



RCI HOSPITALITY HOLDINGS INC

*Building a portfolio of well-managed, high cash-flowing
nightclubs and sports-bar restaurants*

Today's Speakers



Eric Langan
President & CEO
RCI Hospitality Holdings, Inc.

 [@RicksCEO](#)



Bradley Chhay
Chief Financial Officer
RCI Hospitality Holdings, Inc.

 [@BradleyChhay](#)

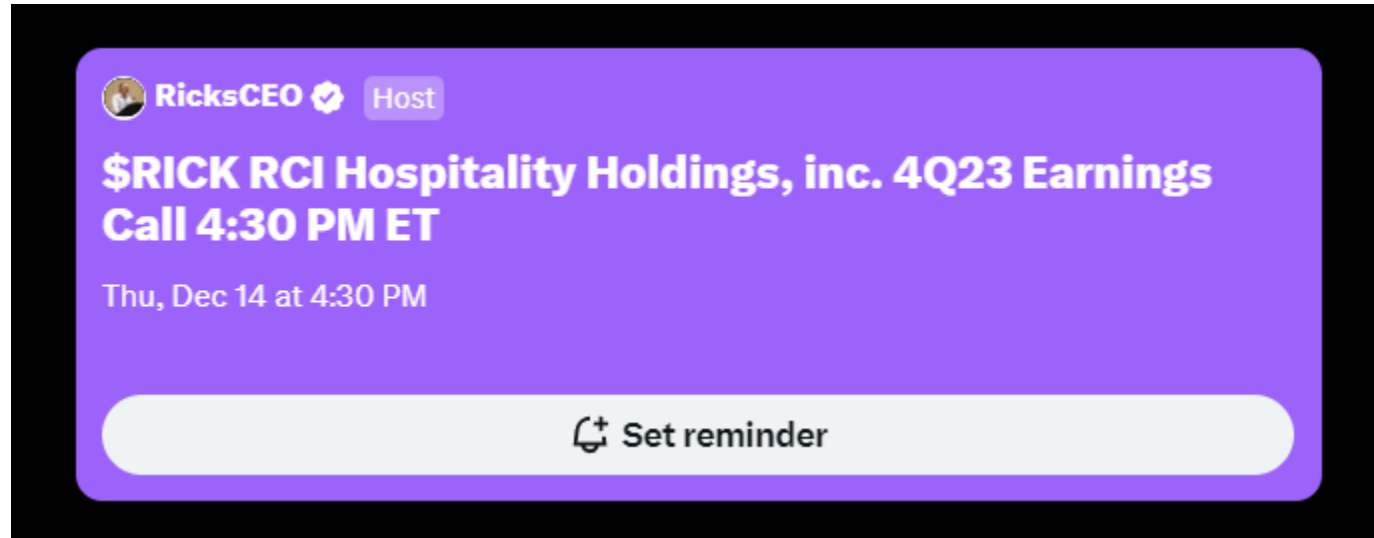


Mark Moran
CEO
Equity Animal

 [@itsmarkmoran](#)

X (formerly Twitter) Spaces Instructions

- **Go To:** @RicksCEO on X: <https://x.com/RicksCEO>
- **Select this X Space:** <https://x.com/i/spaces/1rmxPMjzYkdKN>



- **To ask a question during Q&A:** You will need to join the Space with a mobile phone
- **To listen only:** You can join the Space with a personal computer
- **Note:** You can also use traditional phone and webcast for **listen-only** access – see our earnings news release for details

Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include, among other things, statements regarding plans, objectives, goals, strategies, future events or performance and underlying assumptions and other statements, which are other than statements of historical facts. Forward-looking statements generally can be identified by words such as “anticipates,” “believes,” “estimates,” “expects,” “intends,” “plans,” “predicts,” “projects,” “will be,” “will continue,” “will likely result,” and similar expressions.

These forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties, which could cause our actual results to differ materially from those reflected in the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in this presentation and those discussed in other documents we file with the Securities and Exchange Commission (“SEC”).

This presentation 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 in this press release, 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 we operate, (iii) the success or lack thereof in launching and building our 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 key personnel.

For more detailed discussion of such factors and certain risks and uncertainties, see RCI’s annual report on Form 10-K for the year 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.

The novel coronavirus (COVID-19) pandemic has disrupted and may continue to disrupt our business, which has and could continue to materially affect our operations, financial condition, and results of operations for an extended period of time.

As used herein, the “Company,” “we,” “our,” and similar terms include RCI Hospitality Holdings, Inc. (RCIHH) and its subsidiaries, unless the context indicates otherwise.

Trademarks

Except as otherwise indicated, all trademarks, service marks, logos, and trade names in this presentation are property of RCI Hospitality Holdings, Inc., its subsidiaries or affiliates.

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.

Our FY23 10-K and our December 14, 2023 earnings news release and financial tables contain additional details and reconciliation of non-GAAP financial measures for the quarter and year ended September 30, 2023, and are posted on our website at www.rcihospitality.com and filed with the US Securities and Exchange Commission.

Summary Results

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*	\$1.11	\$1.49	\$4.90	\$5.38
Net cash from operating activities	\$12.1	\$17.8	\$59.1	\$64.5
Free cash flow*	\$11.1	\$14.5	\$53.2	\$58.9
Net income attributable to RCIHH common shareholders	\$2.2	\$10.6	\$29.2	\$46.0
Adjusted EBITDA*	\$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

- 3Q22 and 4Q22 had the 2nd and 3rd highest non-GAAP operating margins, respectively, in the last five years due to the end of Covid restrictions
- FY22 free cash flow also benefited from \$2.2M previously disclosed tax refund
- 4Q23 and FY23 GAAP EPS were impacted by \$9.3M and \$12.6M of non-cash impairment, respectively

Key Takeaways

**4Q23 Revenues +5.4%,
EPS \$0.23 & \$1.11 Non-GAAP**

**Continued to Make Progress
with New Projects for FY24-25
& to Pursue Acquisitions**

**Implemented Changes
to Improve Operations**

**LT Performance Strong
w/FCF CAGR +17% FY15-23**

**Continued to Take Advantage
of Low Stock Price
to Buy Back More Shares**

**Cash Resources Available to
Complete Projects, Acquire
Clubs & Buy Back Shares**

**FY23 Proforma SSS* +9.0% vs.
pre-Covid FY19, with
Nightclubs +8.3% &
Bombshells +12.6%**

Casino Development

Overview¹

- Awaiting conclusion of Colorado Division of Gaming process
- Awaiting liquor licenses
- Retained experienced Director of Casino Operations
- Continue to anticipate FY24 openings
- Continue to believe this is a significant free cash flow opportunity

Rick's Cabaret Steakhouse & Casino

- 1Q24: Received building permit
- 1Q24: Interior demolition completed and construction started

Bombshells Sports Casino

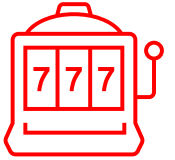
- Awaiting building permit

- 1) We have applied for but do not have a casino license from Colorado Division of Gaming
- 2) Slot machine adjusted gross proceeds, Colorado Department of Revenue, Specialized Business Group, Industry Statistics-Gaming, FY23 ended June 30, 2023, from <https://sbg.colorado.gov/media/11476>

