



RCI Reports 2Q20 Results and COVID-19 Update

HOUSTON—May 11, 2020—RCI Hospitality Holdings, Inc. (Nasdaq: RICK) today reported results for the second quarter ended March 31, 2020 and filed its corresponding Form 10-Q. RCI also updated its response to the coronavirus situation.

2Q20 results are not comparable to prior periods. All company club and restaurant subsidiaries had to close in March 2020 because of the COVID-19 pandemic. There will be no conference call this quarter.

Key Points

- **EPS:** 2Q20 basic and diluted loss per share of \$0.37. Non-GAAP* basic and diluted earnings per share of \$0.47. The quarter included an \$8.2 million non-cash impairment of clubs and restaurants triggered by the pandemic, partially offset by a \$1.4 million income tax benefit.
- **Revenues:** 2Q20 total revenues of \$40.4 million. Nightclubs contributed \$31.4 million and Bombshells \$8.8 million.
- **Cash:** \$9.8 million in cash and \$3.6 million in accounts receivable (\$2.6 million of which is income tax refundable) at March 31, 2020.
- **Share Repurchases:** 132,719 shares at an average price of \$15.42, all of which were acquired before club and restaurant subsidiaries closed.
- **Reopenings:** Based upon the small sampling of early openings in Texas, revenues seem favorable despite 25% occupancy restrictions. As of today, nine Bombshells restaurants and Club Onyx Houston (operating as a restaurant) have reopened. The 10th Bombshells is expected to reopen Thursday, May 14.
- **Employment:** To date, subsidiaries have reemployed more than 700 full and part time staff. This was particularly significant for those who had not yet received unemployment or stimulus checks. Subsidiaries plan to return all employees to work as soon as possible.
- **Working Capital:** Based on our current working capital and current store openings, we believe we have enough resources to fund operations through the end of Fiscal 2020. Please see our 10-Q for further discussion.

CEO Comment

"After coming to a full stop in March, we're encouraged by what's happening two months later," said Eric Langan, President & CEO. "Stay-at-home restrictions are easing in Texas and other parts of the country. Our subsidiaries are doing everything they can to reopen as many units and rehire as many people as possible. We are not taking our reopenings lightly. First and foremost, we are concerned about the health and well-being of our employees and guests."

COVID-19 Update

As part of our COVID-19 plan, RCI and its subsidiaries instituted the following measures to significantly reduce cash outlays:

- Furloughed more than 1,900 club and restaurant employees, except for a limited number of managers. With locations reopening, some of these employees have been or are in the process of being rehired.
- Reduced pay of the approximately 100 remaining salaried and hourly employees to 75% of previous levels
- Deferred Board of Director compensation
- Arranged for deferment of principal and interest payment from major lenders and deferral agreements with others, as well as from landlords in the small number of locations where subsidiaries rent
- Deferred or modified certain fixed monthly expenses such as insurance, rent, and taxes, among others
- Canceled certain additional expenses such as advertising, cable, and pest control, among others

As of the release of this report, we do not know the extent and duration of the impact of COVID-19 on our businesses due to the uncertainty about the spread of the virus. Lower sales, as caused by social distancing guidelines, could lead to adverse financial results. However, we will continually monitor and evaluate the situation and will determine any further measures to be instituted.

2Q20 Statement of Operations (*All comparisons are to 2Q19 unless otherwise noted*)

Revenues

- Consolidated revenues of \$40.4 million declined 9.8% primarily due to lost sales caused by the pandemic. Nightclubs segment revenue of \$31.4 million declined 15.3%. Bombshells segment revenue of \$8.8 million increased 17.0%.
- Prior to the stay-at-home and social distancing guidelines imposed by federal, state and local governments, revenues for the first 10 weeks of 2Q20 increased 11.8% on a consolidated basis, 5.0% for Nightclubs (38 units), and 45.4% for Bombshells (10 units).
- Bombshells total sales during the first 10 weeks of 2Q20 benefitted from four new locations in the Houston area (I-10, Tomball, Katy, and US 59) and a 3.6% increase in same-store sales.

