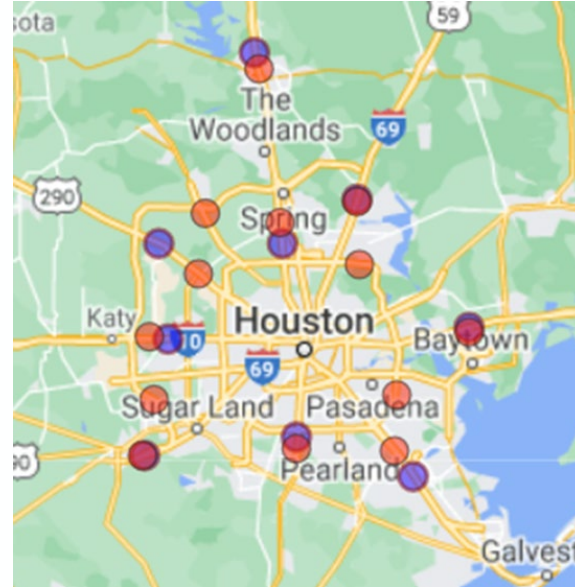
Louisville



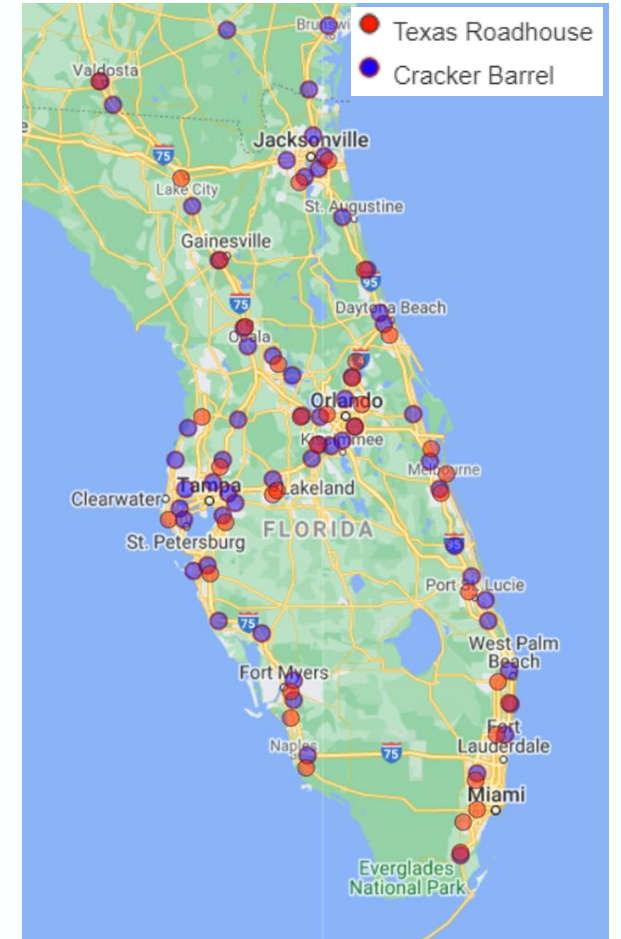
Phoenix



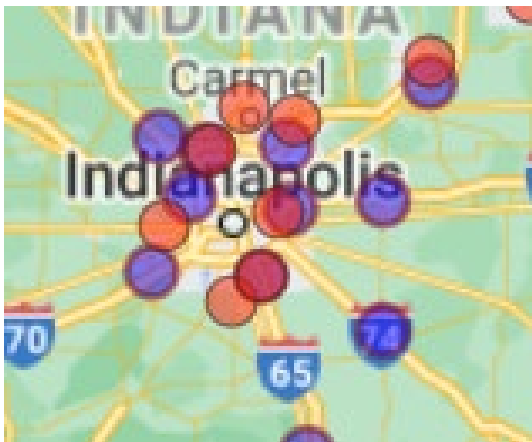
Houston/Dallas



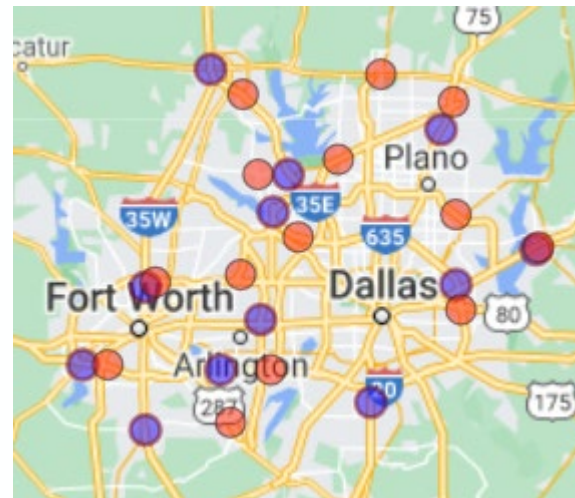
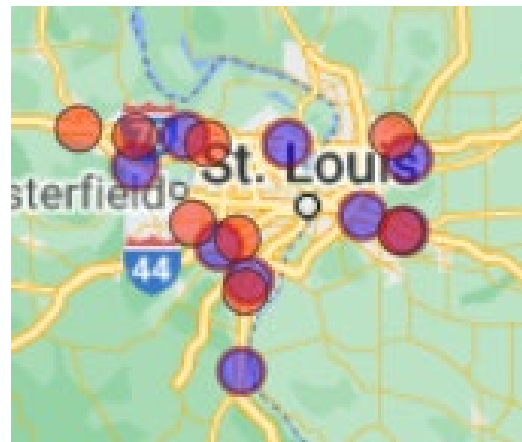
Florida