Our Plans

Rick's Cabaret Steakhouse & Casino

- 30,000 square feet
- 4 floors
- 200 slot machines
- Tables: 1 craps, 1 roulette, 2 blackjack, 2 house banked poker
- Rick's fine dining steak restaurant



Bombshells Sports Casino

- 20,000 square feet
- 3 floors
- 200 slot machines
- Tables: 3-6 blackjack/house banked poker
- Bombshells casual dining menu



Third Location

- Using for offices now
- Future: RCI or leased casino



The Central City, CO Market²

- 45 minutes from Denver
- Slots average \$131/per day
- Black Hawk (0.9 miles away) slots average \$307/day (run 24/7)



Nightclub Development

Baby Dolls-Chicas Locas Acquisition

- Sales have improved every quarter since March acquisition
- We finished remodeling the 5th location (Baby Dolls FW) in June
- Labor and direct operating expenses as % of revenue have come down
- Analyzing more ways to improve margins

New Clubs Planned for FY24

- Two more Baby Dolls locations in Texas (using assets we already own)
- Lubbock (TX) replacement Club

Operations & Acquisitions

- Expanded RCI Management Services, Inc.
- Moving full steam ahead with acquisitions, but won't overpay
- Ongoing discussions with a number of owners

Baby Dolls

All-American Rock/Country
themed adult clubs



Vibrant Latin Fusion
themed adult clubs

Bombshells Development

New Locations

- Food Hall (Denver, CO) – Renamed with expanded offerings
- Bombshells Stafford (Houston, TX) – Opened mid-November

Anticipate Opening in FY24

- Rowlett (Dallas, TX)
- Lubbock (TX)
- Downtown Denver (CO)

Operations

- Hired new Assistant Director of Operations with +20 years of multi-unit restaurant experience
- Examining every aspect of operations to improve sales and margins



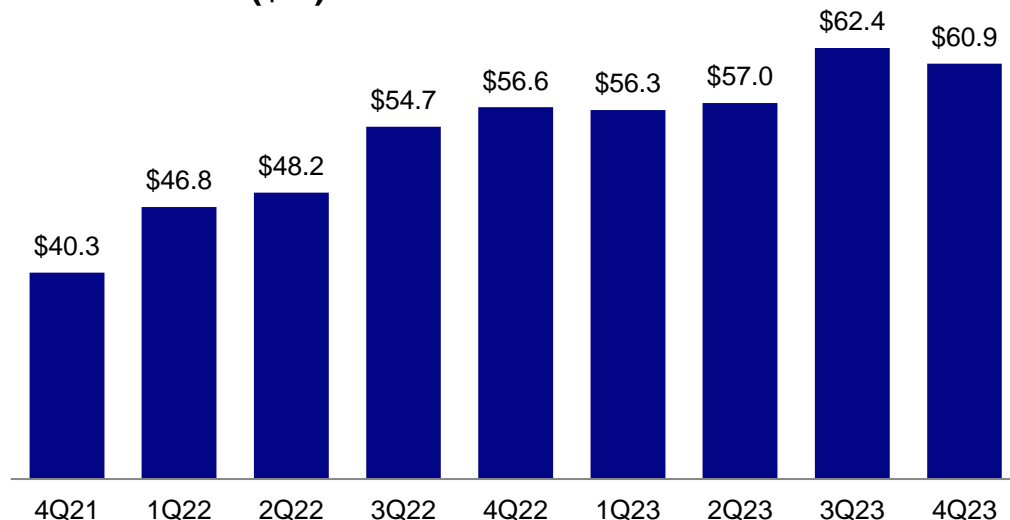
Strategic Share Buybacks & Issuance

Fiscal Year	Repurchased Shares	Average Price Per Share	Cumulative Shares Repurchased	Cumulative Average Price Per Share	Shares Used for Acquisitions	Value Per Share	Cumulative Shares Used for Acquisitions	Cumulative Avg. Value Each of Shares Used for Acquisitions
2015	225,280	\$10.19	225,280	\$10.19				
2016	747,081	\$9.79	972,361	\$9.88				
2017	89,685	\$12.25	1,062,046	\$10.08				
2018	--	--						
2019	128,040	\$22.66	1,190,086	\$11.43				
2020	516,102	\$18.38	1,706,188	\$13.53				
2021	74,659	\$24.03	1,780,847	\$13.97				
2022	268,185	\$56.29	2,049,032	\$19.51				
2022					500,000	\$60.00	500,000	\$60.00
2023	34,086	\$65.22	2,083,118	\$20.26				
2023					200,000	\$80.00	700,000	\$65.71
2024 as of 12/8/23	37,954	\$54.59	2,121,072	\$20.87				

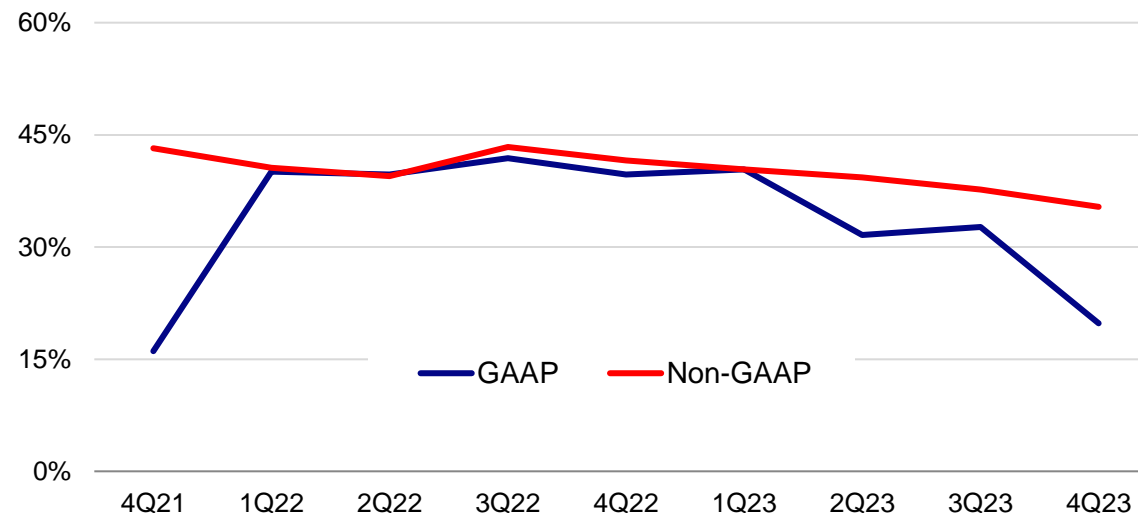
- We continued to take advantage of our low stock price in 1Q24 to buy back shares
- Currently, we have \$14.57 million in available stock repurchase authorization

Nightclubs Segment

Total Revenues (\$M)



