# United States Securities and Exchange Commission

Washington, D.C. 20549

## FORM 8-K

Current Report

Pursuant to Section 13 or 15(d) of

The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): December 14, 2023

## **RCI HOSPITALITY HOLDINGS, INC.**

(Exact Name of Registrant as Specified in Its Charter)

Texas (State or Other Jurisdiction of Incorporation) 001-13992 (Commission File Number) 76-0458229 (IRS Employer Identification No.)

10737 Cutten Road Houston, Texas 77066 (Address of Principal Executive Offices, Including Zip Code)

(281) 397-6730

(Issuer's Telephone Number, Including Area Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

□ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

□ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a - 12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d -2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e -4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, \$0.01 par value	RICK	The Nasdaq Global Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company  $\Box$ 

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.

#### ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On December 14, 2023, we issued a press release announcing the filing of our annual report on Form 10-K for the fiscal year ended September 30, 2023 and announced results for the fiscal year and quarter ended September 30, 2023. Also on December 14, 2023, we will hold a conference call to discuss these results and related matters. A copy of the press release is furnished as Exhibit 99.1 to this current report on Form 8-K.

This information shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

## **ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS**

(d) Exhibits	
Exhibit Number	Description
99.1 104	Press release of RCI Hospitality Holdings, Inc. dated December 14, 2023 Cover Page Interactive Data File (embedded within the Inline XBRL document)

2

## 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 hereunto duly authorized.

## RCI HOSPITALITY HOLDINGS, INC.

Date: December 14, 2023

By: /s/ Eric Langan

Eric Langan President and Chief Executive Officer

3



## RCI Reports 4Q23 & FY23 Results; X Spaces Call at 4:30 PM ET Today; Meet Management at 7 PM ET Tonight

HOUSTON—December 14, 2023—RCI Hospitality Holdings, Inc. (Nasdaq: RICK) today reported results for the fiscal 2023 fourth quarter and year ended September 30, 2023. The company also filed its Form 10-K.

Summary Financials (in millions except EPS)	4Q23	4Q22	FY23	FY22
Total revenues	\$75.3	\$71.4	\$293.8	\$267.6
Other charges (gains), net	\$9.9	(\$0.9)	\$15.6	\$0.5
EPS	\$0.23	\$1.15	\$3.13	\$4.91
Non-GAAP EPS <sup>1</sup>	\$1.11	\$1.49	\$4.90	\$5.38
Net cash from operating activities	\$12.1	\$17.8	\$59.1	\$64.5
Free cash flow <sup>1</sup>	\$11.1	\$14.5	\$53.2	\$58.9 <sup>2</sup>
Net income attributable to RCIHH common stockholders	\$2.2	\$10.6	\$29.2	\$46.0
Adjusted EBITDA <sup>1</sup>	\$20.2	\$24.2	\$85.0	\$86.7
Weighted average shares used in computing EPS – basic and diluted	9.42	9.25	9.34	9.38

#### Share Repurchases

As of December 8, 2023, we had repurchased 37,954 common shares for \$2.1 million or an average of \$54.59 per share in 1Q24 and had \$14.6 million in remaining stock repurchase authorization. In FY23, RCI repurchased 34,086 common shares for \$2.2 million or an average of \$65.22 per share.

#### **CEO Comment**

Eric Langan, President and CEO, said: "As we previously reported, business was soft during 4Q23 due to the current uncertain economy as well as tough comparisons to last year's post-Covid bounce. However, our capital allocation strategy continues to produce strong, long-term results."

"EPS was \$0.23 for 4Q23 and \$3.13 for FY23, which were impacted by non-cash impairment charges of \$9.3 million and \$12.6 million, respectively. On a non-GAAP basis, EPS was \$1.11 for 4Q23 and \$4.90 for FY23. Total revenues increased 5.4% year-over-year for 4Q23 and 9.8% for FY23. Both periods benefited from acquisitions, which helped offset lower same-store sales year-over-year, but not all of the margin decline."

"Looking at the big picture, proforma FY23 same-store sales increased 9.0% compared to pre-Covid FY19, with Nightclubs +8.3% and Bombshells +12.6%.<sup>3</sup> From year-end FY15, when we initiated our capital allocation strategy, through FY23, we have generated compound annual growth of 10.2% for total revenues, 12.1% for adjusted EBITDA, and 17.2% for free cash flow."

"Subsequent to 4Q23, we continued to move ahead with our strategies and plans, buying back more shares depending on market conditions, opening Bombshells Stafford, and working on potential acquisitions. We believe year-over-year comparisons should become easier in FY24."

#### Conference Call at 4:30 PM ET Today

- X Spaces: <u>https://x.com/i/spaces/1rmxPMjzYkdKN</u> (to ask questions during Q&A, you need to use a mobile phone)
- Telephone (listen only): Toll Free: 888-506-0062, International: 973-528-0011, Participant Access Code: 631531
- Webcast (listen only), Slides & Replay: https://www.webcaster4.com/Webcast/Page/2209/49519

#### Meet Management at 7:00 PM ET Tonight

- Investors are invited to Meet Management at one of RCI's top revenue generating clubs
- Rick's Cabaret New York, 50 W 33rd St, New York, NY 10001
- RSVP your contact information to <u>gary.fishman@anreder.com</u> by 5:00 PM ET today

<sup>1</sup> See "Non-GAAP Financial Measures" below, <sup>2</sup> FY22 free cash flow included receipt of \$2.2M tax refund, <sup>3</sup> The proforma same-store sales calculation includes sales for reporting units that qualify in accordance with our same store sales definition

