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# BIGLARI CAPITAL CORP.

## Form ADV Part 2A

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March 30, 2022

This investment adviser brochure provides information about the qualifications and business practices of Biglari Capital Corp. (the “Adviser”). If you have any questions about the contents of this brochure, please contact us at (210) 344-3400. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Biglari Capital Corp. is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). However, being registered with the SEC or any other regulatory authority does not imply Biglari Capital Corp. has a certain level of skill or training.

Additional information about the Adviser is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

BIGLARI CAPITAL CORP.  
17802 IH 10 West, Suite 400  
San Antonio, Texas 78257  
(210) 344-3400

## Item 2: Material Changes

This brochure is our annual update to the Form ADV Part 2A of Biglari Capital Corp. Biglari Capital routinely makes changes throughout its brochure in an effort to improve and clarify the descriptions of its and its affiliates' business practices and compliance policies and procedures or in response to evolving industry and firm practices.

There have been no material changes since the firm's last update of Form ADV, filed on March 31, 2021. However, this annual update includes routine changes, and updated regulatory assets under management. Except as otherwise specified, all information set forth or referenced in this brochure is as of the date hereof. Subject to the requirements of the Advisers Act and other applicable laws, Biglari Capital is under no obligation to update any such information.

We encourage all recipients to read this brochure in its entirety.

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#### Item 4: Advisory Business

The Adviser is an investment advisory company founded in 2000 by Sardar Biglari, the sole shareholder of the Adviser. All investment, operating and capital allocation decisions are made by Sardar Biglari.

The Adviser serves as the general partner to The Lion Fund, L.P. and The Lion Fund II, L.P. (each a “Fund” and together, the “Funds”), investment limited partnerships formed under Delaware law. The Funds are engaged in a number of investment activities in the pursuit of maximizing the eventual net worth of its partners.

Biglari Capital’s advisory services are geared to the management of the Funds, which are disclosed to investors in the applicable Fund’s governing agreements.

As of December 31, 2021, the Adviser managed approximately \$679 million in regulatory assets under management – all on a discretionary basis.

*The information provided about Biglari Capital in this brochure is qualified in its entirety by reference to the Funds’ offering materials.*

#### Item 5: Fees and Compensation

Incentive Allocation. For each year, the Adviser is entitled to receive a performance allocation of 25% of the net profits allocated to each investor in the Funds, in excess of a hurdle rate. The performance allocation is subject to a high-water mark. The Adviser does not charge a management fee.

Expenses. Expenses incurred by the Funds are limited to legal, audit, accounting, reporting and all transaction fees and commissions incurred from trading, including interest charges and margin borrowing, custodial and bank service fees. All other expenses are borne by the Adviser. Additional information about brokerage and other transaction costs can be found in Item 12 below.

#### Item 6: Performance-Based Fees and Side-By-Side Management

The Adviser accepts performance-based fees from both of the Funds. As a result, the Adviser does not face the conflicts of interest that may arise when an investment adviser accepts performance-based fees from some clients but not from other clients.

## Item 7: Types of Clients

The Adviser provides investment advisory services to the Funds, which are private investment partnerships with a diverse underlying investor base. The investors in the Funds are all “accredited investors” as defined under Regulation D of the Securities Act of 1933, as amended. While the Funds typically require a minimum investment amount, such amount has been and in the future may be reduced with the prior agreement of the Adviser, subject to applicable legal requirements.

## Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

### Investment Objectives and Approach

The Funds are engaged in a number of investment activities in the pursuit of maximizing the eventual net worth of its partners. The most important of these activities is seeking generally undervalued securities. There is, however, no bias in choosing from any investment category; all investments are selected to achieve the highest return as measured by “mathematical expectation”. Each Fund is authorized to invest up to 100% of its assets in securities of affiliates, including but not limited to (i) the Funds, and (ii) Biglari Holdings Inc.

All investment and capital allocation decisions are made for the Funds through the Adviser by Sardar Biglari.

The Adviser’s allegiance is to a strategy centered on returns, not on asset allocation. The Adviser does not possess an immovable capital allocation mindset. Because the Adviser is flexible, it evaluates multiple scenarios in order to achieve its objective.

The strategies and operations involve a variety of material risks, including, but not limited to, the following:

Risk of Loss. The investment program of each Fund entails substantial risks that each client should be prepared to bear. There can be no assurance that the investment objectives of the Funds will be achieved and that investors will not incur losses, including the potential for loss of an investor’s entire investment. Prospective investors should carefully consider the risk factors discussed in the offering materials of the applicable Fund.