Operating Margin As% of Segment Revenues



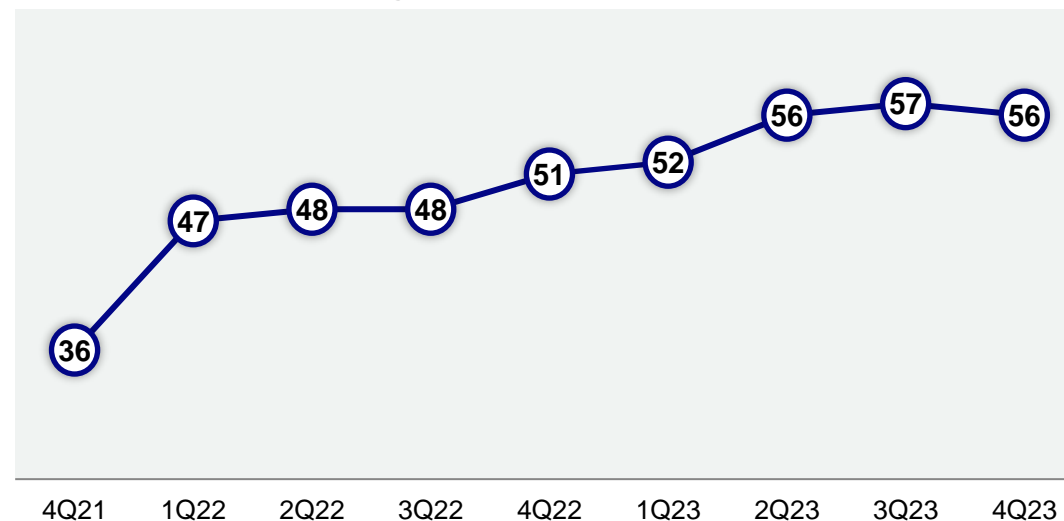
4Q23 vs. 4Q22 (\$M)

- Revenues: \$9.2 from acquisitions not in SSS, more than offsetting \$5.1 less from SSS decline

Sales	4Q23	Δ \$	Δ%	Club Vintage	4Q23	Δ \$	Δ%
Alcohol	\$25.9	\$3.8	+17.2%	Legacy	\$37.7	(\$4.0)	-9.6%
Service	\$25.5	(\$0.5)	-2.0%	Acquired in FY22	\$14.8	(\$0.2)	-1.0%
Food	\$5.3	\$0.7	+15.9%	Acquired in FY23	\$8.5		
Other	\$4.2	\$0.3	+8.1%				

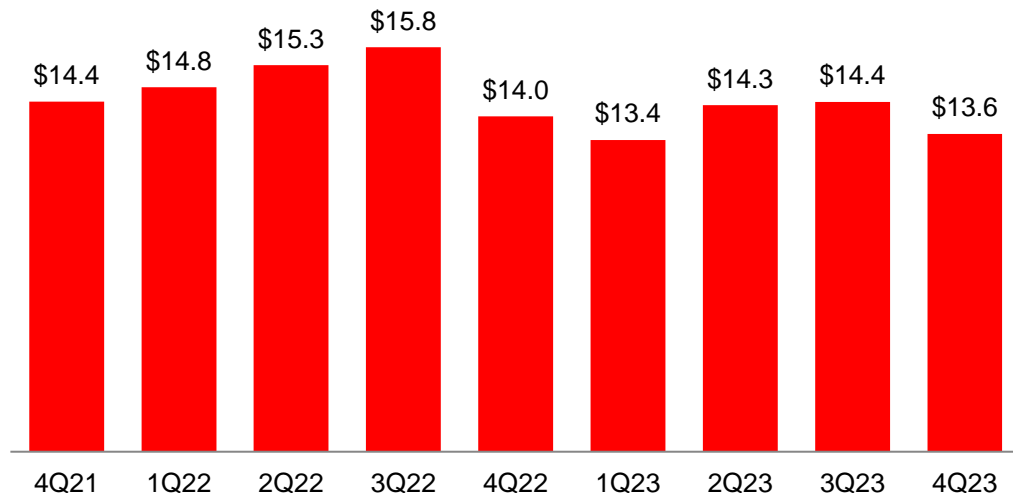
- Results included +\$8.4 more in items excluded in Non-GAAP calculations
- GAAP Operating Income: \$12.1 vs. \$22.5 or 19.8% of revenues vs. 39.7%
- Non-GAAP Operating Income: \$21.6 vs. \$23.6 or 35.4% of revenues vs. 41.6%
- Non-GAAP Operating Margin: Primarily affected by newly acquired clubs

Locations Contributing to Revenues



Bombshells Segment

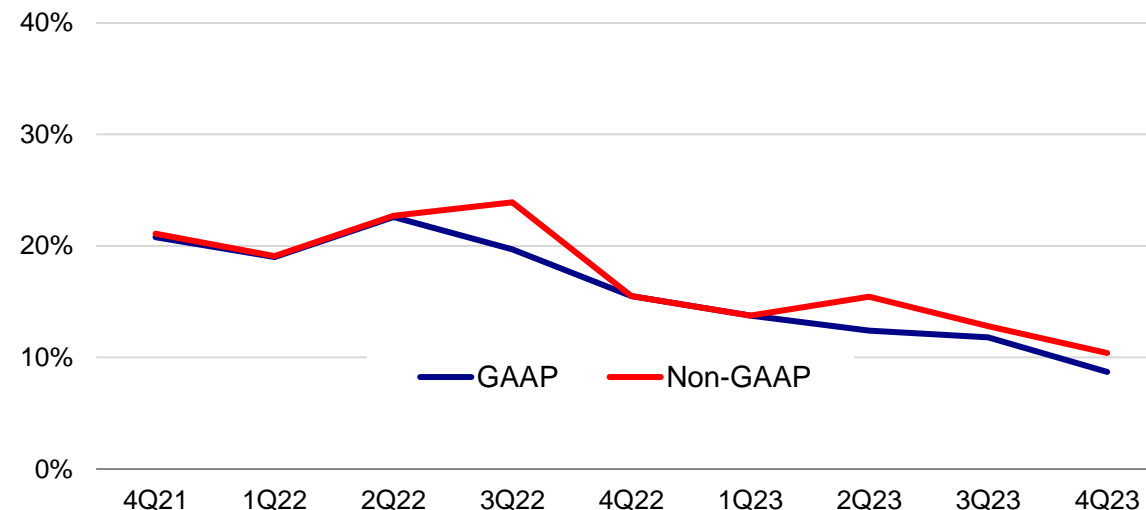
Total Revenues (\$M)



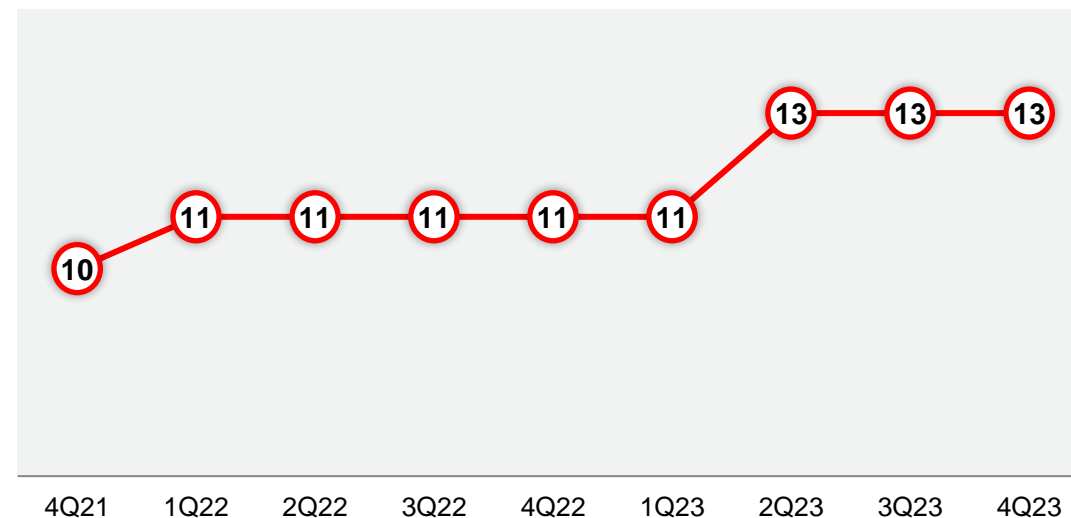
4Q23 vs. 4Q22 (\$M)