#### 4Q23 Results (Comparisons are to 4Q22 unless indicated otherwise)

- Nightclubs Segment: Revenues were \$60.9 million compared to \$56.6 million. The \$4.3 million increase primarily reflected the benefit of newly acquired and remodeled clubs, which more than offset the decline in same-store sales.<sup>4</sup> By revenue type, alcoholic beverages increased 17.2%, food and merchandise 15.9%, and other 8.1%, while service declined 2.0%. The differing growth rates primarily reflected a higher alcohol and lower service sales mix from the newly acquired Baby Dolls-Chicas Locas clubs as well as lower same-store sales. 4Q23 also included other charges, net (mainly impairments) and SOB license amortization of \$9.5 million compared to \$1.1 million. Operating income was \$12.1 million (19.8% of revenues) compared to \$22.5 million (39.7% of revenues). On a Non-GAAP basis, operating income was \$21.6 million (35.4% of revenues) compared to \$23.6 million (41.6% of revenues).
- Bombshells Segment: Revenues were \$13.6 million compared to \$14.0 million. The \$452 thousand decline primarily reflected lower same-store sales, partially offset by a \$1.6 million increase from newly acquired locations.<sup>4</sup> 4Q23 also included other charges, net and amortization of \$239 thousand. Operating income was \$1.2 million (8.7% of revenues) compared to \$2.2 million (15.5% of revenues). On a Non-GAAP basis, operating income was \$1.4 million (10.4% of revenues) compared to \$2.2 million (15.5% of revenues).
- Other Segment: Revenues were approximately level at \$727 thousand. 4Q23 included other charges, net (mainly impairments) of \$969 thousand. Operating income was a loss of \$793 thousand compared to a profit of \$216 thousand. On a Non-GAAP basis, operating income was \$176 thousand compared to \$277 thousand.
- **Consolidated operating margin** was 7.5% of revenues compared to 25.2% and 22.4% compared to 30.0% non-GAAP. The GAAP and non-GAAP differences reflected 4Q22's unusually high operating leverage (the third highest in the last five years), which included a \$1.0 million legal credit. The GAAP difference also reflected other charges, net of \$9.9 million in 4Q23 compared to other gains, net of \$890 thousand in 4Q22.
- Interest expense was 5.6% of revenues compared to 4.8% reflecting higher average debt mostly from seller-financed promissory notes related to
  FY22-23 acquisitions.
- Income tax was a benefit of \$0.6 million compared to an expense of \$4.0 million. For the year, the Effective Tax Rate was 19.0% compared to 23.4%. The FY23 ETR reflected higher federal state credits that offset a higher portion of income subjected to state income taxes.
- Weighted average shares outstanding increased 1.8% year over year due to shares used in the 2Q23 Baby Dolls-Chicas Locas acquisition, partially offset by subsequent share buybacks.

• **Debt** was \$239.8 million at 9/30/23 compared to \$243.8 million at 6/30/23. The difference primarily reflected scheduled paydowns.

<sup>4</sup> See our October 10, 2023 news release on 4Q23 sales for more details

#### **Non-GAAP Financial Measures**

In addition to our financial information presented in accordance with GAAP, management uses certain non-GAAP financial measures, within the meaning of the SEC Regulation G, to clarify and enhance understanding of past performance and prospects for the future. Generally, a non-GAAP financial measure is a numerical measure of a company's operating performance, financial position or cash flows that excludes or includes amounts that are included in or excluded from the most directly comparable measure calculated and presented in accordance with GAAP. We monitor non-GAAP financial measures because it describes the operating performance of the Company and helps management and investors gauge our ability to generate cash flow, excluding (or including) some items that management believes are not representative of the ongoing business operations of the Company, but are included in (or excluded from) the most directly comparable measures calculated and presented in accordance with GAAP. Relative to each of the non-GAAP financial measures, we further set forth our rationale as follows:

- Non-GAAP Operating Income and Non-GAAP Operating Margin. We calculate non-GAAP operating income and non-GAAP operating margin by
  excluding the following items from income from operations and operating margin: (a) amortization of intangibles, (b) impairment of assets, (c)
  gains or losses on sale of businesses and assets, (d) gains or losses on insurance, (e) settlement of lawsuits, (f) costs and charges related to debt
  refinancing, and (g) stock-based compensation. We believe that excluding these items assists investors in evaluating period-over-period changes
  in our operating income and operating margin without the impact of items that are not a result of our day-to-day business and operations.
- Non-GAAP Net Income and Non-GAAP Net Income per Diluted Share. We calculate non-GAAP net income and non-GAAP net income per diluted share by excluding or including certain items to net income attributable to RCIHH common stockholders and diluted earnings per share. Adjustment items are: (a) amortization of intangibles, (b) impairment of assets, (c) gains or losses on sale of businesses and assets, (d) gains or losses on insurance, (e) unrealized loss on equity securities, (f) settlement of lawsuits, (g) gain on debt extinguishment, (h) costs and charges related to debt refinancing, (i) stock-based compensation, (j) the income tax effect of the above-described adjustments, and (k) change in deferred tax asset valuation allowance. Included in the income tax effect of the above adjustments is the net effect of the non-GAAP provision for income taxes, calculated at 20.6%, 22.8%, and 13.5% effective tax rate of the pre-tax non-GAAP income before taxes for 2023, 2022, and 2021, respectively, and the GAAP income tax expense. We believe that excluding and including such items help management and investors better understand our operating activities.
- Adjusted EBITDA. We calculate adjusted EBITDA by excluding the following items from net income attributable to RCIHH common stockholders: (a) depreciation and amortization, (b) income tax expense (benefit), (c) net interest expense, (d) gains or losses on sale of businesses and assets, (e) gains or losses on insurance, (f) unrealized gains or losses on equity securities, (g) impairment of assets, (h) settlement of lawsuits, (i) gain on debt extinguishment, and (j) stock-based compensation. We believe that adjusting for such items helps management and investors better understand our operating activities. Adjusted EBITDA provides a core operational performance measurement that compares results

without the need to adjust for federal, state and local taxes which have considerable variation between domestic jurisdictions. The results are, therefore, without consideration of financing alternatives of capital employed. We use adjusted EBITDA as one guideline to assess the unleveraged performance return on our investments. Adjusted EBITDA multiple is also used as a target benchmark for our acquisitions of nightclubs.

• We also use certain non-GAAP cash flow measures such as free cash flow. Free cash flow is derived from net cash provided by operating activities less maintenance capital expenditures. We use free cash flow as the baseline for the implementation of our capital allocation strategy.

#### About RCI Hospitality Holdings, Inc. (Nasdaq: RICK) (X: @RCIHHinc)

With more than 60 locations. RCI Hospitality Holdings, Inc., through its subsidiaries, is the country's leading company in adult nightclubs and sports bars-restaurants. See all our brands at <u>www.rcihospitality.com</u>.

#### **Forward-Looking Statements**

This press release may contain forward-looking statements that involve a number of risks and uncertainties that could cause the company's actual results to differ materially from those indicated, including, but not limited to, the risks and uncertainties associated with (i) operating and managing an adult entertainment or restaurant business, (ii) the business climates in cities where it operates, (iii) the success or lack thereof in launching and building the company's businesses, (iv) cyber security, (v) conditions relevant to real estate transactions, (vi) the impact of the COVID-19 pandemic, and (vii) numerous other factors such as laws governing the operation of adult entertainment or restaurant businesses, competition and dependence on kev personnel. For more detailed discussion of such factors and certain risks and uncertainties, see RCI's annual report on Form 10-K for the vear ended September 30, 2023, as well as its other filings with the U.S. Securities and Exchange Commission. The company has no obligation to update or revise the forward-looking statements to reflect the occurrence of future events or circumstances.