Operating Expenses & Margin

- Total operating expenses were 106.1% of consolidated revenues compared to 75.1% primarily due to lost sales caused by the pandemic, the impairment, and other factors.
- Salaries and wages were 30.2% compared to 26.6% primarily reflecting lower revenues.
- Selling, general and administrative expenses were 35.7% compared to 32.0% primarily due to a combination of lower revenues and fixed costs.
- Other net charges totaled \$8.2 million as a result of impairments compared to other net gains of \$1.0 million from the sale of two real estate properties. We considered the pandemic a triggering event in the assessment of recoverability of the goodwill, indefinite-lived intangibles and long-lived tangible assets in our clubs and restaurants.
- Operating margin was (6.1%) compared to 24.9%. Excluding impairment charges, amortization of intangibles, and gain on disposal of assets, non-GAAP operating margin was 14.5% compared to 23.1%.

Interest Expense, Income Taxes & Share Count

- Interest expense of \$2.5 million decreased 7.0% due to a lower debt balance year over year.

- Income taxes were a \$1.4 million benefit compared to a \$1.9 million expense. Our estimated tax rate for FY20 was revised to 7.6% from 21.8%. The cumulative effect of the change was recognized in 2Q20.
- Weighted average number of common shares outstanding of 9.2 million declined 4.7% due to share repurchases over the last 12 months.

March 31, 2020 Balance Sheet (*All comparisons are to December 31, 2Q19 unless otherwise noted*)

- Cash and cash equivalents of \$9.8 million compared to \$13.2 million. The decline primarily reflects lower net cash flow from operations caused by the pandemic.
- Long-term debt of \$140.4 million compared to \$141.8 million. The decline primarily reflects 2Q20 scheduled debt paydowns.
- March 31, 2020 long-term debt (including loan origination costs) was comprised of \$89.2 million (62.9% of total LT debt) secured by real estate, \$26.8 million (18.9%) in seller-financing, \$14.5 million (10.2%) unsecured, \$8.5 million (6.0%) secured by other assets, and \$2.8 million (2.0%) remaining from the Texas Comptroller Settlement.
- Fiscal 2020 debt maturities at March 31, 2020 were \$3.2 million in the amortization schedule and \$2.1 million in realty balloons.
- During 2Q20, \$2.0 million in non-realty balloons were extended to FY21. Subsequent to the quarter, all bank debt was deferred for 90 days.

Subsequent to 2Q20, subsidiaries also terminated definitive agreements to acquire the assets and related real estate of a top gentlemen's club located in the Northeast Corridor.

***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) gains or losses on sale of businesses and assets, (c) gains or losses on insurance, (d) settlement of lawsuits, and (e) impairment of assets. 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) gains or losses on sale of businesses and assets, (c) gains or losses on insurance, (d) unrealized gains or losses on equity securities, (e)

settlement of lawsuits, (f) impairment of assets, and (g) the income tax effect of the above described adjustments. Included in the income tax effect of the above adjustments is the net effect of the non-GAAP provision for income taxes, calculated at 7.6% and 22.1% effective tax rate of the pre-tax non-GAAP income before taxes for the six months ended March 31, 2020 and 2019, respectively, and the GAAP income tax expense (benefit). 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) settlement of lawsuits, and (h) impairment of assets. 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 our unleveraged performance return on our investments. Adjusted EBITDA is also the target benchmark for our acquisitions of nightclubs.
- *Management also uses 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.

Notes

- All references to the "company," "we," "our," and similar terms include RCI Hospitality Holdings, Inc. and its subsidiaries, unless the context indicates otherwise.

About RCI Hospitality Holdings, Inc. (Nasdaq: RICK)

With more than 40 units, RCI Hospitality Holdings, Inc., through its subsidiaries, is the country's leading company in gentlemen's clubs and sports bars/restaurants. Clubs in New York City, Chicago, Dallas/Ft. Worth, Houston, Miami, Minneapolis, St. Louis, Charlotte, Pittsburgh, and other markets operate under brand names such as Rick's Cabaret, XTC, Club Onyx, Vivid Cabaret, Jaguars Club, Tootsie's Cabaret, and Scarlett's Cabaret. Sports bars/restaurants operate under the brand name Bombshells Restaurant & Bar. Please visit <http://www.rcihospitality.com/>

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 in this press release, including, but not limited to, the risks and uncertainties associated with (i) operating and managing an adult 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) our ability to maintain compliance with the filing requirements of the SEC and the Nasdaq Stock Market, (vii) the impact and uncertainty of the coronavirus pandemic, and (viii) numerous other factors such as laws governing the operation of adult entertainment 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, 2019 and its latest Form 10-Q 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.