- Revenues: \$1.6 from acquisitions not in SSS, partially offsetting \$2.0 less from SSS decline
- Results included \$0.2 in items excluded in Non-GAAP calculations
- GAAP Operating Income: \$1.2 vs. \$2.2 or 8.7% of revenues vs. 15.5%
- Non-GAAP Operating Income: \$1.4 vs. \$2.2 or 10.4% of revenues vs. 15.5%
- Non-GAAP Operating Margin: Primarily affected by lower SSS

Operating Margin As% of Segment Revenues



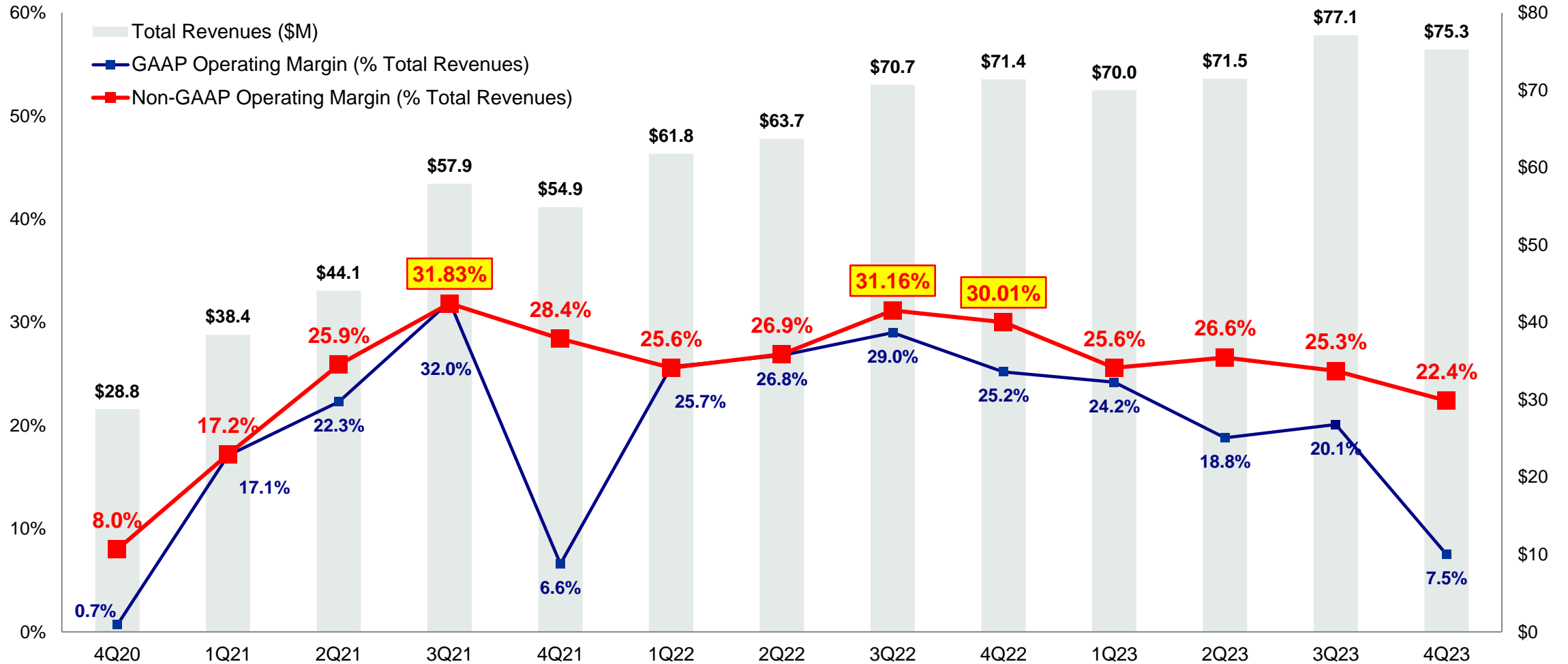
Locations Contributing to Revenues



Consolidated Operating Income

\$M*	4Q23	4Q22	Change	Comment
Revenues				
Nightclubs	\$60.9	\$56.6	\$4.3	<ul style="list-style-type: none"> \$9.2 from acquisitions not in SSS \$5.1 SSS decline
Bombshells	\$13.6	\$14.0	(\$0.4)	<ul style="list-style-type: none"> \$1.6 from acquisitions not in SSS \$2.0 SSS decline
Other	\$0.7	\$0.7	(\$0.0)	
	\$75.3	\$71.4	\$3.9	
GAAP Income (loss) from operations				
Nightclubs	\$12.1	\$22.5	(\$10.4)	• \$8.4 more impairments excluded in Non-GAAP calculations
Bombshells	\$1.2	\$2.2	(\$1.0)	• \$0.2 other items excluded in Non-GAAP calculations
Other	(\$0.8)	\$0.2	(\$1.0)	• \$0.9 software impairments & other items excluded in Non-GAAP calculations
Corporate	(\$6.8)	(\$6.9)	\$0.1	• \$1.8 less in other items excluded in Non-GAAP calculations
	\$5.6	\$18.0	(\$12.3)	• \$7.8 more impairments & other items excluded in Non-GAAP calculations
Non-GAAP Income (loss) from operations				
Nightclubs	\$21.6	\$23.6	(\$2.0)	• Lower SSS revenue partially offset by acquisitions
Bombshells	\$1.4	\$2.2	(\$0.8)	• Less operating leverage from SSS units partially offset by acquisitions
Other	\$0.2	\$0.3	(\$0.1)	• Little change
Corporate	(\$6.3)	(\$4.6)	(\$1.7)	• \$1.0 from absence of 4Q22 legal credit and \$0.5 more in salaries & wages
	\$16.9	\$21.4	(\$4.6)	