Indianapolis

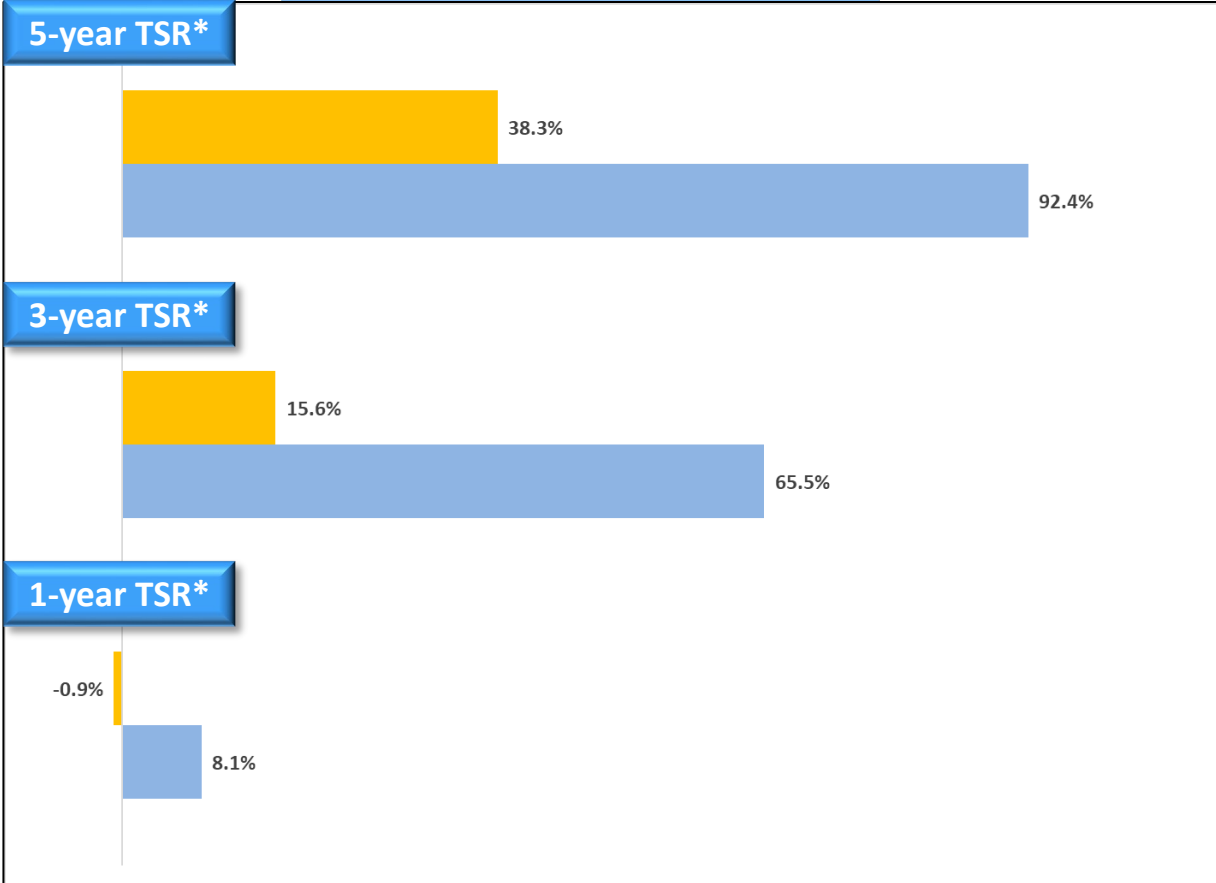


St. Louis



.... and Texas Roadhouse has outperformed Cracker Barrel

TSR Performance*



Guest Traffic



* Based on TSR as of 2/25/2020

Texas Roadhouse has superior disclosure on store investments



Our 2019 average unit volume for all Texas Roadhouse company restaurants open before June 26, 2018 was \$5.6 million. The time required for a new Texas Roadhouse restaurant to reach a steady level of cash flow is approximately three to six months. For 2019, the average capital investment, including pre-opening expenses and a capitalized rent factor, for the 19 Texas Roadhouse company restaurants opened during the year was \$5.5 million, broken down as follows:

	Average Cost	Low	High
Land(1)	\$ 1,295,000	\$ 700,000	\$ 1,760,000
Building(2)	2,290,000	1,710,000	3,610,000
Furniture and Equipment	1,255,000	1,100,000	1,370,000
Pre-opening costs	665,000	535,000	915,000
Other(3)	10,000	—	90,000
Total	\$ 5,515,000		

(1) Represents 10x's initial base rent in the event the land is leased or the average cost for land acquisitions.

(2) Includes site work costs.

(3) Primarily liquor licensing costs, where applicable. This cost varies based on the licensing requirements in each state.

Our average capital investment for the Texas Roadhouse restaurants opened in 2019, 2018 and 2017 was \$5.5 million, \$5.2 million and \$5.3 million, respectively. The increase in our 2019 average capital investment was primarily due to higher building costs. We expect our average capital investment for restaurants to be opened in 2020 to be approximately \$5.6 million.

Source: FY19 10-k