#### Media & Investor Contacts

Gary Fishman and Steven Anreder at 212-532-3232 or gary.fishman@anreder.com and steven.anreder@anreder.com

#### CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except per share, number of shares and percentage data)

		For the Three	Months Ended		For the Twelve Months Ended							
	Sept	mber 30, 2023	Septemb	oer 30, 2022	Septemb	er 30, 2023	Septemb	er 30, 2022				
	Amoun	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue				
Revenues												
Sales of alcoholic beverages	\$ 33,3	25 44.3 %	\$ 29,812	41.8 %	\$ 127,262	43.3 %	\$ 113,316	42.3 %				
Sales of food and merchandise	11,1	49 14.8 %	10,666	14.9 %	43,906	14.9 %	44,294	16.6 %				
Service revenues	25,6	61 34.1 %	26,067	36.5 %	103,577	35.3 %	93,888	35.1 %				
Other	5,1	15 6.8 %	4,833	6.8 %	19,045	6.5 %	16,122	6.0 %				
Total revenues	75,2	50 100.0 %	71,378	100.0 %	293,790	100.0 %	267,620	100.0 %				
Operating expenses												
Cost of goods sold												
Alcoholic beverages sold	6,1	55 18.5 %	5,248	17.6 %	23,291	18.3 %	20,155	17.8 %				
Food and merchandise sold	4,0	00 35.9 %	3,781	35.4 %	15,429	35.1 %	15,537	35.1 %				
Service and other	1	91 0.6 %	147	0.5 %	282	0.2 %	317	0.3 %				
Total cost of goods sold (exclusive of items shown below)	10,3	46 13.7 %	9,176	12.9 %	39,002	13.3 %	36,009	13.5 %				
Salaries and wages	20,8	18 27.7 %	18,025	25.3 %	79,500	27.1 %	68,447	25.6 %				
Selling, general and administrative	24,4	63 32.5 %	22,352	31.3 %	93,024	31.7 %	78,847	29.5 %				
Depreciation and amortization	4,0	43 5.4 %	4,755	6.7 %	15,151	5.2 %	12,391	4.6 %				
Other charges, net	9,9	36 13.2 %	(890)	(1.2)%	15,629	5.3 %	467	0.2 %				
Total operating expenses	69,6	06 92.5 %	53,418	74.8 %	242,306	82.5 %	196,161	73.3 %				
Income from operations	5,6	44 7.5 %	17,960	25.2 %	51,484	17.5 %	71,459	26.7 %				
Other income (expenses)												
Interest expense	(4,2	46) (5.6)%	(3,454)	(4.8)%	(15,926)	(5.4)%	(11,950)	(4.5)%				
Interest income	1	20 0.2 %	90	0.1 %	388	0.1 %	411	0.2 %				
Non-operating gains, net		%	-	— %	_	— %	211	0.1 %				
Income before income taxes	1,5	18 2.0 %	14,596	20.4 %	35,946	12.2 %	60,131	22.5 %				
Income tax expense (benefit)	(6	01) (0.8)%	4,015	5.6 %	6,846	2.3 %	14,071	5.3 %				
Net income	2,1	19 2.8 %	10,581	14.8 %	29,100	9.9 %	46,060	17.2 %				
Net loss (income) attributable to noncontrolling interests		72 0.1 %	31	— %	146	— %	(19)	— %				
Net income attributable to RCIHH common shareholders	\$ 2,1	91 2.9 %	\$ 10,612	14.9 %	\$ 29,246	10.0 %	\$ 46,041	17.2 %				
Earnings per share												
Basic and diluted	\$ 0.	23	\$ 1.15		\$ 3.13		\$ 4.91					
					, 110		,					
Weighted average shares used in computing earnings per share												
Basic and diluted	9,417,	166	9,249,864		9,335,983		9,383,445					
Dividends per share	\$ 0.	06	\$ 0.05		\$ 0.23		\$ 0.19					

#### NON-GAAP FINANCIAL MEASURES

(in thousands, except per share and percentage data)