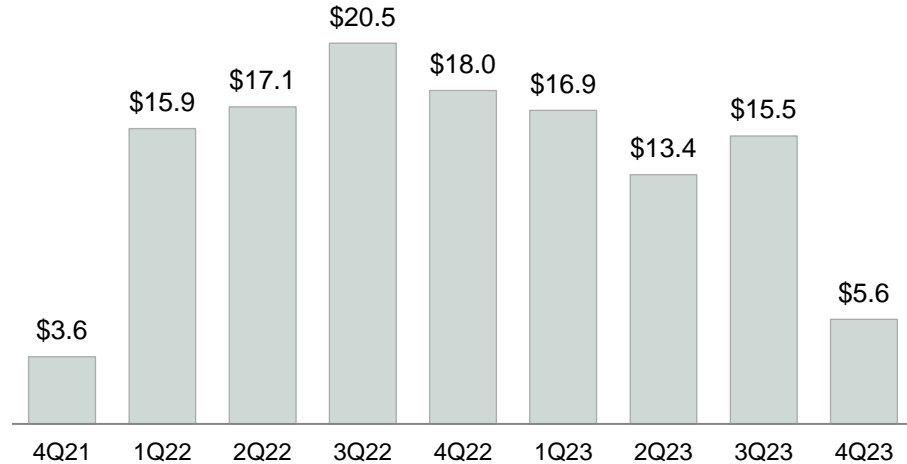
Consolidated Operating Margin



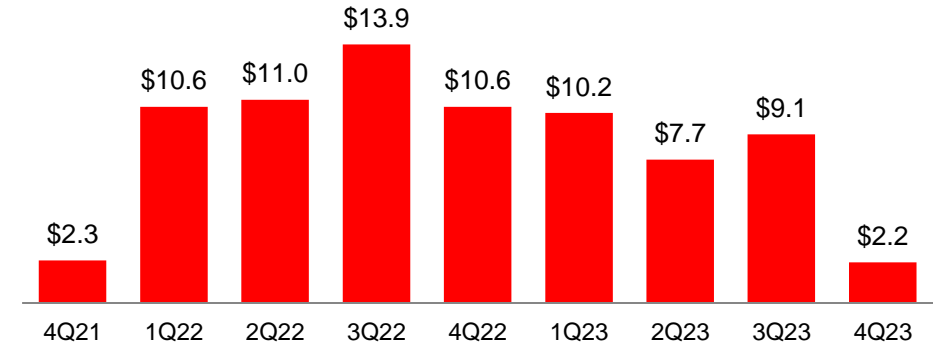
- 4Q22 had the 3rd highest non-GAAP operating margin in the last five years due to the end of Covid restrictions

GAAP Disclosure (\$M)

Operating Income



Net Income



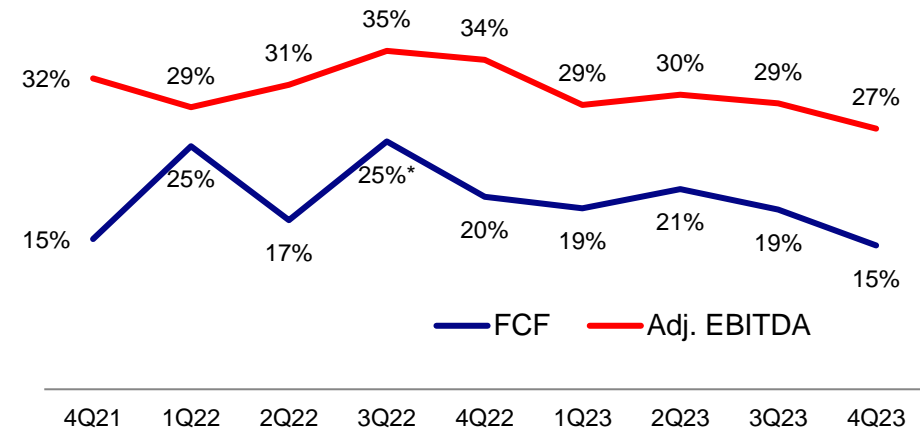
Fiscal Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	CAGR
Total Revenues	\$135.4	\$134.9	\$144.9	\$165.7	\$181.1	\$132.3	\$195.3	\$267.6	\$293.8	10.2%
Operating Income	\$20.7	\$20.7	\$23.1	\$27.6	\$34.7	\$2.7	\$38.5	\$71.5	\$51.5	12.0%
% of Revenues	15.3%	15.3%	16.0%	16.6%	19.2%	2.1%	19.7%	26.7%	17.5%	1.7%
Net Income	\$9.2	\$11.2	\$8.3	\$20.9	\$20.3	\$(6.1)	\$30.3	\$46.0	\$29.2	15.5%
% of Revenues	6.8%	8.3%	5.7%	12.6%	11.2%	(4.6)%	15.5%	17.2%	10.0%	4.9%

Cash, FCF & Adjusted EBITDA (\$M)