Control Investments. Control investments are ones in which the Fund owns a sizable block of stock; namely, the Fund becomes a dominant shareholder. There may be instances when the Funds will be restricted from transacting in or redeeming a particular investment as a result of the size of their investments, the Adviser's possession of material non-public information or the Adviser's control investment strategy.

Trading in Securities and Other Investments That May Be Illiquid. The Funds are permitted to invest in restricted or non-publicly traded securities and securities listed on non-U.S. exchanges. These investments could impede or prevent the Funds from promptly liquidating positions due to the limitations of Rule 144 or otherwise, and could subject the Funds to substantial losses.

Valuation Risk. The valuation of the Funds' investments involves uncertainties and subjective determinations. The process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had a ready market existed for such securities and may differ from the prices at which such securities are ultimately sold. As the Adviser determines in its discretion the value of Fund assets, potential conflict of interest exists in making valuation determinations given the potential impact of such valuations on a Fund's performance, particularly as the Funds pay performance-based fees.

Highly Volatile Markets. The prices of financial and derivative instruments in which the Funds may invest can be highly volatile. Price movements of equity, debt and other securities and instruments in which the Funds' assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, and policies of governments including trade, fiscal, monetary and exchange control programs. War, political or economic crisis or other events may occur which can be highly disruptive to the markets. In addition, governments from time to time intervene in markets directly and by regulation. The Funds are subject to the risk of the failure of any exchanges on which their positions trade or of their clearinghouse.

Natural Disasters and Geopolitical Events. The effects of natural disasters, military action or similar events on global and domestic economies and securities markets cannot be predicted but could adversely affect interest rates, ratings, credit risk, inflation and other factors relating to the Funds' investments.

Disease and Epidemics. The impact of disease and epidemics may have a negative impact on the Funds. Coronavirus, renewed outbreaks of other epidemics or the outbreak of new epidemics could result in health or other government authorities requiring the closure of offices or other businesses, or the quarantine of personnel, and could also result in a general economic decline. Travel restrictions, disruption in supply and delivery chains, or operational issues resulting from the rapid spread of contagious illnesses may have a material adverse effect on the Funds and their investments. A resulting negative impact on economic fundamentals and consumer confidence may negatively impact market value, increase market volatility, cause credit spreads to widen, and reduce liquidity, all of which could have an adverse effect on the Funds.

Cyber Security Breaches and Identity Theft. The Adviser and the Funds generally rely on information technology systems of third party service providers. Their information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors or malfeasance by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. A disruption in any of these systems or the failure of any of these systems to operate as expected could, depending on the magnitude of the problem, adversely affect the Funds' investment results.

Trading on Non-U.S. Exchanges. The Funds may engage in trading on foreign exchanges and other markets located outside of the United States. Non-U.S. exchanges generally are less regulated than U.S. exchanges, and trading on non-U.S. exchanges may involve some risks that are not applicable to trading on U.S. exchanges, such as lack of investor protection regulation, possible governmental intervention in the market, risks associated with relatively new markets and exchange-rate exposure.

Leverage and Financing Risk. The Funds may pledge their securities in order to borrow additional funds for investment purposes. The Funds may also utilize options, short sales, swaps, forwards and other derivative instruments. The amount of borrowings that a Fund may have outstanding at any time may be substantial in relation to its capital. Accordingly, any event which adversely affects the value of an investment by a Fund would be magnified to the extent the Fund is leveraged.

The cumulative effect of the use of leverage by a Fund in a market that moves adversely to the Fund's investments could result in a substantial loss to the Fund that would be greater than if the Fund were not leveraged.

Certain Derivative Investments. A Fund may buy or sell (write) both call options and put options, and when they write options, they may do so on a "covered" or an "uncovered" basis. A call option is "covered" when the writer owns securities of the same class and amount as those to which the call option applies. A put option is "covered" when the writer has an open short position in securities of the relevant class and amount. A Fund's option transactions may be part of an arbitrage strategy (i.e., offsetting the risk involved in another securities position) or a form of leverage, in which a Fund has the right to benefit from price movements in a large number of securities with a small commitment of capital. These activities involve risks that can be substantial.