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RCI HOSPITALITY HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share and percentage data)

	For the Three Months Ended March 31,				For the Six Months Ended March 31,			
	2020		2019		2020		2019	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
Revenues								
Sales of alcoholic beverages	\$ 16,919	41.9%	\$ 18,486	41.2%	\$ 37,662	42.4%	\$ 36,796	41.4%
Sales of food and merchandise	6,479	16.0%	6,439	14.4%	13,926	15.7%	12,129	13.7%
Service revenues	14,348	35.5%	16,979	37.9%	31,541	35.5%	34,310	38.6%
Other	2,680	6.6%	2,922	6.5%	5,691	6.4%	5,614	6.3%
Total revenues	<u>40,426</u>	100.0%	<u>44,826</u>	100.0%	<u>88,820</u>	100.0%	<u>88,849</u>	100.0%
Operating expenses								
Cost of goods sold								
Alcoholic beverages sold	3,435	20.3%	3,790	20.5%	7,581	20.1%	7,526	20.5%
Food and merchandise sold	2,239	34.6%	2,308	35.8%	4,792	34.4%	4,292	35.4%
Service and other	108	0.6%	94	0.5%	185	0.5%	186	0.5%
Total cost of goods sold (exclusive of items shown below)	5,782	14.3%	6,192	13.8%	12,558	14.1%	12,004	13.5%
Salaries and wages	12,222	30.2%	11,908	26.6%	25,445	28.6%	24,004	27.0%
Selling, general and administrative	14,450	35.7%	14,341	32.0%	30,981	34.9%	28,368	31.9%
Depreciation and amortization	2,257	5.6%	2,200	4.9%	4,461	5.0%	4,253	4.8%
Other charges (gains), net	8,190	20.3%	(981)	-2.2%	8,164	9.2%	(2,078)	-2.3%
Total operating expenses	<u>42,901</u>	106.1%	<u>33,660</u>	75.1%	<u>81,609</u>	91.9%	<u>66,551</u>	74.9%
Income (loss) from operations	(2,475)	-6.1%	11,166	24.9%	7,211	8.1%	22,298	25.1%
Other income (expenses)								
Interest expense	(2,459)	-6.1%	(2,645)	-5.9%	(4,944)	-5.6%	(5,166)	-5.8%
Interest income	85	0.2%	75	0.2%	183	0.2%	126	0.1%
Unrealized gain (loss) on equity securities	(62)	-0.2%	77	0.2%	(134)	-0.2%	(370)	-0.4%
Income (loss) before income taxes	(4,911)	-12.1%	8,673	19.3%	2,316	2.6%	16,888	19.0%
Income tax expense (benefit)	(1,418)	-3.5%	1,930	4.3%	175	0.2%	3,741	4.2%
Net income (loss)	(3,493)	-8.6%	6,743	15.0%	2,141	2.4%	13,147	14.8%
Net loss (income) attributable to noncontrolling interests	41	0.1%	(8)	0.0%	41	0.0%	(68)	-0.1%
Net income (loss) attributable to RCIHH common share holders	<u>\$ (3,452)</u>	-8.5%	<u>\$ 6,735</u>	15.0%	<u>\$ 2,182</u>	2.5%	<u>\$ 13,079</u>	14.7%
Earnings (loss) per share								
Basic and diluted	\$ (0.37)		\$ 0.70		\$ 0.24		\$ 1.35	
Weighted average shares outstanding								
Basic and diluted	9,225		9,679		9,274		9,696	
Dividends per share	\$ 0.04		\$ 0.03		\$ 0.07		\$ 0.06	

RCI HOSPITALITY HOLDINGS, INC.
NON-GAAP FINANCIAL MEASURES
(In thousands, except per share and percentage data)