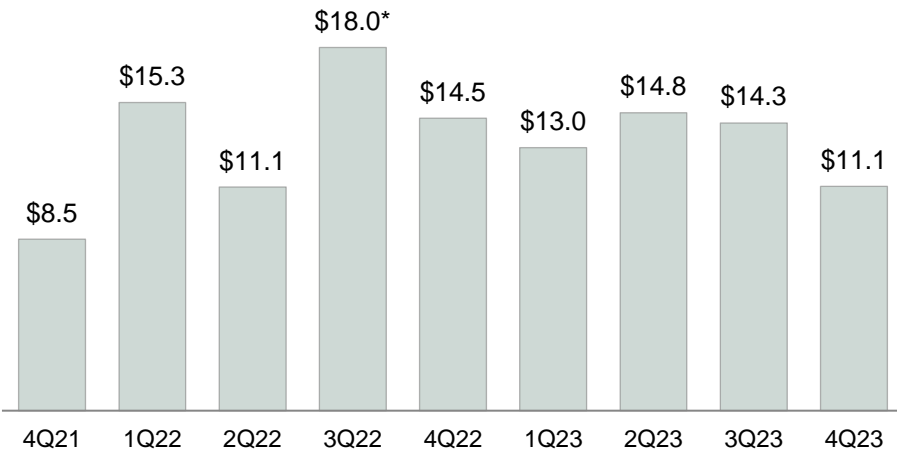
Cash



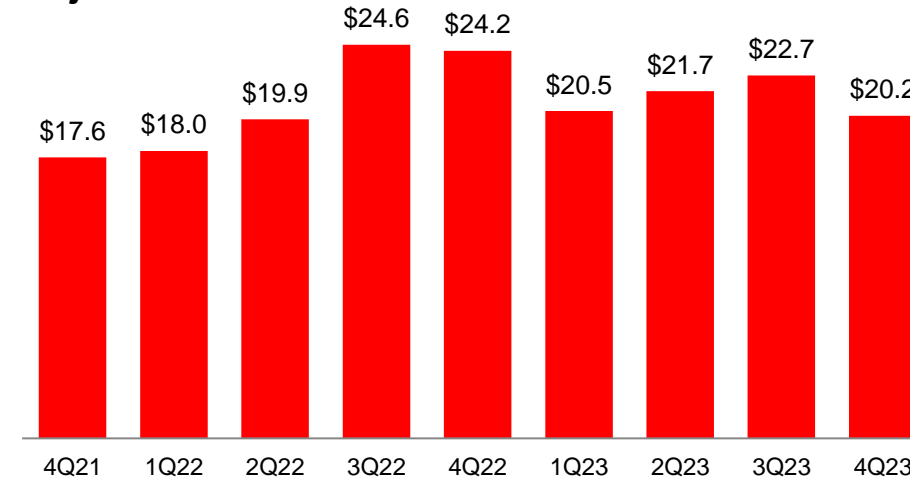
As% of Total Revenues



Free Cash Flow



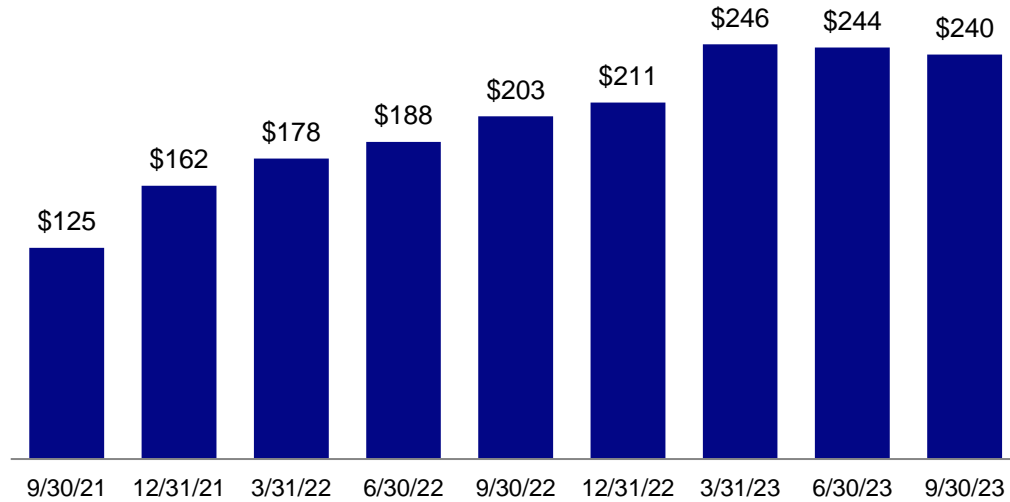
Adjusted EBITDA



* 3Q22 FCF includes receipt of \$2.2M previously discussed tax refund

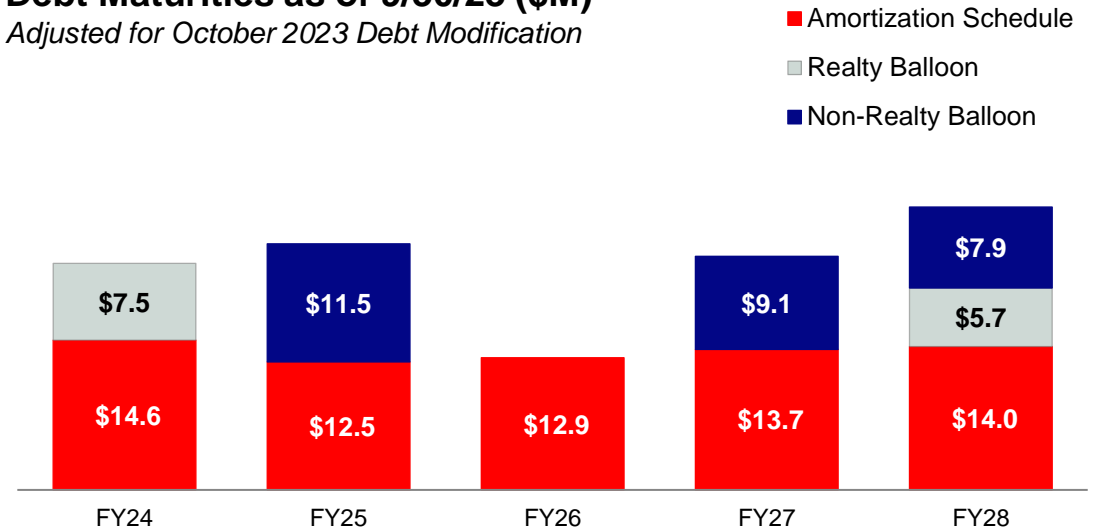
Debt Metrics

Debt, Net of Loan Costs (\$M)

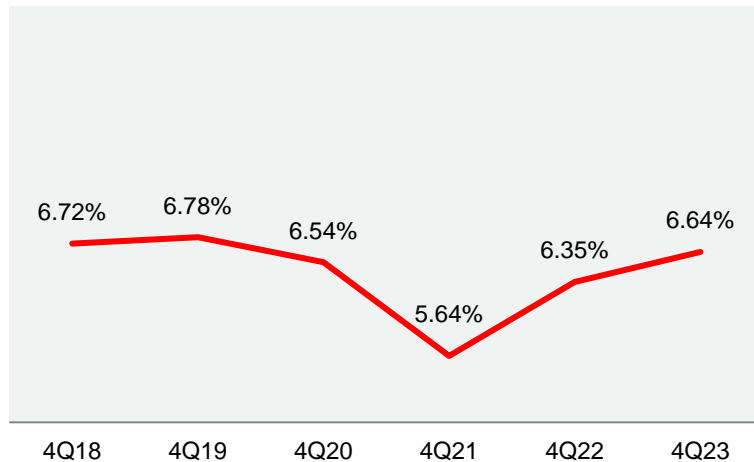


Debt Maturities as of 9/30/23 (\$M)

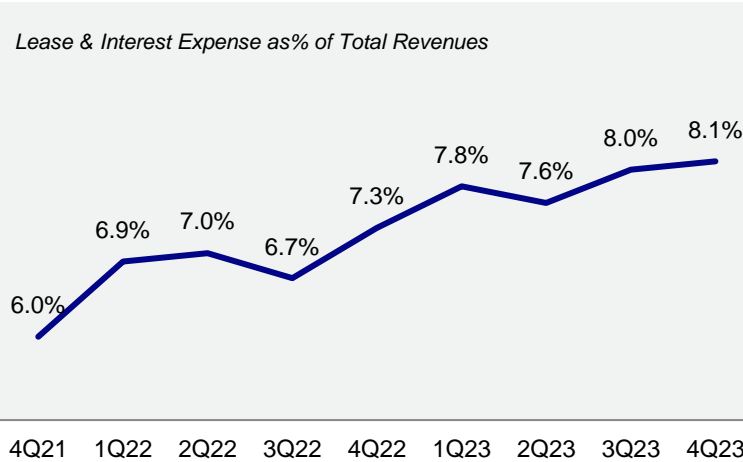
Adjusted for October 2023 Debt Modification