Swaps and some types of options and other bespoke financial instruments are subject to the risk of non-performance by the counterparty to those financial instruments, including risks relating to the creditworthiness of the counterparty, market risk, liquidity risk and operations risk.

Short Selling. Short selling involves selling securities that are not owned by the short seller and delivering borrowed securities to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from a decline in market price to the extent the decline exceeds the transaction costs and the costs of borrowing the securities. In some cases, a short sale creates the risk of a theoretical unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the Fund of buying those securities to cover the short position. There can be no assurance that a Fund will be able to maintain the ability to borrow securities sold short.

Forward Trading. A Fund may engage in forward trading. Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward trading (to the extent forward contracts are not traded on exchanges) and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not



required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. Disruptions can occur in any market traded by a Fund due to unusually high trading volume, political intervention or other factors.

In connection with its possible trading in non-U.S. currency forward contracts, a Fund may contract with a non-U.S. or domestic bank to make or take future delivery of a specified lot of a particular currency for the Fund's account. Banks and futures commission merchants with which a Fund may maintain accounts may require it to deposit margin with respect to this type of trading. Banks are not required to continue to make markets in these contracts. Arrangements to trade forward contracts may be made with only one or a few banks, and liquidity problems therefore might be greater than if these types of arrangements were made with numerous banks. The imposition of credit controls by governmental authorities might limit forward trading to less than that which the Adviser would otherwise recommend, to the possible detriment of a Fund. With respect to its trading of forward contracts with banks, if any, a Fund will be subject to the risk of bank failure and the inability of, or refusal by, a bank to perform with respect to these types of forward contracts. Any default would deprive a Fund of any profit potential or force it to cover its commitments for resale, if any, at the current market price, and could result in a loss to the Fund.

The regulatory and tax environment for derivative instruments in which a Fund may participate is evolving, and changes in the regulation or taxation of these instruments may materially adversely affect their value and the ability of the Fund to pursue their investment strategies.

Repurchase and Reverse Repurchase Agreements. The Funds may enter into repurchase and reverse repurchase agreements. The use of repurchase and reverse repurchase agreements by a Fund involves certain risks and costs. For example, a Fund may suffer a loss to the extent it is forced to liquidate its position in the market, and proceeds from the sale of the underlying securities are less than the repurchase price agreed to.

Limited Partner Advisory Committees. Although the advisory committee of each Fund is intended to act as the representative of the investors in that Fund, the advisory committee may not have the same interests as all investors. The advisory committee members generally do not owe a fiduciary obligation to the Fund or their investors.

Litigation and Regulatory Investigations. Some of the tactics that the Adviser may use involve litigation. Either Fund could be a party to lawsuits either initiated by it, by a company in which such Fund invests, by other shareholders, or by state and federal governmental bodies. There can be no assurance that any litigation, once begun, would be resolved in favor of the Funds, and there is a risk of monetary damages and equitable relief against the Funds. In addition, the Adviser is subject from time to time (and especially in the context of a proxy contest), to formal or informal investigations or inquiries by the SEC and other governmental and self-regulatory organizations in connection with its activities. Litigation and regulatory investigations may involve significant expenses to the Funds. Any litigation in which a Fund or a target company is involved could be expensive, and therefore adversely affect such Fund's performance.

#### Item 9: Disciplinary Information

There are no legal or disciplinary events that are material to the client's evaluation of the Adviser's advisory business or the integrity of the Adviser's management.

#### Item 10: Other Financial Industry Activities and Affiliations

The Adviser owns Southwestern Money Management LLC, which is an investment adviser registered with the SEC. Southwestern Money Management offers investors a broad array of U.S., non-U.S. and global equity strategies. It is not anticipated that the clients being advised by the Adviser will invest in the same investments as the clients being advised by Southwestern Money Management.

Sardar Biglari is the Chairman of the Board of Directors and Chief Executive Officer of Biglari Holdings Inc. ("Biglari Holdings"), which trades under the symbols BH.A and BH on the New York Stock Exchange. Biglari Holdings holds more than 90% of the limited partnership interests of The Lion Fund II, L.P., and more than 60% of the limited partnership interests of The Lion Fund, L.P.