GAAP diluted earnings per share         \$         0.23         \$         1.15         \$         3.13         \$         4.91           Amortization of intangibles         0.09         0.22         0.38         0.23           Settlement of lawsuits         0.06         0.08         0.40         0.15           Impairment of assets         0.99         0.02         1.35         0.20           Loss (gain) on sale of businesses and assets         -         (0.18)         (0.07)         (0.25)           Unrealized loss on equity securities         -         -         -         -         -           Gain on debt extinguishment         -			For the Three	Months Ended	For the Twelve	Months Ended
National sector\$1,214\$0,02330,3246\$4,6441Increat sector0,0034,0351,03391,03391,03391,03391,0339Settiment of Jawahi7367081,0231,0231,0231,02391,0239Settiment of Jawahi7367081,0291,02391,02391,02391,0239Derevalian of admonstration4,0334,0751,0191,02392,03392,03392,02392,03392,03392,03392,03392,03392,03392,03392,03392,03392,03392,03392,03392,03392,03392,03392,03392,03392,03392,0339 </th <th></th> <th>Septer</th> <th>mber 30, 2023</th> <th>September 30, 2022</th> <th>September 30, 2023</th> <th>September 30, 2022</th>		Septer	mber 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
name targement(001)4.0156.6446.427Internal expense, nets4.1253.2641.5.531.1.517Internal expense, nets9.36410.7.090.6.971.6.87Internal expense, nets9.36410.7.090.6.971.6.87Internal explore nets9.36410.7.090.6.971.6.87Despectation and enortration4.6434.7531.5.111.2.2.94Gan on dot extinguithment0.633Stack haved compensation4.7472.5532.5.882.323Adjusted ERTA2.91652.4.24754.6.041Anorditation of MAP net income0.633Recondition of GAAP net incomeRecondition of GAAP net income	Reconciliation of GAAP net income to Adjusted EBITDA					
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Satisance (alsocuits5757083.7591.417impairment of axuets9,363110.09168211.0293begroating of businesses and assets4,0434.75511,1511.0291begroating of axuets1.03Can on debt call-guithment1.03Can on debt call-guithment1.03Stock scall-guithment1.03Stock scall-guithment1.04Stock scall-guithment for thome to non-GAAP net incomeReconciliation of GAAP net income to non-GAAP net incomeReconciliation of fortangbies52,131<5	Income tax expense		(601)	4,015	6,846	14,071
ingain or side of businesse and aasets Lass (pair) or side of businesse and aasets Adjust de Earty (Pair) Residence attributible to RUH common stockholders Settlement of lass side of businesse and aasets Lass (pair) or side of businesse an	Interest expense, net		4,126	3,364	15,538	11,539
ingain or side of businesse and aasets Lass (pair) or side of businesse and aasets Adjust de Earty (Pair) Residence attributible to RUH common stockholders Settlement of lass side of businesse and aasets Lass (pair) or side of businesse an			576	708	3,759	
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uneasion of equity securities–––––Gain and det sating unmance–––––103Stock based compensation–4712,3332,8382,838Adjusted BITDA2222666,724Reconciliation of GAAP net income to on-GAAP net income–––-46,024Reconciliation of fokangebies5,219152,9248546,0243,73946,024Amoritation of intrangebies–7063,73946,0243,73946,024Statisment of lawssits706010,0291,8894,0433,7394,047Impairment of assets9,3361,6661,26291,8891,8931,417Issigation in sale of businesses and assets–––––––1,8331,0161,9331,0161,9331,0161,9331,9384,933 <t< td=""><td>Loss (gain) on sale of businesses and assets</td><td></td><td>10</td><td>(1,709)</td><td>(682)</td><td></td></t<>	Loss (gain) on sale of businesses and assets		10	(1,709)	(682)	
unrealized bis on equity securitiesGain and bit extinguishment103103Stock based compensation1032.5332.5382.632Adjuided ERTDA1033.63232.5333.6324Reconciliation of GAP ent income to non-GAP ent income	Depreciation and amortization		4,043	4,755	15,151	12,391
Sain on debt extinguishment1133 10433Loss (gain) on invariance-471 2.3332.388 2.48002.888 2.8882.888 2.8882.888 2.888Adjurdet ENTOA220.0822.400028.867.44Reconciliation of GAAP net income to ano-GAAP net income81.9943.0222.4101Net income strinkballe to RCHIT common stockholders52.1151.924854.6401Amoritation of infiningables8.8061.9943.0222.18882.0113.37591.4171Impainment of aksets.9.336.0.101.0.1779(.682)(.7.271)1.4881Loss (gain) on site businesses and assets.0.0.1779(.682)(.7.273)Long (gain chit carantee).0.11.0.1779(.682).0.238Stock-based compensation.0.11.0.1779(.463).0.248Loss (gain) on insurance.0.11.0.1779.0.4433.0.163Long in divert daraset water instrument and watere.0.16.0.1779.0.4433Not-GAAP diuted earnings per share.0.1781.0.1779.0.4433Recordiation of GAAP diuted earnings per share.0.01.0.013.0.013Charde diuted earnings per share.0.02.0.02.0.028.0.023Charde diuted earnings per share.0.02.0.02.0.023.0.023Charde diuted earnings per share.0.03.0.02.0.02.0.023Charde diuted earnings per share<	Unrealized loss on equity securities		_		_	
loss (pin) on insurance         14         (55)         (77)         (463)           Stock-based compensation         2.33         2.333         Adjusted TaiTDA         2.335         <	Gain on debt extinguishment		_	_	_	(138)
stockbased compensation4712,3532,6842,353Adjusted TaTDA222333<	-		14	(55)	(77)	
Adjusted BITDA         S         20,166         S         24,208         S         84,998         S         46,724           Recodilation of GAAP net income                 Recodilation of GAAP net income to non-GAAP net income           S         2,131         S         10,612         S         29,224         S         46,041           Amotization of intrigibles         S         2,131         S         10,612         S         29,224         S         46,041           Impliftment of assits         S         2,131         S         10,012         5         708         3,739         14,17           Impliftment of assits         S         335         166         12,029         1888           Loss (gin) on sale of businesses and assets         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         1083         2,583         2,583         2,583         2,583         2,583         2,583         2,583         2,594,553         2,594,553         2,594,555         5,133         5         5,594,45						
Reconsistion of GAP net income to non-GAP net income         Net income tatributable to RCIMIt common stockholders         \$ 2,191         \$ 10,012         \$ 29,246         \$ 46,041           Net incorne tatributable to RCIMIt common stockholders         826         1,994         3,759         1,118           Settlement of lawsuits         575         708         3,759         1,118           Inpairment of assets         9,336         166         12,629         1,888           Loss (gain) on sale of businesses and assets         10         (1,709)         (682)         (2,375)           Immained loss on equity securities         -         -         -         188           Loss (gain) on insurance         14         (55)         (77)         (463)           Stock based compensation         471         2,333         2,588         2,333           Net income tax effect         (2,810)         (670)         (5.068)         (729)           Non-GAAP net income         \$ 10,418         \$ 13,741         \$ 45,747         \$ 50,645           Reconcillation of GAAP diluted earnings per share         \$ 0,417,156         9,249,864         9,335,983         9,334,949           Amoritation of intangibles         0.09         0.022         0.38         0.023 <td< td=""><td></td><td>Ś</td><td></td><td></td><td></td><td>-</td></td<>		Ś				-
Net income attributable to RCHH common stockholders         \$         2,191         \$         10,612         \$         29,246         \$         46,641           Amortization of inangibles         806         1,994         3,252         1,147           impairment of assets         9,336         166         12,629         1,888           Loss (gain) on sale of businesses and asets         0         (1,70)         (682)         (2,37)           Turnerized toss on equity securities         -         10,33         5         10,33         5         10,33         5         10,33         5         10,33         5         10,33         5         10,33         5         10,33         5         10,33         5         10,33         5         10,33         5         10,33	Aujusteu Editua	÷	20,100		÷ 0-,550	
Amortization of intangibles         806         1,944         3,528         2,118           Settiment of lawsuits         776         778         3,739         1,417           Impairment of assets         9,36         166         12,629         8,888           Loss (gain) on sale of businesses and assets	Reconciliation of GAAP net income to non-GAAP net income					
Amortization of intangibles         806         1,944         3,528         2,118           Settiment of lawsuits         776         778         3,739         1,417           Impairment of assets         9,36         166         12,629         8,888           Loss (gain) on sale of businesses and assets		\$	2,191	\$ 10,612	\$ 29,246	\$ 46,041
Settlement of lawsuits5/67083,7591,417impairment of assets9,33616612,62918,88Loss (gain) on side businesses and assets10(1,709)(682)(2,375)Unrealized loss on equity securitiesGain on debt extinguishmentStock-based compensation4712,3532,588(2,375)Stock-based compensation4712,3532,588(77)Non-GAAP entitiement(2,47)343(176)343Non-GAAP entitiement(2,47)513,414\$45,4747Non-GAAP entitiement510,418\$13,741\$45,4747Diluted sharings per share to non-GAAP entitiement frage9,417,1659,249,8649,335,9839,383,445GAAP diluted earnings per share0.090.0220.0380.0230.023Investige on on equity securitiesGain on debt extinguishment0.050.0280.0230.0230.0230.023Investige on on equity securities0.0010.025Investige on on equity securities <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>						
impairment of assets9,33616612,6291,888Los (gal) on sile of businesses and assets10(1,709)(682)(2,237)Unrealized loss on equity securities <td>-</td> <td></td> <td></td> <td></td> <td></td> <td></td>	-					
Loss [gain] on sale of businesses and assets         10         (1,709)         (682)         (2,375)           Unrealized loss on equity securities         -         (1)         -         -           Gain on debt extinguishment         -         (1)         (183)         (183)           Stock-based compensation         411         (2,333)         (2,588)         (2,335)           Stock-based compensation         471         (2,333)         (2,588)         (2,337)           Net income tax set valuation allowance         (176)         (343)         (177)         (343)           Net income tax set valuation allowance         (177)         (15,068)         (727)         (15,068)           Net income tax set valuation allowance         (177)         (178)         (178)         (178)           Net income tax set valuation allowance         (177)         (178)         (178)         (178)           Net income tax set valuation allowance         (178)         (178)         (178)         (178)           Non-GAAP net income         (178)         (178)         (178)         (178)         (178)           GAAP diluted earnings per share         0.00         0.02         1.01         (0.01)         (0.01)         (0.01)         (0.01)         (0.02)						
Unrealized loss on equity securities						
Gain on debt extinguishment       -       -       -       -       (138)         Loss (gain) on insurance       14       (55)       (77)       (463)         Stock-based compensation       2,353       2,588       2,353         Stock-based compensation       (16)       343       (16)       343         Net income tax effect       (2,810)       (570)       (5,068)       (729)         Non-GAAP net income       2       10,418       2       45,747       2       50,6455         Reconciliation of GAAP diluted earnings per share       9,417,166       9,249,864       9,335,983       9,383,445         GGAAP diluted earnings per share       5       0.23       5       1.13       5       4.91         Amortization of intangibles       0.06       0.08       0.02       0.38       0.02         Inspirment of assets       0.05       0.02       1.35       0.20       0.02         Inspirment of assets       -						
Loss (gain) on insurance         14         (55)         (77)         (463)           Stock-based compensation         471         2,353         2,588         2,333           Change in deferred tax asset valuation allowance         (2,810)         (670)         (5,688)         (729)           Non-GAAP net income         (2,810)         (670)         (5,688)         (729)         (77)         (77)         (463)           Non-GAAP net income         (2,810)         (77)         (77)         (463)         (77)         (77)         (463)           Non-GAAP net income         (2,810)         (77)				(1)		
Stock-based compensation         471         2,353         2,588         2,333           Change in deferred tax asset valuation allowance         (176)         443         (176)         343           Net income tax effect         (2,810)         (670)         (5,068)         (729)           Non-GAP net income         9         13,741         \$         9         5         5         5         5         5         5         5         5         5         5         5         5         3         9         938,465           GAAP diluted earnings per share to non-GAAP diluted earnings per share         0.09         0.02         0.038         0.03         5         1.13         \$         3.043         5         0.03         5         0.03         5         0.03         5         0.03         5         0.03         0.04         0.04         0.04				(55)		
