

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

SHIVA STEIN and KEVIN McCARTY, Derivatively on Behalf of
RCI HOSPITALITY HOLDINGS, INC., *Plaintiffs*,

vs.

NOUR-DEAN ANAKAR et al., *Defendants*, and RCI HOSPITALITY
HOLDINGS, INC., *Nominal Defendant*.

Civil Action No. 4:22-CV-01310

**SUMMARY NOTICE OF PROPOSED
DERIVATIVE SETTLEMENT**

TO: ALL RECORD HOLDERS AND BENEFICIAL OWNERS OF RCI HOSPITALITY HOLDINGS, INC. (“RCI”) COMMON STOCK AS OF OCTOBER 10, 2023 (“CURRENT RCI STOCKHOLDER”).

YOU ARE HEREBY NOTIFIED that pursuant to the May 13, 2024 Preliminary Approval Order in the above-captioned case (the “Action”), the Court has preliminarily approved a Stipulation and Agreement of Settlement dated October 10, 2023 (the “Stipulation” or “Settlement”). Plaintiffs allege that RCI’s Securities and Exchange Commission (“SEC”) filings and proxy statements for fiscal year 2016 through March 1, 2019 disclosed material weaknesses related to internal controls over financial reporting but omitted to disclose certain related party transactions (“RPTs”) and items of executive compensation. Plaintiffs assert shareholder derivative claims against Defendants on behalf of Nominal Defendant RCI on this basis. To resolve and release these claims, RCI has agreed to adopt and/or maintain corporate governance measures relating to RPTs and internal controls as set forth in the Stipulation.

PLEASE READ THIS SUMMARY NOTICE CAREFULLY AND IN ITS ENTIRETY. IF YOU ARE A RCI SHAREHOLDER, YOUR RIGHTS MAY BE AFFECTED BY THE SETTLEMENT. For additional information, you may refer to the Stipulation and the full-length Notice of Pendency and Proposed Settlement of Derivative Matter (the “Notice”). They are hyperlinked on the “Investor Relations” section of RCI’s website (<https://www.rcihospitality.com/investor-relations>) and are attached as exhibits to RCI’s Current Report on Form 8-K filed with the SEC and available at www.sec.gov.

On July 19, 2024, at 10:00 a.m., a Settlement Hearing will be held at the Bob Casey United States Courthouse, 515 Rusk Avenue, Courtroom 8631, Houston, Texas 77002, before the Honorable Alfred H. Bennett, to determine whether: (i) the terms of the Settlement are fair, reasonable, and adequate and should be approved and a Final Order and Judgment dismissing the Action with prejudice should be entered; (ii) notice has been provided as required by Federal Rule of Civil Procedure 23.1 and due process; (iii) the separately negotiated and agreed Fee and Expense amount of \$1,200,000 to Plaintiffs’ counsel should be approved; (iv) Service Awards of up to \$3,000 for each Plaintiff, payable out of the Fee and Expense Amount, should be approved; and to consider such other matters as the Court may deem appropriate.

If you are a Current RCI Stockholder, you may object to the Settlement, including by appearing at the Settlement Hearing personally or through counsel of your own choice and expense. (If you or your counsel intend to appear, please consult the Court’s calendar and/or the Investor Relations section of RCI’s website for any change in date, time, or format of the Settlement Hearing, which the Court may change without further notice to the stockholders.) In order to object to the Settlement or be heard at the Settlement Hearing, **no later than 28 calendar days before the hearing (June 21, 2024)**, you must file with the Court and serve on the counsel below a statement of objection:

Plaintiffs’ Counsel

Brett D. Stecker
SHUMAN, GLENN & STECKER
326 W. Lancaster Avenue
Ardmore, Pennsylvania 19003
Telephone: (303) 861-3003

Nominal Defendant RCI’s Counsel

Jason S. Lewis
DLA PIPER LLP (US)
1900 N. Pearl Street, Suite 2200
Dallas, Texas 75201
Telephone: (214) 743-4500

Defendants’ Counsel

Chris Davis
GRAY REED
1601 Elm Street, Suite 4600
Dallas, Texas 75201
Telephone: (214) 954-4135

The statement must include: (i) the objector’s name, address, telephone number and e-mail address; (ii) the number of RCI shares the objector holds with supporting third-party documentary evidence; (iii) any objector’s counsel’s name, address, telephone number and e-mail address; (iv) the specific objections to the Settlement, including any supporting documents or the reasons why the objector or its counsel desire to appear and be heard; (v) the identities of any witnesses planned to be called at the Settlement Hearing and a summary description of their testimony; and (vi) a list of any other settlements to which the objector has objected during the previous 7 years. If you do not timely object, you shall be deemed to have waived the right to object (including the right to appeal), and if the Court approves the Settlement you will be bound by the Final Order and Judgment and be barred from asserting the claims released in the Settlement in this or in any other proceeding.

If you have any questions about matters in this Summary Notice you may contact Plaintiffs’ counsel at the address and telephone number above. **PLEASE DO NOT CONTACT THE COURT REGARDING THIS NOTICE.**