The land cost for stores opened during 2020 and 2019 averaged \$1,328. Building, site improvement, furniture, equipment and related development costs for stores opened during 2020 and 2019 averaged \$4,905. Pre-opening costs averaged \$602 per store in 2020.

Source: FY20 10-k

- ✘ **Despite 48% of Cracker Barrel stores being on leased property, unlike Texas Roadhouse, it does not provide capitalized lease cost. By not disclosing this item, Cracker Barrel understates total store investment**
- ✘ **For the first time in over a decade, in FY20, Cracker Barrel disclosed “average” land and building costs for two years combined, making it even more difficult for shareholders to evaluate store level IRR**

Setting the Record Straight: Unit Economics

Management Claims

We leverage a rigorous, analytical approach using IRR analysis, and our Board of Directors approves risk-adjusted hurdle rates in excess of our cost of capital

Reality

- We question the “rigorous, analytical approach” considering Cracker Barrel for the first time in its recent history provided the two year ‘average’ cost for land and building* instead of disclosing the actual cost for FY20.

“The land cost for stores opened during 2020 and 2019 averaged \$1,328. Building, site improvement, furniture, equipment and related development costs for stores opened during 2020 and 2019 averaged \$4,905.” – FY20 10k

- What is the appropriate risk-adjusted hurdle rate for the Board? Without appropriate disclosure, there is no way for shareholders to evaluate management’s claims.

* Building, site improvement, furniture, equipment and related development costs

Management Claims

We are pleased with the performance of our mature stores opened over this time period, which have created shareholder value by delivering returns in the aggregate above our hurdle rates