Change in deferred tax asset valuation allowance         (176)         343         (176)         343           Net income tax effect         (2,810)         (670)         (5,068)         (729)           Non-GAAP net income         \$         10,418         \$         13,741         \$         45,747         \$         50,455           Reconciliation of GAAP diluted earnings per share to non-GAAP diluted earnings per share         9,417,166         9,249,864         9,335,983         9,383,445           GAAP diluted earnings per share         \$         0.02         0.038         0.040         0.135           GAAP diluted earnings per share         0.09         0.22         0.038         0.03         0.23           Settlement of lawsuits         0.06         0.08         0.40         0.155         1.55         0.23         0.23         0.22         0.38         0.23         0.23         0.23         0.23         0.23         0.23         0.23         0.23         0.25         0.02         0.05         0.05         0.05         0.05         0.05         0.05         0.05         0.05         0.05         0.05         0.05         0.05         0.05         0.05         0.05         0.05         0.05         0.05         0.05         0						
Net income tax effect         (2,810)         (670)         (5,088)         (729)           Non-GAAP net income         \$         10,418         \$         13,741         \$         45,747         \$         50,455           Reconciliation of GAAP diluted earnings per share         9,417,166         9,249,864         9,335,983         9,383,445           GAAP diluted earnings per share         \$         0.23         \$         1.15         \$         3.13         \$         9,383,445           Amortization of intangibles         0.09         0.22         0.38         0.23         \$         1.15         \$         3.13         \$         9,383,445           Amortization of intangibles         0.09         0.22         0.38         0.23         \$         0.15         \$         0.23         \$         0.15         \$         0.23         \$         0.20         0.35         0.20         0.20         0.23         \$         0.20         0						
Non-GAAP net income         5         10.418         5         13.741         5         45.747         5         50.455           Reconciliation of GAAP diluted earnings per share to non-GAAP diluted earnings per share         9,417,166         9,249,864         9,335,983         9,333,445           GAAP diluted earnings per share         \$         0.09         0.22         0.38         0.033           Settlement of lawsuits         0.06         0.08         0.40         0.15           Impairment of assets         0.99         0.02         1.35         0.20           Unrealized loss on equity scurities         -         (0.18)         (0.07)         (0.25)           Unrealized loss on equity scurities         - <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>						
Reconciliation of GAAP diluted earnings per share to non-GAAP diluted earnings per share         9,417,166         9,249,864         9,335,983         9,383,445           GAAP diluted earnings per share         \$         0.03         \$         1.15         \$         3.13         \$         4.91           Amortization of intangibles         0.09         0.22         0.38         0.23         \$         1.15         \$         3.13         \$         4.91           Amortization of intangibles         0.09         0.02         0.38         0.23         \$         0.23         \$         0.23         \$         0.23         \$         0.23         \$         0.23         \$         0.23         \$         0.23         \$         0.23         \$         0.23         \$         0.23         \$         0.23         \$         0.23         \$         0.23         \$         0.23         \$         0.23         \$         0.25         0.23         \$         0.25         0.23         \$         0.001         \$         0.25         0.23         \$         0.05         \$         0.25         0.23         \$         0.25         0.24         \$         0.05         \$         0.25         0.24         \$         0.05		ć				
Diluted shares         9,417,16         9,249,84         9,335,983         9,383,445           GAAP diluted earnings per share         \$         0.03         \$         1.15         \$         3.13         \$         4.91           Amortization of intangibles         0.09         0.22         0.38         0.23           Settlement of lawsuits         0.06         0.08         0.40         0.15           Impairment of assets         0.99         0.02         1.35         0.20           Loss (gain) on sale of businesses and assets          (0.18)         (0.07)         (0.25)           Loss (gain) on sale of businesses and assets	Non-GAAP net income	Ş 	10,418	\$ 15,741	\$ 43,747	\$ 50,455
GAAP diluted earnings per share         \$         0.23         \$         1.15         \$         3.13         \$         4.91           Amortization of intangibles         0.09         0.22         0.38         0.23           Settlement of lawsuits         0.06         0.08         0.40         0.15           Impairment of assets         0.99         0.02         1.35         0.20           Loss (gain) on sale of businesses and assets         -         (0.18)         (0.07)         (0.25)           Unrealized loss on equity securities         -         -         -         -         -           Gain on debt extinguishment         -	Reconciliation of GAAP diluted earnings per share to non-GAAP diluted earnings per share					
Amortization of intangibles       0.09       0.22       0.38       0.23         Settlement of lawsuits       0.06       0.08       0.40       0.15         Impairment of assets       0.99       0.02       1.35       0.20         Loss (gain) on sale of businesses and assets        (0.18)       (0.07)       (0.25)         Unrealized loss on equity securities	Diluted shares		9,417,166	9,249,864	9,335,983	9,383,445
Amortization of intangibles       0.09       0.22       0.38       0.23         Settlement of lawsuits       0.06       0.08       0.40       0.15         Impairment of assets       0.99       0.02       1.35       0.20         Loss (gain) on sale of businesses and assets        (0.18)       (0.07)       (0.25)         Unrealized loss on equity securities	GAAP diluted earnings per share	Ś	0.23	\$	\$ 3.13	\$ 4.91
Settlement of lawsurd         0.06         0.08         0.40         0.15           Impairment of assets         0.99         0.02         1.35         0.20           Loss (gain) on sale of businesses and assets         -         (0.18)         (0.07)         (0.25)           Unrealized loss on equity securities         - <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>						
Impairment of assets         0.99         0.02         1.35         0.20           Loss (gain) on sale of businesses and assets         –         (0.18)         (0.07)         (0.25)           Unrealized loss on equity securities         – <td< td=""><td>-</td><td></td><td>0.06</td><td>0.08</td><td>0.40</td><td>0.15</td></td<>	-		0.06	0.08	0.40	0.15
Loss (gain) on sale of businesses and assets–(0.18)(0.07)(0.25)Unrealized loss on equity securities––0.01)10.01)10.01)10.05)55510.05<	Impairment of assets		0.99	0.02	1.35	
Unrealized loss on equity securities $    -$ Gain on debt extinguishment $  (0.01)$ $(0.01)$ Loss (gain) on insurance $ (0.01)$ $(0.02)$ $(0.05)$ Stock-based compensation $0.05$ $0.25$ $0.28$ $0.25$ Change in deferred tax asset valuation allowance $(0.02)$ $0.04$ $(0.02)$ $0.04$ Non-GAAP diluted earnings per share $\frac{1}{5}$ $1.11$ $\frac{1}{5}$ $1.49$ $\frac{1}{5}$ $\frac{1}{5}$ Reconciliation of GAAP operating income to non-GAAP operating incomeIncome from operations $\frac{5}{5}$ $5,644$ $\frac{5}{17,960}$ $\frac{5}{51,484}$ $\frac{5}{7,1459}$ Amortization of intangibles $\frac{5}{5,644}$ $\frac{5}{7,088}$ $\frac{3,759}{3,759}$ $\frac{1,117}{1,117}$ Impairment of assets $9,336$ $166$ $12,629$ $1,888$ Loss (gain) on sale of businesses and assets $10$ $(1,709)$ $(682)$ $(2,375)$						
Gain on debt extinguishment       –       –       –       (0.01)         Loss (gain) on insurance       –       (0.01)       (0.01)       (0.05)         Stock-based compensation       0.05       0.25       0.28       0.25         Change in deferred tax asset valuation allowance       (0.02)       0.04       (0.02)       0.04         Nor-GAAP diluted earnings per share       §       1.11       §       1.49       §       4.90       §       5.38         Reconciliation of GAAP operating income to non-GAAP operating income       -       -       71.459       3.528       71.459         Amortization of intangibles       \$       5.644       \$       17.960       \$       51.484       \$       71.459         Settlement of lawsuits       576       708       3.528       2.118       3.528       2.118         Settlement of lawsuits       576       708       3.759       1.417       1.49       3.528       2.118         Settlement of lawsuits       576       708       3.759       1.417       1.49       3.528       2.118         Sos (gain) on sale of businesses and assets       10       (1.709)       (682)       (2.375)	Unrealized loss on equity securities		_			_
Loss (gain) on insurance       - $(0.01)$ $(0.01)$ $(0.05)$ Stock-based compensation $0.05$ $0.25$ $0.28$ $0.25$ Change in deferred tax asset valuation allowance $(0.02)$ $0.04$ $(0.02)$ $0.04$ Net income tax effect $(0.30)$ $(0.07)$ $(0.54)$ $(0.08)$ Non-GAAP diluted earnings per share $\frac{5}{2}$ $1.11$ $\frac{5}{2}$ $4.90$ $\frac{5}{2}$ $5.38$ Reconciliation of GAAP operating income to non-GAAP operating income $V$			_		_	(0.01)
Stock-based compensation $0.05$ $0.25$ $0.28$ $0.25$ Change in deferred tax asset valuation allowance $(0.02)$ $0.04$ $(0.02)$ $0.04$ Net income tax effect $(0.30)$ $(0.07)$ $(0.54)$ $(0.08)$ Non-GAAP diluted earnings per share $5$ $1.11$ $5$ $1.49$ $5$ $4.90$ $5$ $5.38$ Reconciliation of GAAP operating income to non-GAAP operating income $5$ $5.644$ $$$ $17.960$ $$$ $51.484$ $$$ $71.459$ Amortization of intangibles $806$ $1.994$ $3.528$ $2.118$ Settlement of lawsuits $576$ $708$ $3.759$ $1.417$ Impairment of assets $9.336$ $166$ $12.629$ $1.888$ Loss (gain) on sale of businesses and assets $10$ $(1,709)$ $(682)$ $(2.375)$	-		_	(0.01)	(0.01)	
Change in deferred tax asset valuation allowance $(0.02)$ $0.04$ $(0.02)$ $0.04$ $(0.02)$ $0.04$ Net income tax effect $(0.30)$ $(0.07)$ $(0.54)$ $(0.08)$ Non-GAAP diluted earnings per share $$$ $1.11$ $$$ $1.49$ $$$ $4.90$ $$$ $5.38$ Reconciliation of GAAP operating income to non-GAAP operating income $   -$			0.05			
Net income tax effect         (0.30)         (0.07)         (0.54)         (0.08)           Non-GAAP diluted earnings per share         \$         1.11         \$         1.49         \$         4.90         \$         5.38           Reconciliation of GAAP operating income to non-GAAP operating income          17,960         \$         51,484         \$         71,459           Amortization of intangibles         806         1,994         3,528         2,118           Settlement of lawsuits         576         708         3,759         1,417           Impairment of assets         9,336         166         12,629         1,888           Loss (gain) on sale of businesses and assets         10         (1,709)         (682)         (2,375)	-					
Non-GAAP diluted earnings per share         \$         1.11         \$         1.49         \$         4.90         \$         5.38           Reconciliation of GAAP operating income to non-GAAP operating income         \$         5,644         \$         17,960         \$         51,484         \$         71,459           Amortization of intangibles         806         1,994         3,528         2,118           Settlement of lawsuits         576         708         3,759         1,417           Impairment of assets         9,336         166         12,629         1,888           Loss (gain) on sale of businesses and assets         10         (1,709)         (682)         (2,375)						
Reconciliation of GAAP operating income to non-GAAP operating income         \$         5,644         \$         17,960         \$         51,484         \$         71,459           Income from operations         \$         5,644         \$         17,960         \$         51,484         \$         71,459           Amortization of intangibles         806         1,994         3,528         2,118           Settlement of lawsuits         576         708         3,759         1,417           Impairment of assets         9,336         166         12,629         1,888           Loss (gain) on sale of businesses and assets         10         (1,709)         (682)         (2,375)		\$				
Income from operations         \$         5,644         \$         17,960         \$         51,484         \$         71,459           Amortization of intangibles         806         1,994         3,528         2,118           Settlement of lawsuits         576         708         3,759         1,417           Impairment of assets         9,336         166         12,629         1,888           Loss (gain) on sale of businesses and assets         10         (1,709)         (682)         (2,375)	· · · · · · · · · · · · · · · · · · ·					
Amortization of intangibles         806         1,994         3,528         2,118           Settlement of lawsuits         576         708         3,759         1,417           Impairment of assets         9,336         166         12,629         1,888           Loss (gain) on sale of businesses and assets         10         (1,709)         (682)         (2,375)	Reconciliation of GAAP operating income to non-GAAP operating income					
Settlement of lawsuits         576         708         3,759         1,417           Impairment of assets         9,336         166         12,629         1,888           Loss (gain) on sale of businesses and assets         10         (1,709)         (682)         (2,375)	Income from operations	\$	5,644	\$ 17,960	\$ 51,484	\$ 71,459
Impairment of assets         9,336         166         12,629         1,888           Loss (gain) on sale of businesses and assets         10         (1,709)         (682)         (2,375)	Amortization of intangibles		806	1,994	3,528	2,118
Loss (gain) on sale of businesses and assets 10 (1,709) (682) (2,375)	Settlement of lawsuits		576	708	3,759	1,417
Loss (gain) on sale of businesses and assets 10 (1,709) (682) (2,375)	Impairment of assets		9,336	166	12,629	1,888
	Loss (gain) on sale of businesses and assets		10	(1,709)	(682)	(2,375)
	Loss (gain) on insurance		14	(55)	(77)	(463)