	For the Three Months		For the Six Months	
	Ended March 31,		Ended March 31,	
	2020	2019	2020	2019
Reconciliation of GAAP net Income (loss) to Adjusted EBITDA				
Net Income (loss) attributable to RCIHH common shareholders	\$ (3,452)	\$ 6,735	\$ 2,182	\$ 13,079
Income tax expense (benefit)	(1,418)	1,980	175	3,741
Interest expense, net	2,374	2,570	4,761	5,040
Settlement of lawsuits	-	84	24	144
Impairment of assets	8,210	-	8,210	-
Gain on sale of businesses and assets	(7)	(1,065)	(37)	(2,222)
Unrealized loss (gain) on equity securities	62	(77)	134	370
Gain on insurance	(13)	-	(33)	-
Depreciation and amortization	2,257	2,200	4,461	4,253
Adjusted EBITDA	<u>\$ 8,013</u>	<u>\$ 12,377</u>	<u>\$ 19,877</u>	<u>\$ 24,405</u>
Reconciliation of GAAP net Income (loss) to non-GAAP net Income				
Net Income (loss) attributable to RCIHH common shareholders	\$ (3,452)	\$ 6,735	\$ 2,182	\$ 13,079
Amortization of intangibles	157	153	313	309
Settlement of lawsuits	-	84	24	144
Impairment of assets	8,210	-	8,210	-
Gain on sale of businesses and assets	(7)	(1,065)	(37)	(2,222)
Unrealized loss (gain) on equity securities	62	(77)	134	370
Gain on insurance	(13)	-	(33)	-
Net Income tax effect of adjustments above	(633)	223	(659)	333
Non-GAAP net Income	<u>\$ 4,324</u>	<u>\$ 6,053</u>	<u>\$ 10,134</u>	<u>\$ 12,013</u>
Reconciliation of GAAP diluted earnings (loss) per share to non-GAAP diluted earnings per share				
Diluted shares	9,225	9,679	9,274	9,696
GAAP diluted earnings (loss) per share	\$ (0.37)	\$ 0.70	\$ 0.24	\$ 1.35
Amortization of intangibles	0.02	0.02	0.03	0.03
Settlement of lawsuits	-	0.01	0.00	0.01
Impairment of assets	0.89	-	0.89	-
Gain on sale of businesses and assets	(0.00)	(0.11)	(0.00)	(0.23)
Unrealized loss on equity securities	0.01	(0.01)	0.01	0.04
Gain on insurance	(0.00)	-	(0.00)	-
Net Income tax effect of adjustments above	(0.07)	0.02	(0.07)	0.03
Non-GAAP diluted earnings per share	<u>\$ 0.47</u>	<u>\$ 0.63</u>	<u>\$ 1.09</u>	<u>\$ 1.24</u>
Reconciliation of GAAP operating Income (loss) to non-GAAP operating Income				
Income (loss) from operations	\$ (2,475)	\$ 11,166	\$ 7,211	\$ 22,298
Amortization of intangibles	157	153	313	309
Settlement of lawsuits	-	84	24	144
Impairment of assets	8,210	-	8,210	-
Gain on sale of businesses and assets	(7)	(1,065)	(37)	(2,222)
Gain on insurance	(13)	-	(33)	-
Non-GAAP operating Income	<u>\$ 5,872</u>	<u>\$ 10,338</u>	<u>\$ 15,688</u>	<u>\$ 20,529</u>
Reconciliation of GAAP operating margin to non-GAAP operating margin				
GAAP operating margin	-6.1%	24.9%	8.1%	25.1%
Amortization of intangibles	0.4%	0.3%	0.4%	0.3%
Settlement of lawsuits	0.0%	0.2%	0.0%	0.2%
Impairment of assets	20.3%	0.0%	9.2%	0.0%
Gain on sale of businesses and assets	0.0%	-2.4%	0.0%	-2.5%

Gain on insurance	0.0%	0.0%	0.0%	0.0%
Non-GAAP operating margin	14.5%	23.1%	17.7%	23.1%
Reconciliation of net cash provided by operating activities to free cash flow				
Net cash provided by operating activities	\$ 1,708	\$ 9,519	\$ 11,981	\$ 20,971
Less: Maintenance capital expenditures	1,090	741	2,111	1,117
Free cash flow	\$ 618	\$ 8,778	\$ 9,870	\$ 19,854

RCI HOSPITALITY HOLDINGS, INC.
SEGMENT INFORMATION
(in thousands)