Reality

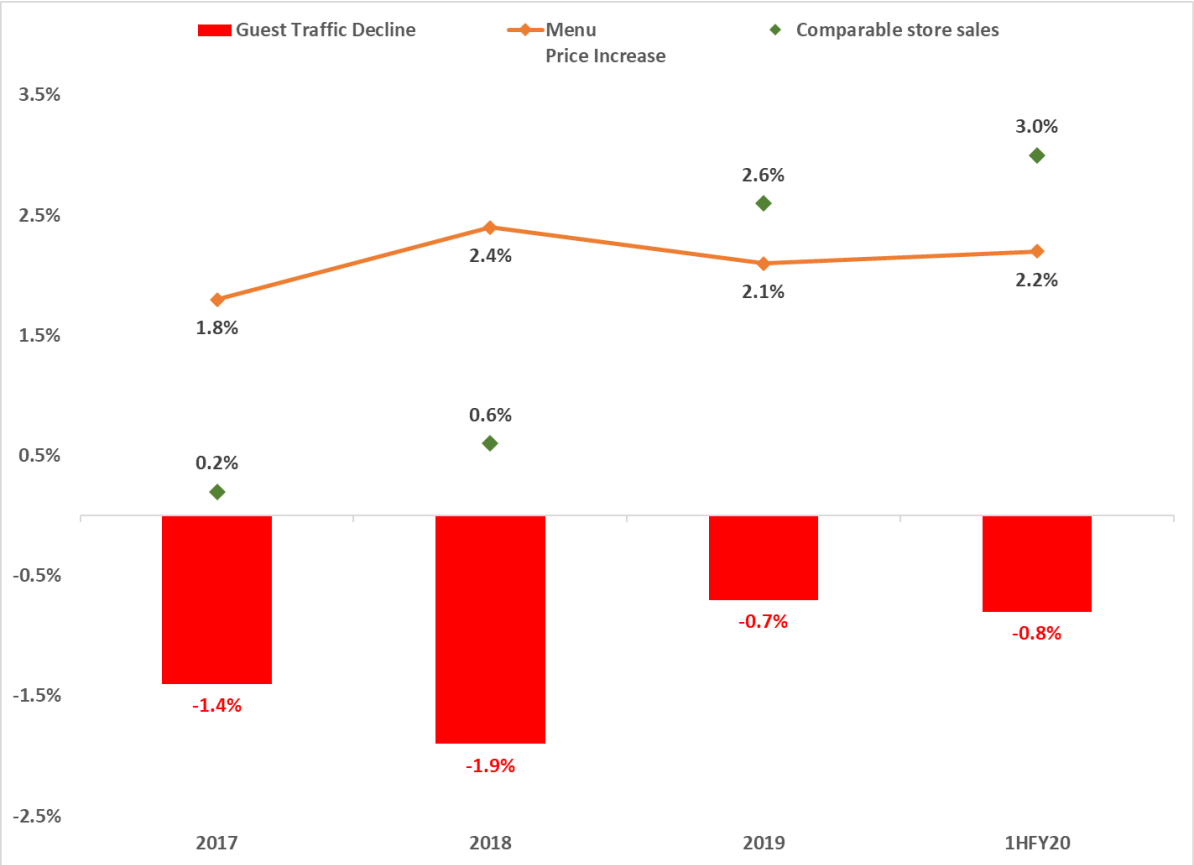
- How can the Board be “pleased” with performance considering:
 - ✗ Negative guest traffic growth in each of the last five years
 - ✗ Between 2015-2019, average unit volume (AUV) improved by an aggregate 3.9% only – less than the rate of inflation – and despite a 9.1% increase in menu price during the same period.

Setting the Record Straight: Comparable Store Sales

Management Claims

Our Comparable Store Sales Have Outperformed

Reality



- Cracker Barrel’s emphasis on comparable store sales is an attempt to hide deteriorating core business performance
- Essentially, menu price increase has helped offset declining guest traffic and relatively stagnant average unit volume.

Cracker Barrel's flawed investment strategy caused \$137M loss

Management Claims

What We Look For

- **“White space,”** where we believe there is long-term growth opportunity
 - E.g., fast casual breakfast (H&D; Maple Street) and “Entertainment” (PBS)
- **Complimentary concepts/business models** where we can leverage core competencies and size, add value, lower costs
- **Complimentary guest base** that expands our demographics (limited cannibalization)
- **Proven concept** with attractive unit economics
- **Manageable** in terms of size, complexity and management attention
- **Attractive value and risk-adjusted returns**

Punch Bowl Social Reality

Complimentary concept?

Does this look ‘complimentary’ to Cracker Barrel’s ‘old country store’ concept?



Complimentary guest base?

According to Punch Bowl founder and CEO: “Our continued goal is to be an experiential millennial and Gen Z lifestyle brand”¹. How is a becoming Gen Z lifestyle brand complementary to Cracker Barrel’s Brand Promise of providing an experience “reminiscent of America’s country heritage”?