Stock-based compensation	471	2,353	 2,588	 2,353
Non-GAAP operating income	\$ 16,857	\$ 21,417	\$ 73,229	\$ 76,397
Reconciliation of GAAP operating margin to non-GAAP operating margin				
Income from operations	7.5 %	25.2 %	17.5 %	26.7 %
Amortization of intangibles	1.1 %	2.8 %	1.2 %	0.8 %
Settlement of lawsuits	0.8 %	1.0 %	1.3 %	0.5 %
Impairment of assets	12.4 %	0.2 %	4.3 %	0.7 %
Loss (gain) on sale of businesses and assets	— %	(2.4)%	(0.2)%	(0.9)%
Loss (gain) on insurance	- %	(0.1)%	— %	(0.2)%
Stock-based compensation	0.6 %	3.3 %	0.9 %	0.9 %
Non-GAAP operating margin	22.4 %	 30.0 %	 24.9 %	 28.5 %
Reconciliation of net cash provided by operating activities to free cash flow				
Net cash provided by operating activities	\$ 12,126	\$ 17,755	\$ 59,130	\$ 64,509
Less: Maintenance capital expenditures	1,005	3,213	5,954	5,598
Free cash flow	\$ 11,121	\$ 14,542	\$ 53,176	\$ 58,911