	For the Three Months		For the Six Months	
	Ended March 31,		Ended March 31,	
	2020	2019	2020	2019
Revenues				
Nightclubs	\$ 31,367	\$ 37,047	\$ 69,226	\$ 74,775
Bombshells	8,803	7,527	19,153	13,540
Other	256	252	441	534
	<u>\$ 40,426</u>	<u>\$ 44,826</u>	<u>\$ 88,820</u>	<u>\$ 88,849</u>
Income (loss) from operations				
Nightclubs	\$ 2,314	\$ 15,078	\$ 16,090	\$ 30,465
Bombshells	690	738	2,263	857
Other	(178)	(176)	(385)	(295)
General corporate	(5,301)	(4,474)	(10,757)	(8,729)
	<u>\$ (2,475)</u>	<u>\$ 11,166</u>	<u>\$ 7,211</u>	<u>\$ 22,298</u>

RCI HOSPITALITY HOLDINGS, INC.
NON-GAAP SEGMENT INFORMATION
(\$ in thousands)

	For the Three Months Ended March 31, 2020					For the Three Months Ended March 31, 2019				
	Nightclubs	Bombshells	Other	Corporate	Total	Nightclubs	Bombshells	Other	Corporate	Total
Income (loss) from operations	\$ 2,314	\$ 690	\$ (178)	\$ (5,301)	\$ (2,475)	\$ 15,078	\$ 738	\$ (176)	\$ (4,474)	\$ 11,166
Amortization of intangibles	57	4	96	-	157	-	-	-	153	153
Settlement of lawsuits	-	-	-	-	-	84	-	-	-	84
Impairment of assets	7,965	245	-	-	8,210	-	-	-	-	-
Gain on sale of businesses and assets	(3)	-	-	(4)	(7)	(1,000)	1	5	(71)	(1,065)
Gain on insurance	-	-	-	(13)	(13)	-	-	-	-	-
Non-GAAP operating income (loss)	<u>\$ 10,333</u>	<u>\$ 939</u>	<u>\$ (82)</u>	<u>\$ (5,318)</u>	<u>\$ 5,872</u>	<u>\$ 14,162</u>	<u>\$ 739</u>	<u>\$ (171)</u>	<u>\$ (4,392)</u>	<u>\$ 10,338</u>
GAAP operating margin	7.4%	7.8%	-69.5%	-13.1%	-6.1%	40.7%	9.8%	-69.8%	-10.0%	24.9%
Non-GAAP operating margin	32.9%	10.7%	-32.0%	-13.2%	14.5%	38.2%	9.8%	-67.9%	-9.8%	23.1%
For the Six Months Ended March 31, 2020										
	Nightclubs	Bombshells	Other	Corporate	Total	Nightclubs	Bombshells	Other	Corporate	Total
Income (loss) from operations	\$ 16,090	\$ 2,263	\$ (385)	\$ (10,757)	\$ 7,211	\$ 30,465	\$ 857	\$ (295)	\$ (8,729)	\$ 22,298
Amortization of intangibles	114	8	191	-	313	-	-	-	309	309
Settlement of lawsuits	24	-	-	-	24	129	3	-	12	144
Impairment of assets	7,965	245	-	-	8,210	-	-	-	-	-
Gain on sale of businesses and assets	-	-	-	(37)	(37)	(2,152)	1	-	(71)	(2,222)
Gain on insurance	(20)	-	-	(13)	(33)	-	-	-	-	-
Non-GAAP operating income (loss)	<u>\$ 24,173</u>	<u>\$ 2,516</u>	<u>\$ (194)</u>	<u>\$ (10,807)</u>	<u>\$ 15,688</u>	<u>\$ 28,442</u>	<u>\$ 861</u>	<u>\$ (295)</u>	<u>\$ (8,479)</u>	<u>\$ 20,529</u>
GAAP operating margin	23.2%	11.8%	-87.3%	-12.1%	8.1%	40.7%	6.3%	-55.2%	-9.8%	25.1%
Non-GAAP operating margin	34.9%	13.1%	-44.0%	-12.2%	17.7%	38.0%	6.4%	-55.2%	-9.5%	23.1%