Proven concept?

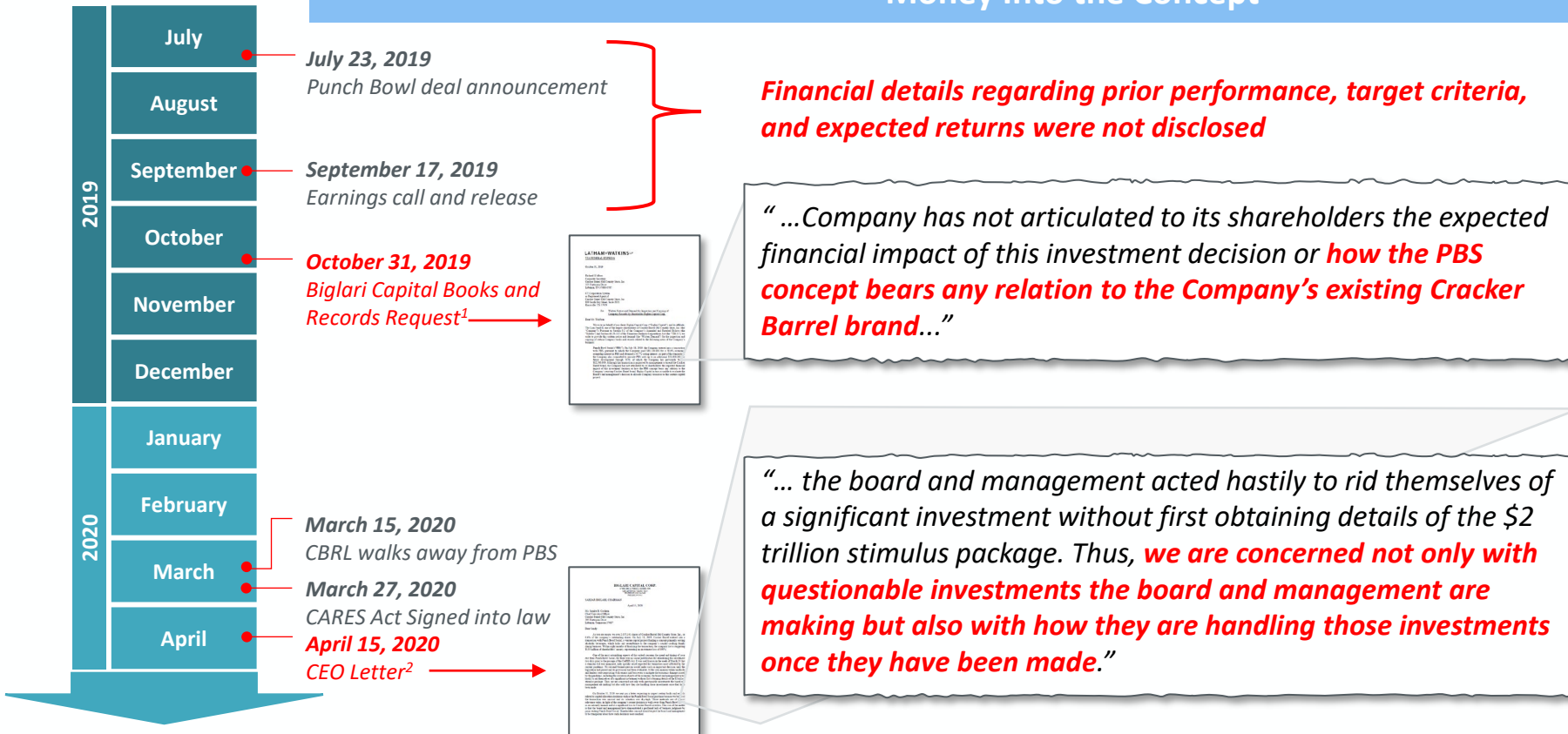
How was Punch Bowl a proven concept considering it started in 2012 and had only 17 stores, and the first store under Cracker Barrel ownership closed in 78 days?

Our consistent opposition to Punch Bowl

Management Claims

“Mr. Biglari’s letter published on April 15, 2020 was critical of CBRL’s decision to cease further investment in PBS.”

Reality – Biglari Consistently Opposed the PBS Transaction and Never Suggested to Invest More Money Into the Concept



We were skeptical of the PBS transaction from the start.