The interests of Biglari Holdings and the Funds, and, therefore, the fiduciary obligations of the Adviser and Mr. Biglari, may be in conflict. For example, Biglari Holdings has made a significant capital contribution to and is the largest investor in the Funds. Although Biglari Holdings has agreed to a five-year rolling lock on its investment in each Fund, any withdrawal from a Fund by Biglari Holdings could have an adverse effect on such Fund by decreasing the asset base of such Fund and disrupting its portfolio. The best interests of Biglari Holdings and the Funds may at

times be in conflict because of various regulatory issues related to Biglari Holdings and the Funds. Additionally, certain investments may be appropriate for Biglari Holdings as well as the Funds. Mr. Biglari will allocate such investments at his discretion in accordance with his fiduciary obligations to Biglari Holdings and the Funds.

Mr. Biglari is subject to Biglari Holdings' Code of Ethics and insider trading policy, which may restrict Mr. Biglari from causing the Funds to buy or sell certain securities that they would otherwise be able to trade.

The interests of Biglari Holdings may differ from the interests of the Funds' other investors. Whenever votes of the Funds' investors are required, Mr. Biglari will control the Biglari Holdings vote (which currently represents a majority of the Funds' investors' votes).

Mr. Biglari controls the Funds in his capacity as the Principal, Chairman, Chief Executive Officer and sole owner of the Adviser. Mr. Biglari also controls Biglari Holdings in his capacity as Chairman and Chief Executive Officer of Biglari Holdings. Biglari Holdings is a public company owning subsidiaries engaged in a number of diverse business activities, including media and licensing, property and casualty insurance, restaurants, and oil and gas. Mr. Biglari spends time running Biglari Holdings and owes duties to that corporation and its public shareholders in his capacity as Chairman and Chief Executive Officer. Those time commitments and duties may conflict with Mr. Biglari's time commitment and duties to the Adviser and the Funds.

Mr. Biglari from time to time serves on the board of directors or engages in certain activities for Portfolio Companies that may result in limitations on the Funds' ability to buy shares or sell shares in such companies. His board service and duties owed to such Portfolio Companies may conflict with Mr. Biglari's time commitment and duties to the Adviser and the Funds. Mr. Biglari has in the past received nominal amounts of director fees from Portfolio Companies. In the future he may receive compensation from Portfolio Companies, including but not limited to director fees, advisory fees, management fees or other compensation related to management roles held by Mr. Biglari at the Portfolio Companies (collectively, "Portfolio Company Fees"). Mr. Biglari receives compensation from Biglari Holdings in salary and incentive fees that excludes the performance of the Funds. The Funds will not be

entitled to any portion of Portfolio Company Fees or any portion of Mr. Biglari's compensation from Biglari Holdings or any of his other business endeavors, nor will the Funds be entitled to any offset for Fund expenses or otherwise.

Each of the Funds has historically and may in future enter into agreements, or "side letters," with certain prospective or existing investors whereby such investors may be subject to terms and conditions that differ from those set forth in the offering memorandum for the applicable Fund. The modifications are solely at the discretion of the applicable Fund. Such arrangements may affect, among other things, the applicable Fund's ability to make certain investments, as well as the manner and timing of investment, holding or disposition. Benefits accorded to certain investors will not necessarily be available to all investors.

#### Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics. The Adviser has adopted a code of ethics ("Code of Ethics"), which is designed to ensure compliance with applicable federal statutes and regulatory requirements, minimize circumstances that may lead to or give the appearance of conflicts of interest with clients, insider trading, or unethical business conduct as well as promote a culture of high ethical standards. Among other things, the Code of Ethics governs personal securities trading by the Adviser's personnel. Supervised persons of the Adviser may personally trade or own any security, including various types of limited offerings, but are required to clear such trades in advance with the Adviser's Chief Executive Officer (with the exception of certain securities such as shares issued by open-ended mutual funds, money market funds, U.S. Treasury bonds, commercial paper, etc. that do not have to be pre-cleared). Supervised persons must disclose their personal securities holdings and transactions to the Adviser on a periodic basis, which are reviewed by the Chief Compliance Officer and compared against transactions entered into by the Funds.

Clients may request a copy of the Code of Ethics by contacting the Adviser at the address or telephone number listed on the cover of this brochure. The Adviser also maintains insider trading policies and procedures (the "Insider Trading Policies") that are designed to prevent the misuse of material, non-public information.

The Adviser's supervised persons are required to certify their compliance with the Code of Ethics and the Insider Trading Policies on a periodic basis.