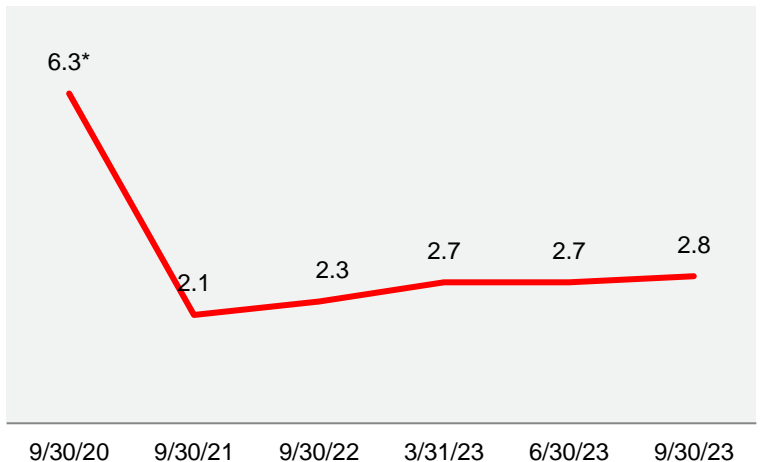
Weighted Average Interest Rate on Debt



Total Occupancy Costs



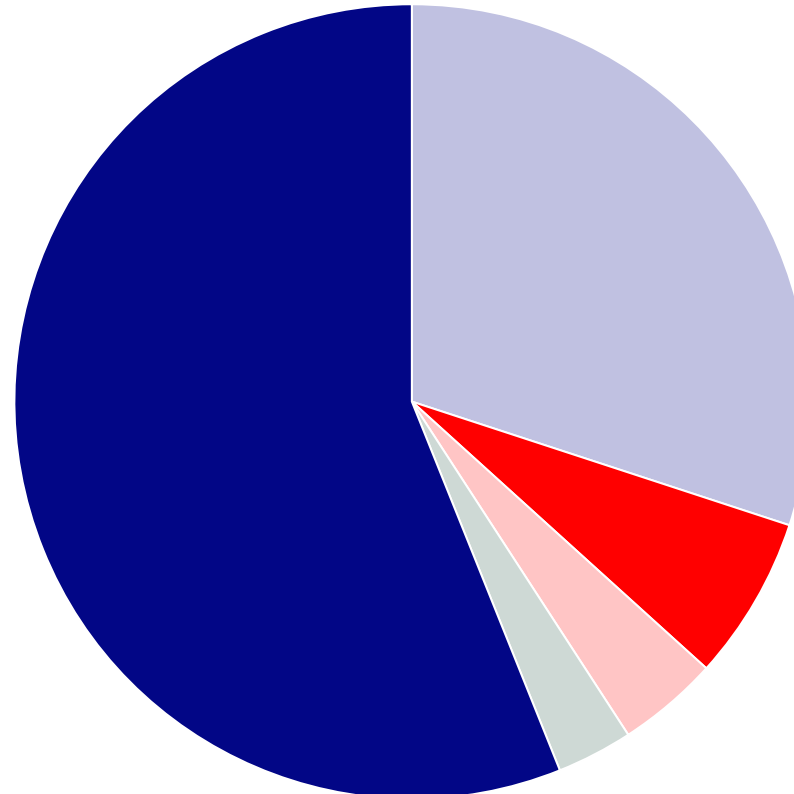
Debt / Adjusted EBITDA (TTM)



* Reflects Covid-related club closures in FY20

Debt Analysis *(as of 9/30/23, \$M)*

Total of \$242.7*
Weighted Average Interest Rate (WAIR): 6.64%



\$136.1 Secured by Real Estate (56.1% of total)

- 5.63% WAIR

\$72.9 Seller Financing (30.0% of total)

- Secured by the respective clubs and real estate to which it applies
- 5 Baby Dolls-Chicas Locas: \$19.8 @ 7.0% WAIR
- 11 Clubs: \$18.0 @ 6.0% WAIR
- Scarlett's: \$12.2 @ 8.0% WAIR
- Playmates: \$10.5 @ 10.0% WAIR
- Cheetah: \$9.1 @ 6.0% WAIR
- Other: \$3.3 @ 6.1% WAIR

\$16.2 Unsecured Debt (6.7% of total)

- 12.0% WAIR

\$10.0 Secured by Other Assets (4.1% of total)

- 5.57% WAIR

\$10.0 Bank Line of Credit (3.1% of total)

- Secured by business and assets of a subsidiary
- \$7.5 balance @ 9.5% WAIR

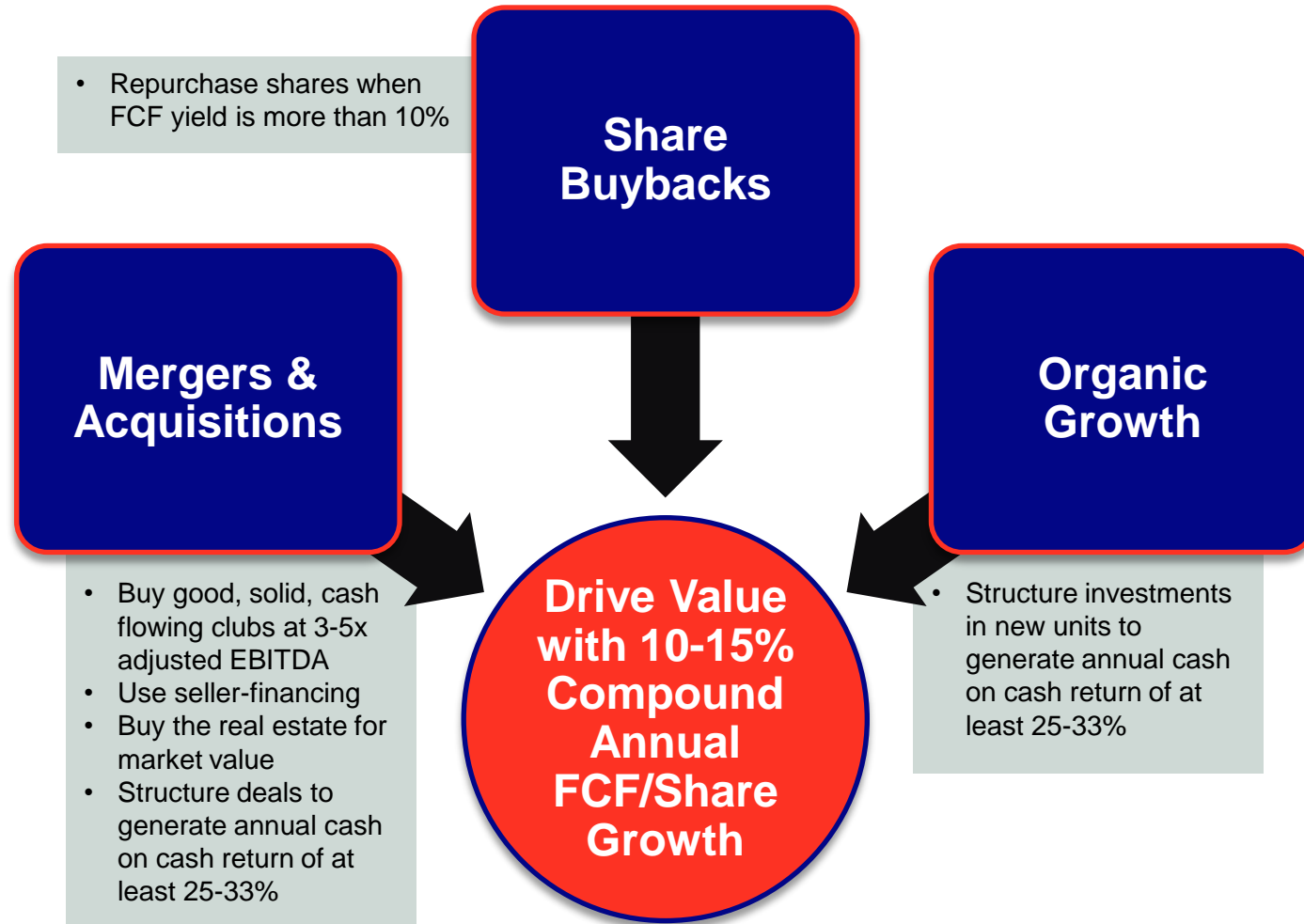
***Long-Term Debt Net of Loan Costs: \$239.8**

- +\$37.3 from 9/30/22
- -\$4.0 from 6/30/23

Operating Lease Total Liabilities: \$38.2

- Adoption of ASC 842, Leases, starting FY20

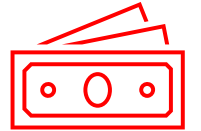
Capital Allocation Strategy Guides Our Growth*