When details regarding the decision criteria and expected return on capital were not disclosed, we submitted a books and records request, which was refused.

After the loss was public, we continued to question the investment, as well as the Board’s ability to manage and exit the transaction responsibly.

1. https://www.sec.gov/Archives/edgar/data/1067294/000092189519002670/ex991to13da4407428021_110519.htm
 2. https://www.sec.gov/Archives/edgar/data/1067294/000119380520000484/ex991to13da4607428021_041520.htm

The Clear Choice Before Shareholders

An independent nominee with a wealth of restaurant experience and capital allocation expertise in casual dining.



Raymond P. Barbrick

- **30 years of C-level restaurant experience** including casual dining brands and QSR
- Previous **public Board and CEO experience with two restaurant conglomerates**
- **Proven track record in restaurant capital allocation**

Experience



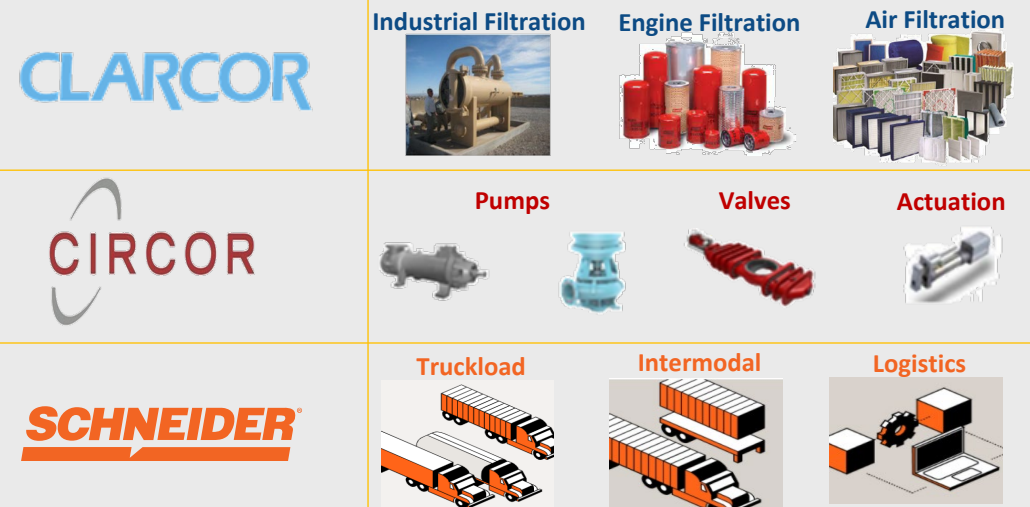
The status quo: a nominee with experience that has little relevance to a restaurant board.



Norman E. Johnson

- Extensive experience in industrial manufacturing and logistics – **no outside restaurant experience**
- **Helped oversee \$137 million loss (Punch Bowl Social)**
- Led Board refreshment effort – **no directors have restaurant expertise off the Board**

Experience



Why is Cracker Barrel spending \$5M of shareholder money to defend the status quo?

Why Resist Adding Restaurant Experience to the Board?



Norman E. Johnson
Cracker Barrel Director
Chair of the Nominating Committee
Former CEO/Chair of CLARCOR

- *The current Board does not have a single independent member with restaurant operations expertise.*
- *Norman E. Johnson has been the Chair of the Nominating and Corporate Governance Committee since 2016 and during his tenure, four new directors have been added – none of whom have expertise in casual dining.*
- *All four directors added during Mr. Johnson's tenure have significant corporate overlap with existing members with ties to Marriott, Arthur Andersen, Walmart, and the Walt Disney Company. Furthermore, Johnson's addition to the Board back in 2012 itself appears to be the product of a pre-existing relationship with the then Chairman.*
- *When boards lack industry experience related to the core business, management teams can pursue strategies and ideas without proper strategic oversight, resulting in shareholder value destruction similar to the \$137 million Punch Bowl Social debacle.*
- *When Cracker Barrel cannot defend its strategy and performance it resorts to attacking Biglari Holdings even though no one from Biglari Holdings or Biglari Capital is seeking a board seat.*
- *It is time to send a message that it is unacceptable for Cracker Barrel to spend \$5M of shareholders money to keep an independent nominee with decades of restaurant experience off the Board.*



Vote FOR Raymond Barbrick on the GOLD card



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