SEGMENT INFORMATION

(in thousands)

	For the Three Months Ended				For the Twelve	e Months Ended		
Se	ptember 30, 2023	S	September 30, 2022	September 30, 2023			eptember 30, 2022	
_								
\$	60,943	\$	56,612	\$	236,748	\$	206,251	
	13,580		14,032		55,723		59,925	
	727		734		1,319		1,444	
\$	75,250	\$	71,378	\$	293,790	\$	267,620	
\$	12,060	\$	22,477	\$	73,187	\$	82,798	
	1,179		2,169		6,502		11,504	
	(793)		216		(1,446)		57	
	(6,802)		(6,902)		(26,759)		(22,900)	
\$	5,644	\$	17,960	\$	51,484	\$	71,459	
	\$ \$	September 30, 2023           \$         60,943           13,580         727           \$         75,250           \$         12,060           1,179         (793)           (6,802)         (6,802)	September 30, 2023         Septemb	September 30, 2023         September 30, 2022           \$         60,943         \$         56,612           13,580         14,032           727         734           \$         75,250         \$           \$         12,060         \$ <t< td=""><td>September 30, 2023         September 30, 2022         Septemb</td><td>September 30, 2023         September 30, 2022         September 30, 2023           \$         60,943         \$         56,612         \$         236,748           13,580         14,032         55,723           727         734         1,319           \$         75,250         \$         71,378         \$         293,790           \$         12,060         \$         22,477         \$         73,187           1,179         2,169         6,502         (1,446)         (1,446)           (6,802)         (6,902)         (26,759)         (26,759)         (26,759)</td><td>September 30, 2023         September 30, 2022         September 30, 2023         Septemb</td></t<>	September 30, 2023         September 30, 2022         Septemb	September 30, 2023         September 30, 2022         September 30, 2023           \$         60,943         \$         56,612         \$         236,748           13,580         14,032         55,723           727         734         1,319           \$         75,250         \$         71,378         \$         293,790           \$         12,060         \$         22,477         \$         73,187           1,179         2,169         6,502         (1,446)         (1,446)           (6,802)         (6,902)         (26,759)         (26,759)         (26,759)	September 30, 2023         September 30, 2022         September 30, 2023         Septemb	

NON-GAAP SEGMENT INFORMATION

(\$ in thousands)