FY23 Allocation

Share Buybacks

- \$2.2M cash deployed
- 34,086 shares repurchased
- \$65.22 average price/share



Nightclubs

- \$77.9M capital deployed (\$40.5M debt, \$21.4M cash, \$16.0M equity)
- 6 clubs acquired in existing markets
 - Heartbreakers (1)
 - Baby-Dolls (3)
 - Chicas-Locas (2)
- 1 site acquisition
 - Fort Worth (Mark IV)



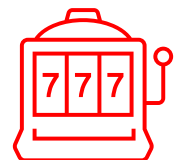
Bombshells

- \$17.3M capital deployed (\$6.8M cash, \$10.5M debt)
- 2 restaurant acquisitions
 - Cheery Creek Food Hall
 - Bombshells San Antonio
- 3 site acquisitions
 - Bombshells Denver, CO
 - Bombshells Aurora, CO
 - Bombshells Lubbock, TX



Casinos

- \$7.5M cash deployed
- 3 Central City, CO site acquisitions
 - Rick's Cabaret Steakhouse & Casino
 - Bombshells Sports Casino
 - 3rd location



Long-Term Performance

Fiscal Year (\$M)	2015	2016	2017	2018	2019	2020	2021	2022	2023	CAGR
Total Revenues	\$135.4	\$134.9	\$144.9	\$165.7	\$181.1	\$132.3	\$195.3	\$267.6	\$293.8	10.2%
Adjusted EBITDA	\$34.1	\$34.5	\$37.3	\$44.4	\$46.2	\$22.4	\$60.2	\$86.7	\$85.0	12.1%
% of Revenues	25.2%	25.6%	25.8%	26.8%	25.5%	16.9%	30.9%	32.4%	28.9%	1.7%
Free Cash Flow	\$14.9	\$20.5	\$19.3	\$23.2	\$33.3	\$13.5	\$36.1	\$58.9	\$53.2	17.2%
% of Revenues	11.0%	15.2%	13.3%	14.0%	18.4%	10.2%	18.5%	22.0%	18.1%	6.4%
Share Count (FD)	10.41	10.23	9.74	9.72	9.66	9.20	9.00	9.38	9.34	-1.3%

- FY20 reflects Covid pandemic, FY21 beginning of comeback, FY22 post-Covid bounce plus VCG acquisition
- Despite challenging FY23 vs. FY22 comps, we achieved strong performance since year-end FY15 initiation of Capital Allocation Strategy
- FY16 free cash flow benefitted from \$2.0M tax credits
- FY22 free cash flow benefitted from \$2.2M tax refund
- 4Q23 retained earnings exceeded \$200M (\$201.1M) for the first time; 2Q19 retained earnings exceeded \$100M (\$101.6M) for the first time



RCI HOSPITALITY
HOLDINGS INC

Appendix

Reconciliation of Non-GAAP Measures

In 000s	4Q23	4Q22	FY23	FY22
Reconciliation of GAAP net income to Adjusted EBITDA				
Net income attributable to RCIHH common stockholders	\$2,191	\$10,612	\$29,246	\$46,041
Income tax expense	(601)	4,015	6,846	14,071
Interest expense, net	4,126	3,364	15,538	11,539
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)
Depreciation and amortization	4,043	4,755	15,151	12,391
Unrealized loss on equity securities	—	(1)	—	—
Gain on debt extinguishment	—	—	—	(138)
Loss (gain) on insurance	14	(55)	(77)	(463)
Stock-based compensation	471	2,353	2,588	2,353
Adjusted EBITDA	\$20,166	\$24,208	\$84,998	\$86,724

Reconciliation of Non-GAAP Measures

In 000s	4Q23	4Q22	FY23	FY22
Reconciliation of GAAP net income to non-GAAP net income				
Net income attributable to RCIHH common stockholders	\$2,191	\$10,612	\$29,246	\$46,041
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)
Unrealized loss on equity securities	—	(1)	—	—
Gain on debt extinguishment	—	—	—	(138)
Loss (gain) on insurance	14	(55)	(77)	(463)
Stock-based compensation	471	2,353	2,588	2,353
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 Non-GAAP Measures

	4Q23	4Q22	FY23	FY22
Reconciliation of GAAP diluted earnings per share to non-GAAP diluted earnings per share				
Diluted shares	<u>9,417,166</u>	<u>9,249,864</u>	<u>9,335,983</u>	<u>9,383,445</u>
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	0.00	(0.18)	(0.07)	(0.25)
Unrealized loss on equity securities	—	(0.00)	—	—
Gain on debt extinguishment	—	—	—	(0.01)
Loss (gain) on insurance	0.00	(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	\$1.11	\$1.49	\$4.90	\$5.38

Reconciliation of Non-GAAP Measures

In 000s	4Q23	4Q22	FY23	FY22
Reconciliation of GAAP operating income to non-GAAP operating income				
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)
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 Non-GAAP Measures

Percentage of Total Revenues	4Q23	4Q22	FY23	FY22
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	0.0%	(2.4)%	(0.2)%	(0.9)%
Loss (gain) on insurance	0.0%	(0.1)%	(0.0)%	(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 Non-GAAP Measures

In 000s	4Q23	4Q22	FY23	FY22
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

Reconciliation of Non-GAAP Measures

\$ in 000s	Nightclubs	Bombshells	Other	Corporate	Total
4Q23 Non-GAAP Segment Information					
Income (loss) from operations	\$12,060	\$1,179	\$(793)	\$(6,802)	\$5,644
Amortization of intangibles	617	30	155	4	806
Settlement of lawsuits	378	198	—	—	576
Impairment of assets	8,522	—	814	—	9,336
Loss (gain) on sale of businesses and assets	—	11	—	(1)	10
Loss on insurance	—	—	—	14	14
Stock-based compensation	—	—	—	471	471
Non-GAAP operating income (loss)	\$21,577	\$1,418	\$176	\$(6,314)	\$16,857
GAAP operating margin	19.8%	8.7%	(109.1)%	(9.0)%	7.5%
Non-GAAP operating margin	35.4%	10.4%	24.2%	(8.4)%	22.4%

Reconciliation of Non-GAAP Measures

\$ in 000s	Nightclubs	Bombshells	Other	Corporate	Total
FY23 Non-GAAP Segment Information					
Income (loss) from operations	\$73,187	\$6,502	\$(1,446)	\$(26,759)	\$51,484
Amortization of intangibles	2,497	530	484	17	3,528
Settlement of lawsuits	3,552	207	—	—	3,759
Impairment of assets	11,815	—	814	—	12,629
Loss (gain) on sale of businesses and assets	(734)	77	—	(25)	(682)
Gain on insurance	(48)	—	—	(29)	(77)
Stock-based compensation	—	—	—	2,588	2,588
Non-GAAP operating income (loss)	\$90,269	\$7,316	\$(148)	\$(24,208)	\$73,229
GAAP operating margin	30.9%	11.7%	(109.6)%	(9.1)%	17.5%
Non-GAAP operating margin	38.1%	13.1%	(11.2)%	(8.2)%	24.9%

Contact Information

Corporate Office

10737 Cutten Road
Houston, TX 77066
Phone: (281) 397-6730

Investor Relations

Gary Fishman
Steven Anreder
Phone: (212) 532-3232

IR Website

www.rcihospitality.com
Nasdaq: RICK