The Adviser's Insider Trading Policies prohibit the Adviser and its supervised persons from trading for the Funds or themselves, or recommend trading, in securities of a company while in possession of restricted material, non-public information about the relevant issuer in violation of the law ("Inside Information"). By reason of its various activities, the Adviser may become privy to Inside Information or be restricted from effecting transactions in investments that might otherwise have been initiated. The Adviser has designed and implemented policies in order to comply with the requirements of the federal securities laws relating to insider trading. Among other things, those policies and procedures seek to control and monitor the flow of Inside Information (if any) to and within the Adviser, as well as prevent trading on the basis of Inside Information in violation of the law.

The Adviser or its related persons may invest in the same securities (or related securities, e.g., warrants, options or futures) that the Adviser or a related person recommends to clients. Such practices present a conflict where, because of the information an Adviser has, the Adviser or its related persons are in a position to trade in a manner that could adversely affect clients (e.g., place their own trades before or after client trades are executed in order to benefit from any price movements due to the clients' trades). In addition to affecting the Adviser's or its related person's objectivity, these practices by the Adviser or its related persons may also harm clients by adversely affecting the price at which the clients' trades are executed.

The Adviser requires its related persons to pre-clear transactions in their personal accounts with the Chief Executive Officer, who may deny permission to execute the transaction if such transaction will have any adverse economic impact on either Fund. All of the Adviser's related persons are required to disclose their securities transactions on a quarterly basis and holdings on an annual basis.

#### Item 12: Brokerage Practices

The Adviser considers a number of factors in selecting a broker-dealer to execute transactions and determining the reasonableness of the broker-dealer's compensation. Such factors include the full range of brokerage services provided by the broker, as well as its capital strength and stability and the quality of the research and the research services provided by the broker. In selecting a broker-dealer to execute transactions and determining the reasonableness of the broker-dealer's compensation, the Adviser is not required to solicit competitive bids and does not

have an obligation to seek the lowest available commission cost. It is not the Adviser's practice to negotiate "execution only" commission rates, thus a client may be deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate. The Chief Executive Officer will continue to evaluate brokerage firms according to, among other things, order execution capabilities and back-office operations.

Soft Dollars. The Adviser does not obtain research and brokerage services with a client's commissions.

Trade Aggregation & Allocation. The Funds do not make investments which require aggregating trades. The Funds have each invested in both classes of Biglari Holdings Inc. common stock, but purchased through separate, independent plans.

#### Item 13: Review of Accounts

Sardar Biglari, the Chairman and Chief Executive Officer of the Adviser, reviews the Funds' accounts on an ongoing basis.

Investors in each Fund are furnished with Annual Reports containing financial statements examined by the Fund's independent auditors within 120 days after the end of each fiscal year of the Fund. In addition to the information provided to all investors, the Adviser may provide certain investors with additional information or more frequent reports that other investors will not receive.

#### Item 14: Client Referrals and Other Compensation

The Adviser does not intend to enter into referral or similar arrangements pursuant to which it would compensate third parties for referrals that result in a potential client becoming an investor in the Funds.

#### Item 15: Custody

As general partner of the Funds, the Adviser is deemed to have custody of client funds and securities. The Adviser maintains client funds and securities with "qualified custodians" as required by SEC rules.

The Adviser is subject to Rule 206(4)-2 under the Advisers Act (the "Custody Rule") and complies with the requirements of the Custody Rule with respect to each Fund. Each Fund is subject to audit at least annually by an independent public

accounting firm that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and each Fund distributes its audited financial statements to all investors within 120 days of the end of its fiscal year. Consequently, the investors in the Funds will not receive reports directly from the “qualified custodian(s)” of the Funds.

#### Item 16: Investment Discretion

The Adviser has discretionary authority with respect to the investment decisions on behalf of the Funds.

#### Item 17: Voting Client Securities

The Chairman and Chief Executive Officer of the Adviser generally has responsibility for determining if and how the Adviser votes proxies for portfolio securities of a Fund and will do so in a manner that is consistent with the best interest of that Fund. The Adviser does not anticipate any conflicts of interest between the Adviser and the Funds in terms of proxy voting. In the event the Adviser believes there may be a material conflict of interest, the Adviser may take a variety of actions, including consulting with the Fund's limited partners or advisory committee.

Investors in the Funds may obtain a copy of the Adviser's proxy voting policies and its record of proxy voting by contacting the Adviser at the address or telephone number listed on the cover of this brochure.

#### Item 18: Financial Information

The Adviser has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding. The Adviser does not require prepayment of fees.