		For the Three Months Ended September 30, 2023								For the Three Months Ended September 30, 2022									
	N	ightclubs	В	ombshells		Other	ľ	Corporate		Total	r	Nightclubs	В	ombshells		Other	(	Corporate	Total
Income (loss) from operations	\$	12,060	\$	1,179	\$	(793)	\$	(6,802)	\$	5,644	\$	22,477	\$	2,169	\$	216	\$	(6,902)	\$ 17,960
Amortization of intangibles		617		30		155		4		806		1,925		1		61		7	1,994
Settlement of lawsuits		378		198		-		-		576		709		_		_		(1)	708
Impairment of assets		8,522		-		814		_		9,336		166		—		-		-	166
Loss (gain) on sale of businesses and assets		_		11		_		(1)		10		(1,666)		_		_		(43)	(1,709)
Loss (gain) on insurance		-		-		-		14		14		(55)		—		_		_	(55)
Stock-based compensation		-		-		-		471		471		-		-		-		2,353	2,353
Non-GAAP operating income (loss)	\$	21,577	\$	1,418	\$	176	\$	(6,314)	\$	16,857	\$	23,556	\$	2,170	\$	277	\$	(4,586)	\$ 21,417
GAAP operating margin		19.8 %		8.7 %		(109.1)%		(9.0)%		7.5 %		39.7 %		15.5 %		29.4 %		(9.7)%	25.2 %
Non-GAAP operating margin		35.4 %		10.4 %		24.2 %		(8.4)%		22.4 %		41.6 %		15.5 %		37.7 %		(6.4)%	30.0 %

			Fo	or the Twelve	Mo	nths Ended Se	oten	1ber 30, 2023	For the Twelve Months Ended September 30, 2022						ber 30, 2022		
	Nightclubs	Bombshells		Other		Corporate		Total		Nightclubs		Bombshells		Other	Corporate		Total
Income (loss) from operations	\$ 73,187	\$ 6,502	\$	(1,446)	\$	(26,759)	\$	51,484	\$	82,798	\$	11,504	\$	57	\$ (22,900)	\$	71,459
Amortization of intangibles	2,497	530		484		17		3,528		2,042		6		61	9		2,118
Settlement of lawsuits	3,552	207		-		-		3,759		1,287		18		-	112		1,417
Impairment of assets	11,815	-		814		-		12,629		1,238		650		-	-		1,888
Loss (gain) on sale of businesses and assets	(734)	77		_		(25)		(682)		(2,010)		17		_	(382)		(2,375)
Gain on insurance	(48)	-		_		(29)		(77)		(463)		-		-	-		(463)
Stock-based compensation	_	-		-		2,588		2,588		-		-		-	2,353		2,353
Non-GAAP operating income (loss)	\$ 90,269	\$ 7,316	\$	(148)	\$	(24,208)	\$	73,229	\$	84,892	\$	12,195	\$	118	\$ (20,808)	\$	76,397
GAAP operating margin	30.9 %	11.7 %		(109.6)%		(9.1)%		17.5 %		40.1 %		19.2 %		3.9 %	(8.6)%		26.7 %
Non-GAAP operating margin	38.1 %	13.1 %		(11.2)%		(8.2)%		24.9 %		41.2 %		20.4 %		8.2 %	(7.8)%		28.5 %

#### CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

		For the Three	Months Ended	For the Twelve	e Months Ended
	Septemb	oer 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income (loss)	\$	2,119	\$ 10,581	\$ 29,100	\$ 46,060
Adjustments to reconcile net income (loss) to net cash provided by operating activities:					
Depreciation and amortization		4,043	4,755	15,151	12,391
Deferred tax expense (benefit)		(991)	3,489	(1,781)	3,080
Loss (gain) on sale of businesses and assets		2	(1,688)	(870)	(2,970)
Impairment of assets		9,336	166	12,629	1,888
Amortization and writeoff of debt discount and issuance costs		162	115	615	314
Doubtful accounts expense (reversal) on notes receivable		-	-	-	753
Unrealized gain on equity securities		-	(1)	_	_
Loss (gain) on insurance		14	(55)	(77)	(463)
Noncash lease expense		752	882	2,978	2,607
Stock-based compensation expense		471	2,353	2,588	2,353
Gain on debt extinguishment		_	_	_	(83)
Changes in operating assets and liabilities, net of business acquisitions:					
Accounts receivable		(3,863)	(3,586)	(2,383)	(175)
Inventories		98	(62)	177	(554)
Prepaid expenses, other current, and other assets		3,236	3,658	(366)	387
Accounts payable, accrued, and other liabilities		(3,253)	(2,852)	1,369	(1,079)
Net cash provided by operating activities		12,126	17,755	59,130	64,509
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of businesses and assets		1,434	6,058	4,245	10,669
Proceeds from notes receivable		59	55	229	182
Proceeds from insurance		(5)	133	86	648
Payments for property and equipment and intangible assets		(9,265)	(6,830)	(40,384)	(24,003)
Acquisition of businesses, net of cash acquired		_	(10,991)	(29,000)	(55,293)
Net cash used in investing activities		(7,777)	(11,575)	(64,824)	(67,797)
CASH FLOWS FROM FINANCING ACTIVITIES				· · ·	
Proceeds from debt obligations		_	-	11,595	35,820
Payments on debt obligations		(4,219)	(4,180)	(15,650)	(14,894)
Purchase of treasury stock		(2,125)	(3,040)	(2,223)	(15,097)
Payment of dividends		(566)	(462)	(2,146)	(1,784)
Payment of loan origination costs		_	(18)	(239)	(463)
Share in return of investment by noncontrolling partner		_	-	(600)	_
Net cash provided by (used in) financing activities		(6,910)	(7,700)	(9,263)	3,582
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(2,561)	(1,520)	(14,957)	294
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		23,584	37,500	35,980	35,686
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$	21,023	\$ 35,980	\$ 21,023	\$ 35,980

CONSOLIDATED BALANCE SHEETS

## (in thousands)

	September 30, 2023	September 30, 2022
ASSETS		
Current assets		
Cash and cash equivalents	\$ 21,023	\$ 35,980
Accounts receivable, net	9,846	8,510
Current portion of notes receivable	249	230
Inventories	4,412	3,893
Prepaid expenses and other current assets	1,943	1,499
Assets held for sale	-	1,049
Total current assets	37,473	51,161
Property and equipment, net	282,705	224,615
Operating lease right-of-use assets, net	34,931	37,048
Notes receivable, net of current portion	4,443	4,691
Goodwill	70,772	67,767
Intangibles, net	179,145	144,049
Other assets	1,415	1,407
Total assets	\$ 610,884	\$ 530,738
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	\$ 6,111	\$ 5,482
Accrued liabilities	16,051	11,328
Current portion of debt obligations, net	22,843	11,896
Current portion of operating lease liabilities	2,977	2,795
Total current liabilities	47,982	31,501
Deferred tax liability, net	29,143	
Debt, net of current portion and debt discount and issuance costs	216,908	190,567
Operating lease liabilities, net of current portion	35,175	
Other long-term liabilities	352	349
Total liabilities	329,560	288,980
Commitments and contingencies		
Equity		
Preferred stock		_
Common stock	94	
Additional paid-in capital	80,437	67,227
Retained earnings	201,050	173,950
Total RCIHH stockholders' equity	281,581	241,269
Noncontrolling interests	(257	) 489
Total equity	281,324	241,758
Total liabilities and equity	\$ 610,884	\$ 530,738