RCI HOSPITALITY HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	For the Three Months Ended		For the Six Months Ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income (loss)	\$ (3,493)	\$ 6,743	\$ 2,141	\$ 13,147
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation and amortization	2,257	2,200	4,461	4,253
Deferred tax expense (credit)	(1,005)	673	(1,155)	1,131
Gain on sale of businesses and assets	(6)	(1,021)	(36)	(2,197)
Impairment of assets	8,210	-	8,210	-
Unrealized loss (gain) on equity securities	62	(77)	134	370
Amortization of debt discount and issuance costs	68	107	129	202
Deferred rent expense	-	47	-	189
Noncash lease expense	496	-	825	-
Gain on insurance	(13)	-	(33)	-
Changes in operating assets and liabilities:				
Accounts receivable	(428)	4	1,917	1,727
Inventories	4	(19)	(137)	(182)
Prepaid expenses, other current assets and other assets	1,275	1,611	2,840	3,550
Accounts payable, accrued and other liabilities	(5,719)	(749)	(7,315)	(1,219)
Net cash provided by operating activities	<u>1,708</u>	<u>9,519</u>	<u>11,981</u>	<u>20,971</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of businesses and assets	54	1,621	105	2,866
Proceeds from insurance	13	-	945	-
Proceeds from notes receivable	46	36	403	68
Issuance of note receivable	-	(420)	-	(420)
Payments for property and equipment and intangible assets	(1,265)	(6,607)	(5,323)	(13,902)
Acquisition of businesses, net of cash acquired	-	-	-	(13,500)
Net cash used in investing activities	<u>(1,152)</u>	<u>(5,370)</u>	<u>(3,870)</u>	<u>(24,888)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from long-term debt	562	4,644	880	10,296
Payments on long-term debt	(2,016)	(8,008)	(4,097)	(13,287)
Purchase of treasury stock	(2,047)	(1,606)	(8,488)	(1,961)
Payment of dividends	(368)	(291)	(647)	(582)
Payment of loan origination costs	-	(20)	-	(20)
Distribution to noncontrolling interests	(21)	-	(31)	-
Net cash used in financing activities	<u>(3,890)</u>	<u>(5,281)</u>	<u>(12,383)</u>	<u>(5,554)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(3,334)</u>	<u>(1,132)</u>	<u>(4,272)</u>	<u>(9,471)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	13,159	9,387	14,097	17,726
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>\$ 9,825</u>	<u>\$ 8,255</u>	<u>\$ 9,825</u>	<u>\$ 8,255</u>

RCI HOSPITALITY HOLDINGS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

	March 31, 2020	September 30, 2019	March 31, 2019
ASSETS			
Current assets			
Cash and cash equivalents	\$ 9,825	\$ 14,097	\$ 8,255
Accounts receivable, net	3,559	6,289	5,579
Current portion of notes receivable	675	954	1,142
Inventories	2,735	2,598	2,597
Prepaid insurance	2,805	5,446	2,097
Other current assets	2,343	2,521	1,521
Assets held for sale	4,825	2,866	668
Total current assets	26,767	34,771	21,859
Property and equipment, net	182,234	183,956	191,966
Operating lease right-of-use assets	26,485	-	-
Notes receivable, net of current portion	4,087	4,211	3,859
Goodwill	47,109	53,630	55,271
Intangibles, net	74,251	75,951	76,441
Other assets	963	1,118	1,477
Total assets	\$ 361,896	\$ 353,637	\$ 350,873
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable	\$ 2,805	\$ 3,810	\$ 3,632
Accrued liabilities	8,671	14,644	9,911
Current portion of long-term debt	14,771	15,754	10,447
Current portion of operating lease liabilities	1,552	-	-
Total current liabilities	27,799	34,208	23,990
Deferred tax liability, net	20,503	21,658	21,970
Long-term debt, net of current portion and debt discount and issuance costs	125,669	127,774	139,371
Operating lease liabilities, net of current portion	26,275	-	-
Other long-term liabilities	374	1,696	1,606
Total liabilities	200,620	185,336	186,937
Commitments and contingencies			
Equity			
Preferred stock	-	-	-
Common stock	91	96	96
Additional paid-in capital	52,829	61,312	62,252
Retained earnings	108,584	107,049	101,623
Total RCIHH stockholders' equity	161,504	168,457	163,971
Noncontrolling interests	(228)	(156)	(35)
Total equity	161,276	168,301	163,936
Total liabilities and equity	\$ 361,896	\$ 353,637	\$ 350,873